

Mediating factors for profitability in textile and footwear retail businesses

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Abstract: Braamfontein is one of the suburbs of Johannesburg which is known for a wide variety of vibrant retail business activities such as restaurants, cafeterias, spaza shops, newspaper shops, clothing, textile, footwear, hair dresser's shops, tour operators, bus and taxi ranks, hotels and entertainment centres. Braamfontein has retailers from all over the world. A survey was conducted by gathering retail trade data from 586 entrepreneurs in Braamfontein working in footwear and textile retail businesses to determine predictors of profitability. The study found that 406 of the 586 SMMEs in the study (69.28%) were profitable, whereas the remaining 180 of the 586 SMMEs in the study (30.72%) were not profitable. Results obtained from factor analysis and ordered logit regression analysis showed that profitability was significantly influenced by 3 variables of the study. These 3 predictor variables of study were the level of satisfaction of employees with the style of business leadership in the business, use of social media for networking and marketing merchandise to customers, and the ability to check the quality of services rendered to customers by employees of the business.

Keywords: Braamfontein, Retail businesses, Profitability, Factor analysis

Introduction and background to study

The study aims to identify and quantify determinants of sustainable profitability in footwear and textile retail businesses in Braamfontein. The contribution made to Gross Domestic Product (GDP) by Small, Micro and Medium-sized Enterprises (SMMEs) is significant (Marivate, 2014: 58). The quality of leadership in SMMEs is associated with long-term viability (Worku, 2018). The failure rate among newly established SMMEs is about 50% (Marivate, 2014). In view of the fact that the SMME sector is vital for creating jobs and livelihood to the poor, it deserves to be supported adequately by the South African Government. Due to the global nature of the economy, SMMEs in Gauteng Province are exposed to intense competition from foreign producers, retailers and suppliers. In Gauteng Province, South African SMMEs operating in the footwear and textile industry have lost ground to Chinese manufacturers (Worku, 2018: 299).

The retail industry of Braamfontein needs strategic assistance and support in areas related to entrepreneurial skills, access to loans, mentoring and networking (Herrington, 2018). This is possibly a result of the fact that entrepreneurs are not able to turn their businesses into sustainable ventures. The study will observe that most of the leadership approaches adopted in SMEs in South Africa raises more questions than answers, and this is a cause for concern. Fatoki and Garwe (2010: 732) have found that leadership quality is essential for SMMEs to proceed from inception to sustained business operations. There are various stages of development in SMMEs. In order for SMMEs to go through the various stages of development, the quality of leadership of business operators and owners is a critical mediating factor. New SMMEs do not move from the existence stage, which is the first stage of growth, to subsequent stages of growth such as survival, success, and sustained viability. The five-year-long study conducted by Marivate (2014: 58) in Gauteng Province has found that good leadership quality enables SMMEs to successfully transform themselves through the various stages of growth and development. Their argument is that the leadership approaches adopted by owners and operators of SMMEs have a bearing on the profitability of footwear and textile businesses operating in the Braamfontein region of the City of Johannesburg. Critical aspects of business leadership are the culture of saving, willingness to improve entrepreneurial, auditing and networking skills, and willingness to partner with SMMEs working as competitors (Marivate, 2014: 58). Footwear and textile business owners and operators who lack effective business leadership skills and qualities do not have the potential for ensuring sustained profitability in their business operations.

Studies conducted by Fatoki (2014, 2018), Fatoki and Garwe (2010), Herrington (2018), Marivate (2004) and Worku (2016, 2017, 2018, 2021), Greenstone, Mas and Nguyen (2020), Herrington (2018), Hahn, Minola, Bosio and Cassia (2020), and Booyens, Rogerson, Rogerson and Baum (2022) and Dube (2016) shown that total quality management (TQM) processes are suitable for enhancing personal commitment, discipline and focus on the line of duty, and encourages service providers to dedicate all their resources and energy to satisfy expectations from customers. The study has the potential for identifying a suitable framework that could be used for promoting long-term profitability in footwear and textile businesses that operate in the Braamfontein region of Johannesburg. This is an area where there is a great demand for original research based on data collected from operators and owners of SMMEs in Braamfontein. The study will contribute to knowledge by identifying determinants of profitability in SMMEs. Marivate (2014), Worku (2018) and Fatoki (2018) have shown that programmes of administrative and financial assistance that are provided to emerging SMMEs have not produced tangible results. The authors have shown that microfinance institutions often abuse their resources by disregarding the most basic principles of fairness, objectivity, professionalism and accountability. As a result, they are often viewed in negative light as a result of negative perception held by retail business operators. The study is aimed at filling this gap by collecting empirical data from retailers working in Braamfontein, Johannesburg in the footwear and textile sector.

Objective of study

The primary aim of study is to identify and quantify determinants of sustainable profitability in footwear and textile retail businesses in Braamfontein, Johannesburg.

Literature review

Based on research conducted in Algeria, Bouazza, Ardjouman and Abada (2015) have shown that ethical guidelines and professional obligations can only be adhered to if services provided by MFI institutions and commercial banks are closely monitored and regulated. Ahlers, Cumming, Gunther and Schweizer (2015) effective monitoring and evaluation is helpful for enhancing the quality of loan services that are provided to SMMEs operating in developing nations. According to the authors, there is a lack of money to be given out as loan to SMMEs, and that it is often quite difficult for emerging SMMEs to secure loans from commercial banks and MFI institutions. The authors have highlighted the need for strict regulations by national banks and ministries of finance.

The success and profitability of retail businesses depends upon the availability of reliable and efficient access to credit. The study conducted by Marivate (2014) has found that about half of all newly launched retail businesses fail before working for 3 successive years mostly due to inability to raise business loans and lack of expertise in entrepreneurship. The author has shown that there is a severe lack of funds that could be disbursed out to retail business operators in Gauteng Province. As a result, retail business operators often struggle to secure adequate business loans from commercial banks. The author has shown that emerging retail businesses often fail to meet the stringent requirements for securing business loans from commercial banks and MFI institutions.

Studies conducted by Cristiano, Marcuzzo and Sanfilippo (2018) and Herrington (2018) have shown that retail businesses need constant and reliable access to business loans at all times in order to thrive and remain profitable. The biggest cause of total economic collapse and failure during the Great Depression experienced in the USA between 1929 and 1932 was lack of credit in the market to be used by retail businesses in all economic sectors. When the credit markets dried up to retail business operators, total economic meltdown followed. Following this experience, national banks and finance ministries have adopted a policy that requires them to assess and evaluate the availability of credit to SMMEs on a fair, equitable and objective manner. However, often this principle is violated in developing nations such as South Africa. As a result, it has become necessary to closely regulate commercial banks as a means of ensuring reliable access to finance to retail business operators.

Pambreni, Khatibi, Azam and Tham (2019) have shown that commercial banks and microfinance institutions (MFIs) must be regulated closely by national banks and finance ministries in order to ensure adequate access to SMMEs. The authors have shown that it is essential to keep up ethical and professional standards as a means of ensuring respect for professional duty and obligations to SMMEs. National banks and finance ministries have an obligation to keep a close eye on MFIs and commercial banks on issues that are related to equity, fairness, objectivity and adherence to regulations and guidelines on loan assessment and approval.

Pambreni, Khatibi, Azam and Tham (2019) have shown the need to keep up and enforce ethical principles of good leadership traits in the course of assessing the merits of loan applications submitted by SMMEs to commercial banks and MFI agencies. The authors have argued that it is necessary to moderate assessments made by loan officers on a routine basis in order to moderate decisions taken by loan assessors. The successful application of regulations and guidelines often depends on the degree to which loan assessors adhere to recommended guidelines and ethical and professional principles. Moderation of decisions taken by loan officers is quite helpful. The principle of total quality management (TQM) applies in areas that require adherence to recommended guidelines and regulations. Adherence to TQM principles has been shown to be highly helpful in Indian commercial banks and MFI agencies (Pambreni, Khatibi, Azam & Tham, 2019).

Methods and materials of study

A stratified random sample of size 586 retail businesses was chosen for the study from Braamfontein. An exploratory and cross-sectional research design (Molina-Azorin&Fetters, 2022) was chosen for the research. Data was gathered by using a self-administered questionnaire of study. At each retail business, the quality of business leadership was measured by using a composite index defined by Bantan and Thomas (2021: 339-354).

Results of study

Table 1 shows a frequency table for the overall characteristics of the 586 retailers who were selected into the survey. About 69% of retail businesses were profitable. About 31% of them were not profitable. About 44% of businesses were textile businesses only. About 43% of businesses were footwear businesses only. About 13% of businesses were a combination of textile and footwear businesses. Actual owners accounted for 57% of respondents. Administrators accounted for about 11% of respondents. About 21% of respondents were employed managers. About 8% of respondents were shareholders. The percentage of respondents who were both owners and managers was about 4%. About 32% of respondents had worked in retail business for 11 to 15 years. About 31% of respondents had worked in retail business for 6 to 10 years. About 18% of respondents had worked in retail business for 16 to 20 years. About 14% of them had worked for five years or less.

Table 1: Overall characteristics of respondents of survey (n=586)

Variable of study	Frequency (Percentage)
Profitability of retail business	Profitable: 406 (69.28%) Not profitable: 180 (30.72%)
Type of retail business	Textile: 258 (44.03%) Footwear: 253 (43.17%) Both textile and footwear: 75 (12.80%)
Position held by respondents in retail businesses	Owner: 334 (57.00%) Administrator: 62 (10.58%) Owner and manager: 24 (4.10%) Employed manager: 122 (20.82%) Shareholder: 44 (7.51%)
Duration of retail business operation	5 years or less: 80 (13.65%) 6 to 10 years: 184 (31.40%) 11 to 15 years: 190 (32.42%) 16 to 20 years: 105 (17.92%) 21 years or more: 27 (4.61%)
Duration of experience as manager of this particular retail business	Less than 3 years: 31 (5.29%) 3 to 5 years: 54 (9.22%) 6 to 10 years: 209 (35.67%) 11 to 15 years: 170 (29.01%) 16 to 20 years: 95 (16.21%) 21 years or more: 27 (4.61%)

Table 2 shows estimates for the duration of experience of respondents of study as retail business managers. About 36% of respondents had an experience of working for 6 to 10 years as retail business operators in general. About 29% of respondents had an experience of working for 11 to 15 years as retail business operators in general. About 16% of respondents had an experience of working for 16 to 20 years as retail business operators in general. About 12% of respondents had ages of 20 to 30 years. About 21% of respondents had ages of 31 to 40 years. About 32% of respondents had ages of 41 to 50 years. About 29% of respondents had ages of 51 to 60 years. About 6% of respondents had ages of 61 years or more. About 67% of respondents were male, whereas the remaining 33% of respondents were female. About 54% of respondents were black. About 18% of respondents were white. About 12% of respondents were coloured. About 16% of respondents were Asian.

Table 2: Duration of experience as manager of retail business (n=586)

Variable of study	Frequency (Percentage)
Duration of experience as manager of retail businesses in general	Less than 3 years: 31 (5.29%) 3 to 5 years: 54 (9.22%) 6 to 10 years: 209 (35.67%) 11 to 15 years: 170 (29.01%) 16 to 20 years: 95 (16.21%) 21 years or more: 27 (4.61%)
Age category of respondent in years	20 to 30 years: 71 (12.12%) 31 to 40 years: 123 (20.99%) 41 to 50 years: 188 (32.08%) 51 to 60 years: 167 (28.50%) 61 years or more: 37 (6.31%)
Gender of manager of retail business	Male: 394 (67.25%) Female: 192 (32.76%)
Race category of retail business manager	Black: 316 (53.92%) White: 107 (18.26%) Coloured: 69 (11.77%) Asian: 94 (16.04%)

Table 3 shows estimates for the perceived level of satisfaction of respondents with regards to adherence to business ethics guidelines and principles for retail businesses. Assessment of compliance with business ethics principles was made by using a 5-point ordinal scale in which the number 1 denotes the lowest degree of agreement, whereas the number 5 denotes the highest degree of agreement with the statement provided. That is,

1. Strongly disagree (SD)
2. Disagree (D)
3. Not sure (NS)
4. Agree (A)
5. Strongly agree (SA)

By the standards defined by Trevino and Nelson (2021), the percentages estimated for the 25 indicators show that the 586 retail business operators adhere to business ethics guidelines and principles fairly well. Table 4.1.11 shows frequency counts and percentages for 25 indicators of compliance with business ethics guidelines and principles. Assessments are made for each indicator by using a 5-point ordinal scale. The table shows that 83.62% of respondents believe that punctuality is valuable for conducting business profitably. About 38.56% of respondents believe that it is valuable to let customers know the selling prices of goods and products clearly enough.

The percentage of respondents who believe that it is helpful to let customers know the range of all products clearly is 16.55%. The percentage of respondents who believe that their goods should be seen as reliable at all times by customers is 17.24%. The percentage of respondents who believe that their services should be seen as reliable at all times by customers is equal to 20.30%.

Table 3 shows that the percentage of respondents who believe that it is valuable to do their best to sell perfect products to their customers is 77.82%. The percentage of respondents who believe that it is valuable to replace

faulty products with good products immediately to all my customers at all times is equal to 77.96%. The percentage of respondents who value trustworthiness in the eyes of their employees is 78.67%. The percentage of respondents who value trustworthiness in the eyes of their customers is 74.40%. The percentage of respondents who value being considered honest by their employees is 76.79%. The percentage of respondents who value being considered honest by their customers is 38.56%. The percentage of respondents who respect business ethics principles at all times is 81.06%. The percentage of respondents who value attending to requests for help from employees is 81.06%.

Table 3 shows that the percentage of respondents who ask their juniors to handle requests for help on their behalf is 79.35%. The percentage of respondents who abide by business ethics principles in the course of conducting business is 81.06%. The percentage of respondents who respect terms of sales at all times is equal to 79.35%. The percentage of respondents who are easily accessible to every one of their employers is 81.06%. The percentage of respondents who are easily accessible to every one of their customers is 79.35%. The percentage of respondents who respond to queries personally is 27.64%. The percentage of respondents who place emphasis on the need to run business perfectly well on a day-to-day basis is 78.67%.

Table 4 shows estimates for the perceived level of satisfaction of respondents with regards to adherence to business leadership principles for retail businesses that are based on corporate social responsibility. Assessment of compliance with good corporate social business leadership principles was made by using a 5-point ordinal scale in which the number 1 denotes the lowest degree of agreement, whereas the number 5 denotes the highest degree of agreement with the statement provided. That is,

1. Strongly disagree (SD)
2. Disagree (D)
3. Not sure (NS)
4. Agree (A)
5. Strongly agree (SA)

By the standards defined by Bantan and Thomas (2021: 339-354), the percentages estimated for the 42 indicators show that the 586 retail business operators adhere to business leadership guidelines and principles fairly well. Table 4.1.12 shows that 17.4% of respondents have a very good working relationship with every one of their employees at the workplace. The percentage of respondents who sincerely appreciate every one of their employees at the workplace for the work they do is 77.82%. The percentage of respondents who value comments and suggestions given to them by their employees at the workplace is 76.96%. The percentage of respondents who genuinely respect every one of their employees at the workplace is 78.67%. About 74.40% of respondents have a natural tendency to understand a problem that has been pointed out to them by their employees before taking decisions.

The percentage of respondents who are quick to acknowledge their mistakes is 76.79%. The percentage of respondents who are quick to apologise to their employees that they have offended is 76.28%. The percentage of respondents who are happy to apologise to employees they have offended is 81.06%. The percentage of respondents who are quick to apologise to an employee that they have offended is 81.06%. The percentage of respondents who are accountable enough to their employees over their business decisions is 79.35%. The percentage of respondents who are accountable to their colleagues and superiors over their business decisions is 81.06%.

About 79.35% of respondents are transparent enough while taking decisions. About 81.06% of respondents are objective enough while taking decisions. About 79.35% of respondents make the effort to have themselves educated continuously. About 23.21% of respondents support their employees in having them trained (quite low). About 31.57% of respondents give their employees a service bonus as an expression of appreciation for work done well (quite low). About 23.55% of respondents take their time to help out employees who encounter personal problems at home (quite low). About 17.58% of respondents consider themselves loyal to their employees (quite low). About 28.15% of respondents respect business ethics principles at all times (quite low). About 74.91% of respondents attend to requests for help from their employees after completing important tasks (moderately high). About 74.74% of respondents ask their juniors to handle requests for help from their employees on their own behalf (high). About 35.66% of respondents conduct business with due regard to business ethics (quite low). About 22.35% of respondents respect terms of sales at all times (quite low). About 74.91% of respondents are easily

accessible to every one of their employees (moderately high). About 37.71% of respondents are easily accessible to every one of their customers (quite low).

About 78.67% of respondents are happy to respond to queries personally (moderately high). About 82.08% of respondents place emphasis on the need to run business perfectly well on a day-to-day basis (moderately high). About 38.56% of respondents are objective enough in the assessment of the performance of their employees (quite low). About 79.52% of respondents have the intention to help employees improve their ability to work better while they carry out performance appraisal (moderately high). About 81.06% of respondents give feedback to each one of their employees on their performance assessment reviews (moderately high).

About 38.40% of respondents follow a clearly spelled out grievance procedure for their employees (quite low). About 17.06% of respondents feel that the employee turnover in their business is high. About 77.82% of respondents take comments and suggestions made by their customers seriously enough (fairly high). About 77.98% of respondents respect the labour-related rights of their employees. About 78.84% of respondents explain the basic rights of employees to their employees (as expected). About 75.25% of respondents are happy to motivate their employees (average). About 77.30% of respondents make the effort to lead their employees by example (average).

About 77.31% of respondents believe that their employees have enough access to valuable information at all times (average). About 81.06% of respondents believe that their employees understand grievance procedures that need to be followed clearly enough (average). About 81.06% of respondents provide career growth paths to their employees (high). About 79.52% of respondents improve the quality of their services by taking valuable comments and suggestions from their customers and employees (high).

Table 4: Assessment of the quality of business leadership (n=586)

List of 42 indicators of business leadership quality	SD	D	NS	A	SA
I have a very good working relationship with every one of my employees at the workplace (D1)	25.43%	24.40%	32.76%	10.92%	6.48%
I sincerely appreciate every one of my employees at the workplace for the work they do (D2)	4.10%	7.51%	10.58%	57.00%	20.82%
I value comments and suggestions given to me by my employees at the workplace (D3)	5.63%	7.51%	9.90%	55.29%	21.67%
I have genuine respect for every one of my employees at the workplace (D4)	4.10%	6.66%	10.58%	57.00%	21.67%
My natural tendency is to understand a problem that has been pointed out to me by my employees before taking decisions (D5)	7.51%	7.51%	10.58%	55.29%	19.11%
I am quick to acknowledge my mistakes (D6)	5.80%	6.83%	10.58%	55.29%	21.50%
I am quick to apologise to an employee that I have offended (D7)	5.63%	7.51%	10.58%	56.14%	20.14%
I am happy to apologise to an employee that I have offended (D8)	0.85%	7.51%	10.58%	57.00%	24.06%
I am quick to apologise to an employee that I have offended (D9)	0.85%	7.51%	10.58%	57.00%	24.06%
I am accountable enough to my employees over my business decisions (D10)	2.56%	7.51%	10.58%	57.00%	22.35%
I am accountable enough to my colleagues and superiors over my business decisions (D11)	0.85%	7.51%	10.58%	57.00%	24.06%
I am transparent enough while taking decisions (D12)	2.56%	7.51%	10.58%	57.00%	22.35%
I am objective enough while taking decisions (D13)	0.85%	7.51%	10.58%	57.00%	24.06%
I am fair enough while taking decisions (D14)	2.56%	7.51%	10.58%	56.14%	23.21%
I make the effort to have myself educated	8.87%	6.83%	56.66%	24.23%	3.41%

continuously (D15)					
I support my employees in having them trained (D16)	18.94%	24.40%	33.45%	10.92%	12.29%
I give my employees service bonuses as an expression of appreciation for work done well (D17)	24.91%	24.40%	33.45%	24.40%	7.17%
I take my time to help out employees who encounter personal problems at home (D18)	16.38%	19.28%	40.78%	13.82%	9.73%
I consider myself loyal to my employees (D19)	20.31%	23.55%	38.57%	10.41%	7.17%
I respect business ethics principles at all times (D20)	16.38%	17.92%	37.54%	16.72%	11.43%
I attend to requests for help from my employees after completing important tasks (D21)	7.00%	7.51%	10.58%	50.00%	24.91%
I ask my juniors to handle requests for help from my employees on my behalf (D22)	7.51%	9.56%	8.19%	47.78%	26.96%
I conduct business with due regard to business ethics (D23)	21.67%	10.75%	31.91%	31.91%	3.75%
I respect my terms of sale at all times (D24)	20.99%	24.40%	32.25%	10.92%	11.43%
I am easily accessible to every one of my employees (D25)	3.24%	14.51%	7.34%	47.61%	27.30%
I am easily accessible to every one of my customers (D26)	22.18%	10.75%	29.35%	33.96%	3.75%
I am happy to respond to queries personally (D27)	1.71%	7.51%	12.12%	55.46%	23.21%
I place emphasis on the need to run business perfectly well on a day-to-day basis (D28)	1.71%	6.48%	9.43%	47.61%	34.47%
I am objective enough in the assessment of the performance of my employees (D29)	18.77%	10.75%	31.91%	34.81%	3.75%
In the assessment of employee performance, my primary intention is to help my employees improve their ability to work better (D30)	2.56%	7.85%	10.07%	55.63%	23.89%
I give feedback to each one of my employees on their performance assessment reviews (D31)	3.58%	8.36%	7.00%	47.61%	33.45%
There is a clear grievance procedure for all employees (D32)	21.84%	10.92%	28.84%	34.13%	4.27%
The employee turnover is high (D33)	25.60%	24.23%	33.11%	11.09%	5.97%
Comments and suggestions made by customers are taken seriously (D34)	4.27%	7.85%	10.07%	57.17%	20.65%
I respect the labour-related rights of my employees (D35)	5.12%	7.85%	9.04%	55.63%	22.35%
I explain the basic rights of my employees to them (D36)	3.75%	7.34%	10.07%	57.17%	21.67%
It gives me great joy to motivate my employees (D37)	6.83%	7.85%	10.07%	55.63%	19.62%
I take the effort to lead my employees by example (D38)	5.29%	7.34%	10.07%	55.63%	21.67%
My employees have enough access to valuable information at all times (D39)	4.78%	7.85%	10.07%	56.66%	20.65%
My employees understand grievance procedures that need to be followed clearly enough (D40)	1.02%	7.85%	10.07%	57.17%	23.89%
I provide career growth paths to my employees (D41)	1.02%	7.85%	10.07%	57.17%	23.89%
I improve the quality of my services by taking valuable comments and suggestions from customers and employees alike (D42)	2.56%	7.85%	10.07%	57.17%	22.35%

Table 5 shows a two-way table for the variables sustained profitability and the use of total quality management (TQM) principles for ensuring good business leadership.

Table 5: A two-way table for profitability and use of TQM methods (n=586)

	Business profitable	Business not profitable	Total
TQM used	297	103	400
TQM not used	77	109	186
Total	374	212	586

The results shown in Table 5 indicate that the association between TQM and profitability was significant at the 5% level of significance. Appendix B of the thesis shows that all expected cell frequencies are larger than 5 in magnitudes. Hence, all results obtained from Pearson’s chi-squared tests of association are credible enough.

Table 6 shows significant predictors of profitability based on odds ratios estimated from ordered logistic regression analysis.

Table 6: Odds Ratios estimated from ordered logistic regression analysis (n=586)

Predictor variable	P-value	OR and 95% Confidence Intervals of Odds Ratio
Level of satisfaction of employees with the quality of business leadership in the retail business	0.000***	3.59 (2.84, 7.01)
Use of social media for marketing merchandise to customers	0.001**	3.54 (2.02, 6.30)
Ability to check the quality of services rendered to customers by employees of the business	0.004**	2.89 (1.94, 5.82)

Table 6 shows 3 influential predictors of profitability in the 586 retail businesses selected as part of the survey at the 0.001% level of significance. These 3 predictor variables of study were the level of satisfaction of employees with the style of business leadership in the business, use of social media for marketing merchandise to customers, and the ability to check the quality of services rendered to customers by employees of the business, in a decreasing order of influence.

Interpretation of significant odds ratios

The odds ratio of the variable “Level of satisfaction of employees with the style of business leadership in the retail business” is equal to 3.59. This indicates that retail businesses in which employees are satisfied with the quality of business leadership are 3.59 times more profitable in comparison with retail businesses in which employees are not satisfied with the quality of business leadership.

The odds ratio of the variable “Use of social media for marketing merchandise to customers” is equal to 3.54. This indicates that a retail business operator who uses social media for marketing merchandise is 3.54 times more profitable in comparison with a retail business operator who fails to use social media for marketing merchandise.

The odds ratio of the variable “Ability to check the quality of services rendered to customers by employees of the business” is equal to 2.89. This indicates that a retail business operator who checks the quality of services rendered to customers by employees is 2.89 times more profitable in comparison with a retail business operator who fails to check the quality of services rendered to customers.

The degree of reliability of the fitted ordered logistic regression model was assessed by using the classification table and the Hosmer-Lemeshow goodness-of-fit test (Roback & Legler, 2020). The percentage of overall correct

classification for the fitted binary logistic regression model was equal to 79.05%. This figure is above 75%, and shows that the fitted binary logistic regression model is reliable enough. The P-value obtained from the Hosmer-Lemeshow goodness-of-fit test was equal to 0.1145. This figure is above 0.05. As such, the test indicates that the fitted logistic regression model is theoretically reliable.

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