Surviving the Competition: A South African Case Study of Quality of Record Keeping and Economic Performance of Hairdressing Salons

Author's Details:
[(1)] **Dr. Edem Agbobli** -Central University of Technology, Free State [(2)] **Dr. Mosweunyane, Lentswe-**Central University of Technology, Free State, South Africa [(3)] **Dr. Francis Okyere**-Department of Business and Management Development-National University of Lesotho, Lesotho

Abstract
Hair salons provide a partial solution to South Africa's high unemployment, poverty and inequality problems because they are labour intensive and have low start-up costs making them affordable even to the poor and the marginalised. Dr. Ruth Segomotsi Mompati District Municipality in South Africa is a socio-economically depressed area that largely depends on hair salons for employment. The prosperity of hair salons is therefore critical to the economic well-being of the inhabitants of the area. The proliferation of hair salon business since South Africa's 1994 democracy has led to fierce competition among these businesses in the region. There is a consensus that in the current information economy, effective records management allows for quick access to reliable information which is key for business success. In addition, the resource-based view (RBV) of the firm suggests that quick access to reliable information allows firms such as hair salons to gain sustainable competitive advantage. This study assessed the relationship between the quality of records keeping and the economic performance of hair salons. From a total of 752 hair salons, a sample of 195 salons was surveyed using cluster sampling. It was found that hair salons that engage in quality records keeping outperform those that do not

***Keywords**: Records keeping, competition, performance, small, micro and medium enterprises*

1. Introduction and problem background

According to Amoakoh (2012:16), there is a proliferation of hair salons in Dr. Ruth Segomotsi District Municipality. The author further states that hair salons constitute a significant proportion of economic activities in the area. This assertion illustrates the growing importance of hair salons in the area. An expected outcome of the proliferation of hair salons in the area is the increasing competition among hair salons that have led many of these businesses to fold up (Amoakoh 2012). This paper reports the results of a study that examined the relationship between a hair salon's economic performance as measured by profitability and the quality of its records management. A study tour of the area by the researchers suggested that these findings might still be valid. For instance, informal conversations with salon operators revealed that the establishment and operations of hair salons in the municipality have been on the rise. Salon operators also said that the hair salon business is labour intensive and requires only very little initial capital outlay. However, they also said that hair salons tend not to grow or expand. Instead, many salons disappear soon after their establishment. Hair salons in the area, therefore, exhibit low survival rates. The salon operators further claim that due to the intensive competition, margins are relatively low which also translates into low growth. These experiences (low profits and stunted growth) are common phenomena among small businesses including hair salons. Small businesses need to adopt strategic postures which could assist them in their quest for competitiveness and superior performance. One such strategic approach is quality records keeping for enhanced economic performance. It is contended that for hair salons to stay in business and make a profit, it is imperative for them to keep quality records which in turn enhances their operational efficiency with a consequent increased survival rate and profitability. To put the study in context, we present a brief perspective on records keeping in small businesses.

Hair salons are a type of small businesses termed in South Africa as small, micro and medium enterprises (SMMEs) (National Small Business Act (NSBA) of 1996 (as amended in 2003 and 2004). Being labour intensive, it is obvious that hair salons provide a partial solution to South Africa's high unemployment, poverty, and inequality.

Dr. Ruth Segomotsi Mompati District Municipality in the North West Province of South Africa is a socio-economically depressed area that depends on hair salons for employment (Amoakoh, 2012). The prosperity of hair salons in this area is therefore critical to the well-being of the inhabitants of the area. Unfortunately, the proliferation of hair salons in the area has created a fierce competition among hair salons for customers which results in declining profits and failures (Oparanma et al. 2010). While many reasons can account for business failure in an intensely competitive environment (Fatoki & Asah, 2011; Van Eeden et al. 2001), there is consensus in the literature that in the current information economy, appropriate keeping of records allows for quick access to reliable information which is key to gaining competitive advantage (Tushabomwe-Kazooba, 2006).

In fact, the resource-based view (RBV) theorised by Barney (1991), which argues that organisational performance is principally determined by its internal resources and capabilities (Clulow et al. 2007) suggests that a company's quick access to reliable information that is contained in its resources allows that firm to gain sustainable competitive advantage. Accordingly, it is crucial that managers/owners of hair salons recognise the importance of quality records keeping in order to continuously improve their performance and survive the competition. Unfortunately, the researchers informally observed a disturbing trend among some hair salons in Dr. Ruth Segomotsi Mompati District Municipality that flies in the face of what can be termed quality records keeping. An informal visit to some of the salons in the region revealed an apparent negligence with which transactions were recorded. Worst still, Informal conversations with a few hair salons operators seem to suggests that records management may be a problem among hair salons as some even appear to see it as more of a liability than an asset.

2. Problem statement

Given the apparent negligence of quality records keeping among hair salons in Dr. Ruth Segomotsi Mompati District Municipality, the question then is, how widespread is this negative attitude towards records keeping in Dr. Ruth Segomotsi Mompati District Municipality? Or could this be the general sentiment in the hair salon industry as a whole? The purpose of this study is, therefore, to assess how hairdressing salons survive the competition and perform economically through the quality of records they keep.

2.1 Research questions

1. What is the general performance of hair salons in Dr. Ruth Segomotsi Mompati District Municipality?
2. To what extent do hair salons practice what can be termed good records management?
3. Are there significant differences in these hairdressing salons' performance based on the quality of record keeping? If so, what is the nature of the differences?

3. Literature review and theoretical framework

Related literature is reviewed in this section in order to establish the theoretical framework for the study. Following is a summary of the literature review.

3.1 The resource-based view of the firm

The RBV is one of the dominant theories which has gained currency and influence in management research (Azevedo et al. 2011; DeSarbo et al. 2007). A key argument of the RBV proponents is that, for a firm to achieve a competitive advantage, it needs to acquire and control resources and capabilities that are valuable, rare, inimitable, and non-substitutable which are utilised in the relevant market environment (Boso et al. 2013; Teece et al. 1997). Competitive advantage occurs when there is resource heterogeneity (competing firms may possess different bundles of resources) and resource immobility (the resource differences that persist) (Acosta et al. 2011; Madhani, 2010 and Barney, 1991).

The RBV further contends that mere possession of unique and valuable resources alone would not result in competitive advantage, but rather, it is the skillful deployment (capabilities) of these resources by the organisation's human capital that may pave the way for competitive advantage. Consistent with the literature (Grant, 2008; Barney, 1991), we conceptualise human capital to consist of training, experience, insight, and relationships of individual managers and workers in an organisation. This conceptualisation could be translated to infer the collective value of the organisation's intellectual capital transcending the competencies, knowledge, and skills inherent in the organisation.

Peteraf and Barney (2003) posit that a firm achieves a competitive advantage if it has greater success than its current and potential industry competitors. A business with a competitive advantage could be characterised as one that is engaging in activities that increase their efficiency or effectiveness in ways that competing firms cannot (Barney, 2001).

Drawing therefore on the RBV, this paper argues that hair salons that adopt quality records keeping using its unique record keeping capabilities which are rare, non-substitutable and inimitable, and at the same time adds value will gain sustained competitive advantage over their rivals.

3.2 Conceptual framework

Following the above literature review, we propose the conceptual framework in Figure 1. In the model, we argue that hair salons need to adopt record keeping as a good business practice. Such record keeping should be conducted such that it is qualitative in order to give the hair salons competitive advantage. To achieve this objective, the quality record keeping practice should deploy the exceptional internal resources – skills, which are rare, non-substitutable, and inimitable and at the same time add value which translates into a sustained competitive advantage for the firm (Genc, 2014).

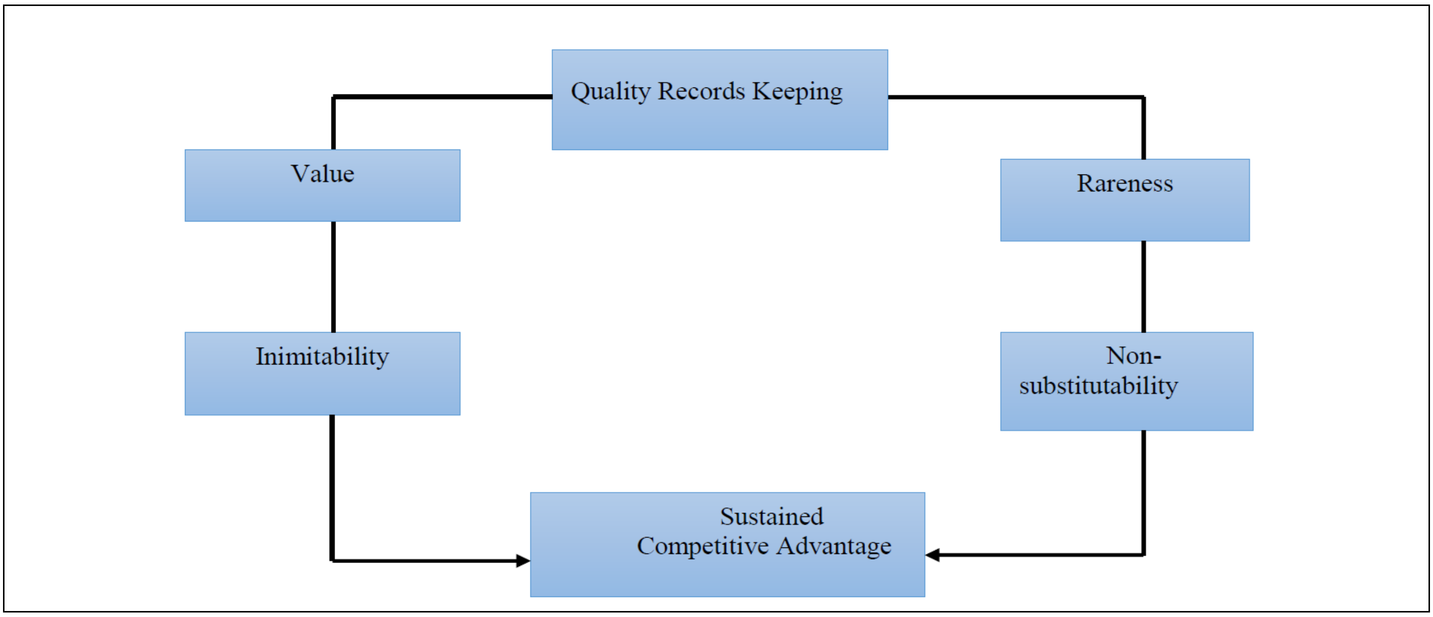

Figure 1: Records management and business performance
Source: Barney (1991:112) with adaptations.

3.3 Importance of records keeping in SMMEs

Records are one of the assets that SMMEs need to manage in order to be profitable, survive and remain profitable. As Smith (2007) alludes to, records management should be a serious business function of every business including smaller ones like hair salons as it can make or break profitability. Tushabomwe-Kazooba (2006) specifically warns that poor record keeping is a major cause of small business failure. This author goes on to point out that because most small businesses do not keep proper records, they end up losing track of their transactions and cannot account for their income, expenses, and profits resulting in business closure. For these reasons, we contend that, in addition to attaching a priority attention to other businesses aspects such as finances, location, skills, marketing among others, SMMEs including hair salons ought to consider records keeping a strategic activity for enhanced performance, profitability and competitiveness (Kasim, 2011; Pemberton, 2004).

The business should, however, not just keep records for the sake of keeping them. Rather, records should be kept for future reference in decision making. Records contain vital information such as evidence of business transactions (Kasim, 2011). Transaction records can provide a window into the future for hair salons as past and current transactions can provide trends that they can use to project their future level of performance.

Kemoni and Ngulube (2008) and Makhura (2005) agree that quality records keeping is vital to a business as it facilitates the free flow of information that ensures the timely and rapid availability of authentic information when most needed for decision making. Some scenarios where authentic and reliable information is needed include litigation and tax assessment. According to the State of Florida (2010), businesses need to manage records in order to meet legal, fiscal and administrative requirements. In the case of hair salons, records of chemicals used on hair could become very handy during damage claims while settling tax issues requires the availability of appropriate financial records. For example, quality records keeping will enable hair salons to keep track of operating costs so that where necessary, costs reduction can be done based on relevant information. Similarly, good management will enable salons to defend themselves against lawsuits by producing records in defence. This means that hair salons can save time and money during litigation by falling on their records. In this respect, Sampson (2002) maintains that the quality of records keeping may prevent or minimize the risk of losses in court proceedings.

The aforementioned discussion shows how important records and the good record keeping can be to a business such as hair salons. The next section discusses the how quality records keeping can enhance competitive advantage.

3.4 Gaining competitive advantage through quality records keeping

As Kasim (2011) puts it, records contain information that serves as a valuable resource to an organisation. For a business to create a competitive advantage, timely decision making is needed. Therefore, businesses that adopt strategic records management approach will have information readily available for timely decision-making. According to Pemberton (2004) information has always been a business's central resource, without which businesses cannot compete. Pemberton further states that business records are both operational and strategic assets.

There are concrete reasons why records management is among the most important strategic resource that the organisation needs to emphasize (Kasim, 2011). The first and perhaps most important reason is that in today's competitive environment, businesses should not only survive but also gain a competitive advantage against rivals in order to be successful (Bal et al. 2011). Managing business records effectively and efficiently will enable businesses to create competitive advantage by discovering new and better ways of creating value for their market. This assertion will be tested in order to determine the extent to which it is applicable to hair salons. Another reason is that a business can differentiate itself from its competitors by strategically developing and deploying specific resources (Caldas, 2010). Differentiating resources according to the authors comprise any type of assets, capabilities, information or knowledge susceptible to being controlled and exploited to improve a business's competitive advantage. Further to capture the dynamism of a firm's competitive behaviour, the growth of the firm needs to be traced in terms of its resources and capabilities and the way they are used (Coates & McDermott, 2002). This is where records keeping will be helpful as the growth of the business can be traced by consulting the businesses' records. In addition, due to the fact that accurate records reduce uncertainty, they could form the basis of business actions as well as reliable decision making (Pemberton, 2004).

The uniqueness of businesses lies in the way they use their resources and capabilities. According to Coates and McDermott (2002), many of the resources and capabilities upon which competitive advantage is built to have their foundation in the operations area, where records are actively created and used. Records keeping is fundamental to the development and use of resources as they show the usefulness, effectiveness, and productiveness of resources. Coates and McDermott (2002) state that resources themselves cannot generate competitive advantage but rather it can be generated by how those resources are used. Pemberton (2004) states that records management confer competitive advantages that can increase revenues. According to Foss (2011), if the business is able to deploy input factors in a way that create value for its customers and has the potential to do better than the competition, it will have an advantage over its rivals. In this study, it is argued that hair salons that deploy records management to create value for their customers are likely to overtake their competitors. The next section reviews related literature on how records management impacts on business performance.

3.5 Quality records-keeping and business performance

Records management seems to be a necessity for good business management. Smith (2007) argues that good records management contributes to strengthening the business and achieving the goals of efficiency, accountability and good governance. Saffady (2011) agrees by stating that recorded information is a strategic asset that makes direct, significant and an indispensable contribution to businesses' objectives, efficiency, and effectiveness. From the above, it can be deduced that records management is increasingly used as a business resource to improve business performance. Hair salons cannot be an exception.

Saffady (2011) maintains that systematic records keeping can deliver savings that have a direct beneficial impact on firm performance. Efficient record-keeping contributes to profitability by lowering the cost of doing business. Yusof (2008) points out that businesses are encouraged to adopt records management in order to remain competent in their respective firms. Quality records keeping could differentiate a well to-do-business from those non-performing ones. Smith (2007) and Yusof (2008) maintain that it has been widely accepted that information is now regarded as an asset equivalent to capital, manpower, and physical assets. To support this, Sampson (2002) argue that an effective records keeping could make the difference between mere survival and prosperity. Yusof (2008) further states that businesses depend on information to develop products and services, make critical strategic decisions, protect property rights, propel marketing, manage projects, process transactions, service customers and generate revenue. That valuable information is contained in the organisation's business records. Businesses that manage their records well reap immediate benefits in terms of being able to utilize all available information resources for competitive advantage (Chinyemba & Ngulube, 2005).

Corporate Storage Services (2010) and University College Dublin (2004) state that managing records is a core activity within business processes, and that businesses need effective records keeping to help them in their quest for success. Corporate Storage Services further states that if a business wants to stay in the trade for a long time it needs an effectual record keeping practice. By keeping records, businesses reduce costs, reduce risks or uncertainty, protect privacy, add value to existing services and preserve knowledge as one of the business's most important assets (Red Deer College, 2009). Kennerley and Mason (2008) further point out that by managing information, a business supports effective decision making, preserves the business's memory, and safeguards important documents. Bailey and Hyslop (2009) further add that with access to the right data to prove efficiency, return on investment and benefits realisation, the arguments in favour of continued investment in records management should be strengthened.

4. Methodology

The study is mainly descriptive and quantitative in nature. The target population consists of 752 hair salons in Dr. Ruth Segomotsi Mompati District Municipality. The salons were clustered according to towns from which probability sampling was used to draw 195 salons to participate in the study. Singh and Nath, (2010:164) claim that probability sampling affords every element a known chance of being included in the sample. De Vos et al. (2011:230) maintain that cluster sampling has the advantage of concentrating the study in a specific section of a greater geographical area. Therefore, cluster sampling was a good choice as the municipality has isolated clusters of villages and towns. Questionnaires were used to collect data from respondents. From the sample (195), 137 returned questionnaires which were accurately completed were analysed. Descriptive and inferential statistical tools were applied in analysing the resulting data

4.1 Findings and discussion

The results and findings of the study are presented and discussed in this section. The section firstly presents the number of years the business has been in operation, succeeded by the utilisation of records and finally, business performance.

4.1.1 Demographic profile of the hair salons

The demographics of hair salon businesses in the study area resulting from the survey are presented in this section. The demographics cover the role of owner/managers in the business, gender, age, and educational status. Other variables include access to computer, computer literacy and person who handles business records. The rest is the number of years the business has been in operation, computer literacy of respondents, and a number of employees in the business. The Demographics are captured in Table 1.

Owner/manager

Table 1 shows that 47.4% of the respondents were owners but take no part in the management of the business while 43.1% were managers only. Owner/managers constituted a small proportion (9.5%). This finding rather contradicts other research findings where owner/managers of small businesses in the same study locale formed a predominant majority (Dzansi, 2004; Agbobli, 2013). This apparent contradiction could be explained by the suspicion that a good number of hair salons are owned by persons either employed in the public sector or engaged in other private businesses who see hair salons as a supplementary source of income.

Gender

It is also reported that the majority (60%) of the respondents were female whilst 40% were male (Table 1). This comes as no surprise as hairdressing business has traditionally been the preserve of female occupation. This trend apparently goes a long way in addressing women who are hardest hit by the general unemployment in South Africa and other developing economies.

Age of respondents

It is reported in Table 1 the salon businesses is dominated (51.8%) by the youth between the ages of 18-35. This is closely followed by the age group 36-45 years who constitute 38.7%. A small percentage (4.4%) was under 18 years and over 46 accounted for only 5.1%. The positive side of this finding is that the youth make up the largest proportion of the unemployed population in South Africa as well as other developing countries. Hair salons, therefore, provide a partial solution to unemployment which is a formidable problem in the developing countries. It is also significant to note that majority of the respondents (90.5%) belong to the economically active population segment. The implication is that the hair salon business is a key employer of the economically active population in the research area.

Educational status

A variety of qualifications across the sample is illustrated in Table 1. The majority (63.5%) of the respondents had Grade 10-12 levels of education while 16.8% had tertiary qualifications. A further 6.6% had postgraduate qualifications and 12.4% of respondents attained between Grades 7-9 qualifications.

Table 1: Profile of hair salon owner/managers

Variable	Value	%
Role	owner	47.4
	manager	43.1
	Owner/manager	9.5
Gender	Male	40
	Female	60
Age of respondents	Under 18	4.4
	18-35	51.8
	36-45	38.7
	46-55	5.1
Educational status	Grade 1-6	0.7
	Grade 7-9	12.4
	Grade 10-12	63.5
	Tertiary (college/university	16.8
	Postgraduate	6.6
Age of business	1-5 years	59.1

	6-10 years	29.2
	11-15 years	10.2
	16-20 years	1.5
Access to computer	Yes	4.4
	No	95.6
Computer literacy	Very poor	13.1
	Poor	10.2
	Average	29.9
	Good	27.0
	Very good	10.2
Number of employees excluding owner	One	13.9
	Two to four	43.1
	Five to nine	38.7
	Ten and above	4.4
Record keeper	Owner	35.8
	Manager	33.6
	Owner/manager	21.9

The less literate respondents who possess between grades 1-6 account for only 0.7%. Since the majority of the respondents had some form of education ranging from Grade 7 to postgraduate levels, hair salon operators could easily be trained in quality records keeping for more efficiency and effectiveness in their business transactions which could translate in greater competitiveness.

Access to computer and computer literacy.

Though only 4.4% (Table 1) of respondents had access to a computer in their business suggesting very little usage of electronic records keeping for cost reduction and greater efficiency in the customer as well as general business management, 67.1% claimed they possess computer skills ranging from average to very good. Given the necessary support, (e.g. computers and other forms of capital), hair salon operators and probably other SMMES could adopt electronic records keeping for enhanced competitiveness.

Age of business

In Table 1, it is reported that the majority of hair salons (59.1) were relatively young (1-5 years). Those between 6 to 10 years made up 29.2%, 11 to 15 constituted 10.2% while 16 to 20 years took 1.5% (Table 1). As most hair salons were reportedly young, survival would certainly pose a mammoth challenge since most small businesses perish in the 1 to 3-year old category (Van Eeden et al. 2001; Fatoki & Asah, 2011). For sustainability, survival, and competitiveness, it would seem imperative for hair salons to take to good records management.

4.1.2 Hair salons' utilisation of records

This section evaluated the utilisation of records in hair salons. Table 2 illustrates how respondents use records in their business. For example, the table shows that 90.5% of hair salons consult their records when making decisions and only 9.5% do not. It is also reported in Table 2 that an average percentage of 79.3 respondents utilise business records for various decisions and only an average of 20.7% do not.

Table 2: Percentage analysis of the extent of use of records

Statement	**Do not utilise records** (Strongly disagree + disagree + don't know)		**Utilise records** (Agree + strongly agree)	
	N	**%**	**N**	**%**
The business consults its records before introducing new products/ services	2	16%	115	84%
The business consults its records for problem solving	9	13.8%	118	86.2%
The business considers records when setting goals	0	21.9%	107	78.1%
The busine2ss consults its records for decision making	3	9.5%	124	90.5

The business considers records for legal purposes	8	42.3%	79	57.6%
Average	**20.7%**		**79.3%**	

It is therefore illustrated (Table 2) that most hair salons know the importance and the use of records.

4.1.3 Linking records management and business performance

This section evaluated business performance over the past five years. This is done in order to answer the research question which seeks to investigate the relationship between records management and business performance. The results are presented in graphs and cross-tabulation tables below and interpretations thereof.

Estimated business sales growth over the past 1-5 years

As shown in Figure 2, a large proportion of respondents (64.9) said their salons' sales have been growing; 19.7% saw no change and only 15.3% said that their sales were decreasing.

Table 3: Business Performance Measures

Variable	Value	Percentage
Estimated business sales growth over the past 1-5 years	Decreasing (1-5 %)	15.3 %
	No change (0 %)	19.7 %
	Increasing (1-5 %)	40.1 %
	Increasing (over 5%)	24.8 %
Net profit growth for the past 5 years	Decreasing (1-5 %)	10.9 %
	No change (0 %)	20.4 %
	Increasing (1-5 %)	40.1 %
	Increasing (over 5%)	28.5 %
Overall business performance since the operation started	Poor	8.0 %
	Average	39.4 %
	Good	29.9 %
	Very good	22.6 %
Market share over the last 5 years	Disagree	14.6 %
	Don't know	2.9 %
	Agree	57.7 %
	Strongly agree	24.8 %

Net profit growth for the past 5 years

Figure 3 illustrates a similar trend in profitability to that of sales growth with 68.6% recording net profit growth in the last 1-5 years; 20.4% recorded no growth and only 10.9% reported decreasing profits. These figures will also be compared based on records management practices for differences.

Overall business performance since the operation started

The overall business performance since the operation started is reported in Figure 4. According to Figure 1.5, about half (22.6% + 29.9%) of the businesses appear to be doing quite well (rated good or very good), 39.4% of the salon's performance was average whilst only a small percentage (8%) reported poor performance. **On the basis of the findings reflected in Figure 4, it could be concluded that hair salons in the region were performing economically well.**

Market share over the last 5 years

It is reported in Figure 5 that an overwhelming majority (82.5%) experienced an increasing market share over the last 1-5 years. This finding demonstrated that most hair salons were doing well.

4.1.4 Relationship between performance and records management

This section presents the results of statistical analysis and discusses the research questions investigated in the study. Pie charts, percentages and cross-tabulations were used to discuss the results. Fisher's exact test was used to determine the statistical significance of different variables. The strength of the relationship between variables was measured by Cramer' V.

Sales growth versus how well records are kept

The cross tabulation in Table 4 reveals that fisher's exact test of statistical relationship exists between business sales growth and quality or up to date records. However, the relation between the two variables according to Cramer's V is moderate. This finding answers the research question which seeks to establish the link between quality records keeping and business performance. This finding shows that quality records keeping has a positive influence on the business sales growth. This is consistent with the literature which states that "systematic records management can deliver savings that have a direct, beneficial impact" (Saffady, 2011:38).

Table 4: Sales growth versus how well records are kept

Type of record		Business sales growth			Fisher's exact test	Cramer's V
		Deceasing	No change	Increasing		
Employee attendance	Does not exist	24.4%	35.6%	40%	Sig, p<0.05	0.365
	Exist but not up to date	55.6%	0.0%	44.4%		
	Kept up to date	6.0%	13.3%	80.7%		
Employee earnings	Does not exist	20.0%	46.7%	33.4%	Sig, p<0.05	0.392
	Exist but not up to date	47.4%	5.3%	47.4%		
	Kept up to date	6.8%	13.6%	79.6%		
Financial statements	Does not exist	22.2%	25.9%	51.8%	Sig, p<0.05	0.408
	Exist but not up to date	35.7%	46.4%	17.9%		
	Kept up to date	6.1%	8.5%	85.4%		
Bank transactions	Does not exist	37.5%	6.2%	56.2%	Sig, p<0.05	0.543
	Exist but not up to date	4.5%	86.4%	9.1%		
	Kept up to date	14.1%	7.1%	78.8%		
Purchases	Does not exist	0.0%	18.2%	81.9%	Sig, p<0.05	0.394
	Exist but not up to date	20.0%	56.7%	23.3%		
	Kept up to date	15.6%	8.3%	76%		
Daily sales	Does not exist	22.7%	36.4%	40.9%	Sig, p<0.05	0.231
	Exist but not up to date	20.0%	10.0%	70%		
	Kept up to date	13.3%	17.1%	69.5%		
Hair products	Does not	0.0%	61.9%	38.1%	Sig, p<0.05	0.449

inventory	exist					
	Exist but not up to date	46.2%	46.2%	7.7%		
	Kept up to date	14.6%	7.8%	77.7%		
Client complaints	Does not exist	13.5%	28.8%	57.7%	Sig, p<0.05	0.246
	Exist but not up to date	15.6%	18.8%	65.6%		
	Kept up to date	17.0%	11.3%	71.7%		
Daily clients services - treatments	Does not exist	14.7%	41.2%	44.1%	Sig, p<0.05	0.322
	Exist but not up to date	9.5%	23.8%	66.7%		
	Kept up to date	17.1%	9.8%	73.2%		
Client contact numbers	Does not exist	2.0%	4.1%	93.8%	Sig, p<0.05	0.445
	Exist but not up to date	13.5%	48.6%	37.8%		
	Kept up to date	29.4%	13.7%	56.9%		
Equipment register	Does not exist	0.0%	31.7%	68.3%	Sig, p<0.05	0.278
	Exist but not up to date	18.2%	18.2%	63.6%		
	Kept up to date	23.8%	12.7%	63.5%		

Net profit versus how well records are kept

Chi-square test; and alternatively Fisher's exact test (where P<0.05 indicates statistical significance) were applied to measure the statistical significance of the relationship between demographic and performance variables. In addition, Cramer's V, a measure of practical significance (an indicator of the magnitude of the observed effect) was applied in measuring effect sizes (Field, 2009; Cooper & Schindler, 2011). These authors estimate an effect size of 0.5 upwards as having a strong effect.

We then executed cross-tabulation (Fisher's exact test) reported in Table 5 which reveals the existence of positive and statistically significant relationships between net profit and business records that were kept up to date. The strength of the relationship between profit and records that were kept to date ranged from moderate (0.200) to strong (0.537) based on Cramer's V. For example, bank transaction records and net profit of the hair salons show a positive and significant relationship with a strong effect (Cramer's V=0.537). Table 4 also reveals that hair salons that reported an increase in their net profit for the past 5 years were those which kept their business records well.

Table 5: Net profit versus how well records are kept

Type of record		Net profit of the business			Fisher's exact test	Cramer's V
		Deceasing	No change	Increasing		
Employee attendance	Does not exist	22.2%	37.8%	40%	Sig, p<0.05	0.331
	Exist but not up to date	0.0%	0.0%	100%		

	Kept up to date	6.0%	13.3%	80.7%		
Employee earnings	Does not exist	20.0%	46.7%	33.4%	Sig, p<0.05	0.315
	Exist but not up to date	21.1%	5.3%	73.7%		
	Kept up to date	5.7%	14.8%	79.6%		
Financial statements	Does not exist	18.5%	29.6%	51.8%	Sig, p<0.05	0.357
	Exist but not up to date	17.9%	46.4%	35.7%		
	Kept up to date	6.1%	8.5%	85.4%		
Bank transactions	Does not exist	31.2%	12.5%	56.2%	Sig, p<0.05	0.537
	Exist but not up to date	4.5%	86.4%	9.1%		
	Kept up to date	9.1%	7.1%	83.8%		
Purchases	Does not exist	0.0%	18.2%	81.9%	Sig, p<0.05	0.396
	Exist but not up to date	20.0%	56.7%	23.3%		
	Kept up to date	9.4%	9.4%	81.2%		
Daily sales	Does not exist	22.7%	36.4%	40.9%	Sig, p<0.05	0.243
	Exist but not up to date	10.0%	20.0%	70%		
	Kept up to date	8.6%	17.1%	74.3%		
Hair products inventory	Does not exist	0.0%	61.9%	38.1%	Sig, p<0.05	0.468
	Exist but not up to date	46.2%	46.2%	7.7%		
	Kept up to date	8.7%	8.7%	82.5%		
Client complaints	Does not exist	11.5%	30.8%	57.7%	Not sig, p>0.05	0.200
	Exist but not up to date	15.6%	18.8%	65.6%		
	Kept up to date	7.5%	11.3%	81.1%		
Daily clients services – treatments	Does not exist	14.7%	41.2%	44.1%	Sig, p<0.05	0.333
	Exist but not up to date	4.8%	28.6%	66.7%		
	Kept up to date	11.0%	9.8%	79.3%		
Client contact numbers	Does not exist	2.0%	4.1%	93.8%	Sig, p<0.05	0.404
	Exist but not up to date	13.5%	48.6%	37.8%		
	Kept up to date	17.6%	15.7%	66.7%		
Equipment register	Does not exist	0.0%	31.7%	68.3%	Sig, p<0.05	0.269
	Exist but not up to date	18.2%	18.2%	63.6%		
	Kept up to date	14.3%	14.3%	71.4%		

Overall business performance

The relationship between effective records keeping by hair salons and overall business performance is illustrated in Table 6. The analysis (Table 6) portrays a positive and significant but weak (0.235) to moderate (0.408) relationship between how well records were kept and overall business performance. It is reported that hair salons that kept records up-to-date reported higher overall business performance than those businesses that did not.

Table 6: Overall business performance versus how well records are kept

Type of record		Overall business performance			Fisher's exact test	Cramer's V
		Poor	Average	Well		
Employee attendance	Does not exist	15.6%	46.7%	37.8%	Sig, p<0.05	0.236
	Exist but not up to date	0.0%	66.7%	33.3%		
	Kept up to date	4.8%	32.5%	62.6%		
Employee earnings	Does not exist	23.3%	30.0%	46.7%	Sig, p<0.05	0.283
	Exist but not up to date	0.0%	68.4%	31.6%		
	Kept up to date	4.5%	36.4%	59.1%		
Financial statements	Does not exist	18.5%	14.8%	66.6%	Sig, p<0.05	0.395
	Exist but not up to date	7.1%	85.7%	7.1%		
	Kept up to date	4.9%	31.7%	63.4%		
Bank transactions	Does not exist	31.2%	25.0%	43.7%	Sig, p<0.05	0.303
	Exist but not up to date	9.1%	63.6%	27.3%		
	Kept up to date	4.0%	36.4%	59.6%		
Purchases	Does not exist	0.0%	36.4%	63.7%	Sig, p<0.05	0.325
	Exist but not up to date	23.3%	60.0%	16.7%		
	Kept up to date	4.2%	33.3%	62.5%		
Daily sales	Does not exist	22.7%	68.2%	9.1%	Sig, p<0.05	0.333
	Exist but not up to date	20.0%	20.0%	60.0%		
	Kept up to date	3.8%	35.2%	61%		
Hair products inventory	Does not exist	0.0%	42.9%	57.1%	Sig, p<0.05	0.408
	Exist but not up to date	53.8%	46.2%	0.0%		
	Kept up to date	3.9%	37.9%	58.2%		
Client complaints	Does not exist	13.5%	50.0%	36.5%	Sig, p<0.05	0.251
	Exist but not up to date	0.0%	43.8%	56.2%		
	Kept up to date	7.5%	26.4%	66.1%		
Daily clients services - treatments	Does not exist	17.6%	29.4%	52.9%	Sig, p<0.05	0.247
	Exist but not up to date	4.8%	66.7%	28.6%		
	Kept up to date	4.9%	36.6%	58.5%		

Client contact numbers	Does not exist	4.1%	51.0%	44.9%	Sig, p<0.05	0.337
	Exist but not up to date	13.5%	40.5%	45.9%		
	Kept up to date	7.8%	27.5%	64.7%		
Equipment register	Does not exist	2.4%	41.5%	56.1%	Sig, p<0.05	0.235
	Exist but not up to date	18.2%	54.5%	27.3%		
	Kept up to date	6.3%	30.2%	63.5%		

5. Conclusion

This study sought to establish whether there was a link between records management and business performance. Specifically, the study investigated whether records management had any influence on hair salons' performance. The study examined records management practices (how well different types of records are kept) and their relationships with sales growth, net profit growth and overall business performance of hair salons in Dr. Ruth Segomotsi Mompati District Municipality in the North-West province of South Africa. **The findings reported in Tables 2 to 5 led to the conclusion that there is a positive and significant relationship between quality records keeping and business performance. However, the relationships practically ranged from weak to strong**.

The results also show that 40% of hair salons do not formally keep records, about 20% do not regard good records management practices as important (see Table 2). To a significant extent, these findings indicate some ignorance and attitudinal problems about the usefulness hence the need to formally keep records. Many hair salon owner/managers could be missing out on the strategic importance of record keeping as a key internal resource and capability. Hair salon owner/managers ought to be made to understand and value the strategic importance of good records keeping which could translate in gaining sustained competitive advantage.

The literature suggests that information from business records is a resource that can be used in creating significant competitive advantage (Saffady, 2011; Smith, 2007; Sampson, 2002). It is recommended that hair salon and for that matter, small businesses are made to understand and recognise effective records management as a key strategic resource. Specifically, hair salon owners/managers should attach the required importance to keeping records such as daily sales, customer complaints, and purchase records that could facilitate their achievement of competitive advantage. Ultimately, the owner/managers of hair salons (small businesses) must bear the responsibility of effective records management of their businesses for accuracy, effectiveness, and competitiveness.

Finally, effective and efficient records management would undoubtedly enhance the productivity and overall performance of small businesses which would in no small way assist in addressing the triple challenges of unemployment, poverty and unequal wealth distribution in developing countries including South Africa.

6. Recommendations

6.1 For practice

Realising that effective records keeping is to a large extent neglected by a good number of small businesses on the one hand, while on the other, the practice is weak in others, the following measures are recommended:

We firstly recommend that strategic management workshops and seminars, where the importance of effective and efficient records management are emphasised, be conducted for SMMEs especially hair salons

Secondly, we suggest that for effective and efficient operations, business management short courses emphasising records keeping skills are run regularly by government institutions as well as NGOs for hair salons as well as other SMMEs.

Thirdly, in order to create awareness of and the propensity to adopt effective records keeping practices, community radio or TV discussions could be employed to propagate the importance of good records keeping in relation to superior business performance.

6.2 Further research

Based on the findings of this study, the following recommendations for future research are proposed.

This study is limited in scope to only one local municipality. For greater usefulness, it is recommended that a larger scale study be undertaken to facilitate general applicability across South Africa and to other small businesses in the developing world.

This study was also limited to a small proportion of the service industry. Future studies could focus on small businesses in other sectors such as hospitality, agriculture, manufacturing, and construction.

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