



BUSINESS RELATIONSHIPS AS A DRIVER OF SUCCESS FOR SMMEs IN HOUT
BAY.

BY

DUMISANI XESHA

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Supervisor: Prof. Andre Slabbert

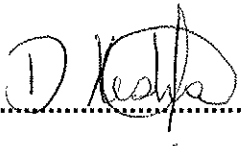
Co-Supervisor: Dr. Chux Gervase Iwu and Dr. Joyce Nduna

Cape Town

DECLARATION

I, Dumisani Xesha, declare that the contents of this dissertation/thesis represent my own unaided work, and that the dissertation/thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

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Abstract

As markets and businesses become more dynamic, administrative and technical skills of entrepreneurs are no longer sufficient to deal with the complexities of modern business management. Businesses wishing to compete at a world-class level must improve the way they interact and deal with the demands of the different stakeholders. One way to do this, is to develop and sustain relationships amongst the network of stakeholders that have the potential to assist in their development, survival and growth. Studies suggest that even if a business does not want to use relationships as a strategy for competing it still has to consider the complexity and connectedness of the marketplace in which it operates. The variety of networks any business finds itself in, requires a strategic perspective, at least to deter it from failing. This study attempted to outline the role played by business relationships in the success of businesses in the communities of Imizamo Yethu, Harbour and the Central Business District in Hout Bay. This research was designed to outline the importance of creating and maintaining a relationship with all stakeholders. The overall approach of this research is guided by the principle that the success of businesses in these communities is driven by the interrelationship between the business owner (as the decision-maker), the employees and the surrounding households (the immediate customers). The research provides guidelines for the business owners on the attributes they should possess in order to maintain these relationships. A relationship survey was designed for the three groups of participants. The information gained from this survey enabled the researcher to report on the nature of these relationships and the role these relationships play in the success of businesses in Hout Bay. The findings of the research were positive: meaning good relationships do exist in the majority of businesses in the community. The comments provided by the owners, staff and surrounding community, together with literature references, provided the researcher the opportunity to discuss the role these relationships have played in achieving success.

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Glossary

- **Community** – The area in which the business operates
- **Emotional Intelligence** - Refers to having the capacity for recognising your own feelings and those of others, for motivating yourself, and for managing emotions well in yourself and in your relationships
- **Employee** - An individual who was hired to do a specific job for a business
- **Entrepreneur** – The business owner
- **Job Satisfaction** - The positive feelings and attitudes employees hold about their jobs
- **Networking** – Creating meaningful relationships
- **SMMEs** – Small Medium Micro Enterprises
- **Social Intelligence** - The ability to get along well with others and to get them to cooperate
- **Spaza Shop** – An informal convenience shop

Chapter 1: Introduction to the problem

1.1 Introduction

The decision to start a business may seem adventurous at first until one is struck by the harsh realities of the business world (Nieman & Nieuwenhuizen, 2009:191). In their earlier edition (2003:165), Nieman and Nieuwenhuizen state that a person who wants to start a business, has to consider a number of concerns, such as resource requirements, legal aspects, finance, ability to get the business started and establishing relationships for the business. The focus of this study is on business relationships and the role they play in the success of businesses.

Boone and Kurtz (2009:324) reveal that good relationships are important as they contribute greatly towards the success of the business. Accuff and Wood (2004:1), motivate that positive relationships with the business stakeholders are fundamental for every business entrepreneur. For a business to grow, it must constantly expand and improve its network of relationships and the quality of those relationships (Accuff & Wood, 2004:4; Nour, 2011:5).

A good relationship as defined by Dahl (2011:1) is: “an association where there is a mutual exchange of value between parties”. All these parties must want to be part of the relationship and contribute to the relationship in order to achieve mutually beneficial association.

This study investigates internal and external business relationships of Small Medium and Micro Enterprises in Hout Bay and determines how these relationships contribute to business success in this community.

The targeted stakeholders of these SMMEs in the community include:

1.1.1 The entrepreneur (Business owner)

According to De Bruin and Dupuis (2003:63), an entrepreneur has a fundamental effect on the economy. He establishes a business or businesses that provide not only goods and services to the customers, but also job opportunities for individuals in various industries. Gaspar (2005:151) describes an entrepreneur as a catalyst for

business. Nieman and Nieuwenhuizen (2003:27) report that in the South African economy, entrepreneurs are seen as the primary creators and drivers of new businesses and therefore, are clearly distinguished as economic actors.

Entrepreneurs can use various ways to maintain good relationships in their organisations, however, Dahl (2011:1) insists that: “The secret to successfully maintaining relationships is to pretend that every person you meet has a sign around their neck saying: Make me feel important”. This simple tip will not only help entrepreneurs succeed in business, but in life as well.

1.1.2 The Employees

Hawkins (2003:6) defines an employee as an individual who was hired to do a specific job. The Department of Labour (DoL, 2011:1) also defines an employee as “any person who works for another person or for the government, who receives or is entitled to receive remuneration”. Daft and Marcic (2010:288) emphasise that employees play a key role in the functioning of the business. If a good relationship exists between the business owner and the employees an environment, which is favourable for higher levels of productivity and profits, will be created (International, 2009:1). Hall (2008:258) endorses that business owners need to maintain valuable employees in their businesses by all means in order to build human capital. This will ensure sustainable growth for the business.

Business owners must understand the need to retain valuable employees in their organisation. They can retain these employees and maintain good relations by providing a satisfying work environment where employees can perform their tasks well and continue being productive (Holman, 2003:167). Hellreigel *et al.* (2006:10) mention that business owners must empower their employees by delegating some of the important decisions in the business. Russell (2003:12) highlights that business employees like to feel involved in decision-making as this makes them feel important and valuable. Liff (2011:5) posits that this also creates trust and successfully maintains the good relationships that the organisation needs in order to function effectively and efficiently.

An external stakeholder playing a role in the research is:

1.1.3 The community

In the context of this research, the term, community, covers households surrounding the business. These are immediate customers that have direct and continuous contact with the businesses – a fact that plays a role in this research. The study was conducted in the community of Hout Bay. The current researcher's observed knowledge of this community reflects that in this diverse community there are very rich to very poor people. The rich people residing here are predominantly white and the poor are predominantly black. It is, therefore, fair and safe to assume that the business owners who own medium to large businesses are predominantly white and those who own small to micro businesses are predominantly black (Jacobs, 2011). Most of the white people live in the more uptown areas and most blacks live in the more informal settlements. There are also foreign business owners and these mostly operate in the informal settlements. The businesses owned by foreign nationals in this community have grown rapidly over the years and they play an important role towards economic development (Jacobs, 2011). All this observed information provided the researcher with insight and ideas which played a critical role in formulating a problem and objectives for this research.

There exists a significant relationship between the business owner, the employees and the community. Chorley, Miller and Jacob (2008:28), state that all these parties make a meaningful contribution towards the growth and success of a business. If this relationship is well managed, it has the potential to be a success factor or a competitive advantage for any business.

Entrepreneurs have to consider a number of components in order to maintain a good relationship with their internal and external business stakeholders. Several studies (Goleman, 2006:50; Greenberg & Baron, 2008:1; Hellreigel et al., 2006:56; Mersimo, 2007:288) declare that these components include job satisfaction, emotional intelligence, social intelligence and general managerial skills or tasks. A background of these components is provided in the second chapter of this study. The researcher further outlines the role these entrepreneurial attributes play in the maintenance of relationships.

1.2 Statement of the research problem

McKenna and Martin-Smith (2005:1) state that half of all the failures of businesses result from poor decision-making and poor relationship management. This proves that relationships are very important, owing to the interconnected nature of the global economy. The variety of networks any business finds itself in requires a strategic perspective, at least, to deter it from failing. Businesses that want to compete at a world-class level must improve the way they interact and deal with the demands of different stakeholders with whom they come into contact. In order to thrive, business owners are advised to develop relationships with stakeholders that have the potential to assist in their development, survival, and growth (Street & Cameron, 2007:239). Studies suggest that even if a business does not want to use relationships as a strategy for competing it still has to consider the complexity and connectedness of the marketplace in which it operates.

There are many challenges facing business owners in Hout Bay that restrict them to effectively creating and managing relationships for their businesses. Some of these challenges include their lack of managerial skills which include: planning, organising, leading and controlling relationships. They also fail to use their emotional intelligence, social intelligence and networking to build and manage relationships with employees and the customers in order to ensure growth of the business.

Businesses in Hout Bay must create relationships with their staff and the community. Inability to create good relationships with staff, may result in poor employee performance and inability to create relationships with the community, may result in them sabotaging (not buying products or utilising the services of) the business. Daft and Marcic (2010:200) posit that a negative relationship between the owner of a business and the employees decreases the productivity level of the organisation. Furthermore, according to Hughes, Thomson and Terrell (2009:15) if the owner and the employees fail to successfully create a good relationship with the community, the business may collapse.

The employees of the business are the ones who deal with customers and go the extra mile to be helpful. It is safe, therefore to assume that when these employees are happy, a good relationship between them and the customer is created and

maintained. When they are unhappy, a negative atmosphere of hostility will spread throughout the workplace, visitors will feel its impact and consequently the relationship suffers. Sadly these employees often direct their unhappiness towards the customers. Rau-Foster (2010:1) confirms that a business which does not understand, appreciate, and foster the need of all employees for recognition, appreciation, and for fair and equitable treatment is one that may see chaos, conflict and confusion.

1.3 Research Questions

The primary questions for this research were:

- What kind of relationship exists between the employer, the employee and the community of SMMEs in Hout Bay?
- What role do these relationships play in the success of SMMEs in the community?

Secondary questions for the research were:

- What kind of relationship exists between the business owners and the employees?
- What role does this (employer-employee) relationship play towards success of the SMMEs in the community?
- What can business owners do to maintain good relations with the employees in order to ensure high levels of productivity, success and growth of the business?
- What kind of relationship exists between the business and the community?
- In what way does this (business – community) relationship contribute in the success of SMMEs in the community?

- What can business owners do to maintain good relations with the surrounding community in order to ensure that the relationship lasts longer to the advantage of the business?
- What kind of relationship exists between the business employees and the community? How does this relationship contribute towards the success of SMMEs in the community?
- What can business owners do to motivate employees and maintain a satisfying work environment for them in order to ensure that these employees maintain good relations with the community?

1.4 Research objectives

The primary objectives for this research were:

- To determine the nature of the employer's relationship with employees and the community.
- To determine the role these relationships play towards the success of SMMEs in Hout Bay.

The secondary objectives of this research were as follows

- To examine the relationships between the business owners and the employees and then decide how these relationships contribute towards the success of SMMEs in the community.
- To establish how business owners can maintain good relations with employees in order to ensure high levels of productivity, success and growth of their businesses.
- To investigate the relationship between the business owners and the surrounding community and then decide how this relationship contributes towards the success of SMMEs in the community.

- To establish how business owners can maintain good relations with the surrounding community in order to ensure that the relationship lasts longer to the advantage of their businesses.
- To investigate the relationship that exists between the employees and the surrounding community and determine the role this relationship plays towards the success of SMMEs in the community.
- To discover how entrepreneurs can motivate employees and maintain a satisfying work environment for them in order to ensure that these employees maintain good relations with the customers.

1.5 Delineation

The targeted area for the research was Hout Bay in the Western Cape Province. Not much research is available about the business community in Hout Bay. This research aims to add on other research outputs that are available in order to contribute to community development strategies. Information was collected from small, medium and micro businesses in this community.

1.6 Significance of the study

This is an important study as it provides business owners with an overview of the importance of maintaining good relationships with vital stakeholders (human resources and the community) in order for their business to have sustainable growth and success. The study also provides guidelines to business owners on the attributes they need in order to maintain these relationships. Key success factors such as emotional intelligence, social intelligence, job satisfaction and the general managerial tasks are thoroughly discussed as these entrepreneurial attributes play key roles in successfully maintaining business relationships.

1.7 Conclusion

According to McKenna and Martin-Smith (2005:1), half of all the failures of businesses are the result of poor decision-making and poor relationship management. This may suggest that relationships are becoming increasingly intensive owing to the interconnected nature of the global economy. The primary objective of this research was to determine the role business relationships play in the success of an entrepreneurial venture. The overall approach of this research was guided by the principle that the success of a small, medium and micro business is driven by the interrelationship between the business owner, the employees and the community in which it operates. The researcher's proposition or suggestion is that understanding what these relationships mean to the business (and specifically the owner as the decision-maker) can add to the body of knowledge that is there to assist aspiring and existing entrepreneurs to effectively run their businesses. Key success factors such as emotional intelligence, social intelligence, job satisfaction and general managerial tasks are thoroughly discussed as these entrepreneurial attributes play key roles in successfully maintaining relationships with the mentioned stakeholders.

The next chapter is aimed at providing the underlying theoretical framework of this study. It gives a background on business relationships, their importance and the opportunities they provide for the business owners in Hout Bay. It is important to understand how these relationships are managed. Therefore, the various ways in which business owners in this community can manage these relationships, are also discussed.

Chapter 2: Literature Review

2.1 Introduction

The world of business and management is experiencing change. This change manifests itself in the way a firm interacts and deals with the demands of different stakeholders with whom it comes into contact (Donaldson & O'Toole, 2002:1).

In order to thrive, businesses are often advised to develop relationships with stakeholders that have the potential to assist in their development, survival and growth (Street & Cameron, 2007:239). This study shares the view that relationships are the fuel that feeds the success of businesses, and, it is important for business owners to recognise that all successful businesses, regardless of what they do or sell, have one thing in common: their owners know how to build and maintain relationships.

Various sources including Accuff and Wood (2004:1); Browne and Keeley (2009:36); Donaldson and O'Toole (2007:5); Ford, Gadde, Hakansson and Snehota (2003:67), suggest that without strong relationships it becomes impossible to be successful as a business owner. These authors express the opinion that business owners need to have long-term customer and employee relationships that will carry them through challenging and difficult times, as well as relationships with other business owners, to share struggles, resources and best practices, which can really give them an edge.

According to Donaldson and O'Toole (2007:3), even if a business does not want to use relationships as a strategy for competing it still has to consider the complexity and connectedness of the marketplace in which it operates. The variety of networks any business finds itself in requires a strategic perspective. Every business does not have all the knowledge and resources it needs to compete with. Donaldson and O'Toole conclude by expressing that businesses that can combine resources and accelerate learning across organisational boundaries are likely to have a winning strategy for the future.

Relationships are complex but research from Anderson and Kerr (2002:74); Hartline and Bejou (2004:23); Nash (2001:2) suggests they can be managed. Fuller and Lewis (2002:1) declare that the reality about business relationships is that they are just like any other relationship; they require lots of effort to maintain and they must be mutually beneficial to all the stakeholders. Fuller and Lewis emphasise that as in any business relationship, a business owner must be willing to give, share and support, not just take or receive.

2.2 Relationship Management Paradigm 1

Relationship management links people to optimize the business revenue and profits by first providing maximum customer and employee satisfaction (Browne & Keeley, 2009:36). These authors further state that this may cover the provision of job satisfaction, developing a market-oriented strategy, innovation in products and services, sales and channels transformation, customer relationship marketing, and customer care.

Managing relationships by business owners is a very important subject. The relationship management paradigm in the next page provides an overview of the discussion for section 2.2.1 – 2.2.8 which follows.

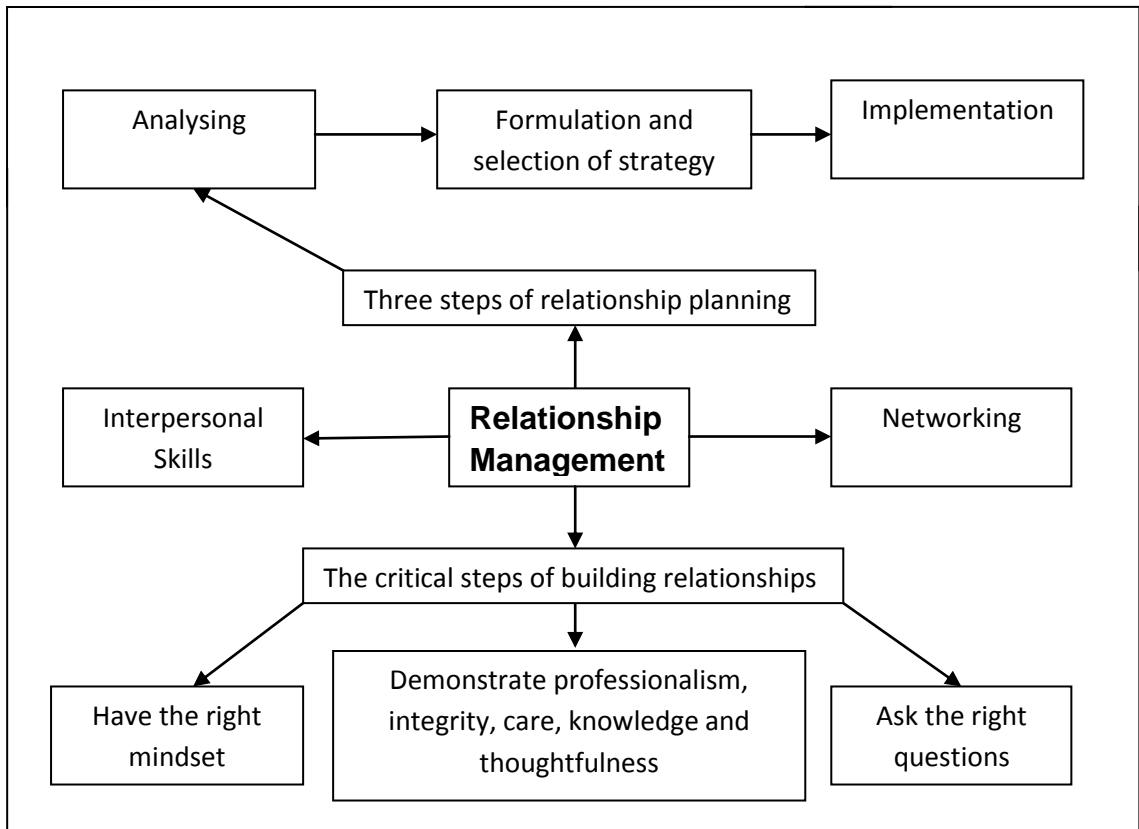


Figure 1: Relationships Management Paradigm

Notes: This paradigm was designed to outline the important factors that business owners in Hout Bay should consider if they want to manage relationships. Firstly the owner must be able to plan for relationships (Zacharakis, Spinelli & Timmons, 2011:32). Planning includes analysing, formulation and selection of strategy and implementation (De Wit & Meyer, 2010: 725); (Lewis, Goodman & Fandt, 2006:91); (Donaldson & O'Toole 2002:63). Secondly the owner must display excellent interpersonal skills (Gabaro, 2001:5). Thirdly the owner must continuously network to build the relationship pool of the business (White, 2004:5). Lastly the owner must have a positive mind-set towards relationships (Alimena, 2008:1), demonstrate professionalism, integrity, care, knowledge, thoughtfulness and ask the right questions (Painter-Morland & Werhane, 2008:41); (Browne & Keeley, 2009:1); (Holcom, 2001:56). The diagram displays how these factors are intertwined. The diagram further displays two trends that drive the relationship agenda in the community, those are: the improvement in technology and the growth of the economy.

2.2.1 The critical steps of building good relationships

The opening chapter of this study summed up that the establishing and developing of relationships by business owners, is not a matter of choice, but an integral necessity for their businesses to succeed. There are critical steps that owners must take note of before establishing relationships. Accuff and Wood (2004:4) declare that building lasting business relationships last is a skill virtually any business owner can learn if they master three simple steps. These steps are:

2.2.1.1 Having the right mind-set

The correct mindset of a business owner is not only a key tool for managing relationships but also an essential entrepreneurial element for strategising and mastering the art of attaining multiple profit centres. Alimena (2008:1) suggests that the mindset of a business owner can be that of a champion. Accuff (2010:5) states that business owners, who have the correct mindset for building and managing relationships, will always think relationships are important. Accuff also believes that they are people with whom other people want to have a relationship with. They think well of others and learn to think as much as they can from the other person's point of view. These business owners ensure that their minds are fully focussed on the relationship. This positive mindset ultimately carries them through the desired outcome for the relationship and makes them relationship management experts.

2.2.1.2 Asking the right questions

Browne and Keeley (2009:1) declare that asking the right questions refers to entrepreneurs asking people questions for the right reasons. Holcom (2001:56) elaborates on this and says that the goal of asking questions is to find common ground, mutual friends, interests, or concerns. Browne and Keeley (2009:1) together with Holcom (2001:56) emphasise the importance of asking questions as this will enable the business owner to obtain knowledge about the people he works with and the external role players in his business. Asking questions will allow the business owner to develop a business strategy catering for the specific needs of every stakeholder that they want to enter into a relationship with. The business owners must ensure the right questions are continuously asked in order to improve the organisation as well as its relationships.

2.2.1.3 Demonstrating professionalism, integrity, care, knowledge and thoughtfulness

The business owner must develop and maintain professionalism, integrity, care, knowledge and thoughtfulness if he wants to succeed. Business owners must keep their promises to the business stakeholders. The more promises they keep, the more trust and respect they gain from all the business stakeholders. This will enable them to successfully maintain relationships. Painter-Morland and Werhane (2008:41) insist that good relationships with business stakeholders exist when they trust the business owner. The business owner's objective is to draw people closer to him so that they can trust him. To build trust, these owners must demonstrate professionalism, integrity, care, knowledge and thoughtfulness over time.

2.2.2 Relationship planning

Business success requires planning. According to Zacharakis, Spinelli and Timmons (2011:32) planning is a fundamental function of management and is critical to entrepreneurship development. Donaldson and O'Toole (2002:62) recommend that relationships should be part of the strategic planning process. This process comprises of three core elements which are: analysis, formulation and selection of strategy, and implementation.

2.2.2.1 Analysis

De Wit and Meyer (2010: 725) state that analysis provides the input for the strategic choices the business owner wants to make. In analysing relationships the business owner evaluates each stakeholder and conducts a stakeholder analysis. Stakeholder analysis may be defined as the process of gathering, analysing and acting on information about the stakeholder that the business owner intends to enter into a relationship with (Schmeer, 1999:13).

A typical example of stakeholder analysis would be a company that wants to hire a new employee. The first thing they will do is to check the employee credentials before entering into a working relationship with him. Checking the employee

credentials ensures that the employer, other employees and customers will have minimal problems when working with that person. Once an employee comes on board and works for a business, that employee forms part of its business image. Any negativity that the employee might display reflects on the business. Employees are the ones who mostly deal with customers and their quality of work and service represent the quality of the business.

Another example would be a business owner who wants to enter into a relationship with a new community. Abebe, Angriawan and Tran (2010:3) say that an employer analyses the community by doing an environmental scan. Environmental scans help the businesses to identify which sections of the community to target. When scanning the environment the business owner must study current events by attending seminars and conferences, analysing the speeches of political leaders in the community, collecting demographical data from government departments and business forums. Scanning the environment also enables the business owner to continually look out for opportunities that the business can take advantage of. The two examples mentioned here present the importance of strategic analysis before committing to a relationship with a stakeholder. By doing this, the risk of relationship failure is reduced.

2.2.2.2 Formulation and Selection of strategy

When a business owner decides on pursuing a relationship, a strategy for implementing the relationships needs to be formulated and selected. Lewis, Goodman and Fandt (2006:91) assert that formulation and selection of strategy involves making choices about the direction the business should take. Lewis, *et al.* (2006:91) further state that the business should be able to decide its overall competitive methods and goals, its position in the market and the guiding management principles for each of the key resources: human, financial, technological and market.

The size and scope of the organisation will influence the level of detail of a strategy by top managers. This means the more developed businesses in the community will have a better strategy than those lacking the resources for market research and

environmental scanning. All choices made in this phase of planning are integrated and act as a clear signal of intent by the company. This phase outlines the final decision on which relationships should be developed, what benefits should be offered, how the company should deliver on these benefits, what relationship strategy should be used and what organisation structures should be developed to manage relationships.

2.2.2.3 Implementation

Donaldson and O'Toole (2002:63) convey implementation as the last phase of planning. Poor execution might lead to the downfall of the whole relationship establishment process. The businesses in informal settlements have a bigger challenge when it comes to implementation. The reason for this was mentioned earlier, which is their limited knowledge of business management skills. They have insufficient knowledge about the business relationship implementation processes. To properly develop relationships for the business, business owners require key knowledge of business management (Longenecker, Petty, & Palich, 2011:14). The business owners in the developed parts of the community have this needed knowledge and excel during the whole process of planning for relationships.

2.2.3 Relationship development

In 1983, Berry (1983:1) defined relationship development as “the process of establishing and maintaining mutually beneficial long term relationships among organisations and their customers and other stakeholders”. Dwyer, Schurr and Oh (1987:53) further define this as a continuous process comprising several stages of awareness, exploration, expansion, commitment and dissolution. Gronroos (1996:7) states that the underlying aim of relationship development is “to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, and this is done by mutual exchange and the fulfilment of promises”. It is of utmost importance for business owners to continuously develop relationships. This ensures

that each relationship is improved for the benefit of the business. If a business fails to do so then its growth and success are negatively affected.

2.2.4 Interpersonal skills as the basis for internal and external relationships

This chapter has so far emphasised the importance of managing relationships and also the importance of managing them for the success of the business. Business owners must create internal and external relationships for their businesses and these must be mutually beneficial to the business and its stakeholders. Hoover and Hoover (1999:89) emphasise that relationships have become one tool that business owners need to have in their managerial toolbox.

To build relationships, business owners need to develop their personalities. They need proper human interpersonal skills in their work environment and outside. Some of the interpersonal skills which business owners must have, in order to effectively manage internal and external relationships for their businesses, include the following:

- i. The ability to understand other people's behaviours and interpret them correctly (Gilley, 2006:43). The business owners must aim to recognise and correctly interpret the feelings, thinking, and behaviour of another person. Gilley states that this is done in an effort to discover their fears, failures, successes and actions.
- ii. The ability to manage impressions and present oneself competently to others (Gabaro, 2001:5). Success in business today depends on building successful relationships. Knowing how to present yourself professionally gives you a powerful edge over the competition. Business owners must have a combination of confidence, competence, attitude, manners, and communication. These are enhanced by a polished executive image; knowing what to do and how and when to do it.
- iii. The ability to communicate and get your message across (Jones & Sinnett, 2011:25). Good communication skills will enable business owners to convey important information. They should never be tongue tied, know what to say, and say it.

- iv. The ability to persuade others and influence their behaviours, attitudes, opinions and beliefs (Mortensen, 2004:9). Business owners are encouraged to use the authority they have in their organisation to persuade and influence staff to work efficiently and effectively to ensure that the organisational goals are met and good relationships are maintained.
- v. The ability to use power (Donaldson & O'Toole, 2002:7). Business owners must use the power they have to influence staff but must not act in an intimidating manner.

2.2.5 Relationships as the foundation for strategising

A strategy for any business should be built around existing business relationships. Business relationships should form the foundation for any strategising effort the organisation plans to embark on (Lewis, *et al.* 2006:80). It is important that business owners in Hout Bay realise that when a relationship is built between themselves, the employees and the community, an opportunity is created for communication and feedback about their business environment, products and/or services. This feedback and communication are very important as they provide a measurement of how well the organisation is doing and whether the staff and customers are satisfied. It helps the business to assess its strengths, weaknesses, opportunities and threats in order to sharpen its competitive edge.

When developing a strategy, businesses first conduct a situation analysis. A situation analysis can also be referred to as a SWOT analysis (Bohm, 2009:123). During this analysis the business identifies its strengths, weaknesses, opportunities and threats. The business owner must assess the strengths and weaknesses from the internal environment of the business. The opportunities and threats arise from the external environment.

In section 2.2.5 the importance of the business owner's interpersonal skills was discussed and how these skills form the basis for establishing internal and external relationships. A business owner who takes advantage of his interpersonal skills to establish relationships has the developed ability to assess the capability of the staff and the role they will play in the strategic effort of the business. Interpersonal skills

also enable the business owner to study customers in order to determine what they need from the business. A business owner who is able to understand what the customer needs may be able to formulate a strategy that is focused around providing that specific need.

2.2.6 The value of customer relationship management

Customer relationship management is a necessity for the survival of SMMEs in Hout Bay. Customers in this community know their rights and they know they hold the ultimate trump card, which is their loyalty. It has become a necessity for business owners to remember past interactions with their customers and to build on those interactions. There is even customer relationship management soft-ware that have been developed and updated and that are aimed at measuring customer interaction in the business (Peel & Gancarz, 2002:1). Current literature from Cruz-Cunha (2010:203) and, Nwankwo and Gbadamosi (2011:89) encourage SMME's to be customer centred as this is a business necessity for the twenty-first century.

Donaldson and O'Toole (2007:137) articulate that the rationale for customer relationship management is that it improves business performance by enhancing customer's satisfaction and driving up customer loyalty.

Business owners need to spend more time developing and enhancing their relationship with customers. This, in turn, will provide fruitful returns as the customers will remain loyal to the business. This will also result in continued success and growth of the business.

2.2.7 Networking for success

Networking is regarded by White (2004:5) as a useful tool for establishing business relationships. White says that the information, knowledge and data gathered through networking are important resources for business owners. The researcher of this study does not expect business owners to know everything. However, it is important to know about networking and how to develop networking skills. Networking skills are essential for identifying and building relationships which will help grow the business.

2.3 Relationship Management Paradigm 2

The relationship management paradigm which follows provides an overview of discussion for sections 2.3.1 – 2.3.4 which follow.

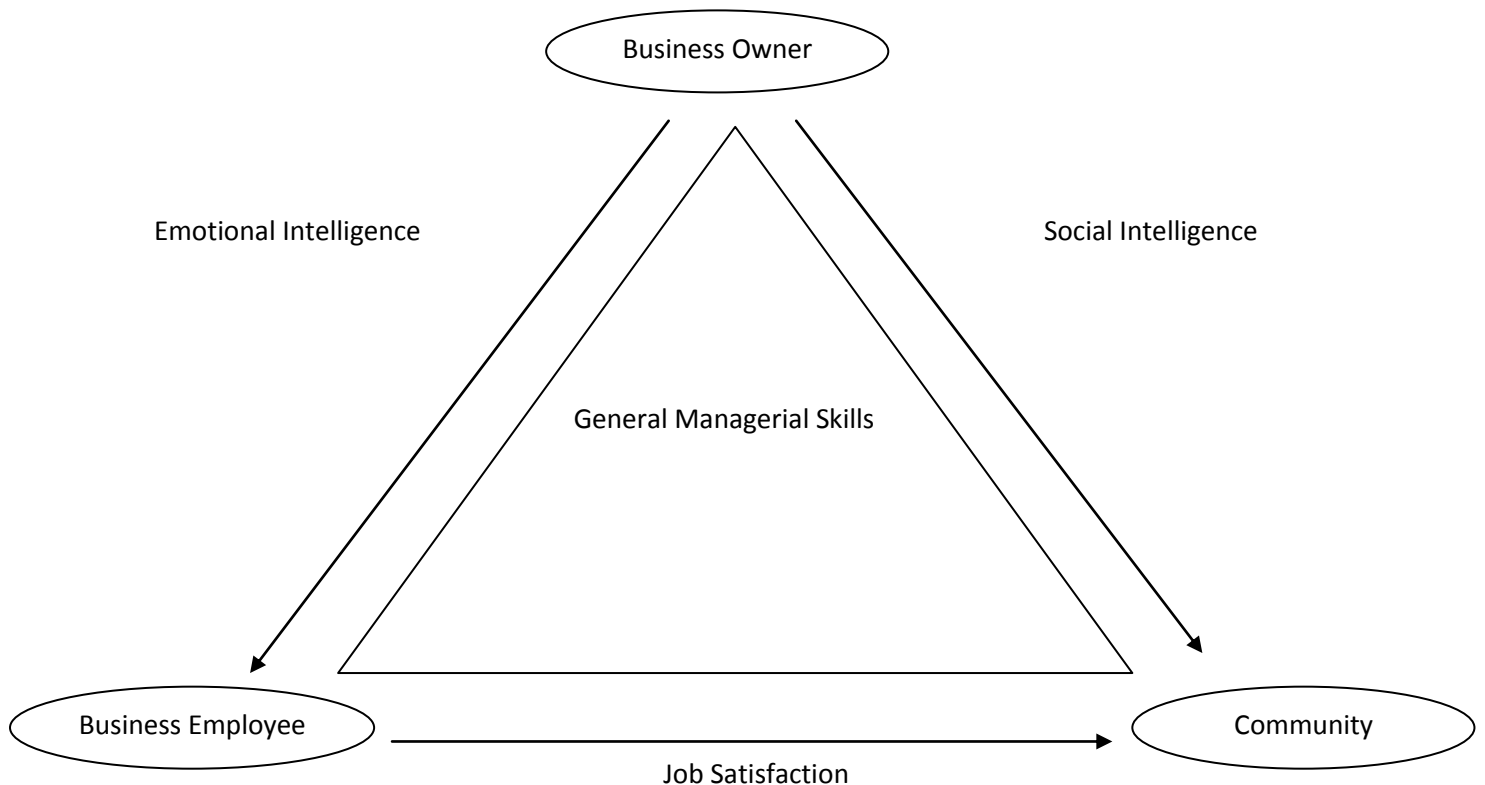


Figure 2: Managing Relationships

Notes: This paradigm describes how the General Managerial Skills, Emotional Intelligence and Job Satisfaction play a role for the business owner to effectively manage relationships between himself, the employee and the community.

- General Managerial Skills are in the centre of business relationships. Signalling this is at the heart of relationship management. The role played by planning, organising, leading and controlling in managing relationships is portrayed as the nucleus of relationship management.
- Social Intelligence is used by the business owner to manage relationships between the business and the community. Social Intelligence includes components such as social awareness and the understanding of external environmental factors.

- Emotional Intelligence is used to manage relationships with employees. Emotional intelligence includes factors such as self-management, relationship management and self-awareness. Business owners should be emotional intelligence masters in order to effectively manage relationship with staff.
- Business owners should aim to provide job satisfaction of staff in order for them to manage positive relationships with customers. This section highlights a direct link between job satisfaction and good customer service.

2.3.1 General Managerial Skills

According to (Hellreigel, *et al.*, 2006:10), successful business owners who are able to maintain positive internal and external relationships in their businesses capably perform four managerial tasks. These tasks include planning, organising, leading and controlling.

2.3.1.1 Planning

Planning involves defining organisational goals and proposing ways to reach them (Hellreigel, *et al.*, 2006:10).

Witzel (2004:65) states that managers plan for three reasons and these are:

- to establish an overall direction of the organisation's future, such as increased profit, expanded market share and social responsibility.
- to identify and commit the organisation's resources to achieve its goals, and
- to decide the tasks that must be done to reach those goals.

Planning is a core function of business management and businesses owners in Hout Bay are encouraged to focus on this function as it sets out objectives and determines the course of action for achieving business and relationship objectives. This research motivates business owners to develop an internal and external relationship plan in order to have successful business relationships.

An internal relationship plan could include plans for human resource activities in the business. These planned activities may include work schedules and communication

plans. The plans would serve as guidelines to the workers on how they should do their work, reduce confusion and provide a standard for completing tasks. A worker who knows what he is doing will be a satisfied worker. This will also help the organisation to achieve its objectives and a good relationship will be maintained. The mentioned factors are aimed at improving the internal working environment of the business and assist in satisfying the staff. This satisfaction often leads to longer relationships and improved productivity.

External relationship plans could include factors such as network plans and customer relationship management. These factors monitor customer interaction and aim to identify possible external stakeholders that the business can enter into a relationship with, which will provide opportunities for further growth of the business.

Both internal and external relationship plans set out the goals and objectives of the relationships and also propose ways to reach them. Planning requires the business owner to be a good decision-maker because wrong decisions can negatively affect the business relationship management strategy.

2.3.1.2 Organising

Organising is defined by Watson (2006:16), as the function of management that involves developing an organisational structure and allocating human resources to ensure the accomplishment of objectives. Watson further defines the organisational structure as the framework within which effort is coordinated. The structure is usually represented by an organisation chart, which provides a graphic representation of the chain of command within an organisation. Decisions must be made about the duties and responsibilities of individual jobs as well as the manner in which the duties should be carried out.

A badly organised organisation is a breeding ground for bad internal business relationships. An organisational structure helps staff to know who does what, when and why. If the employees are not clearly informed about this process there will be confusion, arguments and bad relationships within the organisation. The negativity created inside can affect the external image of the business. Customer service will deteriorate and customers will prefer to buy products or use the services of

competitors. This results in bad relationships between the business and the community. Business owners who organise their work-place effectively can better coordinate human, material and information resources.

To organise effectively the entrepreneur must be willing to delegate. Delegation (giving authority to subordinates) is an important aspect for maintaining good relationships in the organisation. This creates a good working environment. A good environment is one where employees can communicate freely and find room to grow. If employees are not given the opportunity to grow, they gradually become dissatisfied and this negatively affects the existing relationship (Watson, 2006:16).

2.3.1.3 Leading

Leading may also be referred to as the process of communicating and motivating others to work harder in order to achieve organisational objectives (Hellreigel, *et al.*, 2006:15). In a business relationship, it is important that the business owner takes the leadership role and initiative. Without leadership or initiative, the relationship is in danger of failing and this would have detrimental consequences for the business. It takes some form of leadership to keep a relationship functioning well and contributing to the success of the business. Hellreigel, *et al.* concludes by stating that leadership aims to move the relationship to new and better heights, so that it increases in depth and dimension.

Business owners in Hout Bay are the leaders of their organisations. They must get their employees to follow them and share their vision and direction for the business. It is important that their approach to leading people is democratic. This allows for a working environment where workers can freely communicate and contribute ideas to the organisation. Singh (2003:65) declares that as an entrepreneur you must have motivating skills that will keep workers performing well and satisfied in their jobs. The employees of a business like to feel led and inspired. The best way to lead, is to act in the way you want the employees to act, whilst they are in the organisation. Action speaks louder than words when it comes to leading. Business owners should act in a professional manner at all times. The staff will ultimately give the owners the

respect they deserve and good relationships within the organisation will be maintained.

2.3.1.4 Controlling

Mynatt (2009:23) explains that the managerial function of controlling should not be confused with control in the behavioural or manipulative sense. Mynatt further states that this function does not imply that managers should attempt to control or to manipulate the personalities, values, attitudes, or emotions of their subordinates. Instead, this function of management concerns the manager's role in taking the necessary actions to ensure that the work-related activities of subordinates are consistent with, and contributing to, the accomplishment of organisational and departmental objectives. Armstrong and Stephens (2005:76) conclude that controlling involves the process of consciously monitoring performance and taking corrective action.

Business owners in Hout Bay can have a measure of control of the good relationships in their organisations if they properly monitor performance and reward the staff for their hard work and achieved objectives. Rewards will create a competitive environment, where employees can push each other to improve their performance which will ultimately lead to the growth of the organisation. According to Evans (2002:75) the competitive nature of the organisation will create good relationships as the employees will continuously improve their abilities.

2.3.2 Job satisfaction

As markets and businesses become more dynamic administrative and technical skills of entrepreneurs are no longer sufficient to deal with the complexities of modern business management (Greenberg & Baron, 2008:5). Randolph (1985:102) said that business owners who want to compete at a world-class level must understand the human side of their organisation and business processes. Randolph emphasises that they must be social architects who can work across levels and functions of the organisation, continuously improving the business process and fostering an atmosphere favourable to innovation, risk-taking, self-directed teamwork, commitment, quality and self-improvement. To survive and grow in the twenty-first century, entrepreneurs must learn and use appropriate human skills to

motivate and inspire all those involved in their business (Greenberg & Baron 2008:5).

Job satisfaction is a difficult entity to define even in simplistic operational terms. Schults and Schults (2002:235) refer to job satisfaction as the positive feelings and attitudes employees hold about their jobs. It depends on many work-related factors, such as the sense of fulfilment workers get when doing their daily tasks and many more. Schults and Schults further state that personnel factors can also affect job satisfaction. These factors include age, health, and length of job experience, emotional stability, social status, family and other social relationships. Their motivations and aspirations and how well these are satisfied by their work also affect their attitudes towards their jobs.

Dubrin (1997:230) pointed out that researchers had frequently observed that employees who were happy with their jobs are the most likely to satisfy customer expectations and manage good relationships with them. Treating employees well puts them in a better frame of mind to treat their customers well. Lusch and Vargo (2006:400) said that customer service and employee satisfaction were closely related to each other. Customers, for example expect outstanding customer service. Employees want recognition and compensation that relate to the achievement of customer service goals. Customers want to deal with knowledgeable customer-contact personnel who can make decisions. Employees want to be led, inspired and recognised.

Luthans (2008:40) refers to job satisfaction as the perceived benefits of the work, exceeding the perceived costs by a margin, deemed by the worker to be adequate under the circumstances. The cost benefits, of course, are not necessarily measured in financial terms. Luthans (2008:141) further explains that job satisfaction is the result of an employee's perception of how well the job provides those things that are viewed as important.

The current researcher has identified a link between job satisfaction and the relationship network discussed in this study because, according to Greenberg and Baron (2008:19) employees who are satisfied in their jobs are usually productive and have a good relationship with the business owner. On the other hand employees

who are satisfied in their jobs and enjoy the work they are doing are usually good customer servers.

The previous paragraph aims to enlighten business owners about the role job satisfaction plays in improving internal and external relationships for their business. Business owners in Hout Bay are encouraged to continuously make an effort to satisfy their employees as they are the ones who contribute the most to production and sales and they deal with customers. The owners should try to understand what satisfies their staff and continuously check whether the business processes and management are in line with what the employees want. The owners must find their own method to measure job satisfaction either by having one on one session with the staff, or by distribution of questionnaires.

Bennet (1989:85) stated that job satisfaction is not easy to measure because there is no standard measurement criterion for business owners. Some firms issue questionnaires to employees, asking them to list in rank order, the tasks that they find particularly boring and/or unpleasant. Equally, employees might be invited to comment on the working conditions they regard as most attractive (security, good working conditions, responsibility and control over work. Results from such surveys may help in providing the employees with what they need in order to be satisfied.

According to Chevalier (2007:60), the factors that affect job satisfaction vary from one worker to another and from day to day, but include the following:

- the nature of the work (the tasks involved, and the interest and challenge the job generates).
- the level of compensation
- the perceived fairness of the promotion system within a company
- the quality of the working conditions
- management style
- social relationships in the workplace

Along with contributing to a general sense of personal wellbeing, job satisfaction is perceived to be linked to a positive work attitude and increased productivity.

2.3.2.1 Studies on job satisfaction

Greenberg and Baron (2008:221) say job satisfaction has important implications for managing relationships. Business owners are well advised to focus their attention on factors known to promote job satisfaction, such as opportunities for personal growth. These factors not only ensure that people work in organisations for a long time but also ensure a good relationship between the business and the employees. Several of today's businesses have realised that satisfaction within their workforce is enhanced when they provide opportunities for their employees to develop their range of professional skills on the job.

In this section the aim is to discuss a study by Frederick Herzberg (1964:1-89) and a summary of a theoretical review that outlines factors that lead to job satisfaction. Business owners are advised to take note of these factors. This study encourages business owners in this community to adopt a similar approach to Frederick Herzberg when they want to measure job satisfaction in their organisations.

2.3.2.2 Frederick Herzberg's study

As far back as 1964, in an attempt to determine what factors lead to worker satisfaction, job psychologist, Frederick Herzberg, conducted a study in which people were asked to describe their most satisfying and dissatisfying job experiences and to give the reasons why. They were also asked to describe their levels of performance in the two experiences.

Firstly, they had to think about a time when they were most satisfied with the job. They had to say what it was that made their job satisfying and what the quality of their work was. Secondly, they also thought about a time when they were most dissatisfied with the job, what it was that made the job dissatisfying, what the quality of their work was and whether most of their needs were met.

The researcher believes there is a link between this study and that of Herzberg, as the method Herzberg used to measure job satisfaction is similar to the one used in this study to measure relationships between the employee and the business they

work for. The section on job satisfaction, discussed earlier, also proved that there is a definite link between job satisfaction and good internal business relationships.

In Herzberg's study there were certain factors related to satisfaction which appeared frequently when individuals described their most satisfying job experiences. These factors were referred to as maintenance factors. These factors are comparable to the relationship maintenance factors, discussed by Kleinaltenkamp and Ehret (2006:23) meaning they could also be referred to as relationship management factors.

According to Herzberg (1964:33), some of these factors include:

- **Achievement:** Employees indicated that they were accomplishing something of genuine value doing their jobs. If the employees feel that they are achieving something in the workplace, this is an indicator of good relationships in the workplace. Business owners must continuously develop ways of ensuring employees feel a sense of achievement while working in their organisations.
- **Recognition:** Employees indicated that they received appropriate recognition for their work. Recognition could come in the form of bonuses, empowering, and so on. According to Kendrick (2010:90) relationships with employees are sustained through recognition, motivation and trust.
- **Responsibility:** Employees indicated that they had responsibility for their work or the work of others. Employees become responsible when they have complete trust in the organisation. By trust the researcher means they buy into the company's vision and want to be part of its long-term success.
- **Work itself:** Employees indicated that the work itself was enjoyable. The work that is done, and how it is done, is normally a key factor determining whether people will enjoy their job. This means if people enjoy their work they will be in a good relationship with the owner.
- **Advancement:** Employees indicated that the job led to a promotion or a better position. Employees must feel that they are growing and that the job they are

doing possesses the capability to make them better people in life. If this happens they will be in a good relationship with the business they work for.

- **Personal growth:** Employees indicated that they gained new knowledge or skills as a result of having the job. If employees feel that they are growing on a personal, skill and spiritual level while doing the job, good relationships are maintained.

While each factor was not present in every description of the individual's most satisfying experience, nearly all descriptions included at least one of the factors. These factors became known as motivators since the surveyed individuals indicated that they were performing their jobs at a very high level. The impact of motivators on the job was felt for a long time (Chevalier, 2007:63).

2.3.2.3 Kristen Anderson's study

A recent study conducted by Anderson (2009:1) outlines that the elements, which will be discussed in the following section, are the key elements business owners should consider if they want to satisfy their employees and maintain good relationships in the workplace.

- **Job compatibility** - Not only should people enjoy their tasks but they must have the skills and competence to get the job done. When they lack the desire and/or the ability to do a job, dissatisfaction is not far behind (Anderson, 2009:1). It is important for the business owner to always employ people who have the skill and the desire to do a specific job.
- **Fair compensation and benefits** - When people are not compensated fairly, their morale tends to go down the drain (Anderson, 2009:2). Business owners must ensure that a fair percentage of the business profit goes to the staff. People who work for you are often aware of how successful the business is doing and they want to receive a share of that success for the contribution they have made. If the business owner fails to give this to them, there would be potential for strikes and bad relationships will be created.

- **Community** - Many people like to know they are part of something bigger, and this desire can carry over into their jobs. If their job or company touches the greater community in a positive way, it is possible to receive extra enjoyment from the work that they do. The assistance provided to the community by business owners in Hout Bay is also a relationship management factor. The staff sees potential for the growth and development of their community. This plays a major role in them being retained as staff for a much longer period of time because they want to remain part of a growing community.
- **Enjoyable colleagues and/or clients** - Some people stay with companies for years because of the people they work with, even when everything else about the job is less satisfactory. Business owners should put more effort into team building events or other activities that will make the people get to know each other much better. These activities will eliminate barriers and good relationships will be maintained.
- **Recognition** - While accomplishing good work is often rewarding in and of itself, most people like to be recognised by their boss for a job well done. Recognition comes in the form of bonuses and empowerment as was discussed earlier on in Herzberg's study.
- **Respect** - Respect in the workplace goes a long way towards job satisfaction, particularly when people work in a harassment-free, harmonious working environment. People who respect each other usually know each other well. The employer must see to it that everyone in the workplace gets to know each other better and then, ultimately, respect for each other will be present.
- **Room to grow** - To be truly satisfied at work, people need to know there are opportunities to learn new skills and take on new responsibilities. When a business owner is committed to the success of employees, job satisfaction thrives. In his commitment the business owner can provide training opportunities, delegation of decisions in the workplace, and so on.
- **Work/life balance** - People who enjoy their jobs often work for companies that promote a healthy work/life balance. Burnt out employees are rarely satisfied.

Business owners in Hout Bay must work towards finding that balance as this will contribute to maintaining good relationships.

- **Open communication** - Whether it is honest communication by company leaders or constructive feedback from an employee supervisor, open communication is a key ingredient for job satisfaction. Any form of communication is a key ingredient for relationship management. The researcher encourages business owners in Hout Bay to communicate with their staff in order to maintain good relationships with them.
- **Fun working environment** - When a workplace is a fun place to be, people want to go to work. Business owners must research current methods of creating a fun work environment in order to ensure job satisfaction and the maintenance of relationships in the workplace.

Anderson concluded by saying that a failure to introduce some of these elements of job satisfaction can have very serious consequences for your business.

2.3.3 Emotional Intelligence

Emotional Intelligence (EI) refers to having the capacity for recognising your own feelings and those of others, for motivating yourself, and for managing emotions well in yourself and in your relationships (Goleman, 1999:317). This explanation outlines that EI plays a role in the management of relationships. EI is well established as a critical aspect of successful leadership (Hughes, *et al.*, 2005:17). The phenomenon, EI, is an emotional competence that business owners need to possess in order to ensure outstanding performance at work and an increase in customers. According to Diggins (2004:74), the best business owners need to possess EI to make decisions that are based on a combination of self-management and relationship skills, and awareness of how their behaviour affects others in the organisation. Diggins (2004:75) argues that EI plays a greater role than “traditional” intelligence in determining the success of leaders, and an organisation and concluded that this phenomenon helps business owners to:

- be more aware of their interpersonal style
- recognise and manage the impact of emotions on their thoughts and behaviour
- develop their ability to judge social dynamics in the workplace; and
- understand how well they manage relationships and how to improve.

A business owner needs to develop and be able to fit in with the organisational challenges which will require him to take action without offending anyone. A relationship that exists in the workplace has to be transparent to accommodate everyone. It is the duty of the business owner to motivate the staff so that they can work willingly in a conducive and convenient environment. This will lead to better productivity and profitability of the organisation. This evidence suggests that business intelligence alone will not contribute to the success of businesses. The management of emotions also plays a key role in the success of businesses and relationships.

2.3.3.1 The four quadrants of Emotional Intelligence

Mersimo (2007:1) claims the term, emotional intelligence, was actually developed by two psychologists, Peter Salovey and John D Mayer, in 1990. Salovey and Mayer (1990:1) defined EI as “the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and action”

John Mayer and Peter Salovey are known to have published a four quadrant emotional intelligence framework. Two of the frameworks represent personal competence or a focus on self. The other two quadrants represent social competence or a focus on others.

Table 1: Emotional Intelligence framework (Mersimo, 2007:3)

1	Self-Awareness	Social Awareness	3
	Emotional self-awareness	Empathy	
	Accurate self-assessment	Organizational Awareness	
	Self-confidence	Service	
	Self-Management	Relationship Management	
	Emotional self-control	Inspirational Leadership	4
	Transparency	Influence	
	Adaptability	Developing others	
2	Achievement	Change catalyst	
	Initiate	Conflict management	
	Optimism	Building Bonds	
		Teamwork and Collaboration	

Notes: This model was originally introduced in 1995 by Daniel Goleman. It offers a way to classify and self-assess one’s emotional competences.

2.3.3.1.1 Quadrant 1: Self-Awareness

The first domain of the framework is self-awareness, which Bradberry (2009:45) defines as understanding oneself and one’s emotions. Mersimo (2007:26), states that this involves the competencies of one’s emotional awareness, accurate self-assessment, and self-confidence. According to Duval, Silvia and Lilwani (2001:143), self-awareness is the first building block of emotional intelligence. Accurate self-awareness involves understanding one’s strengths and weaknesses and the willingness to explore them, both on your own, and with others. This attribute is very important for entrepreneurs who want to successfully maintain good relationships with their staff and customers. If they are aware of their emotions it becomes easier to control them during intense situations. An entrepreneur can then calmly deal with rude mannered people without entering into an argument with them.

2.3.3.1.2 Quadrant 2: Self-Management

Sarafino (2010:10) found that self-management is used to manage one's emotional state and this is also the ability to control one's emotions so that they do not control one. This is also known as self-control. Self-control is what helps the business owner to maintain his cool and not lose it. It is the perception of this researcher that the community of Hout Bay can really test an entrepreneur's self-control, especially that of the foreign business owners. The outburst of xenophobia in communities around South Africa in the past few years are really challenging for these owners. The way people treat them, especially young people, is a major discouragement for them to continue running their businesses. The researcher advises these entrepreneurs not to be discouraged and to show high levels of self-management. They must continue to find innovative ways to establish relationships with the community at large.

2.3.3.1.3 Quadrant 3: Social Awareness

Social awareness occurs when entrepreneurs expand their awareness to include the emotions of those around them (Mersimo, 2007:26). Social awareness includes empathy, organisational awareness, seeing others clearly and emotional boundaries. Mayer and Salovey (1990:2) explain these terms separately and say, empathy is the ability to understand and relate to the feelings of others and put oneself in their shoes; organisational awareness is the ability to interpret the context for emotions in an organisation; seeing others clearly is the ability to accurately assess and understand others.

2.3.3.1.4 Quadrant 4: Relationship management

Relationship management means using the awareness of your own emotions and those of others to build strong relationships in the organisation (Hellreigel, *et al.*, 2006:54). According to Nash (2001:56), improving business relationships is important especially in this internet age.

The four quadrants give us a clear idea of what emotional intelligence entails and from the information obtained it is fair to say that this plays a vital role in managing

relationships within an organisation. An emotionally intelligent entrepreneur has a major advantage because he is able to manipulate the emotions of the human resources in the business. Human resources are very important to the success of a business. If they are well managed and satisfied in their work, they will provide good service to the customers and create a good relationship between themselves and the customer. As a result the business can become successful and grow. Holman (2003:167) says that a satisfied worker is a profitable worker.

Emotional Intelligence should not only be used to manage the emotions of the internal stakeholders in the organisation but the external role-players as well. According to Hughes *et al.* (2005:17) empathy, social responsibility and interpersonal skills are factors of emotional intelligence that focus on the external environment of the business. Hughes states that it is important for business owners to always harmonise relations with communities. This can be established by means of an interpersonal relationship with them. This will help the business owner to know the problems and needs of the community. An organisations reputation in the community is measured by how involved it is with social responsibility. The more business owners attach themselves to the community, the more good relationships can be sustained.

2.3.3.2 The Role of EI towards managing relationships and making the business successful

Identifying factors that are important for relationship management and business success has been a challenge to researchers for a very long time. Researchers revealed though that adaptability, leadership, self-confidence and inter-personal skills are some of the most important factors that distinguish top performers from poor performers. These factors are also related to the effective and intelligent management of emotions, which then motivates that EI is an important factor for relationship management and business success.

The success of an organisation today, depends on leaders who are able to listen, communicate and motivate others in the business environment. Emotional Intelligence is the innate potential to feel, use, communicate, recognise, remember,

describe, identify, learn from, manage, understand and explain emotions (Goleman, *et al* 2002:260).

2.3.4 Social Intelligence

Social Intelligence (SI) is defined by Albrecht (2006:8) as the ability to get along well with others and to get them to cooperate. SI is sometimes referred to as people skills (Suresh, 2009:3). Suresh further states that SI includes an awareness of situations, the social dynamics that govern businesses and knowledge of interaction styles and strategies that can help a business person to achieve his objectives in dealing with others. SI involves a certain amount of self-insight and a consciousness of one's own perceptions, reaction, patterns, and interacting successfully with others in various contexts.

According to Goleman (1999:153) social competencies include empathy which is awareness of other people's feelings, needs and concerns which are as follows:

- Understanding others: Sensing other people's feelings and perspectives, and taking an active interest in their concerns.
- Developing others: Sensing others developing needs and bolstering their abilities.
- Service Orientation: Anticipating, recognising, and meeting customers' needs.
- Leveraging diversity: Cultivating opportunities through different kinds of people.
- Political Awareness: Reading a groups emotional current and power relationship.

Goleman insisted that business owners need to develop the above-mentioned competencies because their business success depends on the community they serve. If the feelings of perspective are recognised by the organisation, by taking an active interest in the community concerns, this will play a vital role in maintaining good relationships with the community.

Social Intelligence helps entrepreneurs to network effectively. An entrepreneur who is socially intelligent will have the “know how” and “know who” in the environment in which his business operates. If entrepreneurs know these factors, they basically know the whole industry and it becomes easier for them to run their business (Nieman & Nieuwenhuizen 2003:168). Goleman (2006:5) adds that social intelligence includes an awareness of the situation and the social dynamics that govern entrepreneurs and knowledge of interaction styles and strategies that can help an entrepreneur to achieve his objectives when dealing with the community.

This external environment may have a big impact on the strategic direction of the business, thus it is important for entrepreneurs to pay full attention and continuously monitor it (Hughes, 2009:5).

According to Kamel, Frynas and Finlay (2005:256), there are four environmental factors that entrepreneurs need to monitor and understand in order to become socially intelligent and these are: political factors, economic factors, social factors and technological factors.

2.3.4.1 Political Factors

Political factors refer to the variables determining the political situation in a country (Hellreigel et al., 2006:36). Political factors always have an influence on the running of a business. Political factors include government laws on businesses, political risk (party in power), government laws on trade (Kamel, *et al.*, 2005; 35). The entrepreneur can create a good relationship with the government by being always on the right side of the law.

A good example of a political factor that plays a role in businesses in Hout Bay is as follows: The Western Cape Government has a law that protects the community against the establishment of illegal liquor stores. All liquor stores applying for a liquor license are required to ask for permission from the households in the area of the community where they want to operate. This law is intended to safe-guard the community against noise and the illegal establishment of liquor stores. If the owner fails to do this he faces the risk of sabotage and closure.

The reason behind this example was to notify business owners in Hout Bay that it is important for business owners to always be aware of the laws that govern business in society and maintain good relationships with society by using their social intelligence.

2.3.4.2 Social Factors

These factors include social change, changes in lifestyle, changes of trends, employment and many more (Kamel *et al.*, 2005:35). Business owners must monitor social factors as these may have an impact on the business. If they are running a clothing store for instance, and there are new clothing trends developing in the market, they must keep up with the trends or operate with the risk of losing customers. A business owner, who monitors the social environment, is able to identify the community needs very quickly. As a result he will be able to modify his clothing range to suit the needs of the market, before the competitors can do so.

2.3.4.3 Technological Factors

These factors include all the latest developments in technology and how they will help the business to develop and compete with other businesses. Business owners need to keep up with technological developments or they will never be able to compete with other businesses. Businesses always aim to improve production quality, rate and service. Technology is one factor that can enable them to do this. A business owner who operates his business with the latest technologies has a competitive advantage over most businesses that are technologically behind. The best way to be technologically up to date is to maintain a good relationship with the suppliers of technology.

2.3.4.4 Economic Factors

These factors include all the economic factors that affect the business (Kamel *et al.*, 2005:35). Examples of economic factors are the tax rate, inflation, and so on. These factors affect pricing of products, salaries of workers and many other factors

of the business. It is very important for the business owner to be aware of economic factors as they might lead to the downfall of the business.

Social Intelligence can be classified as a success factor for the business because there is no way an entrepreneur can run a business without knowing what is happening in the external environment.

2.4 Importance of managing community and employee relations

2.4.1 Business - community relations

Community relationships are important and should be treated as strategic aspects by SMME's in Hout Bay. These relationships are fundamental elements for business success in the community. Nour (2011:1) suggests that an effective way to maintain positive relationships with the community is to provide support. This support may come in various ways, either by providing sponsorship for community development projects or providing jobs to people, and so on. By doing this, a business positions itself positively among the consumers and their position in the market could be improved.

Positive relationships between SMMEs and the community in Hout Bay can be well nurtured through outreach and the ability of the businesses to respond to changes or any form of activity happening in the community. Entrepreneurs in the community can respond better to change by observing social engagement amongst community members and businesses; through a societal needs analysis, not only in the Hout Bay surrounding area, but also in the national and international sphere; and lastly by adaptive business tactics.

According to Jooste, Strydom and Berndt (2008:323) there are many benefits associated with building relationships with the community. These might include the following:

- An opportunity to know the customers better

This means the business would have better knowledge of its customer needs. When a business gets to know its customer needs better, it has managed to gain valuable

information which will be used to manage the organisation and its service in a much more effective way.

- An opportunity to create value

Creating value is what every business should aspire to do. If any business has managed to create value, it will have a strong competitive advantage over its rivals. The way in which a business manages the value exchange created between it and the customers, has the potential to improve the success of the business.

- An opportunity to retain customers

The cost of finding new customers and establishing new relationships is very high. Research suggests that retaining customers increases profits.

- An opportunity to improve customer loyalty

The loyalty of customers could be a determinant of success or failure of the business. Businesses that invest in relationships can have loyal customers. Relationships affect the feeling that customers have towards the business.

Building relationships with the community is not an instant process. Businesses in Hout Bay need to understand that building effective and mutually beneficial relationships with the community takes time. Although relationships are hard to build, they break very easy. It is important for business owners to always ensure they treat established relationships with the utmost care.

2.4.2 Employer - employee relationships

The relationship between the employer and the employee is very important, yet sometimes it can be easily broken. Business owners in the Hout Bay community must pay more attention to employer-employee relationship retention strategies in order for their businesses to have continued success and growth. There has been various discussions and research on employer-employee relationships over the years and most of these have outlined the importance of business owners preserving this relationship.

Bridges and Wayne (1994:190), as well as The Institute of Leadership and Management (2007:1), outline a number of issues that can cause the downfall of the employer-employee relationship. These issues include amongst others:

- The high rate of inflation

The increment of the inflation rate in an economy results in an increased living standard (Dlabay, Burrow, & Kleindl 2011:41). Workers will start to demand increased salaries to complement the higher cost of living. This situation possesses the potential for the breakdown of the employer-employee relationship.

- Lack of trust and respect

Trust and respect are earned by an employer through open communication, consistent feedback and delegation of responsibilities to the staff. An employer who fails to abide by these elements of trust and respect will eventually also put a negative strain on the relationship.

- Globalisation

Globalisation provides the platform for changes in work processes, management style, and technology. Business owners should always monitor the global economy to ensure they are up to date with current global trends of relationship management. A business that fails to do so is faced with the potential of losing their workforce.

- Labour laws

Labour laws were designed by the government of South Africa to protect workers against unfair treatment by their employers. Every employee eventually becomes aware of these. It is important for the employer to ensure that they comply with these laws or face penalties and a demise of the relationship they have with the staff.

Daft and Marcic (2010:200) advise business owners to never allow a negative relationship to exist between themselves and their staff. If this happens, the productivity levels of the organisation decrease. In a majority of the businesses in Hout Bay, the employees are the ones who have direct contact with the customers and go the extra mile to be helpful. When they are happy, a good relationship

between them and the customer is created and maintained. When they are unhappy these employees often direct their unhappiness at the customers.

2.5 Conclusion

In this chapter the underlying theoretical framework of this study was presented. The review of literature allowed the researcher to carefully construct the research tools and the participants were tested on the factors that it outlined.

This chapter gave a background on business relationships, their importance and the opportunities they provide for the business owners in Hout Bay. The intention for this was to outline the role these relationships play in the success of businesses. Information that was discussed in the chapter can be used as reference by business owners in the community of Hout Bay.

The chapter outlined the critical steps that businesses have to take to build relationships. Other discussions included the driving trends why businesses in Hout Bay enter into relationships. These trends include the growth of the Western Cape economy and technological development happening in the community and around the world.

Business owners were further advised of the importance of planning for a relationship before entering into it. The three stages of planning (analysis, formulation and selection of strategy and implementation) were thoroughly discussed.

Entrepreneurial attributes such as having good interpersonal skills, networking, managerial skills, emotional intelligence and social intelligence were also discussed. The concluding discussion was based on the importance of managing community and employee relationships.

The next chapter will present the philosophical assumptions underpinning this research as well as introduce the research strategy and empirical techniques applied. The chapter has discussed the conceptual framework of the methodology as purpose. It discusses the most appropriate methods, given the aims and nature of the research.

Chapter 3: Research Methodology

3.1 Background

Henning (2004:36) describes research methodology as an aspect of the study which focuses on the process and types of tools and also the procedures to be utilized during the research. The research methodology of this research is concerned with how the information pertaining to the research will be collected, analysed and reported.

The study's methodology was aimed at accessing the phenomena under investigation, rather than the data itself. This methodology consists of set of assumptions from literature and a reflection of how the current researcher views reality. How this reality is articulated through research was dependent on choice of the method; choice of method is reflective of what the researcher wanted to uncover. As established earlier, the reality this thesis attempted to uncover is the role of the owner, employee and community relationship towards business success.

According to Blaikie (2003:28), "all social research should be directed towards answering research questions about characteristics, relationships, patterns or influences in some social phenomenon". The social phenomenon in this case is the business relationships. Once data collection was done, it became possible to see to what extent the research questions would be answered.

3.2 Objectives

The primary objectives for this research were:

- To determine the nature of the employer's relationship with employees and the community.
- To determine the role these relationships play towards the success of SMMEs in Hout Bay.

The secondary objectives of this research were as follows

- To examine the relationships between the business owners and the employees and then decide how these relationships contribute towards the success of SMMEs in the community.
- To establish how business owners can maintain good relations with employees in order to ensure high levels of productivity, success and growth of their businesses.
- To investigate the relationship between the business owners and the surrounding community and then decide how this relationship contributes towards the success of SMMEs in the community.
- To establish how business owners can maintain good relations with the surrounding community in order to ensure that the relationship lasts longer to the advantage of their businesses.
- To investigate the relationship that exists between the employees and the surrounding community and determine the role this relationship plays towards the success of SMMEs in the community.
- To discover how entrepreneurs can motivate employees and maintain a satisfying work environment for them in order to ensure that these employees maintain good relations with the customers.

3.3 Introduction

Shaw and Read (199:16) declare that business relationships are not an easy phenomenon to measure as there is no standard measuring criterion available for researchers. In order to analyse the nature and the role of the relationships between the targeted stakeholders in this study, the researcher designed a survey which was divided into three sections.

3.3.1 Section 1 (Perceptions of business owners)

The first section aimed to determine the business owners' opinions about their relationships with the staff and the community. Furthermore, it aimed to determine whether they believe these relationships contribute to the success of their business.

3.3.2 Section 2 (Employee job satisfaction)

The second section aimed to assess the relationship between the employer and the employees. This section assessed the satisfaction level of the staff towards the business and its ownership. Basically, job satisfaction was measured. The researcher assumed that if the level of satisfaction of the staff was high, then they had a good relationship with the business. The section on job satisfaction in the second chapter of this study outlined the direct link between job satisfaction and good business-to-employee relationship. Job satisfaction was outlined as an accurate indicator of good relationships between these two parties.

3.3.3 Section 3 (Customer satisfaction)

The aim of the third section was to assess the relationship between the business and the community. This relationship was measured by assessing the level of satisfaction of the community regarding the products or services and the staff of the business. This means that customer satisfaction was measured in this section. If the results indicate high levels of satisfaction, then this serves as an indication of a good relationship between these two parties. Customer satisfaction is an accurate indicator of a good relationship between the community and the business.

3.4 Research Approach

A quantitative approach was followed for this research. Houser and Osman (2010:199) define a quantitative approach as a formal, objective, systematic process to describe, test relationships and examine cause and effect interactions among variables. Houser and Osman further declare that quantitative research focuses on gathering numerical data and generalising it to groups of people.

The researcher conducted a survey by using standardised questionnaires in an attempt to collect data from a sample of participants drawn from a larger population. The questionnaires were carefully constructed and developed to ensure their ability to assist in gathering the desired information.

Dewitt and Hernandez (2003:136) state that surveys are quantitative in nature and they aim to paint an accurate picture of the phenomenon under investigation. This is because the results of surveys are representative of the population with a certain degree of error.

3.5 Characteristics of quantitative research

Bryman and Bell (2007:154) declare that quantitative research has the following characteristics:

- The researcher has a clearly defined question to which objective answers are sought.
- All aspects are carefully and precisely designed before data collection.
- The study can be used to generalise concepts more widely, predict future results or investigate causal relationships.
- It describes, examines relationships, and determines causality among variables, where possible.
- Statistical analysis is conducted to reduce and organise data, determine significant relationships and identify differences and/or similarities within and between different categories of data.

- The sample should be representative of a large population.
- Reliability and validity of the instruments are crucial.

3.6 Advantages of quantitative research

Nykiel (2007:55) states that quantitative research has the following advantages:

- Questionnaires can be used to collect huge volumes of data from participants that are widely dispersed.
- The researcher can maintain reasonable control of the variables coming into play in the questionnaire.
- The questionnaire can easily be statistically analysed by the researcher.
- Questionnaires are cost and time effective.
- Questionnaires can be conveniently completed at the comfort of the respondent.
- Questionnaires are anonymous.

The researcher decided to embark on quantitative research in order to establish a statistically significant conclusion about the investigated phenomenon. The researcher also wanted to establish causality. Lowhorn (2005:5) says that this type of design would allow the researcher to establish causality because of the precise measurements and controlled environment of experiments.

3.7 Research population

In the context of this research the population includes every individual or element within the research environment that is likely to be affected, in one way or another, by the findings of the research. The targeted population for this research consists of SMMEs in Hout Bay. The research encompasses all the businesses operating in the community.

3.8 The research sample

A sample is a subset drawn from the targeted population that is directly involved in or participate in the data collection of the research (Wellman & Kruger, 2004:50). Kay (2004:212) defines a sample as the resemblance of the population from which it was drawn.

According to Wellman & Kruger (2004:96) a sample has the following elements:

- representivity: the sample must represent the population
- the sample must be of a reasonable size to enable the researcher to generalise his or her findings to that population.
- Generally the acceptable sample size drawn from the targeted population must be thirty-three percent and in some cases twenty-five percent is acceptable.
- Randomness of the sample: Anyone in the population can be included in the sample.

The sample for this research is the businesses registered under the Hout Bay Business and Opportunities Forum. A majority of legally operating businesses in this community are registered under this business forum. The forum is responsible for co-ordinating business relationships among its members, facilitate development, and provide training and networking opportunities (Jacobs, personal interview, Hout Bay, 1 July 2011). According to Jacobs there has been a gradual improvement of entrepreneurship in the Hout Bay community. Jacobs confirms that the larger businesses are mostly still owned by whites and the small enterprises by black people of whom the majority live in the more rural areas of this community. The Business Forum in Hout Bay has 60 registered businesses in their database. Out of these 60 businesses, 20 are from the uptown area and 40 from the informal settlements. The forum has indicated that more businesses have applied for membership; these were not considered for this research. Registration with this forum is voluntary.

The Hout Bay Business and Opportunities Forum granted permission to the researcher for conducting the research among its members. Details of all legally operating businesses in the community are made available at the Iziko Lobomi

Centre. This is the information hub for tourists, researchers and the general public who want to make a meaningful contribution to the community.

The researcher obtained a list which contained details such as the name of the business, the owner, the number of employees, the business contact number, physical address, forum registration number and the type of business. According to Jacobs (2011), registration for membership of the forum is renewed on an annual basis and information about forum members is updated whenever there is a need to do so.

3.9 Participants

Systematic sampling was used to determine the participants that qualify for the sample. Wellman & Kruger (2004: 51) highlighted this by saying that with systematic sampling the researcher decides on a system to qualify the businesses that will participate. According to Luthans (2008:11), in many cases researchers must use their discretion when they systematically determine participants. This is determined after assessing the needs of the research. The current researcher decided to use small businesses that employ five or more employees. This number represents thirty-three percent of the businesses registered with the Hout Bay Business and Opportunities Forum. The provided list of 60 businesses indicated that only 25 businesses employed five or more staff members. These were automatically selected to be the sample for the research.

The targeted stakeholders of every business in the community are the surrounding households. These households are those within a 100 meter radius of each selected business as they are often the immediate customers. The researcher randomly selected the ten households where one person in each house was asked to complete a customer satisfaction questionnaire. These houses were randomly chosen according to availability of someone in the house who would be willing to complete the questionnaire. The researcher's security was also an important selection factor.

The five employees for each business selected and asked to complete a job satisfaction questionnaire. These five employees were selected according to their willingness and availability. The total number of participants in this research was initially estimated to be 425 (25 business owners, 150 employees and 250 community members). The researcher ended up with 20 businesses. 5 were unwilling to take part in the research.

3.10 Research Instruments

The researcher made use of three different questionnaires (survey instruments) which he developed himself to collate the data. The research, as outlined in the opening chapter, was designed to have three role players (owner, employee and customer). In order to properly meet the objectives of the research, the researcher had to design a questionnaire for each role player.

3.10.1 Questionnaire 1: Completed by the business owner.

The 25 questionnaires aimed at the business owners served the purpose of measuring the perceptions and opinions of the business owners regarding their relationship with their staff and the community. These business owners were invited to: strongly agree, agree, disagree or strongly disagree with statements that the researcher had put forward and then motivate why they had made that selection. The motivations would allow the researcher to determine the role of relationships in the functioning and ultimately success of the business.

3.10.2 Questionnaire 2: Completed by the employee

The questionnaire designed for the employees was similar to an employee satisfaction survey. The aim was to determine whether the employees are satisfied with their jobs. This conclusion would determine whether a good relationship exist between the employees and the business. The employees were invited to select their level of agreement to statements that the researcher had put forward. Lastly,

the employees were invited to share any comments they have with regard to their relationship with the business and its management. This also assisted in determining the role of relationships in success.

3.10.3 Questionnaire 3: Completed by a community member or customer

The last questionnaire was designed like a customer survey. It aimed to determine whether the community was happy with the service they receive from the business and whether they were willing to continuously shop or render services to that particular business. In this questionnaire the community was invited to give their level of agreement to statements put forward by the researcher. The questionnaire ended with an open-ended question requesting the participant to provide any additional comments they might have regarding their relationship with the employees and the owner of the business.

3.11 Validity and Reliability

3.11.1 Validity

Validity is concerned with accuracy and the extent to which a method can provide a correct answer and its objective is to ensure that the scale (each item or question of the questionnaire) measures what it is supposed to measure (Luthans, 2008:30). Therefore, a scale is valid to the extent that it measures what it is intended to measure. The researcher acknowledges that the answers given by the participants of this research might not reflect their true opinions but might be the answer they think would please the researcher. Valuable information might be lost as some responses were usually brief.

Validity of the three survey instruments used in this study was tested utilising a pilot sample of four businesses. The businesses were represented by the owner, two staff members and three surrounding house-holds. The employees and households were randomly selected according to their availability and willingness to complete the questionnaires. All these participants were specifically asked to evaluate the instrument against the objectives of the study. This was done in order to ensure that

the respondents reacted objectively to the questions and connected reasonably well with them.

The results of the validity test indicated a need to re-construct some of the instrument questions and statements as the participants (especially those in the informal settlements) indicated these were unclear and ambiguous. The researcher then decided to reconstruct these questionnaires to ensure full clarity and ease of understanding.

3.11.2 Reliability

Reliability is important to the integrity of a research (Mayer & Steneck, 2012:312). Reliability is concerned with consistency. De Vos et al (2002:169) explain that reliability is primarily concerned, not with what is being measured, but with how well it is measured.

The draft questionnaire was rechecked by research experts, a statistician and was revised as suggested before it was used. These pre-tests which were conducted ensured the reliability of the instrument.

3.12 Limitations

The major limitations that confronted the research included:

- Some of the staff members were not comfortable in completing the questionnaire at the business premises, so they requested the researcher to meet them elsewhere. These employees feared that their anonymity was compromised, despite the fact that confidentiality was guaranteed.
- There were carelessly completed questionnaires which resulted in some missing or unclear values.
- Some staff members in senior positions were unavailable to complete the questionnaires and so a majority of the participating employees were lower level

employees. This limited the possibility of obtaining mutual responses from different ranks of the businesses.

- There were some language and literacy problems for some employees and community members as they were not able to read and understand English properly. The researcher had to give clear instructions to these participants in the language of their choice and then completed the questionnaire for those who could not write. This procedure was time consuming.

3.13 Ethical Statement

The researcher complied with the internationally accepted ethical standards, as no names of any individuals were recorded on any research instrument. In this way, no individual was linked to any particular completed instrument, thus ensuring anonymity. No compensation was paid to any of the respondents for their participation in the study. All respondents were given the opportunity to review their responses prior to publication to ensure that no confidential information was disclosed. The research instrument was viewed by the researcher's supervisor beforehand in order to ensure that was accurate and complete.

3.14 Conclusion

This chapter introduced the strategy used for gathering data. The next chapter discusses the process used for data collection and analysis and the findings of the research are also presented.

The data collection procedures of the study were:

- A letter of permission to collect data from these businesses was sent out to the business owners. This letter was written to ask for permission to distribute the questionnaires to employees and the business owner.

- The researcher organised a pack of questionnaires for each of the twenty businesses. The pack included an owner questionnaire, five employee questionnaires and ten community questionnaires.
- There were twenty packs in total for each business which the researcher personally distributed to the respondents and it took a period of four weeks to complete this project.
- An analysis of the data of the 320 returned questionnaires was made.
- All three sets of respondents had carelessly completed questionnaires regarding the open-ended question which resulted in some missing values.

After collecting the data it was organised and analysed. For the analysis of the questionnaires a computer programme called Statistical Package for Social Sciences (SPSS), was used. Descriptive statistics were used to analyse data. Frequency tables were drawn and the data presented in bar graphs. The open-ended questions were analysed manually by the researcher and responses were sorted according to the businesses they came from.

Chapter 4: Data Collection, Analysis & Findings

4.1 Introduction

Data collection for this research began towards the end of February 2012. The 25 businesses sampled for the research were contacted to seek permission from the owners about the proposed study and only 20 of those businesses responded positively. From the 20 businesses that were willing to take part in the research 4 came from the uptown area and 16 from the informal settlements of Hout Bay.

The researcher had a varied choice with regard to the nature of the businesses that took part in the research. The list of businesses included 5 supermarkets, a station garage, a chemist, 4 liquor stores and 6 spaza shops.

These businesses are outlined in table form on the next page.

Table 2: Businesses selected for the study

Type of business	Area
1. Supermarket	Uptown area
2. Supermarket	Uptown area
3. Petrol station	Uptown area
4. Chemist	Uptown area
5. Liquor store	Imizamo Yethu
6. Liquor store	Imizamo Yethu
7. Spaza shop	Imizamo Yethu
8. Spaza shop	Imizamo Yethu
9. Spaza shop	Imizamo Yethu
10. Spaza shop	Imizamo Yethu
11. Supermarket	Imizamo Yethu
12. Supermarket	Imizamo Yethu
13. Fishery	Harbour district
14. Fishery	Harbour district
15. Bakery	Harbour district
16. Liquor store	Harbour district
17. Liquor store	Harbour district
18. Spaza shop	Harbour district
19. Spaza shop	Harbour district
20. Supermarket	Harbour district

4.2 Owner Questionnaire

The owner questionnaire, as given in Annexure A was completed by 20 respondents.

4.2.1 Demographic Details

4.2.1.1 Gender

Gender	Frequency	Percent
Male	14	70%
Female	6	30%
Total	20	100%

Figure 4.1.1: Frequency table for gender of business owners

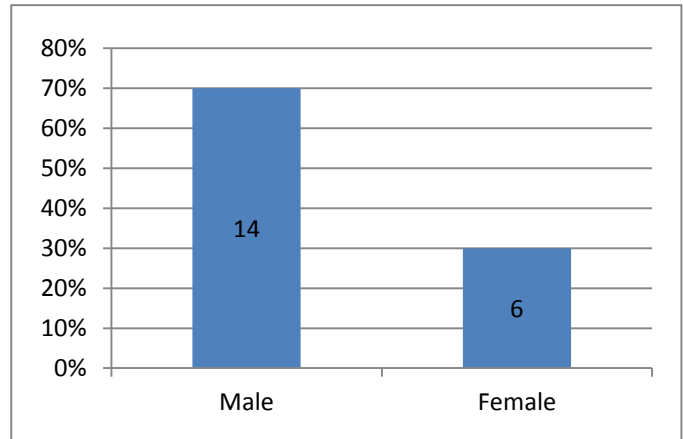


Figure 4.1.2: Histogram for gender of business owners

Of a total of 20 respondents, 14 indicated they were male and 6 were female.

4.2.1.2 Age Group

Age group of respondent	Frequency	Percent
35 or more	20	100%

Figure 4.2.1: Frequency table for age group of business owners

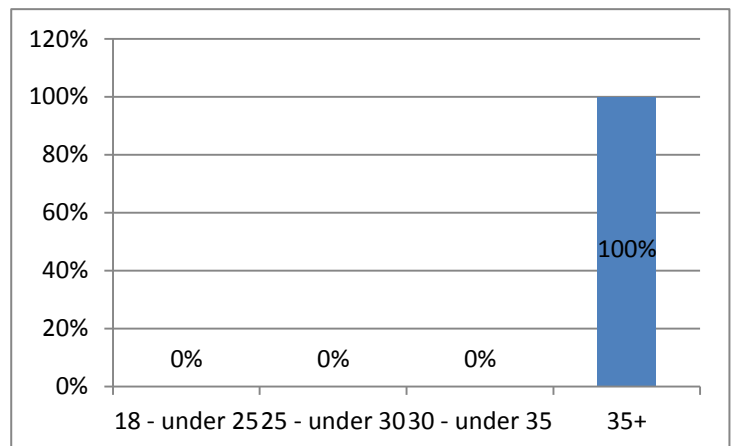


Figure 4.2.2: Histogram for age group of business owners

All 20 business owners indicated that their age was above 35.

4.2.1.3 Ethnic Group

Ethnic Group	Frequency	Percent
African/Black	10	50%
Coloured	6	30%
White	4	20%
Total	20	100%

Figure 4.3.1: Frequency table for ethnic group of business owners

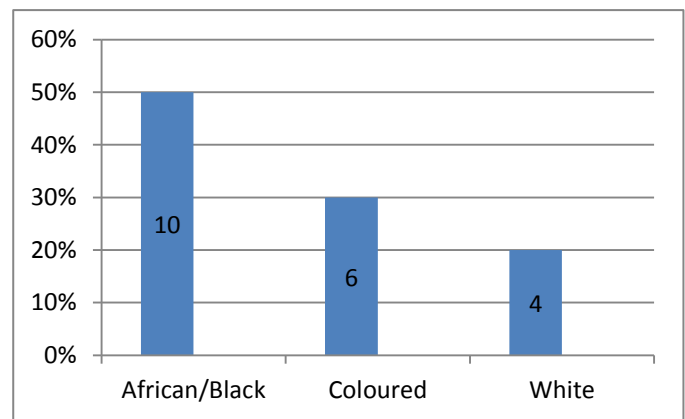


Figure 4.3.2: Histogram for gender of business owners

Out of 20 respondents, 10 owners indicated they were African/Black representing 50% of the respondents, 6 were Coloureds representing 30% and there were 4 Whites representing 20% of the respondents. There was no other ethnic group.

4.2.1.4 Nationality

Nationality	Frequency	Percent
South African	15	75%
Nigeria	1	5%
Senegal	1	5%
Somalia	3	15%
Total	20	100%

Figure 4.4.1: Frequency table for nationality of business owners

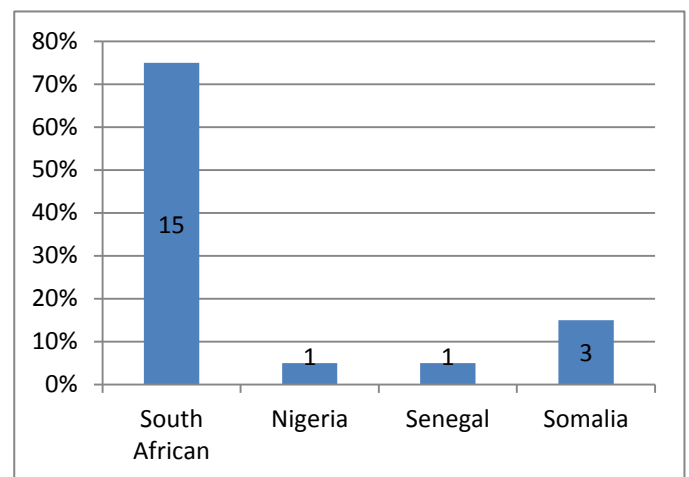


Figure 4.4.2: Histogram for nationality of business owners

The nationality of the owners is: 15 of them were South African and 5 were non-South Africans. Of the non-South African group there were 3 Somalians, 1 Nigerian and 1 Senegalese national.

4.2.2 Business Details

4.2.2.1 Number of Employees

Number of employees	Frequency	Percent
5	5	25%
6 - 10	9	45%
11 - 15	4	20%
21 or more	2	10%
Total	20	100%

Figure 4.5.1: Frequency table for the number of employees of the business owners

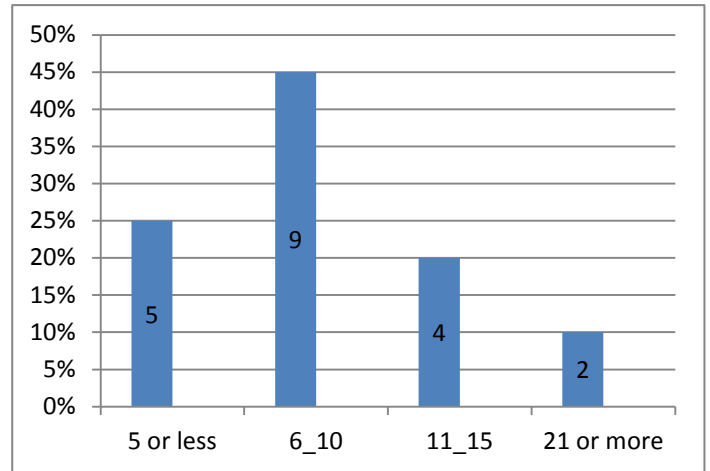


Figure 4.5.2: Histogram for number of employees of the business.

All the businesses indicated that they employed 5 or more employees.

4.2.2.2 Years of existence

Years	Frequency	Percent
1 - under 5	6	30%
5 - under 10	10	50%
10 - under 15	1	5%
15 - under 20	2	10%
20 or more	1	5%
Total	20	100%

Figure 4.6.1: Frequency table for the number of years of existence for the business

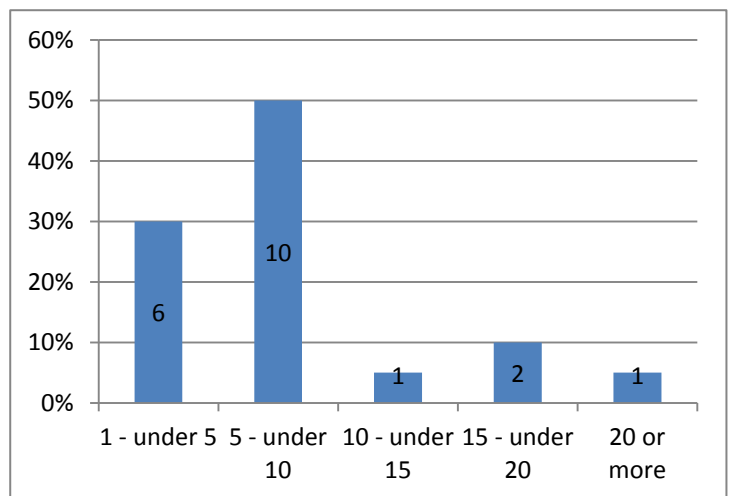


Figure 4.6.2: Histogram for the number of years of existence for the business

Of the selected businesses, 80% of them have been in existence for less than 10 years and 20% for more than 10 years. During questionnaire distribution, the researcher observed that it was mainly the businesses that employed more than 10 employees that have been in existence for longer than 10 years and the ones that have fewer employees still have not made the 10 year mark in terms of existence.

4.2.3 Relationships with staff and community

The responses to the statements which follow were measured on the following scale:

- i. Strongly agree
- ii. Agree
- iii. Disagree
- iv. Strongly disagree

The respondents were further asked why they chose that particular response

4.2.3.1 Question 7: A business cannot survive without relationships (with employees and customers)

Question 7	Frequency	Percent
Strongly Agree	18	90%
Agree	2	10%
Total	20	100%

Figure 4.7.1: Frequency table for Question 7.

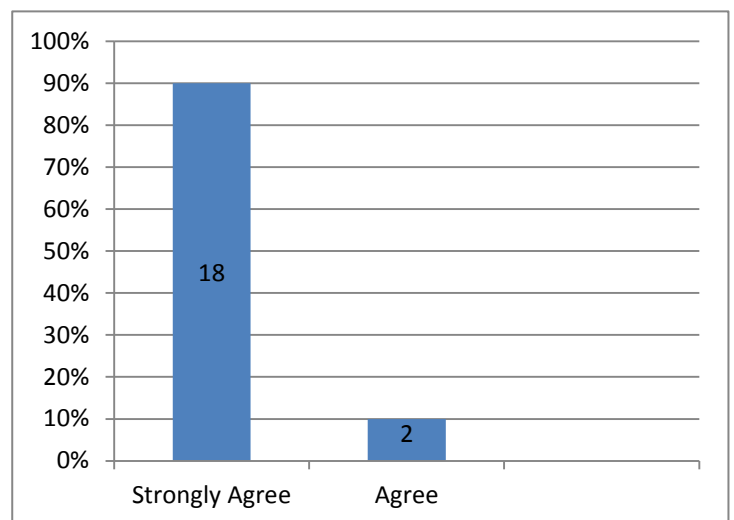


Figure 4.7.2: Histogram for Question 7

Ninety percent of the respondents strongly agreed with this statement and 10% agreed. There was no disagreement or strong disagreement answers to the statement. All business owners signalled this statement was true.

When these business owners were asked to elaborate on their response, all of them had positive comments in support of the suggested statement. Some of the responses (given unchanged) included:

- ✓ Customers are the main sources of income and the employees assist with the running of the business
- ✓ Customers bring money and the employees keep the business functioning
- ✓ Customers are sources of income, the more you have the better opportunities for growth and employees are responsible for all operations. Both these parties must be kept happy at all times.
- ✓ Customers are the main sources of success
- ✓ Customers bring money to the store. Employees help me to run it.
- ✓ I would be out of business if I didn't have customers. They play a big role towards the functionality of this business
- ✓ If the business wants to grow
- ✓ If the employees are unhappy they will leave and that goes for the customers too. As a tavern owner I believe relationships for this type of business with all stakeholders are important.
- ✓ My business depends on customers
- ✓ My business needs these relationships as it is still newly established and needs to grow
- ✓ My type of business depends on customers and reliable employees to succeed
- ✓ Otherwise the business would not last long
- ✓ Relationships are everything for my retail store. If you have good relationships with everyone that the business comes into contact with, you stand a good chance for success.
- ✓ Relationships are important for the growth of the business
- ✓ Relationships keep the business growing
- ✓ This is the only way towards success
- ✓ Without relationships there can be no success

4.2.3.2 Question 8: Relationships make it easier to acquire finance and other resources for the business

Question 8	Frequency	Percent
Strongly Agree	6	30%
Agree	12	60%
Disagree	2	10
Total	20	100%

Figure 4.8.1: Frequency table for Question 8.

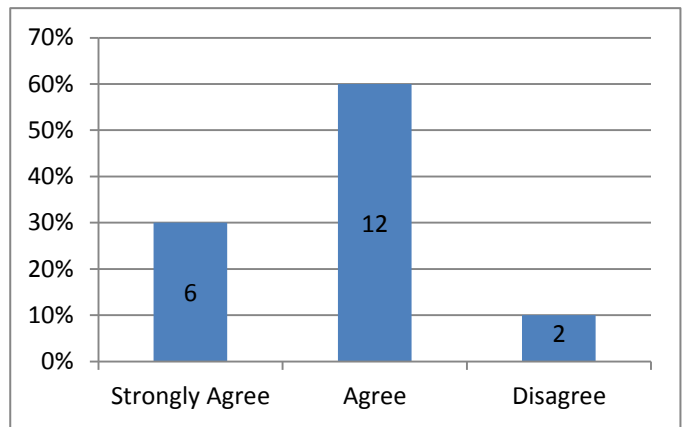


Figure 4.8.2: Histogram for Question 8

Of the business owners 30% strongly agreed with the statement, 60% agreed and 10% disagreed. A combined total of 90% of the respondents indicated that the statement was true while 10% indicated it was untrue

The business owners were further asked to comment on why they had made that particular response to this question. Here are all of the responses the researcher obtained (unchanged).

- ✓ A proper plan makes it easier for you to obtain finance
- ✓ As a foreign national, It was difficult for me here in South Africa to obtain funding for a liquor store because we are treated different. It is also difficult to establish a relationship with a South African and be partners.
- ✓ Combined with a proper plan
- ✓ Friends will always be helpful
- ✓ Friends will always be helpful and give direction for all your business needs
- ✓ Friends will give you money
- ✓ Investors want to invest on a product they can trust. They often trust products if they have a good relationship with the producer.
- ✓ Relationships help you to be knowledgeable about places where you can acquire finance and other resources
- ✓ The more people you know, the more chances you might have of getting money

- ✓ They are helpful especially if you have a good plan too. They sweeten the deal.
- ✓ They have a major role to play towards obtaining finance
- ✓ What matters is who you know
- ✓ When I started this business I invited one of my friends to invest and that's how the business started. If I had no sort of relationship with him the business would never been existing today.

4.2.3.3 Question 9: Good relationships create a positive business image and profile in the community

Question 9	Frequency	Percent
Strongly Agree	15	75%
Agree	4	20%
Strongly Disagree	1	5%
Total	20	100%

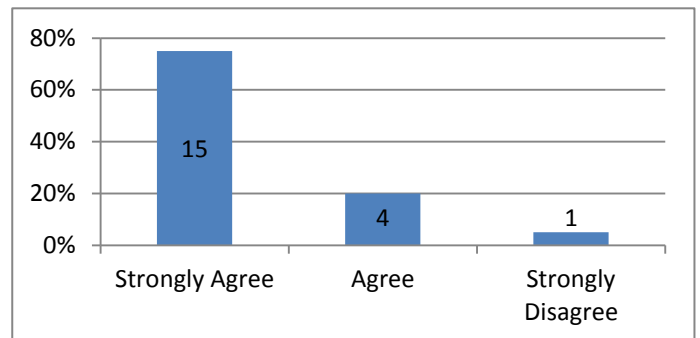


Figure 4.9.1: Frequency table for Question 9.

Figure 4.9.2: Histogram for Question 9

Of the business owners 75% strongly agreed with the statement, 20% agreed and 5% strongly disagreed. A combined total of 95% of the business owners believed this statement to be true and 5% indicated it was untrue.

Here are all of the (original) responses the researcher obtained when the respondents were asked to respond by further elaborating on this question.

- ✓ I try my best to keep customers happy so that they spread the word and the business has a good profile in the community.
- ✓ If the business is well known in the community for its excellent service, a good image and profile of it will exist in the community
- ✓ If you treat customers with dignity you will always have a good image and profile in the community
- ✓ If you treat people well, they will tell others and this will increase the profile of your business in the community

- ✓ In South Africa some people will treat you bad even if you do nothing wrong and you try your best to treat them good. They will influence the community against you.
- ✓ It is important to maintain good relationships with customers as this may be your competitive advantage over your competitors
- ✓ People talk all the time. They can either say good or bad things about your business and that is why it is important to keep them happy
- ✓ The more relationships you establish, the better the image and profile of your business
- ✓ This is why we establish relationships in the first place
- ✓ When the business has good relationships with its customers, it improves its image and profile in the community

4.2.3.4 Question 10: Good relationships with employees increase productivity

Question 10	Frequency	Percent
Strongly Agree	9	45%
Agree	9	45%
Disagree	2	10%
Total	20	100%

Figure 4.10.1: Frequency table for Question 10.

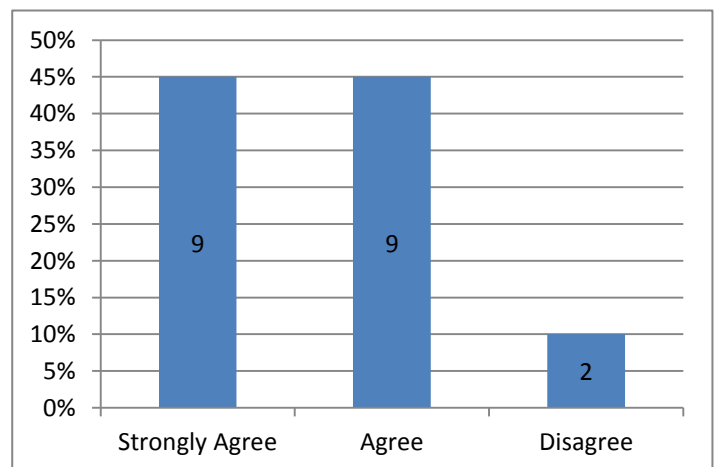


Figure 4.10.2: Histogram table for Question 10.

Of the owners 45% strongly agreed with the statement, 45% agreed and 10% disagreed. A combined total of 90% of the owners indicated the statement to be true while 10% said it was untrue.

Here are all of the (original) responses the researcher obtained when the respondents were asked to respond to this question.

- ✓ A good working relationship is usually productive
- ✓ A happy workforce is a productive workforce
- ✓ Happy staff is more productive than unhappy staff
- ✓ Happy staff work harder
- ✓ I have a good relationship with my employees but they don't always work hard and in those times productivity is slow
- ✓ Relationships have a motivate factor which encourages my staff to work harder and serve customers well
- ✓ Satisfied staff is productive
- ✓ These relationships are important for success
- ✓ They promote togetherness and therefore productivity is increased
- ✓ This is not always the case as I have a good relationship with most of my staff, but others still don't work to the best of their ability.
- ✓ This must be combined with an extra incentive like money
- ✓ When you have a good relationship with staff they are willing to work harder for you
- ✓ Yes but give them benefits too

4.2.3.5 Question 11: Good relationships with employees improve

customer service

Question 11	Frequency	Percent
Strongly Agree	11	55%
Agree	9	45%
Total	20	100%

Figure 4.11.1: Frequency table for Question 11.

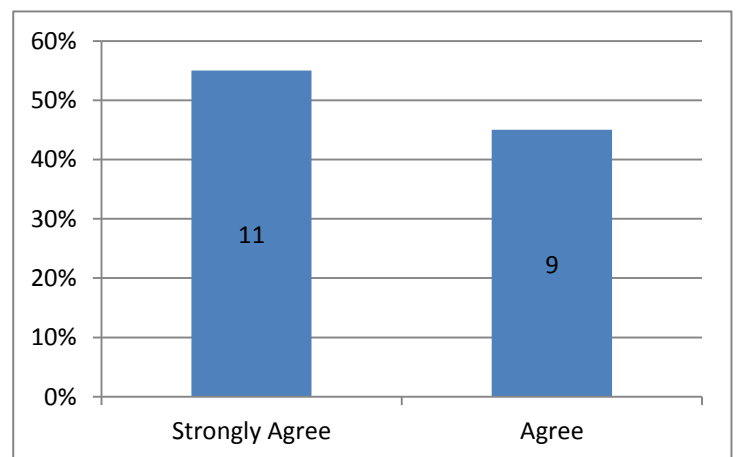


Figure 4.11.2: Histogram for Question 11.

Responses to this statement were all positive as 55% of the owners indicated they strongly agreed and 45% indicated they agreed. The owners believed the statement to be true.

Here are all of the (original) responses the researcher obtained when the respondents were asked to respond to this question.

- ✓ Customers are served better by a happy and satisfied employee
- ✓ I have a good relationship with my staff and in all my years of running this store there has been rare cases of customer complaints.
- ✓ If you are good to them, they will be good to others
- ✓ If you treat your employees well that creates a strong possibility of them treating the customers well
- ✓ Satisfied staff serve well
- ✓ This has been implemented in this store and has worked well
- ✓ I depend on my staff to keep customers happy so this means I have to keep them happy too

4.2.3.6 Question 12: Good relationships with employees make it easy to retain valuable employees

Question 12	Frequency	Percent
Strongly Agree	4	20%
Agree	3	15%
Disagree	7	35%
Strongly Disagree	6	30%
Total	20	100%

Figure 4.12.1: Frequency table for Question 12.

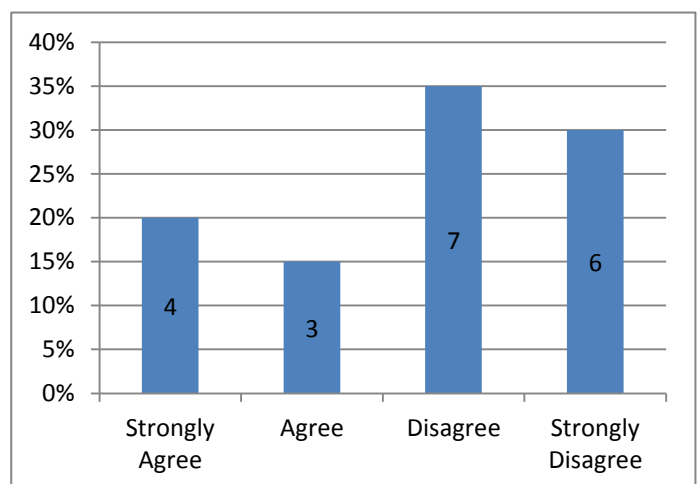


Figure 4.12.2: Histogram for Question 12.

Of the owners 20% strongly agreed, 15% agreed, 35% disagreed and 30% strongly disagreed. A combined total of 35% believed this statement to be true and 65% indicated it was untrue.

These were all the responses obtained from those who were willing to respond to the question (given unchanged).

- ✓ Better opportunities and more money make people stay whether you have a good relationship or not
- ✓ If they are combined with a good salary the staff will stay forever
- ✓ If they get a better job, they will leave.
- ✓ Majority of my staff is still around since inception because we have a strong relationship
- ✓ Money is the key to retain employees
- ✓ Most of my staff have been here for a long time because of relationships that exist here
- ✓ Not in a small business like mine. Maybe in a larger business.
- ✓ People stay because of money
- ✓ People will always look for better jobs regardless of the relationship
- ✓ Relationships have a big role on retaining staff although people will seek bigger and better opportunities
- ✓ The staff want more money to stay
- ✓ Throughout the existence of this business, we have had more people coming in than those leaving and this is due to the relationships we have.
- ✓ We now live in a society where people want more money and opportunities. If you can't give them that they will seek greener pastures in other businesses.
- ✓ Better opportunities retain employees
- ✓ Give them more money and they can stay, that is how it goes

4.2.3.7 Question 13: Good relationships with employees reduce employee strikes

Question 13	Frequency	Percent
Strongly Agree	4	20%
Agree	6	30%
Disagree	4	20%
Strongly Disagree	6	30%
Total	20	100%

Figure 4.13.1: Frequency table for Question 13.

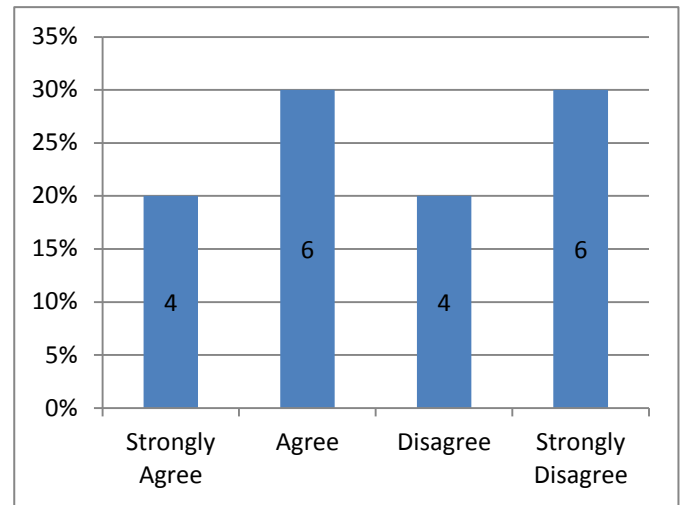


Figure 4.13.2: Histogram for Question 13.

The owners had different opinions with regard to this statement as 20% of them strongly agreed, 30% agreed, 20% disagreed and 30% disagreed. A combined total of 50% of the respondents believed this statement to be true and 50% indicated it was untrue.

When the respondents were further asked to elaborate, the researcher obtained the following responses (given unchanged).

- ✓ Employees strike whenever they feel there is a problem in the business
- ✓ If we communicate well there is no reason to strike by my workers
- ✓ If you trust each other and are honest with each other there will be no strikes
- ✓ In all years of existence there has never been a strike in this business this may be due to the good relationships that exist
- ✓ Increased benefits and salaries reduce strikes.
- ✓ My employees don't even bother to strike because they know we make very little money in this store and we communicate about it.
- ✓ People in a relationship are able to communicate
- ✓ People will strike whenever they feel there is a need to do so

- ✓ Regardless of your nature of relationship with staff, if they want something done (like a salary increase) they will strike
- ✓ Strikes are based on economic factors
- ✓ That is not the case most of the time
- ✓ They help to delay them but don't stop them
- ✓ True, because it becomes easier to sit down and resolve issues
- ✓ When employees want to strike, they just do
- ✓ In my years of operating I have never experienced a strike, I would think this is due to the relationships I have with the staff
- ✓ People who are in a good relationship understand each other

4.2.3.8 Question 14: Good relationships with employees promote trust and open communication

Question 14	Frequency	Percent
Strongly Agree	8	40%
Agree	9	45%
Disagree	3	15%
Total	20	100%

Figure 4.14.1: Frequency table for Question 14.

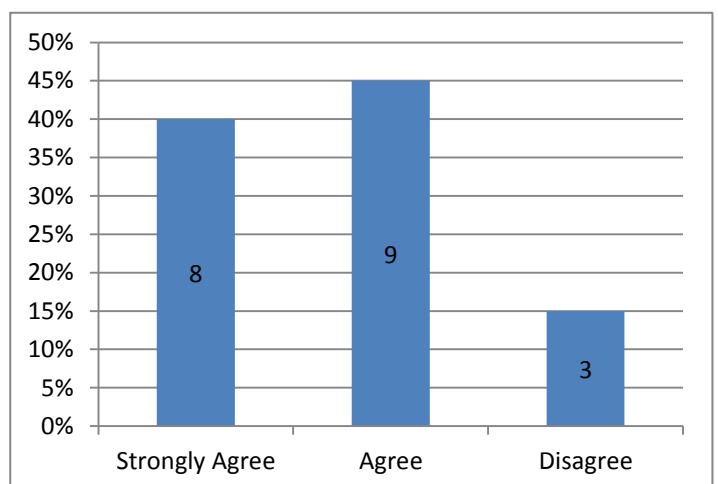


Figure 4.14.2: Histogram for Question 14.

Of the respondents 40% strongly agreed with the statement, 45% agreed and 15% disagreed. A combined total of 85% of the owners believed this to be true and 15% indicated it was untrue.

For those who were willing to further elaborate on the question these were the responses (given unchanged):

- ✓ If the relationship is good enough, then trust and open communication are easier to get

- ✓ People feel free to communicate when they have a good relationship with me and the trust is also easy to obtain
- ✓ That is how it supposes to be but that is not always the case here. As the owner and manager I feel although we might have a good relationship, we still don't communicate openly.
- ✓ That is what they are intended to do but they don't
- ✓ This is a critical element of a good relationship
- ✓ You will understand each other openly
- ✓ For the majority of my staff that is the case

4.2.3.9 Question 15: Good relationships amongst employees create a good working environment

Question 15	Frequency	Percent
Strongly Agree	16	80%
Agree	4	20%
Total	20	100%

Figure 4.15.1: Frequency table for Question 15.

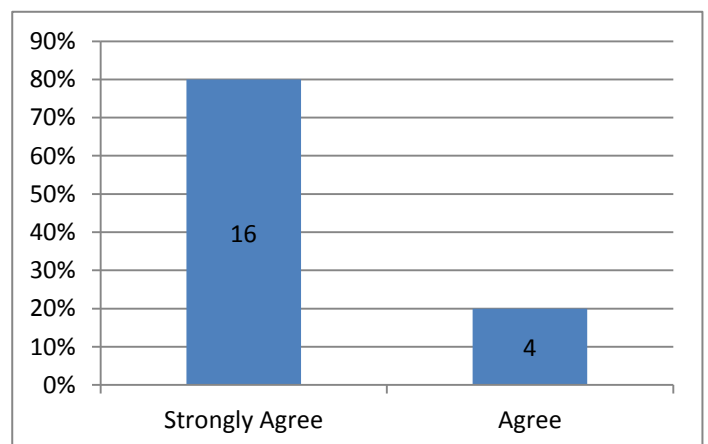


Figure 4.15.2: Histogram for Question 15.

Of the owners 80% strongly agreed with this statement and 20% disagreed. This means all of the owners believed this statement to be true.

When the business owners were asked to further elaborate, these are all the (original) responses to this question

- ✓ Everybody feels comfortable to do their work
- ✓ Good relationships combined with good leadership create a good work environment

- ✓ If everyone has a good relationship with one another, This create a good environment for working
- ✓ No employee wants to work in a environment where they are uncomfortable
- ✓ Relationships are the basis for a good working environment
- ✓ Staff perform better when there are good relationships
- ✓ This is a case at this business
- ✓ When you have a good relationship with fellow staff you will get along easy
- ✓ Combined with good leadership

4.2.3.10 Question 16: Good relationships with customers attract more customers

Question 16	Frequency	Percent
Strongly Agree	15	75%
Agree	5	25%
Total	20	100%

Figure 4.16.1: Frequency table for Question 16.

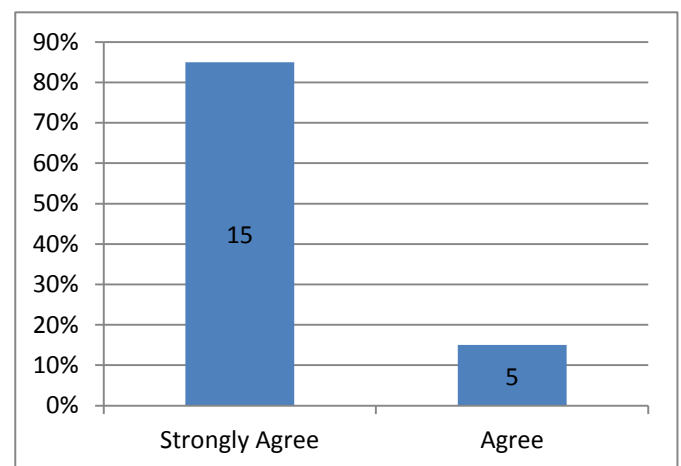


Figure 4.16.2: Histogram for Question 16.

Of the owners 75% strongly agreed with this statement and 25% agreed. This means all the business owners believed the statement to be true.

Here are the (original) responses when the business owners were asked to elaborate.

- ✓ A customer who has received good service is an attraction for others
- ✓ Customers are our major form of promotion through their word of mouth
- ✓ Customers are the best form of reference
- ✓ Customers communicate with each other. They tell other people about the business if they were treated well.
- ✓ Customers share their service experience
- ✓ Customers share their service experience with others

- ✓ Customers tell other customers
- ✓ Customers talk and they spread the word about the business

4.2.3.11 Question 17: Good relationships with customers provide the opportunity to grow

Question 17	Frequency	Percent
Strongly Agree	17	85%
Agree	3	15%
Total	20	100%

Figure 4.17.1: Frequency table for Question 17.

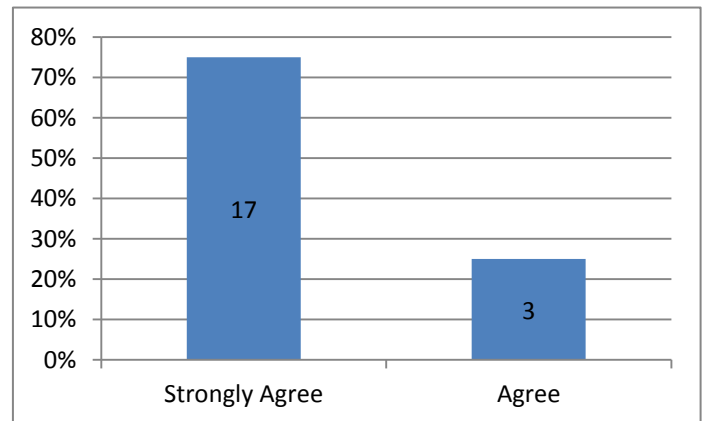


Figure 4.17.2: Histogram for Question 17.

Of the owners 85% strongly agreed with this statement and 15% agreed. This means all of the owners believe the statement to be true.

The following are all the (original) responses that the researcher obtained when the business owners had to further elaborate on their preferred answer.

- ✓ Customer growth is key to business growth
- ✓ Customers are strong references and therefore it is important to maintain good relationships with them for encouraging growth
- ✓ Customers whom you have a good relationship with criticise constructively and this helps you to continuously improve and grow
- ✓ Customers will invite others to come and buy and this will help us to grow
- ✓ That is why you must be always good to customers
- ✓ More customers, more profit.
- ✓ There is an opportunity to increase market share if good relationships with customers exist

4.2.3.12 Question 18: Good relationships with customers reduce advertising costs

Question 18	Frequency	Percent
Strongly Agree	10	50%
Agree	9	45%
Disagree	1	5%
Total	20	100%

Figure 4.18.1: Frequency table for Question 18.

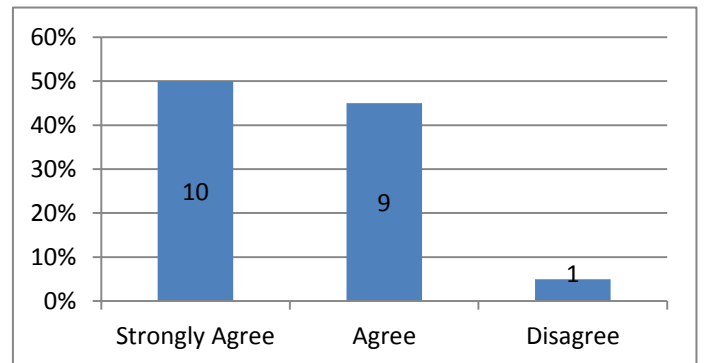


Figure 4.18.2: Histogram for Question 18.

Of the owners 50% strongly agreed with the statement, 45% agreed and 5% disagreed with the statement. A combined total of 95% believe the statement to be true while 5% believe this to be untrue.

Here are the (original) responses that were obtained when the respondents had to further elaborate on to this question:

- ✓ If your customers love you, they will promote you and that saves on costs
- ✓ It is not the responsibility of the customer but that of the owner
- ✓ Satisfied customers will do the promotion for you through word of mouth
- ✓ They are the most common form of advertising in Hout Bay businesses that are here in Imizamo Yethu. If you get people to like you, they will promote you.
- ✓ This allows you to ask the customer to spread the word to friends
- ✓ Word of mouth is the most effective form of promotion and the cheapest

4.2.3.13 Discussion of owner responses

It was mentioned earlier in this study that the main intention of this section was to evaluate the Hout Bay business owners' opinions about the nature of the relationship they have with their staff and the community. This was done so that the researcher could determine whether these relationships contribute to the success of their organisations. The response to the majority of the close-ended questions were positive, signalling that a large majority of them strongly believe that relationships are important and that it is important that they build and strengthen them in order to obtain sustainable success for their businesses. Their answers to the open-ended questions also showed that they are businessmen who believe that relationships possess the potential for growth and are a vital success factor.

The business owners said the relationships they have with their staff and the community contributes largely to the effective and efficient functioning of the businesses. The employee plays a vital role in operations of the business and the customer makes use of the product or service offered by the business. The business owners see a good triangular relationship between these stakeholders as a business survival tool. The owners are in agreement that it is important to keep all of these parties always happy as they play a major role in the business.

The owners believe relationships make it easier to obtain finance and other resources for the business. The global economy continuously develops, which means that businesses will continuously be in need of resources or technology to run their businesses properly. The owners feel it is important for their business to have a good relationship with financial providers in order to always obtain financing for the purchase of business development resources.

“Good relationships help to create a positive business image and profile in the community”. This is a statement that the majority of business owners believed was also true. They agreed that strong community relationships were important for the success of their businesses in the Hout Bay. The owners felt it was important to serve each customer well at all times to ensure that all people or community members had positive things to say about the business. This will in turn create a positive profile and image in the eyes of everyone in the community and outside.

Some foreign business owners though shared different views about this statement as they said the people in the community see them as a threat to the local economy and no matter how hard they try to make a positive impression they will always be seen this way. They declared that they are not given enough opportunities to make a positive impression in the community and therefore it is very difficult for them to establish relationships.

The owners believed it was true that good relationships contribute to the increase of productivity in their businesses. They believe it is easy to motivate staff that they have a good relationship with to carry out instructions. Incentives are the front line tool to get people to work to the best of their abilities, but relationships form the foundation for increased productivity.

All the business owners agreed that a good relationship with employees improves customer service. This is because satisfied staff serves customers well.

Relationships amongst staff members do not make it easy for businesses to retain valuable staff members. This was the view of the majority business owners in Hout Bay. Those who disagreed with the statement say that staff will stay if there are opportunities to grow, as well as increased pay. It is in the nature of human beings always to look for better opportunities to grow and more money for a better lifestyle. Society today, is designed in such a way, that people will overlook relationships if an opportunity to have a better lifestyle comes their way.

The statement that good relationships with employees reduce employee strikes 50% of the business owners agreed with and another 50% said it was untrue. Those who said it was true mentioned that in their business they communicate well about any issue that come along. This promotes trust and eliminates strikes in the business. The other 50% who disagreed said that people see strikes as the only solution to solving problems. If you do not agree to their demands you will suffer the consequences of industrial action.

The majority of owners agreed to the statement that good relationships with employees promote trust and open communication. Their reasons were that when you are in a good relationship, trust and open communication come naturally. The

employees feel free to communicate when there is a good relationship, and constant communication leads to trust.

The owners shared the unanimous view that good relationships amongst employees create a good working environment. The owners gave reasons such as if everyone is in a good relationship with each other, they feel comfortable doing their jobs and there is a lack of infighting and tension in the work-place.

The owners all agreed that good relationships with customers attract more customers. They said customers communicate with each other and share service experience they had in that particular business. If this experience was good, they recommend the business to potential customers but if it was bad, there is a possibility that the business will lose potential customers. The business owners declare that each and every customer should always be treated.

Good relationships with customers provide the opportunity to grow, is a statement that all the owners agreed with. This goes back to what was said earlier about customers communicating with each other. Their perceptions and opinions form the basis for the decision of a potential customer on whether to utilise the product or service of a particular business or not. Customer growth is at the heart of business growth and that is why it is important to maintain good relationships with customers.

The business owners agreed that good relationships with customers reduce advertising costs. Customers play a major in promoting the business if it has a good relationship with them. The business owners, in all sections of the community said that relationships were a major contributor to marketing the business and they played a role in reducing marketing expenses.

4.3 Employee questionnaire

The employee questionnaire, as given in Annexure B, was completed by 100 respondents.

4.3.1 Demographic Details

4.3.1.1 Gender

Gender	Frequency	Percent
Male	60	60%
Female	40	40%
Total	100	100%

Figure 4.19.1: Frequency table for gender of the employees

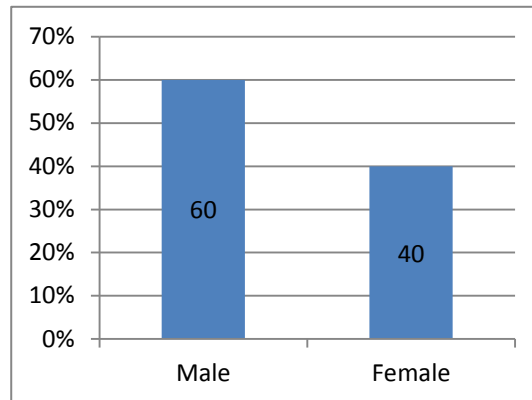


Figure 4.19.2: Histogram for gender of the employees

There were 100 employees who completed the questionnaires. 60 of them were male and 40 were female.

4.3.1.2 Age group

Age group	Frequency	Percent
18 - under 25 years	26	26%
25 - under 30 years	30	30%
30 - under 35 years	27	27%
35 or more	17	17%
Total	100	100%

Figure 4.20.1: Frequency table for age group of the employees

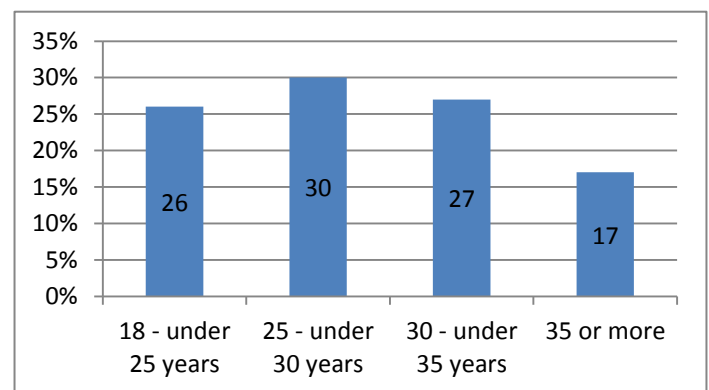


Figure 4.20.2: Histogram for age group of the employees

Out of the 100 employees who were willing to complete the questionnaire, 26 of them were in the 18 to under 25 category, 30 in the 25 to under 30 category, 27 in the 30 to under 35 category while 17 were in the 35 or more category.

4.3.1.3 Ethnic group

Ethnic Group	Frequency	Percent
African/Black	57	57%
Coloured	42	42%
White	1	1%
Total	100	100%

Figure 4.21.1: Frequency table for ethnic group of the employees

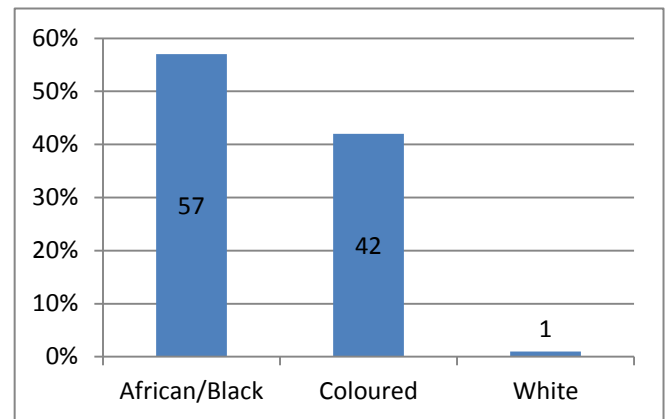


Figure 4.21.2: Histogram for ethnic group of the employees

Of the respondents 57% were African/Black, 42% were Coloured and 1% represented the whites. There was no other ethnic group. The reasons for the low representation of white employees are that:

- In Imizamo Yethu, there are no white workers in any of the businesses targeted
- In the Harbour district there were also no white workers in the businesses targeted for this research. The workers dominant came from the coloured population.
- In the uptown area, the researcher managed to select only one white worker. The reason for this is that in the four businesses from the uptown area, the coloured and black employees were the ones who were willing to assist the researcher to complete the questionnaire. It was mentioned earlier that the employees were selected on their willingness to respond to the questionnaire.

4.3.1.4 Nationality

Nationality	Frequency	Percent
South African	82	82%
Angola	1	1%
Malawi	1	1%
Mozambique	1	1%
Nigeria	2	2%
Somalia	7	7%
Zimbabwe	6	6%
Total	100	100%

Figure 4.22.1: Frequency table for nationality of the employees

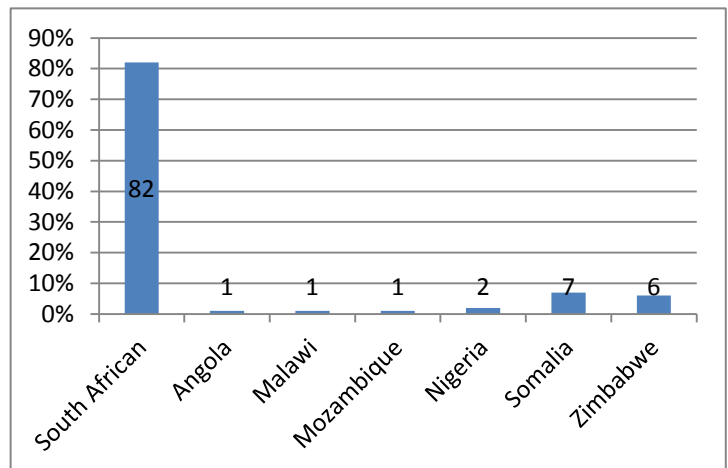


Figure 4.22.2: Histogram for ethnic group of the employees

The nationality of the employees of the businesses is as follows: 82% were South Africans and 18% were non-South Africans. The non-South African group included: 1% Angola, 1% Malawi, 1% Mozambique, 2% Nigeria, 7% Somalia and 6% Zimbabwe.

4.3.2 Relationship with the company

4.3.2.1 Number of years working for the company

Working years	Frequency	Percent
0 - under 1	28	28%
1 - under 5	54	54%
5 - under 10	12	12%
10 - under 15	6	6%
Total	100	100%

Figure 4.23.1: Frequency table for the number of years the employee has been working for the company.

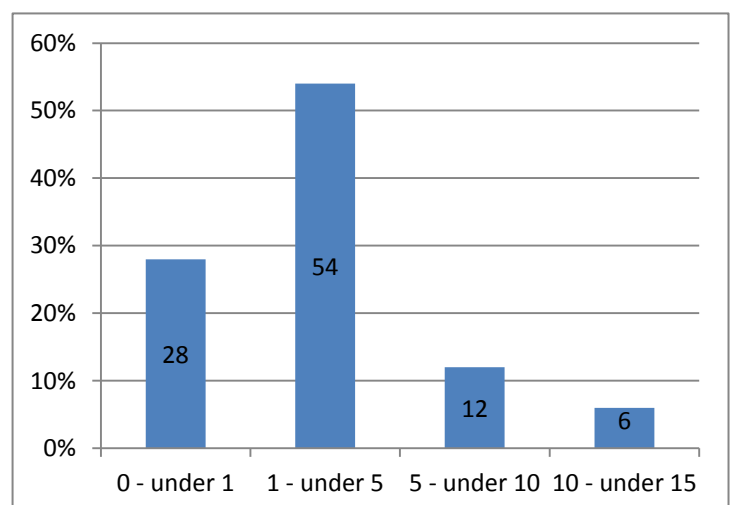


Figure 4.23.2: Histogram for the number of years the employee has been working for the company.

The working years for the respondents are as follows: 0-under 1 is 28%, 1-under 5 is 54%, 5-under 10 is 12% and 10-under 15 is 6%.

The responses to the statements which follow were measured on the following scale:

- i. Strongly agree
- ii. Agree
- iii. Disagree
- iv. Strongly disagree

4.3.2.2 Question 6: I am willing to work for this company for the next 5 years.

Question 6	Frequency	Percent
Strongly Agree	26	26%
Agree	37	37%
Disagree	28	28%
Strongly Disagree	9	9%
Total	100	100%

Figure 4.24.1: Frequency table for Question 6.

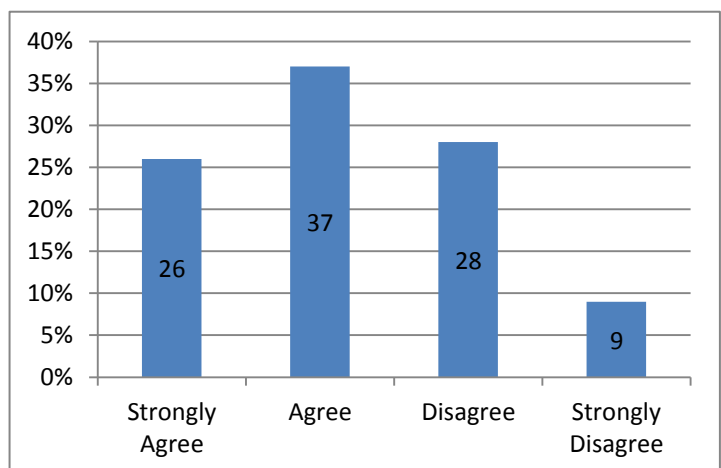


Figure 4.24.2: Histogram for Question 6.

Of the employees 26% indicated that they strongly agreed with this statement, 37% agreed, 28% disagreed and 9% strongly disagreed. A combined total of 63% of the respondents believed this statement to be true and 37% said it was untrue.

4.3.2.3 Question 7: I have a good relationship with my employer

Question 7	Frequency	Percent
Strongly Agree	28	28%
Agree	57	57%
Disagree	12	12%
Strongly Disagree	3	3%
Total	100	100%

Figure 4.25.1: Frequency table for Question 7.

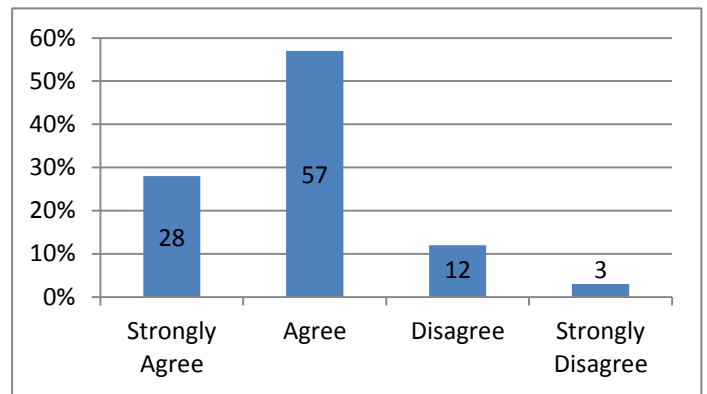


Figure 4.25.2: Histogram for Question 7.

Of the respondents 28% indicated that they strongly agreed with this statement, 57% agreed, 12% disagreed and 3% strongly disagreed. A combined total of 85% of the respondents believed the statement to be true and 15% indicated this to be untrue.

4.3.2.4 Question 8: I feel a strong personal attachment to the business

Question 8	Frequency	Percent
Strongly Agree	26	26%
Agree	41	41%
Disagree	29	29%
Strongly Disagree	4	4%
Total	100	100%

Figure 4.26.1: Frequency table for Question 8.

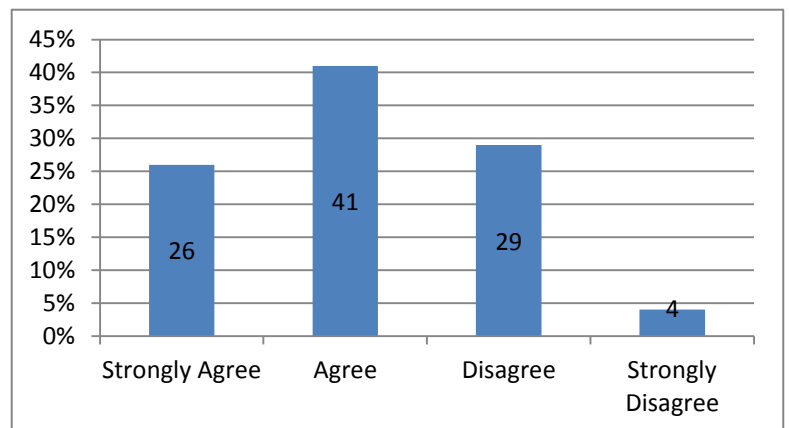


Figure 4.26.2: Histogram for Question 8.

Of the respondents 26% strongly agreed with the statement, 41% agreed, 29% disagreed and 4% strongly disagreed. A combined total of 67% believed the statement to be true and 33% indicated this to be untrue.

4.3.2.5 Question 9: The business cares about me and contributes to my success

Question 9	Frequency	Percent
Strongly Agree	24	24%
Agree	38	38%
Disagree	30	30%
Strongly Disagree	8	8%
Total	100	100%

Figure 4.27.1: Frequency table for Question 9.

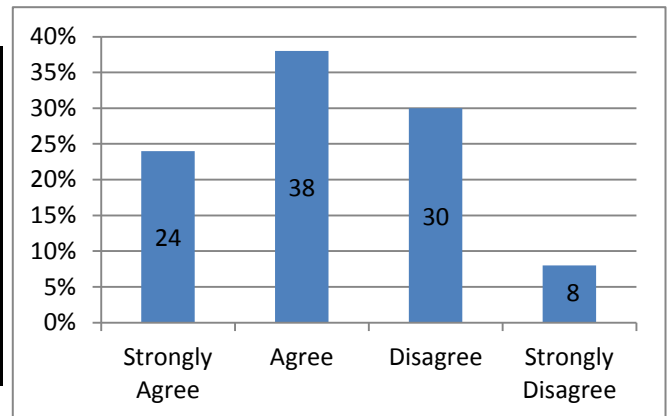


Figure 4.27.2: Histogram for Question 9.

Of the respondents 24% strongly agreed with this statement, 38% agreed, 30% disagreed and 8% strongly disagreed. A total of 62% agreed with the statement and 38% disagreed.

4.3.2.6 Question 10: I contribute to the success of this business

Question 10	Frequency	Percent
Strongly Agree	47	47%
Agree	40	40%
Disagree	10	10%
Strongly Disagree	3	3%
Total	100	100%

Figure 4.28.1: Frequency table for Question 10.

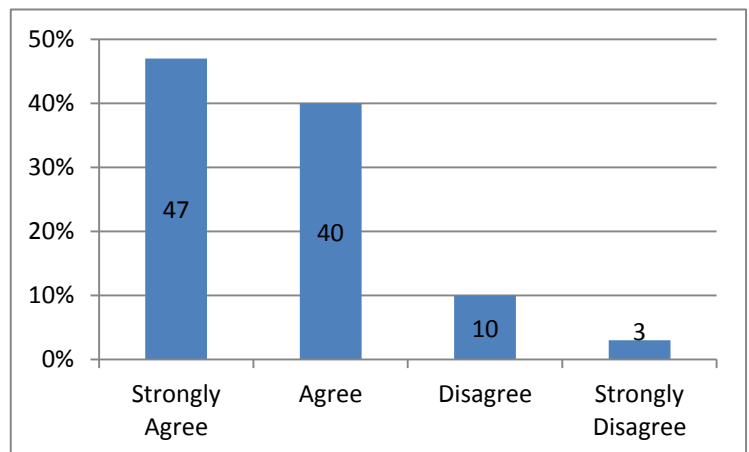


Figure 4.28.2: Histogram for Question 10.

Of the employees 47% strongly agreed, 40% agreed, 10% disagreed and 3% disagreed. A combined total of 87% believed the statement to be true and 13% indicated it was untrue.

4.3.2.7 Question 11: The Company attracts and retains outstanding employees

Question 11	Frequency	Percent
Strongly Agree	22	22%
Agree	40	40%
Disagree	26	26%
Strongly Disagree	12	12%
Total	100	100%

Figure 4.29.1: Frequency table for Question 11.

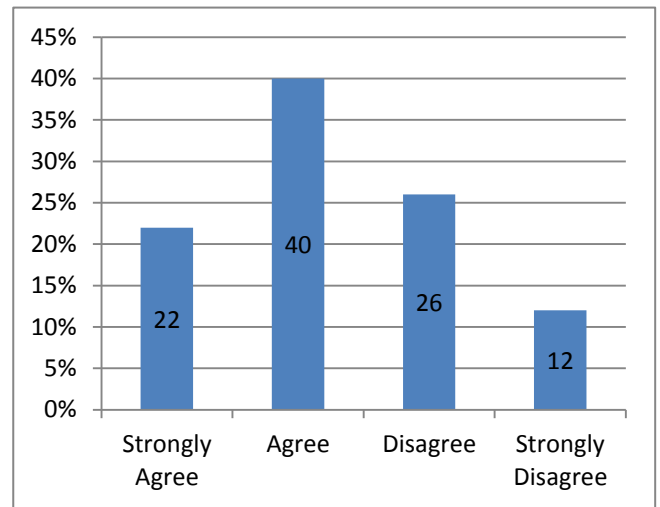


Figure 4.29.2: Histogram for Question 11.

Of respondents 22% strongly agreed, 40% agreed, 26% disagreed and 12% strongly disagreed with the statement. A combined total of 62% believed this statement to be true and 38% said it was untrue.

4.3.2.8 Question 12: The employer communicates openly and honestly with the employees

Question 12	Frequency	Percent
Strongly Agree	21	21%
Agree	35	35%
Disagree	22	22%
Strongly Disagree	22	22%
Total	100	100%

Figure 4.30.1: Frequency table for Question 12.

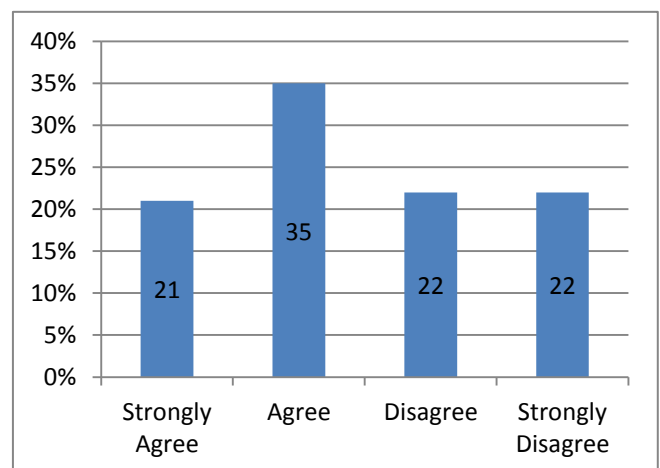


Figure 4.30.2: Histogram for Question 12.

Of the respondents 21% strongly agreed, 35% agreed, 22% disagreed and 22% strongly disagreed with the statement. A combined total of 56% of the respondents believed this statement to be true and 44% indicated it to be untrue.

4.3.2.9 Question 13: I would like to see my relationship with the company grow in the foreseeable future

Question 13	Frequency	Percent
1. Strongly Agree	37	37%
2. Agree	48	48%
3. Disagree	11	11%
4. Strongly Disagree	4	4%
Total	100	100%

Figure 4.31.1: Frequency table for Question 13.

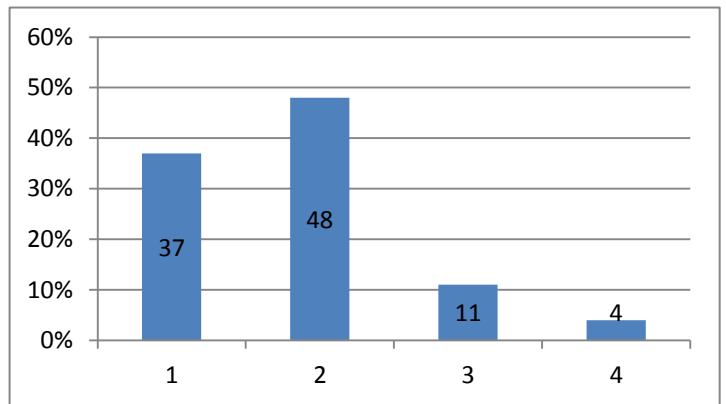


Figure 4.31.2: Histogram for Question 13.

Of the respondents 37% strongly agreed with this statement, 48% agreed, 11% disagreed and 4% strongly disagreed. A combined total of 85% believed this to be true and 15% indicated it was untrue.

4.3.2.10 Question 14: I understand the values and principles of this business

Question 14	Frequency	Percent
1. Strongly Agree	23	23%
2. Agree	49	49%
3. Disagree	24	24%
4. Strongly Disagree	4	4%
Total	100	100%

Figure 4.32.1: Frequency table for Question 14.

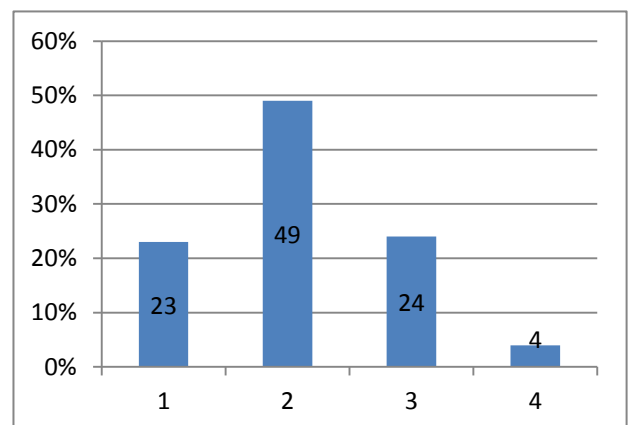


Figure 4.32.2: Histogram for Question 14.

Of the respondents 23% strongly agreed, 49% agreed, 24% disagreed and 4% strongly disagreed with the statement. This means 72% believe the statement to be true and 28% believe this to be untrue.

4.3.2.11 Question 15: I understand the business strategy and the role I must play for success

Question 15	Frequency	Percent
Strongly Agree	24	24%
Agree	55	55%
Disagree	18	18%
Strongly Disagree	3	3%
Total	100	100%

Figure 4.33.1: Frequency table for Question 15.

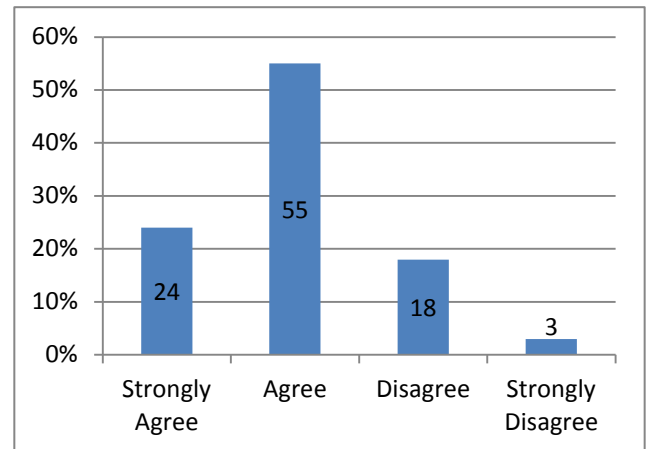


Figure 4.33.2: Histogram for Question 15.

Of the respondents 24% strongly agreed with the statement, 55% agreed, 18% disagreed and 3% strongly disagreed. A combined total of 79% indicated this statement was true and 21% said it was untrue.

4.3.2.12 Question 16: Employee loyalty is valued and rewarded in this business

Question 16	Frequency	Percent
Strongly Agree	17	17%
Agree	36	36%
Disagree	31	31%
Strongly Disagree	16	16%
Total	100	100%

Figure 4.34.1: Frequency table for Question 16.

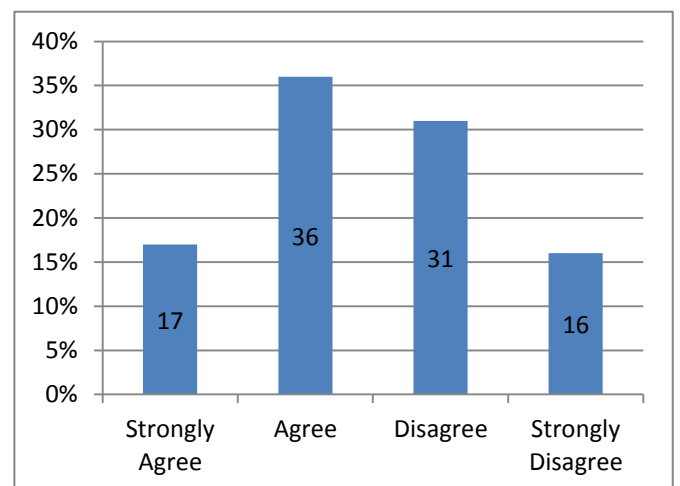


Figure 4.34.2: Histogram for Question 16.

Of the respondents 17% strongly agreed with this statement, 36% agreed, 31% disagreed and 16% strongly disagreed. This meant that 53% believed the statement to be true and 47% said it was untrue.

4.3.2.13 Question 17: Employees are fairly rewarded for their contribution in the business long term success

Question 17	Frequency	Percent
Strongly Agree	17	17%
Agree	34	34%
Disagree	30	30%
Strongly Disagree	19	19%
Total	100	100%

Figure 4.35.1: Frequency table for Question 17.

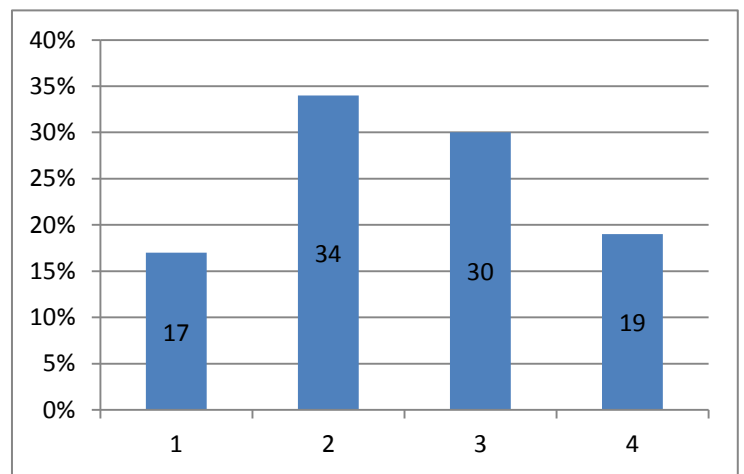


Figure 4.35.2: Histogram for Question 17.

Of the respondents 17% strongly agreed with this statement, 34% agreed, 30% disagreed and 19% strongly disagreed. A combined total of 51 respondents indicated this statement to be true and 49% was untrue.

4.3.2.14 Question 18: I believe the business deserves my loyalty

Question 18	Frequency	Percent
Strongly Agree	22	22%
Agree	51	51%
Disagree	22	22%
Strongly Disagree	5	5%
Total	100	100%

Figure 4.36.1: Frequency table for Question 18.

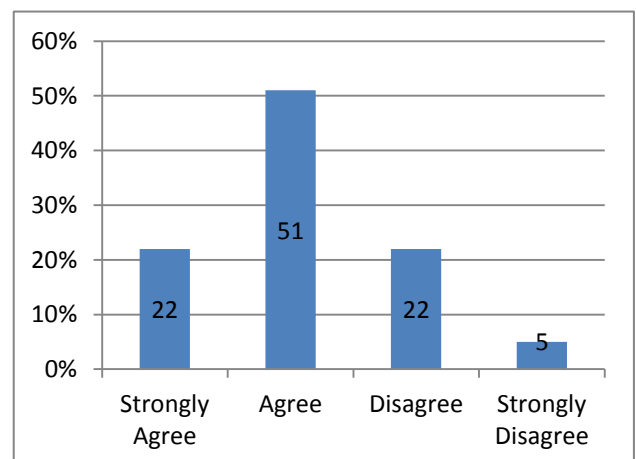


Figure 4.36.2: Histogram for Question 18.

Of the respondents 22% strongly agreed to this statement, 51% agreed, 22% disagreed and 5% strongly disagreed. A combined total of 73% of the respondents believed this statement was true and 27% said it was untrue.

4.3.2.15 Question 19: Over the years my loyalty to the company has grown stronger

Question 19	Frequency	Percent
Strongly Agree	25	25%
Agree	51	51%
Disagree	20	20%
Strongly Disagree	4	4%
Total	100	100%

Figure 4.37.1: Frequency table for Question 19.

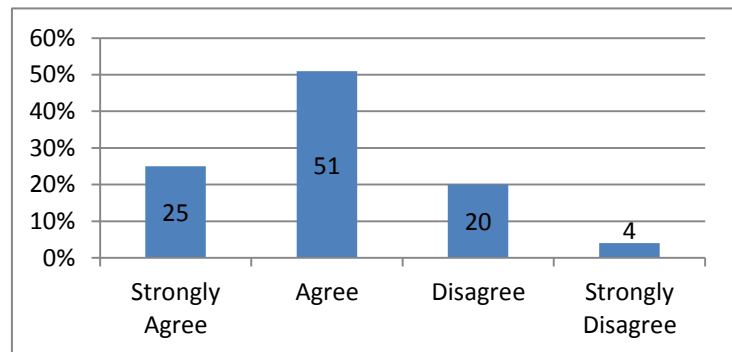


Figure 4.37.2: Histogram for Question 19.

Of the respondents 25% strongly agreed with the statement, 51% agreed, 20% disagreed and 4% strongly disagreed. A combined total of 76% believed the statement was true and 24% indicated the statement was untrue.

4.3.2.16 Comments

The respondents were further asked to provide any additional comments they might have about the business. A larger majority of these responses were provided by staff members who did not hold positions of power in the organisations. This did not allow the researcher to mutually determine the satisfaction of staff from all the different ranks of the organisation. This was mentioned as one of the limitations for this research. The businesses visited are numbered from 1 to 20.

1. These were (original) responses from staff in a supermarket in the uptown area
 - ✓ We are doing a good job here and the business is making lots of money. I believe we should be paid more but besides that I have no problems with them and I have a good relationship with everyone.
 - ✓ My relationship with this business is strong and I love working here.
 - ✓ I want to work here always. My boss is good.
 - ✓ This is the only business I worked in since coming to South Africa. I love it and I have been treated well.
 - ✓ This is a good business to work for. They must just pay more money to the staff

The majority of the employees indicated that they were satisfied to work for this business.

2. These were (original) responses from staff in another supermarket in the uptown area
 - ✓ I want a better job because I work here for small money
 - ✓ I don't want to work in the till forever. I want a better position.
 - ✓ I want to work here. This is the best business for me
 - ✓ Over the years my love for this store and my job has grown
 - ✓ I want to work here but the business must improve

The majority in this business were happy although two of the respondents indicated they want better pay and a better position in the store.

3. These were (original) responses from staff of a petrol station in the uptown area
 - ✓ I don't want to be petrol attendant for all my life. I will look for a better job.
 - ✓ I want to work for this business for many years and make it successful
 - ✓ I want to work here for many years. The business must just increase my salary
 - ✓ I wish there were more women working here as I am the only one

The employees had good things to say about this business. One respondent indicated the need to employ more women. Other than that, most of the respondents were happy.

4. These were (original) responses from staff of a chemist in the uptown area
- ✓ This is a good business to work for. I don't have any complaints.
 - ✓ This is a good business to work for
 - ✓ I have worked in this business for less than a year. The people in this business are good to work with.
 - ✓ They should just pay us more
 - ✓ This is a good business to work for but the money paid to workers has always been low

The employees were happy with the business as no major complaints were indicated in these responses.

5. These were (original) responses from staff members of a liquor store in Imizamo Yethu
- ✓ I work in this tavern because I am uneducated and can't find a better job
 - ✓ I am old now to look for another job. Working in a tavern is not good. It is a life risk being around drunken people.
 - ✓ Taverns are risky and it is difficult being a security here.
 - ✓ I want a better job because nobody wants to work in a tavern all his life
 - ✓ I am still young and I could find a better job

The employees of this business were not happy with the nature of their job. The responses obtained indicated this was negatively affecting their relationship with the business.

6. These were (original) responses from staff of another liquor store in Imizamo Yethu
- ✓ I want to grow as a person and I believe I cannot do this at this business
 - ✓ It's very difficult to work for a foreigner. They don't pay well and don't trust us as South Africans.
 - ✓ The owner is doing a good job and I have no problems with the business

The employees of this store were not satisfied with working at a liquor store and which was owned by a foreign national. The owner needs to work more on relationship management.

7. These were (original) responses obtained from staff of a spaza shop in Imizamo Yethu

- ✓ They gave me a job to support my child
- ✓ I will work here until I get a good job.
- ✓ I get little money
- ✓ The job they gave me helps me to live
- ✓ This is a good business

These employees had no major problems to report. This would suggest that they were satisfied.

8. These were (original) responses obtained from staff of another spaza shop in Imizamo Yethu

- ✓ I would love to work in a bigger store but I have no problems with the business
- ✓ I am looking for another job
- ✓ The owner of this store is a good family friend and a member of my church
- ✓ I am not satisfied with working here. I want a better job.

The comments provided by the staff of this business suggest that they did not have a negative relationship with the owner, they were just not entirely happy with the nature of the work that they were doing.

9. These (original) responses were obtained from employees of a spaza shop in Imizamo Yethu

- ✓ I would not have a job if it was not for this business
- ✓ I have no problems, but I am looking for a better job
- ✓ This is a good business to work for
- ✓ I will continue to work here always

The employees were satisfied with this business. This would indicate the business was well run and they had no problems with the owner.

10. These (original) responses were obtained from employees of the last targeted spaza shop in Imizamo Yethu

- ✓ My relationship with this business keeps on growing
- ✓ The business is small which means they can't increase our salary
- ✓ I appreciate the money they give me without any form of education

The employees of this business were appreciative of what the business was providing them with. This indicates good relationships exist between them and the business.

11. These were the (original) responses from employees of a supermarket in Imizamo Yethu

- ✓ This is a good business to work for if you have no formal education
- ✓ At least they gave me a job so I am happy
- ✓ They must just pay us more
- ✓ I am happy working here

The employees were satisfied as there were no major problems to report. This would indicate good relationships exist.

12. These were (original) responses from employees of another supermarket in Imizamo Yethu

- ✓ They should just give me a raise
- ✓ I am happy to work here
- ✓ I want more pay
- ✓ I want a better job in order to grow
- ✓ I have worked in this business most of my life and I would like to continue

Positive relationships exist in this business. The employees are just in need of more money.

13. These (original) responses were obtained from employees of a fishery in the Harbour district

- ✓ This is a good business to work for
- ✓ I love working here but if an opportunity to work in a bigger business will present itself I will move on
- ✓ This is a good store to work for
- ✓ I enjoy working for this business

The employees had no problem working for this business.

14. These were the (original) responses from employees of the last targeted fishery in the Harbour district

- ✓ I just want more pay, I have no problems
- ✓ I am happy to work for this business
- ✓ We all work well over here without any problems
- ✓ This business gives me all the experience I need to open up my own business

The employees are happy to work for this business. Good relationships between the employees and the business do exist.

15. These were (original) responses from employees of a bakery in the Harbour district

- ✓ I work in a good business
- ✓ I have no problems with the business
- ✓ I want more money
- ✓ I am satisfied
- ✓ I enjoy the work

Positive relationships exist in this business.

16. These were (original) responses from employees of a liquor store in the Harbour district

- ✓ I have been with this guy for long now and I am happy here
- ✓ I want a better job where it is safe
- ✓ I like working here

The employees who responded to this question indicated they had no problems working in a liquor store owned by a foreign national as opposed to the other liquor store mentioned earlier.

17. These were (original) responses from employees of another liquor store in the Harbour district

- ✓ They must just pay more money
- ✓ Jobs are very scarce, that is why I am working here
- ✓ It is not safe for a girl to work here and the money is small
- ✓ I have no problem with the owner

There are positive relationships existing in this business. The employees indicate the need for a pay rise.

18. These were (original) responses from employees of a spaza shop in the Harbour district

- ✓ I would like a better job than this
- ✓ The business makes little money

The employees of this business disagreed with many of the close-ended questions signalling that they were unhappy with the owner and dissatisfied with their jobs. This business experiences bad relationships in the workplace.

19. These were (original) responses from another spaza shop in the Harbour

- ✓ This business won't last
- ✓ The business is going to collapse and close
- ✓ I work here after school and the mama helps me with money

This business was located in a quiet area. There were few customers coming in. The employees were dissatisfied and felt it had no hope of survival. Their relationship with the owner is negatively affected by this.

20. These were (original) responses from a supermarket in the Harbour district

- ✓ I have worked here for more than 15 years and I still want to continue
- ✓ The people are good but if a better job comes I will go
- ✓ I am happy here

The employees had no major problem with the business which would suggest they were satisfied.

4.3.2.17 Discussion of employee responses

The second section aimed to assess the relationship between the employer and the employees. A job satisfaction survey was carried out and the researcher makes supported assumptions about the nature of the relationship between the employer and the employee based on the findings of this survey and those of the last section. In the literature review section of this study, job satisfaction was outlined as an accurate indicator of good relationships between these two parties. The first section had positive finding about the business owners' opinions about their relationship with staff and the community. This discussion will weigh the business owners' opinions, against the findings of the job satisfaction survey, in order to determine the relationships status from both the employer and the employee.

In the survey the employees indicated many of the statements provided by the researcher were true. This would suggest that the majority of employees from the sampled businesses had a good relationship with the business and its ownership.

The majority of employees indicated that they were willing to work for their current employers for the next five years. There are many factors that came into play when the employees responded to this question. Employees who work in much more developed business would feel happy with their earnings and opportunities provided by the business and therefore rule out the option of furthering their career elsewhere. The respondents who work in smaller businesses on the other hand, (and most are

in the informal settlements), would have made this selection because that job is a form of security for their family income and they are not willing enough to endeavour to find better opportunities elsewhere.

A majority of the respondents felt a strong personal attachment to the business they worked for mainly because it was giving them money every month for their contribution to its success.

A larger part of the respondents believed that the business cared about them and contributed to their success. These employees said this because the experience they gained working for these businesses was something that they could cherish and it contributes to their development as individuals.

The majority of staff in all the businesses believed they contributed to the existence, growth and success of that business. This response signals that the employers give initiatives to the staff and the small or big tasks they do, regardless of its nature or importance, they believe make a meaningful contribution to the success of the business they work for.

Sixty percent of the employees believed the businesses they worked for attracts outstanding employees and the other forty percent disagreed with this statement.

Fifty six of staff felt the owner communicated openly and honestly with them. This signals that employees were a little divided in trusting what their employer was telling them. They were also divided about employer disclosing information that they felt they needed to know.

More than ninety percent of the staff wanted their relationship with the business to grow in the foreseeable future. Both parties must work on this. The owner needs to take all the steps that will enable the staff to work to the best of their ability and the staff must in turn be reasonable and understanding with their demands.

The majority of the staff said they understood the principles of the business they worked for. This means the majority of owners were able to sell their vision and present the objectives they set for their businesses clearly to the staff.

The majority of employees also said they understood the business strategy and the role they should play achieving success for that business. This was as a result of the open and honest communication existing between them and the owner.

Nearly half of the employees felt their loyalty was recognised, valued and rewarded by the business for its long time success and the other half disagreed with this statement. It is human nature wanting to be rewarded for whatever little or much they do. Those who do not feel that way usually understand the situation they work under and feel there is no need to expect more.

The majority of employees believe that the businesses they work for deserve their loyalty. This might be as a result that they feel they are treated well and are informed about what is happening in the business.

The majority of employees agreed with the statement that their loyalty to the business has grown stronger. This signals that they are cared for and understand that they are valued in that business.

Results from this survey indicate positive levels of satisfaction from the employees. The majority of statements that were put forward were agreed to. This occurrence, together with the positive opinions the business owners shared about their relationship with the staff, makes it safe for the researcher to come to the conclusion that good relationships between employers and employees existed during this study and that these relationships had played a role towards the growth and success of the businesses in the community.

4.4 Community questionnaire

The community questionnaire, as given in Annexure C was completed by 200 respondents.

4.4.1 Demographic Details

4.4.1.1 Gender

Gender	Frequency	Percent
Male	104	52%
Female	96	48%
Total	200	100%

Figure 4.38.1: Frequency table for gender of community members.

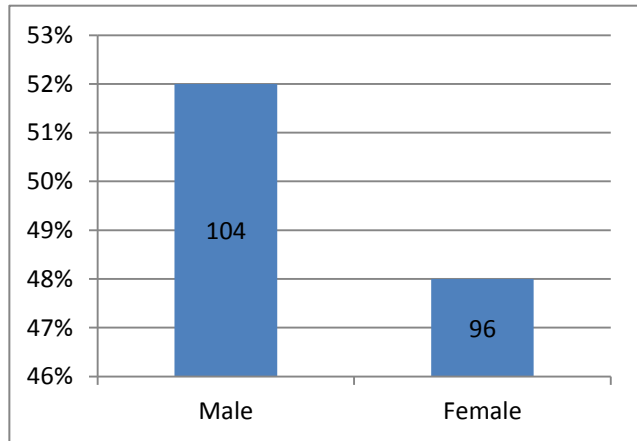


Figure 4.38.2: Histogram for gender of community members.

Of a total of 200 respondents, 52% indicated that they were male and 48% indicated they were female

4.4.1.2 Age group

Age Group	Frequency	Percent
18 - under 25 years	55	27.5%
25 - under 30 years	51	25.5%
30 - under 35 years	43	21.5%
35 or more	51	25.5%
Total	200	100%

Figure 4.39.1: Frequency table for the age group of community members.

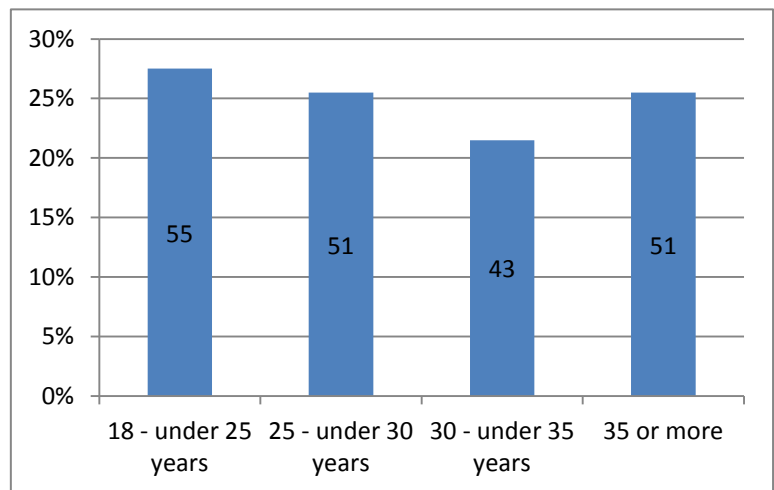


Figure 4.39.2: Histogram for age group of community members.

The age group division of the respondents is: 55 of them were in the 18 – under 25 category, 51 in the 25 – under 30 category, 43 in the 30 – under 35 category and 51 in the 35 or more category.

4.4.1.3 Ethnic Group

Ethnic Group	Frequency	Percent
African/Black	107	53.5%
Coloured	83	41.5%
White	9	4.5%
Indian/Asian	1	.5%
Total	200	100%

Figure 4.40.1: Frequency table for the ethnic group of community members.

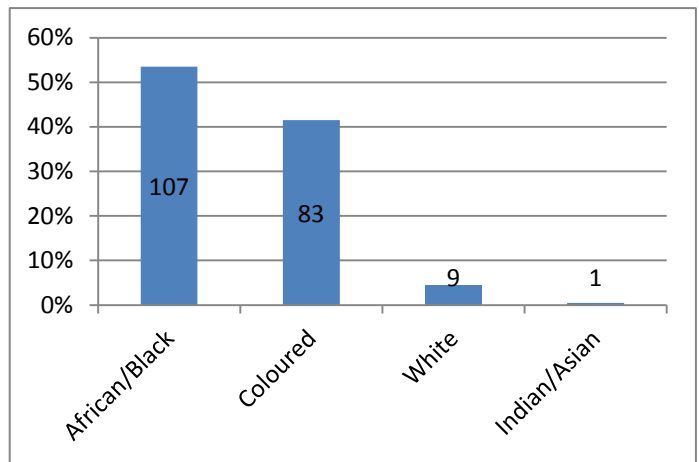


Figure 4.40.2: Histogram for ethnic group of community members.

The division of the ethnic group of the respondents is: 107 were African/Black, 83 were Coloured, 9 were White and 1 was Indian-Asian. There was no other ethnic group. The researcher had acknowledged the low response rate of the White and Indian/Asian respondents. This was due to the following reasons:

- A large portion of businesses registered with the Hout Bay Business and Opportunities Forum that and were selected for this study were from the Imizamo Yethu and the Harbour district. These areas do not have white residents.
- In the uptown area where there could have been a larger portion of Whites and Indians, there were also black residents. A requirement for this research was to select house-holds/customers within a 100m radius of the targeted business and these would be selected according to their willingness and availability to take part in the research.

4.4.1.4 Nationality

Nationality	Frequency	Percent
South African	193	96.5%
Mali	1	.5%
Senegal	2	1.0%
Zimbabwe	4	2.0%
Total	200	100%

Figure 4.41.1: Frequency table for the nationality of community members.

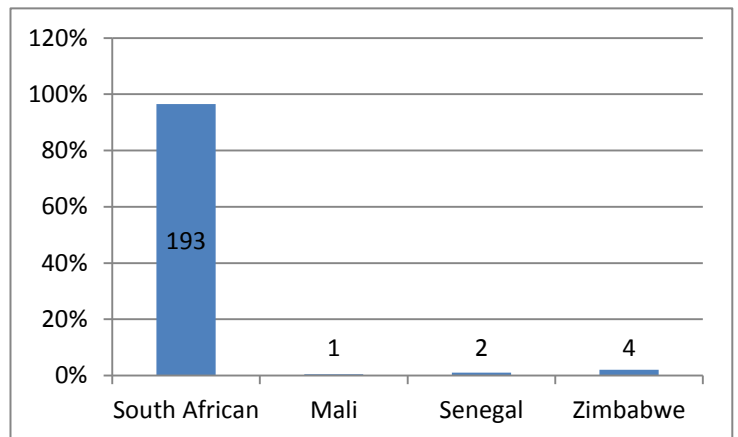


Figure 4.41.2: Histogram for the nationality of community members.

The nationalities of the respondents are: 193 South African, 1 Mali, 2 Senegalese and 4 Zimbabwean.

4.4.2 Relationship with business and staff

The responses to the statements which follow were measured on the following scale:

- I. Strongly agree
- II. Agree
- III. Disagree
- IV. Strongly disagree

4.4.2.1 Question 5.1: The customer service I receive at this store is always good

Question 5.1	Frequency	Percent
Strongly Agree	41	20.5%
Agree	126	63%
Disagree	24	12%
Strongly Disagree	9	4.5%
Total	200	100%

Figure 4.42.1: Frequency table for Question 5.1

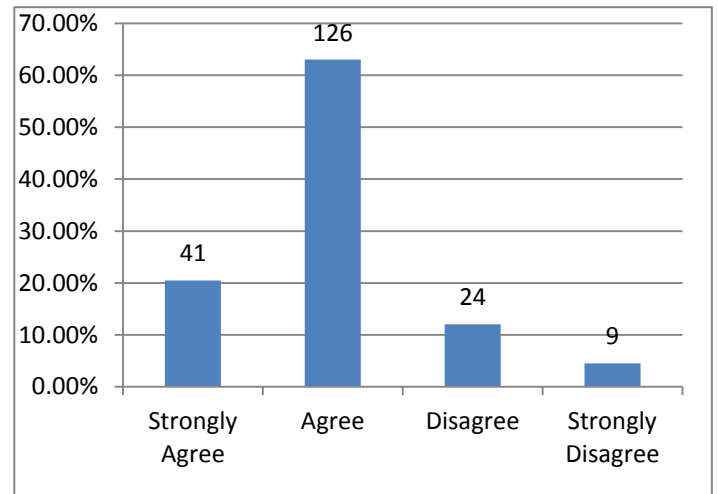


Figure 4.42.1: Histogram for Question 5.1

The respondents who strongly agreed with this statement, consisted of 20, 5%. 63% agreed, 12% disagreed and 4, 5% strongly disagreed. A total of 83, 5% of the respondents believed the statement to be true and 16, 5% indicated it was untrue.

4.4.2.2 Question 5.2: I have a good relationship with the employees

Question 5.2	Frequency	Percent
Strongly Agree	34	17%
Agree	128	64%
Disagree	31	15.5%
Strongly Disagree	7	3.5%
Total	200	100%

Figure 4.43.1: Frequency table for Question 5.2

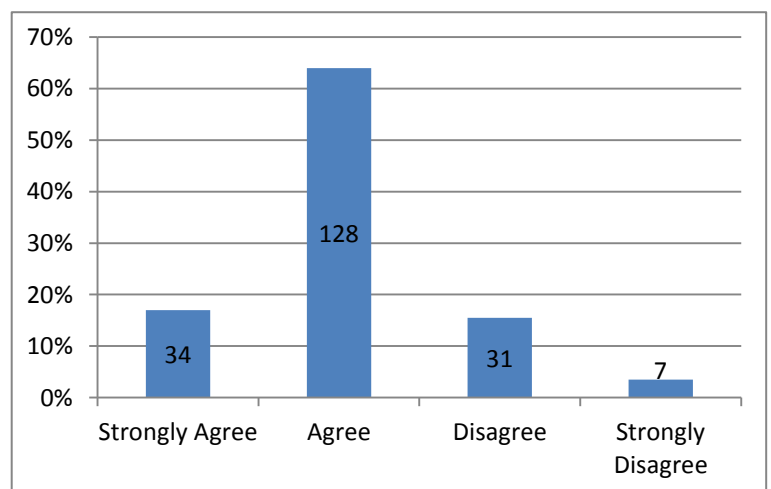


Figure 4.43.2: Histogram for Question 5.2

Of the respondents 17% strongly agreed with this statement, 64% agreed, 15, 5% disagreed and 3, 5% strongly disagreed. A combined total of 81% believed the statement was true and 19% indicated the statement to be untrue.

4.4.2.3 Question 5.3: The employees are friendly and helpful

Question 5.3	Frequency	Percent
Strongly Agree	34	17%
Agree	129	64.5%
Disagree	28	14%
Strongly Disagree	9	4.5%
Total	200	100%

Figure 4.44.1: Frequency table for Question 5.3

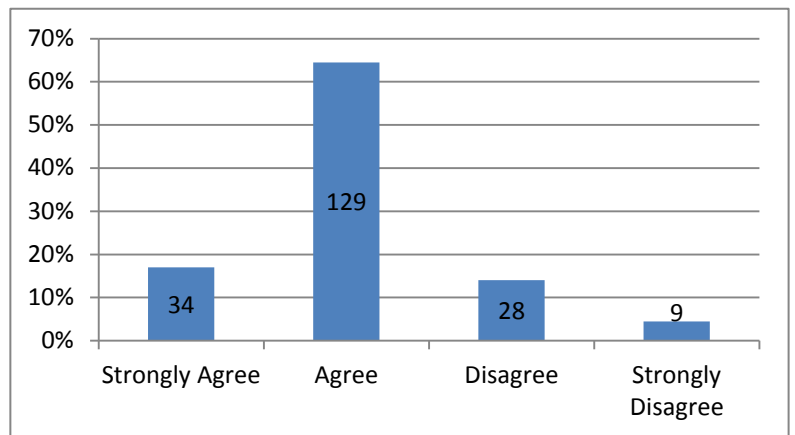


Figure 4.44.2: Histogram for Question 5.3

There were 17% respondents who strongly agreed with this statement, 64, 5% agreed, 14% disagreed and 4, 5% strongly disagreed with the statement. This means a combined total of 81, 5% of the respondents believed the statement to be true and 18, 5% believed it to be untrue.

4.4.2.4 Question 5.4: I recommend this store to my peers

Question 5.4	Frequency	Percent
Strongly Agree	35	17.5%
Agree	132	66%
Disagree	23	11.5%
Strongly Disagree	10	5%
Total	200	100%

Figure 4.45.1: Frequency table for Question 5.4

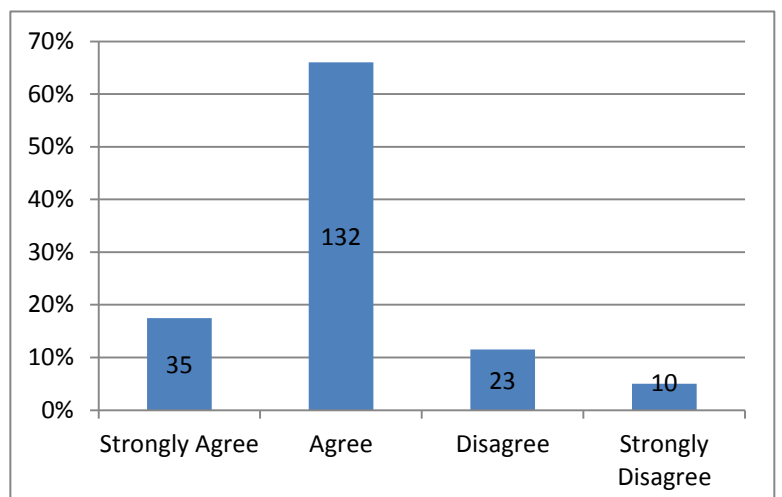


Figure 4.45.2: Histogram for Question 5.4

There were 17, 5% of the respondents who strongly agreed with the statement, 66% agreed, 11, 5% disagreed and 5% strongly disagreed. A combined total of 83,5% of the respondents believed the statement to be true and 16,5% indicated the statement to be untrue.

4.4.2.5 Question 5.5: I have a good relationship with the owner

Question 5.5	Frequency	Percent
Strongly Agree	33	16, 5%
Agree	121	60, 5%
Disagree	33	16, 5%
Strongly Disagree	13	6, 5%
Total	200	100%

Figure 4.46.1: Frequency table for Question 5.5

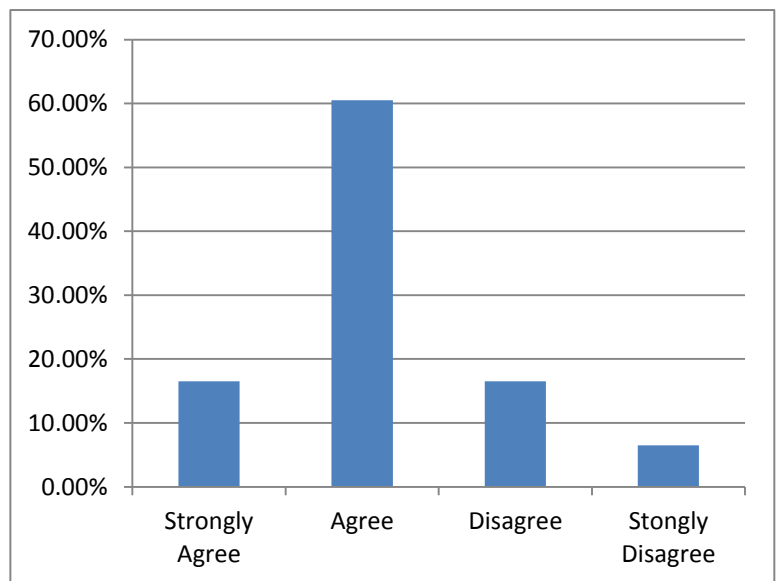


Figure 4.46.2: Histogram for Question 5.5

There were 16, 5% of the respondents who strongly agreed with the statement, 60, 5% agreed, 16, 5% disagreed and 6, 5% strongly disagreed. A combined total of 77% believed this statement to be true and 13% indicated the statement was untrue.

4.4.2.6 Question 5.6: The business provides support to the community

Question 5.6	Frequency	Percent
Strongly Agree	18	9%
Agree	58	29%
Disagree	88	44%
Strongly Disagree	36	18%
Total	200	100%

Figure 4.47.1: Frequency table for Question 5.6

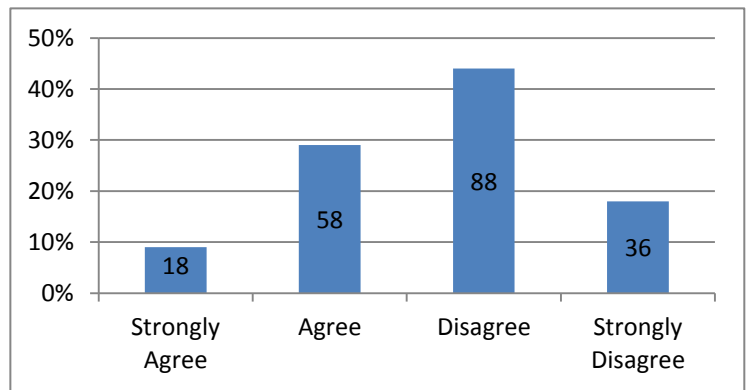


Figure 4.47.2: Histogram for Question 5.6

There were 9% of the respondents who strongly agreed with the statement, 29% agreed, 44% disagreed and 18% strongly disagreed. This meant a combined total of 38% of the respondents believed the statement was true and 62% believed the statement to be untrue.

4.4.2.7 Question 5.7: I will continue to utilise the products and services offered in this store

Question 5.7	Frequency	Percent
Strongly Agree	62	31%
Agree	111	55.5%
Disagree	18	9%
Strongly Disagree	9	4.5%
Total	200	100.0

Figure 4.48.1: Frequency table for Question 5.7

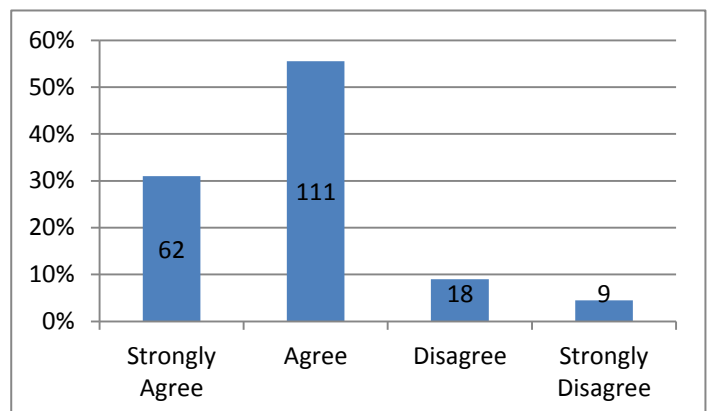


Figure 4.48.2: Histogram for Question 5.7

There were 31% of the respondents who strongly agreed to the statement, 55, 5% agreed 9% disagreed and 4, 5% strongly disagreed. A combined total of 86, 5% of the respondents believed the statement to be true and 13, 5% believed the statement to be untrue.

4.4.2.8 Comments

The respondents were further asked to provide any comments they might have about their relationships with the staff and the ownership of the business in question. The businesses were numbered according to the order of the previous section.

1. These were the (original) responses from community members or house-holds that were in a 100 metre radius of a supermarket in the uptown area.
 - ✓ I don't know them much. Our relationship is strictly business to customer and I have no complaints
 - ✓ This is a good business. The service provided here is excellent
 - ✓ I come here to buy my lunch from Monday to Friday and the food is always fresh. I know two of the staff members from Imizamo Yethu. I have a good relationship with everyone in this business.
 - ✓ I have no problem with the people of this business. I will always come and buy here.
 - ✓ I have known some of the staff members for long as the store is not far from my house. I always come here and always get good service. This has helped in maintaining our good relationship.
 - ✓ I have a good relationship with the employees but I don't know the owner
 - ✓ I have no problems with the people of this store. I have never complained about their service.
 - ✓ The business must employ more people and support the community
 - ✓ I have a good relationship with everyone and they treat me well
 - ✓ I know some of the people from church, but never met the owner.

The majority of responses from the community members who were willing to respond to this question were positive. They had no problems, to report and were satisfied with their relationship with the store. Some did indicate though, they did not have constant contact with the store but in the times that they visited, they received good service.

2. These were (original) responses obtained from community members near a supermarket in the uptown

- ✓ We have a good relationship
- ✓ I don't have any complaints about them
- ✓ They treat me well every time I come here
- ✓ Our relationship is good. They are helpful.
- ✓ They continue to keep me happy. I will continue to come and buy
- ✓ They treat me well
- ✓ They are doing a good job and keeping us coming back
- ✓ The owner must give more jobs
- ✓ I have no problem with them. The owner must just support us and our children.
- ✓ They must have give-aways and support the community

The community is happy with this store. Good relationships exist between the business and the surrounding community. This is deduced from these responses.

3. These were (original) responses from community members near a petrol station in the uptown area

- ✓ Their service is not that bad. They are doing a good job.
- ✓ The relationship is good; they must continue the good work.
- ✓ They must continue providing the good service and they will see a lot of me
- ✓ We have a good relationship and no problems
- ✓ I feel up my taxi everyday in this garage, I have no problems.
- ✓ The guys are good, I will continue to use the service here

The community has no relationships problems this business. No signs of a negative relationship were indicated.

4. These were (original) responses from community members who utilise the products and services of a targeted chemist in the uptown area

- ✓ No complaints, just compliments. They should keep up the good work.
- ✓ They are very helpful
- ✓ This is the best chemist in Hout Bay because of their service
- ✓ They know their work and are very helpful on health issues
- ✓ They are doing a good job, I have no problems with them
- ✓ We have a good relationship
- ✓ They are doing a good job
- ✓ My relationship with them is good
- ✓ We have a good relationship

From the responses obtained, the current researcher can safely say that the community is happy with this store

5. These (original) were responses obtained from community members nearby a liquor store Imizamo Yethu

- ✓ I have no problems with them
- ✓ These guys are good, I have no problems
- ✓ I have no complaints
- ✓ I don't have anything to complain about
- ✓ They are doing a good job
- ✓ No complaints
- ✓ They are fine

The community has no problem with this business.

6. These were (original) responses obtained from community members near another liquor store in Imizamo Yethu

- ✓ This place is for foreigners. It is owned by a foreigner
- ✓ This is one of the best hang out spots
- ✓ They are good
- ✓ I have now become friends with them

- ✓ The relationship is good and the service is good
- ✓ The service is not bad. I come and buy here often.

The majority of community members were happy with the business

7. These were (original) responses from community members near a spaza shop in Imizamo Yethu

- ✓ The owner of this store sometimes allows me to take food on credit and pay him back when it is pensioners pay day
- ✓ The grocery here is cheap. This helps us to maintain the good relationship.
- ✓ We have a good relationship as the owner gives us food when we have no money
- ✓ There are many Somalian shops in Hout Bay so I got used to them and have no problems
- ✓ We have a good relationship
- ✓ We are ok
- ✓ I don't have a problem with them. They help my mother out sometimes.

The majority of community members were satisfied with this business

8. These were (original) responses from community members nearby a spaza shop in Imizamo Yethu

- ✓ They are good
- ✓ I have no problems with them
- ✓ I have no problems with them, we are ok
- ✓ They are good people
- ✓ I have no complaints
- ✓ They are helpful and friendly

The community has no problem with this business

9. These were (original) responses from community members of another spaza shop in Imizamo Yethu

- ✓ Somalian shops are a social problem
- ✓ They are doing a good job
- ✓ I don't like Somalian shops
- ✓ I have never had a problem with these people
- ✓ I don't have a problem with them
- ✓ I don't remember any problems they gave to me, so our relationship is good.

The responses were good. Some community members just had a problem with foreign nationals.

10. These were (original) responses from community members near the last targeted spaza shop in Imizamo Yethu

- ✓ They are always good
- ✓ I have no problem with them

The community members who were willing to respond to this question had no problem with the business.

11. These were (original) responses from community members near a supermarket in Imizamo Yethu

- ✓ Their service is good
- ✓ They are good people
- ✓ We are fine and I have no problems
- ✓ I have used this store for long without any problems and I am going to continue using it
- ✓ They are good

From the responses obtained, the community members were happy with this business

12.These were (original) responses obtained from community members nearby another targeted supermarket Imizamo Yethu

- ✓ They are good
- ✓ I have no complaints, they are doing a good job

Those who responded to this question were satisfied

13.These were (original) responses obtained from community members nearby a fishery in the Harbour district

- ✓ They are the best
- ✓ They always provide good service, we have a good relationship
- ✓ They are good people
- ✓ We are good, no problem
- ✓ The service is good, so is our relationship

The community members signalled that they were satisfied

14.These were (original) responses obtained from community members nearby a fishery in the Harbour district

- ✓ All people working here are very professional
- ✓ I am happy with their service
- ✓ They do a good job
- ✓ They are ok
- ✓ They are doing a very good job, they must continue to serve us well
- ✓ Their service is good
- ✓ They are doing good and serving us well

They community members are happy with the store. The current researcher can deduce that positive relationships between the business and community exist.

15. These were (original) responses obtained from community members nearby a bakery in the Harbour district

- ✓ Their service is good
- ✓ They provide excellent service all the time
- ✓ I am happy here
- ✓ I am very happy here
- ✓ They are doing a good job
- ✓ They must also give jobs to young people
- ✓ They are good

The community has no problem with this business

16. These were (original) responses obtained from community members nearby a liquor store in the Harbour district

- ✓ I don't have any problems with them
- ✓ I have no problems with them

Those who completed this question had no problem with the business

17. These were (original) responses obtained from community members nearby another liquor store in the Harbour district

- ✓ They are good
- ✓ I have no problems, they are good
- ✓ I don't have problems with them

The community had no problem with this business

18. These were (original) responses from community members near a spaza shop in the Harbour district.

- ✓ Somalians have bad customer service
- ✓ They are helpful and give discounts to us. We have a good relationship.

The two responses obtained from this question were conflicting; a fair judgement would have been obtained if more community members in that section of the community were willing to answer the question.

19. This was the sole (original) response obtained from a community member near the last targeted spaza shop in the Harbour district.

- ✓ They don't have respect

One response was obtained.

20. This (original) response was obtained from a community member near the last targeted supermarket of this project in the Harbour district.

- ✓ I have no problem with their service

4.4.2.9 Discussion of community responses

This third and last section aimed to assess the relationship between the business and the community. This relationship was measured by assessing the levels of satisfaction the community had concerning the products or services, management and the staff of the business. The review of literature in this study outlined satisfaction of the community as an accurate indicator of good relationships. The researcher used the findings of this survey together with the findings of the last two sections, to:

- determine the nature of the relationship between the business and the community and then
- decide how this relationship contributes to the success of businesses in this community.

The majority of the close-ended question responses from the community members indicated that they believed the statements proposed by the researcher were true. This suggests that many of the community members are in good relationships with

the majority of businesses in the community. There were just conflicting opinions expressed by young and older people in the community. The older people mentioned that the foreign business owners had cheaper prices and were helpful because they allowed them to take food items on credit and understood how to treat a customer. The young people on the other hand said that the foreign business owners were a threat to their future as they are increasing in number in the community.

A large part of the community members who took part in the research indicated that they were happy with the service they received in many of the businesses. The majority of community members said they had a good relationship with the employees of the businesses. This means they were happy with how they were treated and felt that the employees were doing enough to maintain good relationships with them.

Many customers felt that the employees of these businesses were helpful. This means that every time they visited the business they would leave feeling satisfied.

A large number of the respondents said they recommended the business to their peers. This meant they were playing a role in the growth and promotion of the business and there was potential for the business to increase their customers.

The majority of customers though indicated that they did not have a good relationship with the owners of the businesses. The most common reason being, that they do not know the owner, they only see the employees. It would help the businesses if the owners were more visible to the public.

The community felt that the businesses provide support to them as these businesses provide them with job opportunities and there is also no need for them to go far to get basic items and there are times they are allowed to take things credit.

The community also feels that they will continue to utilise the products and services of these businesses.

The researcher can deduce that good relationships exist between the community and the majority of businesses in Hout Bay. The customer survey provided positive feedback about the nature of relationships between the business and the community.

The three sections of the survey provide enough evidence to state that good relationships exist among all three parties and that these relationships have contributed towards the development of businesses in Hout Bay.

4.5 Research Findings

4.5.1 Introduction

Accuff and Wood (2004:4); Browne and Keeley (2009:1); Donaldson and O'Toole (2007:5); Ford, *et al.* (2003:53) suggested earlier in this study that in order to thrive, business owners must develop relationships with stakeholders that have the potential to assist in the development, growth and survival of their businesses. The first section of the study outlined the importance of business owners in Hout Bay realising the importance of establishing relationships for their businesses in order to obtain success. The business owners know that successful businesses manage to build strong relationships and without these, there is no chance of success.

The primary objective for this research was:

- To determine the nature of the employer's relationship with employees and the community and then decide how these relationships contribute towards the success of SMMEs in Hout Bay.

The secondary objectives of this research were:

- To examine the relationships between the business owners and the employees and then decide how these relationships contribute towards the success of SMMEs in the community.
- To establish how business owners can maintain good relations with employees in order to ensure high levels of productivity, success and growth of their businesses.
- To investigate the relationship between the business owners and the surrounding community and then decide how this relationship contributes towards the success of SMMEs in the community.
- To establish how business owners can maintain good relations with the surrounding community in order to ensure that the relationship lasts longer to the advantage of their businesses.

- To investigate the relationship that exists between the employees and the surrounding community and determine the role this relationship plays in the success of SMMEs in the community.
- To discover how entrepreneurs can motivate employees and maintain a satisfying work environment for them in order to ensure that these employees maintain good relations with the customers.

In this section the researcher presents the findings on whether the research has achieved its objectives. The researcher discusses the results of each sub-objective which enables him to draw a conclusion on whether the main objective was met.

4.5.2 Findings

The first sub-objective was met by this research which was to determine the nature and the role of the relationship between the business owners of each of the sampled businesses and their employees, and then to determine how the business owners can maintain this relationship in order to maintain high levels of productivity, success and growth of their businesses. The results from the first and second sections of the designed survey indicated that both these parties were satisfied with their relationship. The employers agreed to most of the statements that the researcher had put forward that were aimed to measure their relationship with the staff. This was a strong signal of their satisfaction with employees. Some of the statements they agreed to include:

- A business cannot survive without relationships with the staff
- Good relationships with the staff increase productivity
- Good relationships with the staff increase customer service

These statements and many others in the survey were aimed at determining the owners opinions of whether they believe relationships have a role to play in achieving successful businesses. Their comments to these statements give the impression that they are people who make an effort to build and maintain good relationships with their staff.

The majority of employees indicated that they were happy with their relationship with the businesses they worked for because they answered the statements in the satisfaction survey positively. Some statements directed to analysing their satisfaction levels with the business included:

- I have a good relationship with the employer
- The business cares about me and contributes to my success
- I feel a strong personal attachment to the business

The majority of these employees gave enough evidence in the satisfaction survey to suggest that they have a good relationship with the employer.

A cross-check of the responses indicates that the majority of employers and the employees in the community have good relationships. These relationships have a strong role to play working towards the success of these businesses as the business owners indicated they could not survive without them.

In order to maintain these relationships it was suggested earlier in this study that the business owners' should familiarise themselves with the elements of job satisfaction. The sustainability of the relationship between themselves and their employee is completely dependent on them. They should always aim to provide an environment which is conducive to the satisfaction of their staff as this will assist in retaining them and also ensure that they perform their duties to the best of their abilities.

The research encouraged business owners to focus on job satisfaction and have emotional intelligence if they wanted to maintain good relationships with their staff. Relationships with staff are at the centre of increasing productivity and achieving success. Recent studies outline job satisfaction as the foundation for improved productivity and ultimately sustainable growth and success.

Business owners must also display strong managerial skills if they want to ensure strong relationships with employees. They must ensure their business is well planned for, organised, controlled and they should lead by example. The success of an organisation today also depends on leaders who are able to listen, communicate and motivate others in the business environment. Emotional Intelligence is the innate potential to feel, use, communicate, recognise, remember, describe, identify,

learn from, manage, understand and explain emotions (Goleman, *et al* 2006:80). Business owners in the Hout Bay community should at all times display the utmost emotional intelligence.

The second sub-objective aimed to determine the relationship between the business and the community and the role it plays towards business success. Advice was given further given to business owners on how they can maintain this relationship.

The customer satisfaction survey which was used to measure the relationships between the business owners and the community had positive responses which indicate that they have good relationships with the businesses. These relationships have a strong role to play towards the success of the businesses. If the community is unhappy with a business, this prevents growth and success. That is why customers should be kept happy at all times.

In the community survey the majority of the community respondents were satisfied with the products, the service, management and the staff treatment they received. They agreed with the majority of the statements that the researcher had put forward. These relationships have a strong role to play towards the success of businesses in the community of Hout Bay.

In order to maintain these relationships for continued success and growth of the business the owners were advised to add social intelligence to their entrepreneurial attributes and improve it.

Social Intelligence includes an awareness of situations, the social dynamics that govern businesses and knowledge of interaction styles and strategies that can help a business person to achieve his objectives in dealing with others (Suresh, 2009:50). SI also involves a certain amount of self-insight and a consciousness of one's own perceptions, reactions, patterns, and interacting successfully with others in various contexts (Suresh, 2009:50).

Social Intelligent entrepreneurs have the "know how" and "know who" in the environment in which the business operates. If an entrepreneur knows these factors it becomes easier for them to run their business effectively (Nieman 2003:168).

Goleman (2006:5) says social intelligence includes an awareness of the situation and the social dynamics that govern entrepreneurs. It also includes knowledge of interaction styles and strategies that can help an entrepreneur to achieve his objectives when dealing with the community.

The focus though should not only be on the external environment when entrepreneurs want to maintain good relationships with their staff. They should ensure all internal role players are treated well as these are the ones who mostly deal with customers on a regular basis. A satisfied staff member serves the community in a satisfying manner.

All the findings from the three surveys outline the importance of businesses establishing relationships and the important role relationships have in success.

This study has determined the nature of the relationship between employers and employees and the community and then decided how these relationships contribute towards the success of SMMEs in Hout Bay.

Chapter 5: Conclusion and Recommendations

5.1 Conclusion

This research looked into relationships between the business owner, employees and the community and determined that these relationships play an important role in the success of SMMEs in Hout Bay. Market performance, growth and profits of the businesses in the community stem from the functioning of these relationships.

5.2 Recommendations

The research has outlined the importance of business owners in Hout Bay using emotional intelligence, social intelligence, job satisfaction and general managerial skills for the maintenance of relationships. The researcher encourages the business owners to familiarise themselves with these concepts as they are not only relationship retention components but also business success mechanisms.

According to Mersimo (2007:26), as mentioned earlier in the study, emotional intelligence has two competencies. They are personal and social competencies. Personal competency allows the business owners to understand themselves and their emotions better in order to treat their employees and customers well and retain the good relationships they have with them. If business owners have the personal competence, they can be aware of their emotional self, have accurate self-assessment (of strengths and weaknesses) and self-confidence. Lastly, personal competency allows business owners to manage and guide their emotional state and have self-control.

Social competency, on the other hand, allows business owners to be socially aware of emotions around them. They can use this awareness to build strong relationships inside and outside the organisation.

Job satisfaction is a factor that this research explored and determined that it existed in the majority of businesses that took part in the research. The researcher stated that this was as key component in retaining the relationships between the businesses and their employees. It also has the potential to improve customer services as satisfied employees are good servants to customers. The researcher

concludes that it is important that these business owners continue to keep their staff satisfied in order to maintain the good relationships that exist. This will result in a long and successful survival of their businesses.

Social intelligence is another important factor in relationship management. It allows the business owner to understand social dynamics and be socially aware of everything that happens in the environment in which the business operates (Goleman, 1999:56).

Goleman (2006:5) adds that social intelligence includes an awareness of the situation and the social dynamics that govern entrepreneurs. It also includes knowledge of interaction styles and strategies that can help an entrepreneur to achieve his objectives when dealing with the community.

The researcher encourages business owners in Hout Bay to take note and use social intelligence for the benefit of their businesses and the maintenance of relationships with the surrounding community.

The researcher's last recommendation is for business owners to be aware of the general managerial skills (planning, organising, leading and controlling) that every business entrepreneur must have.

According to Hellreigel, *et al* (2006:10), successful business owners who are able to maintain positive internal relationships in their businesses capably perform four managerial tasks. These tasks include planning, organising, leading and controlling. All these tasks are seen as important factors in relationship management.

5.3 Considerations for further study

In this study it became apparent that some young people had a problem with businesses owned by foreign nationals. Some elders, though, mentioned they were satisfied with these businesses as they supported the community. It would be wise to further pursue these perceptions. A future study can investigate the differences or similarities in the perceptions the different generations in Hout Bay have about foreign business owners.

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Annexure A: Business Owner Questionnaire

The following questionnaire is intended for academic purposes only. Please note that participation in this survey is not compulsory. Anonymity is guaranteed and responses will in no way be traced to you. Your participation is highly appreciated.

This questionnaire must be completed by the business owner

Demographic details

1. What is your gender?

- Male

- Female

2. Which age group do you fall under?

- 18 – under 25 25 – under 30 30 – under 35 35+

3. How do you classify your ethnic group?

- African / Black - White

- Coloured - Indian / Asian

- Other

- If other please specify below:

4. What is your nationality?

- South African

- Non-South African

- If you selected Non-South African please specify your nationality:

5. How many employees does your business have?

- 5 6-10 11-15 16-20 21+

6. How many years has your business been in existence?

- 1 – 5under 5 – under 10 10 – under 15 15 – under 20 20+

Please indicate your thoughts on the following.

7. A business cannot survive without relationships (with employees and customers)	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

8. Relationships make it easier to acquire finance and other resources for the business.	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

9. Good relationships create a positive business image and profile in the community.	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

10. Good relationships with employees increase productivity.	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

11. Good relationships with employees improve customer service.	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

12. Good relationships with employees make it easy to retain valuable employees	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

13. Good relationships with employees reduce employee strikes	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

14. Good relationships with employees promote trust and open communication	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

15. Good relationships with employees create a good working environment.	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

16. Good relationships with existing customers attract more customers	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
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Why do you say so?

17. Good relationships with customers provide the opportunity to grow.	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
Why do you say so? _____ _____ _____ _____				
18. Good relationships with the customer reduce advertising costs.	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
Why do you say so? _____ _____ _____ _____				

Thank you for your participation in this survey. Enjoy your day.

Annexure B: Employee Questionnaire

The following questionnaire is intended for academic purposes only. Please note that participation in this survey is not compulsory. Anonymity is guaranteed and responses will in no way be traced to you. Your participation is highly appreciated.

This questionnaire must be completed by the employee

Demographic details

1. What is your gender?

- Male

- Female

2. Which age group do you fall under?

- 16 - under 25 25 – under 30 30 – under 35 35+

3. How do you classify your ethnic group?

- African / Black - White

- Coloured - Indian / Asian

- Other

- If other please specify below:

4. What is your nationality?

- South African

- Non-South African

- If you selected Non-South African please specify your nationality:

Relationship with the company

5. How many years have you been working for this business?

- 0- under 1 1- under 5 5 - under 10 10- under 15 15+

. Please indicate how much you agree or disagree with the following

Employee to business relationship

	Strongly agree	Agree	Disagree	Strongly disagree
6. I am willing to work for this business for the next 5 years.				
7. I have a good relationship with my employer.				
8. I feel a strong personal attachment to the business.				
9. The business cares about me and contributes to my success.				
10. I contribute to the success of this business				
11. The company attracts and retains outstanding employees.				
12. The employer communicates openly and honestly with the employees.				
13. I would like to see my relationship with the company grow in the foreseeable future.				

14. I understand the values and principles of the business.				
15. I understand the business strategy and the role I must play for success.				
16. Employee loyalty is valued and rewarded in this business.				
17. Employees are fairly rewarded for their contribution in the business long term success.				
18. I believe the business deserves my loyalty.				
19. Over the years my loyalty to the company has grown stronger.				

Please give any additional comments that you might have about this business

Thank you for your participation in this survey. Enjoy your day.

Annexure C: Community Questionnaire

The following questionnaire is intended for academic purposes only. Please note that participation in this survey is not compulsory. Anonymity is guaranteed and responses will in no way be traced to you. Your participation is highly appreciated.

This questionnaire must be completed by a community member.

Demographic details

1. What is your gender?

- Male

- Female

2. Which age group do you fall under?

- 18 – under 25 25 – under 30 30 – under 35 35+

3. How do you classify your ethnic group?

- African / Black - White

- Coloured - Indian / Asian

- Other

- If other please specify below:

4. What is your Nationality?

- South African

- Non-South African

- If you selected non-South African please specify your Nationality:

Relationship between the business and the community

5. Please indicate how much you agree or disagree with the following.

	Strongly agree	Agree	Disagree	Strongly disagree
5.1. The customer service I receive at this store is always good.				
5.2. I have a good relationship with the employees.				
5.3. The employees are friendly and helpful				
5.4. I recommend this store to my peers				
5.5. I have a good relationship with the owner.				
5.6. The business provides support to the community.				
5.7. I will continue to utilise products and services provided of this store.				

6. Please provide any comments you might have with regards to your relationship with the employees and business owner of this store.

Thank you for your participation in this survey. Enjoy your day.