

**EXPLORING FACTORS WHICH ATTRIBUTE TO THE
SUCCESS OF FOREIGN-OWNED SPAZA SHOPS IN
FOLWENI TOWNSHIP: SOUTH AFRICA**

MASTER OF COMMERCE IN LEADERSHIP STUDIES

**UNIVERSITY OF KWAZULU-NATAL
COLLEGE OF LAW AND MANAGEMENT STUDIES
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DECLARATION OF ORIGINALITY

I, WISEMAN G. NGCOBO, declare that “**Exploring Factors which Attribute to the Success of Foreign-owned Spaza Shops in Folweni Township: South Africa**” is my own original work and that all sources that is referred to or quoted have been indicated and acknowledged by means of complete references.

WISEMAN G. NGCOBO

30 November 2016

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ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
CANOE	Consciousness, Agreeableness, Neuroticism, Openness and Extrovert
CRM	Cooperative Revolutionary Movement
FIME	Formalising Informal Micro Enterprise
HIV	Human Immune Virus
KZN	KwaZulu-Natal
NIBUS	National Informal Business Upliftment Strategy
N.G.O	Non-Governmental Organisation
OAUCR	Organisation of African Unity Convention on Refugees
OCEAN	Openness, Consciousness, Extrovert, Agreeableness and Neuroticism
PASSOP	People against Suffering, Oppression and Poverty
SARS	South African Revenue Services
SATTSEVA	South African Tuck-shops and Taverns, Small Enterprise and Venders Association
VAT	Value Added Tax
5 Million ZAR	Five million Rands
SMME	Small, Medium and Micro Entrepreneurs
SOWETO	South Western Townships
UN	United Nations
UNHCR	United Nations High Commission of Refugees
V.A.T	Value Added Tax

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ABSTRACT

This qualitative study seeks to explore the factors which attribute to the success of foreign-owned spaza shops in the Folweni Township. Drawing from literature on South African spaza shops, personality traits theory and individual interviews, the study articulates the factors attributing to the success of foreign-owned spaza shops, their significance, and effects on South African Township communities and finally makes recommendations to assist municipalities and to equip locals in competing with their counterparts. Spaza shops provide employment and serve as means of survival to a sizable number of township residents. However, South Africans have observed the shift of spaza shop ownership and employment to foreigners. In addition to that, foreign-owned spaza shops seem to be very successful. According to Mathew (2015, p.2), foreigner spaza shop owners simply display more entrepreneurial flair than their local counterparts. This is evidenced by the findings of some studies conducted in Gauteng and Western Cape provinces and on-going conflicts between foreigners and locals in South African Townships. The study employed direct individual interviews to collect data from seven participants. Data was analysed utilising NVivo and thematic analysis. The study concluded that most spaza shops in the Folweni Township are operated by foreign nationals particularly from Ethiopia and Pakistan and that those foreign nationals are hard workers who employ creative and smart business ideas. Factors attributing to the success of foreign nationals include raising capital through networks, network stock procurement, unique business operations, product and service diversification, level of education and cheap labour. Foreigners play a critical role in the township economy as they provide goods and competent services to the door steps of residents. Although foreigners pay rent for the premises utilised as spaza shops, the study concluded that foreigners are the most economic beneficiaries. Furthermore, foreigners seem to be reluctant in employing locals and participating in business social responsibility.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

This qualitative study seeks to explore the factors which attribute to the success of foreign-owned spaza shops in the Folweni Township. Spaza shops represent an important component of the informal sector in South African Townships (Lighthelm, 2005). Furthermore, they constitute an empirical livelihood strategy to address poverty and unemployment (Moloi, 2014, p.1). The explosion of foreign owned spaza shops in South African Townships has out-muscled local owners as a result South Africans are observing the drastic shift of Township spaza shops ownership from locals to foreigners (Liedman *et al.*, 2013, p.1). Drawing from literature on South African spaza shops, personality traits theory, individual interviews and experiences of foreigner Township spaza shop owners from the Folweni Township, the study will articulate the factors which contribute to the success of foreign-owned spaza shops.

The study also explores the significance and effects of foreign-owned spaza shops in South African Township communities. Finally the researcher offers recommendations emanating from the research to equip locals to compete with their counterparts.

Chapter 1 contextualises the problem under investigation by providing the background and the study site, the problem statement, the significance, purpose and objectives, the research questions, and the organisation of the study.

1.2 BACKGROUND AND STUDY SITE

South African townships are characterised by a number of informal businesses including shebeens, taxis, shisa nyamas, hair salons and spaza shops among others. **Spaza shops** in

particular, are the focus of this study; provide employment and means of survival to a sizable number of families in South African Townships. However, the ownership of spaza shops in Folweni Township has mystically shifted from locals to foreigners at an alarming rate implying that most spaza shops in the Folweni Township are owned by or rented to foreigners. Furthermore, foreign-owned spaza shops seem to be out competing against locally-owned spaza shops. This has resulted in conflicts among spaza shop owners in most South African Township communities. The Folweni Township is not an exception. However, Mathew (2015, p.2) asserts that competition is a cornerstone of any free enterprise society and its presence should serve to inspire the drive to compete, not to incite violence.

According to Imisebenzi Yentsha Youth Organisation (2010), Folweni was established in early 1930s. In those days there were five dominating surnames; Makhanya, Gumede, Khwela, Langa and Shezi who each owned large pieces of land under the Sobonakhona Makhanya Tribal Authority.

From 1970s to 1980s the Boers started to visit Folweni (Imisebenzi Yentsha Youth Organisation, 2010). In due process, infrastructure and houses were built. Owing to historical influences, in 1981, black families were relocated from Bhekithemba-Malukazi informal settlement to what was then called “Folweni Settlement” (Folweni Community Resource Centre, 2012).

Folweni Settlement had 3 Sections; A, B and C (Imisebenzi Yentsha Youth Organisation, 2010). According to Imisebenzi Yentsha Youth Organisation (2010), Section C was given to big companies like Beacon, and Toyota to build subsidy houses for their employees. Infrastructural developments lead to a number of people from surrounding areas migrating in to the Folweni Settlement.

In 2001, Folweni Settlement was officially declared a Township by the Ethekewini

Metropolitan Municipality Council following Demarcation Act 27 of 1998 (Dlamini, 2010, p.2). Then, Folweni Settlement was officially changed to Folweni Township.

The Folweni Township is located along M35 in the south west of Ethekewini Metropolitan council ward 95, 40 kilometers away from Ethekewini city centre (Folweni Community Resource Centre, 2012, p.1; Map Studio, 2014). According to Folweni Community Resource Centre (2012, p.1), Folweni Township falls within the Umbumbulu Magisterial District and is part of the South Local entity's area of jurisdiction in the province of KwaZulu-Natal.

Folweni Township has a population of about 40 000 – 50 000 people and about 6000 houses (Imisebenzi Yenstha Youth Organisation, 2010). Most South African Townships are unlike urban slums in other emerging economies as they are geographically distinct from urban centres (Timm, 2015). As a result there is a near absence of an affordable public transport system, adding in making job seeking and other forms of economic integration prohibitively expensive (Timm, 2015). Folweni Township, like most South African Townships is engulfed by high rate of unemployment, poverty and HIV and Aids (Folweni Community Resource Centre, 2012, p.2).

1.3 PROBLEM STATEMENT

Originally, Folweni Township had a number of formal businesses in legally designated business sites as informed by Mr Mngadi, the local elder during the interviews. These formal businesses were: Folweni Supermarket, Folweni Bottle Store, Folweni Butchery, Msulelwa, Magwazela, Mkhandeni, Mkhize store, Hamashe and a number of spaza shops. All these businesses were owned by South Africans, mostly Folweni Township residents. Over time, most, if not all, those historical formal businesses were closed down, rented to foreigners or converted to spaza shops due to sustainability challenges.

Foreigners have not ended up acquiring historical formal business premises at Folweni Township but have rather escalated to renting and or buying a sizable number of spaza shops from the locals. Foreign-owned spaza shops are noticeably successful. Their existence and noticeable signs of success has caused conflicts among business people in most South African Townships, the Folweni Township in particular. The explosion and success of foreign-owned spaza shops have drawn the researcher's interest in: **“Exploring the Factors (ownership dynamics, capital investment, stock procurement, business operations, product diversification and spatial distribution) which Attribute to the Success of Foreign-owned Spaza Shops in the Folweni Township”**

1.4 SIGNIFICANCE OF THE STUDY

Spaza shops have provided employment and served as means of survival to most South Africans in townships. However, South Africans have recently observed the shift of ownership of spaza shops to foreigners and the overwhelming success of foreign-owned spaza shops particularly in Townships. According to Mathew (2015, p.2), foreign spaza shop owners simply display more entrepreneurial flair than their local counterparts. This is evidenced by the findings of some studies conducted in Gauteng and Western Cape provinces and on-going conflicts between foreigners and locals in townships (Liedman *et al.*, 2013, p.1).

The impact of foreign-owned spaza shops, their success and myths associated with their success have necessitated this study. Furthermore, the study will draw from the knowledge and experiences of foreigners to make recommendations to equip locals with relevant skills to compete with their counterparts, consequently, curbing conflicts over resources and unemployment in South African Townships.

1.5 PURPOSE AND OBJECTIVES OF THE STUDY

The purpose of this study is to explore the critical factors attributed to the success of the foreign-owned spaza shops in Folweni Township (Ward 95). A thorough understanding of the factors attributed to the success of foreign-owned spaza shops, their significance and effects on Township communities and spaza shop market economy, will lead to the formulation of recommendations drawing from experiences of foreign-owned spaza shops; to assist locals to compete fairly with foreigners, in order to limit conflicts between foreign and local spaza shop owners in South African Townships.

The Objectives of the study are to:

- establish the critical success factors for foreign –owned spaza shops
- assess the significance of foreign-owned spaza shops in the Folweni Township
- investigate the effects of foreign-owned spaza shops in the Folweni Township

1.6 RESEARCH QUESTIONS

- What are the critical success factors attributing to foreign-owned spaza shops in Folweni Township?
- What is the significance of foreign-owned spaza shops in the Folweni Township?
- What are the effects of foreign-owned spaza shops in the Folweni Township?

1.7 RESEARCH METHOD AND METHODOLOGY

This phenomenological study employs a qualitative research method. Data was collected from 7 (participants) foreigner spaza shop owners from the Folweni Township, South of Durban in South Africa utilising direct individual interviews. Data was recorded, transcribed and analysed utilising NVivo scientific and thematic analysis.

1.8 ORGANISATION OF THE STUDY

This qualitative study which seeks to explore the factors which attribute to the success of foreign-owned spaza shops in the Folweni Township is divided into 5 chapters as follows:

CHAPTER 1: Introduction

Chapter 1 introduces the topic, background and the study site, problem statement, significance, purpose and objectives, research questions, limitations of the study and the organisation of the study.

CHAPTER 2: Literature Study

Chapter 2 provides a review on various sources of literature on South African township spaza shop markets and the personality traits theoretical framework which underpins this study.

CHAPTER 3: Research Methodology

This chapter discusses the research method and methodology (qualitative and direct individual interviews) employed in this study. It also provides issues of permission to conduct the study, data collection and analysis, validity and reliability and ethical considerations.

CHAPTER 4: Presentation and Discussion of Findings

Data on factors attributed to the success of foreign spaza shop owners from the Folweni Township are presented and analysed according to themes in this chapter.

CHAPTER 5: Conclusions and Recommendations

This final chapter provides the synthesis of findings from data analysed in the previous chapter and conclusions for the whole research

1.9 CONCLUSION

This chapter provided the background and the study site, problem statement, significance, purpose and objectives and of the study.

Chapter 2 provides the literature review and theoretical framework.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

Foreign-owned spaza shops outperform locals in South African Townships (Paton, 2014) as is the case in the Folweni Township. Drawing from a body of literature on South African Township spaza shops and personality traits theoretical framework, this qualitative study seeks to explore factors which attribute to the success of foreign-owned spaza shops in the Folweni Township. Chapter one provided the significance, background and study site, purpose, objectives and study questions, and organisation of the study. This chapter starts by defining spaza shops; reviews literature on factors attributed to the success of foreign-owned township spaza shops, significance of foreign-owned spaza shops, migration, effects of foreign-owned spaza shops in South African Townships, interventions and finally discusses the personality traits theoretical framework which underpins the study.

2.2 DEFINITION OF A SPAZA SHOP

More than 80 percent of businesses in South Africa fit in the definition of small businesses (Perks, 2010). A small business is a business which is privately owned and operated with relatively small turnover and staff numbers, typically seen as constituting part of a specific commercial or economic sector (Webster's New World Finance and Investment Dictionary, 2010). Furthermore, the small business owner exercises close control over operations and decisions. According to Webster's New World Finance and Investment Dictionary (2010), the equity of small businesses is not publicly traded and usually the financing is guaranteed by the owner. Small businesses usually carry low overheads, which enable them to become

more competitive and responsive to demand changes (Kesper, 2000, p.8). According to Tladi & Miehlabradt (2003), spaza shops are regarded as very small businesses.

Spaza shops in South African Townships emerged as a result of economical exclusion, exploitation and denial of employment opportunities of blacks by the apartheid government. Therefore, spaza shops were the means of survival to a number of blacks by then and even today, they constitute an important livelihood strategy to address poverty and unemployment as the post-apartheid government has failed to address the economic exclusion of township people (Moloi, 2014, p.2-3).

The word “spaza” comes from a Zulu verb “Isiphazamiso” (Spiegel, 2002, p.238).

Isiphazamiso means something hidden. According to Tladi & Miehlabradt (2003), the word “spaza” means camouflage or that causes hindrance or annoyance. Liedman *et al.* (2013, p.1) explains that the word “spaza” is a township slang which means an imitation of a real shop. Mathew (2015) concurs with Liedman *et al.* (2013, p.1) that the term spaza shop is derived from the slang meaning (imitation of a shop) which refers to a small grocery or convenient store that have played an important role for decades as a retailer of general household items in township communities. Whilst Spiegel (2002) and Tladi & Miehlabradt (2003) provide the origins of the term “spaza”, Mathew’s (2015) and Liedman’s *et al.* (2013) transcends from providing the origins of the term “spaza” to explanation of the term.

Von Broembsen (2008) defined spaza shops as informal businesses run from a room in a shack or small house where customers stand outside and purchase basic groceries over a counter. Liedman *et al.* (2013, p.1) simply define spaza shops as small convenience grocery shops within the communities. Dlodla (2014, p.1) provided a much broader definition as he defines spaza shops as micro-convenience stores which operate in township residential areas, selling groceries, breads, cool drinks, prepaid airtime and cigarettes among other small items.

Dludla's definition fits in perfectly with the description of Small Business Amendment Act of 2003 which describes businesses like spaza shops as micro-informal businesses with less than 5 employees and very few assets (Small Business Amendment Act, 2003, p.6). Foreign-owned spaza shops, which are the focus of this study, refer to spaza shops owned by foreigners in South African Townships (Dludla, 2014, p.1).

Terms "tuck shop" and "spaza shop" are used interchangeably to refer to the same business (Righthelm, 2005, p.202). However, Rolfe *et al.* (2010) explain that "tuck shop" refers to microenterprise operating separately from a residence whilst "spaza shop" refers to home-based enterprise and family shop (Gough *et al.*, 2003).

Spaza shops are classified under the informal sector because their economic activities are generally not officially recorded (Moloi, 2014, p.12). This classification means that their economic activities are not accounted for in the national Accounting system (they are not taxed) (Moloi, 2014, p.12). Liedman *et al.* (2013, p.2) concur with Tladi & Miehlabradt (2003) that the majority of spaza shops conducted in residential areas are unregistered and, therefore, considered as informal businesses. Furthermore, literatures on spaza shops reveal that the activities of spaza shops usually do not abide by municipal by-laws (Liedman *et al.*, 2013, p.2). Among other descriptions, the informal sector is also described as an invisible, shadow, hidden, unrecorded, non-official, submerged and irregular economy (Losby *et al.*, 2002).

In the informal sector some of the activities are legal whilst some are illegal depending on the manner in which goods and services are exchanged (Moloi, 2014, p.14). However, Naidoo (2014) warned that the informal sector should not be confused with criminal economy for the most spaza shops in South African Townships operate honestly.

Like most of the modern world economies, South Africa's economy is speedily developing from one that cultivates raw materials to one that is more reliable on income from trading and

services (Hurst, 2015). Businesses which are trading (like spaza shops) and providing services are classified under the tertiary sector (Hurst, 2015). According to Hurst (2015), the tertiary sector involves the supplying of goods and services to the general public and businesses. Spaza shops supply goods and services to the general population. Therefore, spaza shops belong to the tertiary sector (Hurst, 2015).

Hurst (2015) recommends the shift from focusing on extraction of raw materials to provision of goods and services (as spaza shops provide goods and services to the public) for positive sociological impact to the large proportion of the population.

2.3 CRITICAL FACTORS ATTRIBUTED TO THE SUCCESS OF FOREIGN-OWNED SPAZA SHOPS

Dludla (2014, p.1) and Liedman *et al.* (2013, p.3) outlined five factors underlying the success of foreign-owned spaza shops; they are: ownership dynamics, capital investment, stock procurement and distribution networks, business operations and product diversification.

2.3.1 OWNERSHIP DYNAMICS

Although some foreign-owned spaza shops are owned by single entrepreneurs, the majority are collectively or co-operatively owned among foreigners, meaning they are owned through shareholding agreements (Dludla, 2014, p.2). According to Dludla (2014, p.2), in some cases, a single entrepreneur may own a number of spaza shops within the same township or and other townships. Partners have to earn partnership through commitment which could be financial or free labour and investment of some sort (USB, 2015). Co-operatives UK (2014) revealed that there is increasing evidence across the range of disciplines that people are cooperative as much as they are also competitive. Co-operatives UK (2014) further informed that every business can share benefits of co-operation if they work more co-operatively. Some of the advantages of co-operative ownership are: sustainable employment

opportunities for the employees, better/quality services for customers and consequently higher returns for business owners (Co-operatives UK, 2014). According to Dlodla (2014, p.2), the majority of foreign-owned spaza shops are owned and run by males as compared to South African owned spaza shops which are mostly owned and run by females. Therefore, ownership and running of spaza shops have gender power differentiation. This may not, according to Dlodla (2014, p.2), be considered as one of the contributory success factor but it cannot be overlooked.

Foreign-owned spaza shops usually operate from a semi-detached room or from rented premises (an existing spaza shop venue). Where else the majority of local owned spaza shops are home based (Dlodla, 2014).

2.3.2 CAPITAL INVESTMENT

The form of ownership discussed in 2.3.1, affords foreign spaza shop owners the opportunity to enjoy the benefit of financial contribution from a number of people or networks (Dlodla, 2014, p.2). The success of foreign spaza shop owners in South African Townships is clearly observed by most South Africans and was pronounced by the South African minister of Small Business Development, Lindiwe Zulu in particular as she was quoted in News24 saying,

“Somalis were a great example because they come to South Africa with nothing, build network and open small businesses that are successful in the same township where South Africans have failed.”

(News24, 2014-05-27, p.1)

Steyn (2015a, p.2) arguably suggests that business success seems to be available in the genes of foreigners. However, Dlodla (2014, p.2) attributes the success of foreign spaza shop

owners to the enjoyment of capital competitive advantage through their networks which gives them an average of approximately R45 000 as compared to R5 000 or less for South Africans to start up the business. Steyn (2015a, p.2) concurs with Dlodla (2014, p.2), that one of the key advantages of foreign-owned spaza shops, is its clubbing together as partnerships which gives them a start-up capital between R20 000 to R60 000 to buy initial stock.

Foreigners use social net-works to operate their spaza shops in contrast to a weak local social network that is limited to family members (Charman, *et al.*, 2012, p.2). Foreigners inject a lot of capital investment which is usually clan based (Mashile, 2014). According to Qukula (2015), the key to creating a class of more competent and self-confident business people is through cooperative competition and network investments.

2.3.3 STOCK PROCUREMENT AND DISTRIBUTION NETWORKS

The form of foreign-owned spaza shop which is mostly co-operative raises bigger capital which gives bigger buying power from wholesalers (Dlodla, 2014, p.2). It also affords foreign-owned spaza shops a bigger buying power as they buy as co-operatives; they buy directly from manufactures at cheaper rates (Dlodla, 2014). Buying as co-operatives reduces stock costs as they buy directly from wholesalers or manufacturers in large quantities and at discounted prices. Dlodla (2014, p.2) adds that buying collectively makes it easier to secure affordable and competitive premium terms. Qukula (2015) concurs with Dlodla (2014) that most foreigners collaborate with each other in the bulk purchasing of goods, then compete with each other in other ways.

According to Dlodla (2014, p.2) the local spaza shop owners have not succeeded in matching with the above mentioned collective purchasing models and networking, as a result they became uncompetitive. However, local spaza-shop owners do know that foreigners buy their

stock in groups at discounted prices and consequently extend those discounts to their customers (Liedman *et al.*, 2013, p.3).

Procuring collectively, has transport advantages, stock is delivered in large scales to multiple shops at reduced costs whilst ensuring uninterrupted uniformed group supply of stock (Dludla, 2014, p.2). Consequently the discount benefits and cheaper prices are passed down to customers. According to Pienar *et al.* (2012), proper business logistics strategy, tactics and operations do not only benefit the customers, they also enhance the long-term wealth in 4 areas of the business: operating costs reduction, revenue growth, working capital efficiency and fixed capital efficiency.

- Operating costs reduction

There is a significant potential for operating costs savings through logistics. A large proportion of costs in many businesses derive from logistics operations. Savings in transport and bulk purchases increases the net operating profit.

- Revenue growth

Proper logistic strategy increases sales volume and customer retention as the stock supply is always constant and timeous.

- Working capital efficiency

Working capital costs are reduced to minimal levels for the stocks are purchased in bulks at cheaper prices and in some cases when there are seasonal discounts and delivered once.

- Fixed capital efficiency

Proper logistic strategy results to fixed asset investment reduction. If vehicles are utilised minimally, their life span increases yielding to the reduction in fixed assets investments.

On the other hand Gastrow *et al.* (2012), in her research, found that although spaza shop owners do share transport but they shop around as individuals, looking for specials, discounts and lower prices. This strategy implies that they don't buy in large bulks as Sustainable Livelihoods Foundation (2013) concluded.

Liedman *et al.* (2013, p.3) maintained that among other factors, the success of foreign-owned spaza shops is attributed to different business approaches which results in large scale operation (networking). However, they point out that these networks also enable foreigner spaza owners to obtain important spaza products that cannot be obtained through wholesale stores but are available on the black market, notably contraband cigarettes which local spaza shop owners are unable to procure (Liedman *et al.*, 2013, p.3).

Steyn (2015a, p.3) also pointed out that there is a general perception that foreign-owned spaza shops do not always play by the rules. Steyn (2015a, p.3) also gave an example of an unfair and illegal competitive advantage of procuring and accessing contraband tobacco which is easily accessible exclusively to foreigners who buy it in large bulks as co-operatives.

Mail & Guardian 2015, January 30 published an article titled, "It's not just economy, stupid," where Minister Lindiwe Zulu, confirmed that there were beliefs among some unshared secrets to the success of foreign-owned spaza shops which may include cutting corners and ignoring the fair trading rules (Steyn, (2015b, p.3).

2.3.4 BUSINESS OPERATIONS

Business operations refer to the activities, decisions and responsibilities of managing the resources which are dedicated to the production and delivery of products and services (Slack *et al.*, 2007, p.1). Dummies (2015, p.1) described operations as the processes and resources that are used to produce the highest quality products or services as efficiently as possible and adds that there are four key business operations, which are:

- Location – is where the business is physically positioned
- Equipment – the availability and relevance of the tools to run the business
- Labour – the manpower to perform activities including systems quality control and improvement.
- Processes – the way the business activities are performed including systems quality control and improvement

Therefore, operations management is concerned with converting materials and labour into goods and services as efficiently as possible to maximise the profits of an organisation. Literature on spaza shops revealed that foreign-owned spaza shops employ sufficient staff which work longer hours usually from 6 a.m. to 10 p.m. (Dludla, 2014, p.3). Steyn (2015a, p.2) in her letter to Minister Lindiwe Zulu concurs with Dludla (2014, p.3) that foreign-owned spaza shops attract more customers by opening longer hours from 6.30 a.m. to 10 p.m. This strategy reduces labour costs whilst increasing profits. Therefore, this strategy affirms the concerns of operations management mentioned above.

According to Dludla (2014, p.3), foreign-owned spaza shops are usually the main source of income to their owners. Therefore, they are managed with great competency on a full time basis. Foreign-owned spaza shops arguably provide employment to locals other than their families, some as casual workers who work as spaza-shopkeepers and security guards (Dludla, 2014, p.3). Hartley (2012) disputed that by stating, foreigners do not empower locals, they employ their own people. In contradiction, local owned spaza shops mostly operate on a part-time basis as they open late in the mornings and close early in the afternoons (Dluda, 2014, p.3). Furthermore, local spaza shops supplement their house hold income and usually owners are hands on in operation of the business or use family members.

In other words, they provide home based family employment.

On the other hand, Gastrow *et al.* (2012) acknowledged that data contradicts itself on foreign-owned spaza shops employment of locals. Gastrow *et al.* (2012) was of the firm view that even if foreigners hire locals or not, still, South Africans are the biggest economic beneficiaries through their rented premises. Allie (2014, p.3) concurred with Gastrow *et al.* (2012) that although the influx of migrant traders to South African Townships have resulted in a shift of spaza shops ownership to foreigners; they have provided business opportunities in another form for local entrepreneurs as they sell or mostly rent their businesses to foreigners. Wilkinson (2015, p.4) asserted that foreigners play a positive role in South Africa by providing jobs, paying rent, paying VAT and providing affordable and convenient goods.

Steyn (2015a, p.1) in her letter to Minister Lindiwe Zulu, pointed out that among the many so-called trade secrets, that foreigners possess, hard work and business acumen is most significant. She adds that foreigners provide a great deal of insight. On the contrary, South African entrepreneurs have poor business skills record, which often lead to business failure (Perks, 2010, p.1). Effective management of spaza shops requires applying management skills and strategies (Perks, 2010, p.1). It is apparent that foreigners have skills to balance costs with revenue to achieve the highest net operating profit possible. The lengths to which foreigners are willing to go in order to make the shop work are amazing (Mathew, 2015, p.2). Therefore, what separates foreigners from locals is sheer determination (Mathew, 2015, p.2).

Steyn (2015a, p.2) of Gordon Institute of Business Science attributes the success of foreign-owned spaza shops to competitive pricing and even selling at cost prices to lure the masses of customers to their shops. This is one of their marketing strategies which seem to be working at their advantage because customers buy items which are strategically priced at cost as well as those at selling price (cost price + profit mark-up). This strategy affirms that although an operation is central to any organisation, it is only one of the three main core functions, the

others being marketing and financing (Slack *et al.*, 2007, p.4). Furthermore, Allie (2014, p.2), revealed that the majority of township residents prefer to buy from foreigners because they like to bargain for better prices, they don't have extravagant lifestyles which allows them to cope with smaller profit margins and among other things, they find it a pleasure to buy from foreigners.

However, there are concerns that most foreigners do not register their businesses or bother to apply for permits (Steyn, 2015a, p.3). On the same note, Steyn (2015a, p.2) revealed that registration or permit requirements are not a uniform requirement to all South African Municipalities.

Steyn (2015b, p.2) pointed out that foreigners have shown, throughout time, resilience in closing down even though customers are attracted by new big malls coming closer to customers, increased electricity and increasing food prices among others. The implications being that they cling on where others fail or move into the vacuum left as local traders move out (Steyn, 2015b, p.2). Business operations are very crucial even to small businesses like spaza shops (Dummies, 2015, p.1).

2.3.5 PRODUCT DIVERSIFICATION

Diversification is a strategy used to expand the business operations by adding markets, products, services or stages of production to the existing business (Thomas, 2015). Thomas (2015) added that it is a form of growth strategy which involves significant increase in performance objectives beyond past levels of performance.

According to Dearden (2015), diversification reduced the overall risk as the money is invested in a variety of stock. It also allowed investors to maximise their returns on their investments and finally afforded them an opportunity to re-diversify (Dearden, 2015).

Diversification is carefully developed and undertaken only after thorough analysis of the environment. Foreign-owned spaza shops identified a product diversity gap in the township spaza market, and instantly utilised it by providing a wide range of products for customers (Dludla, 2014, p.3). Therefore, customers are given wider choices right on their door steps at good prices. According to Pienar *et al.* (2012), customers want quality service. According to Pienar *et al.* (2012), quality service is a comprehensive concept which is concerned with reliability, punctuality and variation of service (Pienar *et al.*, 2012).

Among other diversification strategies which lead to the success of foreign-owned spaza shops, is the introduction of game arcades and alcohol in some of their shops (Dludla, 2014, p.3). Allie (2014, p.3) elaborates that the introduction of lotto machines is another form of diversification which attracted more customers to foreign-owned spaza-shops. Furthermore, foreigners seem to be able to supply in different scales and have figured out a way to differentiate themselves from each other (Qukula, 2015). According to Steyn (2015a, p.2), product diversification makes foreign-owned spaza shops to be practically bigger like formal shops in some cases.

The Economist (2009) warned that product diversity should be low risk investment with a potential for high returns. The Economist (2009) further warned that, successful diversification requires good management skills, close monitoring of business activities, timely identifying and problem solving. Although diversification usually yields high returns, it adds to the existing business activities; the greater the number of activities, the more complex and difficult is the management task (The Economist, 2009).

2.3.6 SPATIAL DISTRIBUTION

The study conducted in Cape Town and Gauteng by Sustainable Livelihoods Foundation (2013) known as Formalising Informal Micro Enterprises (FIME) identified spatial

distribution of foreign-owned spaza shops as an additional factor attributed to the success of foreign-owned spaza shops (Sustainable Livelihoods Foundation, 2013, p.4). Foreign-owned spaza shops operate within localised areas, by providing services to residents in the vicinity of the shop which may be a single street or immediate neighbourhood (Sustainable Livelihoods Foundation, 2013, p.4). According to Sustainable Livelihoods Foundation (2013, p.4), it has been observed that foreign-owned spaza shops are located in a scattered pattern throughout each township locality; they are spatially positioned to avoid clustering within the same vicinity. Human Sciences Research Council (2014) concurred with Sustainable Livelihoods Foundation (2013) that foreign-owned spaza shops are strategically positioned to avoid clustering. Adding to that, Liedman *et al.* (2013, p.2) revealed that foreign-owned spaza shops are strategically positioned to compete directly with South African owned businesses.

Foreign-owned spaza shops are highly localised to respond to demand dynamics of residents situated within a small geographic radius (Sustainable Livelihoods Foundations, 2013). Sustainable Livelihoods Foundation (2013) equates the spatial distribution of foreign-owned spaza shops to those of formal South African stores. The strengths of foreign-owned spaza shops in some cases are tested by setting them up close or direct opposite to the well-established South African stores (Sustainable Livelihoods Foundation, 2013).

According to Perks (2010, p.2) spaza shop owners, as entrepreneurs, need a range of abilities to be able to execute daily business operations which require them to be generalists. A generalist is a person who possesses the ability to view business operations in general (Hodgetts & Kuratko, 2001, p.616). According to Ndweni (2014), foreigner spaza shop owners appeared to have an innate knack for doing good business, giving them a competitive edge over local spaza owners.

Having discussed the critical factors attributed to the success of foreign-owned spaza shops in South Africa, the following section deals with the significance of spaza shops, foreign-owned spaza shops in South African townships in particular.

2.4 THE SIGNIFICANCE OF FOREIGN-OWNED SPAZA SHOPS IN SOUTH AFRICAN TOWNSHIPS

According to Liedman *at al.* (2013, p.1), a number of studies have been conducted on spaza shops; however, they mentioned that, there is a gap if not poor understanding of the composition and size of the South African spaza shop market.

According to Spiegel (2002, p.238), spaza shops in South African townships emerged in mid-to-late 1970s and became popular from the early 1980s. Spaza shops emerged as a shadow of consumer boycotts of formal retail outlets associated with apartheid regime in particular (Spiegel, 2002, p.238). Therefore, township spaza shops assisted in the resistance of the apartheid legislation which was aimed at restricting Africans from trading opportunities in the cities and suburb areas (Moloi, 2014).

Post 1994, spaza shops in South Africa continued to play an important role in accommodating the jobless and those who need to supplement their earnings. According to Liedman *at al.* (2013, p.1-2) for decades, spaza shops have played two major roles:

- Acting as retailers for household grocery items in their township communities by selling small and regularly purchased items such as milk, soap, bread, globes and cigarettes among other core items which spaza shops acquire from different wholesalers.
- Acting as incubators of entrepreneurship by providing business foundations for generations whilst bringing income to their families.

Therefore, spaza shops assist in economic growth and relieve challenges of unemployment in the country (Perks, 2010, p.1). According to Dlodla (2014, p.3), foreign-owned spaza shops provide employment to locals. However, he explained that one of their strategies of minimising the costs, like most of other businesses, is to reduce labour costs. The South African Statistics Labour Force Survey (2007) indicates that spaza shops provided 6.6% of self-employment. Wills (2009, p.29, 51) also echoed the significance of spaza shops, although he provided different figures which may be attributed to varying study times, as he pointed out that spaza shops provide 9.2% of home-based self-employed people. Liedman et al. (2013, p.2) quoted Spaza News which claimed that there are more than 100 000 spaza shops in South Africa with a total turnover of about R7 billion. However, since 2005 there has been a fierce competition between local and foreigner spaza shop owners (Liedman *et al.*, 2013, p.1).

Plastow (2016) in his article titled “Spaza shops, xenophobia and their impact on South African consumer” wrote:

“Given that by 2010 the vast majority of spazas were run by immigrant traders, you could argue that the one of the largest direct foreign investments in the country since democracy was underpinned by the power of immigrants in South Africa.”

(Plastow, 2016, p.2)

The nature of the South African economy is highly informal (Terblanche, 2010), meaning it is driven by small businesses. Foreigners bring their skills and experiences to South African Townships where the market is underdeveloped and less sophisticated to venture (Terblanche, 2010). It is the most accessible way of earning a living for foreigners.

Studies have observed that most local owned spaza shops in South African Townships have

become uncompetitive, resulting in shutting down or being rented to foreigners (Liedman *et al.* 2013, p.1). Foreign-owned spaza shops have become more competitive and are mostly preferred by local customers which render them to be more significant to South African Township residents.

Consumers want more choices and access to goods closer to their door steps at good prices. Meeting these needs is part of the success behind foreign-owned spaza shops in various townships across the country. Foreign-owned spaza shops are found at every corner for the convenience of their customers and their prices are always cheaper than those of local operators (Ndweni, 2014).

Most local spaza shop owners in particular, have myths and wonder what makes foreign-owned spaza shops to be so successful compared to theirs (Steyn, 2015b, p.2). According to Liedman *et al.* (2013, p.1), the decline of local owned spaza shops has long been predicted because they appeared to be uncompetitive. Liedman (2013, p.1) is saddened that the nature of local owned spaza shop's un-competitiveness is poorly understood.

Perks (2010, p.1) pointed out that the manner in which small businesses' entrepreneurs manage their businesses can contribute towards becoming competitive or uncompetitive. Adding to that, Mthimkhulu (2014) revealed that there are important personal characteristics required to be a successful business man. Such personal characteristics may include being optimistic, disciplined, persistent, hardworking and willing to learn among others. According to Ndweni (2014) foreigners have business principles that make them important to their customers. Mathew (2015) added that what separates foreigners from locals is "sheer determination."

Throughout South African Townships, developments in the spaza shop market have gradually caused confusion and stirred conflicts especially between local township businessmen, including spaza shop owners and foreign spaza shop owners in particular.

Thekiso Dikgale, the president of the South African Tuck-shops and Taverns, Small Enterprises and Vendors Association (SATTSEVA) informed the Parliament Portfolio Committee on Small Business Development which visited KwaZulu-Natal on the 25th and 26th of November 2014, that there are real problems which cause conflicts between the foreign nationals and South Africans owning spaza shops in townships (Parliament of the Republic of South Africa, 2015). Furthermore, organisation representing local Small, Medium and Micro Enterprises (SMMEs) reported to the above mentioned Portfolio Committee that there are a number of hindrances which hamper their growth as opposed to those of foreigners. Some of the hindrances include:

- Lack of access to finances
- Very high interest rates charged by development financial institutions
- Poor infrastructure for businesses to operate from
- Lack of adequate support infrastructure such as roads, electricity, communication services, water and sanitation to enhance business operations

High costs of doing business due to high travelling, rental and electricity costs

Fragmented support services offered by government that are also not easily accessible and Lack of adequate skills development and training programs resulting with poor skills level (Parliament of the Republic of South Africa, 2015).

The chairperson of People Against Suffering, Oppression and Poverty (Passop) argued that although the number of foreign entrepreneurs in townships are unknown but the rights of numbers of township people who buy loaves of bread at cheaper prices outweigh the interest

of local spaza shop owners (Hartly, 2012). Foreign-owned spaza shops are highly adored by their clients for their business principles and providing customers with what they want at reasonable prices (Ndweni, 2014).

According to Mbatha (2015, p.3), township spaza shop customers have expressed the significance of foreign-owned spaza shops. To illustrate further, the importance of foreign-owned spaza shops, Mbatha (2015, p.3) quoted one of the locals saying,

“When the foreigner” shops were closed, people were complaining because they Didn’t have anywhere nearby to buy goods and the big retailers charge a lot more.”

(Mbatha, 2015, p.3)

According to Allie (2014), foreigners, Somalis in particular, devised ideas, smart ideas to assist their cash-stripped customers, including selling smaller product packs. Foreigners also discount their prices extensively as a market penetration strategy (USB, 2015). Therefore, these foreign-owned spaza shops play a significant role in easing lives of low-income earners in various townships.

It is clear that foreign-owned spaza shops play a significant role in providing services and a wide range of products at the most convenient time and prices to the township communities.

The following section tabulates the differences on foreigner and local owned spaza shops to illustrate the significance of foreign-owned spaza shops in South African Townships.

2.4.1 Tabulated differences between foreigner and local owned South African township spaza shops according to Vrbicek (2015) and Terblanche (2010)

Foreign-owned spaza shops	Local-owned spaza shop
Foreigner entrepreneurs support each other to improve services in their businesses.	Local entrepreneurs do not support each other. They work in silos which hampers service improvement.

<p>Foreign-owned businesses collaborate with each other to procure stock in bulks and discounted prices.</p> <p>Foreign-owned spaza shops stock a variety of items like in supermarkets.</p> <p>Foreigners use networks to raise capital which could go as high as R60 000.</p> <p>Foreigners work longer hours, starting from (6:00am to 10:00p.m).</p> <p>Prices in foreign-owned spaza shops are cheaper.</p> <p>Foreigners have good client services and understanding of customers' needs.</p> <p>In most cases foreigners (93%) keep</p>	<p>Locals buy procure their stock individually, in smaller quantities and at higher prices.</p> <p>Locals stock very limited items like in the primitive spaza shops.</p> <p>Locals raise start-up capital as individuals. The capital could be as low as R6000. Locals work very limited hours, starting from (8:00am to 6:00pm).</p> <p>Local spaza prices are comparatively higher.</p> <p>Locals lack good client services and understanding of customers' needs.</p> <p>In most cases locals do not keep transactional records. Only 58% keep transactional records.</p> <p>Only 28% of locals use inventory</p>
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<p>transactional records. 91% of foreigners use inventory management system.</p> <p>The majority of foreigners do not offer credit to their customers.</p>	<p>management system.</p> <p>The majority of locals offer credit to their locals.</p>
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Having explained the significance and provided tabulated differences between foreign-owned and local spaza shops in South African Townships, it is imperative to discuss human migration, its causes and what attracts foreigners from Asia and other African countries to South Africa and South African townships in particular.

2.5 HUMAN MIGRATION

Globalization 101 (2013) defined migration as the movement of people across specified boundaries to a new place of residence. According to Zhou (2015), human migration is a permanent or semi-permanent relocation of people from one location to another. Rouse (2005) provided an extended definition as she defined migration as a process of moving from the use of operating environments to another operating environment that is, in most cases thought to be the better one. Globalization 101 (2013) explained that migration of people could take place within the borders on of one's own country or to another. Migration could be emigration or immigration. Emigration is when people leave their place of residence (their home country) and move to another, for a number of reasons. Where else, immigration is when people enter into the borders of other country or region. Therefore, a person whose last usual place of residence is different from the present place of enumeration is called a migrant or foreigner (Globalization 101, 2013).

Migration according to Crawford *et al.* (2012), is a wide spread human activity which dates

back to the origin of our species. Embrace (2006) concurred with Crawford *et al.* (2012), that human migratory movements occurred from the beginning of our existence, by human nature. Therefore, human movement to other countries is not a new phenomenon. Therefore, the movement of foreigners from their countries of origin to South Africa is not a new and isolated phenomenon. According to Crawford *et al.* (2012), advances in genetic sequencing have greatly increased our ability to track prehistoric and historic population movements and have allowed migration to be described both as a biological and as a socio-economic process. In the past times and today still migration occurs depending on opportunities that will arise (Embrace, 2006).

In most cases people in the world prefer to remain in regions or countries of their origins (Zhow, 2015). Owing to a number of factors, some end up migrating.

Zhow (2015) outlined three forces of migration, which are: voluntary migration, reluctant migration and involuntary/forced migration. Voluntary migration is based on one's free will and initiative (Zhow, 2015). Therefore, individuals who are interested in moving will often analyse the push and pull factors of two locations before making their decisions (Zhow, 2015). According to Zhow (2015), the strongest factors influence people to voluntarily move. Examples of voluntary migration could be marriage, business opportunities, work opportunities and politics among others (Zhow, 2015).

Reluctant migration lies in between voluntary and involuntary migration. According to Zhow (2015), reluctant migration is a form of migration in which individuals are not forced to move, but do so because of unfavourable situations at their current locations. Examples of reluctant migration among others could be poor infrastructure, lack of work opportunities and lack of recreational facilities (Zhow, 2015).

Involuntary/Forced migration is a form of migration caused either by persecution, exploitation, wars, natural disasters, political instabilities and crime among other causes (Zhow, 2015).

South Africa has a number of immigrants who come from all over the world. They have either come voluntarily, reluctantly or involuntarily. Migrants do not come to South Africa only. According to Siegfried (2011) thousands of migrants head to South Africa, others risk death at the hands of smugglers travelling through deserts and seas trying to reach Saudi Arabia, Israel and Europe. In addition thousands of Ethiopians and Somalis flock to South Africa through Tanzania every year (Siefried, 2011). As this study focuses on township spaza shops, the emphasis is on immigrants who own spaza shops in South African townships.

The literature on South African Township spaza shops revealed that most, foreign-owned spaza shops in South African Townships are owned by Ethiopians, Somalis and Bangladeshis (Paton, 2014; News24, 2015; Steyn 2015a, p.2). These foreigners are widely known, in townships as “Amakwerekwere” which is a township slang word for foreigners (Macha, 2008).

According to Clayton and Hollard (2015), the majority of refugees and asylum seekers (immigrants/foreigners) in South Africa have fled the conflict in the Democratic Republic of Congo, the insecurity situation in Somalia or individuals who claim to have faced persecution in Burundi, Ethiopia, Rwanda and Zimbabwe. Even so, these foreigners have emerged as successful spaza shop owners in South African Townships. Their ability to rise above problems and succeed in township spaza shops is clearly observed by South Africans.

2.5.1 REASONS WHY FOREIGNERS ARE ATTRACTED TO SOUTH AFRICA

The history of refugees and asylum seekers in South Africa dates back to the 1980s when the

country was a home to a number of Mozambican refugees (South African History Online, 2015). By then, those refugees were not recognised in South Africa until South Africa become a signatory to the United Nations (UN) and Organisation of African Unity Conventions on Refugees (OAUCR) in 1994 (South African History Online, 2015). Being signatories to UN and OAUCR perpetuated immigration to South Africa. Furthermore, South Africa's national legislation incorporates the basic principles of refugee protection including freedom of movements, the right to work and access to basic social services (South African History Online, 2015)

South Africa is Africa's most industrialised country and it attracts thousands of foreign nationals every year, seeking refuge from poverty, economic crises, war and government persecution in their home countries, while the majority of them are from elsewhere on the continent, most come from countries such as Zimbabwe, Malawi, Democratic Republic of Congo, Somalia, Ethiopia, Pakistan and Bangladesh (South African History Online, 2015).

Foreigners come to South Africa with the hope of starting a new life (Wilkinson, 2015). Therefore, South Africa continues to be the major destination for asylum seekers, as well as migrants and others seeking better economic and social opportunities. South African Townships seem to be the best place for foreigners to establish their spaza shops for rents are much cheaper compared to cities.

2.5.2 GENERAL LEGAL REQUIREMENTS FOR GAINING LOCAL

RESIDENCE IN SOUTH AFRICA

According to the Department of Home Affairs (2015), asylum seekers have to follow asylum seekers' procedures (as stated by the Department of Home Affairs) as soon as they enter the Republic of South Africa's port of entry (land border post, airport, railway station or harbour).

Refugees and convention refugees have to apply for refugee certification according to the Department of Home Affairs procedures within 15 days at the nearest Refugee Reception Office (Department of Home Affairs, 2015).

In the document titled “Permanent Residence for Refugees Stability”, Immigration South Africa (2014), it is stated that permanent residence is granted to refugees who have continuously lived in South Africa for five or more years and have complied with any other additional requirements. Such refugees have rights to study, work, medical assistance and social assistance among others (Immigration South Africa, 2014).

2.5.3. LEGAL REQUIREMENTS FOR FOREIGNERS TO ESTABLISH BUSINESSES IN SOUTH AFRICA.

According to Integrate Migration Services (2015), a South African business visa is the basic requirement for foreigners who wish to own and work in their own businesses in South Africa. The South African visa necessitates a minimum capital investment of ZAR5 Million (million rand) (Integrate Migration Service, 2015). These funds should be introduced from abroad. However, according to Integrate Migration Service (2015), the business visa requirements does cater for waivers on the above mentioned capital amount based on a wide range of factors. Furthermore, the South African business visa requires a sound business plan, desirability of the business, the appropriate business structures and meeting legal obligations (Integrate Migration Service, 2015).

Most importantly, the South African business visa requires the investors to create employment. The employment obligation under the South African business visa requirement is that the business visa holder will have 60 % South African citizens or permanent residency holders within the staff they employ (Integrate Migration Service, 2015). There is a

knowledge gap in South African Township spaza shop labour market. According to Gastrow *et al.* (2012), data contradicted itself on foreign-owned spaza shops employment of locals because; it is difficult to ascertain if foreign-owned spaza shop owners do meet the employment requirements. On the other hand Wilkinson (2015, p.2) quoted Dr Zaheera Jinnah who argued that foreigner business owners employ more local people than local business owners. Eleven percent of foreigners who own businesses are employers as compared to only five percent of locals who are employers. Hence, foreigners are mostly employers rather than employees.

2.6 THE EFFECTS OF FOREIGN-OWNED SPAZA SHOPS IN SOUTH AFRICAN TOWNSHIPS

Articles, papers and studies have been presented regarding the prevalence and impacts of foreign-owned spaza shops in South African Townships. Among other articles is one presented by Carol Paton, titled, *Foreigner-run spaza shops outperform locals*. She wrote:

“Spaza shops run by foreigners are out competing locals putting them out of business and threatening the future of employment in the home based sector.”

(Paton, 2014, p.1).

Among other studies are studies conducted by Charman *et al.* (2012, p.2) and Liedman *et al.* (2013) on Ethiopian, Somalis and other foreign-owned spaza shops in the Delft Township in Cape Town, revealed that over the past years, the ownership of township spaza shops has shifted almost completely to the hands of foreigners. In 2010 Somalis equally owned spaza shops with locals (out of 179 township spaza shops, 90 were owned by foreigners) (Charman *et al.*, 2012, p.2). Mysteriously, by 2012, 70% of locally owned spaza shops had permanently closed down, while foreign-owned spaza shops had increased by a third (Liedman, 2013). Wilkinson (2015) revealed that it is a myth that foreigners dominate the informal sector citing

the study conducted in Johannesburg by Gauteng government, Wits and Johannesburg universities which found that out of 10 business people who owned informal businesses, only 2 were foreigners.

According to Mathew (2015, p.1), spaza shops served as the primary means of income for many South Africans and their extended families. Currently, South Africans are observing the growing presence of immigrant spaza shop operators; this has been perceived as a threat to their livelihood, and has met with resistance from local business owners (Mathew, 2015, p.1).

South Africa witnessed the spread of xenophobic attacks since 1994 in provinces such as Gauteng, Western Cape, Free State, Limpopo and KwaZulu-Natal. Xenophobia is an irrational fear or hatred of people perceived to be foreign (Qukula, 2015). The Webster's English dictionary defines Xenophobia as unreasonable fear or hatred of the unfamiliar whilst an Oxford English dictionary defines it a dislike of or prejudice against people from other countries.

Since July 2004, South Africa has experienced a series of community demonstrations that involved significant levels of violence including killings and a number of property damages (Bruce, 2012). One way or another protests took a xenophobic dimension. Foreigners were particularly attacked and their spaza shops were looted (Bruce, 2012). There are a number of speculations of what triggers such violence; some include service delivery and competition for resources (South African History Online, 2015). Academics confirm and maintain that South Africa has overcrowded and poverty stricken townships, and that clearly, the competition for resources is very high (Mbatha, 2015). The recent surge of unconnected community protests across South Africa confirms the country's profound social, economic and environmental contradictions (Bond, 2012). Unfortunately, it has become a trend that

those community protests foreign-owned spaza shops are the first targets. In the most recent Folweni community protests, the community hall, fire station and schools were torched and particularly, only foreign-owned spaza shops were looted (Emerson, 2016).

A number of undocumented migrants in South Africa have proved to be a controversial one, in central debate is the unquantifiable nature of this group of migrants together with a number of credible myths widely accepted as reality in South African society (South African History Online, 2015).

According to South African History Online (2015), attacks to foreign nationals are not a new phenomenon, in 1994 and 1995 armed youth gangs in Alexandria Township outside Johannesburg, Gauteng Province, destroyed homes, property of suspected undocumented migrants and drove individuals down to the local police station where they demanded that foreigners be forcibly and immediately removed from township. South Africans were irritated as they saw foreigners who had travelled several countries in some cases illegally by using public transport and with the help of smugglers, quickly obtaining South African residence, work permit and becoming successful businessmen (Wilkinson, 2015).

Furthermore, in 1998 Senegalese and Mozambicans were thrown out from a moving train in Johannesburg by a group of individuals returning from a rally organised by a group blaming foreigners for the levels of unemployment, crime and even the spread of AIDS (South African History Online, 2015). In Zondspruit Township in Johannesburg residents went on rampage burning down the shacks of foreigners with the intention of driving them out of the township claiming that they were stealing their jobs, business opportunities and causing crime (South African History Online, 2015). Wilkinson (2015) in her article titled “Analysis, are foreigners stealing jobs in South Africa?” agreed that foreigners are more likely to be employed compared to South Africans. However, she explained that most foreigners are

employed in jobs that South Africans are not willing to take. In most cases foreigners are employed in unstable, “precarious employment” where they do not have access to benefits or formal work contracts as a result some of them resort to finding employment in the informal sector like spaza shops (Wilkinson, 2015, p.3). According to South African History Online (2015), foreigners are continuously blamed among other things for their businesses that take away customers from local residents. Foreigner spaza shop owners’ practices are perceived to be prejudicing the competitiveness of local informal traders (Qukula, 2015).

In 2000 Xenophobic attacks were witnessed in the Cape where a number of foreigners were hijacked, shot and burnt to death claiming that they still jobs and customers (South African History Online, 2015). However, Steyn (2015a, p.2) argued that foreigners in townships have contributed by giving job opportunities to locals but acknowledged that data contradicts itself on this subject.

In 2008, xenophobic attacks spread like wild fire in Gauteng, Limpopo, Durban and Cape Town. In these attacks a number of houses belonging to foreigners were burnt down, 342 shops looted whilst 213 were burnt down (South African History Online, 2015).

On the 24 of May 2008 spaza shops owned by Pakistan, Somalis and Ethiopians were attacked, their stocks were looted and the doors ripped down especially in Sebokeng, Orange Farm, Evaton, and other South areas of Johannesburg (South African History Online, 2015).

In 2009 xenophobic attacks continued in Western Cape, displacing a number of Zimbabweans.

In January 2015, in SOWETO, a Somali shop owner shot and killed a 14 year old boy, Simphiwe Mahore, during an alleged robbery, Lebogang Ncamla was also shot three times in the arm (South African History Online, 2015). Waves of attacks and looting of foreign-owned spaza shops were triggered by the incident. Consequently, 120 spaza shops owned by

Somalis and Bangladeshis across Snake Park, Zola, Meadowlands, Slovoville, Kagiso, Zondi and Emndeni were looted (South African History Online, 2015).

It is alleged that police also stole goods when they raided foreign-owned shops. It is also alleged that in Zondi Section, the police instructed looters to queue outside a foreign-owned shop and allowed four of them at a time to prevent stampede (South African History Online, 2015).

Xenophobic attacks re-occurred in Limpopo Province on the 5th of March 2015, where foreigners on the edges of Polokwane left their shops after protesting villagers threatened to burn them alive and looted their shops (South African History Online, 2015). In GaSekgopo, a foreigner shop owner was found with a cell phone of a local man who was murdered, the incident also triggered violence in 11 villages which lead to foreigners leaving the area and losing their trading stock (South African History Online, 2015).

On the 21st of March 2015, the Zulu King, King Goodwill Zwelithini, allegedly made comments that foreigners should go back to their home countries because they were changing the nature of South African society with their goods and enjoying wealth that should have been for local people (South African History Online, 2015). These comments seem to have fuelled xenophobic attacks which have been continuously happening throughout the country since 1994.

Some of the most recent attacks on foreign nationals which shook the world are:

April 10 2015, where a spaza shop container was burnt with two Ethiopian brothers inside, one died and the other one critically injured.

April 12 2015, attacks on foreign nationals and looting their spaza shops continued at Umlazi, KwaMashu, Kwa-Makhutha, Folweni and other Townships in Durban

KwaZulu-Natal.

On April 14 2015, looting foreign-owned spaza shops and shops spread to Verulam and surrounding areas in the north of Durban.

On April 15 2015, locals clashed with the foreigners and police in Durban Central District.

In September 2015 the Cooperative Revolutionary Movement (CRM) organised a march to the Ethekewini Mayor's office to highlight the plight of township business owners who claim that they were struggling to eke out a living due to the influx of foreign-owned spaza shops (Ndou, 2015).

Most South Africans in Townships are destitute and marginalised with inability to utilise the opportunities, therefore, they prevent others from gaining that kind of advantage (Mbatha, 2015). Roland Henwood, a political Science lecturer at Pretoria University, attributes attacks of foreign nationals to South Africa's failure to live up to the ideals of constitution admired around the world for protecting those rights and to provide hope for a better economic future for its citizens (Mbatha, 2015, p.2). Ndou (2015) lamented that although the South African government had acknowledged the concerns raised by local business people and promised to attend to them as a matter of urgency, very little has been done to address the plight of the local business owners.

Patricia Erasmus, the manager of Refugee and Migrant Programme at Lawyers of Human Rights, said,

“It is a lot more complicated than just saying, South Africans hate foreigners who live around them. There are many factors that influence the tensions such as depressed economy and the history we have.” (Mbatha, 2015, p.3)

The plight of Black South Africans was also confirmed by Minister, Lindiwe Zulu, as she was quoted saying,

“Black people were never part of the economy in South Africa in terms of owning anything, therefore when they see other people coming from outside being successful they feel like the space is being closed by foreigners.”

(Mbatha, 2015, p.4)

In response to attacks of foreign-owned spaza shops and perceptions that foreigners were not playing by the rules in the spaza shop market, Minister of Small Business Development, Lindiwe Zulu, announced that the informal businesses in townships will be regulated and called for the fast tracking of the regulations. In an article posted by the Mail & Guardian, Lindiwe Zulu stated that:

“You cannot run away from the fact that there are underlying issues and that our people are being squeezed out by these foreign shop owners. Non-South Africans should not be allowed to buy or run spaza shops or buy larger businesses without having to comply with certain legislated prescripts.”

(Mail & Guardian, 2015, p.2)

However, Vrbicek (2015) advised that regulations could be a good thing if applied to all businesses equally. Vrbicek (2015) also lamented the proposed discrimination against foreign-owned businesses just for being foreign-owned and warned that it is anti-competitive and may lead to low-income consumers paying ultimate price. Steyn (2015a, p.3) advised that instead of regulating the spaza shop businesses in townships, the government must level the playing field by giving local business owners an entrepreneurial education.

However, Mbatha (2015, p.3) mentioned that the majority of foreign-owned spaza shops enjoy support from the community and points out that some residents sympathetically helped attacked foreigner spaza shop owners to rebuild and restock after attacks.

Liedman *et al.* (2013, p.3) stated that the transition of business ownership from South Africans to foreign nationals in the township spaza shop market has brought about benefits to consumers through creation of cheap prices for goods and greater product diversity; meaning that communities procure cheaper groceries and access a greater variety of goods. To the benefit of foreign-owned spaza shops there is a common localised perception that foreign-owned spaza shops are cheaper than those owned by South Africans (Sustainable Livelihoods Foundation, 2013). However, Sustainable Livelihoods Foundation (2013) disputed such perceptions and revealed that in reality the price difference is not that great as customers save between R0, 20 to R0, 50 on some items.

According to Paton (2015), researchers agreed that South Africa must allow legal immigrants to establish businesses including spaza shops. On the other hand, Liedman *et al.* (2013, p.2) pointed out that foreign-owned spaza shops appeared to be positioned to compete directly with the established South African businesses bearing the possibility of harming South African grocery retailers, tuck shops and spaza shops. The study conducted by Charman *et al.* (2012, p.2) mapped the spatial distribution of their businesses and found that their spaza shops were evenly distributed across the research site forcing South African owned spaza shops out of business (Charman *et al.*, 2012, p.2).

Paton (2015) is concerned about the survival of locally owned spaza shops to address unemployment and poverty. According to South African statistics, spaza shops account for 9, 2% of home based employment, a major contributor to the township economy (Mathew, 2015, p.2). Liedman *et al.* (2013, p.4) warned that the continued rapid changes in the sector

may have a significant and lasting negative impact on entrepreneurship and self-employment in the informal economy, the home based sector in particular. On the other hand Sustainable Livelihoods Foundation (2013) in its study entitled “Formalising Informal Micro Enterprises” found that most foreign-owned spaza shops were operated by South Africans; implying that, most foreign-owned spaza shops provide employment to South Africans.

Although Liedman *et al.* (2013, p.4) appreciated the competitive benefit of foreign-owned spaza shops to township customers through low prices, point out that these benefits may be short lived. He further warned that once the localised competition has been eliminated, there is a risk that these groups may increase prices. In some areas foreign-owned spaza shops have already obtained monopolistic status (Sustainable Livelihoods Foundation, 2013). In this case township communities are at risk of buying at increased prices.

Minister Lindiwe Zulu cautioned foreign business owners in South African townships to share their trade secrets with their native counterparts (University of Stellenbosch, 2015). However, Chris Stali, a politician and an entrepreneur warned that Somalis are much closed people; they only share information among themselves, benefiting their customers and not the country (USB, 2015).

Seeing the effects of the emergence, competence and sustainability of foreign-owned spaza shops in South African Townships, the South African government and the private sector had to intervene. The following section discusses the South African governments’ and the private sectors’ interventions to curb the scourge of violent attacks by locals to foreigners and spaza shops in townships.

2.7 SOUTH AFRICAN GOVERNMENT’S INTERVENTIONS

Attacks on foreign nationals, foreign spaza shop owners in particular compelled the South

African government to intervene. The following section provides some of interventions by local, provincial to national government.

2.7.1 Ethekwini municipality's interventions

The eThekwini mayor, James Nxumalo started by acknowledging the concerns of the local business men (Mlambo *et al.*, 2015). Then, he promised to engage with the forum of foreign and local spaza shop owners to find inclusive solutions (Mlambo *et al.*, 2015).

Furthermore, the mayor tasked eThekwini municipal officials to regulate township trading (Mlambo *et al.*, 2015). Mlambo *et al.* (2015) added that this move was aimed at rooting out the recent outbreak of violence attacks targeting foreign business people. Therefore, the municipality tasked relevant municipal departments to develop a policy or bylaws that would regulate the opening of businesses in townships (Mlambo *et al.*, 2015). The chairperson of Cooperative Revolutionary Movement blamed the eThekwini Municipality for failing to regulate township businesses which have resulted to tensions between locals and foreign nationals (Ndou, 2015).

However, an Economist, Professor Dumisa argued that the municipal bylaws and regulations already existed in the Ethekwini municipality (Mlambo *et al.*, 2015). Professor Dumisa cited the challenges in the enforcement of the regulation (Mlambo *et al.*, 2015). Mashile (2015) concurs with Mlambo *et al.* (2015) that there was non-compliance of informal businesses and poor bylaw enforcement by police.

Professor Dumisa warned that stifling some of the existing bylaws to the core may stifle businesses in townships and impact negatively to both locals and foreigners (Mlambo *et al.*, 2015). Professor Dumisa advised the eThekwini municipality to get to the spitefulness of local community members against foreigners for being in competition with locally owned businesses (Mlambo *et al.*, 2015).

Patric Bond, Director of UKZN's Centre for Civil Society suggested that a long-lasting genuine solution will come when there is prosperity in spaza shop markets so that the local spaza shops and the larger foreigner networks work cohesively without ruinous competition (Mlambo *et al.*, 2015).

2.7.2 The province of KwaZulu-Natal's interventions

The ex-Premier, Senzo Mchunu held a briefing to discuss the spate of xenophobic violence that had engulfed the province (Mkhize, 2016).

According to an article from the Eyewitness News, entitled "Over 2000 displaced in KZN xenophobic violence", several foreigner owned spaza shops and shops in KwaZulu-Natal, eThekweni townships experienced xenophobic attacks which compelled the provincial government to establish four refugee camps to house the displaced and destitute foreigners (Mkhize, 2016).

The KwaZulu-Natal province also announced a peace march which was held in eThekweni. On the 13th of April 2015, the ex-Premier Senzo Mchunu, established a seven men task team of experts to investigate the causes of violence in the province under the leadership of the former United Nations High Commissioner for Human Rights, Judge Navanethem Pillay (Mkhize, 2016).

On the 17th of April 2015, the ex-Premier Senzo Mchunu, announced that King Zwelithini was concerned about the attacks and had planned to meet traditional leaders in a bid to curb attacks against foreigners (News24, April 17, 2015). The Premier also pointed out that although initial attacks were random, it was observed that they have taken another dimension, targeting foreign-owned businesses (News24, April 17, 2015). Furthermore, the Premier acknowledge that there were issues upsetting locals, local informal traders in townships in

particular, who could not compete with the prices of foreign-owned businesses, criminality that foreigners were suspected to be involved in and the disrespect of foreigners to locals.

Although the government had acknowledged the concerns raised by the local small business owners and vowed that they will be attended as a matter of urgency, very little has been done to address the challenges faced by local business owners (Ndou, 2015).

2.7.3 National government's intervention

The national government intervened in a number of ways including intervention through the national Minister of Small Business Development, Lindiwe Zulu who facilitated the establishment of a national government task team consisting of Home Affairs, Small Business Development and Trade and Industry to look at the underlying tensions between local and foreign traders (Nicolson, 2015, p.2).

Secondly, the Ad Hoc Joint Committee on Probing Violence against Foreign Nationals was established by the National Assembly on the 6th of May 2015 and by the National Council of Provinces on the following day in terms of joint rule 142. The committee consisted of 11 National Assembly and 9 Council of Provinces members. The committee was mandated following Joint Rule 32 to probe the incidents of violence against foreign nationals, make recommendations and report to the houses on the 20th of November as amended. The committee visited KwaZulu-Natal and Gauteng from the 6th to the 11th of July 2015 and Western Cape on the 4th of August 2015. During the committee's visits in KZN, the committee met with the key stakeholders like South African Police Service, office of the premier, representatives of foreign nationals, governments, civil sector and ministerial committee on migration to receive their oral and written submissions.

Among other interventions, the National Joint Operational and Intelligence Structure including Police, Home Affairs, Small Business Development and Justice were formed as part of intervention (Mashile, 2015).

In the Joint Operational and Intelligence Structure meeting held on the 25th of April 2015, the structure was informed that there was a lack of three-sphere of government co-ordination and engagement which hampered the endeavours to curb the escalation of attacks particularly directed to foreign businessmen (Mashile, 2015).

The minutes of the Joint Operational and Intelligence Structure, according to Mashile (2015), indicated that the causes for violent attacks to foreign businessmen were:

- Competition over business resources
- Failure to regulate informal and small businesses at local government level
- Absence of wide cooperation and coordination on informal business initiatives
- Rivalry over employment opportunities
- Community disengagement and advent social ills.

Therefore, the national joint structure crafted the “Five pillars of National Informal Business Upliftment Strategy” (NIBUS) (Mashile, 2015). According to Mashile (2015), the five pillars of National Informal Business Upliftment Strategy are:

- Creating an enabling legal and regulatory framework
- Enterprise development through financial and non-financial support
- Strengthening of inter-governmental relations co-ordination
- Stakeholder and partnership development
- Information and knowledge management towards the development of informal business intelligence.

Furthermore, the Department of Small Business Development proposed a 4 key intervention to the joint structure meeting.

The four key interventions according to Mashile (2015) are:

- Intervention 1: was aimed at ensuring that informal businesses complied with the law and developing of an informal business registry. It also focused on instituting mechanisms through which business intelligence through the public sector could be collected analysed and translated into policy.
- Intervention 2: was aimed at consolidating, stimulating and getting existing support towards skilling and financing entrepreneurs.
- Intervention 3: focussed on the creation of a singular communication platform on issues of informal businesses and the accompanying violence, and informing the public of various government initiatives related to the development of informal business.
- Intervention 4: focussed on profiling of relevant role players in informal trader's sector as well as employing those role players to the benefit of informal sector.

In addition, the Department of Small Business Development initiated informal business support strategy which included the provision of cost-sharing grants to unregistered businesses to update machinery, stock procurement and facilitating partnerships with municipalities to upgrade infrastructure and training later in 2015 (Timm, 2015).

The private sector also intervened by supporting township entrepreneurs. The support include among other examples pharmaceutical giant GlaxoSmithkline, which has recently set up a monitoring programme for 57 spaza shops, to improve their functionality (Timm, 2015). The private sector has also introduced innovative ways to distribute products in townships via

locally based business people. Timm (2015) adds that Multinational McCain is currently sourcing township dealers to distribute potato chips to spaza chips and tuck shops. These are some of the endeavours by the private sector to curb tensions between foreigner spaza shop owners and locals in South African townships.

The South African government, at all levels, views attacks on foreign-owned spaza shops and foreigners in general as a criminal offence that will not be tolerated (Moodley, 2015). South Africa is a constitutional democracy governed by laws. Everyone working and living in it must obey its laws in totality (Moodley, 2015). The Supreme Court of Appeal, Judge Nugent informed South Africans that “Dignity has no nationality. It is inherent in all people, citizens and non-citizens alike, simply because they are human beings and while that person happens to be in this country, for whatever reason, their dignity must be respected and is protected, by section 10 of the Bill of Rights” (Mathew, 2015, p.2).

Ultimately, it is the responsibility of all levels of government to fulfill South Africa’s obligation to ensure the constitutional right for all “to be free from all forms of violence from either public or private sources” without discrimination (Shivambu, 2015). In order to achieve that, a planned collaborated effort is required where the government works with the private sector and civil society to create job opportunities and preach tolerance in the society.

Having reviewed the literature on South African township spaza shops, the following section discusses “personality trait theory”, the theoretical framework which underpins this study.

2.8 THEORETICAL FRAMEWORK

This qualitative study seeks to understand factors which attribute to the success of foreign-owned spaza shops in the Folweni Township. The study is based on the personality traits theoretical framework. Personality traits theory is imperative to researchers and to this study in particular, as it tries to find the relationships between the factors that make up personality

and leadership (Smith, 2015, p.1). Furthermore, the personality traits theory gives an insight into how one responds to different situations; in this case, complex township spaza shop market management (123test, 2015). The personality traits theory gives constructive information about leadership (MSG, 2013, p.2). It can be applied by all people at all levels and in all levels of the organisations. The personality traits theory raises the questions of whether leadership is an art or a science and whether leaders are born or made (MSG, 2013, p.2). Foreigner spaza shop owners seem to have unique personality traits that enable them to establish, manage and maintain successful businesses in a volatile township environment where locals have failed.

2.8.1 PERSONALITY TRAITS THEORY

Personality traits are characteristic ways of behaving such as extroversion and introversion among others (Boundless, 2015, p.3). For an example an individual may fall along any point in the continuum, and where they fall determines how they will respond in various contexts (Boundless, 2015, p.3); meaning that, personality traits are prominent aspects of personality that are exhibited in a wide range of important social and personal contexts (Boundless, 2015, p.4). In other words, individuals have certain characteristics that partly determine their behaviour; these traits are trends in behaviour or attitudes that tend to be present regardless of the situation. According to Cherry (2015, p.2), the combination and interaction of various traits form a personality that is unique to each individual. Personality traits refer to individual differences in the way people tend to think, feel and behave (Pappas, 2013). According to Mckay (2015, p.1), personality traits refers to broad behavioural element that defines ones personality. Foreigners seem to have unique personality traits which make them survive the turbulent spaza shop market environment in South African townships. According to Steyn (2015a), business seems to be embedded in the genes of foreigners. Personality trait theory focuses on identifying and measuring individual's personality characteristics and the

differences between individuals (Cherry, 2015, p.2). McKay (2015, p.1) concurred with Cherry (2015, p.2) that personality traits theories hope to explain how personality develops and seeks to describe differences and similarities between people based on traits. Vrbciek (2015) compared local spaza shop owners to foreigners and concluded that foreigners have mastered the unique business skills which locals do not have.

2.8.2 EVOLUTION OF PERSONALITY TRAITS THEORY

According to Boundless (2015, p.5), Gordon Allport, one of the pioneers of the first traits theories worked through the most comprehensive English dictionaries and extracted about 18 000 personality describing words. Since the list was too long, he reduced the number of those words to approximately 4 500 (Boundless, 2015, p.5). Thereafter, Allport organised traits into a hierarchy of three levels known as cardinal, central and secondary traits. Since Allport's 4 500 trait list was unmanageable, Raymond Cattell decided to work on it by removing all the synonyms, reducing the number down to 171 (Boundless, 2015, p.5).

Cattell developed a 16 personality factor theory (Boundless, 2015, p.6). Despite cutting down significantly on Allport's list of personality traits and developing a 16 personality factor theory; he was criticised citing that his 16 personality factor theory was too broad (Boundless, 2015, p.6).

Still dissatisfied with the extensive list of possible personality traits, Hans Eysenck further reduced the personal traits list to introversion-extroversion, neuroticism emotional stability and mental illness-psychoticism (Boundless, 2015, p.6).

According to Boundless (2015, p.6), over the years personality traits theory researchers have been arguing that Allport's approach was too far inclusive whilst Eysenck's was too far simplified. However, researchers have kept on coming up with similar character traits.

Therefore, researchers seemingly agree that the list of personal traits is almost endless. Therefore, personality traits theorists decided to combine the endless list of personality traits by crafting what is known as Big five personality traits and called it “Five Factor Model” (FFM) (Smith, 2015, p.1).

2.8.3 THE BIG FIVE PERSONALITY TRAITS

The Big Five Personality traits/Five Factor Model consist of Openness, Conscientiousness, Extrovert, Agreeableness and Neuroticism abbreviated as OCEAN also known as CANOE.

2.8.3.1 OPENNESS

According to Smith (2015, p.1), openness refers to personality traits such as being curious, informed, insightful, creative, adventurous and open to new experiences among other traits (Smith, 2015, p.1). Smith (2015, p.1) conducted a study on spaza shops in Western Cape and found that foreign-owned spaza shops were creatively and evenly distributed compared to locals. Maximise (2015), describes openness as a combination of inventiveness and curiosity as opposed to consistency and cautiousness.123test (2015) added that openness includes traits like will to learn, imaginative and having a wide variety of interests among others.

The literature suggests that leaders who have higher openness tend to be more successful as they do not fear new and unknown ventures (Smith, 2015, p.2). This claim is substantiated by Charman *et al.* (2012, p.2) findings that foreigners position their businesses to compete directly without fear with established South African businesses. Venturous people, like foreigner township spaza shop owners are more likely to be averse to routine, sensitive and inquisitive thinkers (Maximise, 2015).

2.8.3.2 CONSCIENTIOUSNESS

Maximise (2015) explained that conscientiousness is the antithesis of openness.

Conscientious leaders are efficient, self-discipline and meticulous. According to Smith (2015, p.2), conscientiousness features high levels of thoughtfulness and goal-directed behaviour, and dependability among other features. Mthimkhulu (2014) in his study found that foreigner spaza shop owners possess personality characteristics required to be a successful businessmen which include among others being optimistic, visionary, disciplined, persistent, hardworking passionate, focused and willing to learn.

Smith (2015, p.2) further revealed that conscious leaders and business people in particular, like order, follow schedules and always prepared to solve any problem that may arise. 123test (2015) cited other additional traits such as being reliable, prompt, very organised, methodical and thorough.

2.8.3.3 EXTRAVERSION

According to Smith (2015, p.2), extraversion is characterised by positive energy and emotions, excitability and sociability. Vrbicek (2015) explains that foreigners support and work with each other, collaborate with other shop owners to buy stock in bulks and are prepared to work longer hours from (6:00 am - 10:00 pm). Smith (2015, p.2) reveals that business men and leaders in this dimension enjoy being with people and are likely to say “yes” to opportunities. Smith (2015, p.2) regards extraversion as the most important personality trait for effective leadership.

According to Maximise (2015), extraversion referred to being energetic and outgoing. Extrovert businessmen are arguably extremely talkative and enthusiastic. Foreigner spaza shop owners are characterised by drive, risk tolerance, integrity, self-confidence and attitude of giving back. Mathew (2015) explained that what separates foreign businessmen from locals, is sheer determination. Furthermore, extrovert businessmen are assertive and have a very positive outlook on life (Maximise, 2015).

2.8.3.4 AGREEABLENESS

Agreeableness includes traits such as being friendly, cooperative, compassionate and sympathetic (123test, 2015). According to Smith (2015, p.1), agreeableness included attributes such as trust kindness and affection. Foreigner spaza shop owners are popular for discounting their prices extensively as a market penetration strategy (Liedman *et al.*, 2013). The township customers interpreted lowering of prices as kindness to them (Liedman *et al.*, 2013). Smith (2015, p.1) further explained that agreeable leaders value getting along with others, generally considerate and helpful. Agreeableness is positively related to good team work skills but arguably negatively related to good leadership skills (Smith, 2015, p.1).

Maximise (2015) warned that although agreeableness is an interesting character trait, people who naturally possess this trait usually avoid confrontation and tend to be supportive and agreeable which may resemble a follower other than a leader.

2.8.3.5 NEUROTICISM

Neuroticism is also known as “Emotional Stability” (123test, 2015). According to Maximise (2015), neuroticism is arguably a very negative personality trait for it includes features such as anxiety, anger depression, and a sense of feeling vulnerable. Neurotic people tend to be quiet and introverted (Maximise, 2015). Smith (2015, p.2) concurred with Maximise (2015) that neurotic people are usually moody, experience emotional instability and vulnerability to stress. Maximise (2015) warned that neuroticism is moderately, to a larger extent, negatively related to leadership for it directly opposes confident and secured leadership style.

According to Maximise (2015), no one is restricted to have only one personality traits.

People, leaders in particular, have a combination of some if not all personality traits.

However, some traits may manifest stronger than others (Maximise, 2015).

Although people could be described based upon their personality traits, theorists still continue to debate the number of basic traits that make up human personality (Cherry, 2015, p.3). Furthermore, theorists disagreed on the sequence and the most important personality traits (MSG, 2013). Personality traits are criticised for being centred on the fact that traits are often poor predictors of human behaviour (Cherry, 2015, p.3). Cherry (2015, p.3) maintained that individuals may score high on assessments of specific trait; they may not always behave that way in every situation. Traits theories are further criticised for failing to address how and why individual differences in personality develop or emerge (Cherry, 2015, p.3). The subjectivity of the traits theory in making judgements on successful people makes it to be too complicated (MSG, 2013).

Nevertheless, personality traits theories are known for being naturally pleasing and their foundations and basis are validated by a reasonable amount of research (Cherry, 2015, p.3). This theory serves as a yardstick against which the leadership traits of an individual can be assessed as it gives a detailed knowledge and understanding of the leader element in the leadership process (MSG, 2013). The theories make managers aware of their strengths and weaknesses and thus, gain understanding of how to develop ones leadership qualities (MSG, 2013). MSG (2013) recommended that managers, business owners and leaders utilise the information from this theory to evaluate their position in their organizations or businesses and how can they improve.

2.9 CONCLUSION

This chapter commenced by defining spaza shops; reviewed literature on township spaza shops including critical factors attributed to the success of foreign-owned spaza shops, significance of foreign-owned spaza shops, migration, effects of foreign-owned spaza shops

in South African townships and finally discussed the personality traits theory which underpins this study.

It has been established that foreigners who run spaza shops are astute businessmen, which their enterprises helps to sustain the economy, and in some cases provide job opportunities to the local inhabitants. Further, it has been established that xenophobia is a reality amongst foreigners and gives rise to many unpleasant situations, loss of lives, lack of respect and ongoing conflict amongst fellow men.

The traits theory was identified as being most suitable for underpinning this study in terms of identifying qualities that foreigners possess to sustain their enterprises.

Chapter 3 presents the research method and methodology employed to generate, collect and analyse data for the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter 2 provided the literature review on township spaza shops and personality traits theory which frames this study. The focus of this study is to explore factors which attribute to the foreign-owned spaza shops in Folweni Township: South Africa. The study employed qualitative research method, phenomenological design and direct individual interviews as data generation and collection instruments. This chapter discusses qualitative study method, phenomenological designs and direct individual interviews. The chapter further provides information on how; sampling was performed, the permission to conduct the study was acquired and credibility, transferability, dependability and conformability were ensured. Finally, the chapter explains how; data was captured, transcribed, analysed and the researcher adhered to the code of ethics.

3.2 RESEARCH METHOD AND DESIGN

According to Thomas (2011), research method is a plan or strategy which moves from the underlying philosophical assumptions to specifying the selection of participants, the data collecting methodology to be used and the data analysis to be done. Basically, there are two research methods which may be employed by researchers: quantitative and qualitative (Mora, 2010, p.1). The choice of the research method is based on the researcher's assumptions, research skills, practices and influences in which data will be generated and collected (Mora, 2010, p.1). According to Leedy (1987, p.147) both quantitative and qualitative study methods are appropriate to answer different kinds of questions.

There is also a combination of the two above mentioned methods known as quantitative-qualitative/mixed method (Mora, 2010, p.1) and (Brannen, 2005). Mora (2010, p.1) and Leedy (1987, p.147) inform that people learn more about the world when both quantitative and qualitative methods are used than when they are limited to one approach. Mora (2010, p.1), Onweugbuzie & Leech (2004) and Leedy (1987, p.147) concur that such hybrid approach can achieve even deeper understanding of the problems whilst diluting the weaknesses of individual research methods.

According to Robertson (2012), quantitative studies call for descriptive statistical justification to hypothesis. Implying that, quantitative studies are based on scientific reasoning and highly specific data (Karsenti, 2012). In addition to that, quantitative methods answer questions about relationships among measured variables with the purpose of exploring, predicting and controlling phenomena (Wyse, 2011, p.1).

This study is based on the personal traits theoretical framework, seeks to explore the factors which attribute to the success of the foreign-owned spaza shops at the Folweni Township employing qualitative research method due to its nature. According to Occupytheory (2014, p.3), a qualitative research method is a method is technique employed in naturalistic, ethnographic, field, anthropologic or observer studies.

Wyse (2011, p.1) describes qualitative research as a research approach which focuses on a phenomenon that occurs in natural settings or real world. He further explains that the phenomenon is studied at its complexity. Occupytheory (2014, p.3), Wyse (2011) and Maree (2007) share similar sentiments that qualitative studies are based on naturalistic approaches that seek to understand phenomena in context and in general. The researcher does not attempt to manipulate the phenomenon of interest; meaning, the research is carried in real-life situations and not in experimental situations.

The aim of a qualitative study is to engage in research that probes for a deeper understanding of a phenomenon (Wyse, 2011, p.1) and (Maree, 2007). Furthermore, it sets out to penetrate the human understandings and constructions about the phenomenon. Qualitative researchers recognise that the issue they are studying has many dimensions and layers and so they try to portray the issue in its multifaceted form (Wyse, 2011, p.1). Therefore, the main goal of a qualitative study, then, might be to reveal the nature of these multiple perspectives (Wyse, 2011) and (Leedy, 1985, p.147). The researcher familiarised himself with literature on all three methods, then, the researcher was convinced that qualitative method was best suited for the study as it seek to understand the phenomenon in real-life situation and in-depth.

This qualitative study further employed phenomenological research designs. According to Leedy (1987, p.153), phenomenological studies attempt to understand people's perceptions, perspectives, and understanding of particular situations. Qualitative phenomenological researchers depend almost exclusively on lengthy interviews which may last for 1 to 2 hours with carefully selected sample of participants who have direct experience with the phenomenon being studied (Wyse, 2011) and (Cresswell, 1998). All 9 Folweni Township foreigner spaza shop owners were invited with formal letters to part-take in the study. One foreigner spaza shop owner (suspected to be of Chinese origin) could not be found as his shop did not open after being looted in April 2016. One foreigner spaza shop owner declined due to language barriers. Interviews were conducted with 7 participants. Each interview lasted for about 45 to 60 minutes as suggested by Cresswell (1998) (discussed in 3.3).

Having discussed qualitative research method, the following section outlines its strengths and weaknesses which were instrumental to the researcher in deciding to employ qualitative research method in this study.

3.2.1 STRENGTHS AND WEAKNESSES OF A QUALITATIVE RESEARCH

Occupytheory (2014, p.4) an article on qualitative researcher among others, lists the strengths of a qualitative research as follows:

- The phenomena covered can be investigated in depth and in detail.
- The framework and direction of the study can be revised as soon as the new data and findings emerge.
- Interviews used are not limited to specific questions and can be redirected by the researcher during the interview.
- Data collected through a qualitative study depends on the researcher's experience which makes it more powerful and compelling as compared to data collected through quantitative studies.
- Data is usually collected from few individuals, then, findings are transferred to another setting.
- The researcher usually has a clear vision of what to expect and therefore collects data based on genuine effort of plugging it to a bigger picture.

Although qualitative studies are widely known for a number of strengths, they are also associated with some weaknesses which the researcher understood and considered during the study. Occupytheory (2014, p.5) provides some of the weaknesses of a qualitative research study as follows:

- The research quality heavily depends on the researcher's skills and experience and could be easily influenced by personal biases and idiosyncrasies of the researcher.
- It is difficult to remove the presence of the researcher in the process of data collection, which can influence the responses of the subject.

- It is very difficult to demonstrate, maintain and evaluate rigidity in a qualitative study.
- In some cases the quantity of data collected makes it difficult to interpret and the analysis is time-consuming.
- Sometimes qualitative studies are not understood or even rejected in Scientific communities.
- Anonymity and confidentiality issues can pose problems during the presentation of the findings.
- It could be time consuming and difficult to present findings in usual ways.
- Qualitative research studies accept the researcher's subjectivity as something that cannot be eliminated. Consequently, interviews and observations, unobtrusive data collecting techniques are dominant (Maree, 2007).

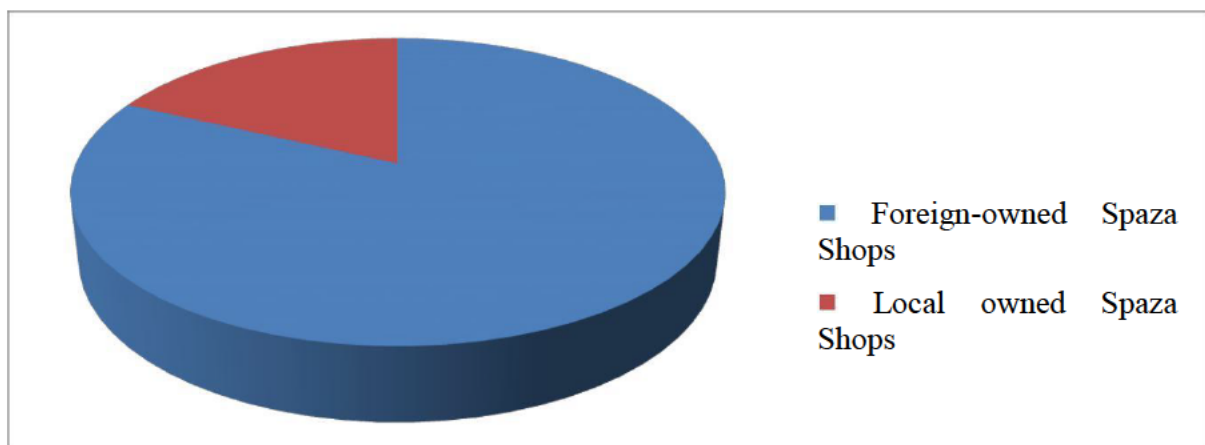
After reviewing the strengths and weaknesses of qualitative study method, the researcher's decision to employ qualitative study method was strengthened for. In an attempt to overcome weaknesses of a qualitative research, the researcher refrained from any forms of influences to data. Sufficient data was collected and analysed within pre-stated time frames utilising scientific NVivo software and thematic analysis. In addition to that, the researcher reported objectively. Finally, the researcher adhered to research ethics as discussed in 3.4, 3.10 and 3.11.

3.3 RECRUITMENT AND SAMPLING OF PARTICIPANTS

According to Maree (2007), sampling refers to the process used to select a portion of the population for the study. There are 18 foreign-owned spaza shops in the Folweni Township, but there are only 9 owners owing to the fact that some own more than 1 spaza shop. According to Occupytheory (2014, p.5), qualitative studies require small scales of

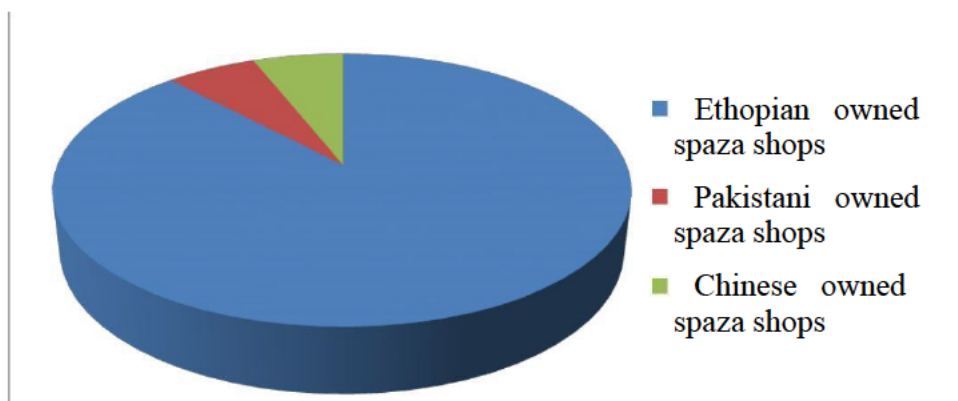
participants which reduces time and costs and making it easier for the researcher to understand the targeted market. In this case all 9 foreigner spaza shop owners from Folweni Township were invited to participate in the study. Foreigner spaza shop owners in Folweni Township were invited to be participants for they are the holders of data needed for the study. According to Wyse (2011), participants are selected because of some defining characteristics that make them the holders of the data needed for the study. Out of 9 foreigner spaza shop owners in Folweni Township, 7 were interviewed; 1 declined citing language as a barrier and the other one could not be traced for an interview. It is imperative that the researcher explains the spaza shop ownership distribution in Folweni Township which will clarify why the researcher ended up collecting data from 7 participants. The researcher identified 22 spaza shops in the Folweni Township. Out of the 22 identified spaza shops, 18 are owned by foreigners which are the focus of the study, and 4 by locals. The Pie chart in Figure 3.3.1 illustrates the percentage distribution of spaza shop ownerships in the Folweni Township.

Figure 3.3.1 Percentage distribution of total spaza shop ownership in the Folweni Township



Furthermore, out of the 18 foreign-owned spaza shops, 16 are owned by Ethiopians, 1 by a Pakistani and 1 suspected to be owned by a Chinese national. The Pie chart in Figure 3.3.2 illustrates the percentage distribution of foreign-owned spaza shops in the Folweni Township.

Figure 3.3.2 Percentage distribution of foreign-owned spaza shops in the Folweni Township



3.4 PERMISSION TO CONDUCT THE STUDY

Maree (2007) stressed the importance of getting permission from gatekeepers before the study is conducted. For the aim of conducting this study on foreign-owned spaza shops owners at Folweni Township, firstly, the researcher requested permission in writing from two gate keepers; eThekweni Municipality Business Support Unit and eThekweni Municipality Ward 95 Councillor – which were dully received.

Leedy (1985, p.158) stressed the importance of a data collection that is consistent with the ethical principles. People being studied must know the nature of the study, be willing participants in it and any data collected should not be traceable back to particular individuals (Leedy, 1985, p.158). Prior to conducting the actual study, the researcher visited all 9 foreigner-spaza shop owners in Folweni Township, verbally explained the purpose of visiting them and thereafter, issued them with invitation letters to part-take in the study. The

invitation letters were accompanied by two consent forms for prospective participants to fill in and sign should they wish to part-take in the study. The first consent form was for participants to consent participating in the study and that participation was of participant's free will. The second consent form was for consenting to be audio-recorded during the interviews.

The following section discusses the data collecting technique.

3.5 DATA COLLECTION METHODOLOGY

Interviews methodology was employed as data generation and collection in this study. Maree (2007) defined an interview as a two way conversation in which the interviewer asks the participants questions to collect data and to learn about the ideas, views and behaviours of participants. According to Cohen *et al.* (2011) interviews move the research away from seeing human subjects as simply „manipulatable“, and data as external to individuals. Maree (2007) recommends interviews for yielding rich descriptive data that will help to understand the participant's construction of knowledge and social reality.

This qualitative study employed direct individual interviews. Direct individual interviews could be telephonic or face-to-face (Evalued, 2006, p.1). This study specifically employed face-to-face direct individual interviews. According to Wyse (2014) face-to-face direct individual interviews still remain the most popular data collection tool even though the use of online and mobile surveys is on the rise.

Sixteen open-ended interview questions were crafted and asked to 7 participants on how they execute their businesses (spaza shops) operations which attribute to their success. The purpose and the importance of interviews were explained to participants. Interviews were to provide data which was to contribute to South African township spaza shop literature.

The researcher reminded participants via (sms) messages about interviews a day before interview dates. The researcher arrived 30 minutes before all 7 interviews. The researcher had enough time to make the audio-recorder ready for recording and establishing rapport with participants.

Interviews which lasted for about 45 to 60 minutes were conducted by the researcher inside the spaza shops during business hours. Business hours" time was for spaza shops are usually less busy at that time of the day.

During the interviews, the researcher concentrated on asking questions, listening to participants" responses, taking notes whilst the interview assistant was operating an audio recorder.

3.5.1 REASONS FOR USING INTERVIEWS

According to Cohen *et al.* (2011), purposes of interviews differ depending on the context which may include collection of data, sampling of participants" opinions and evaluating a person in some respect. In this study direct individual interviews were most appropriate as spaza shop owners operate their spaza shops throughout the day and individually.

The researcher, as advised by Evalued (2006, p.1) decided to employ direct individual interviews for he aimed at:

- Investigating phenomenon (foreign-owned spaza shops) in an in-depth way.
- Discovering how foreigner spaza shop owners think, feel and why they hold certain opinions on certain topics.
- Adding human dimension to impersonal data
- Deepening understanding and explain data

Before preparing, whilst preparing and during the course of interviews, there were a number of considerations that the researcher had to make. The researcher had to deepen his understanding of the interviews as a data collecting tool, before its actual implementation.

Different sources of literature on interviews provided insights on strengths and weaknesses, factors to be considered before, during and after interviews and how to maximise and verification data.

3.5.2 STRENGTHS AND WEAKNESSES OF INDIVIDUAL INTERVIEWS

Cohen *et al.* (2011) and Evalued (2006, p.1) among others outlined a number of strengths of individual interviews. These are some of the strengths of interviews:

- Individual interviews are useful in obtaining information about personal feelings, perceptions and opinions.
- Some participants may be less self-conscious in a one-on-one situation as trust and rapport are established, thereby producing information that may be more valid.
- Participants are not persuaded by others in a group, in that way, participants are free to „speak what is in their hearts and minds“ rather than agreeing to public opinion.
- Meanings of questions are quickly and easily clarified during the interview.
- Individual interviews are reliable as participant’s own words are recorded.
- Incomplete responses and ambiguities are clarified during the interview.
- Usually interviews have a high rate of responses.
- Individual interviews allow provide a room for more for asking more detailed questions.
- The researcher may be more inclined to take his time in understanding the
- Participants’ sentiments, and as such, the chances of “missing the point” are reduced.

Although interviews are recommended for being very productive, they are also associated with some weaknesses. Cohen *et al.* (2011) and Evalued (2006, p.1) outline some of the weaknesses of individual interviews as follows:

- Setting up an interview, interviewing, transcribing, analysing, providing feedback and reporting can be time consuming and monotonous
- Participants may feel intimidated by the researcher as they work in the context of one-on-one interview format
- Participants might battle to express their views as they may shy away from resorting to their slang/peer language when they talk to researchers
- Participants may withdraw from giving true information as they might not trust the researcher
- Individual face-to-face interviews could be very expensive.
- Different researchers may understand and transcribe interviews in different ways.

3.5.3 STEPS TAKEN BY THE RESEARCHER TO OVERCOME WEAKNESSESS OF INTERVIEWS

Having reviewed literature on the weaknesses of interviews the researcher properly prepared himself by setting up time frames for the whole interview process starting from sampling, actual interviews, transcription, analysis, data verification and feedback to participants.

- Furthermore, the researcher:
- The researcher sent reminder (sms) messages to all participants a day before interview dates.
- On the interview day, the researcher established rapport with participants by starting with greeting them and shared jokes before the actual business.
- The researcher was informally, relaxed and used collegial language to avoid

intimidating participants.

- The researcher made it clear to the participants what were his aims and what information the researcher wanted. Maree (2007) suggests that it is important that the researcher goes back to verify whether he has understood what he shared with the participants
- The researcher ensured that the questioning strategy did not ask for yes or no responses nor kept the participants waiting for too long (used open-ended questions).
- The researcher practiced questions before the real interviews
- The researcher ensured that there was a variety of questions regarding experiences, behaviour, opinions, values, feelings and knowledge among others. The researcher avoided offensive questions
- The researcher is a listener; he did not dominate or disturb the interviews. He did not take short cuts by only hearing what he wanted to hear, criticise, argue or try to be a counsellor to the participants
- The researcher observed non-verbal communication and checked his non-verbal cues such as maintaining eye contact and keeping an upright posture during an interview.

3.6 DATA CAPTURING AND TRANSCRIPTION

In an attempt to explore the factors which attribute to the success of foreign-owned spaza shops in Folweni Township, the researcher conducted face-to-face individual interviews with Folweni township foreigner spaza shop owners. All 7 participants dully signed the consent forms that are kept with the raw data in the storage cabinet for security purposes. During the interview process the researcher concentrated on asking questions, listening to responses and taking notes whilst an assistant was operating an audio-tape recorder to record the interviews. Each interview consisted of 16 questions (appendix i) lasting for 45 to 60 minutes. Maree

(2007) suggested that recording of interviews should be done in a meticulous manner. He further suggested that it could be done by writing the responses but warned that, that might be time consuming and distracting. Therefore, Maree (2007) advised researchers to use audiotapes to record interviews. He added that it is helpful to take notes even if the tape. The ideas and opinions of foreigner spaza shop owners were captured by an audio-tape recorder device and hand notes. According to Maree (2007), it is advisable that as soon as the interviews are completed, the researcher listens to the tape, reviews the notes and reflects on the interviews, to identify gaps that require the researcher to explore in the next or follow up interviews. It is also suggested that researchers make written records (transcripts) of what was said for the purpose of data analyses.

After completion of the interviews, at a convenient time at home, the researcher listened to each interview tape, reviewed the interview notes and transcribed it exactly as is from the tape for the purpose of data analysis. The researcher typed transcribed data in columns for NVivo analysis. Then, NVivo and thematic analysis were utilised to analyse data.

3.7 CREDIBILITY, TRANSFERABILITY, DEPENDABILITY AND CONFIRMABILITY

The soundness of a qualitative research is determined by using four criteria. According to Mike (2011) and Trochim (2006) the four criteria includes credibility, transferability, dependability and conformability. Lincoln & Guba (1985) decided to exclude reliability and validity from the criteria, claiming that they are linked to quantitative studies.

3.7.1 CREDIBILITY/TRUSTWORTHINESS

The purpose of a qualitative study is to describe or understand the phenomena from the participant's eyes (Trochim, 2006). Participants are the only people who can legitimately judge the credibility of the results. Mike (2011) suggests that researchers can ensure

credibility by using multiple analyses. NVivo scientific software analysis was utilised to ensure that the data is scientifically and technically analysed. Credibility, using credibility criteria establishes if the research results are believable from the participant's perspective (Trochim, 2006). Participants were given the copies of analysed data to check and share their views. According Mike (2011) and Trochim (2006) participants must be afforded a chance to view and verify the researcher's findings. In this study all participants approved of the analysed data.

3.7.2 TRANSFERABILITY

According to Mike (2011) and Trochim (2006), transferability refers to the degree to which the study results could be transferred to other settings. Utilising NVivo and thematic analysis ensured that if a similar study is undertaken in another setting, it would yield similar results. Trochim (2006) advised that qualitative researchers could enhance transferability by thoroughly describing the research context and assumptions central to research. The researcher endeavoured to describe the situation, study site in chapter 1 and the methods used to conduct the study in chapter 3.

3.7.3 DEPENDABILITY

Dependability is concerned with whether the same results could be observed if the same study is conducted again (Mike, 2011). According to Magwa & Magwa (2015), dependability checks consistency in research findings. Mike (2011) suggested that researchers should report each study process in detail to assist other researchers should they wish to undertake similar studies. In this study the researcher explained in detail all the processes the research starting from choosing the research method, getting permission from gatekeepers, sampling and inviting participants, preparing for interviews, conducting interviews, recording and

transcription of data, analysis and providing final draft feedback to participants (discussed in relevant sections of this chapter).

3.7.4 CONFORMABILITY

According to Mike (2011), conformability refers to the degree to which the results could be confirmed by others. In order to ensure credibility and control of biasness, the researcher took transcripts of raw data and analysis to the participants for correction of errors and comments. The researcher's supervisor also constantly checked data transcripts and analysis, draft and final report. Furthermore, Trochim (2006) advised that researchers can enhance conformability by checking and rechecking data throughout the study. To enhance conformability in this study, the researcher followed the six thematic analysis steps to ensure that data is systematically analysed.

3.8 DATA ANALYSIS

In this study the findings are presented and analysed within the themes that emerged from the ideas and experiences of the participants during direct individual interviews. According to Maree (2007), there is a wide range of approaches, processes and procedures which could be employed by researchers to extract some information, understanding and interpretation of data. In this study, NVivo and thematic analysis were employed to analyse data.

3.8.1 NVIVO SOFTWARE ANALYSIS

NVivo is software that supports qualitative and mixed research methods (QSR International, 2016). It is designed to assist the researcher to organize, analyse and find insights in qualitative data like interviews among others (QSR International, 2016). According to Welsh (2002), NVivo is computer assisted qualitative data analysis software which assists the researcher to find accurate and transparent picture whilst providing auditing of data analysis

as a whole. Therefore, NVivo allows a researcher a space to organise and manage data material to find insights (QSR International, 2016).

The researcher's decision to use NVivo over other software packages was made after exploring other packages and the volume of data. Interviews in this study have yielded to a large volume of data which was really impossible to manage and extract knowledge from it manually. QSR International (2016) recommends NVivo software for reducing time spent on data analysis, assisting researchers to manage data analysis challenges and making it easy to navigate through data to discover connections and finding new insights which leads to new knowledge (QSR International, 2016). Therefore, the use of NVivo leads to valid, defensible conclusions and recommendations.

However, some researchers feel that software analysis is not important and it may lead to wrong analysis (Welsh, 2002). Welsh (2002) advised that researchers should not reify either electronic or manual methods. He added that researchers combine the best features of each method for the best results.

3.8.2 THEMATIC ANALYSIS

Brawn *et al.* (2006) describes thematic analysis as a method employed for identifying, analysing and reporting patterns within data. Meaning it is a means to gain insight and knowledge from data gathered (Komori, 2016). In process the researcher develops a deeper appreciation for the group being researched.

According to Komori (2016), thematic analysis is highly inductive in its nature for the themes emerged from the generated data and are not imposed by the researcher. In this study themes were not imposed by the researcher but they emerged from the collected data.

In addition, thematic analysis is used to analyse qualitative information and systematically gaining knowledge about a certain group situation or culture (Komori, 2016). Another purpose of thematic analysis among others is to identify patterns of meaning across data sets that provide answers to research questions being addressed (The University of Auckland, 2006). In a thematic analysis, patterns are identified through a rigorous process of data familiarisation, data coding and theme development and vision (The University of Auckland, 2006). The researcher thematically analysed data following the six steps of thematic analysis according to Komori (2016) and Brawn *et al.* (2006).

3.8.2.1 SIX THEMATIC DATA ANALYSIS STEPS FOLLOWED

BY THERESEARCHER

□ Step 1

The researcher familiarised himself with collected data content by reading and rereading it.

□ Step 2

The researcher coded the entire data and collated all codes. The researcher also requested the peer review to independently code data to check for consistency. All themes picked up by the researcher were also identified up by the peer reviewer. Two additional themes were found, but later discarded as they would not add value to the study.

□ Step 3

The researcher searched and identified themes from the coded and collated data. Initially the researcher identified 14 themes.

□ Step 4

The researcher reviewed the themes checking if they were conveying a convincing story. In some cases some themes were combined, some split whilst some were discarded as they did not add value to the study. After a complete review, 9 themes surfaced.

□ Step 5

The researcher made themes subtopics (given informative names) for presentation in Chapter 4. Subtopics were numbered sequentially to tell a convincing story to other researcher and general readers.

□ Step 6

Finally, the researcher presented data analysis and some extracts from data combined with literature to answer the research questions in Chapter 1 under identified subtopics in Step 5. Data analysis is presented in Chapter 4 of the study to tell the story that answers research questions.

The researcher decided to use thematic analysis for it is theoretically-flexible; meaning it can be used within different frameworks to answer varying types of research questions (The Auckland University, 2016). The researcher was not compelled to use a specific theory to frame the study, hence, personality trait was chosen as the most suitable theoretical framework for the study. According to Brawn *et al.* (2006), thematic analysis allows for flexibility in the researcher's choice of theoretical framework compared to other methods of analysis which are closely related to specific theories. Through the flexibility of thematic analysis, the description of data becomes rich, detailed and complex (Brawn *et al.*, 2006).

3.9 DATA VERIFICATION

For verification and validating purposes, after the transcription of data, the researcher supplied all participants with copies of transcribed interviews for verification. Thereafter, data was analysed and discussed; copies of data analysis and discussion were supplied to participants for their views. After taking participants' positive views into account, the final draft report was prepared and the feedback was given to participants (feedback discussed in 3.11).

3.10 ETHICAL CONSIDERATIONS

Code of ethics or behavioural standards is a very important element in study for researchers. Leedy (1985, p.159) and Maree (2007) contributed some principles for the researchers to develop their code of ethics. Having consulted a number of sources of literature regarding research ethical considerations, the researcher was well informed of how to conduct a proper study without contravening the participants' rights. In order to adhere to the code of ethics, the researcher did the following:

- The researcher ensured that participants consented part-taking in the study and being audio-recorded.
- Confidentiality was ensured by giving participants pseudonyms and avoiding mentioning their actual residence. Hereunder are pseudonyms arranged in the order of their interview dates are:

John

Peter

Pat

Ibrahim

Mohamed

Eshetu

Colin

- The researcher ensured that the data collected (tapes and transcripts) are safely kept in the supervisor's office (in the lock-file cabinet) straight after performing analysis and would be destroyed after five years.
- Finally, the researcher endeavoured to report objectively and honestly.

3.11 FEEDBACK PROCESS TO THE PARTICIPANTS

After the transcription of data, the researcher supplied all the participants with copies of their transcribed interviews. Thereafter, data was analysed and discussed; copies of data analysis and discussion were supplied to participants for their views on which were no objections. Finally, the researcher produced copies of the final draft report for participants and the study supervisor for their comments. The comments were overwhelmingly positive.

3.12 LIMITATIONS OF THE STUDY

Due to the complexity of the study, the researcher was unable to conduct group interviews. Therefore, the study solely depended on face-to-face individual interviews.

Most participants had a language barrier. Participants speak English and IsiZulu as 3rd and 4th languages. In some cases the researcher had to assist participants in finding suitable words for responses.

Township spaza shops are usually busy throughout the day, therefore, interview sessions need to be as short as possible to ensure that spaza shop owners finish answering the interview questions quickly and return to their normal business.

There were unavoidable disturbances by customers during the interviews. Therefore, it was difficult for the spaza shop owners to pay full attention to the interviews.

There was some degree of distrust between the researcher and the participants. Some participants were critical of divulging information fearing that it may be passed on to competitors, law agencies, and municipality officials amongst others.

Lack of funding for data collection, analysis and editing processes significantly impacted on the study.

3.13 CONCLUSION

This chapter provided insight into the qualitative research method, phenomenological design and information on direct individual interview methodology utilised as data collecting instruments. The chapter also provided information on sampling was performed, how the permission to conduct the study was acquired and how credibility, transformability, dependability and conformability were ensured. The chapter concluded by explaining how data was captured, transcribed, analysed and how the researcher adhered to the code of ethics.

Chapter 4 presents data analysis and findings.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

Chapter 3 provided the research methodology employed to generate and collect data. This chapter provides data responses generated and collected through 16 individual interview questions. Data responses are presented and analysed in table form utilising NVivo Scientific software and thematic analysis.

Various themes emerged from each question, and then subtopics were formulated for further discussion. The themes that emerged are discussed under the following subtopics: countries of origin, reasons for migrating to South Africa, Ownership of premises, municipal operating permits, significance of municipal operating permits, level of education, capital acquisition, stock procurement, strategic pricing and selling of goods, products and services diversification strategy extended business hours strategy, credit sales, attacks to foreign-owned spaza shops, relations with customers and community, employment opportunities for locals and will to assist and advises to locals.

4.2 DATA PRESENTATION AND ANALYSIS

In this section, data responses and themes that emerged from each question are presented in table form. Then, themes are grouped into subtopics for further discussion. In this qualitative study, data was generated and collected from foreigner spaza shop owners in the Folweni Township employing direct individual interviews. Data is analysed using NVivo and thematic analysis. NVivo analysis is computer assisted qualitative data analysis software which assisted researcher to find accurate and transparent picture whilst providing auditing to

data analysis as a whole (Welsh, 2002). Thematic analysis is a method used for identifying, analysing and reporting data patterns (Brawn *et al.*, 2006).

4.2.1 Question one - What is your country of origin?

Table 4.2.1 Countries of origin

Participants	Themes
1, 2, 3, 4, 5 and 7	Ethiopian origin
6	Pakistani origin

Table 4.2.1 presents data responses for question one regarding the origins of the foreigner spaza shop owners in the Folweni Township. The question was asked to facilitate the drawing of recommendations to achieve objective number 4.

4.2.1.1 Ethiopian origins

Data presented in Table 4.2.1 indicates that the vast majority of participants who are foreigner spaza shop owners in the Folweni Township come from Ethiopia. According to literature study, most foreign-owned spaza shops in South African Townships are owned by Ethiopians, Somalia's, Pakistanis and Bangladeshis among others.

Ethiopia like Sudan and Somalia among others are more prone to famine due to internal chaos from civil wars (New International August 4, 1991). Conflicts bring long term economic and infrastructural destruction and foreign investment decline, turning ordinary citizens into refugees (New International, August 4, 1991).

4.2.1.2 Pakistan origins

According to data presented in the table above, the smallest minority of participants who own spaza shops in the Folweni Township come from Pakistan. Pakistan is engulfed by uncertainty and political instability (Daily Times, 2014, August 06). Therefore, the economy of Pakistan is struggling to survive. According to Daily Times (2014, August 06) investments, both foreign and domestic have dwindled due to terrorism and energy crisis.

4.2.2 Question two - What made you leave your country of origin and decide to come to South Africa?

Table 4.2.2 Reasons for migrating to South Africa

Participants	Themes
2, 3, 4, 5 and 7	Poverty, political instability and wars
3, 4, 5 and 7	Lack of employment opportunities
1 and 6	Business opportunities

Table 4.2.2 presents data and themes emerged from question two responses regarding the reasons why the Folweni Township spaza shop owners decided to leave their countries of origin and came to South Africa. According to Siegfried (2011), South Africa has a large number of immigrants who come from all over the world. They either come to South Africa voluntarily or involuntarily. Question two was asked to facilitate the drawing of recommendations to achieve objective number 4 of the study. Among other factors that propelled participants to leave their countries of origin were; poverty, political instability, wars, lack of employment and availability business opportunities in South Africa.

4.2.2.1 Poverty, political instability and wars

Data presented in Table 4.2.2 indicates that the majority of participants left their countries

due to socio-political reasons. Poverty, political instability and wars among other pushing factors have compelled them to migrate to South Africa. In the last 13 years, Pakistan has experienced both war and Political instabilities, including violence, demonstrations, armed clashes, assassinations, bombings and sit-ins (Daily Times, August 6, 2014).

Therefore, participants did not leave their countries by choice, but by compelling circumstances. Siegfried (2011) informs that whilst thousands of foreigners head for South Africa, others risk death at the hands of the smugglers travelling through deserts and seas trying to reach Saudi Arabia, Israel and Europe.

Conflicts make people more prone to feminine because it disrupts traditional ways of coping with food scarcity (New Internationalist, August 5, 1991). Therefore, South Africa is not the only country with big numbers of foreigners who are trying to escape poverty, political instability, wars and lack of employment from their countries of origin.

4.2.2.2 Lack of employment opportunities

Data presented in the above table further shows that a number of participants pointed that lack of employment opportunities among others as a reason for leaving their countries. Foreigners come to South Africa with the hope of starting a new life (Wilkinson, 2015). South Africa is the most industrialised African country. Therefore, thousands of foreign nationals seeking refuge from poverty, economic crisis, wars and government persecution in their countries (South African History Online, 2015).

4.2.2.3 Business opportunities

Data shows that the smallest percentage of participants voluntarily migrated to South Africa. Participants cited business opportunities as the main reason for coming to South Africa in particular. According to Wilkinson (2015), South Africa continuous to be the major

destination for migrants who are seeking better economic and social opportunities. He further states that South African Townships seem to be the best places for foreigners to establish their spaza shops for the rents are much cheaper compared to cities.

4.2.3 Question three - Did you build, buy or are you renting these premises?

Table 4.2.3 Ownership of premises

Participants	Themes
1, 2, 3, 4, 5, 6 and 7	Pay rent to South African landlords

Table 4.2.3 presents data responses and themes that emerged from question three regarding the ownership of premises used by foreign-owned spaza shops in the Folweni Township.

4.2.3.1 Rent payment to South African landlords

According to data presented in the table above, all participants were tenants, implying that they pay rent to their landlords who are all South Africans. In this regard, South Africans are also beneficiaries. According to Gastrow *et al.* (2012), South Africans are the biggest economic beneficiaries through their rented properties. Although the influx of migrant traders to South African Townships has resulted to the shift of spaza shop ownership to the foreigners, business opportunities have emerged in a form of being landlords for South Africans (Gastrow *et al.*, 2012).

4.2.4 Question four - Do you have the municipal permit to run your spaza shop and how do you pay tax to the government?

Table 4.2.4 Municipal business permits and tax payments

Participants	Themes
--------------	--------

1, 2, 3, 4, 5, 5, 6 and 7	Absence of municipal spaza shop operating permits
2, 5, 6 and 7	Lack knowledge on municipal permits
1, 2, 3, 4, 6 and 7	Pay value added tax

Data responses and themes emerged from question four regarding municipal permits and payments of government's tax are presented in Table 4.2.4. The researcher asked question four to facilitate the crafting of recommendations to achieve objective number 4. Data indicates that none of the participants hold municipal spaza shop operating permit. Furthermore some of the participants lack information regarding municipal spaza shop operation permit. All participants felt that they do pay tax in a form of value added tax.

4.2.4.1 Absence of municipal business operating permit

According to the data presented, none of the participants hold municipal spaza shop operating permits. Literature on South African Township spaza shops reveals that there are concerns that most foreigners do not register their businesses or bother to apply for permits (Steyn (A), 2015 p.3). However, Steyn (A) (2015, p.3) feels that instead of regulating the spaza shop businesses in Townships, the government must level the playing field by giving entrepreneurial education to local business owners.

4.2.4.2 Lack of knowledge on municipal business operating permit

Data indicates that a sizable number of participants lack knowledge regarding municipal permits as a requirement for spaza shop ownership. In addition to that participants lack knowledge about the application procedure and the municipal offices responsible for issuing

spaza shop permits. However, Steyn (A) (2015 p.3) reveals that registration or permit requirements are not a uniform requirement to all South African Municipalities.

4.2.4.3 Payment of government's tax (VAT)

According to data presented in the table above, all participants strongly feel that they do pay government's tax in a form of Value Added Tax (VAT). Their businesses are not registered as vendors as required by law, therefore, they cannot pay tax directly to SARS. They pay VAT indirectly (to wholesalers) when they procure stock.

4.2.5 Question five - Do you see any significance of having municipal business permit to run spaza shops in townships? Why?

Table 4.2.5 Significance of municipal business operating permits

Participants	Themes
1, 2, 4, 5 and 7	None significance of municipal spaza shop operating permit
3 and 6	Indifferent

Table 4.2.5 presents data responses and themes that emerged from question five regarding the significance of municipal spaza shop operating permits. Question five was set to facilitate drawing of recommendations to achieve objective number 4.

4.2.5.1 Non-significance of municipal business operating permits

Data indicates that most of the participants feel that municipal spaza shop operating permits have no significance in operating spaza shops. For an example, Ibrahim said, **“I do not think that we need permits because we are selling food and household groceries, not alcohol.**

So what are permits for?” Some of the reasons cited by participants for seeing no significance of permits are that; they do not sell alcohol, difficulty in acquiring them from the municipalities and that they may be expensive.

The Minister of Small Business Development, Lindiwe Zulu announced in 2015 that informal businesses in Townships including spaza shops will be regulated and has called for fast tracking of regulations (Steyn, 2015a, p.1). Some researchers feel that the regulations are targeting foreign-owned businesses and have warned that the regulations should be applied to all businesses in Townships (Vrbicek, 2015; Steyn, 2015a, p.3). To some extent regulations are not clear to most participants.

On the other hand, an economist, Professor Dumisa points out that the municipal bylaws and regulations already in Ethekewini Municipality (Mlambo *et al.*, 2015). Both Mlambo *et al.* (2015) and Mashile (2015) blame Township spaza shop owners for non-compliance as well poor enforcement by municipality law enforcement units. Non-compliance to some extent may be attributed to lack of monitoring among other reasons and consequently viewed as insignificant.

4.2.5.2 Indifferent

Data presented in Table 4.2.5 indicates that few participants were indifferent about the significance of municipal permits. They were not sure if municipal permits would have any impact in running their spaza shops.

4.2.6 Question six - Do you have any form of business management training or qualifications? If you do, what is it and where did you obtain it?

Table 4.2.6. Level of education

Participants	Themes
1, 2, 5, 6 and 7	Tertiary qualifications
1, 2, 3, 5 and 7	Business Management qualifications
4	High school education

Table 4.2.6 presents data responses and themes that emerged from question six regarding participants' level of education. Responses from question six assisted the researcher to achieve objective number 1, 2 and 4. According to data responses, the majority of participants have tertiary education qualifications; some have specific business management qualifications whilst the smallest minority holds high school qualification from their countries of origin. Looking at data, it is not by mistake that studies like one done by Liedman et al. (2013) have observed that foreign-owned spaza shops are more competitive and mostly preferred by local customers.

According to Table 2.4.1 (Chapter 2) which compares local to foreigner spaza shop owners, the majority of foreigner spaza shop owners often have higher level of education compared to locals. Foreigner spaza shop owners' unique business operations and strategies may to some extent be attributed to their educational advantage.

4.2.7 Question seven - How did you acquire the capital to start this spaza shop?

Table 4.2.7 Capital acquisition

Participants	Themes
--------------	--------

1, 2, 3, 5 and 7	Group capital contribution (with brothers)
4 and 6	Own capital contribution (raised by own salaries)

Question seven aimed to achieve objective number 1 and to facilitate the formulation of recommendations to achieve objective number 4. Table 4.2.7 presents themes emerged from data responses for question 7 the system used by participants to raise capital to establish their spaza shops. Data indicates that most foreigners are assisted by their brothers through contributions whilst some started by working for their brothers to raise capital.

4.2.7.1 Group capital contribution (with brothers)

Data presented in the table above concurs with literature that in most cases foreigner spaza shop owners raise capital in a form of a group with brothers (people from the same country or same clan). According to Dlodla (2014, p.2), the success of foreigner owned spaza shops is attributed to the enjoyment of capital contribution from a number of people or networks as a result, foreigners have a capital competitive advantage over locals as they can raise an average of approximately R45 000 to start their businesses. Reasonable capital contributions yield to reasonable profit margins (Hough *et al.*, 2007). Foreigners have an ability to organise themselves into networks to empower themselves compared to South Africans who usually rely on governments grants. According to data, most participants are part of brothers’ networks. These networks are a good investment strategy for South Africans to draw lessons from.

4.2.7.2 Own capital contribution (raised by own salary)

According to data, few participants raised their capital by working for their brothers. Working

contracts differ. One of the participants had to work for his brothers for a whole year. The participant was then, paid by assistance in establishing his spaza shop. Assistance includes finding premises, stock procurement and some starting cash. According to U.S.B (2015), foreigners earn capital through commitment which could be financial or free labour and investment of some sort. One other participant worked for his brothers saved the salary and eventually started his own business.

Interestingly, the data reveals that brothers’ assistance in various forms is always available in business establishments.

4.2.8 Question eight - Where and how do you procure trading stock and how is it

Delivered here?

Table 4.2.8 Stock procurement

Participants	Themes
1, 2, 3, 6 and 7 3, 4, 5, 6, and 7	Stock procured from specific wholesalers (procure stock from Isipingo Wholesalers)
1, 2, 3, 4, 5, and 7	Group stock procurement
1, 2, 3, 4, 5 and 6	Share delivery and costs

Table 4.2.8 presents data responses and themes that emerged from question eight regarding stock procurement. The question was asked to achieve study objectives number 1 and 4. It

emerged that all participants procured stock from specific wholesalers, procure stock as a group and share delivery costs.

4.2.8.1 Stock procurement from specific network wholesalers.

According to data presented in the table above, all participants procure stock from specific wholesalers. Some procure from Isipingo others from Durban (West Street) wholesalers. Participants are very selective of wholesalers where they procure their stock. Usually they procure from foreign-owned corporative/wholesalers. The relationships with wholesalers are strengthened by brotherhood. Therefore, it is easy to negotiate prices and discounts which are then passed down to customers. According to Dlodla (2014) foreigner spaza shop owners procure stock directly from wholesalers or manufacturers in large quantities and at discounted prices.

4.2.8.2 Group stock procurement

The vast majority of participants procure stock as a group not as individuals. Data presented above concurs with literature provided by Qukula (2015) and Dlodla (2014) that foreigners collaborate with each other in the bulk purchasing of goods. Buying as a group co-operatives has a number of advantages such as; securing affordable and competitive premium terms (Dlodla, 2014, p.2), buying at discounted prices and ensuring uninterrupted uniformed group stock supply.

4.2.8.3 Sharing delivery and costs

Data presented in Table 4.2.8 indicates that the majority of participants procure stock in bulks as groups from specific wholesalers and share delivery costs. Dlodla (2014) informs that foreigners procure stock collectively and enjoy the transport advantage as the stocks are delivered in large scales to multiple shops at reduced costs. According to Pienar *et al.* (2012), a large proportion of costs in businesses derive from logistic operations. Pienar *et al.* (2012)

are of the strong view that savings in transport and bulk purchases increase the net operating profit for the business.

4.2.9 Question nine - We often hear that your products are sold at cheaper prices to customers. Is that true? If so, what strategies do you use to make your product cheaper?

Table 4.2.9 Strategic pricing and selling goods

Participants	Themes
2, 3, 4, 5, 6 and 7	Strategically reduced prices (employing various strategies like negotiating discounts with wholesalers, selling cheaper smaller packs and selling some products at cost)
1	Reasonable pricing

Question nine was utilised to generate data regarding the pricing strategy employed participants. The question was asked to assist the researcher to achieve objectives number 1, 2, 3 and 4 of the study. Data collected revealed that most participants strategically trade at reduced prices whilst the smallest minority is of the firm view that it trades at reasonable prices.

4.2.9.1 Strategically reduced prices

Data responses presented in Table 4.2.9 indicates that the vast majority of foreigners acknowledged that they sell their products at cheaper prices. Participants revealed that they employ various strategies to retain their customers. Among other strategies used to reduce selling prices, participants negotiate cost prices with their wholesalers, consequently, pass

discounts down to customers. According to Allie (2014), foreigners, devised smart ideas to assist their cash-stripped customers, like selling smaller packs.

Among other price reduction strategies employed by participants, is profit mark-up reduction to encourage customers to opt to buy from them. Literature on South African Township spaza shops informs that among other factors attributed to the success of foreign-owned spaza shops is competitive pricing and even selling at cost price to lure the masses of customers to their shops (Steyn, 2015a. p.2).

4.2.9.2 Reasonable pricing

Although the vast majority of participants view their prices as cheaper, the smallest minority rejected the perception that they sell at cheaper prices. This minority strongly believed that it was selling at the reasonable prices (neither too expensive nor cheap).

4.2.10 Question ten - What products do you sell in your spaza shop? Do you sell any products which may be considered illegal?

Table 4.2.10 Products and service diversification strategy

Participants	Themes
1,2,3,4,5,6 and 7	Employ diversification strategy
	(They sell a variety of household groceries and offer a number of services such as lottery services and soccer betting)
1,2,3,4,5,6 and 7	Honest Business Practices

Question 10 was asked to participants to generate data responses regarding types of products they sell and to establish if there are any criminal practices taking place in their spaza shops. Responses and themes emerged are presented in Table 4.2.8 above.

4.2.10.1 Diversification strategy

Participants have diverted from selling usual household groceries like breads, sugar, and cigarettes among others. They have included meat (chicken braai packs and red meat) prepaid airtime, prepaid electricity. Furthermore, they have included lottery and soccer betting in their service lists. According to Dlodla (2014, p.3) foreign-owned spaza shops have realised a product diversity gap in township spaza shop market, then instantly utilised it by providing a wide range of products for customers. Introduction of lotto machines is another form of diversification which attracts more customers to foreign-owned spaza shops (Allie, 2014, p.3). Data presented affirms with literature that one of the factors that may be attributed to the success of foreign-owned spaza shops could be products and services diversification as it usually yields to higher returns (The Economist, 2009).

4.2.10.2 Honest business practices

All participants distanced themselves from selling illegal products. However, there are a number of concerns raised in literature regarding illegal activities taking place in foreign-owned spaza shops. For an example Steyn (2015a, p.3) points out that there is a general perception that foreign-owned spaza shops do not always play by the rules. Steyn (2015a, p.3) echoes similar sentiments with Liedman *et al.* (2013, p.3) that though networks foreigner spaza shop owners obtain important spaza shop products that cannot be obtained through wholesale stores but are available on black market like contraband cigarettes.

4.2.11 Question eleven - At what time do you open and close your business? (trading hours)

Table 4.2.11 extended business hours strategy

Participants	Themes
2	5:30a.m.- 8:00p.m (extended hours)
3, 5 and 6	6:00a.m.- 8:00p.m (extended hours)
1, 4 and 7	7:00a.m.- between 6:00p.m. and 8:00p.m (extended hours)

According to data responses presented in Table 4.2.11 regarding foreigner owned spaza shops in the Folweni Township all participants have adopted an extended business hours strategy. According to literature on South African Township spaza shops, foreign-owned spaza shops work longer hours, starting as early as 6:00a.m. to as late as 10:00p.m. (Vrbicek, 2015; Terblanche, 2015). This very unique strategy seems to be working at the advantage of foreign-owned spaza shops. Opening earlier in the morning affords an opportunity for scholars and workers to buy what they may need before they head for schools and work respectively. Closing later at night also affords an opportunity for workers who return late from work or late buyers to buy whatever they need. Foreigners show sheer dedication and creativity in their business strategies (Vrbicek, 2015; Terblanche, 2015).

Foreign-owned spaza shops avail themselves to provide service to the township communities when the big shops and local owned spaza shops have usually closed. Good business operations are one of the factors attributed to the success of foreign-owned spaza shops in South African Townships. Extended business hours is part of a unique, well-crafted business

Operation strategy which seems to play an important role in the success of foreign-owned Spaza shops in South African Townships.

4.2.12 Question twelve - Do you offer credit to your customers? If you do, when and how do they pay back?

Table 4.2.12 Credit sales

Participants	Themes
1,2,3,4,5,6 and 7	Strictly cash sales

Table 4.2.12 presents data responses from participants regarding credit sales. Data indicates that none of the participants offered credit sales indicating that they strictly sell for cash. Responses to this question assisted the researcher in achieving objective number 1 of the study. Participants cited fear of losing out money if they offer credit to customers. Data affirms with literature discussed in chapter 2 that the majority of foreign-owned spaza shops do not offer credit to their customers (Vrbicek, 2015). Although foreigners do not offer credit, data reveals that they do negotiate prices at times as their market penetration strategy (U.S.B., 2015).

4.2.13 Question thirteen -Was your business affected by xenophobic attacks last year or by community protests this year? If so how was it affected?

Table 4.2.13 Attacks on foreign-owned spaza shops

Participants	Themes
1, 2, 3, 4, 5, 6 and 7	Affected by xenophobic attacks as well as community protests (shops attacked and looted)

4.2.13.1 Effects of xenophobic attacks and community protests

Data responses presented in Table 4.2.13 regarding the effects of xenophobic attacks and community protests to foreign-owned spaza shops in the Folweni Township revealed that all participants were severely affected. According to Emerson (2016), it has become a trend that foreign-owned spaza shops are the first targets during community protests. The ex-Premier of KwaZulu-Natal, Senzo Mchunu also pointed out that it has been observed that xenophobic attacks have taken another dimension, targeting foreign-owned businesses (News24, April 17, 2015).

Data presented in the table above indicates that all participants were attacked and their spaza shops were looted during xenophobic attacks as well as community protests, leaving them in fear and without stock. In most cases foreigner spaza shop owners earn their living through operating their spaza shops (Terblanche, 2010). Dlodla (2014, p.4) concurs with Terblanche (2010) that foreign-owned spaza shops are usually the main source of income to their owners.

Attacks and looting of foreign-owned spaza shops result in:

- Foreigners losing their main source of income
- Consequently disadvantaging South African landlords from receiving rent from foreigner tenants
- The state loss of tax (VAT)

- Township residents who in some cases solely depend on purchasing or supplementing their groceries from foreign-owned spaza shops are disadvantaged
- Reduction of sales from wholesalers
- Retrenchment of wholesale assistants

On the other hand attacks and looting of foreign owned spaza shops indicate that there are issues upsetting locals regarding foreign-owned spaza shops which may include outcompeting and complete erosion of locals in Township spaza shop market (News24, April 17, 2015).

4.2.14 Question fourteen -How are your relations with your customers and the community around your spaza shops?

Table 4.2.14 Relations with customers and community

Participants	Themes
1, 2, 3, 4, 5, 6 and 7	Good customer and community relations
2, 5, 6 and 7	Experienced negative attitude
2 and 3	Language barrier

Question fourteen was set to assist the researcher in achieving objective number 1, 3 and 4. Table 4.2.14 presents data responses and themes that emerged regarding the relations between the participants and their customers and community at large. Data shows that all participants feel that they have good relations with customers and community whilst others revealed that they have experienced negative attitude. Few participants cited language barrier as a hindrance to good community relations.

4.2.14.1 Good customer and community relations

According to data responses, all participants felt that they have good relations with their customers and community under normal circumstances. Good customer relations are essential for they add to customer satisfaction. According to Mathew (2015, p.2) foreigners have proven to have good business skills record. Steyn (2015a, p.2) adds that foreigners go in lengths in order to keep their shops working better. Going to lengths may include trying by all means to keep good customer relation.

4.2.14.2 Negative attitude

Data indicates that although all participants feel that they have good customer and community relations, some have also experienced negative attitude behaviours from community members. Youths, younger males in particular are seen to have negative attitude towards foreigner spaza shop owners. At times they openly call them amakwerekwere. For an example, Mohamed (participant number 6) said, ***“Others call us kwerekweres. We don’t mind them. But most of them are very nice.”*** On the other hand young girls and adults generally have positive attitude towards participants.

4.2.14.3 Language barrier

Some participants felt that the language barrier has an effect in customer relations. Participants said they are not competent in IsiZulu in particular. In some cases customers would have to repeat themselves several times before the shopkeeper understands. Therefore, language barrier is likely to trigger negative attitudes or even conflicts.

4.2.15 Question fifteen - Do you employ or have you ever employed local people to assist our business. If you do, what are their job descriptions? If you don’t what are the reasons for not employing them?

Table 4.2.15 Employment opportunities for locals

Participants	Themes
1,2,3,4,5,6 and 7	Do not employ or offer employment opportunities to locals
1,3,4 and 7	Prefer to be assisted by foreign brothers
1,2,3,4,5,6 and 7	Affordability

Table 4.2.15 presents data responses and themes that emerged from question fifteen regarding employment opportunities offered by foreigners to locals in their spaza shops. Responses to this question assisted the researcher to achieve objectives number 1 and 4 of this study. Data responses revealed that none of the participants offers employment opportunities to locals. Most of them prefer to be assisted by their brothers if they ever need a helping hand, citing affordability as the main reason for not employing locals.

4.2.15.1 Lack of employment opportunities to locals

None of the participants offer employment opportunities to locals. Data partially affirms with some literature that most foreign-owned spaza shops are known for not employing local people. Instead, they employ family members or brothers from the same countries of origins. For example Steyn (2016b, p.3) said,

“Although the data differs from study to study, and foreigners have a marked preference for employing family members, foreign-owned shops do employ locals.” (Steyn, 2016b, p.3)

However some literature like (part B of the above citation) contradicts data presented in Table 4.2.15 regarding employment opportunities created foreign-owned spaza shops in the Folweni Townships.

4.2.15.2 Brotherhood assistance

Most participants prefer to be assisted by their own brothers other than employing locals. According to Dlodla (2014), foreign-owned spaza shops provide employment to locals. In this case data responses contradict literature.

One of the main aims of establishing spaza shops in South African Townships was to create entrepreneurship foundations whilst bringing income to a number of families (Liedman *et al.*, 2013, p.1-2). In a way foreign-owned spaza shops have utilised unique and creative business operations resulting to the major shift of Township spaza shop ownership to from locals to them. In process locals lost self, home-based employment opportunities to foreigners. Paton (2015) is very concerned about the disappearance of locally owned spaza shops which were to address unemployment and poverty. Liedman (2013, p.4) warns that the continued and rapid changes in the spaza shop sector may have significant and lasting negative impact on entrepreneurship and self-employment to locals.

4.2.16 Question sixteen - If a local spaza shop owner asks you to assist or advise him to run spaza shop successfully, what would you tell him?

Table 4.2.16 Will to assist and advise locals

Participants	Themes
1, 2, 4, 6, and 7	Willing to assist

1, 2, 3, 4, 5, 6 and 7	<p>Advice to locals:</p> <p>(Serve customers well/satisfy customers, Procure stock from cheaper wholesalers, /negotiate prices, avoid selling at exorbitant prices, Must work hard, must work together as brothers, Must save money/avoid leading expensive life and Must avoid rushing for quick riches)</p>
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Table 4.2.16 presents data responses and themes that emerged from question sixteen regarding assistance and advice participants could offer to local spaza shop owners. Question sixteen was asked to facilitate achieving objectives 1, 3, and 4. Data indicates that most participants are willing to assist if asked to do so. Participants also gave a range of advises which could be useful to locals.

4.2.16.1 Will to assist

The majority of assistants have expressed the will to assist local spaza shop owners if they were asked to do so. This could serve as a starting point for eThekweni municipality authorities to facilitate and promote positive trade relations between local and foreigner-spaza shop owners in the Folweni Township and maybe other eThekweni Townships.

4.2.16.2 Advice to locals

All participants have offered some advice which could be useful to other foreigners and

locals. Participants have advised that customers should be served well at all times, meaning that, shop keepers should serve customers to their best ability for maximum satisfaction. According to Dlodla (2014), foreign-owned spaza shops are conducted with great competency and sheer determination.

Participants advised that business people should work hard. Minister Lindiwe Zulu pointed out that among many so-called trade secrets that foreigners possess, is hard work and business acumen (Steyn, 2015a, p.1).

Procuring stock from cheaper wholesalers and negotiating cost prices was also one of advises mentioned by participants. According to Gastrow *et al.* (2012), although foreigners share transport, they also shop around as individuals looking for specials and cheaper prices.

Participants also advised that business people should work together. Among other factors attributing to the success of foreign-owned spaza shops in South African Townships is that foreign-owned spaza shops enjoy the benefit of financial contribution from a number of people or networks (Dlodla, 2014). Furthermore, foreigners procure stock in bulks collectively at reduced costs and share transport.

Local business people were also advised to avoid selling at exorbitant prices as well as leading expensive lifestyles. According to Allie (2014, p.2), the majority of township residents prefer to buy from foreigners because they like to bargain for better prices. In addition to that foreigners don't have extravagant lifestyle which enables them to cope with smaller profit margins.

4.3 CONCLUSION

Chapter 4 presented data responses generated and collected through 16 individual interview questions. Data responses were presented and analysed in table form utilising NVivo Scientific and thematic analysis.

Themes emerged from each question were grouped into subtopics for further discussion. Chapter 5 concludes the study and finally provides recommendations to achieve study objective number 4.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The previous chapter presented the study findings. In this chapter conclusions and recommendations are presented based on the findings in Chapter 4. The chapter is presented in four main sections which include summary of objectives, conclusions to findings, recommendations and scope for further research. In achieving this, the findings of the 4 objectives of the study are utilised to draw conclusions and recommendations.

5.2 SUMMARY OF OBJECTIVES

Objective number 1 of the study aimed at exploring the factors attributed to the success of foreign-owned spaza shops in the Folweni Township. The study concluded that group capital acquisition, network stock procurement and shared delivery costs, unique business operations, product and service diversification, and use of brothers for labour (cheap labour) are the critical factors attributed to the success of foreign-owned spaza shops in the Folweni Township.

Objective number 2 was to establish the significance of foreign-owned spaza shops in the Folweni Township. The study concluded that foreign-owned spaza shop owners have mastered the needs of local customers and developed unique, smart and relevant business operations like diversification, selling in smaller packs and working longer hours among others. Therefore, foreign-owned spaza shops have a critical role in the daily community life of the Folweni Township.

Objective number 3 of the study was set to establish the effects of foreign-owned spaza shops in the Folweni Township. The study concluded that although foreign-owned spaza shops provide unique customer service to the community and pay rent to South African land lords among others, they have taken away self-employment and business opportunities from locals. Therefore, foreign-owned spaza shops in the Folweni Township do not contribute in lowering the high levels of unemployment in the community.

5.3 CONCLUSIONS

Having introduced the chapter and provided the summary of objectives, the following section presents conclusions based on the findings in Chapter 4.

5.3.1 Conclusions based on objective 1: To explore the critical success factors

which attribute to foreign-owned spaza shops in Folweni Township.

Based on the findings presented under this objective in Chapter 4, the study concludes that Ethiopian and Pakistan nationals are predominant spaza shop operators in the Folweni Township.

The study also concludes that these foreign nationals are driven by war and economic challenges in their home countries hence they come to South Africa for employment opportunities and better living conditions. The study also identified factors which may be attributed to the success of foreign-owned spaza shops in the Folweni Township. The factors attributed to the success of foreign owned spaza shops in the Folweni Township include:

- Large capital contribution to start and flow businesses. This capital is raised through each member's contribution to the group or (network).
- Defined network of wholesalers with whom they have good relations.
- Unique and smart ideas to improve their business operations.

- Product and service diversification strategies successfully utilised to cater for the needs of their customers.
- Sufficient level of education for operating spaza shops.
- Cheap labour, limiting operating expenses whilst pushing the profit margins wide apart.

5.3.1 Conclusions based on objective 2: To assess the significance of foreign-owned spaza shops in the Folweni Township.

The study concludes that foreign-owned spaza shops play a key role in township economy;

- as suppliers of basic groceries to township residents at affordable prices, right to the doorsteps, during and after hours;
- and that they employ smart and unique strategies to provide for the needs of residents, hence they serve customers with great care and competency.

5.3.2 Conclusions based on objective 3: To investigate the effects of foreign-owned spaza shops in the Folweni Township.

- This objective sought to establish the effects of foreign –owned spaza shops in the Folweni Township. Under the objective, the following conclusions were made;
- Foreign-owned spaza shops have overtaken spaza shops owned by local citizens“ ultimately leaving them unemployed and poorer in the township.
- Although foreigners pay rent to Africans (landlords), they are the biggest beneficiaries of the equation in the community.
- Foreign-owned spaza shops have become a target during community protests as citizens loots their businesses.

- Finally, the study concluded that there is a communication gap between local and foreign owned spaza shops.

5.4 RECOMMENDATIONS

Based on findings in Chapter 4 and conclusions mentioned above, the study recommends that:

- Based on the fact that foreigners leave their countries due to political and economic instability, the South African government should use its political and economic status within the African Union and United Nations to facilitate, strengthen and fast track peace resolutions within the continent and the world at large to end conflicts in war stricken zones such as Ethiopia and Pakistan among others so that there would be reduced migration into South Africa in search of peace and opportunities. This will require the Department of International Affairs to prepare a budget to facilitate those peace deals.
- The eThekweni Municipality Business Support Unit registers all spaza shops in the Folweni Township and conduct a study to determine the number of spaza shops needed in the area to avoid over population of spaza shops and unnecessary conflicts with locals and to understand the township spaza shop sector. The municipality may allocate funds for conducting such an important study depending on the funds availability and municipality policies.
- The national Department of Small Business Development, KwaZulu-Natal Department of Economic Development and Tourism and eThekweni Municipality

Business Support Unit should collaborate with N.G.O to provide business education to local spaza shop owners. Business training may include good business practice and financial management among others.

- The Department of Small Business Development, KwaZulu-Natal Department of Economic Development and Tourism and eThekweni Business Support Unit should facilitate the establishment of local owned co-operative wholesalers for locals to procure stock at discounted prices and compete fairly with their counterparts. Furthermore, the Department of Small Business Development negotiates with the Post Bank and Ithala Bank to lend money to township business people. This could be done by registering all available spaza shops. Then, the province and the municipality establishes or appoint an agent which will facilitate the establishment of locally owned co-operative wholesalers (Spaza shop owners and local business people should be the main capital contributors).
- The KwaZulu-Natal Department of Economic Development and Tourism and eThekweni Municipality Business Support Unit should circulate business information regarding available opportunities, resources and markets other than spaza shops. Once spaza shops are registered, their information will be available in the municipality offices. Therefore, sms's, emails, spaza newsletters, municipality newspaper and Township business forum could be used to circulate any relevant business information.
- Finally, the eThekweni Municipality Business Support Unit facilitates the establishment of Township Business Forums where township business people will

discuss their challenges, opportunities and share ideas to avoid conflicts among spaza shop owners in the township.

5.5 SCOPE FOR FURTHER RESEARCH

Lindiwe Zulu, the National Minister of Small Business Development, announced in 2015 that there would be township spaza shop regulations and called for fast tracking of the regulations. Furthermore, the Minister publicly promised through various media forms, assistance to local spaza shop owners in townships. Assistance included access to capital, establishment of co-operatives and business skills training. It would be interesting to understand how will these plans and promises be executed and monitored and a comparative study between local and foreign-owned spaza shops a year after the minister's announcements.

5.6 CONCLUSION

Chapter 5 provided the summary of objectives conclusions and recommendations based on the findings in Chapter 4 to achieve the study objectives presented in Chapter 1. The chapter also provided possible areas for further research. This qualitative study employed direct individual interviews to explore factors attributed to the success of foreign-owned spaza shops in the Folweni Township. Data was analysed utilising NVivo software and thematic analysis. Based on findings in Chapter 4 and subsequent conclusions in Chapter 5, it may be possible that all study objectives have been sufficiently achieved.

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APPENDICES

APPENDIX A

(ETHICAL CLEARANCE)



05 May 2016

Mr Wiseman Gcizelela Ngcobo (985182103)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Ngcobo,

Protocol reference number: HSS/0432/016M

Project title: Exploring factors attributed to the success of foreign-owned spaza shops in Folweni Township: South Africa

Full Approval – Expedited Approval
With regards to your application received on 25 April 2016. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and **FULL APPROVAL** for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

Itake this opportunity of wishing you everything of the best with your study.

Yours faithfully



Dr Shamila Naidoo (Deputy Chair)

/ms

C: Supervisor: Dr E Mutambara
C: Academic Leader Research: Dr Muhammad Hoque
C: School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

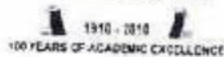
Dr Shenuka Singh (Chair)

Westville Campus, Uovun Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 2587/0360/4657 Facsimile: +27 (0) 31 260 4658 Email: ethics@ukzn.ac.za / strenw@ukzn.ac.za / ethuno@ukzn.ac.za

Website: www.ukzn.ac.za



Four Big Campuses: Edgewood Howard College Mxoliso School Pietermaritzburg Westville

APPENDIX B

(LETTER TO eTHEKWINI METRO SMALL BUSINESS SUPPORT UNIT)

LETTER TO THE MANAGER (BUSINESS SUPPORT UNIT, ETHEKWINI METRO)

P.O. Box 5730

Durban

4000

29 July 2016

The Manager

Business Support Unit

Ethekwini Metro

Sir/Madam

REQUEST FOR PERMISSION TO CONDUCT A STUDY IN YOUR AREA (WARD 95) SECTION A,B AND C IN FOLWENI TOWNSHIP

I **Wiseman G. Ngcobo** (Student no 985182103), a final year Master of Commerce in Leadership student at University of KwaZulu-Natal (Westville Campus), would like to request for a permission to conduct a study in your ward. The study will take two weeks between 8 a.m. and 4 p.m. during weekdays from the 22nd of August to the 2nd of September 2016.

The study will focus on all foreign-owned spaza shops in Folweni Township (ward 95). This study will be voluntary to foreigner spaza shop owners and they are free to withdraw at any time should they wish to do so.

The study topic: **Exploring Factors which Attribute to the Success of Foreign-owned Spaza Shops in Folweni Township: South Africa**

I will provide you with the feedback in completion of the study.

I am looking forward to exploring the factors underlying the success of foreign-owned spaza shops in Folweni Township.

For more information, contact my supervisor Dr Mutambara at (031) 260 8129 or Research Officer, Ms P. Ximba at (031) 260 3587 or Course Secretary, Eileen Mohamed at 031 260 1383.

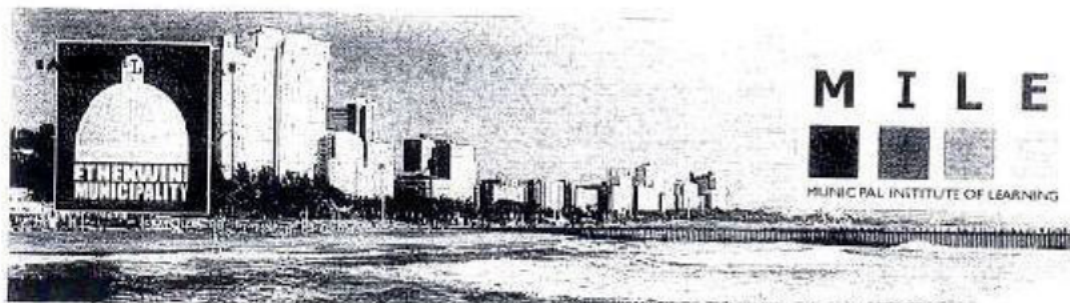
Yours faithfully

WISEMAN G. NGCOBO

[Tel 073 130 9797 or 031 908 3638; Email ngcobow@yahoo.com]

APPENDIX C

(LETTER FROM eTHEKWINI METRO SMALL BUSINESS SUPPORT
UNIT)



Pod 1, Second Floor, Intuthuko Junction, 750 Mary Thiphe Street, Umkhumbane, Cato Manor, Durban 4001.
Tel: 031 321 4513; Fax: 031 261 3405; Fax to email: 086 265 7150, Email: mile@curban.gov.za, Website: www.mile.org.za

For attention:
Chair: Humanities and Social Sciences Research Ethics Committee
Graduate School of Business & Leadership
University of KwaZulu Natal
Westville Campus
Durban
4001

4 October 2016

RE: LETTER OF SUPPORT TO WISEMAN GCIZELELA NGCOBO, REGISTRATION NUMBER 985182103 - GRANTING PERMISSION TO USE ETHEKWENI MUNICIPALITY AS A CASE STUDY

TITLE: "EXPLORING FACTORS ATTRIBUTED TO THE SUCCESS OF FOREIGN-OWNED SPAZA SHOPS IN FOLWENI TOWNSHIP: SOUTH AFRICA".

Please be informed that eThekweni Municipality's Business Support Unit and the Head: eThekweni Municipal Academy (EMA), have considered the request by Mr WG Ngcobo to use eThekweni Municipality as a research study site leading to the awarding of a M.Com degree in Leadership Studies.

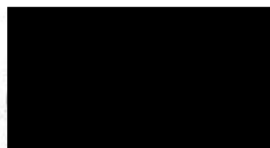
We wish to inform Mr Ngcobo of the acceptance of his request and hereby assure him of our utmost co-operation towards achieving his academic goals; the outcome which we believe will help our municipality in the long run.

In return, we stipulate as conditional, that Mr Ngcobo contacts the Municipal Institute of Learning (MILE) to present the results and recommendations of this study to the related unit/s on completion.

Wish you all the best in his studies.

Dep. Head: Business Support Unit
eThekweni Municipality

[Handwritten Signature]
Date



eThekweni Municipality

APPENDIX D

(LETTER TO WARD 95 COUNCILLOR)

LETTER TO WARD 95 COUNCILLOR

P.O. Box 5730

DURBAN

4000

29 July 2016

The Councillor

Ward 95

Folweni Township

Sir

REQUEST FOR PERMISSION TO CONDUCT A STUDY IN YOUR WARD (WARD 95) SECTION A, B AND C IN FOLWENI TOWNSHIP

I **Wiseman G. Ngcobo** (Student no 985182103), a final year Master of Commerce in Leadership student at University of KwaZulu-Natal (Westville Campus), would like to request for a permission to conduct a study in your ward. The study will take one month between 8 a.m. and 4 p.m. during weekdays from the 22nd of August to the 2nd of September 2016.

The study will focus on all foreign-owned spaza shops in Folweni Township. This study will be voluntary to foreigner spaza shop owners and they are free to withdraw at any time should they wish to do so.

The study topic: **Exploring Factors which Attribute to the Success of Foreign-owned Spaza Shops in Folweni Township: South Africa**

I will provide you with the feedback in completion of the study.

I am looking forward to exploring the factors underlying the success of foreign-owned spaza shops in Folweni Township.

For more information, contact my supervisor Dr Mutambara at (031) 260 8129, Research Officer Ms P. Ximba (031) 260 3587 or course secretary, Eileen Mohamed at 031 260 1383.

Yours faithfully

WISEMAN G. NGCOBO

[Tel 073 130 9797 or 031 908 3638; Email ngcobow@yahoo.com]

APPENDIX E

(LETTER FROM WARD 95 COUNCILLOR)



Councillor

Mezzanine Floor Shell House

Cnr. Anton Lembede & SamraMichell Street , Durban , 4001

P.O.Box 1014, Durban, 4000

Tel: 031 322 7050 , Fax : 031 311 5827

www.durban.gov.za

Our Ref: Cllr S. Shange

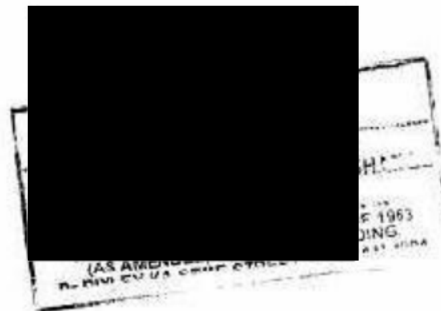
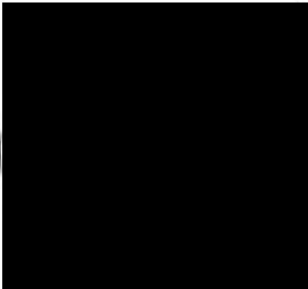
Your Ref: 082 7911 058

Date : 01 August 2016

TO WHOM IT MAY CONERN

This letter serves to confirm that Wiseman G. Ngcobo ID NO. 751203 5295 085 (a student at University of KwaZulu – Natal) is a bona fide resident of B 896 , Khayizeni road ,Isipingo. 4133 and that he is permitted to conduct a study within the ward specifically in A,B and C section of Folweni T/ship.

Your cooperation in this regard will be highly valued.



APPENDIX F

(INVITATION LETTER TO PARTICIPANTS)

UNIVERSITY OF KWAZULU-NATAL
School of Management and Leadership

Dear Participant,

M Com Research Project

Researcher: Name Wiseman Gcizelela Ngcobo Cell. 073 1309797

Supervisor: Name Dr E. Mutambara Tel. (031) 260 8129

Research Office: Ms P Ximba Tel. (031) 2603587

I, (Wiseman Gcizelela Ngcobo) am a Master of Commerce student in the School of Business and Leadership, at the University of KwaZulu-Natal. You are invited to participate in a research project entitled *Exploring the Factors which Attribute to the Success of Foreign-owned Spaza Shops in Folweni Township: South Africa*.

The aim of this study is to: Explore the critical factors attributed to the success of the foreign-owned spaza shops in Folweni Township (wards 95).

Through your participation I hope to understand what are the factors attributed to the success of foreign-owned spaza shops in Folweni Township. The results of this survey is intended to contribute to the body of literature on township spaza shops and making recommendations to assist locals with business sustainability strategies learnt from foreigners.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Business and Leadership, UKZN.

If you have any questions or concerns about participating in this study, please contact me or my supervisor at the numbers listed above.

It should take you about 45 minutes/s to complete the questionnaire. I hope you will take the time to complete the questionnaire.

Sincerely

Investigator's signature _____ Date _____

APPENDIX G

(CONSENT FORM A FOR PARTICIPANTS)

**UNIVERSITY OF KWAZULU-NATAL
School of Management and Leadership**

M Com Research Project

Researcher: Name Wiseman GcizelelaNgcobo Cell. 073 130 9797

Supervisor: Name Dr E. Mutambara Tel. (031) 260 8129 **Research**

Office: Ms P Ximba Tel. (031) 2603587

CONSENT FORM A

CONCENT FORM FOR PARTICIPANTS

I _____ (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant

Date

APPENDIX H

(CONSENT FORM B FOR PARTICIPANTS TO BE AUDIO-RECORDED)

CONCENT FORM B

FOR PARTICIPANTS TO BE AUDIO-RECORDED

I.....the owner of a spaza shop inFolweni Township, consent/do not consent (scrap out one) to be audio-recorded during the interview of the study which seeks to explore the factors attributed to the success of foreign-owned spaza shops at Folweni Township. All the conditions of the study including the right to withdraw from the study should I wish to do so, were clearly explained to me.

Signature.....Date.....

APPENDIX I

(INDIVIDUAL INTERVIEW QUESTIONS)

INDIVIDUAL INTERVIEW QUESTIONS

1. What is your name and your country of origin? (To break the ice and establish the participant's country of origin)
2. What made you to leave your country and decide to come to South Africa? (To establish the reasons that made the participant to leave his country and why did he opt to come to South Africa in particular)
3. Did you build, buy or are you renting these premises? (To establish if foreigners do bring any monetary value to locals either in a form of rent or rates)
4. Do you have the municipal permit to run this spaza shop? (To find out if the spaza shop is licenced or not)
5. Do you see any significance of having a municipal permit to run spaza shops in townships? Why? (To find out how do foreign spaza shop owners view the importance of township spaza shop permits)
6. Do you have any form of business management training or qualification? If you do, what is it and where did you get it? (To find out if foreigners have had any form of formal business training)
7. How did you acquire the capital to start this spaza shop? (To know the ways in which foreigners acquire capital)

8. Where and how do you procure your trading stock? (To find out if foreigners do buy in large quantities from suppliers or wholesalers)
9. We often hear that your products are sold at cheaper prices to your customers. Is that true? If so, what strategy do you use to make your products cheaper? (To establish their strategies which lead to selling at cheaper prices)
10. What products do you sell in your spaza shop? Do you sell any products which may be considered illegal in your spaza shop? (To establish if there are any illegal product sold in their spaza shops)
11. At what time do you open and close your business (your normal trading hours)? (To find out what their trading ours)
12. Do you offer credit to your customers? If you do, when and how do they pay? (To establish if foreigner spaza shop owners do give credit to their customers to balance the conflicting literature on this matter)
13. Was your business affected by xenophobic attacks last year or during service delivery protests this year? If so, how was it affected? (To establish if the foreigner spaza shops owners did experience xenophobic attacks, if so, in which way)
14. How are your current relations with your customers and the community around your spaza shop? (To establish how are the relations between foreign spaza shop owners and their township community)

15. Do you employ or have you ever employed local people to assist in your business? If you do, what are their job descriptions? If not, what are the reasons for not employing local people? (To establish if foreigner-run spaza shops do employ locals from the townships)
16. Finally, if a local spaza shop owner asks you to assist/advise him to run his spaza shop successfully, what would you tell him? (To find out if foreigners are willing to assist locals and whether are they willing to share their skills with locals)

APPENDIX J

(TURNITIN REPORT)

CHAPTER 1 INTRODUCTION

1.1 INTRODUCTION

This qualitative study seeks to explore the factors which attribute to the success of foreign-owned spaza shops in the Foleweni Township. Spaza shops represent an important part of the informal sector in South African Townships (Lighthelm, 2005). Further, they constitute an empirical livelihood strategy to address poverty and unemployment (Makhele, 2014, p.1). The explosion of foreign owned spaza shops in South African Townships has out-muscled local owners as a result South Africans are observing the drastic change in Township spaza shops ownership from locals to foreigners (Liedman *et al.*, 2014). Drawing from various bodies of literature on South African spaza shops, this study will articulate the critical factors that contribute to the success of foreign-owned spaza shops. The study also explores the significance and effects of spaza shops on the socio-economic Township communities. Finally the researcher offers recommendations emanating from the research to equip locals to compete with their counterparts.

Chapter 1 contextualises the problem under investigation by providing the background of the study site, the problem statement, the significance, purpose and objectives, research questions, the limitations and the organisation of the study.

1.2 BACKGROUND AND STUDY SITE

South African townships are characterised by a number of informal businesses: shebeens, taxis, shisanyamas, hair salons and spaza shops among others. Spaza shops, in particular, are the focus of this study; provide employment and means of survival for

Match Overview

1	www.sahistory.org.za Internet source	2%
2	uf.netd.ac.za Internet source	1%
3	www.econ3x3.org Internet source	1%
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