

Exploring financial literacy education strategies based on small- and micro-enterprise business practices



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Purpose: This study explored the nature of business practices of small- and micro-enterprises within the South African context to propose recommendations for financial literacy education strategies.

Design/methodology/approach: The data collection technique used for this qualitative study included semi-structured in-depth interviews with a case study of 10 small- and micro-enterprise owners who collectively trade within five of the nine South African provinces.

Findings/results: Small- and micro-enterprises do not need to differ significantly because the respective business practice themes identified are relevant within both contexts. Both category enterprises make use of a cash basis system, generally have inventory management systems in place and do not have sophisticated financial planning practices. The micro-enterprises studied do not have business plans or accurate pricing strategies and cash management is a concern. The small-enterprise participants generally did not show interest in competitors and their enterprises had more sophisticated bookkeeping practices in place than micro-enterprises.

Practical implications: Financial literacy education strategies for the owners should focus on providing guidance on tax matters, significance of business plans and how to prepare them, debtors management strategies, inventory management strategies, and a basic bookkeeping system that evolves from the cash basis of accounting to the accrual basis of accounting. It should also aim to educate owners on the importance of financial planning and risk management.

Originality/value: This research provides an evidence-based description of the characteristics of South African small- and micro-enterprises, which could prove valuable in developing future owner financial literacy education programmes as well as other support strategies targeted at this audience.

Keywords: business practices; financial literacy; financial literacy education; nature of small- and micro-enterprises; small- and micro-enterprise(s).

Introduction

Small- and micro-enterprises are globally recognised for their significant input in relation to economic growth, employment creation and the eradication of poverty (Mano et al., 2012; Singh et al., 2015). Early research also suggests that small- and micro-enterprises in African countries are the chief form of economic activity particularly in 'low- and middle-income countries' (McKenzie & Woodruff, 2017, p. 19). Even so, more than 50% of small- and micro-enterprises around the world fail within the first five years of start-up (Bushe, 2019; Gamage et al., 2020; International Federation of Accountants [IFAC], 2019), where some developing countries, for example, South Africa, experience up to a 70%–80% failure rate in the same period (Bushe, 2019; Friedrich, 2016). The investigation of small- and micro-enterprises deserves more attention in order to derive strategies to assist the development, growth and sustainability of these enterprises and to address challenges unique to them that larger enterprises might not necessarily also experience (European Union, 2015; South African Department of Small Business Development, 2016). One of the most prominent of these challenges is a lack of owner financial literacy (Brijlal et al., 2014; Kgosana, 2013; Ligthelm, 2008). Financial literacy education has been singled out as a solution for improving financial literacy (Kotze & Smith, 2008; Organisation for Economic Co-operation and Development [OECD], 2015).

The domain of education, however, often lacks relevance and does not lead to usable knowledge because of the gap on the side of the academia concerning the educational needs of the targeted audience. The latter declaration was made by Van den Akker et al. (2007), who believe that the design of education should be founded on systematic research that includes establishing the characteristics of the target audience and assessing their educational needs. The latter view is supported by the World Bank (Gonzales et al., 2014) and the OECD (Atkinson, 2017; OECD, 2015). With reference to target audience, a key step in the process of developing financial literacy education strategies would be to establish the nature or characteristics of the small- and micro-enterprises (Atkinson, 2017; OECD, 2015; Stack, 2006). This should prevent financial literacy education programme developers from developing programmes that are too distinct or not relevant to the specific audience. For example, the South African Small and Medium Enterprise (SME) financial literacy education programmes in particular are criticised for their lack of profile-based content (Banking Association of South Africa [BASA], 2018). This signifies the need for evidence-based research on the nature of small- and micro-enterprises through the exploration of their business practices, before arriving at financial literacy education strategies.

Previous studies examined whether small- and micro-enterprises have financial management practices in place, what drives these practices, whether the enterprises have cash management and business practices in place, and what the performance is of businesses who have these practices in place as opposed to those who have limited or no practices in place (Deakins et al., 2002; Enow & Kamala, 2016; Fatoki, 2012; McKenzie & Woodruff, 2017; Obazee, 2019). These studies determined recommended practices and researched whether these are in place. However, an unalloyed description of the characteristics of small- and micro-enterprises business practices (including accounting and financial management practices) is yet to be explored, which would aid the recommendation of financial literacy education strategies. Too often, small- and micro-enterprises are grouped into the category of SMEs or Micro, Small and Medium Enterprises (MSMEs). However, understanding the enterprise characteristics will enable the differentiation of small- and micro-enterprises. Deakins et al. (2002) assert that small-enterprise interventions should not be based on definitions derived at by policymakers but should rather be evidence-based. This in turn will enable tailored support, including financial literacy education, to the enterprise owners (Deakins et al., 2002). An evidence-based description of the characteristics determined could prove valuable in developing future financial literacy education programmes as well as other support strategies targeted at small- and micro-enterprises. This research fills the gap by exploring financial literacy education strategies based on the business practices of small- and micro-enterprises of a case study conducted within the South African context.

Literature review

Irrespective of the industry in which the enterprise trades, a micro-enterprise is defined as an enterprise that employs up to five employees and a small-enterprise more than five, but no more than 50 employees (Ayyagari et al., 2007; Gonzales et al., 2014; South African Department of Small Business Development, 2016; *The South African Income Tax Act, No. 58 of 1962* [amended]). A noteworthy finding has been that the publication of statistics on small- and micro-enterprises does not differentiate between small- and micro-enterprises and these two types of enterprises are clustered together. The latter is evidenced in that the enterprise survival statistics for small and micro-enterprises, that reveal very poor viability prospects for the enterprises within the first five years of start-up, are presented for the cluster of the two and not for each category of enterprise individually (Bushe, 2019; Enow & Kamala, 2016; Friedrich, 2016; National Credit Regulator, 2011). Small- and micro-enterprises are even sometimes grouped with medium enterprises. Another noteworthy discovery within the South African context is that the literature on financial literacy investigating small- and micro-enterprises is also clustered or grouped with SMEs and MSMEs (Bushe, 2019; Enow & Kamala, 2016; Friedrich, 2016; National Credit Regulator, 2011; USAID, 2009b). A financially literate enterprise owner has knowledge and understanding of financial and related concepts (Lusardi, 2019; OECD, 2018), possesses basic skills such as literacy (Lusardi, 2015), numeracy (Samkin et al., 2014), communication (Hellriegel et al., 2018), and decision-making (Siekei et al., 2013), and applies the knowledge while incorporating the aforementioned skills in order to make effective decisions regarding the management of finances (OECD, 2018).

Communication (verbal and written), including communication of financial information is a key component of financial literacy within the context of small- and micro-enterprise owners (Hellriegel et al., 2018). International Financial Reporting Standards (IFRS) for SMEs were developed as a financial statement preparation tool to assist enterprises that are not public interest entities as defined and who do not need to publish their financial statements to the public (National Credit Regulator, 2011; Van Wyk & Rossouw, 2009). The intention of IRFS for SMEs was to provide a more simplified approach (in terms of classification, recognition, measurement and disclosure of transactions) for the financial reporting of smaller-sized enterprises (Bohušová, 2011; Van Wyk & Rossouw, 2009). However, IFRS for SMEs has been criticised as still being too complex, too costly to implement and burdensome for smaller and micro-enterprises and might even be regarded as not at all useful to these enterprises (Sačer et al., 2015; Van Wyk & Rossouw, 2009). No additional guidelines for SMEs financial record-keeping and bookkeeping exist in South Africa (Ajibade & Khanundi, 2017). This may be part of the reason for a lack of financial literacy, particularly related to accounting or bookkeeping-related business practices. The OECD (2015) proclaimed that financial education is particularly useful to properly plan and manage MSMEs, improving the

knowledge, skills and behaviour of MSME owners, in addition to increasing the prospect of enterprise viability. This suggests that business practices, such as planning and management of enterprises, also need to be explored when planning financial literacy education strategies. The Banking Association of South Africa (2018) advocates that small- and micro-enterprise owner financial literacy education initiatives in South Africa are not tailored to the characteristics or business practices of the enterprises.

The variety of business practices of small- and micro-enterprises that can be explored are vast. McKenzie and Woodruff (2017) define business practices as daily courses of actions employed in the operations of a business or enterprise. Business practices as a whole include general management, project management, employee relations, marketing, inventory management (or control), accounting and financial management (Brijlal et al., 2014; McKenzie & Woodruff, 2017; Obazee, 2019; Turner et al., 2010). The notion is held that the nature of small- and micro-enterprises' business practices differs from that of larger enterprises (McKenzie & Woodruff, 2017; Turner et al., 2010) and is worth exploring in detail.

McKenzie and Woodruff (2017) suggest that all small- and micro-enterprises should have good business practices in place in order to improve their survival prospects. The research of McKenzie and Woodruff (2017) examined whether small- and micro-enterprises who have a wider range of business practices in place, outperform those who do not in terms of sales, profits and labour productivity. Their findings indicated that better business practices are linked to higher sales growth and overall survival of the enterprises. They considered that good business practices are deemed to be in place when there is evidence that the enterprise is engaged in marketing-, buying and stock control-, record-keeping- and financial management practices.

Accounting practices are described by Brijlal et al. (2014) and Mwangi (2011) as the analysis of transactions or economic events in an enterprise and subsequently keeping physical records thereof and recording these transactions through a bookkeeping process (reporting on the transactions or economic events as a means of communication). On the other hand, according to Fatoki (2014, p. 154) financial management practices include 'financial planning and control, financial analysis, accounting information, management accounting, investment appraisal and working capital management'. Brijlal et al. (2014, p. 2) explain that financial management, in their opinion, can also be categorised into 'implementing and managing an accounting system and generating information for decision-making purposes'.

One of the earliest research studies conducted on small-enterprise financial management practices was by McMahon and Holmes (1991), who through a literature review established a list of financial management practices that they believe should be in place in small-enterprises, concluding that an accounting system should be present, financial reports

should be generated, working capital should be managed and the enterprises should plan and monitor whether their plans have materialised. Fatoki (2012) investigated whether newly established small- and micro-enterprises in South Africa have financial management practices in place, in particular financial planning and control, accounting information, financial analysis, working capital management, investment appraisal and management accounting, and found that the majority of enterprises do not. Similar to Fatoki's (2012) study, Obazee (2019) conducted a study in Nigeria and found that there too, most enterprises examined did not have financial management practices in place.

Brijlal et al. (2014), Fatoki (2012), Mwangi (2011), and Obazee (2019) conducted studies to establish whether specific practices in small- and micro-enterprises are in place by arriving at predetermined practices that the researchers considered should be in place and determining whether or not they are.

Stack (2006), Atkinson et al. (2017) and BASA (2018) recommend that a description of small- and micro-enterprise characteristics will enable researchers to determine what their specific needs are. Establishing the enterprise owner's reasons for start-up of the enterprise also provides context for determining the characteristics (Obazee, 2019). When developing support initiatives and guidelines for small- and micro-enterprises, such as IFRS for SMEs mentioned earlier, one should be cautious not to design such interventions blindly or based on predetermined expectations as this may compromise the efficacy of initiatives such as designing financial literacy education programmes (BASA, 2018). The description gathered of the nature of business practices can be utilised in developing customised financial literacy education initiatives aimed at small- and micro-enterprise owners. Based on the literature review in this section, business practices can be summarised into seven categories, namely:

1. general enterprise characteristics
2. general operations and management
3. employee relations
4. marketing practices
5. inventory management
6. accounting practices
7. financial management practices.

These became the basis for the overarching category questions probed in the interview list of questions formulated for this study. Even though this research article explores several categories of business practices within the context of a South African case study, the findings related to practices associated with finances, accounting and financial management practices are emphasised because a significant component of financial literacy constitutes proficiency in managing finances (Ye & Kulathunga, 2019). This research article further provides recommendations towards appropriate financial literacy education strategies based on the description of the business practices concluded. The subsequent section provides an overview of the methodology adopted for this study.

Methodology

Research design and paradigm

The inductive nature of this research aimed to determine the characteristics of small- and micro-enterprises through a qualitative approach in order to assist in the identification of relevant themes (Bryman & Bell, 2018; Hyde, 2000; Woiceshyn & Daellenbach, 2018). This was achieved through a hybrid deductive and inductive coding approach (Bryman & Bell, 2018). Qualitative case study research was conducted on small- and micro-enterprises in South Africa, making an in-depth study of their business practices (Creswell & Poth, 2018; Kumar, 2011) in an effort to arrive at proposed financial literacy education strategies based on the findings. The paradigm that this research adopted was that of social constructivism and postmodernism. It involved interaction with small- and micro-enterprise owners to gain insight into the nature of their enterprise's business practices (using the seven categories identified) in order to arrive at recommended strategies for financial literacy education by including a combination of interview questions that required close-ended (limited) and open-ended responses (Lather, 2006; MacKenzie & Knipe, 2006; Maree, 2016).

Population and sampling

The sample frame for purposes of this study constituted a case study of small- and micro-enterprises whose owners were located in a city in the North-West province of South Africa. Ten enterprises were purposefully and conveniently selected based on the fact that their owners are situated in the particular city (Creswell & Poth, 2018), five of which were categorised as micro-enterprises (employing a maximum of five employees), and five as small-enterprises (employing six and up to 50 employees). The researcher went door to door in the city, to find participants interested in taking part in the study. Qualitative researchers tend to focus on a smaller number of 'real-life' cases as opposed to larger numbers (Maree, 2016). Creswell and Poth (2018) suggest that one would then not normally include more than four or five cases in a specific study. Guha et al. (2017) also conducted a qualitative study on SMEs linking social media to customer relationship management and selected a sample of eight enterprise owners to take part in the study. Furthermore, Bhatti (2018) selected a sample of four SME owners in a study on relationship learning through inter-firm conduits and Bello-Bravo and Amoa-Mensa (2019) selected six in their qualitative study on barriers to SME expansion. This suggests that the total sample size of 10 for this study is appropriate.

Data collection

The choice of empirical data collection technique for this study was in-depth semi-structured interviews where some of the questions that were asked by the researcher were determined in advance, while some were asked based on the responses received by the small- and micro-enterprise owners (Kumar, 2011; Maree, 2016). The newly developed list of questions included 61 questions (16 close-ended questions that probed the participants to elaborate and 45 open-ended

questions). These were grouped into two sections, namely demographical characteristics (predominantly close-ended questions) and business practices. In terms of the business practices, the questions probed information related to seven categories of business practices, namely (1) general operation processes, (2) management of the enterprises, (3) employee relations, (4) marketing, (5) inventory management, (6) accounting practices, and (7) financial management practices. The review of the work executed by Obazee (2019), McKenzie and Woodruff (2017), Brijlal et al. (2014), Fatoki (2012) and Turner et al. (2010) gave rise to the list of questions probed in this study. Recording of the data took place digitally (Maree, 2016) by means of voice recordings of the interviews held with the enterprise owners selected for participation over the course of three months. On average, one interview continued for 45–60 min.

Data analysis

The data collected through the semi-structured in-depth interviews were documented, organised, analysed and summarised in order to derive themes through a form of coding (Bryman & Bell, 2018; Creswell & Poth, 2018; Maree, 2016). The process started off with the transcribing of the data after which the voice recordings were listened again to confirm the accuracy of the transcribing and corrections were made where necessary. This was then followed by the first step of analysis of this data, which was performed using Atlas.ti 22, a qualitative data analysis software program (Bryman & Bell, 2018; Creswell & Poth, 2018). Apart from demographical information, a total of 66 codes were identified through Atlas.ti, which could be grouped into the seven broad business practice categories (linked to the categories of the interview questions) and were exported into Microsoft Excel for further analysis (Bryman & Bell, 2018; Creswell & Poth, 2018). Each of the 66 codes was identified under both small- and micro-enterprises. The further analysis of the codes identified through Atlas.ti was performed by means of the process prescribed by Bryman and Bell (2018), where the codes are reviewed to identify common themes, connections are made between the identified themes, and a final summary is made of the most prominent concepts (related finances and management thereof). The final step of the data analysis was to interpret the information by determining the values that could be conveyed by the codes (Bryman & Bell, 2018; Creswell & Poth, 2018; Kumar, 2011). This yielded a description of the nature of small-enterprises versus micro-enterprises and recommendations followed.

Ethical considerations

Apart from obtaining ethical clearance from the Economic and Management Sciences Research Ethics Committee of the North-West University, South Africa, additional ethical considerations were taken into account for this study (No. NWU-01304-21-A4). The participants who took part in this study were duly informed that the study is voluntary and their consent to take part was obtained in writing. The interviewer afforded participants the opportunity to

withdraw at any stage during the interview and the participant identities were kept anonymous during reporting of results in order to maintain participant confidentiality.

Results and discussions

Demographics

The micro-enterprises (represented by their owners) studied collectively trade within two of the nine South African provinces, whereas the small-enterprises collectively trade within four of the nine South African provinces. Collectively, the enterprises operate in five out of the nine provinces in South Africa. Table 1 shows the detailed demographics of each participant, also referred to as a case.

P1 to P5 in Table 1 can be categorised as micro-enterprises and P6 to P10 small-enterprises based on total number of employees. Eight industries are represented by the enterprises. The legal form of the majority of the small- (60%) and micro-enterprises (80%) is sole proprietorship (sole trader). None of the owners had borrowed funds to start up their enterprise. One of the key challenges small- and micro-enterprises face is access to finance (Fatoki, 2014; IFC, 2019), and this could be the reason why none of the enterprises studied were funded by borrowed funds. Equally, none of the interviewed enterprise owners had ever received any government funding or subsidies. The reasons cited for micro-enterprise start-up include the following:

- '[T]here was no income.' (P2)
- 'Because I have a passion for agriculture.' (P5)
- 'I enjoy working with people.' (P1)
- 'What have seemed to be lacking from where I was standing.' (P4)
- '[B]ecause there was only one other undertaker' (P3) and '[t]he community need.' (P2)
- '[T]he workmanship skill of one of the owners.' (P2)

For the small-enterprise owners, these start-up reasons were identified as follows:

- 'To make a difference in the community and to help young boys.' (P6)
- 'I purchased it from a guy to see if I cannot do my own thing.' (P8)
- 'Without being employed.' (P8)

- '[T]here is actually not lot of people that are willing to pay what you are worth within my field.' (P10)
- '[M]y working conditions were of such a nature that I left the work there.' (P7)
- 'My last employer was not one of the bests, so I was actually forced to do something urgently.' (P9)

The interviews revealed that the micro-enterprise owners enjoy and have a passion for working with people. They also tend to be more focused on the individual needs of the specific communities in which they trade. small-enterprises owners, on the other hand, reported being more focused on creating better working conditions and salary-earning opportunities for themselves and those they employ. The one start-up theme that was identified for both micro- and small-enterprise owners was that individuals were unemployed and wanted to make a living. This agrees with the findings of Bushe (2019) who stated that small-, micro-, and medium-enterprises are generally started out of necessity to earn an income and generally not to fulfil a specific passion or calling.

General enterprise characteristics (Category 1)

Box 1 shows the general characteristics of an enterprise identified through the analysis of the data.

As may be seen from the information presented in Box 1, micro-enterprises were generally unregistered, whereas small-enterprises were generally registered. The owners of the micro-enterprises indicated that reasons for not formally registering the enterprise include a lack of knowledge on how to do so, the cumbersome and costly administrative obligations pertaining to the formal registration of an enterprise, or the enterprise owner does not think it is necessary. These findings are consistent with that of Khoase et al. (2020), who also found the aforementioned to be issues facing both small- and micro-enterprises. Micro-enterprises are usually started out of what the enterprise owners know, and no planning is executed ahead of starting the enterprise, with no business plan. Only the small-enterprises who have business plans in place have borrowed funds from financial institutions. The other enterprises might have tried to obtain funding but had failed to do so because of having no business plan in place. This coincides with the view of United States Agency for International Development (USAID) (2009a) and

TABLE 1: A detailed depiction of participant's demographics.

Case	Participant	Age	Gender	Owner Education	Industry	Years in trade	Employee number	Legal form	Start-up funds
1	P1	42	F	High school	Retail: groceries	12	5	Sole proprietor	Savings
2	P2	35	F	Matric	Retail: hardware	13	4	Partnership	Retrenchment funds
3	P3	64	M	Matric	Funeral	7	3	Sole proprietor	Pension
4	P4	50	M	Degree	Education	15	3	Private Company	None
5	P5	45	M	Matric	Agriculture	6	2	Sole proprietor	Savings
6	P6	30	M	High school	Retail: fruit and veg	2	6	Sole proprietor	Pay-out from previous employer
7	P7	56	M	High school	Construction	1	13	Sole proprietor	Savings
8	P8	50	M	Matric	Cleaning	6	6	Franchise	Pension
9	P9	38	M	Higher certificate	Professional service	3	49	Sole proprietor	Sold house
10	P10	30	M	Diploma	Construction	6	11	Sole proprietor	Pay-out from previous employer

BOX 1: A representation of the general enterprise characteristics that were identified during the analysis of the study supporting this article.

Micro-enterprise		Small-enterprise	
Raw data quotes	Practices identified	Raw data quotes	Practices identified
<ul style="list-style-type: none"> • 'I have given up hope and have decided to continue as is.' (P1) • 'I thought there would be a better way of doing things that I do if the business was formally registered.' (P4) 	<ul style="list-style-type: none"> • Sometimes formally registered. 	<ul style="list-style-type: none"> • '[M]y road business is registered.' (P9) 	<ul style="list-style-type: none"> • Generally formally registered.
<ul style="list-style-type: none"> • '[T]he business started out of what the owners know.' (P2) • '[W]e do not have a business plan.' (P3) 	<ul style="list-style-type: none"> • No business plan in place. 	<ul style="list-style-type: none"> • 'Yes, there is a business plan.' (P8) 	<ul style="list-style-type: none"> • Sometimes has a business plan in place.
<ul style="list-style-type: none"> • 'do not rent the property, it is luckily my own property.' (P1) • 'I am running my business from my house.' (P2) 	<ul style="list-style-type: none"> • Enterprise owners generally own the property at which the enterprise trades. 	<ul style="list-style-type: none"> • 'I work from my home in Middelburg, that is my own property.' (P8) • 'I rent the property.' (P6) 	<ul style="list-style-type: none"> • Rents or owns the property where the enterprise trades.
<ul style="list-style-type: none"> • 'We have a computer. It is not a program that will help us keep track of stock.' (P2) 	<ul style="list-style-type: none"> • Sometimes makes use of technology to manage the movement of inventory and receipt of customer payments (card machines). 	<ul style="list-style-type: none"> • 'Every day's clients name and details are written ... That is done in an Excel Spreadsheet.' (P8) • 'SAGE helps us to determine what our minimum stock.' (P9) • 'The system shows you if people have paid.' (P10) 	<ul style="list-style-type: none"> • Generally makes use of technology to manage inventory movement, keep track of income and expenses, to keep a client database and to receive customer payments.
<ul style="list-style-type: none"> • 'Nothing so far.' (P3) 	<ul style="list-style-type: none"> • Has never borrowed funds from a financial institution. 	<ul style="list-style-type: none"> • 'I have purchased a vehicle, a panel van, that I funded with funding that I currently used.' (P8) • '[F]rom SEFA. It is a soft loan.' (P9) 	<ul style="list-style-type: none"> • Sometimes borrows funds from financial institutions.

Mutegi et al. (2015), which is that the lack of a formal business plan is one of the key reasons why financial institutions reject small- and micro-enterprise loan applications. Box 1 also indicates that the small-enterprises generally make use of technology to manage the movement of inventory, to keep track of income and expenses, and to keep a database of clients who owe the enterprise money, whereas micro-enterprises make use of technology to manage inventory movement. It was further found that all the enterprises whose owners indicated that they are formally registered are also registered for income tax purposes, or the enterprise owners were registered for income tax (in the case of a sole trader). Whereas unregistered small- or micro-enterprises or their owners were not registered for income tax purposes. An interesting finding was that small-enterprises are usually not registered for Value Added Tax (VAT) (as indicated by the majority of participants), whereas all micro-enterprises who are formally registered are also registered for VAT. All the aforementioned suggest that financial literacy education strategies need to include guidelines on formally registering an enterprise, registration for income tax and VAT. It should also provide guidelines on how to manage inventory manually and through the use of technology. A need for guidelines on the importance of and drafting a business plan is also evident for both small- and micro-enterprise owners. As well as funding options and the pre-requisites of each.

General operations and enterprise management (Category 2)

Box 2 differentiates between the operations and management characteristics found through analysis of the data.

Box 2 shows that micro-enterprises usually do business on a strictly cash basis, whereas small-enterprises grant and make use of credit. This signals that financial literacy education

strategies for both category enterprises should include cash basis bookkeeping guidelines. Micro-enterprise owners explained that they do not grant credit to customers because the competitors in the area do not do so, or the nature of the products does not allow them to do so. However, the main reason for not granting credit is because customers do not pay back the money they owe. The reason for the latter might be that micro-enterprises generally do not have specified credit terms in place, as seen in Box 2, which seems to be a common practice among micro-enterprises in developing countries (Macatumbas-Corpus & Bool, 2021). Both the small- and micro-enterprises studied did not have robust credit management strategies, which is an area financial literacy education strategies should focus on. The micro-enterprises usually do not have a basis for determining the prices of their products and services but aim to keep the prices as cheap as possible or to price products and services based on what the enterprise believes the customers can afford. Hence, financial education strategies need to include product pricing guidelines. The small-enterprises, on the other hand, add fixed or standard mark-up percentages to the cost price of their products and services, consider market prices and usually also consider other operational expenses when determining the prices of products and services.

Employee relations (Category 3)

Box 3 shows a comparison of the employee relations practices in small- and micro-enterprises based on the findings of this study.

Box 3 shows that employee remuneration, including providing them incentives are common practices in both the small- and micro-enterprises studied. Financial literacy education strategies therefore need to highlight the need for contingencies to be able to remunerate employees even during times when sales are down. It also appears that

BOX 2: Small- and micro-enterprise operations and management characteristics identified.

Micro-enterprise		Small-enterprise	
Raw data quotes	Practices identified	Raw data quotes	Practices identified
Procurement-related			
<ul style="list-style-type: none"> • ‘Suppliers allow credit even though I do not really make use of it.’ (P1) 	<ul style="list-style-type: none"> • Purchases goods and services from other suppliers on a <i>cash basis</i> only. 	<ul style="list-style-type: none"> • ‘When you order it, you have to pay for it before you get it.’ (P8) • ‘Currently at our top four suppliers, we have accounts.’ (P9) 	<ul style="list-style-type: none"> • Purchases goods and services from other suppliers for <i>cash and on credit</i>.
Sales-related			
<ul style="list-style-type: none"> • ‘The people pay cash.’ (P9) • ‘And he said to me he “will see me.” So, those are the credit terms’ ‘There is not even a standard rule.’ (P4) • ‘Months. We are calm people. We are quiet people.’ (P2) • ‘So we actually work on a loss, rather than a profit.’ (P2) • ‘So you purchased it R9.50 or R8.50, now you have to sell it at R10 so that you can get that little out of it.’ (P1) 	<ul style="list-style-type: none"> • Usually sells products and services for <i>cash only</i>. • Where credit is granted, no standard rules (credit terms) exist. • Do not have an exact or consistent basis to price products or services. 	<ul style="list-style-type: none"> • ‘[E]verything is on a cash basis.’ (P8) • ‘Accounts are allowed.’ (P9) • ‘I won’t give them credit if I do not know where they live.’ (P6) • ‘A maximum of 30 days, however there are some of them who stretch out to 60 days, and others 90 days.’ (P9) • ‘[T]hen we add about 28–30% markup to them determine a price.’ (P9) • ‘What the weight is against the market related price.’ (P7) • ‘They provide a suggested price.’ (P8) 	<ul style="list-style-type: none"> • Usually sells products and services for <i>cash and on credit</i>. • Credit terms exist – usually 30 to 90 days allowed to repay, and pre-conditions must be met before credit is granted. • Pre-set basis to price products or services is in place.

BOX 3: Small- and micro-enterprise employee relations practices identified.

Micro-enterprise		Small-enterprise	
Raw data quotes	Practices identified	Raw data quotes	Practices identified
<ul style="list-style-type: none"> • ‘Even if I paid him and he misused his money, if he says he does not have any food, I will give him food.’ (P5) • ‘So that is R1000 extra.’ (P3) • ‘A good bonus and also a place where they can express themselves.’ (P2) 	<ul style="list-style-type: none"> • Employees are offered a helping hand by the enterprise in times of financial difficulty. • Competitive salaries and bonuses. 	<ul style="list-style-type: none"> • ‘So they have a constant cash flow, that makes it easier for them.’ (P10) • ‘If they reach the target we give them a percentage that they have achieved over and above their target as a reward.’ (P9) • ‘Pay them right.’ (P7) • ‘I pay them as I should pay them.’ (P8) 	<ul style="list-style-type: none"> • Employees are paid in regular intervals during a month and not just once to assist with their cash flow. • Competitive salaries and bonuses according to employee performance (or results achieved).

small-enterprises have less to no staff retention strategies in place compared with micro-enterprises, which could have a negative impact on the finances of the enterprises. P6 stated that they ‘do not do anything’ to regain staff and P8 stated that ‘each person is free to go where they want to go ... If he gets a better opportunity or can get more money from another place, by all means then he can go’. Adamska-Chudzińska (2020) cautions that enterprises might have to bear considerable costs when they experience high staff turnover, which is a key point that financial literacy education strategies need to emphasise.

Marketing practices (Category 4)

The findings revealed that all the participants were fully aware who their competitors in the market are. Micro-enterprise participants were interested in knowing a variety of factors related to their competitors, which include, ‘where do they get their funds’ (P4), ‘How they work to get that quality livestock’ (P5) and how competitors keep their prices low, evident in ‘he buys the same products that I am selling and sells them at measurably reduced prices’ (P3). Interestingly, small-enterprise owners are usually not interested in knowing any facts pertaining to their competitors. Participants stated: ‘I do my thing and they do their thing’ (P8), ‘it is just to know what your competition’s price is’ (P9), and ‘I am not worried about competitors. Honestly’ (P10). Soniewicki and Paliszkiwicz (2019) state

that knowledge management in enterprises, including knowledge of competitors, is a powerful tool that can be used to make informed decisions and remain relevant in the market, which the small-enterprises of this study might be missing out on. This highlights another area financial literacy education should embrace.

Procurement and inventory management (Category 5)

Box 4 illustrates the inventory management practices identified for enterprises who sell or make use of inventory in their operations.

As seen in Box 4, there is no notable difference in the inventory management practices of the small- and micro-enterprises, apart from the fact that the small-enterprises have a more accurate idea of the quantity of products to restock than micro-enterprises and they also restock less often than micro-enterprises. The difficulty experienced by micro-enterprises in terms of determining the quantity of items to restock could be the reason why inventory purchases take place as often as more than once a week. Nonetheless, financial literacy education strategies need to provide guidelines on determining the appropriate frequency of stock or inventory replenishment. Further findings reveal the one thing that both small- and micro-enterprise owners keep track of, which is the movement

BOX 4: Small- and micro-enterprise inventory management practices identified.

Micro-enterprise		Small-enterprise	
Raw data quotes	Practices identified	Raw data quotes	Practices identified
<ul style="list-style-type: none"> • ‘Whenever I will go to town, then I look what we still short, then I will buy it.’ (P1) • ‘[P]urchased on a weekly basis.’ (P3) • ‘[O]n a day to day basis, at the time I get to the shop, to stock.’ (P4) 	<ul style="list-style-type: none"> • Inventory is purchased frequently – weekly or more than once a week. 	<ul style="list-style-type: none"> • ‘Products are purchased as it is needed.’ (P7) • ‘[U]sually buy the month’s supply.’ (P10) 	<ul style="list-style-type: none"> • Inventory purchased as and when needed – usually monthly.
<ul style="list-style-type: none"> • ‘We buy so that there is enough for the month.’ (P2) • ‘I haven’t even wrapped my head around what stock level.’ (P4) 	<ul style="list-style-type: none"> • Quantity to restock is based on owner’s discretion. 	<ul style="list-style-type: none"> • ‘SAGE helps us to determine what our minimum stock levels are.’ (P9) • ‘So that we can see that we will not run out of chemicals.’ (P8) 	<ul style="list-style-type: none"> • Quantity restocked is based on minimum levels established by the enterprise.
<ul style="list-style-type: none"> • ‘[T]here isn’t a discernible consumption pattern.’ (P4) • ‘[L]ivestock on hand ... something that I still need to figure out.’ (P5) 	<ul style="list-style-type: none"> • Enterprise owners generally find it difficult to determine the quantity of items to purchase. 		<ul style="list-style-type: none"> • Enterprise owners have an informed awareness in terms of the quantity of items needed.

of inventory which would be advantageous in the long run because previous research has shown a positive correlation between inventory management and small-enterprises performance (Orobia et al., 2020). Financial literacy education strategies could include proposed best practices related to inventory management strategies against which small- and micro-enterprises can benchmark their practices.

Accounting practices (Category 6)

Box 5 shows the difference between the accounting practices of small- and micro-enterprises.

Box 5 reveals that the small-enterprises have more sophisticated bookkeeping processes in place than micro-enterprises, even though it is still very basic. Based on the interview findings, four of the five micro-enterprise participants do not prepare any of the following: a cashbook or similar, a budget, income statement, balance sheet, cash reconciliation or bank reconciliation; only one does. The findings were split in terms of small-enterprise participants where some prepare the aforementioned statements or records and others do not. Neither small- nor micro-enterprises make use of IFRS for SMEs prescribed accounting practices. Some of the participants who took part in the research were of the view that bookkeeping and accounting is the work of an accountant and that they do not have sufficient knowledge in the area. P4 stated ‘I just outsource that activity’ and P6 stated ‘I do not know what it is’ when they were probed about their bookkeeping practices. The latter could become problematic because performing basic bookkeeping has been identified as an important practice that small- and micro-enterprises need to adopt to ensure operations run smoothly and to improve the overall financial performance of the enterprise (Seman et al., 2019). This should be a key focus area where financial literacy education strategies provide guidelines. The micro-enterprises generally do not keep track of income and expenses and do not calculate profit. Similarly, cash management is a concern in micro-enterprises because owners generally experience stress associated with managing cash. Micro-enterprises generally do not prepare cash reconciliations, whereas small-enterprises do. This is problematic because cash is considered to be the lifeline of MSMEs and the effective management thereof has been identified as a critical success

factor by Enow and Kamala (2016). Micro-enterprises usually do not keep records, whereas small-enterprises keep records apart from the reason of keeping track thereof for tax purposes. There is limited segregation between the finances of the enterprise and that of the owner(s) in micro-enterprises, whereas the contrary is true for the small-enterprises. Even though basic bookkeeping practices are in place in small-enterprises, the only two financial records or statements that are prepared are the cashbook (or similar register) and the income statement. Generally, no financial records or statements are prepared in micro-enterprises (Box 6). Even though the micro-enterprises generally do not make use of the service of an accountant or bookkeeper, they do make use of the service of a tax practitioner, whereas small-enterprises make use of the services of both accountants or bookkeepers and tax practitioners.

Financial management practices (Category 7)

Box 6 shows the difference in the financial management practices of small- and micro-enterprises.

Both small- and micro-enterprises have goals and objectives in place (Box 6). However, it was found that no budgets are prepared in the micro-enterprises. A contributing factor to the latter could be a lack of knowledge of how to prepare budgets and plan ahead. This agrees with the findings of Coda et al. (2018) who found that both small- and micro-enterprise owners are generally reluctant to plan ahead. Furthermore, it was found that there is a lack of knowledge and understanding of how to assess micro-enterprises’ financial performance. This is another potential key focus area for financial literacy education strategies. The preparation of budgets is a weakness that has been identified in both small- and micro-enterprises, consistent with the findings of Seman et al. (2019). This study however shows that the small-enterprises had better financial planning strategies in place than micro-enterprises, which include assessing financial performance and having contingency plans in place (Box 6). There is an overoptimistic overview in terms of risk never becoming a reality for micro-enterprise owners (Box 6) and they generally do not have risk management strategies in place, whereas small-enterprises do have some strategies in place.

BOX 5: Small- and micro-enterprise accounting practices identified.

Micro-enterprise		Small-enterprise	
Raw data quotes	Practices identified	Raw data quotes	Practices identified
<ul style="list-style-type: none"> '[N]o bookkeeping.' (P1) 'There is a book for sales.' (P4) 	<ul style="list-style-type: none"> Sometimes bookkeeping process is in place. 	<ul style="list-style-type: none"> '[S]o I calculate my books.' (P7) '[A]nd the amount gets added to it. So everyday, we know exactly how much money came in, how much when out.' (P8) 'We have employees here ... who inputs all the daily transactions into SAGE.' (P9) 	<ul style="list-style-type: none"> Bookkeeping process is in place.
<ul style="list-style-type: none"> 'she looks at all the monies that we get in. And then we explain to her what we have spent.' (P3) 	<ul style="list-style-type: none"> When in place, it involves capturing of income and expenses only. 	<ul style="list-style-type: none"> '... Check what your expenses were. And check what your final income was.' (P7) 'We usually pull an age analysis.' (P9) 'They send you an invoice on their system, and then you know how much you owe.' (P10) 	<ul style="list-style-type: none"> Capturing of sales and expenses and outstanding balances owed by customers or owed to suppliers.
<ul style="list-style-type: none"> 'There is a book ...'. (P1, P2) 	<ul style="list-style-type: none"> Mostly performed through a manual process. 	<ul style="list-style-type: none"> '... [U]sing SAGE.' (P9) '... Invoicing Express, that I use.' (P10) 'We have a system that we work from ...'. (P8) 	<ul style="list-style-type: none"> Usually makes use of computer software packages to assist with bookkeeping process.
Tracking of income, expenses and profit			
<ul style="list-style-type: none"> '[B]ecause there is not really a lot of money coming in, it does not bother me to know.' (P1) 	<ul style="list-style-type: none"> Expenses are not tracked per category. 	<ul style="list-style-type: none"> '[Y]ou have a material list.' (P7) '[S]ee exactly how much we spent on petrol, how many chemicals we used, what our wages ...'. (P8) 	<ul style="list-style-type: none"> Expenses are tracked per category, for example wages, petrol, material purchases.
<ul style="list-style-type: none"> 'I cannot determine how much I have received and how much I have spent.' (P5) 'Our profits are calculated every 3rd month.' (P3) 'I do not work like a business should work in the sense that I cannot see if it is a profit or what.' (P5) 	<ul style="list-style-type: none"> Enterprise owners generally do not know how to keep track of income and expenses or how to calculate profit. 	<ul style="list-style-type: none"> 'Check what your expenses were. And check what your final income was.' (P6) 'and with that formula we should get a monthly profit.' (P9) 	<ul style="list-style-type: none"> Profit is calculated for the month, or the year, or for each project completed.
Record-keeping process			
<ul style="list-style-type: none"> 'I will not keep it.' (P1) 'Some get lost, the others I put in the bakkie.' (P5) 	<ul style="list-style-type: none"> Usually no records (documents, statements, reports) are kept. 	<ul style="list-style-type: none"> 'So every like-item gets into a file.' (P8) 'the slips that I get, I keep in a box.' (P7) 'There are files.' (P9) 	<ul style="list-style-type: none"> Keeps records.
<ul style="list-style-type: none"> '[T]he manager files it. For the tax stuff.' (P2) 	<ul style="list-style-type: none"> When records are kept, it is performed for tax purposes. 	<ul style="list-style-type: none"> 'I give my slips and they do the calculations.' (P7) 'It is filed and then I have a woman that does tax for me.' (P10) 	<ul style="list-style-type: none"> Records are mainly kept for tax purposes.
<ul style="list-style-type: none"> '[W]hen I get into the car, I take the receipt or invoice and use it as something to write on.' (P1) 	<ul style="list-style-type: none"> No safekeeping of records. 	<ul style="list-style-type: none"> 'So every like-item gets into a file.' (P8) '[T]he slips that I get, I keep in a box.' (P7) 'There are files.' (P9) 	<ul style="list-style-type: none"> Records are kept in boxes or files, in categories.
Keeping record of customers who owe money to the enterprise			
<ul style="list-style-type: none"> 'Do you remember you owe me, or do I remember you owe me?' (P2) 	<ul style="list-style-type: none"> Sometimes depends on the memory of the owners. 	<ul style="list-style-type: none"> 'I have a small book. I put their names down there.' (P6) 'SAGE keeps track.' (P9) 'system shows you if people have paid, and then it shows it out.' (P10) 	<ul style="list-style-type: none"> Done in a manual book or with the use of computer software.
<ul style="list-style-type: none"> '[T]hey get the Bible verse in the morning at 5am. Then in the afternoon you get the message that you need to come pay your book.' (P3) 	<ul style="list-style-type: none"> Generally no action is taken against overdue debtors or who refuse to settle debt. 	<ul style="list-style-type: none"> 'The process to go after them does not justify what they need to pay you back.' (P9) 	<ul style="list-style-type: none"> Mixed feelings about acting against customers who are long overdue in their debt or who refuse to settle debt.
<ul style="list-style-type: none"> 'We do not have a legal document that we can hold against them to get the money back.' (P2) 			
Keeping track of drawings by owners			
<ul style="list-style-type: none"> 'I do not take money from the business, I rather put into the business.' (P5) 'I think my other business activities are funding that initiative more than I would wish otherwise.' (P4) 	<ul style="list-style-type: none"> No differentiation between personal finance and that of the enterprise. 	<ul style="list-style-type: none"> '[P]ay in your savings account that is separate from your business bank account.' (P7) 'What I have done well in the past 3 years is to separate myself from the business.' (P9) '[W]hich is my salary.' (P10) 	<ul style="list-style-type: none"> Generally finances of the enterprise and that of the owner(s) are kept separate – owners are paid a salary.
Cash management			
<ul style="list-style-type: none"> 'I do not think it's necessary to keep track of cash.' (P1) 'We have a safe at work. At the end of the day I take it out and bring the cash home.' (P4) 	<ul style="list-style-type: none"> Generally does not keep track of cash. 	<ul style="list-style-type: none"> 'Everything is written down. Then it is set aside on a safe place.' (P7) 	<ul style="list-style-type: none"> Generally keeps track of cash.
<ul style="list-style-type: none"> 'The management of cash is a huge problem.' (P5) 'burdensome nature of some of the behind the scenes operations.' (P4) 	<ul style="list-style-type: none"> Cash management is associated with stress. 		
Use of professional assistance			
<ul style="list-style-type: none"> 'We have never used a tax practitioner.' (P2) '[W]e have 'we have a lady in Germiston who does all our books, tax, tax clearance, and all those things.' (P3) 	<ul style="list-style-type: none"> Generally makes use of the service of a tax practitioner. 	<ul style="list-style-type: none"> 'The accountant does it.' (P7) 'We have an external accountant that is situated in Klerksdorp. They do all our tax – SARS, VAT, everything.' (P9) '[B]ookkeeper I only use for tax.' (P6) 	<ul style="list-style-type: none"> Makes use of the service of an accountant and a tax practitioner.

BOX 6: Small- and micro-enterprise financial management practices identified.

Micro-enterprise		Small-enterprise	
Raw data quotes	Practices identified	Raw data quotes	Practices identified
Goals and objectives			
<ul style="list-style-type: none"> • '[G]et the business back on track.' (P1) • '[I]f we can get the money, then we have reached these goals.' (P2) • 'I have a haunting vision of where I would like to be.' (P3) • '[M]illions or just enough to live.' (P4) • 'If I am unstable then I know there is a mistake somewhere ... The calculation is done based on cash.' (P4) 	<ul style="list-style-type: none"> • Main objective is to get the enterprise financially stable or to make a profit. • Achieving goals and objectives is measured or characterised by the amount of money that flows into the enterprise. 	<ul style="list-style-type: none"> • 'I want to go bigger.' (P7) • '[O]ur long-term plan is to go national and also to move into Africa.' (P9) • 'The more your customers come in, then you determine that your business is growing.' (P7) • 'It depends how the projects come in.' (P10) 	<ul style="list-style-type: none"> • Main objective is to grow and expand the enterprise. • Growth in profit or growth in customer base are used as measurement tools to determine if goals are achieved.
Financial planning			
<ul style="list-style-type: none"> • 'I prepare to get to know what my expenses are going to be. It does not help to budget.' (P4) 	<ul style="list-style-type: none"> • Budgets are not prepared. 	<ul style="list-style-type: none"> • 'I budget on a weekly basis, because I can't just spend left right centre.' (P6) • '[E]verything gets more expensive, so there is a budget.' (P8) • 'If we see that we are not going to reach our target, then we go search for our clients.' (P8) • '[Y]ou have to put money away during your more busy months to make up for more quiet months.' (P10) 	<ul style="list-style-type: none"> • Budgets are prepared. • Contingency plans are put in place for months where it is anticipated that no sales will take place.
Assessing enterprise financial performance			
<ul style="list-style-type: none"> • 'I always say you will think of it when you get there.' (P1) • 'Whether or not I am succeeding or whether there is any noticeable impact, the jury is still out on that.' (P4) • 'We look at how many products we need. Then we calculate.' (P2) • 'If I do 3 funerals and each funeral gives me R12000 a month per funeral, then I break even.' (P3) 	<ul style="list-style-type: none"> • Enterprise owners generally do not know how to assess the enterprise's financial performance. • Does not determine or assess what amount of income or cash needs to be generated in a specific period to be able to cover all expenses in the same period. 	<ul style="list-style-type: none"> • 'Profit is also a way to determine if a business is doing well.' (P7) • 'I see it in the growth. The income.' (P8) • '[M]onthly profit of roughly 30 and 35% on turnover. And then we know we are fine.' (P9) • '[T]o break-even.' (P10) • '[W]e determine what the bottom line of the business is ... determine how many clients we have, how many units we service per month. And then we add about 28–30%.' (P9) • '[E]nough money to pay my expenses.' (P10) 	<ul style="list-style-type: none"> • Enterprise performance measurements include profit calculation, growth in annual income, assessing whether gross profit targets were met and determining whether the enterprise breaks even. • It is determined how much money needs to be available in a period or how much income needs to be generated in a specific period to be able to cover all expenses in the same period.
Risk management			
<ul style="list-style-type: none"> • '[W]e do not manage risks.' (P2) • '[S]ometimes I just throw caution to the wind and keep soldiering on.' (P4) • 'I feel the business is safe.' (P2) • '[O]ne hopes that the relationship one has with the broader community could stand one in good stead.' (P4) 	<ul style="list-style-type: none"> • Generally no risk management strategies are in place. • Enterprise owners are optimistic that risks will not become a reality. 	<ul style="list-style-type: none"> • 'At night I lock the place up.' (P1) • 'The yard needs to be enclosed. Everything needs to be locked.' (P2) • 'I have insurance on my vehicles ... people ... machinery.' (P7) • '[I]f there is not any business coming in for the next 3 months, we will be able to carry the business for the next 3 to 4 months.' (P9) 	<ul style="list-style-type: none"> • Risk management strategies are in place. • Makes use of insurance products. • Attempts are made to secure future clients to enhance business continuity.

Conclusions and recommendations

The findings of this case study research indicate that the business practice themes identified are all relevant within the context of small- and micro-enterprises even if a certain enterprise type has more advanced practices in place than the other. This suggests that financial literacy education strategies do not have to, but could, differentiate between micro- and small-enterprises. However, if the education is provided for both small- and micro-enterprise owners, it is recommended that the education strategies should evolve from very basic content to more sophisticated content to cater for both small-enterprise and micro-enterprise owners.

In terms of the specific matters to be included in financial literacy education strategies, both small- and micro-enterprises

are normally registered for tax purposes (income tax and VAT). It is therefore recommended that tax-related matters and the calculation thereof form part of the financial literacy education strategies planned. Another key finding was that no business plans are in place in micro-enterprises and are only sometimes found to be present in small-enterprises. Teaching small- and micro-enterprise owners the significance of business plans and how to prepare them could be a key focus area when financial literacy education programmes are designed. This will also in part address the fact that limited planning takes place in micro-enterprises, as was found in this study. Financial literacy education should also aim to upskill enterprise owners, in particular micro-enterprise owners, on how to establish credit terms and credit policies as well as devise strategies to appropriately price products and services to attempt to realise a profit for the enterprise. This study recommends that small-enterprises owners should

also be educated on the same matters because it was found that inadequate credit management is an issue that is generally experienced in developing countries. In terms of inventory management, it was found that some small- and micro-enterprise owners find it difficult to determine the quantities of inventory to restock or keep on hand. This should also be a focus area for financial literacy education, as well as selection of suppliers, because suppliers are currently selected based on convenience and cheapest prices offered. Looking at accounting practices, a process much simpler than the accounting principles prescribed by IFRS for SMEs is required. A basic bookkeeping process needs to be developed using a cash basis that should be supplemented with basic processes to keep track of debtors, creditors, and outstanding loans. This study found that both the small- and micro-enterprises prefer the cash basis for bookkeeping and accounting. Financial literacy education should provide guidelines for accounting or bookkeeping that is cash-focused, which should evolve into the accrual basis of bookkeeping and accounting. There appears to also be a need for financial literacy education involving the preparation of budgets, income statements, balance sheets, cash and bank reconciliations. The use of tax practitioners appears to be common among both small- and micro-enterprises. Financial literacy education strategies need to emphasise the importance of using a registered tax practitioner and provide the owners with a brief overview of tax (income and VAT) calculations in an effort to empower the owners with knowledge that could prove useful when swindlers attempt to take the owners for a ride. Even though micro-enterprises do not generally have bank accounts, it is worth learning how to prepare bank reconciliations, especially when the enterprise grows into a small-enterprise. small-enterprise owners need to be educated on the cost of high staff turnover in the long run. small-enterprise have a wide range of informal risk management strategies in place, but they are at risk of losing competitive advantage because of a disinterest in knowledge management relating to competitors. Similarly, micro-enterprises were found not to practise financial planning. Improper or no risk management practices could pose a threat to the viability of the enterprises. Hence, financial literacy education strategies should aim to educate both small- and micro-enterprise owners on the importance of as well as how to do financial planning and risk management for their enterprises.

The description of business practices, including accountancy and financial management practices, was derived from enterprises with a footprint in five of the nine provinces. It is therefore possible that the results could have differed if the enterprises had a footprint in all nine provinces. The nature of this study is to provide research that is transferrable to other settings, but not generalisable as for quantitative research.

Apart from the recommended financial literacy education strategies, establishing an evidence-based description of the characteristics of small- and micro-enterprises will provide

clues to government and policymakers on how to assist with the development and growth of these enterprises by providing tailored support. This research describes characteristics of small- and micro-enterprises that can be used by an array of stakeholders that includes government departments, government agencies and any other parties interested in arriving at strategies to assist with the development and growth of small- and micro-enterprises, in particular financial literacy education strategies. It is recommended that future research be guided by the business practices described in this research to develop small- and micro-enterprise financial literacy education content that is tailored to the characteristics of small- and micro-enterprises. Further research could also be conducted to establish whether there is a link between owner's financial literacy levels and the business practices adopted, where a benchmark is firstly determined for good business practices and secondly, to examine whether more of these practices are in place where owners demonstrate higher levels of financial literacy.

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L.E.D. executed the data collection process. L.E.D., J.P.F. and S.M. contributed towards writing the article, data analysis, analysis of the results, review and editing.

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