

**THE USE OF BUSINESS INFORMATION BY SMALL- AND  
MEDIUM-SIZED ENTERPRISES IN ACORNHOEK**

by

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## DEDICATION

This dissertation is dedicated to my parents, Samanisi and Girly Shokane, and my elder brother Aaron who, despite being illiterate was able to take me to school.

***Kgotso ga e ate Bakolokoto***



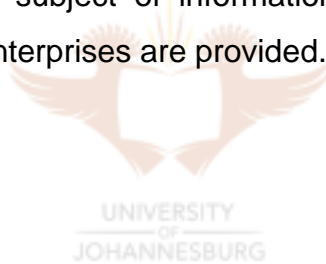
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## SUMMARY

In an environment of uncertainty, information has a potential competitive advantage for enterprises. South African enterprises, in metropolitan areas operate in a global market and must withstand the competitive pressure from other producers and from new alternative technologies and products. Managers therefore need an input of competitive information and must manage and utilise this information. This empirical study therefore investigates the extent to which small- and medium-sized enterprises in Acornhoek make use of business information for sustainable competitive advantage. An extensive literature review determining the information needs of business managers as well as how managers use and handle information in business enterprises is conducted. Based on the literature review, a survey method using pre-structured questionnaire is used. The study provides recommendations on how small- and medium-sized enterprises in Acornhoek should make use of business information to survive in a competitive environment. Finally, areas for further investigation on the subject of information as an economic resource for small- and medium-sized enterprises are provided.



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## **CHAPTER ONE**

### **CONTEXTUALIZATION OF THE STUDY**

#### **1.1 INTRODUCTION**

The need for information in business enterprises in the rural areas of South Africa has never been greater. The apparent lack of interest in business information could be attributed to two things. On the one hand, many business managers lack systematic information skills. Hence they often lack the confidence to ask for appropriate information. Frequently, they also do not know how to manage available information. On the other hand, information specialists have insufficient knowledge or no knowledge of the true information needs of some potential users, namely business managers (Terblanche and Du Toit,1996:101). Managers within business enterprises often have access to sources of comprehensive business data. However, whilst decision-makers are consequently often faced with excess data, an element of paucity of information for competitive advantage cannot be ruled out. Tricker (1982:1) shares this when he succinctly states that:

*Providing of more data, more accurately, more quickly and making it readily accessible does not, of itself provide more information, even less does it produce better informed executives.*

Drawing on Tricker's statement, the researcher would assert that the time has come for business enterprises, particularly in the rural areas of South Africa, to integrate information resources more effectively with other enterprise functions. In this manner information could become a strategic tool for reaching a competitive advantage. This assertion is advanced against a background in which hardly systematic guidelines for managers exist about to obtain information. The other underlying factor could be that modern business enterprises today, particularly in the metropolitan areas, are faced with growing complexities such as information explosion. At the same time they are undergoing a profound transformation. These factors have serious implications for business management in general. It is therefore imperative that modern business enterprises come to grips with technological advances.

Managers should also ensure that they familiarize themselves with new trends and rapid changes in the environment in which they operate (Du Toit; 1998:211). This study therefore investigates the extent to which small- and medium-sized enterprises make use of business information to gain sustainable competitive advantage in modern businesses.

## 1.2 BACKGROUND TO THE PROBLEM

Business enterprises in first world countries flourish when they take advantage of the perpetual advance of technology. The new technological advances have ushered in a new era of using business information to unlock the potential of economic success. The new era has elevated business information into a gem for competing favourably in an economic world (Wormell,1989:199).

Traditionally, business information documented in electronic devices, such as computers, was alien to business enterprises. However, time has changed, business information documented in electronic devices is increasingly regarded as a strategic weapon for gaining competitive advantage over competitors. Now of late business enterprises depend more and more on electronically documented information especially information available on the Internet. Fleck (1990:42) postulates that such information proves to be easily manageable, protected, accessed and seen as a utility asset that put business enterprises/magnates on an advantageous position. Porter and Miller (1985:150) maintain that evidence on the use of this resource is the:

- Alteration of the way business enterprises operates;
- Changing the enterprise structure, thus altering the rules of the competition;
- Giving business enterprises new ways of outperforming their rivals, thus spawning the whole new business enterprises.

In the South Africa metropolitan areas, large enterprises such as manufacturing enterprises have come to grips with the application of information as an economic resource. However, they still do not use it as a strategic resource for competitive advantage. The need for such information stems from the dynamics of the economic world (Du Toit,1998:206).

The researcher concedes that the continuous application and the use of business information as a resource ultimately help business enterprises in achieving greater value. It also serves as a cornerstone for competitive advantage. Business information documented in electronic devices will also help in reducing manual tasks, and also in the decision making processes. Business information should be seen as an obvious business asset to those business enterprises able to use business information. The realization and the acknowledgement that business

enterprises has economic value will therefore entice business enterprises to use business information so that they can continue to survive in the future. As a result, business information will form a conspicuous organ, among other inherent organs used to organize workflow and chiefly in the day to day operation of the business enterprises.

While attempts are being made by the Mhala Development Trust and Bushbuckridge Local Business Services to salvage what is left of Black-owned business enterprises in the disputed area by the Northern Province and the Mpumalanga, nothing of significance has been achieved to improve the avalanche of insolvencies. The cause of failure in Black-owned business enterprises could be attributed to the fact that they tend to attach less value to the use of business information than other enterprises in the metropolitan areas. These business enterprises tend to concentrate on issues such as mutual cooperation, curbing escalating crime and the intrusion of White-owned business enterprises in formerly Black areas. The researcher feels that their concern should be to keep abreast of the latest technology and to use business information for this purpose. Other than the lack of familiarity with business information, there are noticeable factors that are being overlooked.

Interalia, the following seem to be prevalent:

- Lack of knowledge regarding their information needs;
- Lack of business management skills;
- Lack of up-to-date information sources for business enterprises;
- Wariness of the installation of technological advances;
- Poor financial control.

### **1.3 PROBLEM STATEMENT**

Seen against this background, it is abundantly clear that business information can become the heart of operations in the business enterprises and that it can play an important role in the continued survival of the business enterprises. As a result more and more business enterprises will be forced to use business information for competitive advantage for their survival in the future. This implies that business

enterprises should come to grips with the use of business information. Business enterprises should also assess the opportunities business information will create for the effective and efficient management of the business enterprises in general. Therefore, the central problem being investigated by this research can be stated as follows:

*Why should information be used as an economic resource for competitive advantage by enterprises in the rural areas of South Africa?*

In the light of the principal problem mentioned above, the following sub-problems will be investigated by this study:

- What is business information? Does it have a strategic role to play in business enterprises?
- What types of information do business managers in business enterprises use?
- Why should information be regarded as a resource? What are the various characteristics of information as a resource?
- How can information be used to achieve sustainable competitive advantage?
- How do business managers use and handle information in their business enterprise?

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#### **1.4 PURPOSE OF THE STUDY**

In the light of the stated problem above, the purpose of this study is to explore how business information can be used by business enterprises in Acornhoek as an economic resource for competitive advantage.

In the process, the possible implications of using business information within business enterprises in the rural areas will, of course, also be explored. The general purpose of this study is to investigate the extent to which small- and medium-sized enterprises make use of business information to gain favourable competitive advantage. The general purpose of this study can therefore be divided in the following segments:

- To establish what business information is, and also to indicate how business information can be used for competitive advantage;

- To analyse the various information needs of business managers in business enterprises in small- and medium-sized enterprises;
- To establish why information is regarded as a resource and also identifies the significance of the value chain in achieving competitive advantage;
- To determine how business managers use and handle information in their business enterprises.

The area under study is situated in the Bushbuckridge, a rural area of South Africa with a population of approximately one million and two hundred thousand people. The major development issue facing this area, situated between the Drakensberg escarpment and the Kruger National Park, is employment. The area is semi-poverty stricken, and there are few job opportunities available. In the target population few entrepreneurs have received business-related qualifications (Wits rural facility, 1993:1).

## **1.5 RESEARCH METHODOLOGY, POPULATION AND SAMPLE**

In order to cast light on the statement of the problem and hence the purpose of the study, relevant literature sources on the use of business information as a utility for competition in modern business enterprises will be reviewed. The literature review will provide a theoretical background for conducting an empirical study. Questionnaires will be sent to managers in small- and medium-sized enterprises in the area of Acornhoek to determine their use of business information sources. The population of this study will be business people who have business enterprises in the area of Acornhoek.

The population of this study will be selected using non-probability sampling called purposive sampling. The sample of this study consists of thirty-five (35) business enterprises.

## **1.6 DEFINITION OF CONCEPTS**

### **1.6.1 Business information**

Willard (1995:201) defines business information as all recorded information that is produced or acquired by an enterprise in the conduct of its business. It applies to all enterprises across all business sectors. It applies to all forms of information whether derived from data processing systems, office systems, the library, pen or paper, provided it is recorded on physical medium. Willard (1995:201) further argues that business information feeds decision making through the filter of knowledge. Bakewell (1987:3) views business information as information which assists the means of buying and selling through the application of economics and management techniques of the production of goods and services.

Cashmore and Lyall (1991:6) indicate that business information embraces all information flows within the enterprise and between the enterprise and the external parties: customers, suppliers, the general public government etc. Business information, therefore, may be considered to be any item of facts, rumour or speculation which may be accumulated by the enterprise and used by an individual, whether employee or manager, to make decisions which will improve his or performance and thus improve the performance of the enterprise. It also includes outward flowing information about the enterprise to, for instance, a potential customer so that he can make an informed purchasing decision. Mchombu (2000:45) views business information as ideas, messages or intelligence a business person requires to improve the day to day operation of a business. Such information assists in business activities such as selling and buying goods, establishing opportunities, nature of competition, simple management techniques, and the knowledge of available services from government and the Non Governmental Organisation (NGO's) sector.

For the purpose of this study, business information refers to any information that business managers require to further the day to day running of their business enterprises, thus supporting the economic life of the surrounding community where they conduct business.

### **1.6.2 Competitive advantage**

According to Ohmae (1982:36) competitive advantage implies an attempt to alter an enterprise's strength relative to that of its competitors in the most efficient way.

Competitive advantage refers to anything that favourably differentiates what an enterprise offers from those of its competitors in the eyes of customers or end users. Bateman and Snell (1999:ix) hence argue that business managers must think constantly about how to manage in a way that delivers the goods and services that provide the best possible value to the customer. The researcher concurs with Duffy and Assad (1989:515) when they say that competitive advantage is means of achieving a cost or other advantage over one or more competitors. The sole purpose of competitive advantage should be to enable enterprises to gain, as efficiently as possible, a sustainable edge over its competitors.

## **1.7 OUTLINE OF THE STUDY**

The study consists of the following chapters:

Chapter two: BUSINESS MANAGERS' INFORMATION NEEDS.

The literature sources are reviewed in order to explore the understanding of business information as instrument for competitive advantage. The information needs of business managers in business enterprises are also be reviewed in this chapter.

Chapter three: INFORMATION AS A RESOURCE FOR COMPETITIVE ADVANTAGE.

A variety of literature sources covering information as a resource as well the concept of competitive advantage will be reviewed. The significance of value chain in achieving competitive advantage is also discussed.

Chapter four: MANAGERS' USE AND HANDLING OF INFORMATION.

This chapter will pay attention to the way in which business managers in enterprises use and handle diversified information to gain competitive edge over its competitors.

Chapter five: EMPIRICAL SURVEY.

The use of business information by small- and medium-sized enterprises in Acornhoek will be investigated in this chapter.



Chapter six: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

The chapter will include a summary of the findings, conclusions and suggestions for future research.



## **CHAPTER TWO**

### **BUSINESS MANAGERS' INFORMATION NEEDS**

#### **2.1 INTRODUCTION**

With the emergence of customer-driven enterprises, business information has progressively been considered to be an invaluable resource that accelerates the continued survival of the business environment as it performs a vital role in present day management.

Business enterprises in today's complex organizational world are experiencing rapid changes in an increasingly competitive setting. With the dire need to respond recurrently to changing markets conditions, coupled with the reshaping of basic business structures, competitive enterprises must either use information to improve products, services and internal processes or create new markets. On the one hand, business managers should have access to a wide range of factual competitive information; and on the other hand, they should be conversant with the dynamics to explore these information resources.

In this chapter the information needs of business managers in modern business enterprises will be discussed. An attempt to identify business information sources available for business managers is also made.

## **2.2. TYPES OF BUSINESS INFORMATION**

According to Schweitzer (1986:327) business information occurs in three types namely:

### **2.2.1 Developmental Information**

This type of information pertains to projections concerning markets, products, financial management, and business strategies and the outputs of research activities which may include pure research concepts, technology applications and research laboratory notebooks, results and proposals.

### 2.2.2 Dynamic Information

Dynamic information includes all the data generated in the course of managing an ongoing current operation. Information in this category includes such data as production output levels, quality control monitoring data, current sales, current receivables, stock levels, raw material in-process engineering changes, pricing and price adjustments, and unannounced business enterprise change.

### 2.2.3 Historical Information

Historical information includes records of past business operations such as payables, proprietorship data, business results (profits and loss), personnel records and records kept to meet the requirements of the law.

## 2.3 SOURCES OF INFORMATION

Business information is generated by a variety of formats ranging from an informal to a formal channel of communication. Dalton (1989:33) contends that the following sources of information are used by managers in business enterprises:

- Personal contact, for example, established entrepreneurs and friends;
- Newspapers;
- Printed sources for example trade literature, journals and reports;
- Catalogues, advertisements, journals and reports;
- Solicitors;
- Mass media such as television and radio; and
- Advisory services of development corporations for example business partners;
- Commercial sector, for example, banks, chamber of commerce, commercial information services;
- Information centers; and

- Sources available on the Internet.

Butcher (1997) indicates that to solve problems, business managers very reasonably turn to someone else (subordinate, peer contact, etc.) to discuss information in an attempt to form some consensus about the usefulness of it. He further expounds that oral communication has many advantages: feedback is instantaneous, misconceptions can be corrected, points clarified and additional information can be provided. This personal discourse is a primary source of information for managers. Managers believe that information obtained in this way can be relied upon because they have a special relationship with the sender.

Business managers should be able to tap verbal sources, which may be of use to them. As a result, regular meetings with subordinates can afford them the opportunity to collect trigger information. The trigger information is about potential business and entrepreneurial opportunities which triggers operational, control and strategic activities that are performed in enterprises. This trigger information frequently takes the form of hearsay and gossip and managers show a marked preference for this type of information, believing that “yesterday’s rumour is today’s business opportunity” (Butcher:1997). As a result, oral information sources are used particularly for the generation of ideas for negotiation, and for decision-making processes.

According to Auster and Choo (1993a:282) business enterprises prefer newspapers as a source of information. They point out that a newspaper offers the opportunity not only to address specific problems but also to get a wide view of the business environment and check for information which might trigger a business opportunity.

Pineda *et al* (1998:62) argue that the sources of managerial information can be classified into those which are internal or external to the enterprise and whether

these sources are personal or impersonal. Personal sources provide information directly to the small business manager while impersonal sources communicate information to a wide audience or through a formal group activity. Pineda *et al* (1998:63) further point out that small business managers collect information indirectly about competitors from a number of sources including customers, suppliers and employees. Small business managers tend to rely on their own experience when making informed decisions. In the same vein, they rely on personal connections as sources of external information. These personal connections are in the form of meetings, conferences, seminars etc (Johannessen and Dolva;1995:369). Pineda *et al* (1998:63) indicate that while small businesses tend to rely more on informal and personal sources of information, their information search activities vary according to the issue or decision under consideration.

#### **4. BUSINESS MANAGERS' INFORMATION NEEDS.**

Choo (1995a) stresses that the identification of information needs should be rich and complete in representing and elaborating user needs. According to Taylor (1986:199) information needs consist of two categories, namely, those pertaining to the subject matter i.e. what information is needed, and those arising from the situational requirement of utilising the information (why is the information needed, and how it will be used).

According to Butcher (1998:57) small business managers seems unable to explain their needs and there seem to be several reasons for this: they are unaware of what information is available, they do not understand how such information can be used and they are unaware of the delivery method options. Consequently, those charged with the provision of information within business enterprises such as builders of information systems, often design systems based on assumptions about the kinds of information which the small business managers of the business enterprise in

question will require; they make expensive decisions about information provision based on discussions with the relevant business managers.

They design the information systems based on these assumptions:

- Managers are aware of what information is available from both internal and external sources;
- Managers are aware of what decisions they will need to take both now and in the future;
- The information required to support their decisions and their work is available; and
- If relevant information is available then it will affect their decision-making.

New information may also trigger activity such as searching for a business opportunity or it may cause the business manager to initiate handling measures. Owens and Wilson (1997:26) argue that business managers who perceive uncertainty in their markets require a lot of information and expect their information requirements to increase in the future.

Against the backdrop outlined above, Butcher (1997) indicates that a number of user surveys conducted by authors on the subject of usage of information, show that the business enterprises' need for information will inevitably increase in the future. According to Butcher (1997) there are three managerial roles that business managers execute in business enterprises, namely:

- Operational tasks- these are the most basic tasks such as production and sales;
- Control tasks- such tasks ensure that resources are effectively and efficiently utilised in the accomplishment of the enterprise goals; and
- Strategic goals- such tasks involve planning for the future

Having identified the tasks, it is significant to ascertain what type of information is required in order to execute the above-mentioned tasks. According to Kargbo (1997) there are two types of information needed in business enterprises; namely, current awareness and everyday information. Ntsala (2000:172) indicates that business enterprise information needs can be identified at two levels; namely:

- Immediate information needs- this type of information is required to answer an immediate concern. This is likely to occur in a crisis situation in which time and costs are of outmost concern. However, the rapid demand for information to be satisfied will depend appreciably on the reliability of the personal contact network.
- Prospective information needs- this type of information is basically treated as a long-term strategic resource.

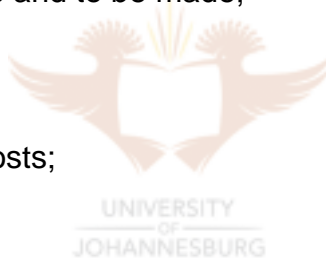
Operational tasks are performed by virtually all small business managers at all levels of the business enterprise at some time. The nature of the operational tasks depends on a number of factors including seniority and the sector of the business enterprise. Operational tasks can be defined in functional terms and include divisions such as production and sales. Butcher (1997) postulates that information for operational tasks provides answers to questions such as “how many products has the business enterprise produced or sold”.

Business managers who are responsible for operational tasks are concerned about the costs and productivity of the raw materials they employ and reports of events such as downtime, output, and raw materials usage and scrap are vital to the efficient running of the business enterprise. Mc Kinnon and Burns (1992) as quoted by Butcher (1998:59) argue that operational managers often require information about the quality of production and of the raw materials; this includes obvious

indicators such as scrap rates, information on routine maintenance, unplanned breakdowns, failures and production problems.

The information provided for the management of the operations is used to monitor current progress and to determine scheduling of future events. The physical nature of operational tasks such as production, sales and logistical processes often leads to the collection of operational information using direct observation of the process or reports of such observation. This kind of information is quantitative and is usually produced as a by-product of the internal operational process (Butcher;1998:59). Information for operational decisions will be required regularly, every month, week, day, hour or possibly every minute depending on the nature of the decision to be made, for example, information in the production function may include:

- Number of units made and to be made;
- Number of rejects;
- Labour efficiency;
- Material and labour costs;
- Labour productivity;
- Stock and work in progress;
- Material waste; and
- Machine set up times.



Information for the marketing department may relate to information pertaining to customer orders, customer leads, product mix, product availability, promotion, marketing costs, product margins and as well as the discount given.

Marketing departments are interested in maintaining and improving customer relationships since satisfied customers are a prime source of new orders. Despite difficulties of measuring customer satisfaction, Butcher (1998:59) indicates that the measure of customer satisfaction might be the number of customer complaints. The drawback for using this method is that customers might switch to an alternative supplier if they are not happy with the services rendered to them.



Information for control tasks often takes the form of bench-marking or comparison of data with that of the previous time period. This type of information emanates from the internal source within the business enterprise, and often takes the form of an aggregation of the raw data which is produced as a by-product of the operational processes. Such aggregation may be weekly or monthly summaries of the operations or processes for which the business manager is responsible, and may include relevant financial information about the cost of inputs and outputs. Sometimes this kind of information merely confirms that the operations and processes are proceeding in a way which has been anticipated and thus confirms that the business enterprise is on target to achieve its overall aims and objectives. Information for management control tasks is required to enable business managers to ensure that the business is progressing satisfactorily towards the achievement of its aims and objectives.

These are, however, likely to be aims and objectives for each function or business activity cluster in the business enterprise (Butcher,1998:59). The type of information sought for the purpose of management or tactical control will depend to a larger extent on the functions or process for which the business manager is responsible, but may include information about the productivity of the workforce, use of the raw materials and equipment and bench-marking against other similar operations both within the business enterprise and against the best in the sector. It may also include information about the core competencies such as the innovation measurement and information concerning the allocation of scarce resources such as capital and people (Butcher,1998:60).

The final task of business managers in enterprises is strategic formulation. Strategic formulation is the management task which determines the future direction of the business enterprise and as such it involves an attempt to predict the future environment in which the business enterprise will conduct its business. Strategic formulation provides the fertile ground for the provision of competitive information. Although environmental scanning is rarely considered as a source of providing

information in business enterprises, it is seen as an instrumental element for identifying the business managers' information needs in modern enterprise. Information required for strategic planning differs from the information provided for other management tasks. It is often loosely structured, it does not need to be completely accurate, it is predictive rather than historical and it takes the form of trends, and it is likely to be qualitative rather than quantitative (Butcher,1998:61).

The information that may be needed by business enterprises for strategic reasons will also include information concerning competitors, customers and the economic situation, in addition to information about the business enterprise itself. The interaction between competitors, customers and the business enterprise is sometimes referred to as the strategic three and may be said to be the basis for all strategic decisions (Cashmore and Lyall,1991:24). According to Cashmore and Lyall (1991:26) and Butcher (1998;79-80) the type of information needed by business enterprises can be best summarized as follows:

#### 2.4.1 COMPETITORS

The type of information needed by business enterprises for competitors should address the following questions:

- What are the competitor's future plans in terms of new products, markets etc?
- What are the competitors' organizational structure i.e. who makes decisions in the specific structures?
- What are the competitors' attitudes towards sales volume versus profit margins?

This category will include information about competing products, financial and market information or competing enterprises, their tactics and capabilities.

#### 2.4.2 CUSTOMERS

The first information requirement will be a detailed analysis of existing customers and their buying habits in order to focus on particular segments of the markets and to target future advertisements. Secondly, information on movement and changes in population and the effects of these on the business existence and the potential customer is needed; and thirdly information on the cost of serving customers in terms of production, delivery and service so as to concentrate efforts on the most profitable categories of customers.

The information for this category includes information about those enterprise individuals which purchase the products or services. It includes final customers and those who purchase for resale.

#### 2.4.3 ECONOMIC AND POLITICAL ENVIRONMENT

Information is needed to predict for specific markets. This may include:

- Gross National Product;
- Interest rates; and
- Exchange rates.



This type of information will normally be required to provide a scanty background for the decision at international, national and regional and business sector level so as to answer questions such as:

- Should business enterprises invest in new assets?
- What is the long-term availability of raw materials?
- What impact will the availability have on the product sales, prices and customers?

Information about the specific economic climate in which business enterprises do business is also of interest; of particular importance are the cost of raw materials

and prices of current and potential products for its own and competing enterprises. Information about the availability and costs of resources such as labour and land is essential.

Pistorius (1989:170) stresses that businessmen require ongoing information on the external environment, i.e. the political, judicial, social, geographic, ecological, demographic, economic, financial, and technological environments, as well as technological and management information for decision-making purposes. Business managers frequently need this kind of information more speedily than academics and researchers to facilitate decision-making that could be profit-related. According to Olanigan (1987:346) the types of information needed by small business enterprises vary considerably. They range from general information which can be obtained from general references to more detailed information relating to methods of production. He states that information needs of business enterprises can be categorized into the following categories, namely:

- Management training for managers of small business

The information needs of small business managers regarding training focuses on aspects such as financial management, marketing management, personnel management and management techniques such as planning for short/long range planning. Information relating to where courses are being organized and run on the above subject will be invaluable to small business managers.

- Technological know-how

The business environment is so dynamic that a business enterprise which wishes to compete successfully must use the most cost-effective and efficient methods of production. Information needs of small business managers of enterprises in

technical know-how include: Procurement of sustainable machines and equipment, technical partners, research and development, and up to date knowledge of results, raw materials and process and technology.

- Knowledge of existing policies, practices and regulations

These are laws and regulations affecting the establishment and operation of the business enterprise which no business manager can afford to ignore.

Information needs in these areas cover government incentives, taxation, custom and excise, registration of business, import and export regulations including procedures, laws and decrees. Information need in this category may also entail knowing about new patents and licensing agreements.

- Marketing

Marketing is the process of determining customer demands, motivating the sale of products, and distributing the products into ultimate consumption at a profit. Information needs in respect to marketing therefore include market statistics, distribution channels, directories of dealers, and their products.

- Industry and Sectoral Analysis.

This category includes information about industrial and sectoral policy, structural changes such as merges, acquisitions, and joint ventures, new entrants, leads for merger and joint ventures.

- Foreign trade.

All the information needed for marketing indicated above will be useful to those business enterprises involved in foreign trade, the exchange rate, methods of payment, tax reliefs, financial incentives, import and export regulations and others.

The increased globalization of business results in a need to be aware of the outlook for business, not only in their own nation, but also internationally.

- Social / Cultural factors

This category includes factors such as changes in the demographic make-up of an area which may cause considerable disruption for business enterprises. Information about socio-cultural factors may be regarded as essential for the planning of the future of the business enterprise.

## **2.5 BUSINESS INFORMATION AND THE WORLD WIDE WEB (WWW)**

The continuous changes in technology, i.e., particularly the proliferation of the World Wide Web (WWW) as a valuable tool for acquiring business information in rural areas has undoubtedly become a stimulating subject. The WWW is conscientizing business managers how easily information can be stored in different locations in a variety of formats. The WWW is also making business managers understand that more tools to seamlessly integrate diverse data resources is demanded.

Traditionally, information in black business enterprises is acquired by informal means through trade publications, the radio and television, newspapers and conversation. With business enterprises' dire need to access information on its markets, competition and prevailing environments, there is a contention that the WWW could possibly be seen as a means of resolving these problems.

According to Kargbo (1997) business enterprises in the rural areas have begun to realize that the WWW makes it easier to deploy enterprise wide messages through electronic mail. Electronic mail is seen as a means of communicating with employees, and as a tool to interact with customers. This encourages new opportunities to gather feedback about products. The use of electronic mail also reduces business enterprises' printing and postage costs (Kargbo:1997). Business

enterprises also deploy the WWW to market services and products, thus permitting access to specialized data and encourage collaboration between remote sites within the business environment.

Kargbo (1997) further argues that business enterprises increasingly use WWW to recruit personnel, saving time and expenses. It is also perceived to be providing business managers with information that they require to ensure that their businesses remain profitable, and lastly the WWW is utilised to obtain information on investment opportunities, foreign trade regulations, environmental requirements and standards in international trade. Although, the WWW offers possible advantages in business enterprises, there are numerous drawbacks that are associated with the application of WWW in business enterprises, particularly in small businesses.

Among others, the following seem to be prevalent:

- COST

In places where the resources have been sufficiently developed, WWW may be seen as an all round good deal for business enterprises. However, not every business enterprise has an opportunity to take advantage of the perpetual use of the WWW. The cost in some instances for accessing and using WWW is prohibitive. Sometimes, resources may not be simply developed in rural areas, thereby making access to information at any cost problematic.

- INCONSISTENCY OF TELECOMMUNICATION ACCESS

The WWW service providers are in the investment phase, especially in rural areas. Although the WWW is seen as the central focus for all communication facilities including telephone, fax, data communications, and online electronic commerce, it is difficult to gauge how ubiquitous the service will be and when it might occur.

- **CAPACITY DEVELOPMENT**

Despite enormous efforts by business enterprises, strategic capacities are still lacking. There may be a lack of sufficient and sustainable structures and institutional procedures needed to get connected to a computer, modem and a telephone. In addition, certain skills, tools and information are required when using the WWW. In some places, these capacities are scarce due to the weak financial base of most business enterprises. As a result of financial weaknesses, the development of the WWW has been hampered.



## **2.6. CONCLUSION**

In this chapter, various types of information as well as the business managers' information needs have been identified. The various sources of information for attaining competitive advantage received also attention. The chapter also identified the advantages of deploying WWW in business enterprises. It can therefore be



concluded that the advent of Internet particularly the WWW has led to improved and better communication among enterprises. This has enhanced the competitive gains of business enterprises.

The next chapter will be devoted to showing how information can be used as a resource to gain competitive advantage in modern business enterprises. The chapter will also attempt to indicate the economic characteristics of information as an economic resource and as well as the significance of value chain in achieving competitive advantage.



## **CHAPTER THREE**

### **INFORMATION AS A RESOURCE FOR COMPETITIVE ADVANTAGE IN BUSINESS ENTERPRISES**

#### **3.1 INTRODUCTION**

Information can be used as a competitive weapon by an enterprise in order to change the structure of competition as well as to erect barriers to potential competitors. How this is achieved depends entirely on the strategy chosen by a specific enterprise (Du Toit,1998:205).

This chapter attempts to discuss why information is increasingly regarded as an economic resource for competitive advantage. The factors that lead to the increasing use of information as a resource for competitive advantage are explored. In the process, the characteristics as well as a comparison of information from traditional resources are discussed. The benefits that might arise as a result of the usage of information in business enterprise as well as the significance of the value chain in achieving favourable competitive advantage will also receive attention.

### **3.2 FACTORS THAT LED TO THE USE OF INFORMATION FOR COMPETITIVE ADVANTAGE**

Wysocki and DeMichille (1997:5) assert that the main reason for the interest in information by modern business enterprises is the development of information technology. Information technology allows an enterprise to become more active within the internal and the external environment and is considered to be the cornerstone for achieving competitive advantage (Du Toit,1998:205).

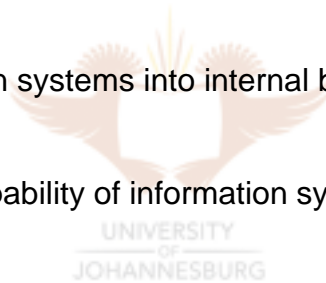
According to Wormell (1991:203) information technology is strongly affecting the economy, changing the rules of competition, transforming the nature of products, processes, and enterprises. Du Toit (1998:205) indicates that information technology is changing the competitive environment in three fundamental ways:

- It changes enterprise structure and in so doing alters the rules of the competition;

- It creates competitive advantage by giving enterprises new ways to outperform their rivals; and
- It spawns whole new businesses, often within an enterprise's existing operation.

Cash and Konsynski (1985:135-136) concede that the following factors could be attributed to the increasing use of information for competitive advantage in modern business enterprises:

- The need for fast, reliable information exchanges in response to rapidly changing markets, products and services;
- The evolution of guidelines, standards and protocols;
- Penetration of information systems into internal business processes;
- Technical quality and capability of information system technology; and
- Use of information systems technology to distinguish products and services.



Venketram as quoted in Du Toit (1998:206) argues that the competitive role for information technology could be attributed to the convergence of two forces, namely technology push and competitive pull.

On the one hand, technology push emanates from the incessant changes in information technology which result in enhancement in dynamic sophistication and price information ratio of information technology and the increased connectivity capabilities of information systems. On the other hand, competitive pull focuses primarily on the level of the competition. The increasing need for fast and reliable information has come about as a result of rapidly changing markets, products and services (Du Toit, 1998:206).

### 3.3 CHARACTERISTICS OF ECONOMIC RESOURCES

According to the subject field Economics, a resource is a natural or man-made agent which is used to create goods or services which can be utilised. A resource does not refer to a thing only or a substance only, it also refers to services used to produce goods which can help to satisfy human wants (Willard,1993:201).

Willard (1993:201) further defines a resource as:

- A means of supplying a want;
- A stock that can be drawn on; or
- A means of support.

Swanepoel and Boon (1989:231) indicate that resources are always relatively scarce in terms of people's needs. This means that resources such as labour, capital, entrepreneurship and raw materials are not adequate to provide for the multiple needs of particular individuals or communities (as manifested in goods and services). As a result of the scarcity of resources, people continually have to make certain choices on how to derive the greatest benefit.

When resources are scarce, a community is likely to strive towards utilising such resources as effectively and efficiently as possible (Swanepoel and Boon,1989:231). Some other resources have a limited life cycle, whereas others can be used repeatedly without losing their value. In the information life cycle, information follows a cyclical process from the input, throughput and output stages of information assets and resources.

Le Roux (1983) as quoted in Unisa Study-guide (1993:21) indicates that resources have four distinguishing characteristics, namely:

- They are objects outside us, which satisfy human wants;
- Resources have use or utility value;
- Resources have exchange value; and
- Resources are products of human labour.

Economic resources refer to all inputs in the production of goods, such as natural and man-made resources. Mansfield (1983:6) indicates that economic resources are scarce, while free resources, such as air are so abundant that they can be obtained without charge.

The following are traditional economic resources used in enterprises:

- Natural resources

Natural resources include all the elements of nature such as land (building and agricultural land), water, air, sunshine, vegetation and minerals, which are pivotal to materials such as wood, grain and minerals.

- Labour

Labour is the physical and mental effort required to produce or create useful things from raw materials. Labour includes human skills, both physical and mental, which provide goods and services.

- Capital

Capital includes all manufactured equipment such as building equipment, inventories and non-human producible goods that contribute to the production, marketing of goods and services.

- Entrepreneurship

According to Niewenhuizen *et al* (1997:2) entrepreneurship is creating and building something of value from practically nothing. This implies that entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled. It also involves the definition, creation and distribution of value, and benefits to individuals, groups, organisations and society.

### **3.4 INFORMATION AS AN ECONOMIC RESOURCE**

Terblanche and Du Toit (1996:102) assert that information has increasingly been considered as an important resource to be utilised by business enterprises. They acknowledge that information is a resource that can be effectively used in marketing, decision-making which improves productivity, competition and performance in enterprises. Terblanche and Du Toit (1996:102) contend that information is a vital resource that increases employee's efficiency which, in turn, influences and determines the performance of the enterprise as a whole. Vinken (1982:233) indicates that information is a resource that complies with the economic laws (supply and demand).

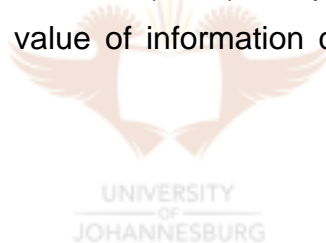
This is asserted by the fact that there is value in the marketplace. The value of information lies in the extent to which it is structured and organised. A certain school of thought implies that because information is readily and fully available it cannot be considered an economic resource. Another school of thought however considers information to be an economic resource because, like other traditional resources, it possesses the following characteristics (Crawford, 1989: 42).

- It contributes to the satisfaction of the human needs;
- It has various possible applications; and
- Relative to human needs, it is scarce.

Information is a resource for business enhancement when it is critically and systematically evaluated for its relevancy and contextual profitability. As such it must be afforded necessary attention, as it deserves the same kind of managerial discipline given to other traditional resources like land, entrepreneurship, capital and labour.

Du Toit and De Villiers (1995:2) argue that information can make the difference in the enterprise's survival against aggressive competitors. Hence the enterprise's ability to develop an appropriate competitive strategy depends largely on the quality and the value of information. Wilson (1993) as quoted in De Villiers and Du Toit (1995:2) postulates that the value of information can be ascribed to the following factors:

- Relevancy;
- Accuracy;
- Clarity;
- Timeliness; and
- Comprehensiveness.



Du Toit and De Villiers (1995:3) state that an enterprise's ability to develop appropriate competitive advantage depends largely on the quality and the value of its knowledge and information resources. If information is efficiently managed, the competitive position of the business enterprise can be strengthened at a strategic level. Hence meaningful information can be used as a strategic weapon for achieving greater value and gain competitive advantage among competitors (Du Toit,1995:29).

Cronin (1986:108) regards information as an economic resource with special unique characteristics, hence he remarks that:

*Information is a resource which in effect conserves other resources (e.g., labour), and which contributes yield by improving decision concerning their (i.e. other resources) use and mix.*

Willemse and Du Toit (1996:8-9) and Burk and Horton (1988:19-20) maintain that the unique characteristics that information possesses include the following:

- Information exists only through human perception;
- Information is expandable -It increases with its use;
- Information is compressible- It can be summarised, integrated etc;
- Information can serve as a substitute for other resources such as physical facilities;
- Information is transportable by using application of new information technologies such as E-mail, Internet and others;
- Information is diffusable- It tends to leak, and the more it leaks, the more the people get it; and
- Information is shareable, thus giving it away does not mean losing it.

Eaton and Bawden (1991:162-163) note that for information to be classified as an economic resource, it has to have the following unique characteristics:

- Value of information.



Information has no intrinsic value. Its value depends upon its contents and its use by particular users on particular occasions. The value of strategic information by enterprises is sometimes hardly determined in advance.

- Consumption of information.

Information differs pragmatically from consumer resources in that it has a self-multiplying quality, that is, its use does not necessarily involve redistribution, loss or consumption.

- Dynamics of information.

Information cannot be regarded as a static resource to be accumulated and stored within the confines of a static system. Rather it is a dynamic force for change within the system which the business operates; a formative organizing entity, rather than an accumulated stockpile of facts.

- Life cycle of information.

Information comes in many different forms and is expressed in many different ways. Information takes on any value in the context of the individual situation.

- Individuality of information.

Information comes in many different forms, and is expressed in many different ways. The information resource management approach therefore tends to maximize the situation's uniqueness, as do all resources approaches.

According to Blom (1991:25-26) it is necessary to make business enterprises aware that information is essential to effective problem-solving as a basis for innovation and new product development, effective market positioning, and long term planning, a resource which costs money (to create, store and retrieve) and has value to



business managers. Burk and Horton (1998:20) insist that if information is to be managed as a resource for gaining competitive advantage, it is important that the following essential aspects be considered:

- Information is something of value like money, capital, goods, labour and raw materials;
- Information is something with identifiable and measurable characteristics such as method of collection, utilities and the ability to be interchanged with other resources;
- Information has a life cycle: requirements, definition, collection, transmission, processing, storage, dissemination, use and disposal;
- Information is an output that can be transformed into useful input that are beneficial to achieving enterprise goals;
- Information is an expense for which standard costs can be developed and for which cost accounting techniques can be used in monitoring and controlling;
- Information is something that presents enterprise's management with a variety of development choices. For example, making trade-offs decision between information intensive and manpower intensive investment, teleprocessing and manual processing activities or between maintaining an information product or service or buying it from an external source;

### **3.5 THE ROLE OF INFORMATION IN ACHIEVING COMPETITIVE ADVANTAGE IN BUSINESS ENTERPRISES**

According to Hayward and Broady (1995:150) information is important in business enterprises for innovation, goods and services to be turned into profit.

It is therefore essential for problem solving, forms the basis for innovation and new products development, is essential for effective market positioning and long term planning. As such it can be used as a strategic resource for decision-making. According to Du Toit (1998:205) information can be used to maintain entry barrier to

potential competitors or to create open systems that allow new entrants. In other words, it can be used to determine market forces, and long term strategies. Taylor and Farrell (1992:1) contend that accurate, timely and relevant information about the economy, market technology, attitude of customers and action of competitors is essential for business growth and survival: securing resources, spotting threats and opportunities, setting long term plans. Herring (1991:145) indicates that information facilitates enterprises' progress by shaping organizational, technical and personnel considerations and at the same time provides a basis for developing enterprises' strategy.

### **3.6. THE SIGNIFICANCE OF VALUE CHAIN IN ACHIEVING COMPETITIVE ADVANTAGE**

According to Wormell (1991:203) value chain is a system of interdependent activities which are connected by linkages. Porter and Miller (1985:150) note that the concept value chain disaggregates enterprise activities into technologically and economically distinct activities it performs to do business. These value activities of an enterprise are measured by the amount the buyers are willing to pay for the product or service. An enterprise is profitable when the value it creates is greater than the cost of performing the value activities (Porter and Miller;1985:150).

Despite the fact the value chain is devastated by the drivers of the new economy, Coelho (1999) maintains that an enterprise becomes profitable when the value it creates is greater than the costs of performing the value activities.

Pearce and Robinson (1997:176-181) point out that the value chain divides enterprises's activities into primary and support activities (*See Figure 3.1*). According to Porter and Miller (1985:150) primary activities are those that are

involved in the physical creation of the product, its marketing and delivery to customers its and servicing after purchase.

Support activities

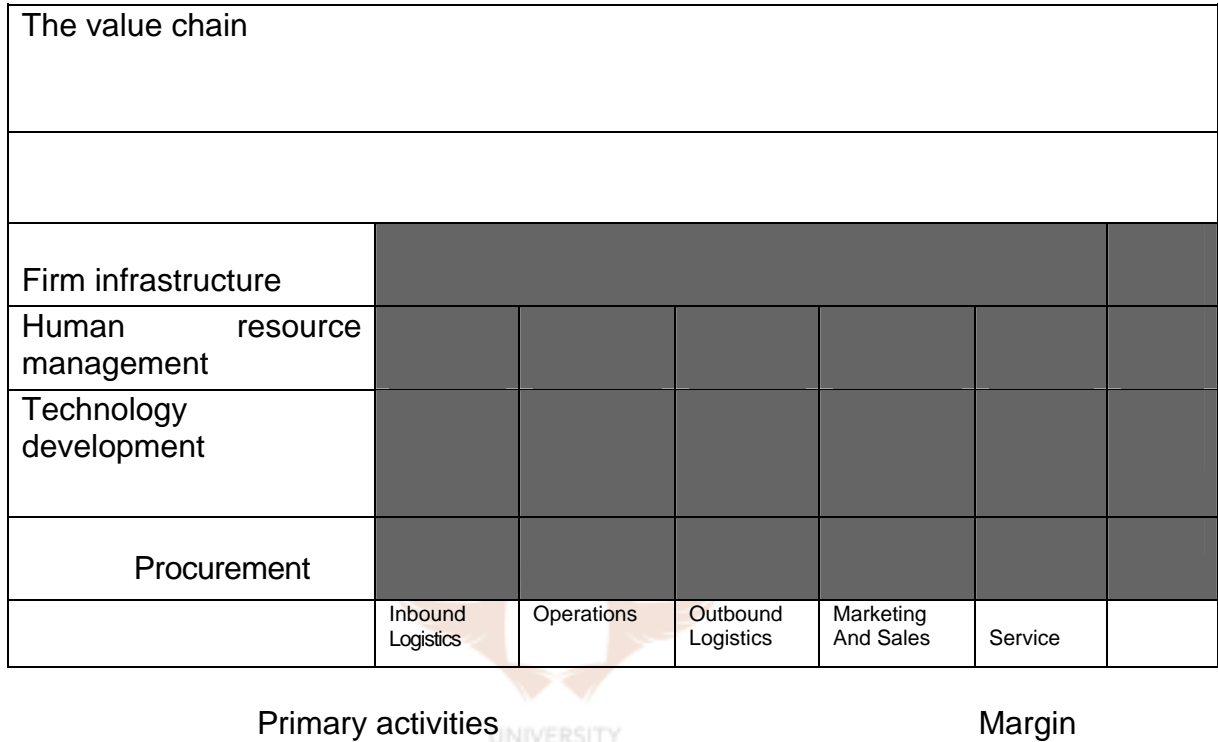


Figure. 3.1. Value activities. Source: Porter and Miller (1985:151)

Support activities provide the infrastructure that enables the primary activities to take place (Coelho,1999).

Primary activities include:

- Procurement and inbound logistics- this entails purchasing from vendors the materials necessary for production activities, storing and distribution activities, storing and distributing inputs from suppliers, inspection and inventory management;
- Operations- this refers to transforming inputs into final products;
- Outbound logistics- ensures that the product reaches its destination, i.e. it is, marketed;
- Sales and Marketing- sales force activities, advertising, market research and planning dealer support; and
- Service - provides assistance to buyers.

Support activities include:

- Research, technology and systems development- this entails product and research and development, process design improvement, equipment design software development, telecommunication systems, computer aided design and engineering, new database capabilities, and development of computerized support systems;
- Human resource development- involves recruitment, hiring, training and compensation of personnel, labour relations and development of knowledge based skills; and
- General administration- general management, accounting and finance, legal and regulatory affairs, safety and security, management information systems and others.

According to Porter and Miller (1985:150) enterprises' value chain refer to the system of interdependent activities which are connected by linkages. Linkages

normally exist when one activity that is being performed affects the cost or effectiveness of other activities. Linkages sometimes create trade-offs in executing different activities that should be optimized. The linkages also require effective co-ordination; hence co-ordination permits delivery without the dire need for costly inventory. The value chain in enterprises is embedded in the larger stream of activities called the value system. This basically refers to the business enterprises and its environment. Linkages do not only intertwine the value activities within business enterprises, but also create interdependence between its value chain and those of suppliers and channels. Enterprises can thus gain competitive advantage by optimising or co-ordinating these linkages to the external environment.

The value chain has an impact on the business enterprise in two dimensions, namely through a set of physical activities and the flow of information. The value activities have both a physical and information component (Coelho,1999). These value activities provide dynamics by adding value and thus act as a source achieving favourable competitive advantage. For a business enterprise to achieve a competitive advantage over its competitors, it must either perform those value activities at a lower cost or perform them in a way that leads to differentiation and at a premium price. The value activities in the value chain contribute to a business enterprise's cost position and form the basis for differentiation from the chains of competitors. The value chain is therefore pivotal because it serves as a cornerstone of business enterprises so that they remain ahead of their competitors. Porter and Miller (1985:105) expatiate that information is permeating the value chain at every point, thus transforming the way business activities are performed. It also affects the competitive scope and reshapes the way products meet customer needs.

It is therefore clear that business managers should not only pay attention to how value is created in the physical world, but rather be concerned with the fact that the process for creating value is not similar in the physical and virtual world.

As such, the value chain of the business enterprises should contain all the information that flows within an enterprise and its suppliers, its distribution and its

potential market. The enterprise relationship with supplier, customer and employee, brand identity and process co-ordination should be dependent on various forms of information. Hence, information should be seen as the heart operation of modern business enterprises. Davis and Bolta as quoted in Coelho (1999) remark that enterprises that are based on providing information to customers will perform better than those that do not, and enterprises which know how to transform information into knowledge will be the most successful.

It is therefore clear that successful business enterprises take advantage of the incessant proliferation of information, and thus co-ordinate the physical chains. According to Rayport and Sviokla as quoted in Coelho (1999) value added process occur in three stages:

- Firstly, information improves the visibility of physical operations tremendously. The information systems technologies gather information pertaining to the value chain enabling business managers to thoroughly plan, implement and critically evaluate better and faster. The information technologies provide information about suppliers, customers and competitors, thus giving business managers an opportunity to visualise every element of the business enterprise value chain as part of the integrated whole;
- Secondly, business enterprises can begin to create mirror capability by installing a virtual chain that parallels and enhances the existing one. This is possible if business enterprises have capable information systems and adequate information processes; and
- Lastly, the advent of modern technologies such as the Internet and World Wide Web enable business enterprises to maximise the customer relationship and average opportunities to deliver value in both physical and electronic form.

### **3.7 CONCLUSION**

With the increasing usage of technology, particularly the World Wide Web, it has become increasingly important for business enterprises to exploit information for competitive advantage. For business enterprises to remain competitive, they should transform their enterprises into information base enterprises so that they can meet the challenges of the new millennium.

In conclusion, it can be stated that this chapter explores reasons behind the interest in using information as a resource for attaining competitive advantage. The characteristics of information as an economic resource were indicated. The role of information in achieving competitive advantage also received attention. The significance of the value chain in achieving competitive advantage was also discussed. The next chapter will discuss how managers use and handle information in business enterprises.



## **CHAPTER FOUR**



# MANAGERS' USE AND HANDLING OF INFORMATION

## 4.1 INTRODUCTION

Authors like Butcher (1997), Koniger and Janowitz (1995:6) and Wilson (1994:13) emphasize the importance of information for the continued survival of business enterprises. Business managers need accurate information for decision-making and the execution of their daily activities. To satisfy this need, many business enterprises have responded by deploying the Internet, particularly the WWW for the enhancement of speed information delivery and efficiency.

Despite the deployment of World Wide Web, complaints about the lack of information have become universal in the business environment. This is at a greater extent triggered by certain factors. Butcher (1997) argues that many business managers depend on their different information systems, often bypassing the central systems such as strategic business units, research departments, and information services units altogether. These different information systems fail to attract many business managers because their emphasis is on the needs of the scientific community rather than the information systems themselves. This means that the information developers have paid attention to the details of information processing and not enough attention to the information that should flow into the information systems. It is clear that users in the business environment, unlike scientists and researchers, do not require abstracts or full text, but they are particularly concerned with the prime information for gaining sustainable competitive advantage. The primary information required should be concise and accurate for decision-making (Cashmore and Lyall, 1991:26).

There is a lack of awareness about the usefulness of information among black business managers particularly in the rural areas. The lack of awareness about the

usefulness of information could be ascribed to the fact that black business managers in rural areas do not know how to harness competitive information using technological devices. As such the implementation of electronic systems and what it can facilitate is perceived as intimidating and therefore ignored.

Despite the fact that the introduction of information technological devices makes it easier for the business managers to acquire information at the click of a mouse and help to bypass the traditional division of labour among information specialists and technologists, these technological devices are not prevalent among black business enterprises. This could be attributed to the fact that technology among black business enterprises, especially in rural areas is still at its infancy stage.

This chapter describes the way in which business managers use and handle information in business enterprises. The chapter also shows ways in which information as invaluable resource is shared using various means of communication. A notion is also advanced as to the broad role of information in decision-making process. The barriers to the free flow of information in enterprises and as well as the role of information professionals in providing information to business enterprises are discussed.

## **4.2 THE ACQUISITION AND PROCESSING OF INFORMATION BY MANAGERS IN BUSINESS ENTERPRISES**

### **4.2.1 THE ACQUISITION OF INFORMATION BY MANAGERS**

Wilson (1994:19) argues that information is relatively acquired by informal means on the golf course or in the bar, attendance at trade fares, the daily press especially in financial newspapers, trade publications, radio, television, and others.

Indications are such that in many business enterprises many business managers do not use information technology because they are unaware of how to use the systems properly as indicated earlier on. They often do not know the capabilities of

these systems. Business managers do need information to improve the competitive advantage of their business enterprises, decision-making and problem solving. They therefore resort to setting up a formal meeting with their employees where the feedback is instantaneous, misconceptions can be corrected, points clarified and additional information can be collected, and further information may even be picked from body language (Butcher,1997).

Word of mouth is also considered as important but an unreliable and inaccurate information source for gathering information. However, business managers argue that information obtained in this way can be relied upon because it has the special relationship with the sender. Butcher (1997) asserts that this method is employed by a greater number of business managers because it affords them the opportunity to collect trigger information. In this way, business managers are able to make informed decisions. Choo (1995a) contends that people, and not printed sources or electronic databases, will always be the most valuable source of obtaining information. People read widely, communicate frequently with customers and competitive suppliers work, on a variety of projects, and accumulate specialised knowledge and expertise.

Environmental scanning is also considered to be a technique for collecting information about competitors. According to Choo (1994:23) and Auster and Choo (1993:279) environmental scanning is the acquisition and use of information about events, trends and relationship in the external environment, the knowledge of which would assist business managers in planning the future of the enterprise.

Choo (1995c) indicates that the process of environmental scanning comprises of three activities, namely:

- The gathering/ acquisition of information concerning the business external environment;
- The analysis and interpretation of this information, and more importantly; and
- The use of this analysed intelligence in strategic decision-making.

The above description highlights that environmental scanning includes both looking at information (viewing) and looking for information (searching). Choo (1995c) indicates that there are four styles of environmental scanning that can be used to collect information about the environment.

- Undirected viewing- defined as general exposure to information where the viewer has no purpose in mind with the possible exception of exploration. This exploration alerts that “something” has happened and that there is more to be learnt;
- Conditioned viewing- defined as a directed exposure to a more or less clearly identified area or type of information. It frequently serves as a warning or to provide a cue that more intensive scanning should be instituted. The business manager is ready to assess the significance of such information as it is encountered;
- Informal scanning- defined as a relatively limited and unstructured effort to information for a specific purpose. Informal search can take the form of keeping an eye on the market to check on the results of some new products pricing policy. The business manager actively looks for information to address a specific issue; and
- Formal search- refers to deliberate effort usually following a pre-established plan, procedure or methodology to secure specific information or information relating to a specific issue.
- An example of a formal search would be a systematic gathering of information to evaluate a prospective corporate acquisition.

Information is also acquired from letters, memos, contracts, minutes, reports, information bulletins, brochures, publications and newspapers. Information gathering within business enterprises depends on communication. The methods of communication can be categorized into three methods; namely, verbal, non-verbal and written.

#### **4.2.1.1 VERBAL COMMUNICATION**

Heubsch (1995:8) postulates that the method by which people generally communicate is oral. The most common form of oral communication includes meetings, discussions, speeches and the informal mill or grapevine. Speed and instantaneous feedback are the two advantages of oral communication. A verbal message could be conveyed and the response received almost immediately.

Whenever the receiver is unsure of the message, fast feedback gives an early indication to the sender and allows for rapid correction. This type of communication can be relevant in black business enterprises because of the lack of technological devices such as E-mail and as such it can enhance effective communication. With this type of communication, black business managers would be able to share ideas in issues affecting their business enterprises. Major pitfalls identified within this kind of acquiring of information within business are a result of bureaucracy, when information has to be passed through a number of people. The more people information has to pass through, the greater the potential for distortion. Within business enterprises, when decisions have to be verbally passed down the authority, there is a danger that information will become distorted (Heubsch;1995:8).

#### **4.2.1.2 NON -VERBAL COMMUNICATION**

In complementing the word of mouth, business managers also use non-verbal communication. Non-verbal communication demands full perceptual ability and sharp mental processing and involves gestures, sign language and other body language (Heubsch;1995:8). Whenever non-verbal information is provided, verbal information is also imparted. This information includes body movements, the intonations and the facial expressions. Evans (1990:32) indicates that non-verbal communication reinforces oral communication by providing visual stimuli, and also simplifies written or spoken words. In a business setting, non-verbal communication can be noticed when a customer show a reaction when a product is sold to him / her. While there is no absolute agreement of the exact meaning of the specific body motions, body language does not add to, and often complicates the verbal communication. Nevertheless, this is also a very popular method employed by business managers to gather important information.

Major drawbacks associated with this method of communication are that it may be difficult to interpret without reinforcing written or spoken words. Evans (1990:32) also maintains that this kind of communication requires additional skills of comprehension and interpretation. It can also be costly and expensive in time produce and thus it does not allow time for evaluation of results.

#### **4.2.1.3 WRITTEN COMMUNICATION**

Memos, letters, newsletters, press releases and notices are a few examples of written communication (Heubsch:1995:8). The major advantage of this information source is that it is reasonably permanent, tangible and verifiable. In typical situations, both the sender, and the receiver have a record of communicated information. The information is stored for an indefinite time, especially in the case of complex and lengthy communication.

It is important than any questions regarding the content of the message may be physically answered and verified (Evans;1990:32).

Finally, the process of written communication is by itself an advantage. The sender is usually much more careful with the written than with the spoken word. Written information is more likely to be well-thought out, logical and clear. Written communication may be lauded and yet it has its own pitfalls. While writing may be concise, it consumes much more time than oral communication. What takes an hour to write may be said in few minutes. Another drawback of written communication is feedback or lack of it, as it does not have a built in mechanisms. Therefore there is no automatic guarantee that a message has been received or if received that its interpretation will be that intended by the sender. It is very clear that this form of communication can assist business managers to share competitive information so that their business can flourish. This form of communication should be used in a complimentary manner with other forms of communication like verbal communication (Evans,1990:32). In this manner, valuable information for the continued survival of the business enterprises will become available to those enterprises that want to achieve favourable competitive advantage.

#### **4.2.2 INFORMATION PROCESSING BY BUSINESS MANAGERS**

Information processing means the method used by managers to analyze information. Mullins (1992:4) views information processing as taking raw facts and figures and processing them by means of some activity to produce organized and useful information. Choo (1991:46) maintains that enterprise process information to reduce uncertainty and reduce equivocality. Uncertainty is the absence or lack of information; information that is needed to make decisions on the selection of an appropriate course of action or information that is needed to perform tasks that involve coordination and problem solving.

Enterprises respond to uncertainty by searching for and acquiring a sufficient amount of information in order to make a choice or execute a task. Equivocality is the ambivalence in the information from the environment, information that is subject

to multiple and conflicting interpretations. Enterprises respond to equivocality by allowing their members to exchange information and opinions so as to collectively develop a common interpretation about environmental changes (Choo,1991:46-47).

Choo (1991:47) summarises three sources of uncertainty and equivocality that determine enterprise information processing requirements, namely technology and interdepartmental relations and the environment. Technology comprises the knowledge, tools and techniques used to transform inputs into enterprise outputs. In interdepartmental relations, it is the differentiation and interdependence of the departments that affects information requirements. Differentiation is seen to be the extent that each department has developed its functional specialization, goals, frame of reference, time, horizon and language. Interdependence is the extent to which departments depend on each other to accomplish their tasks. Wigand *et al* (1997:81) argue that when the departments are highly differentiated and highly interdependent large amounts of information would need to be processed and rich media would need to be used to resolve differences. In interpreting the environment, enterprises assume the extent to which the cause-effect relationship in the environment is analysable (Choo,1991:48). Dalton (1989:32) maintains that before information processing can take place, it is essential to understand factors that determine information gathering behaviour of small business managers such as:

- Where he or she lives;
- The nature of the information needs;
- Mobility of the business manager; and
- Hours of business.

Daft and Lengel as cited by Wigand *et al* (1997:81) propose a media richness model that integrates uncertainty and equivocality. Conceived on the concept of media richness, Wigand develops a model for the information processing by managers



(See figure 4.1). The model suggests that the enterprise and phenomena problems confronting managers range from simple to complex. The model further stresses that simple problems can be solved in a programmable and a routine manner, whilst on the other hand complex problems require innovative solutions and the search for information for performing daily routines.

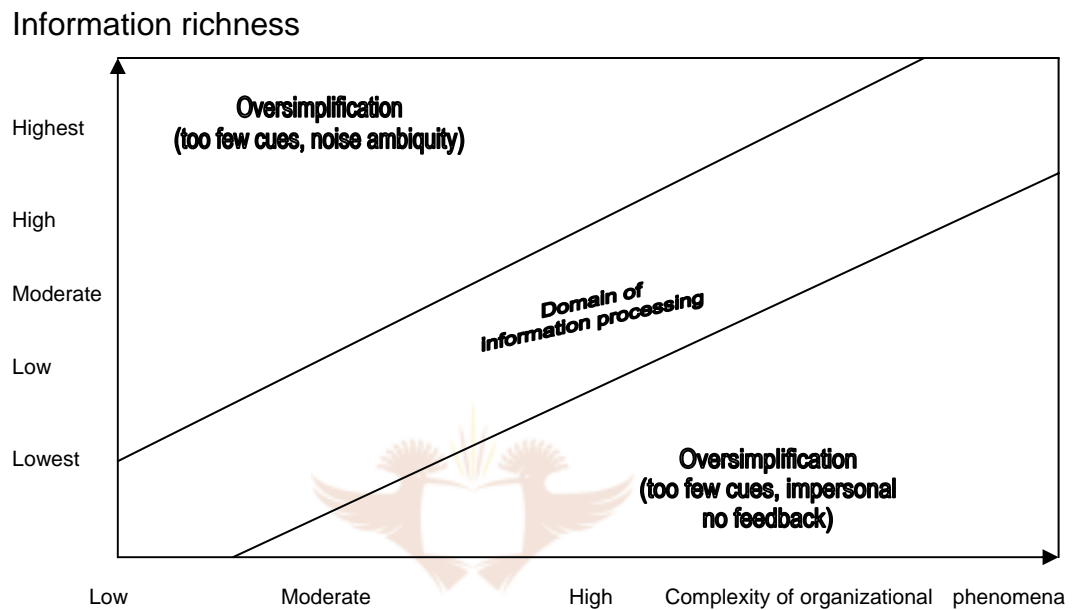


Fig 4.1. A model depicting information processing by managers (Wigand *et al*,1997:82)

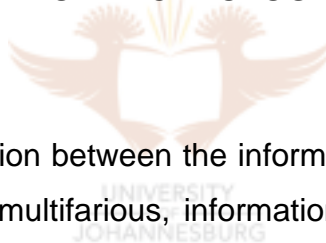
From the above discussion on information processing by business managers, it is clear that they should adapt to global changes affecting business enterprises, and this is imperative for the continued survival and success of the enterprises. They should value and scrutinize the environment that prevails in their enterprises. As a result, they should be able to interpret, read and to network with reasonable sensitivity that helps them to run their business enterprises with confidence.

They should be able to understand the enterprise environment, and how the enterprises exploit information as a competitive weapon for attaining competitive advantage (Taylor and Farrell,1994:54).

In this era of significant change as a result of advances in information technology, business managers should present an opportunity not only to promote the importance of information in enterprises, but also to harness the latest technology to drive the enterprise forward in its corporate strategy. According to Taylor and Farrell (1994:54) business managers should be able to execute the following:

- Lead and apply innovative research;
- Exploit untapped information resources;
- Locate new market niches for products;
- Encourage business growth;
- Enhance internal, external global communication; and
- Contribute to the well-being of the state.

#### **4.3 THE ROLE OF INFORMATION TECHNOLOGY IN INFORMATION PROCESSING**



Despite the fact that interaction between the information technology and information processing is complex and multifarious, information technology plays an important role in information processing. Choo (1991:56-57) summarises the role of information technology in information processing as follows:

- Information technology may be used to reinforce and shape the decisions premises of an enterprise. Information systems may also be used to regularly monitor, measure, and report on the performance of business managers in relation to objectives set by an enterprise.

In addition, by controlling the collection, availability and distribution of information, information systems can also shape what Choo (1991:56) calls the “attention structure” of the enterprise.

- Information technology may change the perception of the information source. Information technology may alter the information users' perception of sources available within an enterprise with regard to source accessibility, media richness, and the ability to absorb uncertainty.
- Information technology may be used to augment the information processing capacity of an enterprise. Information technology may be applied to enable business managers to cope with uncertainty, to process larger amounts of information, and in a more limited sense to help reduce equivocality in the information inputs. Information technology can help to manage complexity through the use, for example, of decision support systems that allow more variables to be analysed and related. Uncertainty may be reduced by using information technology to deliver data to where it is needed efficiently and expeditiously. Information load can be lowered by using computer systems to filter, sort, route or otherwise organise incoming information.
- Information technology may alter the business structure, namely market and bureaucracy used to coordinate economic activities. The market structure coordinates the flow of goods and services through supply and demand forces whilst the bureaucratic structure controls the flow of services by directing it at a higher level in the managerial hierarchy.

#### **4.4 INFORMATION AND DECISION-MAKING IN ENTERPRISES**

Decision-making in enterprises relies on the nature of the enterprises, its marketing niche, and how progressive it is in grasping new opportunities, its philosophy on

conducting business at all management levels and its effective use of information technology (Wysocki and De Michielli;1997:250).

With the progress in information technology, enterprises can deploy electronic systems such as Decision Support Systems. Decision Support Systems are interactive, computer-supported systems through which decision-makers seek support in poorly structured decision-making situations. Whatever the decision may be, Wysocki and DeMichelli (1997:253) contend that the following criteria should be taken into account for making decisions in enterprises:

- Purpose - goals (strategic statements) and operational objectives;
- Timeliness - short or long range implications;
- Certainty - (known and unknown) variables, confidence that the decision is the right one;
- Cost and value - investment of resources (time, funds) for return (business value);
- Reliability and integrity faith in information sources for completeness;
- Precision - degree to which the information may be in error;
- Currency - timeliness of data; and
- Weight of criteria - value of importance of each relative to others.

Inselin (1996:147) argues that in decision-making information affects the decision quality via three variables, namely, uncertainty, information overload and data load. Uncertainty may be seen in terms of decision environment predictability. Information-overload is the number of cues relevant to the decision to be made. Data load refers to the number of cues not relevant to the decision to be made.

## **5. BARRIERS TO THE FREE FLOW OF INFORMATION IN ENTERPRISES**

Although information is seen to be a strategic resource for sustainable competitive advantage in many business enterprises, it also causes problems for the business

enterprise in other areas of its operation. Information may be perceived as a threat to existing power bases of individuals and groups within business enterprise (Butcher,1998:8). Butcher (1998:8) argues that senior managers prefer ambiguous information which can be interpreted in self-enhancing or equivocal ways or in any manner which advances their self-interest. In some situations this causes problems for the business enterprise especially when strategic decisions are made because such decisions require a broad sweep of thinking, hence dearth of information compromises the decision-making process, thereby, threatening its future. Oppenheim (1997:240-241) indicates that information does not flow freely in business enterprises for political reasons. In his survey which was aimed at investigating why information does not flow free, Oppenheim (1997:241) revealed that managers complain that information is hoarded so that it could be announced at certain moments to the advantage of the senior managers. One of the respondents in the survey indicates that “internal politics impedes the free flow of information in business enterprise. It is always in someone interest not to tell someone”.

Although the politics of free flow of information could be attached to senior managers, middle managers who collect data also inhibit the free flow of information around the enterprises. Butcher (1998:9) reports that it is often against employees' own interest to change data collection methods and processing, even when requested to do so by decision-makers. This sometimes causes disruptions to their routines, thus requiring new working methods.

Information distortion is also considered to be a barrier to the free flow of information in business enterprises. Oppenheim (1997:240) argues that the distortion of information may sometimes not be deliberate, it may be caused by viewpoint or bias of the information source, for example, newspapers may provide differing

perspectives on the same event. It is also indicated that employees distort information when feel threatened by managerial reaction to poor results. Employees often distort information when they fear the consequences of their reports of bad news (Butcher,1998:9). Larson and King (1992:52) propose that information distortion can be reduced to some extent by employing external people to audit new proposals or cost new projects. The size and the complexity of business enterprise obstruct the free flow of information thereby resulting in a lack of coordination of efforts of its information collection procedures. The lack of coordination of efforts may seriously affect the strategic aspirations of business enterprise. Lack of coordination of efforts in many business enterprises could be attributed to the enterprise's design. Butcher (1998:11) contends that missed opportunities because of failure to make use of information available within business enterprise. Communication problems also hinder the free flow of information within business enterprise, for example, in a business enterprise with a complex hierarchical structure where the free flow of information is both up and down, no employee has all the necessary information with which to make a decision and this may result in a poor performance for the enterprise as a whole.

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In the light of the barriers to the free flow of information in business enterprise indicated above, Hayward and Broady (1995:260) argue that for business managers to start perceiving information as an invaluable resource for gaining competitive advantage they need to:

- Collect competitive information from sources such as competitors, public records, the media and customers and ensures that information within the business enterprise becomes intelligence.
- This basically implies that employees in the business enterprise should know what competitive information adds up to, and also share information both from senior management and from the front line; and

- Ensure that competitive intelligence is used for specific action. This refers to acknowledging that competitive information is vital for determining market forces and long range strategies.

From the discussion above, it is clear that information can be differentiated from the intelligent systems. Fairer-Wessels (1997:94) defines information as data that have been organized and communicated. According to Loose (1999) information is the “knowledge communicated or received concerning a particular fact, circumstances or news”. The information activity includes all the resources consumed in producing, processing and distributing information goods and services.

Intelligent system refers to the system that uses at least heuristic knowledge, and can make judgement despite uncertain or incomplete evidence (Ford,1991:8). It is a system that learns during its existence. In other words, it learns from each situation which responds it to its objectives. It continually acts mentally and externally, and by acting reaches its objectives more often than pure chance would indicate (Definitions of Information System).

Fuld and Company (1998) assert that intelligence is the aggregate or global capacity of individuals to act purposefully to think rationally and to deal effectively with their environment. Lonely and Shain (1989:272) view intelligence as the product resulting from the collection analysis, integration and interpretation of all information concerning one or more of foreign areas which is immediately or potentially significant to the development and execution of plans, policies and procedures.

In the light of the difference between intelligence and information, the definition of competitive intelligence can be developed. Combsin.Com (1998) defines competitive intelligence as the activity of monitoring the environment external to the enterprise for information that is relevant for the decision-making process of the enterprises.

It is about gaining for knowledge of competitor plans and to plan business strategy accordingly. It is the ethical gathering and usage of publicly or semi-publicly available information as a basis for planning.

#### **4.6 THE ROLE OF THE INFORMATION PROFESSIONAL IN PROVIDING INFORMATION**

The global competition in business enterprises has placed an enormous challenge to information professionals. Information professionals should be able to convert passive corporate information resources into active information sources that can be used to attain competitive advantage. Information professionals should be able to create an information environment that ensures business managers' access to high quality information. This goal can only be realized by organizing information so as to filter the relevant from irrelevant.

To the information professionals, this means competency in new and future technologies, communication strategies, and working successfully with small business managers who are rapidly becoming sophisticated information users. Corporate information does not only supply key bits of intelligence, but also keep business managers up with the right amount of information. The information technologies, which are made available within enterprises, are capable of extracting information from a wide range of corporate information resources. This affords business managers an opportunity to be better and more widely informed about their own environment. While at the same time reducing the amount of time they have to spend keeping up with what is available from the general trends of files (Wyllie;1993:100).

Continuos refinement of information is necessary in order to cope with the rapid growth of produced sources of information (Koniger and Janowitz;1995:10). The focal point is not on the volume of available information resources but is shifted to the quality of information that is made available to business managers.



This information enables assessment of available sources to aid decisions on priorities for better delivery, improved organization and accessibility.



#### **4.7 CONCLUSION**

This chapter addressed the manner in which business managers acquire and process information in business enterprises. The methods of communication as a

means of gathering information were expounded. The role of information in decision-making process and as well as the barriers to the free flow of information in business enterprises received attention. The role that the information professional can play in providing information to business managers was also expatiated.

Although new technologies and information management techniques make information storage and retrieval faster, they do not change the passive nature of the corporate information resources. Business managers should start realizing that new information technologies such as E-mail can enhance effective communication.

It can be argued that time has come for business managers to start realising the role of information professionals in information resource management. The information professionals are able to convert passive information into highly active enterprise information resources. They process and refine information in order to add value to it. In this way the information profession has a great impact on business managers as they have the required skills for collecting, storing, retrieving and disseminating information.

In the next chapter an empirical survey to explore the extent to which small- and medium-sized enterprises in Acornhoek make use of business information to gain sustainable competitive advantage will be investigated.

## **CHAPTER FIVE**

### **EMPIRICAL SURVEY**

## 5.1 INTRODUCTION

The previous chapters reviewed the relevant literature on the use of information by business enterprises to gain favourable competitive advantage. This empirical survey aims to determine the extent to which small- and medium-sized enterprises in Acornhoek make use of business information to obtain sustainable competitive advantage over their competitors.

## 5.2 RESEARCH DESIGN

The study was conducted using a survey method. A survey method is a method of collecting data from people about their feelings, beliefs, opinions, and attitudes through the questionnaire and interview. Fink (1995:15) supports this statement when he argues that survey research is characterized by the selection of samples from a population to obtain empirical knowledge of a contemporary nature which allows generalization to be made about the characteristics, opinions, beliefs and attitudes of the entire population being studied. It was therefore decided to compile a questionnaire to be completed by business managers in Acornhoek (see Appendix A). The questionnaire was an effort to determine how small- and medium-sized enterprises make use of business information for competitive advantage. According to Leedy (1997:191) “a questionnaire is one of the best tools to probe data beyond the physical reach of the observer. It is a totally impersonal probe, which is often self-administered and completed relatively anonymously and privately. It is able to provide information which lies buried deep within the minds, attitudes, feelings and reactions of respondents”. The advantages of using the questionnaire as an instrument of collecting data for the present study are as follows:

- Respondents tend to be more open and honest because they respond anonymously, especially because the study was probing areas of personal behaviour such as the attitudes of business managers towards information for sustainable competitive advantage;
- The questionnaires are personally distributed by the researcher to selected small- and medium-sized enterprises simultaneously and the responses are received within a month.

Hearneston *et al* (1997:27) state that if properly conducted, the results of the questionnaire could be reliable, representative of much a wider population and with the personal influence of the researcher on the results minimal. Bourquier and Fielder (1995:15) however state that the limitations of a research survey for a study like this are as follows:

- Although the response rate was fairly good (91%), a face to face interview schedule could have yielded more results;
- There was no available list of registered small- and medium-sized enterprises in Acornhoek.

### **5.3 SAMPLE DESIGN**

The aim of this study is to determine the extent to which small- and medium- sized business enterprises in Acornhoek make use of business information for competition. A non-probability sample of these business enterprises was selected using purposive sampling. Bailey (1987:96) states that with purposive sampling the researcher uses his/ her own judgement on which participant to use and picks only those who best meet the purpose of the study. In general, a non-probability sample is appropriate whenever the researcher does not generalize beyond a specific sample of respondents. In this case the small- and medium- sized enterprises that operate their businesses in business centre of Acornhoek were chosen. Enterprises that operate outside the vicinity of Acornhoek business centre were excluded from this study.

A total number of thirty-five (35) questionnaires were distributed and self-administered to small- and medium-sized enterprises in Acornhoek. Thirty-two (32) questionnaires were collected personally, which represent a 91% response rate.

Despite the fact that the return rate was very high, and the confidentiality of the questionnaire was assured, three (3) respondents who represent 9% refused to complete the questionnaire for fear that their business information might be used by other competitors. They also indicated that it was against their business policy to make their information available to researchers.

## 5.4 RESULTS AND DISCUSSION

The results of the study are presented with descriptive statistics in the form of tables. The interpretation, discussion and findings of the findings are also presented under this section.

### 5.4.1 TYPE OF BUSINESS

The type of business composition is shown in Table 5.1

**Table 5.1 Type of business enterprise**

(n=32)

Type of business enterprise	Frequency	%
Retail	5	15.6%
Service	10	31.3%
Franchise	5	15.6%
Manufacturing	3	9.4%
Sales	8	25%
Other(s)	1	3.1%
<b>Total</b>	<b>32</b>	<b>100%</b>

With regard to the different types of business enterprises, 10 (31.3%) respondents indicated that they are involved in service business, while 8 (25%) respondents indicated that they are involved in sales business. The dominance of both service and sales business could in Acornhoek be attributed to the fact that these types of business enterprises are easily established, and have proven to yield profit quickly. Ntsala (2000:171) affirms this when she indicates that most small business managers venture in these types of businesses because they do not have enough money to start other types of businesses like a sales business which will "force" them to have money to buy initial stock. They have little money available to buy products to sell.

Although majority of respondents indicated that they are involved in service businesses, Ntsala (2000:170) contends that there are some drawbacks especially when small- and medium-sized enterprise managers are involved in one category of enterprises, for example, when they sell the same products, their businesses do not

flourish or attract desired benefits in the form of profit or growth as a result of fierce and antagonistic competition from other businesses selling the same products.

#### 5.4.2 NUMBER OF EMPLOYEES

The number of employees is shown in Table 5.2

**Table 5.2 Number of employees**

(n=32)

Number of employees	Frequency	%
0	6	18.8%
1-4	12	37.5%
5-10	9	28.1%
11-20	3	9.4%
21-30	1	3.1%
31-40	1	3.1%
<b>Total</b>	<b>32</b>	<b>100%</b>

Table 5.2 indicates that 12 (37.5%) respondents employ between one and four employees, while 9 (28.1%) employ between five and ten respondents. Of interest to note is that 6 (18.8%) responded that they work alone. This may be due to the small size of the enterprise and the difficulty in obtaining capital from financial institutions such as banks, for the business to expand. Ntsala (2000: 170) concludes that many small- and medium-sized business enterprises do not have a sound financial base, mainly because they cannot get financial assistance from most financial institutions whose requirements, for example finding a collateral in order to secure a loan, cut out small business enterprises. It is evident from respondents' response that they do not have information of the role of development corporations like Ntsika, Khula, Centre for Small Business Promotion etc, in helping them to sustain themselves financially.

#### 5.4.3 POSITION IN THE ENTERPRISE

The position of respondents in the enterprise is shown in Table 5.3

**Table 5.3 Position in the enterprise**

(n=32)

Position in the enterprise	Frequency	%
Owner	18	56.2%
Co-owner	5	15.6%
Manager	6	18.8%
Deputy manager	2	6.3%
Employee	1	3.1%
<b>Total</b>	<b>32</b>	<b>100%</b>

Table 5.3 indicates that majority of the respondents are sole owners of their businesses. 18 (56.1%) respondents indicated that they were the owners. It can therefore be deduced from this table that most of the respondents might have inherited their business enterprises from their parents. 6 (18.8%) respondents indicated that they are business managers of their business enterprises. There is a visible progressive trend by a fairly average of small- and medium-sized enterprises in rural areas in forming a consortium to address business related matters of serious concern. This is confirmed by 5 (15.6%) respondents who indicated that they are co-owners of their business enterprises.

#### 5.4.4 AGE OF THE RESPONDENTS

The mean age of the respondents 40 is years old with the youngest is 28 years and the oldest 59 years old. This shows that the majority of the respondents are still young. The activeness of young generation in business enterprises could be attributed to a variety of reasons such as unemployment, not wishing to work for somebody, assisting parents' etc. The need for business arose as a result of the open economic policy of the new dispensation and could also be ascribed to the reason why the majority of the respondents are still young.

#### 5.4.5 GENDER

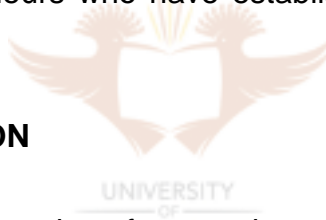
The gender composition of the respondents is shown in Table 5.4

**Table 5.4 Gender of respondents**

(n=32)

<b>Gender</b>	<b>Frequency</b>	<b>%</b>
Male	22	68.7%
Female	10	31.3%
<b>Total</b>	<b>32</b>	<b>100%</b>

Table 5.4 indicates that 22 (68.7%) of the respondents are male business managers and 10 (31.3%) are female. It is interesting to note that female business managers are beginning to make a mark in managing small business enterprises particularly, in rural areas. A variety of reasons, for example, gender equality in management of business enterprises, business courses offered to empower women, and supplementing husbands' meagre income, could be attributed to the fact why women begin to make mark in becoming small- and medium-sized enterprises business managers. The other reason could be that financial resources in the form of awards is being made by leading enterprises such as Checkers and Sowetan to successful female entrepreneurs who have established prosperous small business enterprises.



#### **5.4.6 LEVEL OF EDUCATION**

The level of education of respondents is show in Table 5.5

**Table 5.5 Level of education for respondents**

(n=32)

<b>Highest educational qualification</b>	<b>Frequency</b>	<b>%</b>
Non formal education	2	6.2%
Formal education	1	3.1%
Primary education	3	9.4%
Secondary education	13	40.6%
Tertiary education	13	40.6%
<b>Total</b>	<b>32</b>	<b>100%</b>

Table 5.5 indicates that 13 (40.6%) respondents have secondary education, whilst 13 (40.6%) have tertiary education. It is clear that the respondents have more than basic literacy education. Hence, the data on educational attainment show that the respondents' level of education is not too low, thus placing them on good stead to



comprehend business issues and concerns with ease. This means that the respondents have more than basic literacy that provides a potential for growth and improved management of their businesses through the use of business information. The availability of both Mapulaneng Technical and Training colleges and other private colleges could be seen as another reason why the majority of the respondents indicated that their level of education is good.

#### 5.4.7 MEMBERSHIP OF A BUSINESS ORGANISATION

The respondents' membership to a business organization is shown in Table 5.6

**Table 5.6 Membership of a business organization**

(n=32)

Membership of business organisation	Yes	No
Chamber of Commerce	10 (31.3%)	22 (68.7%)
Small business developing agency	4 (9.4%)	28 (87.5%)
Black business council	17 (53.1%)	15 (46.9%)
Business Council	3 (9.4%)	29 (90.6%)
Mhala Development Trust	20 (62.5%)	12 (37.5%)
Bushbuckridge Local Business Service Centre	21 (65.7%)	11 (34.3%)
Get Ahead Financial Service	1 (3.1%)	31 (96.9%)
Centre for Small Business Promotion	1 (3.1%)	31 (96.9%)
Khula enterprise	2 (6.3%)	30 (93.7%)
Ntsika enterprise	-	32 (100%)
Other(s)	3 (9.4%)	29 (90.6%)

Table 5.6 indicates that majority of the respondents indicated that they do not belong to professional business organizations. 100 (100%) respondents indicated that they do not belong to Ntsika, while 31 (96.9%) do not belong to the Centre for Small Business Promotion. Their reason for not belonging to any professional business bodies could be attributed to the fact they are unaware of the existence of these businesses organizations.

Ntsala (2000:170) contends that the majority of business owners especially in rural areas are unaware of these institutions, as most of these institutions are concentrated in the metropolitan areas. The statistics also revealed that 31 (96.9%) respondents indicated that they were not aware of the existence of financial services

such as Get Ahead Financial Services. This is in sharp contrast of the observation made by the researcher regarding the existence of financial services. Their reason may be that these financial services are concerned with loaning people money, rather than assisting them in loaning them funds to manage their businesses competitively. In the context of this study, these business organizations have not done enough to popularize local business managers their respective line of work.

Out of 32 respondents, 17 (53.1%) indicated that they are members of the Black Business Council, and 21 (65.7%) are members of the Bushbuckridge Local Business Service Centre, while 20 (62.5%) responded that they are members of the Mhala Development Trust. It is clear that majority of the respondents are members of the local business organizations that are known and operational in Acornkoek. However, it can be deduced from the respondents' response that they have joined these business organizations along ethnic lines. This is argued against the backdrop that before 1994 Mhala Development Trust used to be administered by the defunct Gazankulu Government, which has been very supportive to its members and equipped them with business skills and information to sustain their businesses, whilst the Bushbuckridge Local Business Service administered by the then Lebowa Government was plagued by rivalry and duplication of business enterprises was supported by Northern Sotho speakers. This has as a result led many small-and medium-sized enterprises getting insolvent. The reason why a fair average of 10 (31.3%) respondents belong to the Chamber of Commerce is probably due to the small size of the business enterprises. It can also be derived from the table that some business enterprises are members of more than one business organization.

#### **5.4.8 FREQUENCY OF THE USAGE OF THE DIFFERENT SOURCES OF INFORMATION**

The usage of the sources of information is shown in Table 5.7

**Table 5.7 Usage of the information source**  
(n=32)

<b>Information source</b>	<b>Frequently</b>	<b>Sometimes</b>	<b>Never</b>
Local, Friends and Relatives	22 (68.7%)	6 (18.8%)	3 (9.4%)
Local authorities	-	20 (62.5%)	11 (34.3%)
Customers	27 (84.3%)	3 (9.4%)	1 (3.1%)
Suppliers	26 (81.1%)	2 (6.3%)	3 (9.4%)
Solicitors	4 (9.4%)	14 (43.7%)	12 (37.5%)
Radio, Television	16 (50%)	13 (40.6%)	3 (9.4%)
Small Business Information Centres	3 (9.4%)	3 (9.4%)	25 (78.1%)
Commercial Banks e.g. Banks	3 (9.4%)	4 (12.5%)	25 (78.1%)
Newspapers	11 (34.3%)	13 (40.6%)	8 (25%)
Magazines	10 (31.3%)	14 (43.7%)	7 (21.8%)
Business Councils	13 (40.6%)	5 (15.6%)	14 (43.7%)
Libraries	1 (3.1%)	3 (9.4%)	27 (84.3%)
Trade associations	1 (3.1%)	6 (18.8%)	25 (78.1%)
Research Institutes	1 (3.1%)	3 (9.4%)	28 (87.5%)
The Internet	6 (18.8%)	-	26 (81.2%)
Professional journals	2 (6.3%)	4 (12.5%)	26 (81.2%)
Textbooks	1 (3.1%)	10 (31.3%)	21 (65.6%)
Handbooks	1 (3.1%)	12 (43.7%)	19 (59.3%)
Patents, Standards	1 (3.1%)	3 (9.4%)	25 (78.1%)
Report of other enterprises	5 (15.6%)	8 (25%)	18 (56.2%)
Trade reports	5 (15.6%)	9 (28.1%)	18 (56.2%)
Others	-	-	11 (34.3%)

Table 5.7 indicates that 27 (84.3%) respondents indicated that they frequently use customers, while 26 (81.3%) indicated that they use suppliers. A fairly large amount of respondents 22 (68.7%) indicated that they use friends, relatives and associates. The reason for frequently using the personal sources of information may be attributed to the fact that these people are known to the small- and medium-sized enterprises.

Ntsala (2000:170) in her study found that small businesses rely on personal sources because of their ease of accessibility of information and the fact that they communicate in languages understood by the majority of people. This is true in Acornhoek because most of the customers can communicate in both N. Sotho and

Xitsonga as this area is predominantly settled by these ethnic groupings. It is clear that informal sources are the preferred form of information communication.

From the table, it is also clear that magazines and newspapers are sometimes used by small- and medium-sized enterprises. 14 (43.7%) indicated that they sometimes used the magazines, while 13 (40.6%) indicated that they sometimes use newspapers. It is surprising to realize that these information sources are not used frequently despite their ease of access to them. Of interest to note is that 14 (43.7%) indicated that they sometimes use solicitors. A fairly large amount of respondents 20 (65.5%) indicated that they sometimes use local authorities. The reason for using local authorities may be that demarcation of land to establish small business enterprises sites is still administered by local authorities. Reports of other enterprises and trade reports are sometimes used by the respondents.

The fact that business information cannot be obtained Internet by the majority of respondents is probably due to unfamiliarity with this new technology, hence 26 (81.2%) indicated that they never use the Internet. Kargbo (1997) in his study found that not every small- and medium-sized enterprise has an opportunity to take the advantage of the perpetual use of the WWW. This could be partly true in Acornhoek because there is lack of sufficient, strategic, sustainable structures and institutional procedures needed to get connected to the Internet. In certain business enterprises such as large manufacturing enterprises, patents, standards and professional journals, trade associations as well as research institutes are frequently used, this was not the case in Acornhoek as the majority of the respondents indicated.

#### **5.4.9 FREQUENCY OF THE USE OF INFORMATION SOURCE**

The frequency of the use of information source is shown in Table 5.8

**Table 5.8 Frequency of the use of information source**

(n=32)

Information source	To a very large extent	To a large extent	To some extent	To no extent	Not applicable
Friends,Relatives, Associates	20(62.5%)	5 (15.6%)	4(12.5%)	-	3 (9.4%)
Local authorities	1 (3.1%)	3 (9.4%)	20(62.5%)	5(15.6%)	2 (6.3%)
Customers	26(81.2%)	3 (9.4%)	1 (3.1%)	-	1 (3.1%)
Suppliers	21(65.6%)	7 (21.8%)	1(3.1%)	-	2 (6.3%)
Solicitors	3 (9.4%)	2 (6.3%)	10(31.3%)	4(12.5%)	8 (25%)
Radio, Television	7(21.8%)	11(34.3%)	8 (25%)	2 (6.3%)	3 (9.4%)
Small business information centres	1 (3.1%)	1 (3.1%)	5(15.6%)	6(18.8%)	19 (59.3%)
Commercial Banks e.g. Banks	1 (3.1%)	2 (6.3%)	2 (6.3%)	6(18.8%)	18 (56.2%)
Newspapers	9 (28.1%)	3 (9.4%)	10(31.3%)	3 (9.4%)	6 (18.8%)
Magazine	9 (28.1%)	3 (9.4%)	11(34.3%)	4(12.5%)	5 (15.6%)
Business councils	9 (28.1%)	3 (9.4%)	4 (12.5%)	2 (6.3%)	12 (37.5%)
Libraries	-	1 (3.1%)	2 (6.3%)	3 (9.4%)	24 (75%)
Trade associations	1 (3.1%)	1 (3.1%)	1 (3.1%)	7(21.8%)	21 (65.6%)
Research institute	1 (3.1%)	-	2 (6.3%)	4(12.5%)	24 (75%)
The Internet	3 (9.4%)	2 (6.3%)	-	4(12.5%)	23 (71.8%)
Professional journals	2 (6.3%)	-	4 (12.5%)	3 (9.4%)	22 (68.7%)
Textbooks	-	3 (9.4%)	8 (25%)	5(15.6%)	16 (50%)
Handbooks	-	3 (9.4%)	7 (21.8%)	6(18.8%)	16 (50%)
Patents, Standards	-	1 (3.1%)	1 (3.1%)	5(15.6%)	24 (75%)
Report of other enterprises	1 (3.1%)	4 (12.5%)	7 (21.8%)	2 (6.3%)	16 (50%)
Trade report	-	7 (21.8%)	6 (18.8%)	3 (9.4%)	16 (50%)
Others	-	-	-	2 (6.3%)	4 (12.5%)

From this table, it appeared that informal sources are used to a very large extent. 20 (62.5%) respondents say that they use friends, relatives and associates to a very large extent, while 26 (81.2%) indicated that they used customers.

This may be due to their frequent interaction and constant contact with the customers. 11 (34.3%) indicated that they use radio and television to a large extent. This could be attributed to the fact these sources of information are easily accessible.

20 (62.5%) indicated that they, to some extent, make use of local authorities to support their enterprise activities. When this percentage is compared to data in Table 5.7, it appears that there is a similarity in the frequency of the usage of local authorities. From the table, it is also lamentable in the vicinity of Acornhoek area to realize the lack of libraries incapacitates small- and medium-sized enterprises to make use of them. 24 (75%) respondents indicated that they do not make use of libraries at all.

Despite the fact that the Internet is used by many enterprises for various reasons such as marketing products, it was not the case to small- and medium-sized enterprises operating in Acornhoek. 23 (71.8%) indicated that the Internet is not available in their business enterprises. The non-availability of Internet in most enterprises could be attributed to the fact that Internet is still unfamiliar to them. Kargbo (1997) in his study found that many enterprises in rural areas are not connected to Internet for reasons such as lack of cost, inconsistency of telecommunications access as well as capacity development.

It is also clear from this table that half of the respondents 16, (50%) still do not regard technical or trade publications to have an effect on the management their enterprise activities. This is in contrast to Terblanche and Du Toit (1996:105) in their study conducted in Bloemfontein, which is a metropolitan area, that revealed that the majority of respondents persistently make use of these sources of information.

#### **5.4.10 RATING OF THE TYPE OF INFORMATION**

The rating of the different type of information is shown in Table 5.9

**Table 5.9 Rating of the different types of information**

(n=32)

Type of information	Very important	Somewhat important	Not important
Economic information	7 (21.8%)	15 (46.9%)	10 (31.3%)
Socioeconomic information	7 (21.8%)	17 (53.1%)	7 (21.8%)
Technological information	7 (21.8%)	13 (40.6%)	12 (37.5%)
Information from suppliers	28 (87.5%)	3 (9.4%)	1 (3.1%)
Information on financing your business	27 (84.3%)	4 (12.5%)	1 (3.1%)
Information from customers	30 (93.7%)	1 (3.1%)	1 (3.1%)
Competitor information	16 (50%)	9 (28.1%)	6 (18.8%)
Environmental information	6 (18.8%)	14 (43.7%)	12 (37.5%)
Information on government regulations	7 (21.8%)	12 (37.5%)	13 (40.6%)

Table 5.9 indicates that 30 (93.7%) respondents indicated that they rate information from customers to be very important, while 28 (87.5%) and 27 (84.3%) regard information from suppliers and financiers of business enterprises to be very important respectively. This emphasizes the fact that information obtained informally is seen to be very important among business enterprises in Acornhoek. Although environmental scanning is very important to certain business enterprises, the small- and medium-sized enterprises do not consider environmental information to be very important, and 12 (37.5%) respondents indicated that information environment is not important to their business enterprises. This could be attributed to the fact that many enterprises particularly in rural areas do not perform environmental scanning, thus establishing their businesses haphazardly without considering what services and goods are offered by other business enterprises.

Although small- and medium-sized business enterprises are governed by legislation, 13 (40.6%) respondents indicated that they do not regard government-related information to be useful. It could therefore be said that this is due to the fact that most of their businesses are informal and as such falls outside the scope of

Government regulations. It is interesting to note that most of the respondents 17 (53.1%) responded that they regard socio-economic information to be useful. The reason could be due to the demarcation of Local Government Authorities which makes businesses non-racial, for instance, this has included areas that have been formerly white-dominated. Knowledge of services and goods required by white business customers is good for business competition and hence 17 (53.1%) regard socio-economic information to be somewhat important.

#### 5.4.11 ASPECTS OF THE INFORMATION

The rating of aspects of information in terms of its features is shown in Table 5.10

**Table 5.10 Aspects of the information**  
(n=32)

Information should be	Very important	Somewhat important	Not important	Not important at all
Current	26 (81.1%)	5 (15.6%)	1 (3.1%)	-
Accessible	24 (75%)	6 (18.8%)	1 (3.1%)	-
Usable	21 (65.6%)	8 (25%)	2 (6.3%)	-
Free	16 (50%)	12 (35.7%)	3 (9.4%)	-
Reliable	22 (68.7%)	8 (25%)	-	1 (3.1%)
Accurate	22 (68.7%)	10 (31.3%)	-	-
Clear	19 (59.3%)	10 (31.3%)	2 (6.3%)	-
Relevant	21 (65.6%)	9 (28.1%)	1 (3.1%)	-
Comprehensive	19 (59.3%)	8 (25%)	4 (12.5%)	1 (3.1%)

Table 5.10 indicates that 26 (81.1%) of the respondents indicated that information should be very current, while 24 (75%) stated that information should be accessible. Drawing from the respondents' responses, it is evident that majority of the small- and medium-sized enterprises regard information as a resource that can add value to their enterprises.

De Villiers and DuToit (1995:3) found in their study that information makes the difference in the enterprise survival against competitors. What remains to be examined is the extent to which business enterprises use the information to gain sustainable competitive advantage. A fair average of the respondents indicated that



clarity and accuracy of information is somewhat important. 4 (12.5%) indicated that comprehensiveness of information is not important. This is contrary to their level of education (See Table 5.5). Their level of education is such that they were supposed to obtain comprehensive information related to the needs of their business enterprises. It might be because business managers engage in business enterprise with the sole aim of making profit, rather than committing themselves in the business of their choice.

#### 5.4.12 METHODS OF COMMUNICATION TO OBTAIN INFORMATION

The methods of communication to obtain information is shown in Table 5.11

**Table 5.11 Methods of communication to obtain information**

(n=32)

Methods of communication	Very important	Somewhat important	Not important
Discussions with colleagues	25 (78.1%)	3 (9.4%)	4 (12.5%)
Asking the librarian	-	1 (3.1%)	31 (96.9%)
Telephone conversation	-	15 (46.9%)	3 (9.4%)
Conferences	13 (40.6%)	5 (15.6%)	25 (78.1%)
Computerised information	2 (6.3%)	9 (28.1%)	14 (43.7%)
Discussion with people	7 (21.8%)	9 (28.1%)	3 (9.4%)
Discussion with subordinates	19 (59.3%)	6 (18.8%)	6 (18.8%)
Email	20 (62.5%)	-	26 (81.2%)
Others	6 (18.8%)	1 (3.1%)	3 (9.4%)

From the results revealed in table 5.11, it is evident that the majority of small- and medium-sized enterprises prefer informal method of communication to obtain information for their enterprises. Discussions with colleagues were seen to be very important methods of obtaining information. 25 (78.1%) respondents indicated that they consider the informal manner of obtaining information to be useful.

This is also supported by Butcher (1997) who asserts that small- and medium-sized business enterprises managers tend to rely on personal contact to collect information for the enterprise. Information obtained in this way has a special relationship with the sender.

Deliberations with subordinates were viewed to be very important as compared to deliberations with people outside the enterprise. 19 (59.3%) respondents indicated that discussion with subordinates is considered to be a very important mechanism of collecting information for their business enterprise. Butcher (1997) supports this when she states that many small- and medium-sized enterprises prefer deliberation with subordinates as instrumental tool to obtain information about the enterprise. This could be attributed to the fact that these type of communication methods has various advantages: feedback is instantaneous, misconceptions can be corrected, points clarified and additional information can be provided (Butcher,1997). It appears from the respondents that 13 (40.6%) viewed telephonic conversation to be a very useful means of obtaining information. Terblanche and Du Toit (1996:104) affirm this when they indicate that small- and medium-sized enterprise managers are usually conversant with one technique of searching information, namely the telephone.

It is lamentable to reveal that most respondents 30 (96.1%) do not consider asking the librarian to be very useful in collecting information for sustainable competitive advantage. This could be attributed to the fact they there are no libraries or information centres that provide information and advance small- and medium-sized enterprises in Acornhoek. The only library that exists adjacent to these enterprises is approximately 44km in Hoedspruit. Of equal importance to note is that these businesses enterprises do not consider attending conferences to be useful. 25 (78.1%) respondents indicated that they do not attend conferences that discusses business-related issues.

Although some respondents 20 (62.5%) indicated that e-mail is very important for them to gather information for competitive advantage, the majority of the respondents, 26 (81.2%) responded that they do not view e-mail to be a very useful means of obtaining information. This implies that technology, particularly the Internet is still unfamiliar, particularly to small- and medium-sized enterprises that operate their businesses in rural area of Acornhoek.

Computerized information services are generally considered not to be important. An average of 15 respondents which represent 46.9% indicated that computerized information services are important. This is in sharp contrast to 3 (9.4%) who do not consider computerized information services to be important.

## 5.5 SUMMARY OF THE FINDINGS

It has been stated in the introduction of this chapter that the empirical survey aimed at determining the extent to how small- and medium-sized business enterprises in Acornhoek make use of business information to gain favourable competitive advantage over its competitors.

The following are the findings:

- The study revealed that prospective female entrepreneurs are beginning to make a mark in business-related activities. This is largely due to financial assistance channel towards them in the form of awards by other institutions such as Sowetan, Old Mutual, and also business-related courses geared towards empowering them;
- Although the level of education for the respondents is good, there is a persistent ignorance in accessing business information for managing their business enterprises effectively;
- Most small-and medium-sized enterprises in Acornhoek still frequently rely on informal sources of information to manage their enterprises activities;
- There is a lack of in-depth knowledge about the information needs of their business enterprises;
- Business managers in rural areas, particularly those that were administered by the defunct Lebowa and Gazankulu Government still join business organization along ethnic groupings. This has led to the duplication of business organizations as an impeding factor in competition;
- Local authorities play a central role in the demarcation of business sites to small- and medium-sized enterprises in Acornhoek;
- There is lack of awareness among small- and medium-sized enterprises about the existence and the role of development corporations like Ntsika, Khula to help

them to sustain themselves financially. These business organizations are failing to popularize themselves to the business enterprises operating in Acornhoek;

- There is lack of familiarity about the changing technology, especially the Internet. This is attributed to the remoteness of the areas because there are no strategic capacities, sufficient and sustainable structures needed to get connected to the Internet;
- Information is regarded as a resource alongside other traditional resources like land, capital etc, but not used to gain favourable competitive advantage;
- There are no libraries or information centers to support and advance them by making business information available to them;
- There are no specialized computerized information services geared towards helping small- and medium-sized enterprises in Acornhoek;
- Business managers do not attend business-related conferences that can assist them to manage their enterprise activities effectively;
- It has been derived from this study that Government is solely concerned with the regulation of these business enterprises, but do not make provision for support for advancement by making business information available to these small- and medium-sized enterprises in Acornhoek.

## **5.6 CONCLUSION**

The chapter presented statistical and descriptive data of the resulting from the empirical survey. It also attempted to present data pertaining to the present research regarding the use of information by enterprises underway. Various tables showing

results of the questionnaire distributed to small- and medium-sized enterprises in Acornhoek were discussed. The research also presented also makes findings, which serves as recommendations that can help small- and medium-sized enterprises to use business information for managing their business enterprises effectively.

The next chapter will be devoted to providing a summary of the research. It will also suggest recommendations that can assist small- and medium-sized enterprises in the rural areas of South Africa to use business information for the management of their business enterprises.



## **CHAPTER SIX**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 INTRODUCTION**

This chapter focuses on the conclusions derived from the findings of the research. The recommendations regarding possible implementations of the findings and their implications for further research are presented.

## **6.2 SUMMARY**

The general aim of this study was to determine the extent to which small- and medium-sized enterprises in Acornhoek make use of business information to gain sustainable competitive advantage.

Chapter one contextualised the study by providing the background to the problem, purpose of the study, research methodology and the definition of concepts.

Chapter two reviewed relevant literature regarding the information needs of business managers. The chapter also attempted to address the different types of business information and the sources of information. From the literature reviewed, it was found that the needs of business managers range from customer, competitors and the economic and political environment. It was also found that World Wide Web has a role to play in assisting small business enterprises to flourish.

Chapter three addressed how information can be used to gain favourable competitive advantage by small- and medium-sized enterprises. The chapter also discussed the significance of the value chain in achieving competitive advantage.

It was found in this chapter that information should be regarded as a resource that should be afforded necessary attention, as it deserves the same kind of managerial discipline given to other traditional resources like land, entrepreneur, capital and labour. It was also found that information is a resource for business enhancement when it is critically and systematically evaluated for its relevancy and contextual profitability. It was also clear from the chapter that the value chain has a significant

impact for business enterprises by transforming the way business activities are performed and reshapes the way products meet customer needs.

Chapter four discussed how business managers use and handle information in business enterprises. It was found that business managers acquire information using various means of communication. It was also discovered that business managers use various systems to handle information in their enterprises. It is evident from the chapter that information technology has a role to play in information processing. It was also realized that there are number of barriers that inhibit the free flow of information in many business enterprises. These barriers are not only applicable to small- and medium-sized enterprises, but also to large enterprises.

Chapter five at determining the extent to which small- and medium-sized enterprises make use of business information in Acornhoek. This was achieved by administering pre-structured questionnaires to selected small- and medium-sized enterprises in Acornhoek. The results of the information obtained from the questionnaire were discussed in this chapter.

In the light of the above summary, it remains a constant and continual challenge for small- and medium-sized enterprises operating in the rural areas of South Africa to make a concerted effort to:

- Recognize information as a vital resource. They should use information for effectively managing their business enterprise to increase productivity and performance;
- Invest in Web technology for their business enterprises to survive in the modern competition world; and
- Keep themselves abreast of the available government organisations that help their businesses to sustain themselves financially.

### **6.3 RECOMMENDATIONS**

The findings of this study have some implications for small- and medium-sized enterprises in Acornhoek and other enterprises operating their businesses in the rural areas of South Africa. It is abundantly clear that small- and medium-sized enterprises should begin to realize that information is a resource and can be used to gain sustainable competitive advantage.

The recommendations which flow from the research findings are as follows:

- Public libraries or information centers should be established in rural areas. Information professionals should professionally run these public libraries. The information professionals should educate the small- and medium-sized business owners on the importance of developing their own information systems in order for them to have access to information that could be quite critical to their business success;
- It also clear that information professionals should collect and create an inventory of small business in Acornhoek and ascertain that they are able to distribute relevant information to them for the management of their business enterprises;
- The study found that many small business managers lack information on managing their businesses, and that many are not aware of their information needs and how business information services can support and advance their business activities. It is recommended that a business information service supporting small- and medium-sized enterprises in Acornhoek be started. The business information service should have a wide range of information identified in this study;
- Against the findings that most of the small- and medium-sized business enterprises still rely on informal source for managing their business enterprises, the proposed public library should embrace and serve small business effectively by using formal information sources to complement and improve their services;
- Despite the fact that business organizations like Ntsika, Khula are concentrated in metropolitan areas, it is very important for small- and medium- sized



enterprises to be aware of the existence of these business organizations. These business organizations should attempt to popularize themselves to small- and medium-sized enterprises. It should be noted that these business organizations would help them sustain themselves financially. These business organizations should clearly outline their respective line of work in business advancement;

- With the increasing use of the Internet, particularly the World Wide Web, by modern business enterprises, small- and medium-sized business enterprises should consider investing in Web technology to enhance their business activities and increase productivity;
- An embracing business consortium be created, and existing business organizations created on ethnic lines be dismantled for mutual cooperation and information sharing;
- The Government should not only regulate these small- and medium-sized enterprises, but should also make provision for information accessibility. The Government should also offer continuous workshops, training on skills and knowledge for the management of business enterprises;
- Public talks and conferences should be promoting membership or affiliation to engender interest in business advancement;
- Women should be encouraged to become small- and medium-sized enterprise managers. This is recommended because there are only a few women business managers; and
- A thorough study should be made of the possibilities of overcoming the reluctance of the use of business information by small- and medium-sized enterprises operating in the rural areas of South Africa.

#### **6.4 AREAS OF FUTURE RESEARCH**

- The study focused its attention mainly on the use of business information by small- and medium-sized enterprises in the rural area of Acornhoek. The area under study used to be administered by the defunct Lebowa and Gazankulu Governments. It is vital that further research be extended to formerly white areas adjacent to Acornhoek to elicit the impact of business information in their small- and medium-sized enterprises.
- The study did not lead to conclusive results about the extent to which small- and medium-sized enterprises in rural areas of South Africa make use of business information for sustainable competitive advantage. The sample of the study was only drawn from Acorhoek. The replication of this study using larger rural areas would be necessary in order to strengthen the generalization of the findings to the subject of information as a resource for competitive advantage in modern business enterprises.
- The acquisition of statistical information is important for many modern small- and medium-sized enterprises. Against this statement, the researcher finds it imperative for further research to investigate how demographical information can influence the establishment of small- and medium-sized enterprises in rural areas.
- As a follow up to the present study, further research should investigate the attitudes of small- and medium-sized enterprises towards the pricing of information for their business needs.

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