



Graduate School of Business and Leadership

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**Transformation in the Petroleum Retail Business: A Case of African Black Women  
Ownership of Engen Service Stations in KwaZulu-Natal, South Africa**

**By**

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## c. ACKNOWLEDGEMENTS

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## d. **ABSTRACT**

South Africa is still grappling with issues of gender inequality in the workplace and in business, the dawn of democracy in 1994 marked a historical moment where the previously disadvantaged groups were also allowed to participate in businesses in various industries. Despite efforts at various levels (national, regional and global) to achieving gender equality and empower women in various sectors in support of gender transformation, many South African, particularly black women, are still struggling to penetrate this market due to some remnant policies of the apartheid regime which then makes the rate of transformation remains very slow. Therefore, the objective of the study was to map ownership of Engen service stations by black women in the Kwa-Zulu Natal, and to investigate the factors that hinder black women entry into the petroleum industry. This was a cross-sectional qualitative study conducted among six participants who were selected purposefully for the study. Secondary data was also used to find the percentage of black female owned the service station. Results showed that 9.27% of Engen service stations in KZN was owned by females, and out of that only 3.92% was owned by black females. The most prominent challenge experienced by black women owners of Engen service station in KZN were access to finance, legislation, marketing, exclusivity and survival. It was recommended that black females need assistance to access funding from financial institutions because they face hurdles if they do it alone as one of the critical success factor (CSF). Also government must monitor implementation of policies that supports gender transformation which seems to be poor and tracking of progress is not evident.

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# 1. OVERVIEW OF THE STUDY

## 1.1. Introduction

Historically South African black women have not been well represented in the oil and gas industry. This gender discrepancy still exists despite the many efforts to encourage young women to pursue careers in this industry. The purpose of this study is to identify the factors that hinder the transformation process in the petroleum retail business, with specific focus on the participation of black women in this industry. Among other previously disadvantaged groups, South African black women are still finding themselves being marginalised in certain industries, including the petroleum retail business. The study is thus a step forward in promoting gender transformation by eradicating the cultural barriers to women's participation in the corporate world (Bates-Earner, Karin, Lee, Lim, & Kapila, 2012). In the South African context gender equality is enshrined in The Bill of Rights, despite the country is still battling with gender inequality issues in many spheres, including the business world (SAConstitution, n.d., p. 18). Despite efforts being made to transform the business sector, this is happening very slowly, resulting in the continuing widening of the gender gap between men and women in this sector (Majola, 2015). The lack of full participation of women in the business arena is a cause for concern for the South African community. This study is an endeavour to understand the barriers in transforming the petroleum retail sector in terms of gender and it explores different ways of increasing the number of women participating in this industry. The study thus focus on Engen service stations in KZN.

## 1.2. Motivation of the study

Too many black females battle to break into male dominated industries such as the petroleum retail industry. They struggle to access funding from financial institutions, which is necessary as they do not have inheritance or enough savings to access this industry. Secondly, those who are able to pass the finance stage and get funding often find themselves with yet another challenge. They do not have enough experience to handle the pressures of this industry or the complexity of running this business which runs 24hours a day and incorporates different business streams. This is where the researcher's motivation stems from: South Africa cannot continue to marginalise people based on gender. Therefore, identifying the progress in the transformation of the petroleum industry would inform the next step to take, with regards to how best to achieve the policy objective of participation by all in this industry. Establishing

the ownership of the petroleum business by women would help us identify the challenges being faced by women in this industry, which in turn would also help in suggesting solutions for these challenges. It is envisioned that the findings of this study might inform policy makers in terms of how best to increase women participation in this industry, thereby closing the gender gap in this regard.

### **1.3. Focus of the study**

This study focuses on the factors that hinder transformation in the petroleum retail business with specific focus on black women's entry into owning Engen service stations, aiming to answer the following question: what mechanisms can facilitate the entry of black women ownership of Engen service stations in KwaZulu -Natal, while ensuring that those who are already in the system survive? The population targeted for this study involves all African black women who own Engen petroleum service stations in KwaZulu-Natal.

Based on the insights gained through this study, recommendations were made for how the retail sector and other stakeholders could assist women in overcoming the barriers that they currently face. The intention is that the speed of transformation in this arena will increase and women will be empowered once these barriers have been removed. It is also believed that this will have positive social and economic impacts on the oil and gas industry and South African economy.

### **1.4. Problem statement of the study**

The South African petroleum industry has been in the hands of a few minority groups, as well as some multinational oil companies since the apartheid regime. The majority of citizens were previously excluded from participating in this industry, mainly through the legislation which included the Petroleum Products Act (120 of 1977). With the democratic elections in 1994, the new government introduced policies aimed at transforming the industry, to ensure participation by all, in terms of ownership and control by the previously disadvantaged groups. Despite the White Paper on the Energy Policy of the Republic of South Africa (1998), there is still little to celebrate as far as achieving the policy objective is concerned. The Black Oil Companies (BOC's) are still fighting to increase their market share in this industry, which has proven to be difficult to penetrate. Thus, this study is an endeavour to unpack some of the hindrances to participation in this industry, particularly by Black women in the KwaZulu-Natal Province.

Nemaenzhe (2010) states that the implementation of policies will be uneconomical without a sufficient understanding of the factors limiting the success of entrepreneurs. Therefore this study seeks to explain Black women representation in the petroleum retail business, focusing

particularly on the factors that hinder black women's entry in this industry. It also suggests ways of sustaining those that have entered the business, considering the alarming slow rate of gender transformation in this industry. The study therefore has the following objectives stated in 1.5 below.

### **1.5. Research Objectives**

- To map ownership of Engen service stations owned by Black women in KZN,
- To investigate the factors that hinder Black women's entry into the petroleum industry,
- To recommend suitable and sustainable measures that can be put in place as solutions for the identified barriers.

### **1.6. Research Questions**

The following are the research questions considered for the purposes of the study which are based on the objectives of the study mentioned above.

- How is ownership of Engen service stations owned by Black women in KZN looks like?
- What are the factors hindering the participation of Black women in the petroleum industry?
- What measures can be put in place as solutions for the identified barriers?

### **1.7. Scope of the study**

This study focuses on black women who are owners of Engen retail service stations in KwaZulu-Natal, South Africa. Any other retail service stations are not included in this study.

### **1.8. Limitations of the study**

Research will have limitations and in this study the researcher had to deal with the following limitations:-

- The research quality was dependent on the individual skill of the researcher and may have been influenced by the researcher's personal biases.
- The researcher's presence during data collection may have affected the subject's responses.
- The scope of this research is limited to a South African context, with focused emphasis on the Petroleum sector; therefore the results may only be valid in this context and industry sector. The results and outcomes may be extended to other similar organisations in analogous industries with caution, so as to not generalise the findings.

- Finally, given the limited time and resource constraint, the depth of the study and research outputs may only scratch the surface of the subject matter and further research may need to be explored.

### **1.9. Assumptions**

The assumptions of the study are listed below:

- Women wanting to own service stations face several identifiable barriers.
- It is not possible to maintain petroleum service stations which are owned by women.
- Black women that are interested in this business sector will be willing to participate in this study.
- There is easy access to information about service stations owned by women and this can be used for the purpose of analysis,
- Engen will be willing to share statistics and other relevant information about the topic.
- Prominent women in oil industry entities such as SAPIA, WOESA, NEF, Fuel Retailers Association, Oil Companies, DoE, Department of Women, as well as petroleum dealers, will be interested in benefitting from this study and implementing some of the recommendations it makes.
- This study does not assume that the recommendations presented are the only ideas on mechanisms to speed up transformation.

### **1.10. Summary**

Even though various global, national and regional institutions such as Black Progress Panel, Liquid Fuels Charter, United Nations, Black Union and the Constitution of South Africa have committed to achieving gender equality and empowering women in different spheres, the speed of transformation remains very slow in the petroleum industry which remains a sector that is dominated by white males.

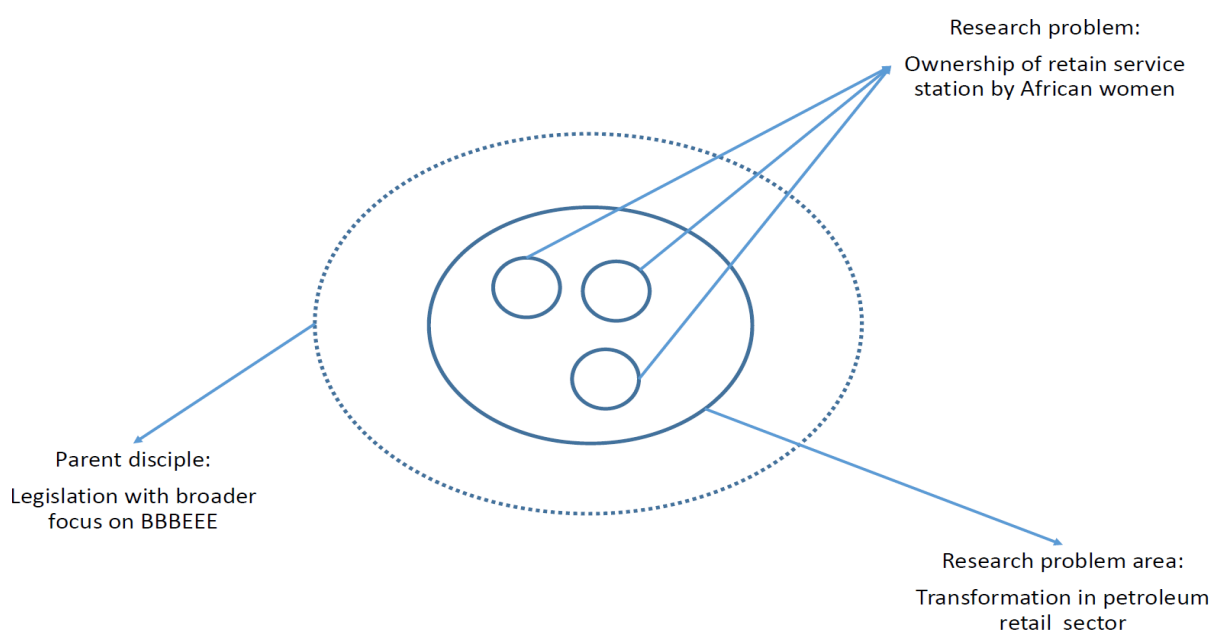
Black women representation in the Petroleum Retail Business is the underlying concern that this study seeks to address. Therefore, this study focuses on women owned service stations at Engen in KZN, the factors that hinder the entrance of black women as well as sustaining those that have entered the business. Various interventions were explored that will accelerate the pace of transformation and grow the number of petrol service stations owned by black women.

## 2. LITERATURE REVIEW

### 2.1. Introduction

The purpose of this literature review is to identify factors that hinder transformation in the petroleum retail business with specific focus on black women's entry into owning Engen service stations, as well as sustaining those that have entered the business with the aim to answer the following question: what mechanisms can facilitate the entry of black women ownership of Engen service stations in KwaZulu-Natal, while ensuring that those who are already in the system survive? The key words used to search for literature were transformation and ownership. This literature review is focused on Engen service stations owned by women on women in the KwaZulu-Natal Province, any other petroleum business was excluded from this study. The content of the literature examines factors that hinder transformation in the petroleum retail business with specific focus on black women's entry into owning Engen service stations in KwaZulu-Natal and sustaining those that have entered the business with the aim of putting mechanisms in place to accelerate the entry of black women into this industry and sustaining those women who are already in the business.

In this chapter, broader Legislation with specific focus on BBBEE represents the parent theory, transformation talks to the research problem area and ownership of retail service station by Black women addresses the research problem. This is illustrated in the diagram below:



*Figure 2.1 Relationship between parent theory, Research problem area and Research problem.*

*Source: created for this study.*



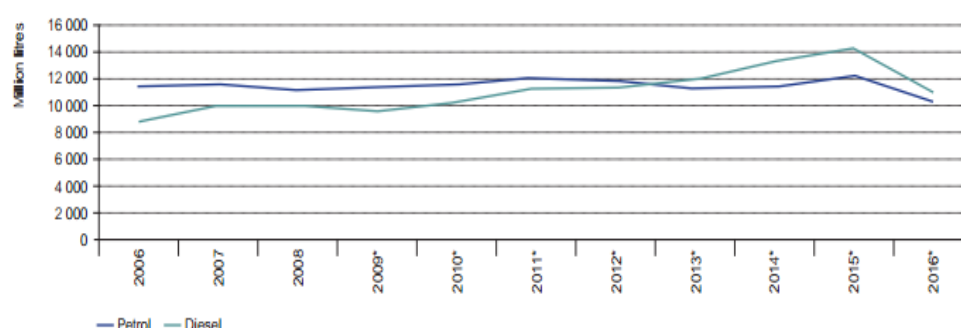
As stated in Chapter 1, the gender disparity in this industry remains despite many efforts to support and encourage young women to pursue careers in the oil and petroleum sector. Therefore, this sector must formulate creative ways to spark the interest of black women and support them in participating in this industry. The global oil and gas industry should therefore fast-track efforts to empower women and close the sector's gender gap or risk operational preparedness to tackle 21st century challenges.

Firstly, this chapter outlines how the fuel sector is said to be the cornerstone of the economy in South Africa, followed by the transformation literature in this sector. Furthermore, the section outlines the outlook of the women in the retail fuel industry. Lastly, the researcher highlights the legislation associated with transformation in the liquid fuels industry and how it has impacted on the transformation in this industry with respect to ownership of retail service stations by black women in the KwaZulu-Natal province. All this led to a discussion of challenges that are faced by black women to enter this fuel retail industry as service station owners. The chapter is then concluded by a summary of the literature review, research gaps and conceptual framework.

## 2.2 The fuel sector

The liquid fuel petroleum sector is the lifeblood of the economy; be it the public, private or commercial transport segment of the economy. Approximately 10.3 billion litres of petrol and 11.1 billion litres of diesel was consumed in South Africa in 2016, according to SAPIA, as illustrated in the table 1.1 below.

*Table 2.1: Petrol and diesel consumption. Source: SAPIA Annual report 2016.*



One of the distinctive features of this industry is that government regulates wholesale margins and controls the retail price of petrol. One of its main challenges has been achieving BBBEE or transformation.

### **2.3 Transformation in the fuel sector**

There have been ongoing debates around the transformation of the fuel sector value chain, which has previously been in the hands of a few minority groups (Makhaya et al, 2012). From an economic development perspective, this sector is a strategic one in the way it impacts on various stakeholders which include the consumers and some organisations of the economy. Historically, the sector has benefited from large investments and received support from the then apartheid government. The prevailing conditions made it possible for the sector to be dominated by large fuel importing oil companies, in addition to the local firm Sasol. At the dawn of democracy in 1994, emphasis was placed on transforming the sector to be more inclusive at all levels of its value chain. This culminated in the Liquid Fuels Charter, which was appended to the Petroleum Products Act. Mondliwa and Roberts (2014 p. 552) note that “In recent years even though there has been a growth of new petroleum suppliers and retailers, but the significant growth of Black woman has been very slow. These developments were facilitated by the Petroleum Products Amendment Act no. 58 of 2003 promulgated in 2006, which provided for the licensing of persons involved in the manufacturing or sale of petroleum products to promote the transformation of the South African liquid fuels industry.”

This transformation saw the entry and growth of new wholesalers, which then created rivalry amongst firms. It also increased economic participation by the previously disadvantaged groups of the South African society. The participation meant the removal of structural and strategic hindrances to new entrants, as well as their sustainability (National Planning Commission, 2013). The National Development Plan, together with the industrial policy framework, also highlighted the essence of forming a dynamic and entrepreneurial economy and addressing the unequal high levels of concentration in the economy (NPC, 2013).

Barriers to entry often leads to higher prices, a less competitive economy and lower levels of innovation. This means that the companies with the market share adopt strategies aimed at protecting their market shares by disabling competitors and potential rivals. The Liquid Fuel Wholesalers Association (LFWA, 2013) noted that with over 1000 licences having been issued to potential entrants in fuel wholesaling, approximately less than 10% of these licences have been effectively utilised by companies which managed to survive in the industry. LFWA (2013) further noted that independent wholesale companies often distribute to between 40% and 70% of commercial customers.

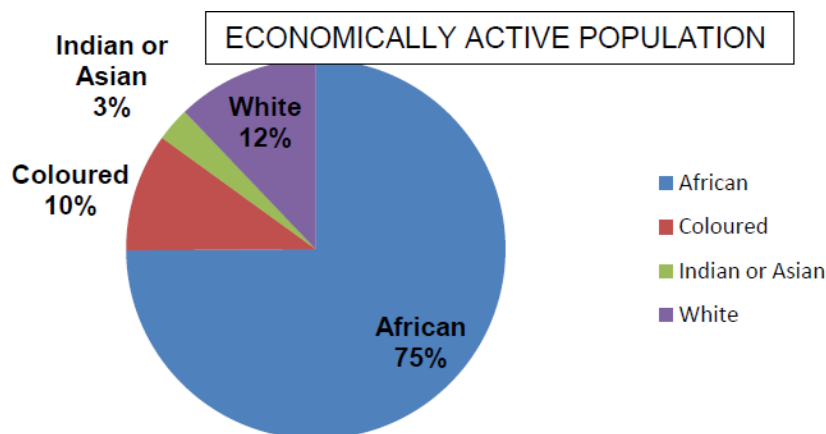
Within the petroleum industry, there are also challenges related to skills development and the understanding of the industry itself (Fakude, 2008), in addition to the challenges of finance and starting capital. These challenges greatly impact on barriers to new entrants at a wholesale level. These challenges are part of the focus of this study, which seeks to highlight the challenges faced by female owners of petroleum fuel businesses. On that note, it is essential to provide an overview of some of the challenges encountered by female participants in this business, as well as the barriers to their entry into the field.

## 2.4 Women in the retail fuel industry

South Africa is the second largest country in terms of refining capacity in Africa, the first being Egypt. South Africa processes approximately 20 million tons of crude oil per annum, in addition to owning one of the world's largest coal-to-motor fuels plants, Sasol (KPMG, 2016). Sasol supplies 44% of the country's fuel demand. About 90% of the country's fuel service stations are supplied by large oil companies like Shell, BP, Sasol, Engen and Total. The price for the fuel is fixed by the Department of Energy. The presence of many big oil companies shows that the sector is highly competitive, which in turn implies low profit margins. The sector is also labour intensive, as it employs large numbers of petrol attendants. In relation to this, Thomas (2005) noted that there are too many fuel service stations in the country, meaning that the market is overtraded. Because of this, many fuel service stations have found an alternative source of income in the name of convenience shops where the price of commodities is often extremely high.

*Table 2.2 National population estimates. Source: SA statistics report 2017.*

Population group	Male		Female		Total	
	Number	% of total male population	Number	% of total female population	Number	% of total population
Black African	22 311 400	80,8	23 345 000	80,8	45 656 400	80,8
Coloured	2 403 400	8,7	2 559 500	8,9	4 962 900	8,8
Indian/Asian	719 300	2,6	689 800	2,4	1 409 100	2,5
White	2 186 500	7,9	2 307 100	8,0	4 493 500	8,0
Total	27 620 600	100,0	28 901 400	100,0	56 521 900	100,0



*Figure 2.2: Economically active population is South Africa. Source: SA statistics report 2017.*

The national population estimates shown in the table above show that the black African population is in the majority and constitutes approximately 81% of the total South African population, with 75% of those being economically active. Out of that, African females constitute about 81% of the total female South African. With such a high percentage, it is shocking that very little has been observed in terms of African black women owning retail service stations in KZN. There are several funds which aim to accelerate the entry of women into this sector.

According to the annual National Empowerment Fund (NEF) report, the fund aims to increase the number of Black women involved in fuel service stations. It has invested R408 million to secure 77 petroleum service stations to be owned and managed by black entrepreneurs across South Africa. This effort has supported over 2000 jobs. When speaking at the NEF Fuel Expo, Fund CEO Ms Philisiwe Mthethwa stated that “The NEF has funded 37 of the 77 petroleum service stations (48%) which are owned by black women entrepreneurs”. The Fund aims to grow the 48 % margin to accurately reflect the country’s gender population demographics (UJU, 2016). Ms Mthethwa further indicated that “franchising as a form of empowerment has proved to be generally efficient and more so when dealing with reputable brands like those who have partnership agreements with the NEF in the petroleum sector. To qualify for NEF funding, applicants must be pre-approved by the franchisors”.

In recent years oil companies and the NEF have worked together to assist black entrepreneurs in buying more service stations. It is clear then that entrepreneurs can benefit from the assistance of established brands in the form of training and marketing support and supply

chains that guarantee the safety of their product. The NEF CEO further stated that although the last 16 years have seen meaningful changes taking place in the liquid fuels industry, as a result of the liquid fuels charter, there is still plenty of work to be done to achieve equality (UJU, 2016).

Engen has released the statistics on the outlook of the ownership of service stations in KwaZulu-Natal as tabulated below:

*Table 2.3: Ownership of Engen Service stations in KZN. Source: Engen report 2017.*

Total number of Engen service stations	151	100%
Female owned	14	9.27%
Male owned	137	90.73%
Black female black owned	5	3.92%
Black male owned	59	39.07%

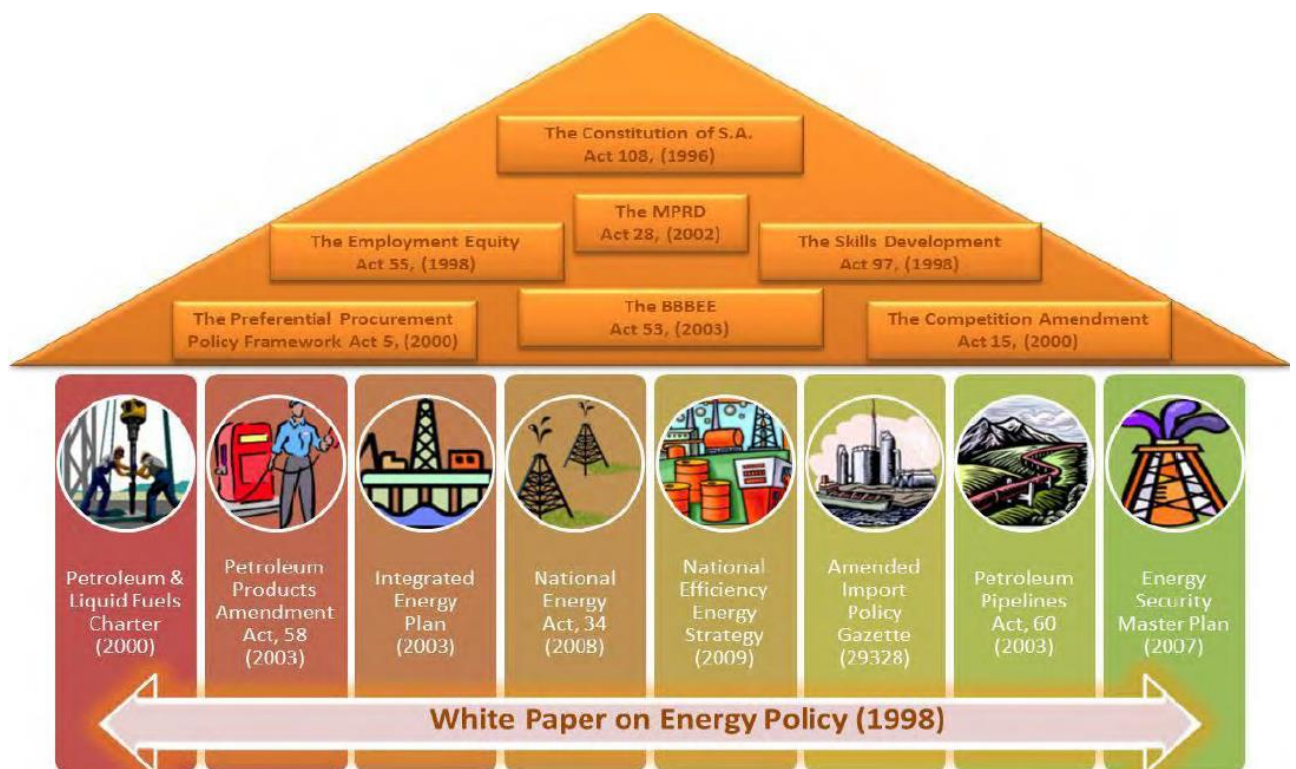
The table shows that only 9.27% of Engen service stations in KZN are owned by females, and out of that only 3.92% are owned by black females. .

## **2.5. Economic Climate of KwaZulu-Natal**

Although the South Africa province of KwaZulu-Natal (KZN) has the third smallest land mass with the second largest population, it is the second major contributor to the country's Gross Domestic Product (GDP). KZN contributes 13% of the South African construction sector, 13.4% of finance sector, 17.8% of wholesale and retail trade and 21.6% of manufacturing output. The manufacturing, finance, trade and transport sectors are key contributors to the province's economy. The manufacturing sector contributes 17.1% to the province's economy and this proportion is higher than any other province in the country (Botha, 2014). Since 1997, the economic growth achieved by KZN exceeds the growth of South Africa as a whole. The unemployment rate of KZN is the third lowest in the country, after the Western Cape and Limpopo at 19.5% and 19.6% respectively. The unemployment rate and expanded unemployment rate of KZN improved from 24.1% and 41% in the last quarter of 2017 to 22.3% and 40.6% in the first quarter of 2018, respectively (Stats SA, 2018).

## 2.6. Legal Framework

Since 1994, massive political transformation has taken place in South Africa and this in turn has affected the country's gender policies and relations. The government has endeavored to remove gender barriers and to provide more opportunities for women in an effort to draw them into various economic sectors to be successful alongside their male contemporaries. (Bates-Earner, Karin, Lee, Lim, & Kapila, 2012). The key legislation associated with the transformation in the retail industry is illustrated by the diagram below of which some components were discussed in this section:



*Figure 2.3: Key legislation associated with transformation in retail service stations. Source: Petroleum and Liquid Fuel Transformation report by Rebotile Komane*

Gender equality is embodied in legislation such as The Bill of Rights of the Constitution and The Employment Equity Act (EEA) which both aim to achieve the equal treatment of women in all economic sectors. Despite the many efforts to achieve gender equality, through legislation such as the EEA, Broad Based Black Economic Empowerment (BBBEE) and the Commission for Gender Equality, South Africa is still contending with the challenges of inequality in the economic sector (Anon, 2016).

It is clear that the government has also made an effort to support women in the petroleum industry specifically in the form of various legislation aimed at transforming it from a male



dominated industry (The Report on the Status of Women in South African Economy, 2015). Despite this it appears that drastic changes in policy are necessary in order to achieve gender equality (Majola, 2015).

### 2.6.1 The Liquid Fuel Charter (LFC, 58 of 2003)

The LCF's objective in terms of transformation is to reach 25% long-term ownership or control of all aspects of the industry in the various entities that are the key role players in South Africa's oil industry (LCF, 2003). The LCF aims to rectify the economic and social inequalities that exist as a result of South Africa's history by giving license to people involved in the manufacture or sale of petroleum products, as well as supporting the transformation of the country's liquid fuels industry (Petroleum and Liquids Fuel Charter Final Audit Report, 2015). There are 13 major elements of the Liquids Fuel Charter as stated below:

Liquid Fuels Charter		
No.	Element	Sub-Element
1.	<b>Ownership</b> (From preamble / interpretation)	25% ownership and control of entity that holds the SA operating assets of the Oil company. HDSA ownership to apply to all segments of the Value Chain Sustainable presence/Sustainability through medium to long term viability.
2.	<b>Management Control</b>	Control of the entity through majority shareholding, effective controlling shareholding or majority of board of directors.
3.	<b>Supportive Culture</b>	Appointment of managers to create a supportive culture and enabling environment for business success Appointing appropriate managers who will understand the spirit and background of the charter policies Fostering of a supportive culture w.r.t all aspects of this Charter when dealing with HDSA's Incorporating culture change policies in business principles.
4.	<b>Capacity Building</b>	Training of HDSA employees on core, priority and scarce skills Overseas training programs for HDSA's Identifying a talent pool & fast tracking it Implementing mentorship programs Annual progress reports in agreed format
5.	<b>Employment Equity</b>	Publishing of equity stretch targets and achievements Ensuring inclusiveness of gender
6.	<b>Private Sector Procurement</b>	Supportive procurement policies - Towards growth of HDSA companies - With criteria that favour HDSA companies Scope of preferential procurement to include all supplies (including crude) List of HDSA suppliers Vessels used in the transportation of supplies/products to meet all prescribed health, safety and environmental standards
7.	<b>Access to joint facilities</b>	Fair ownership opportunities Non-discriminatory access to uncommitted capacity for the movement and storage of crude oil and petroleum products
8.	<b>Refining Capacity</b>	Selling shares in the refinery to HDSAs Making refining capacity available to HDSA companies, thru , e.g. toll refining agreements Providing JV opportunities by including HDSA's in expansion/upgrade programmes
9.	<b>Retailing</b>	Fair opportunities for entry to the retail network
10.	<b>Wholesaling</b>	Fair opportunity for entry into wholesale / commercial sectors
11.	<b>Financing</b>	Investigation and implementation of internal and external financing mechanisms for giving HDSA's access to equity ownership and entry into viable strategic partnerships.
12.	<b>Terms of Credit</b>	Providing terms of credit to HDSA customers (e.g. retailers and client wholesalers)
13.	<b>Synfuels Supply</b>	Parties to accommodate HDSA's, which lack the facilities to comply fully, in the fairest way possible

Figure 2.4 Summary of the Liquid Fuels Charter. Source: SAPAI annual report 2017.

### 2.6.2. The Broad Based Black Economic Empowerment Act (BBBEE, 2003)

The Black Economic Empowerment policy (BEE) was implemented to redress the socio-economic disparities created by the apartheid government. In this view, the BEE was envisioned as a tool to empower the historically disadvantaged majority of South African. The purpose of the BEE is thus to transform the economy to fully represent the demographics of

the country (Barlett, 2010). The initiative is also aimed at re-invigorating the country's economic landscape through the equitable share of resources and wealth, while at the same time ensuring full participation by all citizens. However, the BEE has been viewed in a negative light by some scholars. In the main, it has been alleged that the powerful officials in the local government are manipulating and abusing the procurement systems while at the same time the intended recipients of the BEE initiative have not been benefitting (Papenfus, 2015). Jeffery (2016) indicated that the BEE in South Africa has failed to kindle the much-anticipated black economic transformation, a situation which resulted in the majority of the population losing confidence in the Black National Congress' (ANC) economic policy. Jeffery (2016) added that the BEE has also failed due to a number of issues which include the scarcity of capital and inexperienced entrepreneurs who lack the relevant skills needed in the entrepreneurial world. The then Minister of Finance, Pravin Gordhan (2010) acknowledged that the "BEE policies have not worked and have not made South Africa a fairer or more prosperous country". Instead, the initiative had actually impoverished the emerging entrepreneurs, as well as small businesses. Based on these assertions, it could be argued that this is also a major contributor to the failure of women entrepreneurship in the country. BBBEE is a subject that brings varied responses depending on which interest group is involved. This subject is emotive because different people expect different things from it. Many stakeholder groups prevail, representing a multitude of divergent agendas. Some of the interested parties include legislators, beneficiaries, lobby groups, financial institutions and current owners of the economic activities being contested. Each interest group has its own views about what solutions ought to be implemented. Such divergent views can be seen in the picture below which the writer has entitled "The Rich Picture of BBBEEE".



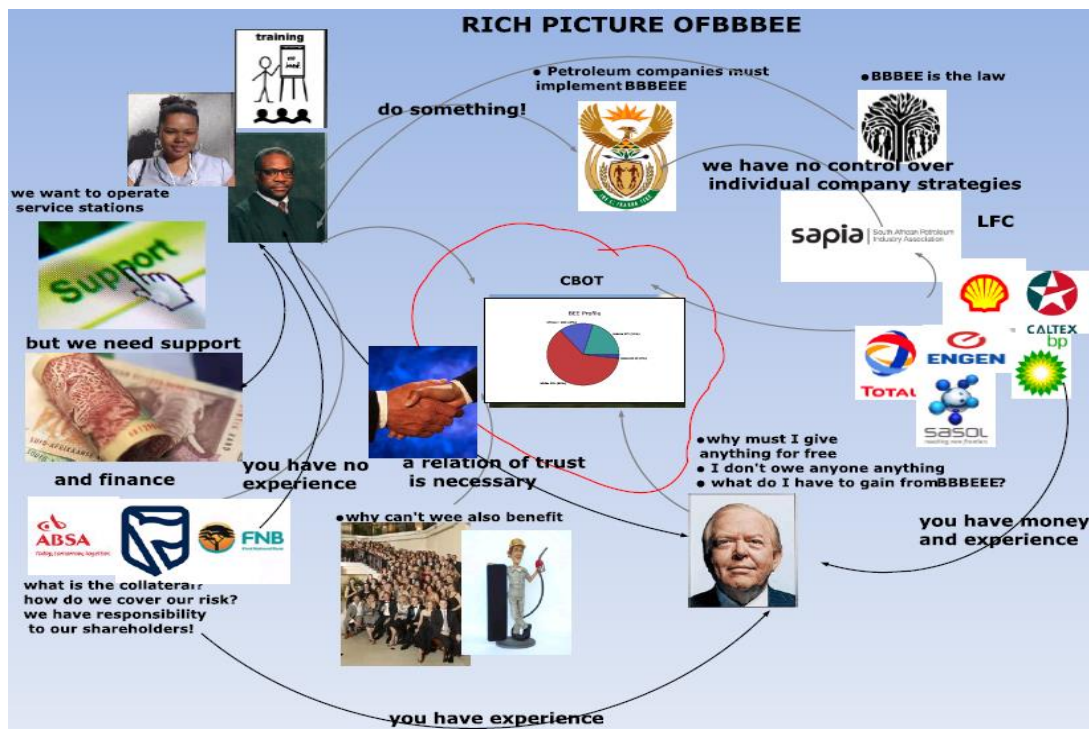


Figure 2.5: The rich picture of BBBEE. Source: created for this study.

In the researchers view the Rich Picture shows the wickedness of the problem. It shows different stakeholder groups and their disparate worldviews reflecting their concerns, expectations and frustrations due to lack of transformation. Dyantti (2012) also acknowledges that black people are progressing at the slowest pace in terms of owning service stations. The major frustration is securing funding to acquire service stations when they become available to purchase, as well as having the money to operate them. The major funding institutions want surety for the loans. The issue of training and experience also comes into play when it comes to black people running businesses successfully (Fakude, 2008). Government on the other hand is frustrated by the lack of transformation in this sector and its hands are tied but legislation remains the only solution. The petroleum companies on the other hand want transformation to occur, but they have no control over the financial constraints. They have selection policies that place black entrants at the top, especially black women, but each applicant must have secured funding to meet the financial requirements. Therefore, the cycle continues with very little progress on the outcome.

Born out of BEE, the Broad-Based Black Economic Empowerment (BBBEE) was launched in 2000 and immediately gave birth to the Petroleum and Liquid Fuels Charter in 2000, followed by the Mining Charter in 2002. Following this was the BBBEE (53 Act of 2003), as well as the

related codes and procurement legislation of 2007 (Ponte et al, 2007). Following good practices, the BEE initiatives were supposed to show evidence of sustainability for them to be able to score ownership points. In this case, BEE was not just about ownership. Good practices in this instance also referred to elements like skills development, management, preferential and enterprise development. In 2004, the Financial Services Charter (FSC) came into being and its main focus was to achieve transformation with regards to racial equality. Its targets and guidelines included 25% Black ownership by 2010, Black representation (25%) at all management levels by 2005 and 50% procurement spending on BEE corporations by 2008 (Chabane et al, 2006). At the 2013 Broad-Based Black Economic Empowerment Summit in 2013, the then President Jacob Zuma hinted that the BBBEE policy had made great strides in terms of transformation in the economic arena. He further noted that the Black majority middle class had risen from 1.7 million in 2004 to 4.2 million in 2013. In the same manner, the appointment of blacks, and women, in senior management positions had increased to over 40%, as compared to the 10% of the 1990s (in the private sector). Despite this progress, a lot of things have still not materialised. This is the reason why in 2011, the Broad-Based Black Economic Empowerment document on the B-BBEE codes of good practice was revised by the DTI. The revised strategies took effect in October 2014 and were aimed at enhancing the implementation of BEE in a sustainable and meaningful manner. One of the requirements of the revised codes was that businesses were supposed to achieve certain minimum scores in respect to certain elements of skills development and ownership, as well as supplier and enterprise development (Dyer, 2012).

The BBBEE Act empowers not only Black women, but also people from previously disadvantaged groups such as Indian and Coloured people as well as those who remain vulnerable in our society such as disable people, the youth and those living in rural areas. It does this by:

Table 2.4 BBEE policy initiatives. Source; National Development Plan 2030- “Our Future Make it Work”, 2015.

No	Initiative
1	Increasing the number of black people who manage, own and control enterprises and productive assets.
2	Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises.
3	Supporting small businesses to encourage the government and the private sector to procure from small firms, and to enhance the development of black and female managers and professionals.
4	Growing economy rapidly, that is diversifying into new sectors will open up opportunities for black-owned firms and smaller businesses, promoting inclusive growth

South Africa’s implementation of the BBEE encourages “increasing the extent to which Black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training” (The Report on the Status of Women in South African Economy, 2015). Unfortunately, the Financial Sector Charter of BBEE does not specify access to the financial sector, only ownership and equality once a person has entered the financial sector. However, through the Department of Trade and Industry, the government has attempted to promote and support the access to credit for women in South Africa.

## 2.7 Challenges

The historically disadvantaged South African black females in the petroleum industry are embroiled in a series of challenges which impede their penetration into the industry. These obstacles include the restrictive legal and regulatory framework within which the industry operates. Despite the government’s efforts at achieving sustainable ownership, presence and control in all aspects of the industry, this has not been an easy undertaking. As an attempt to achieve this objective, the Empowerment Charter was born and agreed upon by the major players in this industry and these include SAPIA members, the government, as well as the Black Minerals and Energy Forum (AMEF) member companies. The focus of the charter was to propose how best the established companies, together with the Black Oil Companies (BOCs) and the government, could achieve sustainable ownership, presence and control of the many facets of the industry by the historically disadvantaged communities. The charter also pointed to several barriers which included the refining capacity as a constraint in the historically

disadvantaged South African' companies. In this view, it was suggested that the oil refiners consider selling their shares to the BOCs. These suggestions were with the framework of legislation such as the Employment Equity Act (No 55 of 1998), the Preferential Procurement Act (No 5 of 2000), the Skills Development Act (No 97 of 1998) and the Competition Act (No 89 of 1998).

The White Paper on the Energy Policy of the Republic of South Africa (1998) also indicated the government's efforts towards eradicating the barriers to entry, in order to allow the historically disadvantaged people to assume significant roles in the petroleum industry. The White Paper indicated the government's determination to restructure the whole industry, in order to ensure a remarkable domestic ownership and control by the previously disadvantaged persons, as well as to redress the imbalances of the past. In this view, the White domination of the industry was acknowledged, while the ownership and control of the industry was in the hands of the Multinational Oil Companies (MOCs).

In the South African context, the barriers to entry refers to "a socially undesirable limitation to entry of resources, which are due to protection of resource owners already in the market" (Waizsacker, 1980:13). This includes the amount of cost associated with new entrants and start-up capital, as well as the challenge of competing with already established corporations which have already amassed brand loyalists. In the petroleum industry, there are three main categories of barriers to entry, namely economic, non-economic and cross-sectoral barriers.

### **2.7.1 Economic barriers**

These refer to those barriers related to financial requirements and these include access to finance for funding projects and the effective running of businesses. It also encompasses access to the manner of financing the projects, as well as the provision of collateral to the institutions responsible for lending finance, e.g. banks. Lack of access to finance is a major barrier for potential entrants who want to pursue projects requiring huge start-up capital, for instance constructing a fuel service station which requires millions of rands. Other barriers include transportation costs (distribution of fuel), extensive advertising, sunk costs (the cost or capital which the investor cannot recover upon exiting the market, normally part of the start-up costs), as well as vertical integration of companies (economies of sequence).

Access to finance: Financial resources are essential for entrepreneurs to begin trading and to fund growth. Lack of availability and access hinders entrepreneurs', growth especially black women. Entrepreneurs are financed either from informal sources such as friends or family or

from formal sources such as banks, private equity firms and venture capitalists. One of the most familiar challenges that affect the survival and growth of entrepreneurs locally and globally is access to finance. With regards to the availability of finance for entrepreneurs, South Africa is on par with the global averages (Herrington et al). A variety of studies have focused specifically on the impacts, causes and mitigation strategies of access to finance. In South Africa, the low firm creation and survival rate of entrepreneurs are due to a lack of access to finance (Sitharam and Hoque, 2016).

Although there are several challenges hindering the growth and survival of entrepreneurs in developing countries, lack of access to finance remains the most difficult to resolve and the primary concern for entrepreneurs in developing countries (Schwab and Martin; Mutezo, 2005). A study performed by Macpherson and Holt (2007) concluded that the primary reason for the failure of Sub-Saharan Black entrepreneurs is lack of access to finance. Accessing credit is ranked, in a study performed by Olawale and Garwe (2010), as the second greatest inhibitor of failure and new firm creation. The GEM Report highlights an increase in business failure resulting from a lack of access to finance. And all of this is in the face of multiple support schemes by non-profit institutions and government to expedite access to credit for SMEs (Bosma et al., 2016).

Businesses that are small are more susceptible to market changes, especially in the external environment, and the mortality rates of these businesses are relatively high in comparison with large businesses. Hlatswayo, (2012b) supports this by reporting that the small asset portfolios and the high mortality rates make these small businesses high risk and hence unattractive as potential debtors. However, Timmons and Spinelli (1994) highlight that the availability of financial resources has a great impact on the growth rate and prospects of SMEs. Commercial banks being conservative in nature and risk averse are therefore reluctant to provide them with credit. Lenders and South African banks are more likely to provide resources to small businesses that are in their later stages of development and are less inclined to lend to start-up SMEs. These inclinations vary spatially. The Finscope Small Business Survey revealed that SMEs in the North West and Gauteng provinces have superior access to finance, while those in the Northern Cape and Mpumalanga find accessing finance difficult (Grundling and Kaseke, 2010). The Finscope South Africa Report showed that only two percent of new South African entrepreneurs can access finance from lending organisations while 75% of bank credit applications are rejected. Outcomes from the survey of employers and self-employed individuals (SESE) showed that 76% of informal business owners were unable to obtain

external finances to commence business, and 74% of those that accessed external finance resorted to lending from friends or family (Statistics South Africa, 2017). The SEDA 2012 report describes the financing received from these informal sources as being inadequate for the survival and growth of SMEs (Musara and Gwaindepi, 2014b; Maas and Herrington, 2006; SEDA, 2012).

Typical inhibitors to small businesses obtaining finance include: absence of viable business ideas, absence of access to growing markets, poor market research, inability to produce adequate business plans, lack of credit history and inadequate collateral (Monitor Global Entrepreneurship, 2017; Ndege, 2015; Sitharam and Hoque, 2016). Lending institutions are often reluctant to finance small business ventures as the costs involved (administration and transactions) render it impractical. When SMEs are able to access finance, it is often on terms that are discordant with the operations of small businesses and at exorbitant interest rates (Ndege, 2015).

### **2.7.2 Non-economic barriers**

These include the geographical location of the outlets (un-strategic places) which affects the performance of the businesses, the Service Stations Rationalisation Plan (1962) which regulates the number of new service stations to be built in a year and also price control. The Petroleum Products Act (No 120 of 1997) stipulates that the government regulates and determines petrol price through the Retail Price Maintenance. The reason for the introduction of the price control was to ensure security of supply of the petroleum products through encouraging companies to cut costs and raise profits. Another barrier is the import control which, according to the Petroleum Products Act, means that refined petroleum products can only be imported in the case of domestic shortage.

### **2.7.3 Cross-sectoral barriers**

These refer to the economic or non-economic barriers which are common in two or all sub-sectors of the industry. These include the lack of regulatory and material support by the government. Environmental regulations often reduce the number of entrants into the refining sub-sector. In this view, the National Environmental Management Air Quality Bill (2003) discourages the emission of pollutants which could threaten the environment. Hence, such regulations can be a barrier to entry.

As indicated in the barriers described above, the potential contribution of women to economic development remains an area to be explored. The participation of women in the economic

platform is consistently lower than that of their male counterparts (SEDA Report, 2013). The Small Enterprise Development Agency Women-owned Enterprise Development Information Booklet highlighted some of the barriers to the participation of women in entrepreneurial activities. These are presented below.

*Table 2.5 Barriers to the participation of women in entrepreneurial activities. Source SEDA Report, 2013.*

Barrier	Effects
Legal constraints/ cultural barriers	Traditionally, women are barred from participating in the economic arena, while at the same time they are not allowed to own property and assets. In this view, they are still treated like minors, thereby depriving them of their ability to make independent and informed decisions.
Access to finance	Because most women are not economically active, they cannot afford to access finance services to start or boost their businesses. This is a form of gender discrimination.
Employment and income limitations faced by women	Most women are still informally employed, or those who are formally employed find it difficult to rise through the ranks to occupy management positions. In this view, women remain less influential and at the lower levels, with limited skills.
Exclusion from policy making, decisions and influence in financial and economic decision-making	Many South African Black women are still excluded from decision-making in both the economic and financial spheres of influence. This means that they are denied the opportunity to occupy positions of authority and power, meaning that their rights and privileges are being undermined.  Many commercial institutions are sceptical to finance women entrepreneurs as most of them do not have formal and good paying jobs. This therefore deprives them the opportunity to grow or start up their own businesses.
Attitudes towards women	Men are generally decision-makers and often view women's lives as inferior and unfavourable. Where resources are limited, investors are more likely to choose men over women.
Lack of information and exposure to business and finance environments	Low literacy levels of women mean they are generally unaware of the financial and other forms of support that are available to them to assist them in their financial goals and plans.

Gender inequality is a huge issue in many Black countries and is illustrated by examples such as young girls having to leave school early in order to get married and take on the traditional roles of wife and mother (UJU, 2014). However, women and the youth are considered by some to be Africa's greatest asset and they require support and upliftment, particularly in economic terms. Investment in local training and development is one way to do this (UJU, 2014). However, there are also concerns about cultural influences which also deter young women from pursuing their dream career paths in the male-dominated sectors, especially in the developing countries (UJU, 2014).

An analysis of the barriers presented above shows that there is a great need for programmes aimed at empowering and supporting women owned businesses, particularly in the petroleum industry. For the programmes to be effective, they should provide physical space, funding, training and also facilitate networking connections in order to accelerate the growth of black female entrepreneurs.

Again, an analysis of the barriers also implies the gender gap that still exists in the corporate world, where women have not yet been given the platform to prove themselves but remain subordinate to their male counterparts. Despite the commitment by the UN Member states in the Millennium Development Goals (2000 – 2015) and the Sustainable Development Goals (2015 – 2030) that addressed the gender gap, the number of women in business remains very low (Thulo, 2015). When looking at 2000 employees across the UK, Germany and Singapore, it was found that the business run by women were more successful than those run by men, including both entrepreneurs and employees. This study was undertaken by Barclays and the University of Cambridge (Thulo, 2015). This is in alignment with the Power of Parity Report (September 2015) by McKinsey and Company which showed that the companies that performed better financially were those with a larger percentage of women on the boards of directors or executive committees. This better performance includes a higher return on capital invested, higher sales returns and a greater return on equity. In view of this, the public, private and social sectors need to act to close gender gaps in business and society. Because gender inequality is not only a pressing moral and social issue, but also a critical economic challenge. If women—who account for half the world's working-age population—do not achieve their full economic potential, the global economy will suffer. Therefore, the issue of gender parity is not only a social issue but also an economic and business issue as well. The South African



government, as a member state of the UN, supported both the SDGs and adopted them in the National Development Plan (NDP) Vision 2030. However, it appears that there has been no significant transformation in the industry, despite various pieces of legislation that have been passed by the government.

**Descriptive rules (D):**

- The South African Bill of Rights (Chapter 2 in the Constitution) stipulates that no one may be discriminated against based on their gender, employment or several other factors. It also gives effect to the Employment Equity Act that states that employers must establish measures to ensure employment equity in the workplace for previously disadvantaged groups, including women;
- SDG's Agenda 2030 Goals 5 and 7 mentions providing of reliable, affordable, clean and sustainable energy for the purpose of empowering women and eliminating gender inequality;
- National development Plan Vision 2030;
- Broad-Based Black Economic Empowerment Act (BBBEE)
- The purpose of the Department of Energy's legislation, policies, regulations and charters are to regulate and provide guidelines on energy sector management; and
- National Gender Policies such as the Gender Strategic Framework.

**Normative Rules (N):**

- To ensure the sustainable management of the environment through various climate change legislation such as NEMA
- OHS Act to ensure health and safety of employees, including women;
- Employment Equity Act and Affirmative Action Measures to ensure that women are accommodated and supported;
- Companies Act that ensures appointment of Board of Directors; and
- Liquid Fuel Charter, as annexed at Petroleum Products Act.

## **2.8 Conceptual framework**

Topic: Transformation in the Petroleum Retail Business – A Case of African Black Women ownership of Engen Service Stations in KZN, South Africa, conceptualized as shown below:

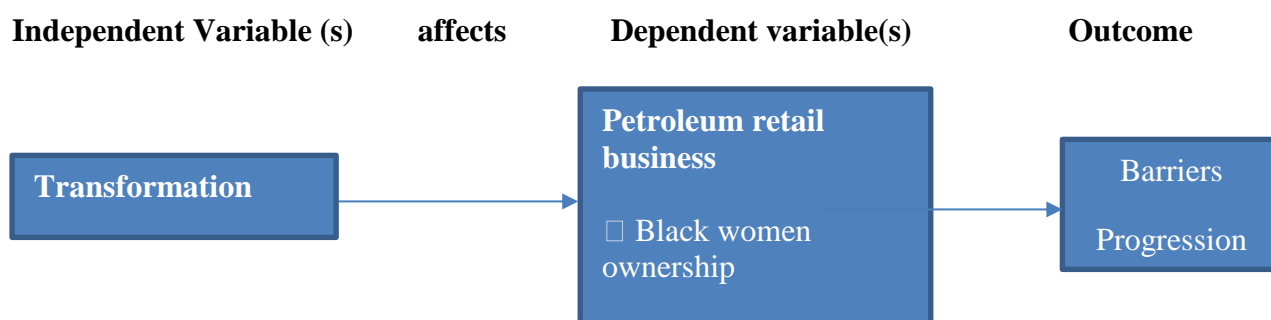


Figure 2.6: Conceptual framework. Source: created for this study.

## 2.9 Summary of the chapter

Gender equality is key in achieving macroeconomic objectives by spurring growth and decreasing unemployment. Government, having realized the importance of the gender equality in business sector, have implemented a variety of support structures for African black women. Despite these government support schemes, African black women still experience many challenges in penetrating a male dominated industry.

The leading challenges that African black women in South Africa experience as barriers to entry to retail service stations are access to finance, legislation, marketing, exclusivity and survival. This synthesis of literature forms the basis of the research methodology (Chapter 3). The analysis of literature has shown that there is a great need for a programme which aims to support women owned businesses in the Petroleum industry and assist those that would be interested in being part of the industry. This is a gap that has been identified and it requires great co-ordination.

## **3. RESEARCH METHODOLOGY**

### **3.1. Introduction**

This chapter contains a detailed description of the study research methodology that was applied in the study. This study is focused on the factors that hinder transformation in petroleum retail business with specific focus on black women's entry into owning Engen service stations in KwaZulu-Natal. The arrangement of this chapter provides a framework of the study methodology that was used in conducting the research.

Firstly, the researcher outlines the aim of the study and then discusses the research design and methods, as well as the research paradigm. Furthermore, the researcher then outlines the study setting, discusses the population, sample and sampling method. Thereafter the researcher discusses construction of the instrument and data collection instruments involving a questionnaire. The data collection strategy considers the participants and the study location in which the researcher identifies the participants and the geographic location where the study was undertaken.

The above then leads on to a discussion about the study data analysis process and data quality control. Towards the end of the chapter the researcher provides an overview of the reliability and validity of the research study, including biasness. Lastly, the researcher highlights the ethical considerations of the research and then concludes with a summary of the relationships of the key sections of the research methodology.

### **3.2 Aim of the study**

The aim of this study is to identify factors that hinder transformation in petroleum retail business with specific focus on black women's entry in owning Engen service stations. It aims to answer the following question: what mechanisms can facilitate the entry of black women ownership of Engen service stations in KwaZulu-Natal while ensuring that those who are already in the system survive?

### **3.3 Research design and methods**

Research design according to Sekaran and Bougie (2016) is to create a structure in which data is collected, measured and analysed using the research objectives as a base. The evaluation of this research design was undertaken using a qualitative design method. It is of vital importance

to evaluate how good something works in a particular organisation, in order to identify the gaps in efficiency and or effectiveness (Saunders et al, 2016).

There are two main forms of the research method, namely quantitative and qualitative. Any study could take one of these forms and therefore both these types of research studies were evaluated to determine the suitability and to guarantee that this research study yields results that are of a high quality. A qualitative study according to Saunders et al (2016) is based on interpretive philosophy. The aim of an interpretive study is to describe a specific phenomenon and to make sense of the subjective material. A qualitative study is also characterised by emerging methods, open ended questions and interview data and it aims to identify themes and patterns (Creswell, 2014). In comparison to a qualitative study, a quantitative study is used to scrutinize the relationship that exists between variables through statistical measures and it is usually conducted by means of experimental or survey methods (Sekaran et al, 2014).

Since this research study aims to identify factors that hinder transformation in petroleum retail business with specific focus on black women's entry in owning Engen service stations in KwaZulu-Natal, the two variables that are being studied warrants a qualitative research design being used in conducting this study. Furthermore, due to the limited time of this study and limited participants that were surveyed, this research design is suitable. For the purposes of this study a qualitative survey was conducted by means of a questionnaire guided interview to all participants. Then the challenges faced by women in this industry were identified because of these interviews, which in turn assisted in suggesting solutions to the challenges. In addition to this, an interview was conducted to Engen identified participants from retail management departments. This was done so as to get a full picture of the challenges from both ends of the process.

The research design prepares the process of assembling and analysing data that is specific to the research objectives and in harmony with the theoretical foundation of the research (Sekaran & Bougie, 2016). Concepts regarding the research design methods such as: theoretical perspectives, epistemologies and methodologies have often been vaguely defined. These concepts are defined below:

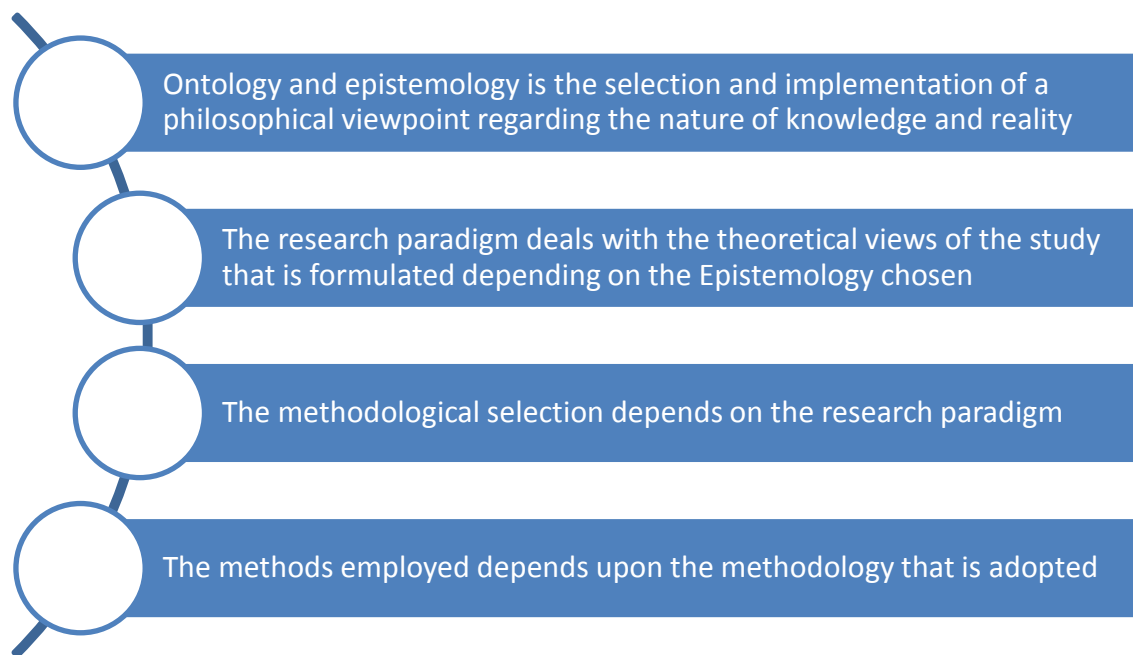


Figure 3.1: Concepts regarding the research design methods. Source: Sekaran & Bougie, 2016.

With the aim of guiding the research design process, many models have been developed, like the research onion (Figure 3.1) and the framework developed by Doran (2014) (Figure 3.2). The research design was based on the research onion model and reinforced by the model developed by Doran (2014) to make the study more rigorous.

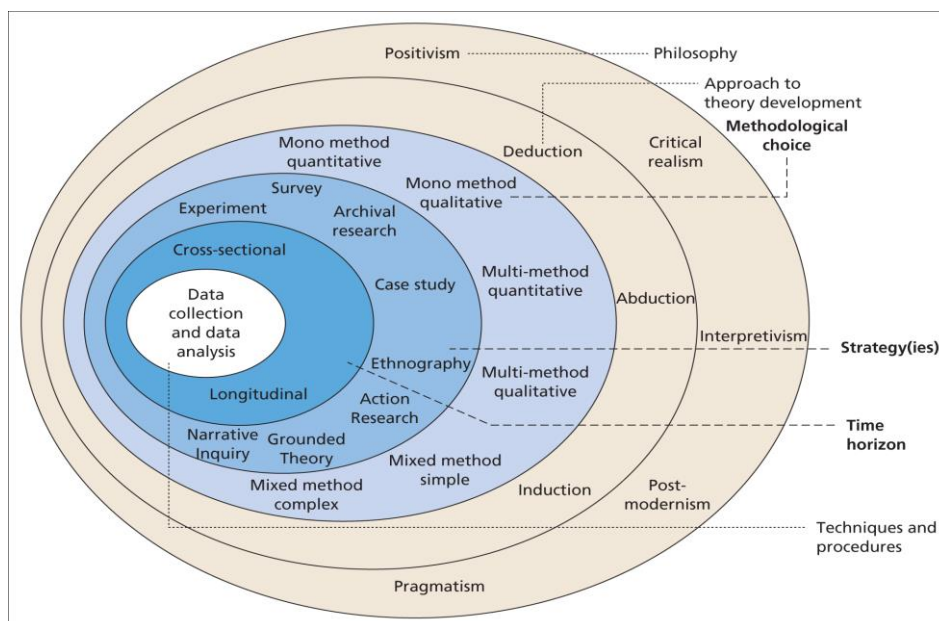
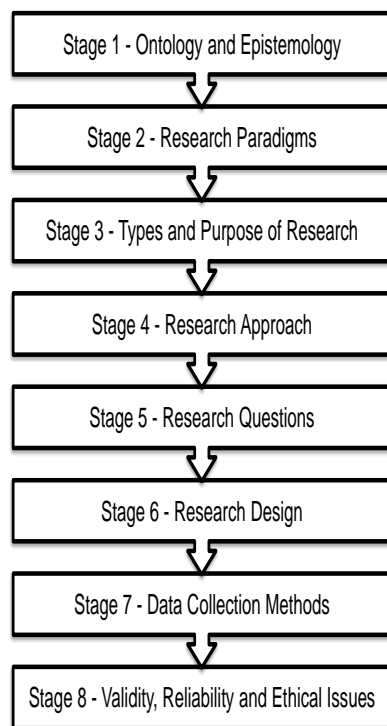


Figure3.2: The research onion. Source: Saunders et al., 2015



*Figure 3.3: The research procedure. Source: Doran, 2014.*

### **3.3.1 Research Philosophy**

The basis of the research methods is the research philosophy which determines all downstream decisions and research positions such as the research and data collection methods (Easterby-Smith et al., 2012; Saunders et al., 2015). Prior to developing the research design framework, a clear understanding of the ontology and epistemology is mandatory (Flick, 2009; Saunders et al., 2015). The validity of a study governs its contribution to knowledge and rigorously linking the data to theory through philosophical perspectives can increase the study's validity (Easterby-Smith et al., 2012; Thietart, 2001).

#### **3.3.1.1 Epistemology and ontology**

There is an intricate relationship between the concepts of epistemology and ontology, but they are also mutually independent. Epistemology concerns itself with the connection between the researcher and reality, while ontology deals with the nature of reality.

Epistemology is described as the assumptions regarding knowledge and what establishes it as valid, acceptable and legitimate knowledge, and how this knowledge can be transmitted to other people (Saunders et al., 2015). It has also been defined as “the nature of the relationship

between the knower or would-be knower and what can be known” (Guba & Lincoln, 1994). More simply epistemology is described as the “theory of knowledge” (Keith Lehrer, 1990).

Ontology is described as the science of being and incorporates philosophical principles about the “nature of reality” (Saunders et al., 2015). Ontological views span from realism to internal realism to relativism to nominalism. Realism is also known as objectivism and contends that reality is an existence that is completely free from perceptions, contexts of social actors or actions and that it is possible for reality to be understood by comprehending these facts (Saunders et al., 2015; Sekaran & Bougie, 2016). Internal realism developed by Hilary Putnam aims at reconciling realist and antirealist views about the truth and nature of reality. Internal realism postulates that in order to gain insight into the nature of reality, indirect indications should be utilised (Putnam, 1987). Relativism posits the presence of many truths that are formed by the observer’s perspective (Collins, 2017). Subjectivism, also known as nominalism, is an extension of relativism and the direct opposite of realism. Nominalism theorizes that reality is a social construct that is framed as a result of the language, perception and discourse of the observer (Cunliffe, 2001).

This study adopts the relativism ontological perspective as it looks at the reality that African black retail owner’s experience, which is a phenomenon that is socially constructed.

### **3.4 Research paradigm**

There are mainly three basic paradigms associated with research. In this case, a paradigm refers to “a set of values and techniques which is shared by members of a scientific community, which act as a guide or map, dictating the kinds of problems scientists should address and the types of explanations that are acceptable to them” (Kuhn, 2012:p. 175). For Saunders, Lewis and Thornhill (2016), “a paradigm is a framework or a set of assumptions that explain how the world is perceived where...the paradigm of a science includes its basic assumptions, the important questions to be answered or puzzles to be solved, the research techniques to be used, and examples of what scientific research looks like”. Differentiating the positivist and interpretive paradigms, according to Saunders, Lewis & Thornhill (2016) a positivist paradigm is one in which a scientific method is used to determine a causal explanation of the topic being researched. In contrast, the interpretivist opinion of the world is rather subjective, whereby individuals craft their own reality or truth of the world, based on the diverse contexts in which their dealings with others occur. From an interpretive perspective, every individual perceives

the world differently, in this case it means that, the predictions of their actions and behaviours cannot be determined.

### 3.4.1 Interpretivism

Interpretivism posits that reality is a social construct that is subjective and as a means of inquiry depends on the perspective of the human (Collis and Hussey, 2013; Remenyi et al., 1998). Interpretivism acknowledges that it is impossible to separate facts from beliefs and values, as the understanding of these facts is dependent on the event and the individual (Cousin, 2005; Creswell, 2003; Doran, 2014). It has been stated by Saunders et al. (2015, p. 140) that the aim of interpretivist research is to establish new and richer interpretations and understanding of the social contexts and worlds. Interpretivism recognizes that the researcher cannot be an objective observer as they assign meaning to the world they live in (Farquhar, 2012).

### 3.4.2 Positivism

Positivism is of the view that only one reality exists and that this reality is completely independent of the observer and is to be pursued by developing theories grounded in observation and experimentation (Collis & Hussey, 2013). Positivism has been described as a view that supposes that objective scientific methods can be utilised to study social world properties (Huczynski & Buchanan, 2007). This paradigm has been criticised for its rigidity and rationalism and it has been observed that results emerging from experiments frequently result in inconclusive, unexpected or conflicting results (Huczynski & Buchanan, 2007).

The interpretivist perspective is perfect for business and management research as business situations are deeply complex and unique which “reflect a particular set of circumstances and interactions involving individuals coming together at a specific time” (Saunders et al., 2015, p. 141).

After considering the explanation above and based upon the relativism ontological perspective, the philosophical outlook of the researcher is more suited to the interpretivism paradigm. This is because the researcher holds the belief that reality is a social construct and that the subjects’ perspective ought to be considered in the exploration and explanation of events. The interpretivism paradigm has been selected for the purposes of this study as it considers the perspectives, cultural backgrounds and past experiences which is presented in the subjects’ responses. The barriers of entry for African black women in the retail industry and possible measures to remove such barriers to enhance gender transformation and equality for all is what



this study is trying to achieve. According to Saunders et al. (2015), by taking this position it follows that the data collection approach is qualitative.

### **3.5 Study setting**

The study area for this research was the KwaZulu-Natal Province of South Africa.

### **3.6 Population and sample of the study**

The population targeted for this study involves all African black women who own Engen petroleum service stations in KwaZulu-Natal. According to the Department of Energy, there are about 140 petrol stations which are owned by females in KwaZulu-Natal, South Africa.

Sekaran & Bougie (2016) stress that a sample is “a small set of cases a researcher selects from a large pool and generalizes to the population”. He also further argues that “sampling is a major problem for any type of research. We cannot study every case of whatever we are interested in, nor should we want to. Every scientific enterprise tries to find out something that will apply to everything of a certain kind by studying a few examples, the result of the study being, as we say, ‘generalizable’” (Sekaran & Bougie, 2016).

As a result of the adoption of the qualitative research method, there is no fixed sample size. Rather it is steered by the theoretical content of the study (Saunders et al., 2015). The sample size is determined by the achievement of research objectives, available resources and credibility (Creswell & Creswell, 2017). Theoretical saturation is when strands of theory or themes have been advanced to the extent that further sampling serves no purpose or when no new data of substance is added via subsequent collection of data (Saunders et al., 2015). For semi-structured interviews a sample size of between 5 and 25 is suggested (Saunders et al., 2015). Hence a sample size of 5 was acceptable as it is the maximum number of African black female owners of retail service stations in KwaZulu-Natal. In this view the researcher attempts to establish a list of the owners of the Engen service stations in KwaZulu-Natal, particularly African black female owners, of which all of them form part of the participants in this study. There are two reasons for considering this approach. One is that there are not many female-owned service stations as the majority of them are owned by males. And the second is the list of all Engen retail service stations owned by Black females were obtained from Engen corporate. Therefore, it is reasonable that all of them participates in this particular study. Based on the above explanation, sampling method is therefore not required. All African black female owners of service stations were sampled.

### **3.7 Construction of the instrument**

In this study, the primary data collection was conducted using interview guided questionnaires as an instrument. This method was used as it allows for rapid response for information collection from the sample population considering that the time was a constraint. The questionnaire was designed into two distinctive sections. Section one of the research instrument contained seven questions aiming to collect the demographic information such as population group, gender, age profile, level of education, funding strategy and how long the participants have been in this business. Section two of the research instrument was constructed with the aim to collect information that would answer the main research questions, and participants needed to indicate if they agreed or disagreed with the statement.

The informed consent for participation in the survey was sent to all participants together with the questionnaire and participants were requested to show their willingness to participate in the study.

### **3.8 Data collection**

The survey was distributed to participants via emails containing a research questionnaire as an attachment. All participants were reached through the organisation's internal dealer emailing system ensuring that all participants are dealers of the organisation and within the specific business unit being studied. The timeframe of data collection was projected to be two weeks. This time frame was used to allow for more participants to answer the questionnaire. The data collection process was then followed up by a reminder email sent out every second day within the study period. The survey was constructed in such a way that it does not take longer than 10 minutes for each participant to complete. This was one of the measures taken to ensure that more responses are received and that participants do not lose focus during the completion of the survey. Once the participants complete the survey questionnaire, the results are automatically collated on a spreadsheet for analysis.

### **3.9 Data analysis**

Data analysis is the process of deriving meaning, patterns and trends from data. Thematic analysis was used as the method of data analysis as it is the most commonly used method for the analysis of qualitative data. Thematic analysis was implemented using Saunders et al. (2015) four step approach:

1. **Getting familiar with the data:** This involves the transcription of the interviews and writing self-reflective memos. These transcripts were then read with the purpose of finding common themes and patterns.
2. **Data coding:** involves the allocation of codes to each data extract according to the meaning of the extract, to make the data amenable for analysis. Based on the recurring patterns and themes and according to the literature, categories of meaning were formulated. Relevant information was then assigned to a relevant category using a code. This forms a data unit.
3. **Theme identification and relating data:** This involves the minimisation of the lists of code into a brief list of codes by gathering the codes produced in the last step with the aim of identifying themes and relating the data.
4. **The refining of themes and testing of propositions:** every theme generated was tested to ensure the appropriateness of the codes within each theme and to ensure that the set of themes are meaningful and coherent. Similar themes were combined, while themes that are less-represented were removed and themes that were broad were divided into various themes.

### **3.10 Verification of data**

Data verification is a procedure where data is evaluated, inspected and approved in order to create and maintain the validity and reliability of the study (Phellas & Punch, 2006). The validity of the study refers to the extent to which the answers were dependable, credible, confirmable and transferable (Creswell, 2014). Validity was ensured through careful sampling, appropriate instrumentation and appropriate statistical treatment of the data as the validity of data depends on how well the data collection instrument measures the particular concept it is intended to measure (Creswell, 2014). The reliability and validity of a qualitative study is a function of credibility, dependability, confirmability and transferability (Saunders et al., 2015).

#### **3.10.1 Credibility**

The degree of similarity between the social construct of reality and the findings of the study is referred to as the credibility (Shenton, 2004). Credibility is essential in ensuring that the research is trustworthy (Shenton, 2004). To increase the credibility of the study, the following provisions were made:

- Based on similar qualitative studies with reliable results, established methods were used throughout the study.
- Maximum variation sampling was used to accomplish data triangulation
- Participants were assured that their participation was voluntary using informed consent, assurance of no harm notices to participants and voluntary participation.
- The design and structure of the study was guided by conducting literature review that was extensive. Additionally, the findings of this study were cross-checked with the findings of other similar research studies.
- To improve the interview skills of the researcher; peers, experienced researchers and the literature were conducted. Pilot interviews were reviewed with senior researchers to ensure that the research instrument suits the study objectives. Each participant was consulted with their respective data collection and analysis to ensure accuracy.

### **3.10.2 Dependability**

Dependability has the purpose of proving that comparable results can be achieved from the study if; the work was repeated, in the same context, using the same participants and the same methods. In qualitative studies the research structure changes continuously making it difficult in assuring its reliability. The credibility of a study is critical in ensuring its dependability. To ensure the dependability of this study the following was done which in accordance with the literature (Shenton, 2004):

- The research design was chosen and described in detail
- All the particulars of the fieldwork were discussed
- Reflective assessment of the research was performed

### **3.10.3 Confirmability**

Confirmability ensures that the findings and interpretations of a study are a true representation of the participant's perspective instead of the researcher's beliefs. In mitigating confirmability concerns triangulation was performed and all research decisions were clearly justified (Section 3.3.13.1). The judgements and feelings, suitable to the research findings, were recorded as memos and before the data was analysed and interpreted, the transcripts were reviewed with senior researchers.

### **3.10.4 Transferability**

Transferability deals with the reader gaining an understanding of the context and background information which enables judgement concerning the transferability of the findings to other situations (Saunders et al., 2015). Qualitative studies are focused on providing adequate information to the readers instead of being preoccupied with obtaining results that are generalizable. This study uses a small sample of 10 SMEs and the results are not anticipated to be generalizable to the whole of South Africa, nevertheless satisfactory background information and context were provided with detailed descriptions of all interpretations and findings.

## **3.11 Elimination of Bias**

### **3.11.1 Researcher Bias**

Researcher bias can take different forms and quantitative studies are predominantly vulnerable to the biasness of the researcher. A researcher who is biased may unintentionally ask the wrong questions causing a discrepancy between the objectives of the research and results. To eliminate bias a researcher must ask questions that are within the broader context of the research topic. The questions in this research study are adapted from the previous studies, thereby reducing the probability of researcher bias in the research questionnaire.

### **3.11.2 Selection sampling Bias**

Biasness in selection sampling usually occurs when a researcher selects a sample without following the appropriate sampling technique and this could result in a sampling choice that is not a fair representation of the study population. A researcher should avoid selecting participants based on the target group's perceived knowledge about the topic. By excluding certain target groups from the study, it is highly likely that the results may be skewed. In this study, selection sampling bias was completely eliminated by using the entire population of the study.

### **3.11.3 Response Bias**

Creswell (2014) refers to the effect of non-responses on the results of the survey as the response bias. To overcome response bias, a researcher must be able to show that the non-responses would not have had a significant effect on the results. In this study, the number of non-

responses were counted. Since the questionnaires are answered anonymously in this study, the response bias is reduced.

### **3.12 Ethical Considerations**

Sekaran & Bougie (2013) define ethics as the moral and professional obligation of the individual researcher to be ethical, even when research participants are unaware of or unconcerned about ethics. Research ethics refers to a well-recognized set of moral principles that describe the expectations of ideal conduct towards those that participate in the research (De Vos, 2011). The obligation taken when conducting this study is to ensure objectivity, not to misrepresent research findings, to protect the right to confidentiality of the respondents and sponsors, as well as not to disseminate faulty conclusions. In view of this, the researcher followed all the steps to secure the ethical clearance certificate from the University of KwaZulu-Natal's research ethics committee. This also entails obtaining gatekeeper's letters from the participant's organization.

Prior to data collection, the researcher explained the purpose of the study to the participants and that participation was voluntary with no financial rewards to be given for participation, who then consented to participating by signing the consent form. Confidentiality, privacy and anonymity was also ensured, De Vos (2011) notes that anonymity must be guaranteed and maintained so that participants are divulge information without worrying about privacy, confidentiality and prejudice. The researcher strived to maintain anonymity and confidentiality of the participants, and they were notified of their right to withdraw from the study at any stage of the research if they wish to do so. The researcher used pseudonyms to guarantee privacy and all research participants were assured of total anonymity. The researcher also assured participants that their confidentiality will be protected. In all aspects of the study the researcher remained honest and transparent to avoid misleading participants. The researcher did not deceive participants in any way to obtain information for this study.

### **3.13 Summary**

This Chapter presented a detailed description of all the steps followed in the execution of the research process. Motivation of the chosen methodology was done in terms of its relevance to the study questions. The research design chosen ensured that the research study yields positive and accurate data within the specified timeframe and limited resources. An overview on how the quantitative method procedure was chosen and implemented for the information gathering

and data analysis was presented. To analyse data, the use of the statistical software programme SPSS was discussed as the next step following the data collection. Chapter 4 describes the data analysis techniques used to answer the research objectives. The information on the population, selection of sample, construction of the survey instrument and design and how validity and reliability was maintained was also provided in this chapter. Furthermore, a discussion on the elimination of bias was presented and how this was managed throughout the research study. Finally, the chapter presented a discussion on the ethical considerations of the study and how it is relevant to the progressive stages of the study. The next chapter discusses and present the results of the statistical data analysis, as well as the theoretical literature foundation links to the findings.

## 4. RESULTS AND DISCUSSIONS

### 4.1 Introduction

This chapter outlines a comprehensive overview of the research findings of this study. Also included in this chapter is the discussion and analysis of these findings. The findings that are discussed in this chapter originate from the data collected from the structured face-to-face interviews which corresponds to the literature synthesis illustrated in Chapter 2. The motivation of this study emanates from the literature review in chapter 2 which provides understanding and familiarity of significant themes that relate to this study objectives, and it also provides a background for the studies that are related to earlier studies and the existing theory.

The analysis and discussion of the findings mainly follows the deductive approach due to the nature of the literature which is mature. The codes that are generated in this chapter primarily conform to themes that were identified in the synthesis of literature in chapter 2. However, provisions have been made for codes that inductively emerge.

At the beginning of this chapter is the description of the participants, including their demographic information. This information was considered when interpreting the results of the interviews. The rest of the chapter explores each of the outcomes of the independent variables which in turn respond to the study objectives and research questions.

The following research objectives were addressed in this study:

- 1) To map ownership of Engen service stations by Black women in KZN.
- 2) To investigate the factors that hinder Black women entry into the petroleum industry.
- 3) To recommend suitable and sustainable measures that can be put in place as solutions for the identified barriers.

### 4.2 Participants and interviews

All African black female owners of retail service stations in KZN were interviewed as primary participants. Female owners of other races did not want to take part in the study, besides one Indian woman who agreed to the interview and was interviewed. A detailed description of participants who were interviewed is tabled below, followed by a graphical illustration of each question asked in the demographic information.

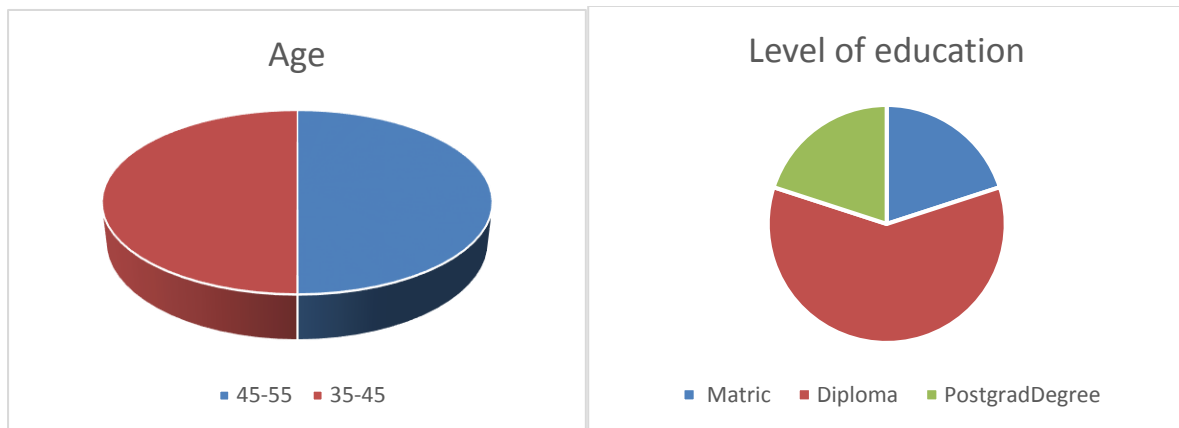


*Table 4.1: Participants and interview details*

<b>No</b>	<b>Age</b>	<b>Level of education</b>	<b>First owner of service station in the family</b>	<b>Business/Career background of participants</b>	<b>Funding of business</b>	<b>Maturity of the business in terms of years in service</b>
1	45-55	Matric	Yes	Corporate	Bank	15-20 Years
2	35-45	Diploma	Yes	Corporate	Bank	5-10 Years
3	35-45	Diploma	Yes	Corporate	Bank	5-10 Years
4	35-45	Diploma	Yes	Corporate	NEF	Less 5years
5	45-55	Postgrad	Yes	Corporate	Own capital	5-10 Years
6	45-55	Degree		Engen		

From the table above participants 1 to 5 are the Black female owners of service stations who are the main participants of this study. Participant 6 is an additional participant from Engen. The purpose of adding this participant was to get a franchisor's view on this study. As stated in the methodology, the participant criteria were all African black females who own service station in KwaZulu-Natal. Below is a graphical representation of participants and brief elaboration of the inclusion and significance.

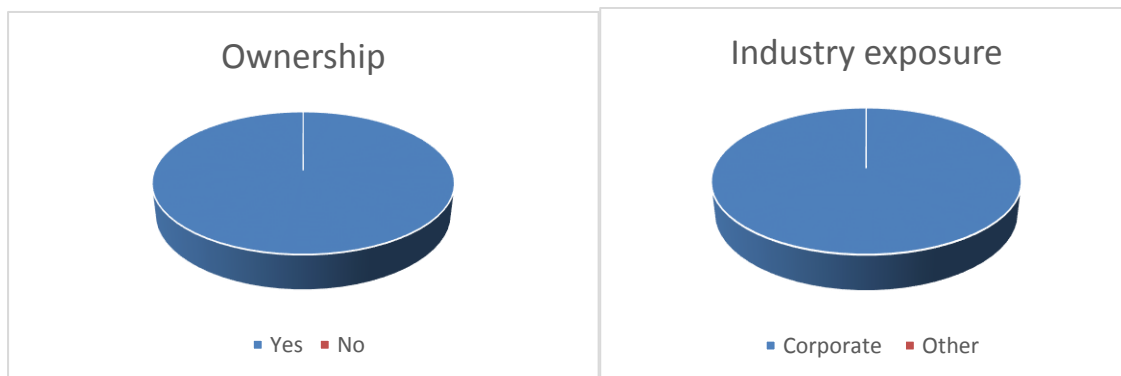
#### 4.2.1 Age of participants



*Figure 4.1: Age and level of education of participants. Source: Developed for this study.*

The figures above shows that 50% of participants are in the age range of 35-45 and 50% are in the range of 45-55 years of age. 60% of participants are on the diploma level of education, 20% have matric certificates and the last 20% have an undergrad degree. This information was important to understand the background of participants in this study.

#### 4.2.2 History of service station ownership in the family

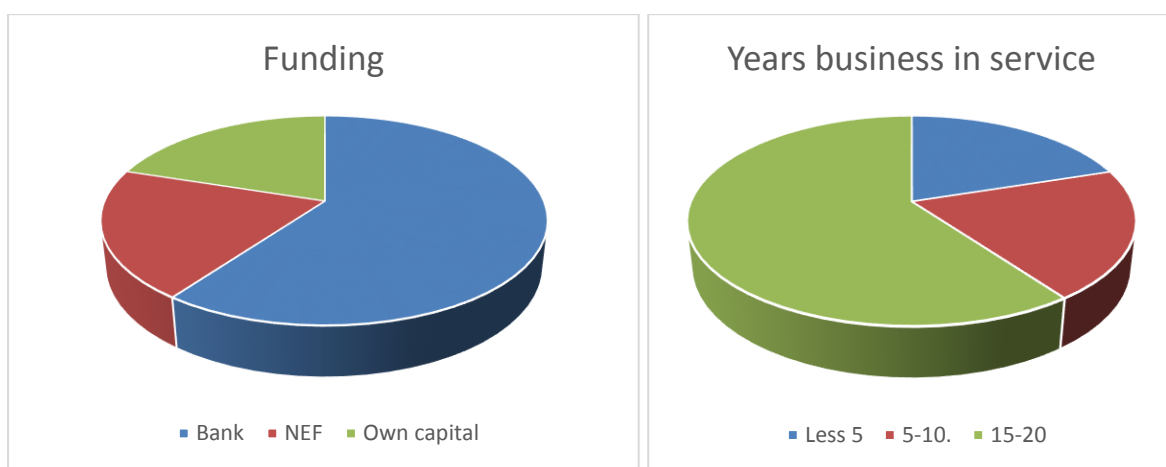


*Figure 4.2: History of service station ownership in the family and industry exposure. Source: Developed for this study.*

One of the questions asked was if the participant is the first owner of the service station. The interviews revealed that all participants are the first owners of retail service stations in their families. Therefore, the business was not inherited but applied for and granted to participants based on merit.

It was also important to understand the business background of participants and from the interviews it was established that all participants were in the corporate sector prior to being entrepreneurs and owning service stations. Participant number 4 was from SAA, participant number 1 was from the transport industry and participants 2 and 3 were from a petroleum company. It could thus be concluded that the background has no limitations on the successful running of the service station as all participants have ran their sites for more than 5 years and have succeeded.

#### 4.2.3 Funding of business



*Figure 4.3: Funding of business and maturity of the business in terms of years in service.*

*Source: Developed for this study.*

When asked how the business was funded, 60% of the participants responded that funding was through funding institutions, of which 20% were banks, 20% were funded by NEF and 20% were funded through their own capital.

Another important factor to understand was the maturity of the business in terms of years in service. 60% of the sites which are owned by African black females have been in service and operation for about 5-10 years, 20% have been in service for less than a year and 20% have been in service for about 16-20 years. This proves that African black women are capable of successfully running a service station.

### 4.3 Research Objective 1: To map ownership of Engen service stations by Black women in KZN

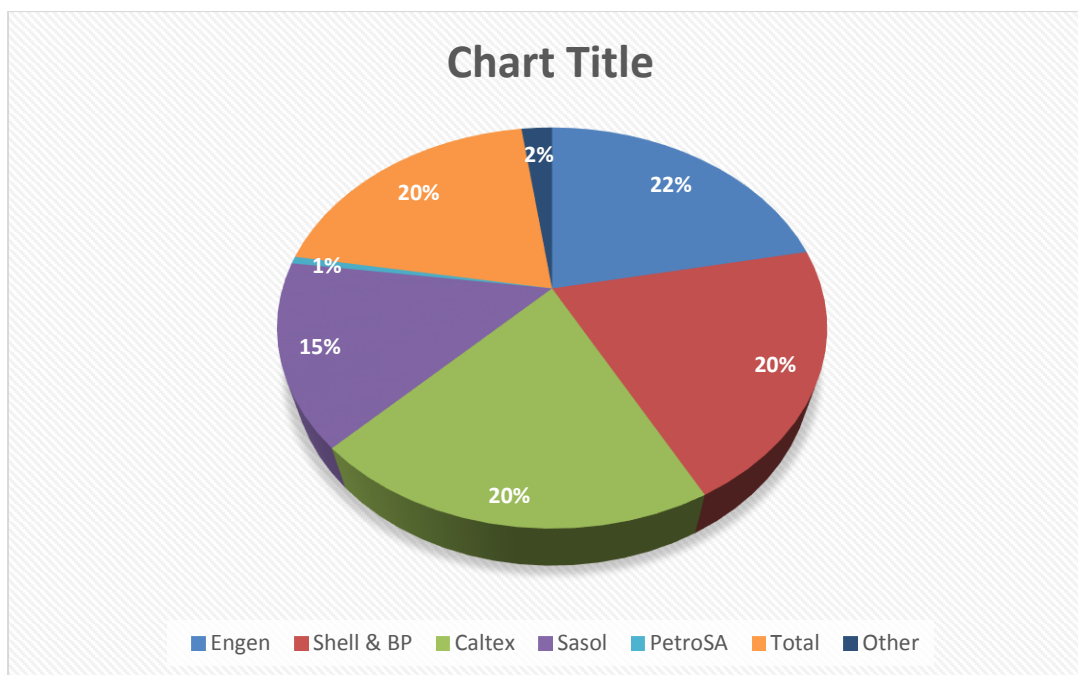
#### 4.3.1 Comparison with other petroleum companies in KZN

The retail part of this industry is made up of service stations that sell petrol and diesel to customers. The majority of these service stations also offer other convenience products to customers. Some of these also offer fast food products. According to a research report by Dyantti 2012, the country has over five thousand service stations spread across the nine provinces, as illustrated in the table below:

*Table 4.2: Service Station Network in South Africa. Source: Dyantti, 2012.*

Province	No. of Service Stations	%
Gauteng	1582	30.95
KwaZulu Natal	989	19.35
Western Cape	810	15.85
Eastern Cape	451	8.82
Free State	332	6.49
Mpumalanga	305	5.97
North West	302	5.91
Limpopo	206	4.03
Northern Cape	135	2.63
South Africa	5112	100

Out of these service stations, KZN has about one thousand service stations. These are further broken down and graphically presented below. The study only focuses on the major oil companies and the minor ones are grouped under the category “other”:



*Figure 4.4: Retail service stations in KZN. Source: Engen database, 2017.*

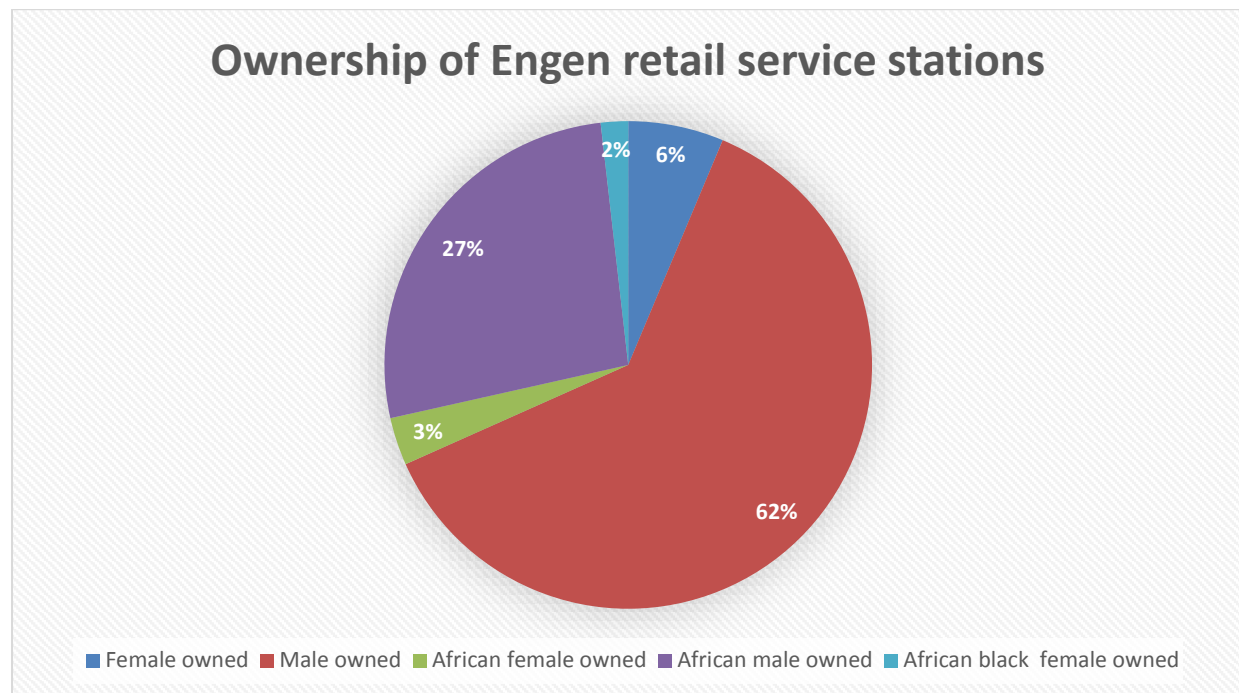
Even though the scope is limited to Engen service stations, the researcher attempted to obtain statistics of Black female ownership from other petroleum companies. But the statistics of Black female representation from all other petroleum companies in KwaZulu-Natal could not be ascertained, therefore the conclusion drawn based on the findings from this study is that the transformation challenge is spread across all other retail petroleum companies.

#### 4.3.2 Ownership of Engen Retail service stations in KZN

*Table 4.3: Ownership of Engen retail service stations in KZN. Source: Engen database, 2017.*

Total number of Engen service stations		151	100%
1	Female owned	14	9.27%
2	Male owned	137	90.73%
3	Black female owned	7	4.64%
4	Black male owned	59	39.07%
5	African black female owned	5	3.29%

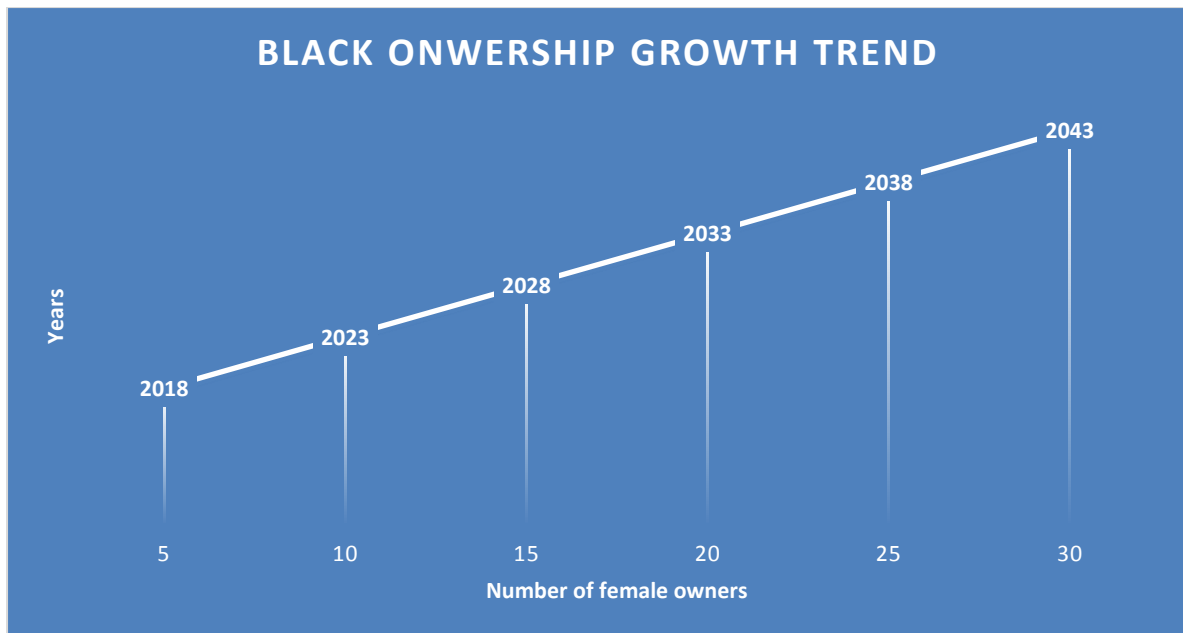
Below is the illustration of ownership of Engen retail service stations in KZN with each element being out of 100%.



*Figure 4.5: Graphical presentation of ownership of Engen retail service stations in KZN.*  
*Source: Engen database, 2017.*

The conclusion can then be drawn from the above statistics that the acceleration of transformation in retail service stations with respect to African black females is growing at a very slow pace. An interview with the KZN regional area manager revealed that the growth over the past 5 years has been from 2.63% to 3.29%.

To prove the slow pace of transformation in South Africa, particularly with regard to African black female ownership of retail service stations in KwaZulu-Natal, the researcher has performed a demonstration of a projection of about 20% Black female ownership, based on the current status quo of increasing the headcount of Black females who own retail service stations by 3 in 5 years (refer to the illustration below):



*Figure 4.6: Graphical presentation of 20% projection of Black female ownership of Engen retail service stations in KZN. Source: Created for this study.*

The trend above shows that from 2018 to 2043 the Black female ownership of retail service stations in KwaZulu-Natal will increase by 20%. This then means it would take 30 years to increase the Black women ownership percentage to just 20%, assuming everything else remains the same. This demonstrates that the acceleration rate of transformation, particularly of retail service stations in KwaZulu-Natal, is moving at a very slow pace. For an equal percentage to be reached, turnaround strategies will have to be developed, drastic decisions will have to be made and sweeping changes will have to be implemented in order to be intentional about reaching this goal.

Catherine Albertyn (2007) argues that fixed and hierarchical gender roles in which women are relegated to specific and naturalised roles in the family and home, rather than the public sphere, have been a fundamental source of gender inequality in many societies. She further states that in order to change this, intentional systematic changes will have to be implemented as a matter of urgency. On the subject of transformation within the petroleum retail sector and judging from the Minister of Energy's 2011 budget speech, the government is unhappy about progress on the BBBEE front in the petroleum industry. In her speech, Minister Dipuo Peters said "the state of affairs of empowerment in the industry was not acceptable. She said that for our democracy to be sustained, inequality needs to be addressed". She believes that disincentives for non-compliance will have to be tighter and tougher. In her 2013 speech entitled "Reaching

a Destination on the Road to Transformation” the minister was still unhappy about the progress in transforming the petroleum industry. She stated that “The objective of government policy as stated in the Energy White Paper of 1998 is to, 'achieve sustainable presence, ownership or control by historically disadvantaged South Africans of a quarter of all facets of the liquid fuels industry across the value chain’”. Her efforts in implementing the legislative requirements of Energy White Paper and the Liquid Fuels Charter are noted, but the pace remains too slow. This does not place us on a firm footing towards achieving the goal of fundamental transformation of the economic landscape of the country. Transformation is indeed an ongoing concern in South Africa, especially in the petroleum industry. There are more questions that remain unanswered.

#### **4.4 Research objective 2: To investigate the factors that hinder Black women entry into the petroleum industry**

##### **4.4.1 Thematic analysis of data**

The study aims to identify the factors that hinder the transformation process in the petroleum retail business, with specific focus on the participation of the Black women in this industry. To achieve this aim, a thematic analysis was selected as the data analysis method. Thematic analysis incorporates the identification of different themes and concepts that are existing in the qualitative data as implemented using Saunders’ et al. (2015) four step approach which was described in chapter 3. The categories and codes are made up of developing or emerging themes from both literature and interviews, researcher viewpoint and perspectives and professional definitions.

This research study is closely associated with deductive thematic analysis because the researcher is independent of what is being researched and all themes exist in the literature (Saunders et al 2015). Multiple revisions were performed at various stages in the coding process to ensure the coding process was concise and to avoid codes that overlap. Interviews were conducted by the researcher to ensure equal opportunity for the participants to express their views on topics that are identical. Five themes emerged from the transcripts of the interviews, namely: funding, legislation, marketing, exclusivity and survival. These themes are briefly elaborated on in the illustration below:





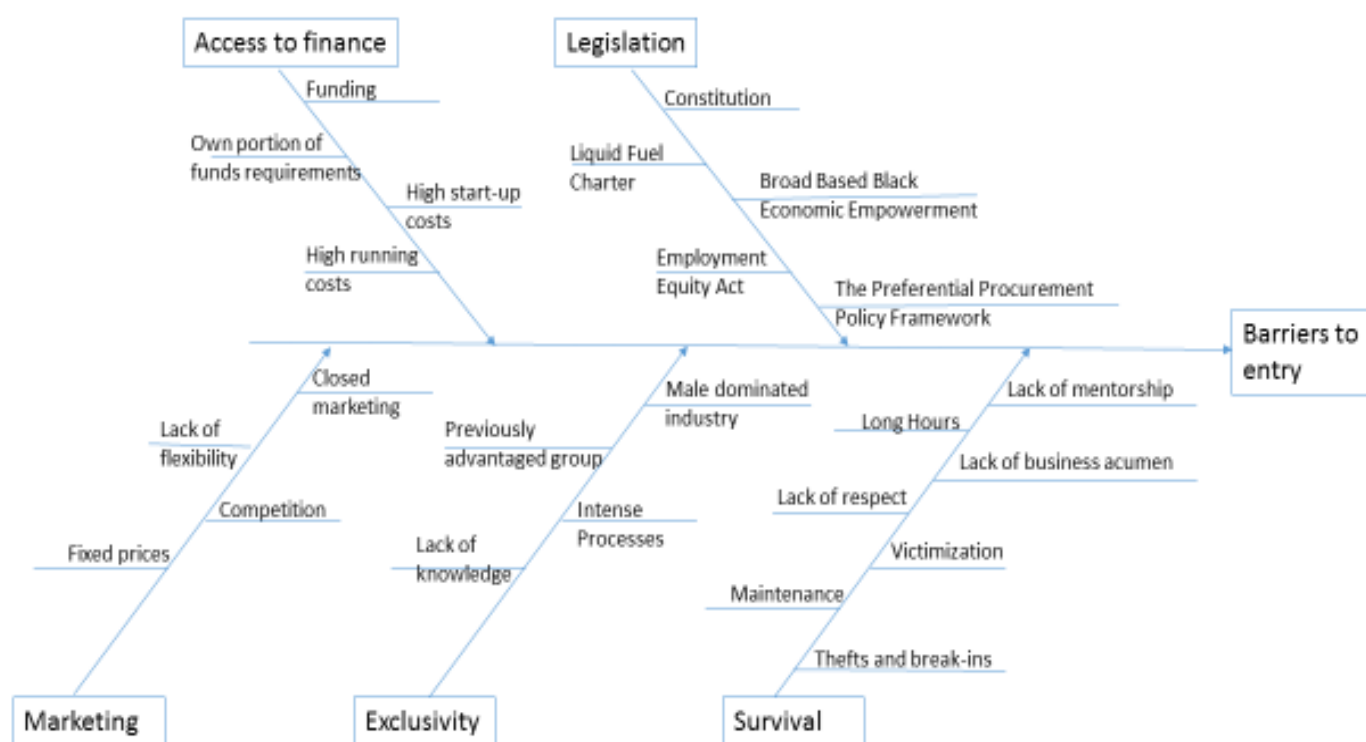
*Figure 4.7: Graphical presentation of themes as factors that hinder Black women entry into the petroleum industry.*

Below is tabulated information of themes matching the number of sources and references on each theme and the number of participants who expressed their views of the theme. This enables the researcher to rank the themes accordingly.

*Table 4.4: Summary of themes as factors that hinder Black women entry into the petroleum industry.*

		Number of sources	Number of reference s	Participant numbers	Rankin g
1	Access to finance	6	26	1,2,3,4,5	1
2	Legislation	6	17	1,2,3,4,5,	2
3	Marketing	4	14	1,2,3,4	3
4	Exclusivity	6	09	1,2,3,4,5	5
5	Survival	5	11	1,2,3,4,5	4

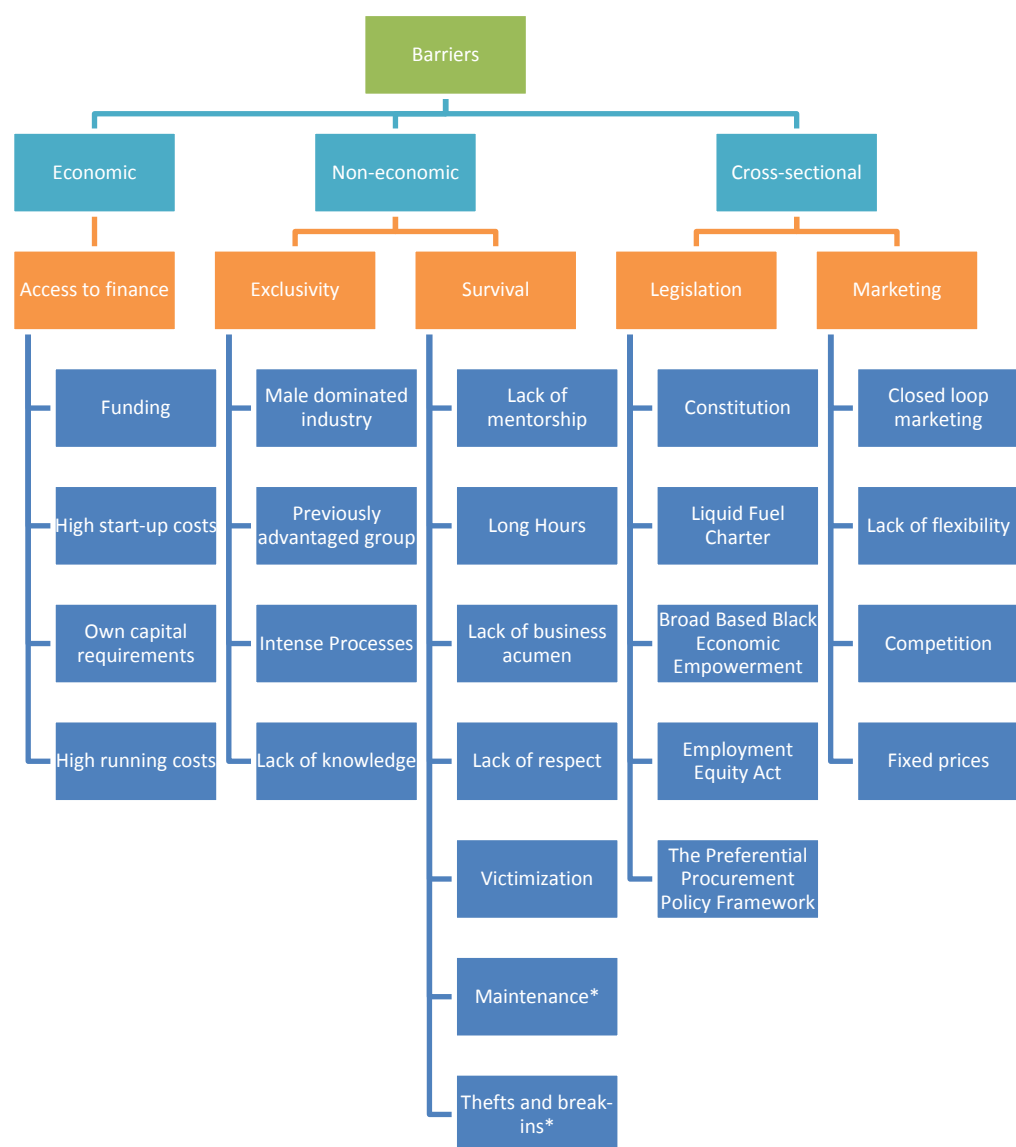
A fishbone diagram (also known as Ishikawa diagram) was created with the goal of identifying and grouping the causes which generate a quality problem (Ilie G. & Ciocoiu C.N., 2010). Therefore, to further elaborate on the themes stated above the researcher has demonstrated the barriers to entry of African black women to Engen service stations using a fishbone illustration in order to dig deeper and group together the causes that generate the barriers that emerged during the interviews and in the literature. A fishbone diagram was a fitting model to use as it is an analysis tool that provides a systematic way of looking at effects and the causes that create or contribute to those effects; effects being barriers in this case. Because of the function of the fishbone diagram, it may be referred to as a cause-and-effect diagram (Watson, 2004).



*Figure 4.8: Graphical presentation of barriers to entry of African black women to Engen service stations. Source: Created for this study. Fishbone illustration source: Ilie G. & Ciocoiu C.N. 2010*

The fishbone structure provided by the above diagram assisted the researcher to structure the causes and effects in a very systematic way which in turn assisted in the flow of discussion of each finding. Some of the benefits of constructing a fishbone diagram are that it helps determine the root causes of a problem or quality characteristic using a structured approach,

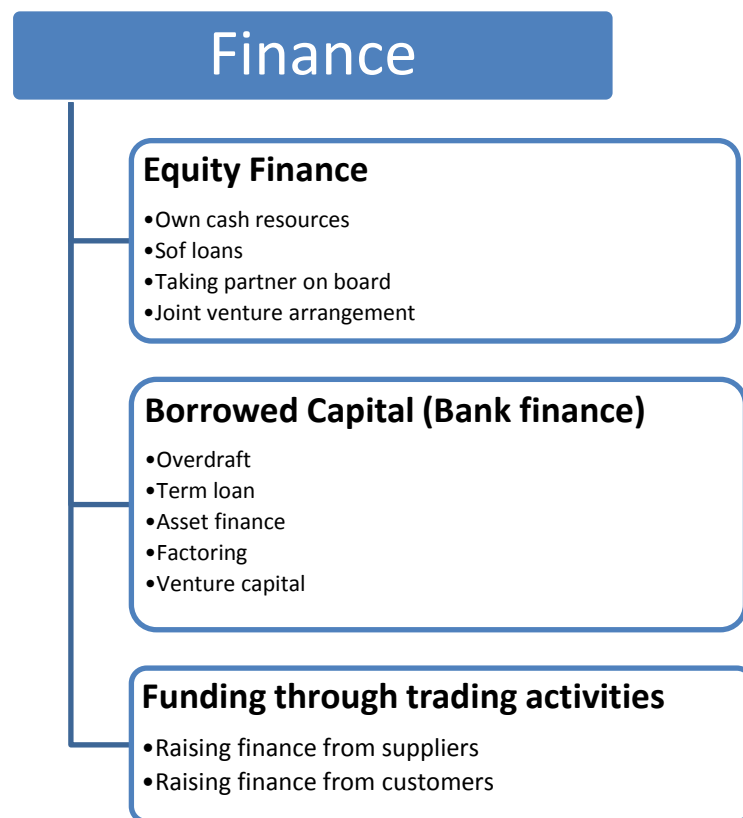
encourages participation, utilizes knowledge of the process and identifies areas where data should be collected (Ilie et. al., 2010). As illustrated with the above fishbone, below is the graphical presentation of the factors that hinder Black women entry into the petroleum industry following the sequence of economic barriers, non-economic barriers and cross-sectional barriers. This analysis is in line with the literature review in chapter 2. The researcher has put a hypotrophy on the sub-section barriers that may fall under cross-sectional category. Some of these are direct barriers and some are indirect or contributing factors to the sustainability challenge of these retail service stations owned by Black females. These are then further discussed below.



*Figure 4.9: Graphical presentation of barriers or factors that hinder Black women entry into the petroleum industry. Source: Created for this study.*

#### 4.4.2. Economic – Access to finances

Access to finance has been extensively investigated and identified as one of the major challenges affecting entrepreneurs, both locally and internationally. It has also been noted to be extremely complex and difficult to solve (Mutezo, 2005). This is supported by Cristiano Bellavitis, Igor Filatotchev, Dzidziso Samuel Kamuriwo & Tom Vanacker (2017) who state that one of the significant findings from the research literature on the constraints on Black entrepreneurs relates to the difficulty these entrepreneurs face when attempting to access finance and credit. They further state that another important finding is that women entrepreneurs have more difficulty than male entrepreneurs in obtaining credit. Regarding the sources of finance, most writers have identified three types of financing that can be utilised to finance a business:



*Figure 4.10: Sources of finance, developed for this study, source: Cristiano Bellavitis, Igor Filatotchev, Dzidziso Samuel Kamuriwo & Tom Vanacker (2017)*

From the face-to-face interviews it was evident that the source for financing for this kind of business is often formal debt, such as borrowed capital or bank finance loans and equity, rather than trade credit and informal sources. Therefore, financing institutions are the main source of finance. Access to finance has been expansively identified as one of the major challenges

affecting the entry of African black females to own retail service stations. Participant 2 had this to say:

*Finance is the key to get into this industry, I would say this is a niche business and targets certain class of people and unfortunately those targeted are previously advantaged group.*

Participant 4 also spoke strongly on the same topic:

*That the major problem, we do not have funds to start-up this kind of business, it is only a few who can fund this business. So that's why the industry is not transforming, because we do not have all the money needed for this kind of business.*

The challenges of finance are broken down into four categories and elaborated on below. During the in-depth face to face interviews, access to finance as a theme emerged many times, with many participants stating that they found access to finance to be a threat to businesses and a major barrier to entry into the retail service station business.

#### **a) Funding**

The bulk of participants noted that financial institutions, particularly commercial banks, have extremely strict criteria when funding small and medium enterprises. Findings in the literature also support this by concluding that 75% of finance applications submitted by promising South African entrepreneurs are rejected (Foxcroft et al., 2002; Naudé & Havenga, 2005). Another study conducted by Statistics South Africa showed that just two percent of start-up entrepreneurs succeeded in achieving finance from lending organizations (Statistics South Africa, 2014). To ask a banker for a sum of money, calculated arbitrarily based on a rough estimates of funding needs, is unlikely to secure an ordinary person a loan. The banker must balance his desire to grant loans with his obligation to ensure that the bank's funds, which belong to its depositors and shareholders, are repaid on time and with interest. This means that unless you are able to make a meaningful contribution from your own resources and offer reasonable sureties for the balance, the banker may not be able to approve the loan. With regards to this, Participant 4 said:

*It is very difficult for us as black people to secure funding from banks. That is why there is no growth in transformation because even if you apply you will be turned down*

*because of the colour of your skin and because we do not have anything to secure the loan. The banks will give funding to people who already have money because they are considered low risk.*

Participant 2 had this to say:

*Funding is one thing that takes us off the system for this kind of business. You will not even be able to go through the process prior to securing of funding and funding institutions has requirements that are impossible for black people to meet, major one being sureties, we do not have even have assets that worth very many millions of rands to provide as surety.*

Numerous studies have cited that small and medium enterprises are financially more constrained than large firms, and that they are likely to be more credit constrained than larger firms which results in them being less likely to have access to formal finance. Veselin Kuntchev, Rita Ramalho, Jorge Rodríguez-Meza & Judy S. Yang (2012) state that the probability of being credit constrained decreases with firm size, which then makes it difficult for previously disadvantaged groups to access funding from financial institutions. These institutions believe that the system was meant for previously advantaged groups due to the strict requirements that are not possible for an ordinary person to meet.

#### **b) Own capital contribution requirements**

This also emerged as one of the major barriers that restrict African black females from even getting into the system to be considered for this kind of business. The credit crisis in previous years has made it difficult for entrepreneurs to raise debt and financial institutions' appetite for risk has been significantly curtailed (Black et al, 2010). He continues to say that the major funding institutions want to see entrepreneurs have unencumbered cash to contribute to the capital requirements of the business. When applying for finance as stated in the point above, most financial institutions adhere to their own contribution requirements as set by the franchisor. Therefore, for example, if any franchisor says you need 50% cash as your own contribution, most financial institutions will not fund more than the balance of 50%. Therefore, these financial institutions follow the franchisor's requirements, meaning that the individual needs to contribute 50% cash to the setup cost of the franchise and the financial institution will

assess financing the other 50% of the setup cost. The requirement for investment is also important because generally these businesses cannot afford to repay a 100% loan, therefore the business could be over-indebted and fail. Participant 2 notes that some entrepreneurs are excluded from obtaining finance due to the complex process and requirements and that this function (applying for finance and own funds contribution) needs to be outsourced, which is costly. This claim is supported by the literature which concludes that finance criteria affects entrepreneurs and disqualifies eligible and needy entrepreneurs from obtaining finance, due to a lack of financial and human resources (Kongolo, 2010). The major challenge comes with raising this own capital contribution portion for an ordinary person, hence this business is said to be less favourable for previously disadvantaged groups. For a normal service station, a person is required to have about 25% own capital funds which is about three million rand for a small to medium size service station. Participant 2 said the following on this topic:

*When applying for a retail service station you are required to attach proof of own funds that are available, and this becomes a significant amount of money, I think at Engen it is 25% of the amount of a service station which comes to few million rands, now tell me who has that amount of money readily available? This is one of the entry requirements, if you don't have or if you have too less the system will just kick you out.*

Participant 3 and 4 run a service station together and had to go into partnership and combine their own capital in order to be considered for this kind of business. This is what they said on the matter:

*It is very difficult to meet the requirements of the own funds for the service station, and it is one of the requirements that enables you to file your application from the beginning. This is where most people struggle because truth be told as black people we do not have lump sum of money saved somewhere. So for us we had to decide to go on partnership and put together our own funds, that's the only way we could be able to file our application and be recognised. It is tough out there, you need to have money to make money.*

### c) High start-up and running costs

Another study shows that the challenge of access to finance is severe during the growth and start-up phases (Ramukumba, 2014), which is reinforced by the opinions and views of participants 3 and 4. Some of the truths that emerged from face-to-face interviews is that once you are granted the business of owning a retail site, then you need to have funds to start-up, for example funds to purchase stock. An error that is made by some people is not to include these start-up costs in their funding applications. This is not necessarily a barrier to entry, but it is further costs that are associated with this kind of business. Participant 3 had this to say:

*Another thing that you need to note is that you also need to have money to start-up once you have gone through the process and have be awarded and ready to start. The stock and everything that you need you have to fund it yourself.*

Participant 4 agreed and had this to say:

*Money is always needed in this kind of business, even if you have secured the business you still need more money for inventory and other costs involved with starting up the business. It is not easy at all to have this float when you are an entrepreneur.*

Some participants also alluded to the fact that to run this business requires that you have funds upfront. The product that you sell through the bowser is already paid for, meaning that when you order the stock product into the tanks the money gets debited prior to the product being sold. An example was given that if one tanker is half a million rand, once it has completed offloading the money will be debited within 24hours. Participant 1 has this to say:

*It would have been better if the stock is not paid for upfront, but that's how the system is designed, we pay for it after the drop. This also makes this business to have very high running costs.*

Participant 4 noted that her business was funded through equity finance and therefore did not have a challenge with funding. This seemed to be an exclusive case where an individual had their own funds for the business.



In conclusion, it is evident from these statements above that access to finance is a challenge and commercial banks are hesitant to give funding to start-up companies because they are classified as being high risk. The researcher also tried to get Engen's perspective on this matter. When interviewed, he was asked if he thought that the barriers were associated with a lack of interest by Black females in this kind of business. He answered as follows:

*There is a lot of interest from Black females who call to enquire about service stations opportunities as well those who even apply for advertised service stations only to fall short on own contribution when it comes to capital requirements.*

Findings in the literature also support this by concluding that 75% of finance applications submitted by promising South African black SMEs are rejected (Foxcroft et al., 2002; Naudé & Havenga, 2005). Another study conducted by Statistics South Africa showed that just two percent of entrepreneurs succeeded in achieving finance from lending organizations (Statistics South Africa, 2014). On the contrary, from the viewpoint of the lending organization, research shows that the following factors makes entrepreneurs high risk which impacts their ability to obtain finance: an asset base that is small and the high failure rate of entrepreneurs in South Africa (Hlatswayo, 2012a; Agwa-Ejon & Mbohwa, 2015). Another study has also stated that the following factors hinder the ability of entrepreneurs to obtain finance: incompetence in presenting proposals and business plans and deficiency of credit history (Ndege, 2015).

Access to finance is a complex challenge that affects ordinary citizens and entrepreneurs when trying to enter this kind of business. Access to finance and being temporal in nature tends to adversely impact entrepreneurs in their existence phase while its effects are severe, but generally less felt by larger businesses who possess their own funding. This leads to the big giants getting these kinds of business instead of SME's. In terms of the capital intensity, this business is of a very high capacity intensity and therefore, access to finance becomes a major challenge.

#### **4.4.3 Legislation**

The government's support and intervention in the petroleum industry has been observed through various pieces of legislation passed to accelerate transformation, such as the Constitution, Liquid fuel charter, Broad Based Black Economic Empowerment, Employment Equity Act and the Preferential Procurement Policy Framework to mention a few and as elaborated on in chapter 2. This study has focused on Broad Based Black Economic

Empowerment as the main legislation that directly impacts the entry of african black females into this business.

There is a high level of consensus by different experts who rank the regulatory environment as one of the greatest challenges to businesses in South Africa (Herrington and Kew, 2017). Musara, M. & Gwaindepi, C. (2014b) indicate that the business regulatory environment is not supportive to entrepreneurial activity in South Africa. They further state that it is paramount to note that even with the availability of resources, skills and infrastructure, without addressing issues within the business regulatory environment, the much needed improvement in entrepreneurial transformation may not be achieved. Most participants do not believe that legislation is in any way assisting black people to penetrate this kind of business. They believe that Broad Based Black Economic Empowerment is there as one of the pieces of legislation, but it lacks compliance enforcement. This is in consensus with writers such as Majola (2015), who states that this industry is caught in a conundrum that is not going to get better unless drastic policy changes are implemented to correct the imbalances.

Participant 2 said:

*BBBEE, no it does not assist us at all. Maybe the companies who are issuing these retail sites have to report progress in compliance with BBBEE, but us as black females we had to go through the process just like any other person and we had to compete with all other races as equals and with other big giants in this industry.*

Participant 5 who is also in agreement stated that:

*If companied were intentional on meeting BBBEE scorecards they would be intentional in increasing African black females in this kind of business, for example when advertising for a new service station they must put it out there that this service station is reserved for African black females and therefore applicants must be African black females, or preference will be given to African black female on this service station. In this way we can then see that legislation such as BBBEE is assisting African black females to own this business.*

In an attempt to get Engen's perspective, the researcher interviewed one of the Managers in the Retail department. When asked if he believed that BBBEE is assisting Blacks to own businesses such as Engen service stations, he said the following:

*Not really, although Engen has a mechanism in place where a Black can acquire minority shares in a service station and increase that shareholding over time to be the majority shareholder if not a 100% owner. This also allows for skills transfer over time for the new entrant in the service station business to learn from the seasoned dealer he/she goes into partnership with. This is not happening on the ground, even where this BBBEE partnership has been implemented. It ends up being some sort of "window dressing" as these BBBEE partners are not active at sites.*

Participants 2 and 3 also referred to the retail license that is needed prior to operating the business. They believe that complying with business regulations is not enough. It is a lengthy process and these regulations are not entrepreneur friendly. They stated that regulatory processes were tedious and long and participant 2 said the following:

*And then there is a retail license, wow it took us over 6 months to acquire that license and you cannot operate with it so we had to wait and follow the process.*

One participant also indicated that the expenses that are associated with regulatory compliance are extreme due to high fees associated with regulatory compliance and or the additional labour cost accompanying obtaining compliance or maintaining compliance status over time. Regarding this participant 5 stated:

*There are also other legislations that we need to comply with us as Health and Safety, that alone has strict rules and requires that we get a consultant to put a system in place and training and maintaining the system does not come cheap at all, but we know that this has to be done in order to protect our employees and customers, but I'm sure there is a cheaper way of doing this.*

The SESE in 2013 concluded that 21.5% of participants believed government regulation inhibits business activities. The regulatory environment takes many forms, including general regulation which is the most common and encompasses registration, formation and tax returns.

It is indeed sad that years after democracy the government's support and intervention in the petroleum industry has not been observed through various legislation passed to accelerate transformation. The regulatory environment remains a concern for black people, especially African black females and there is no concrete evidence that measures to facilitate compliance have been put into place and that penalties for non-compliance have been implemented. Despite this, participants find additional cost burdens placed on their businesses due to inefficiencies within government departments and intricate administration required for compliance. Industry specific regulation has been unanimously viewed as a necessary evil. It has also been viewed in a positive light as a barrier to entry, and in a negative light because it increases the operating costs of the business.

#### **4.4.4 Marketing**

##### **a. Closed loop marketing**

Closed loop supply chain management or reverse logistics is highly recommended nowadays by different writers as way to go for supply chain activities, which is defined as the design, control, and operation of a system to maximize value creation over the entire life cycle of a product with dynamic recovery of value from different types and volumes of returns over time (Kannan Govindan a, Hamed Soleimani b, Devika Kannan, 2014). A close loop system is described as marketing that encompasses all marketing efforts directed toward consumers across a company's sales channels and platforms which is acceptable for other types of marketing (Kannan Govindan a, Hamed Soleimani b, Devika Kannan, 2014). However, in this instance the researcher is describing closed loop marketing as marketing that is directed to a particular group of people who are on a distribution list of a particular system based on meeting initial requirements. The diagram below illustrates the researcher's view on the closed loop marketing relevant to this study:

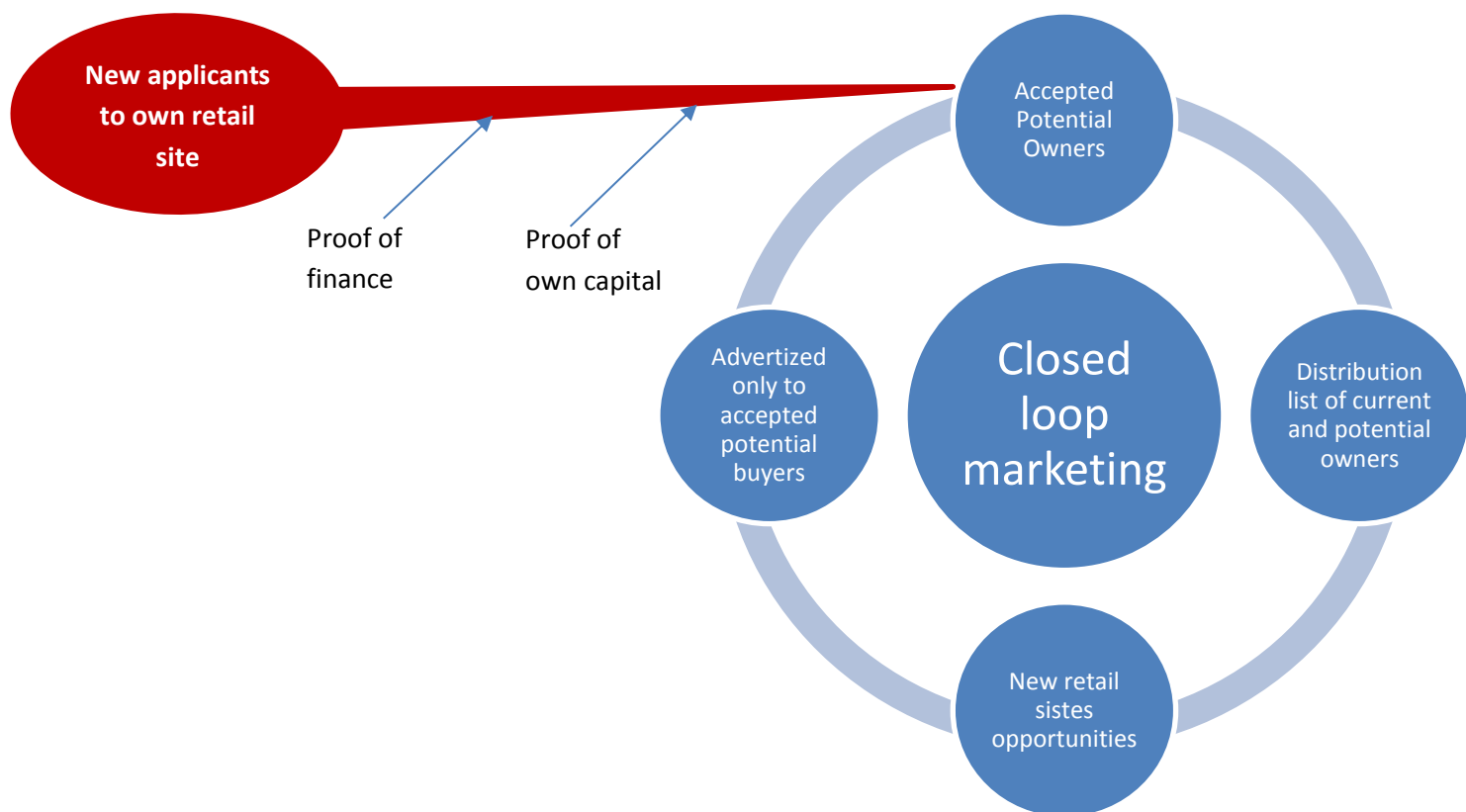


Figure 4.11: Diagram illustrating a closed loop marketing, created for this study.

This barrier of closed loop marketing emerged from the face-to-face interviews as one of the major barriers to entry for the new Black females due to the fact that marketing or advertisement of new business opportunities such as service stations for sale is not done on a public platform. These adverts only get sent to the distribution list of potential owners/dealers who are already on the system, meaning those who already have the financial means to pass the first entry application as illustrated in the diagram above. Regarding this participant 4 stated:

*Another thing is that marketing of new garages is not done in a public platform just like all other new business opportunities where they advertised in newspapers. Here the new garages of those that are sold but current dealer are only advertised to us who are already on the system. This makes it difficult for new Black ladies to even get to know about these types of business opportunities.*

Participant number 5 also agreed that this was one of the key challenges that makes this kind of business very exclusive. She had this to say:

*I really do not understand this system, I don't know the reasons why these businesses only gets advertised to a database instead of public platforms for public consumption. This is one of the ways that excludes us as black people.*

Based on these it is evident that this is one of the barriers to entry for African black females. Even if Black females are interested, it is difficult to even know about this type of business because of closed loop marketing.

#### **b. Lack of flexibility**

One element raised by one participant was the lack of flexibility in terms of marketing and advertising. Introduction of workflow management systems in practice brought about the famous problem of their flexibility (Ilia Bider, 2004) Even though this is not a barrier to entry, it is a contributing factor in attracting Black females to this kind of business. Participant number 1 stated:

*The company has fixed branding and therefore nobody is allowed to interfere with it.*

Participant 3 said:

*Even renovations can only be done through Engen so as not to interfere with the structure and how a service station should look like. Even though this is understandable in keeping corporate brand intact but there should be some form of flexibility for us as owners of these garages to contribute in how we want the garage to look like. This goes further to include the types of franchisors allowed in Engen service stations, we are not flexible to partner with anybody, even the local small businesses to boost the local economy.*

Even though this is not a major barrier, it has an impact on how Black females feel restricted when running the business and it is also a contributing factor in attracting other Black females.

### **c. Competition and fixed price**

Tony Atkinson, has recently argued that competition policy should explicitly take distribution into account, both for fairness considerations and because it will mean a more dynamic economy (Atkinson, 2015). A productive and inclusive economy means that effort, innovation, and creativity are rewarded, put differently, competition is fair. Therefore, other competitive techniques were adopted such as new and better marketing, good service and superior products. Development in the vicinity of existing fuel stations brings both more customers and new competitors. New fuel stations directly affect sales volumes. (Sartorius, K., Eitzen, C. & Hart, J. 2007). Contests or rivalry between petroleum retail sites is another issue of concern, not so much as a barrier to entry but for sustainability and growing the business. Participant number 2 had this to say regarding this matter:

*One of the appointments I have after you is the guys from local publications, we want to secure a monthly slot on page 3 which is what is said to be the page most readers are interested in. We constantly try to find ways to be out there so that we can attract public to use our garage over the competitor across the road. We even put our focus on CSI projects such as donating bread to local schools so that we are known by the community. We try all that we can but the system is not in our favour when it comes to fairness of competition for retail sites.*

And participant 4 said:

*Competition is in 2 folds, one, even though prices are fixed but we have to be innovative in order to beat competition. Secondly it's the unfairness that comes with competition since we have to bid with rich people, which is unfair to us.*

Due to the legislative price controls, fuel stations cannot compete at price level. Mondliwa and Roberts (2014) notes that the aim of the initial import parity pricing system from the 1950s was to encourage import substitution. "Given the small size of the economy, the oil companies wanted a guaranteed return. The mechanism of import parity implies using a price in a benchmark source country or countries, and adds to this all the costs associated with efficiently delivering that product to a particular location in South Africa to arrive at the regulated price." Mondliwa et.al. (2014, p 553). The basic pricing formula in its current form has also been subject to various criticisms. The issues relate to whether BFP actually reflects the true Import

Parity Price that it seeks to approximate (Rustomjee et al., 2014) and whether the BFP import parity pricing system is appropriate in the first place (Moerane et al., 2015). These issues are also recognised by the DoE, which has recently identified the need to review the BFP to determine its appropriateness (DoE, 2013). This arises mainly from concerns about the continuous increases in prices and the impact on economic growth, given that petroleum products are inputs to most business processes. The debate about the appropriateness of the BFP must be understood in the context of the change in circumstances from the period that import parity pricing was adopted, when South Africa was importing most of its liquid fuel demand, to the current situation, where significant domestic liquid fuel consumption is met by domestic production. The price incentivised the oil companies to make investments in South Africa and compensated them for producing locally at the time of sanctions. The challenge faced by Black women is that they are given retail service stations that are not well positioned to make money, the bigger the service station, the bigger the volumes and more profit. Participant 2 had this to say:

*Not even one service station that is big is owned by black women, we get only the small ones.*

Participant 3 agrees and says:

*The one stops are owned by white people, it is still sad, the system does not favour us.*

#### **4.4.5 Exclusivity**

##### **a. Gender inequality - Male dominated industry**

“Gender gaps favouring males| in business, education, health, personal autonomy, and more are systematically larger in poor countries than in rich countries” (Jayachandran, 2014, p 2). He further says that the countries that are poor today, or at least some of them, have cultural features that exacerbate favouritism toward males. Coupled with figure 4.11 on 4.4.3 above the exclusivity of this type of business is evident in so many ways. One of the ways is that this industry is still dominated by males which is gender inequality, as was made evident through the figures shared earlier in this chapter. (Roberts, 2016) alludes to the greater gender domination in recent years highlighting just how damaging the blocking of entrants has been. It has been very difficult for females to break into this sphere of business and the transformation efforts have been very slow. With regard to this, participant number 3 said:

*It is not even a perception but the truth that this industry is male dominated and that's one of the reasons why some of the females are not keen on it.*



And participant 5 said:

*We are dominated by men and the number of females is not growing at all.*

There seems to be no evidence that the companies are doing their best to intentionally change the picture of male domination in this industry. It is believed that if this picture could change it would have a high impact on the economy. Writers such Naude, W.A. & Havenga, J. (2015), who have done research on Black entrepreneurship, state that “as Black research has made important strides in understanding the role of special groups of entrepreneurs, most notably women entrepreneurs and ethnic minorities. The Black literature on minority entrepreneurship suggests that contractual mechanisms generated within ethnic groups are crucial to providing access to inputs, credit, technology, and finance. This in turn leads to greater profitability and growth of firms within the network.” Naude, W.A. & Havenga, J. (2015, p. 248)

Figure 4.6 above shows that it will take many years for the industry to transform if the status quo remains and therefore there is little hope of accelerated economic growth.

#### **b. Previously advantaged groups**

When it comes to gender inequality, the poor are different from the rich only in that they have less money (Jayachandran, 2014, p. 10). Based on the financial challenges, this type of business is believed to favour previously advantaged groups. It is not easy for an ordinary person to get into this type of business based on the reasons alluded to earlier in this chapter, such as gaining access to funding and own capital requirements. Participant 2 had this to say:

*Until something changes but the way things are now is not assisting the previously disadvantaged group. You will never get many black females the way things are, unless those few that are rich.*

Participant 3 said:

*Things must change otherwise we will not increase number of females. The rich becomes richer in this industry.*

Access to the business for previously disadvantaged groups has proven to be a challenge, whereas the businesses that are run by previously advantaged groups seem to grow. This is supported by Naude, W.A. & Havenga, J. (2015) who state that empirical evidence from the World Bank’s Regional Programme on Enterprise Development (RPED) indicates that

minority entrepreneur firms do enjoy a higher rate of firm growth. This finding is consistent with the marginalisation theory of entrepreneurship, wherein a person's marginal social position acts as a driving force in their becoming self-employed.

### **c. Intense process and Lack of knowledge**

Fakude (2008) states that entrepreneurs should be supervised and or mentored before they are fully accepted in the business. Due to the closed loop marketing discusses in 4.4.3 above, this business is still not known to many people, including African black females. Unlike other business opportunities that are advertised in public spaces such as newspapers and other digital spaces, this business is exclusive and only advertised to a certain group of people who have already been through the application process and been accepted. Participant 4 had this to say:

*I am not sure why this business is not advertised through newspapers, that is why many people especially black females do not know about it. It seems that this business for certain types of people who are already on the system. I really do not understand why and it doesn't look like its compulsory for this type of business to be advertised, it must be regulated so that it's fair to all South Africans.*

And participant 2 had this to say:

*Most people do not know because it's for exclusive people.*

Most participants also raised the issue of the application process being extreme. What emerged from many participants was the psychometric test that an applicant needs to go through which is said to be extremely difficult. This test includes both theory and calculations. Many participants, even now after years of running a service station, still do not understand why they needed to do that test. Participant 5 said:

*Please if you talk to Engen ask them the need to go through that test. That was the most difficult thing I have ever done. I still do not understand how it is assisting me to run this business. This is one of the reasons why black female's statistics is not growing, this test is one way of eliminating us.*

Participant 4:

*I am not sure how was that test supposed to help us, all these things are not useful at all.*

#### **4.4.6 Survival**

##### **a. Lack of mentorship**

The literature on female entrepreneurship suggests that, in terms of both entrepreneurial options (e.g. occupational choices) and entrepreneurial resources (e.g. sources of capital, training & mentorship), women are more disadvantaged than men, and minority women are more disadvantaged than white women (Botha, M. Nieman, G & Van Vuuren, J. 2017). Mentorship plays a vital role, especially for female entrepreneurs. Most studies have identified the need for support and that it could be improved for women entrepreneurs in South Africa to include mentorship and coaching. Botha *et al* further state that this is due to different reasons and that some women may require greater nurturing in self-confidence and esteem, as well as business skills. Participant 2 said the following:

*For us women it is important that training becomes continuous.*

And participant 5 said:

*The training that I got was a once off and it was not focusing on how to run a business but on the systems. I had to learn a lot on my own and I was emotionally drained, at some point I thought of quitting but God didn't allow that. I am stronger now but I wish there was some continuous mentorship rather than once off training.*

In organizations the most important factor is the power and centrality of the lead entrepreneur (Chapman, M. 2000). He further says it is the personality, the beliefs, the values and the behaviour of this single individual that exerts a powerful impact on the past, present and future of the business. This is in agreement with the notion of continuous mentorship, especially for female entrepreneurs to develop an entrepreneurial mind set. Ireland, R.D., HITT, M.A. and Sirmon, D.G. (2003) view an entrepreneurial mind set as a way of thinking about business that focuses on and captures the benefits of uncertainty. Uncertainty is a perceptual phenomenon derived from an inability to assign probabilities to future events, largely because of a lack of information about cause/effect relationships. Risk and ambiguity are part of organizational uncertainty. Therefore, if these entrepreneurs are not mentored to nurture an entrepreneurial mind set, it will be difficult for them to stay in business. Van Vuuren, J. & Dhilwayo, S. (2017)

indicate that organisations should focus on building the entrepreneurial mind set when reviewing strategy because this is a way of thinking about the business that captures the benefits of uncertainty.

#### **b. Lack of business acumen**

Running a retail site requires a basic understanding of business acumen. One of the concerns raised during the face-to-face interviews is the lack of support in business management after being awarded a retail site. This is one of the reasons some retail site owners fail. Some of the business acumen includes the basic understanding of the price elasticity of demand which is defined as “the percentage change in the quantity demanded divided by the corresponding percentage change in its price” (Begg, 2010). The application of this theory to the retail fuel industry proposes that an increase in the fuel price leads to a reduction in the demand for fuel. Considerable research has attempted to identify factors that influence fuel demand, as well as provide insights into the sensitivity of consumer demand to fuel prices changes (Espey, 2016). Fuel price has been identified as one of the key variables affecting the demand of fuel (Graham & Glaister, 2009). However, South African black consumers have indicated a relatively inelastic short-term demand for fuel because of a lack of alternative transport systems. It could be expected, however, that higher levels of elasticity could be achieved through a combination of a reduction in the use of vehicles, lift-clubs, the use of public transport, better driving techniques, more regular servicing of vehicles and a shift to more fuel-efficient vehicles in the longer-term (TDM Encyclopaedia, 2005a; 2005b). In this regard, Graham & Glaister (2009) also highlight the impact of a better infrastructure and a functional public transport system on fuel demand. Based on this it is important that the owner of the retail site be able to run the site under these conditions. This includes other activities in the retail site such as the convenience store, the car wash and any other activities. Concerning this, participant 4 said:

*The presence of a convenience store attracts more customers to refuel so we must have business acumen, while purchasing high margin products from the convenience store at the same time. This helps to differentiate fuel retail stations and increased profitability.*

And participant 5 said:

*The fuel retail stations is highly profitable due to the presence of the convenience store and any other activities onsite, therefore it's important to have business acumen in order to be able to succeed in this business which is lacking after we are awarded sites.*

**c. Lack of respect**

The appeal to respect also figures in much recent discussion of more specific moral problems such as racism or sexism (Stephen L. Darwall, 2007). Many participants raised the issue of lack of respect for them as Black females running this business. Even though this is not a barrier, it is a contributing factor to the sustainability of Black females in this kind of business and to prevent the leaking bucket syndrome described below. The lack of respect experienced is both internal and external. Internal is from employees and external is from customers who may have unreasonable demands and take chances because the owner is a female. In this regard participant 1 had this to say:

*I wish there was a way whereby we as females are viewed the same as our male counterparts.*

And participant 3 said:

*The crap that we have to put up with, we are constantly fighting the battle of being a woman in this country. The staff will not respect us until we take extreme majors like firing some of the staff, the customers will also take chances, it is tiring but we get used to it and we survive, it gets better with time.*

**d. Labour intensive business – long hours**

Long weekly work hours have been associated with shorter sleep duration or sleep disturbances (Claire C. Caruso, 2014). This type of business requires that the owner puts up with long hours of working, which then makes it important that the owner resides within the vicinity of the service station because issues can emerge in the middle of the night. (Ramey, 2009) says time spent on home production among prime-age women has indeed fallen sharply cross-country, from 47 hours per week in 1900 to 29 hours in 2005. (Jayachandran, 2014) also agrees and he says that the ratio of women's to men's time spent on home production, as well as the absolute amount of time women spend, declines with GDP per capita. This is obviously not ideal for Black women who are more often also wives and mothers. Participant 1 says:

*This is not a glamorous business where you can wear high heels all the time. I used to wear high heels in the office but now I struggle to get through a Sunday service on high heels.*

And participant 5 said:

*At the initial stages you have to put up long hours in order to understand the business and put systems in place and ensure that human resources are in order. This required lots and lots of time, maybe that's why females do not get attracted to this business I don't know. However, once you have confidence that things are running smoothly then you can maintain and improve.*

#### **e. Patrilineal Victimization**

Victimisation means punishing or threatening to punish someone, discriminating against sexual orientation or sexually harassing someone (Equal Opportunity Act 2010) and one of the concerns from the participants is the patrilineal victimization in this industry. (Jayachandran, 2014) states that in a patrilineal system, names and property pass to the next generation through male descendants. This system puts sons on a higher footing than daughters, and the specific feature of land inheritance is especially likely to have effects on gender gaps. This system also applies in business and participant 1, 3 and 5 have strong views on this and have experienced it first-hand. They said the following:

Participant 1:

*It is sad that our male counterparts will conduct themselves in a way that is victimising us as female. In the service station owners meetings there will be instances where comments made are victimising and nobody takes note, sometimes we raise it and sometimes we just do not have the energy. When we raise it they would apologise and move on and if nothing happened.*

Participant 3 shares similar sentiments by stating:

*Our male counterparts will arrive in our service station and just ask us to sell them the service station, mentioning that we will not succeed to run this business as females. Sometimes they would request that we give them shares of the business*

Participant 5 shares similar sentiments by stating:

*Victimization is tiring at the beginning but as they get to know who you are then it stops.  
We need to constantly prove ourselves in order to survive in this country.*

#### **f. Maintenance and Mechanical integrity**

This is one of the issues that emerged during interviews. Even though it is not a barrier to entry, it is also a contributing factor to the sustainability of Black females in this kind of business and to prevent the leaking bucket syndrome described below. The operation, tests, inspections and maintenance are to ensure that equipment has been designed, constructed, installed, operated and maintained in a way which minimizes the risk of releasing highly hazardous chemicals and energy (Petronas Technical Standard, 2013). This type of business requires maintenance of equipment to ensure mechanical integrity of the site which is quite technical, for example underground tanks, pumps and piping maintenance. This becomes difficult for females to understand at the beginning and that is when contractors take advantage. Participant 4 had this to say:

*I had to pay for the same work over and over again because I did not understand the technicalities of what the contractor was doing. I had to teach myself of all the mechanical part of the site so that I understand what contractors are doing because it is not all the time where Engineers are onsite.*

And participant 3 shared similar sentiments:

*This business is highly technical and it's difficult for us women.*

#### **g. Theft and break-ins**

Research has shown that crime and corruption is a major challenge to entrepreneurs in South Africa (United Nations Office on Drugs and Crime, 2013; The World Bank, 2005; The Presidency, 2008). Theft and break-ins are one of the issues that emerged in the face-to-face interviews. Besides reducing human capital investments, the dowry system also results in newly married women sometimes being the victim of violence or, worse, dowry deaths" as punishment for the dowry amount being deemed inadequate by the groom (Jayachandran, 2014). This act also filters down to business where theft and break-ins are associated with women owned businesses. Participants 1 and 5 have experienced this on their sites and they strongly believe that it is one of the strategies aimed at female owners to scare them into selling their businesses. Participant 5 had this to say:

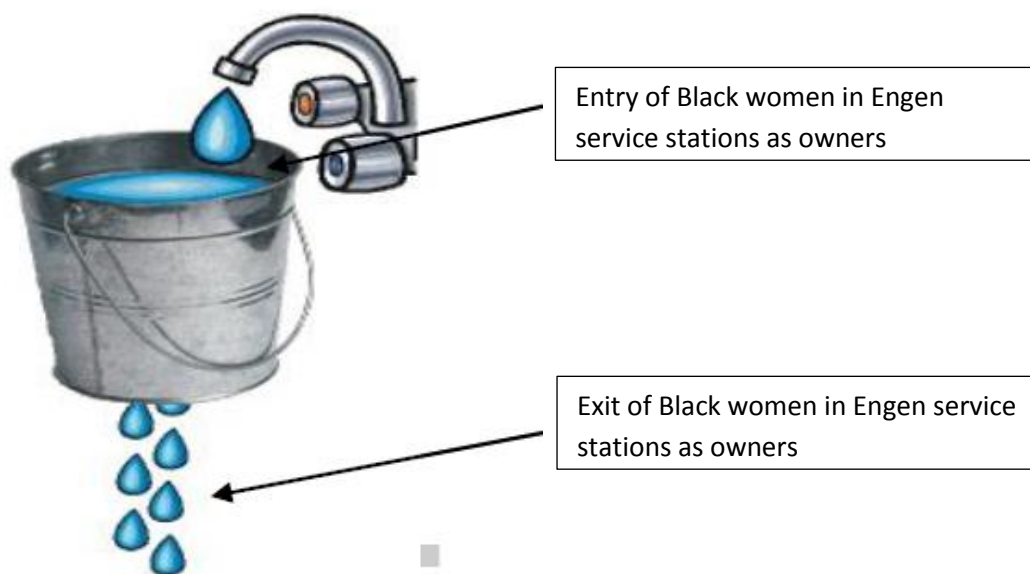
*People out there try by all means to scare us as female, to a point where they will organise a break-in so that we are scared and we sell business to them. Even though we do not have proof but we know these things are happening. I have had 2 break-ins in my garage and on both occasions the suspects were not identified and none was put behind bars.*

And participant 1 shares similar sentiments by stating:

*I was terrified where they broke-in my service station, it took me some time for me to get over the shock. For me this was planned with internal staff because the thieves knew exactly where everything was including the safe. They went straight to where everything is kept, took everything and left.*

### **The leaking bucket syndrome**

The researcher learned that one black female in KZN has left this business due to reasons known only to herself. This participant did not agree to take part in this study. This raises suspicion that there may be what the researcher illustrates as a leaking bucket syndrome, as illustrated in the figure below:



*Figure 4.12: The leaking bucket syndrome. Source: created for this study.*

Increased levels of competition adversely influenced the growth plans of numerous participants and often leads to them exiting the business. The key challenge stems from larger competitors



that are well-positioned and dominate the market. This market domination results from the following aspects: better financial and human resources, an established reputation and credibility and previously advantaged groups (Beaver & Jennings, 2005). Even though the statistics of Black females who have left were not shared, the researcher did have telephonic contact with one black female who indicated that she had left this business and did not want to participate or divulge the reasons for leaving. Participant 4 also stated that there was a lady who left this business due to reasons which are known only to her. Participant 5 had this to say:

*Even though I am not sure but I know that there was a lady who was running one of the garages who left due to pressures of this industry.*

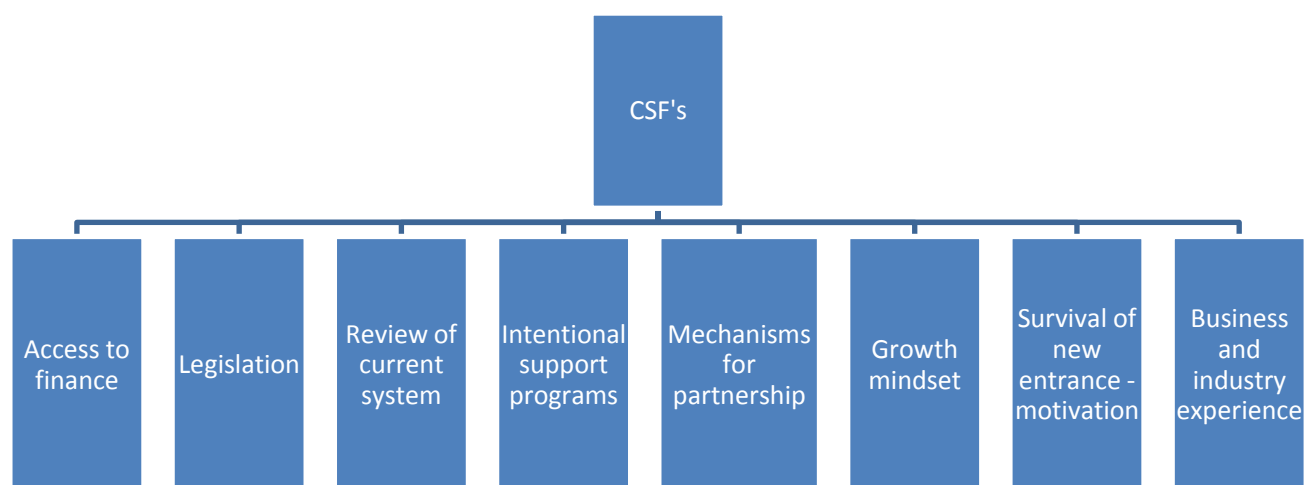
Participant 1:

*I am sure there were more Black females before but I don't have their contacts.*

This study then argues that the rate of Black female entrepreneurs entering this business must be higher than the rate of them exiting if the challenge of under-representation is to be addressed. The opposite scenario to this is what the researcher has illustrated above, entitled the leaking bucket syndrome. Jyothi & Kamalanbhan (2010) report that there is a difference in the management skills of entrepreneurs' owners and the management skills they require to manage their firms. Hence some of them fail along the way, causing the leaking bucket syndrome. In this condition there is very minimal progress that is achieved as outflow is greater than inflow. The leaking bucket syndrome suggests that the same or even higher quantities seep out of the bucket at the same time as the inflow. The zero sum effect of the leaking bucket imagery is that much time and effort is spent without much progress towards the end goal, as the energy extended into the inflow is cancelled out by the drainage through the holes in the bucket. The entry into the petroleum retail industry by black female entrepreneurs is presented as the inflow. The exit of the black female entrepreneurs is presented as the outflow. This study seeks to suggest ways of increasing the inflow pressure, while at the same time identifying ways in which the outflow could be minimised.

#### **4. 5. Research objective 3: To recommend suitable and sustainable measures that can be put in place as solutions for the identified barriers**

The last objective of this study was to recommend suitable and sustainable measures that can be put in place as solutions for the identified barriers. For the purposes of this study these measures are coded as critical success factors for transformation in this industry. Critical success factors (CSFs) are defined by Rockart (1979) as those performance related aspects that are essential in ensuring the continuing competitiveness of a business. Literature lists a variety of CSFs which are characterized as external and internal factors. External factors refer to the micro-environment and macro-environment of entrepreneurs. Internal factors relate to the characteristics of the entrepreneur or the SME itself, and the degree of business acumen the entrepreneur has. The study of CSFs is complex due to the large heterogeneity that exists in the sector (Beaver and Jennings, 2005). To evaluate the CSFs of entry of Black women into Engen retail service stations in KwaZulu-Natal as owners, participants were questioned regarding their thoughts on sustainability and sustainability measures that can be put in place as solutions for the identified barriers. The results of which are shown graphically in Figure 4.3 below.



*Figure 4.13: Summary of the critical success factors of entry of Black women into Engen retail service station in Kwa-Zulu Natal as owners. Source: created for this study.*

#### **4.5.1 Access to finance**

Black people need assistance to access funding from financial institutions because they face hurdles if they do it alone. Naude, W.A. & Havenga, J. (2005) state that one of the significant findings from the research literature on the constraints on Black entrepreneurs relates to the difficulty these entrepreneurs face when attempting to access finance and credit. There are

several requirements for funding to be unlocked such as drafting of business plans, motivation for funding and surety etc. New entrants, especially black females, need assistance in order to land funding from funding institutions. Participant 4 said:

*The stress we go through when applying for funding, this is where most females do not make it because it's difficult to do on our own and this is where I would suggest we be assisted in order to transform gender wise.*

And participant 5 also agreed with this notion:

*There are so many requirements to access funding and even if you want to outsource some of it like business plan, you need to have money to pay the people who are doing it for you, that's why we fail.*

#### **4.5.2 Legislation**

The view from participants is that legislation is not assisting in issues of transformation. The main challenge is that there are so many non-compliances from companies and government is not doing anything to address this. There is a belief that if legislation was stringent, then transformation goals would have been realised by now. Another factor that was raised was the cost of legislative requirements from starting a business to acquiring necessary licenses to run the business. The costs associated with legislative compliance is a threat to entrepreneurs due to the high cost associated with it (Leboea, 2017; Olawale & Garwe, 2010). Participant 1 said:

*Legislation does not assist us as blacks, there must be tangible results that are tracked. There are too many things that we need to apply for and it is all costly.*

Participant 2 said:

*If government want transformation they should be strict as set goals for companies to follow and then set penalties for non-compliance. And they should fast track applications for licenses and not make them so expensive.*

#### **4.5.3 Review of current company internal system**

It is critical that companies review their current systems of advertising, screening, accepting and awarding of entrepreneurs as new entrants into this kind of business. Management is responsible for establishing and maintaining an effective system of internal processes (KPMG report, 2016). As mentioned in the data analysis above, there is no evidence that companies are accelerating gender transformation. Advertising of new retail service stations or existing opportunities that arises are also not advertised publicly for all to have a fair and equal opportunity. The adverts are only circulated to those who have been accepted (closed loop marketing). This then makes it difficult to break into the industry as most of the owners of retail service stations are white people. Participant 3 had this to say:

*The problem is that even new opportunities are not advertised to public, how you then expect black people to know about this kind of business. Companies must review their system to be inclusive of all.*

Participant 4 said:

*Why is this business not advertised in newspapers just like all other opportunities? They must change their way of doing things if they want transformation.*

Another point on the system was the psychometric test as one of the criteria for acceptance. One participant felt this was another stumbling block for Blacks to enter this business. She said:

*And then there is this test that we have to do before we get accepted, that test is difficult for us and I do not see the value in it. It has not helped me in any way in running this business. These are the things that block us as blacks in entering this kind of business.*

#### **4.5.4 Intentional support programs**

One of the CSF's raised during data collection was that of supporting Black females in this industry. Participants voiced the fact that petroleum companies are not intentionally supporting Black females to enter this business. The results show that there are legitimate reasons why financial institutions decline loan applications. However, Silburt (2012) points out that even though a bank must assess the credit risk of a SME, there must be measures taken to support Black females as they form part of previously disadvantaged groups. Also, for example, when

advertising a new site or site on sale, it must be publicly advertised so that African black females also have access to the information.

Participant 4 said:

*Until they reserve sites for us black females, there will be no transformation in this industry. It is very difficult to compete with big giants.*

Competing with previously advantaged people has proven to be very difficult amongst the previously disadvantaged community, especially in this kind of business that requires large amounts of money as a requirement for acceptance. Participant 5 had this to say:

*White people have money and we don't so if companies are not supporting us that the industry will not transform, simple as that.*

#### **4.5.5 Mechanisms for partnership**

Participation in business networks and partnerships with financial institutions are where entrepreneurs can gain financial resources, beneficial knowledge from industry partners and improve operations, all of which improves sustainability (Jämsä et al., 2011); Urban and Naidoo, 2012). These partnerships were another CSF that emerged during face-to-face interviews, suggesting that companies must form partnerships with financial institutions and government for women-owned business incentive schemes. Partnerships will involve people from the industry, for example from government and institutions closely linked to government such as the DTI, DoE, and Eskom. Partnerships can also involve companies from the oil industry, such as Total, BPSA, SASOL, PetroSA, Engen, Shell, and Caltex, as well as banks and investment companies from the financial sector. This is a critical determinant of the growth and sustainability of female transformation in the petroleum retail sector. Participant 2 had this to say on this matter:

*There must be some sort of partnerships established to support black females in this industry.*

In the same breath it is important that those with money partner with those without skills and money. The partnerships must unlock more business opportunities for all stakeholders, especially those without skills and money. Participant 5 said:

*The gap is too wide and it will take years and years to close the gap, unless all stakeholders especially those with money come together in partnership to support us as blacks, especially females.*

#### **4.5.6 Growth mindset**

Skills and capabilities must be developed to enable entrepreneurial capacity, especially within previously disadvantaged communities. The growth mindset has been defined as the belief that personal abilities and skills can be enhanced (Dweck, 2008). Capacity development emerged from the face-to-face interviews. Participants mentioned that it is critical that Engen invest in capacity development of potential new entrants, especially females because of challenges they experience that hinder them from entering this kind of business. This will assist in developing a positive growth mindset. This growth mindset, as a CSF, is described by Participant 3:

*There must be programs that capacitate Black women who aspire to run this business, running this business is a skill and that skill must be natured. This will allow us to believe in ourselves and our capabilities. Honestly we as females are more capable than we think, problem is that more often we do not believe in ourselves, we do not have right mindset for growth.*

Participant 1 said:

*For me to succeed I needed to grow mentally otherwise I would not have succeeded hence it's important that those with potential to run this business are supported, especially black people, this is the only way to see more black females in this business.*

#### **4.5.7 Survival of new entrants - Motivation**

New entrants need help to cope with the rigors and stresses of the petroleum retail sector, especially its demand regarding cash flow management. After starting your quest to entrepreneurship and owning a service station, especially after being in the corporate sphere for a long time, it becomes hard to set tasks and goals without the support of an employer or colleague. For example, if you own a service station, you become your own boss and the success of the business lies in your hands alone. When you are running a service station you encounter some bumps in the road that set you back, be it cash flow management or another

factor. You find it hard to balance the multitude of entrepreneurial tasks you have with your personal life and it can be easy to lose motivation. Research has shown that an entrepreneur's outlook and resilience is determined by motivation (Neneh, 2012). This notion is supported by participant 2 who had this to say:

*Those with many years' experience in the industry have skills and must be encouraged to pass the skills and experience over to new entrance. Motivation is key in this business, some people quit because of lack of motivation and skills development. Running a business is no child's play.*

Participant 3 said the following:

*Black people need motivation, remember we come from a system which oppressed us, therefore in order for us to believe in ourselves we need to be motivated and not as once off but continuously, that's the only way we can survive.*

#### **4.5.8 Business and industry experience**

Research has shown that business experience and industry-specific experience are extremely reliable indicators of business success (Neneh, 2012; Singer, 1995). Two participants considered industry-specific and business experience as a CSF. Participant 1 noted that business and industry experience endorse success by avoiding making costly mistakes, better management of staff and finances and by the formation of business networks. The following are her words:

*In this industry you have to have business experience and you have to know specifics. If you would like to own a service station one day please come to my site and spend at least two months, in this way you will gain little experience of this business and then you can decide whether to continue or not.*

The new entrants cannot gain skills overnight or merely rely on formal training programmes from the franchisor. They need experience of this kind of business and participant 8 noted that experience promoted growth and more efficient business processes, by stating:

*In the first year of running this business, everything is so tough and some of the people do not survive. Business experience is critical in order to make it in this industry.*

#### **4.5.9 Summary of chapter**

By using a deductive research approach and thematic analysis, the findings that emerged from the semi-structured face-to-face interviews were explained in accordance with the literature. The correlation between these research findings and the research questions were determined. The most prominent challenge experienced by African black females in KZN are funding, legislation, marketing, exclusivity and survival. These were discussed in detail in this chapter, with the view of recommending strategies to remove these barriers in the next chapter.



## 5. CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

The study aimed to gain understanding of the factors that hinder the transformation process in the petroleum retail business, with specific focus on the participation of the african black women in this industry. Among other previously disadvantaged groups, South African black women are still finding themselves being marginalised in certain industries, including the petroleum retail business. The study is thus a step forward in promoting gender transformation by eradicating the cultural barriers to women's participation in the corporate world (Bates-Earner, Karin, Lee, Lim, & Kapila, 2012). Research has shown that only 3.29% of Engen service stations are owned by Black women. The growth from the past 5 years has been from 2.63% to 3.29%, according to the KZN regional area manager. Despite all the efforts by government, non-governmental organisations and private companies, the transformation of the economic landscape in favour of previously disadvantaged South African in general, particularly African black females, remains a challenge and there are many more questions than answers (Dyaty, 2012). Maseti (2005) argues that South Africa needs a black economic empowerment programme that will seriously contribute to the real development of the poor and the starving people in informal settlements. Although progress has been made, it is at a very slow pace and no one can claim to have all the answers. This study aimed to (1) to map ownership of Engen service stations by African black women in KZN, (2) to investigate the factors that hinder Black women's entry into the petroleum industry, and (3) to recommend suitable and sustainable measures that can be put in place as solutions for the identified barriers.

This chapter outlines the research objectives and the way they were achieved. This entails concluding the study, presenting findings-based recommendations and offering recommendations for further research.

### 5.2 Research Conclusions

The data and the discussion of the previous chapter provided substantial insight into the various barriers that hinder the progress of transformation in the retail industry. This provided vital information from which conclusions may be drawn. These conclusions are based on empirical findings and have been drawn in relation to each of the objectives. The discussion below outlines the conclusion from each objective of this study.

### **5.2.1 Objective 1: Mapping of ownership of Engen service stations by Black women in KZN**

Only 3.29% of Engen service stations are owned by Black women. The conclusion that is drawn from these statistics is that the acceleration of transformation in the retail service stations with respect to African black females is growing at a very slow pace. The growth over the past 5 years has only been from 2.63% to 3.29%. The statistics show that from 2018 to 2043 the Black female ownership of retail service stations in KwaZulu-Natal will increase by 20%. This means it would take 30 years to increase the Black women ownership percentage to just 20%, assuming everything else remains the same. This demonstrates that the acceleration rate of transformation, particularly of retail service stations in KwaZulu-Natal is very slow. For an equal percentage to be reached, turnaround strategies will have to be developed, drastic decisions will have to be made and extreme changes will have to be implemented in order to be intentional about reaching that goal.

### **5.2.2 Objective 2: Factors that hinder Black women's entry into the petroleum industry**

Access to finance has been identified as one of the major barriers to entry of Black females in owning service stations. Poor access to funding, primarily from funding institutions, was the major concern. This study has noted that financial institutions, particularly commercial banks, have extremely strict criteria when funding small and medium enterprises. To ask a banker for a sum of money, calculated arbitrarily based on a rough estimate of funding needs, is unlikely to secure an ordinary person a loan. The banker must balance his desire to grant loans with his obligation to ensure that the bank's funds, which belong to its depositors and shareholders, are repaid on time and with interest. This means that unless you are able to make a meaningful contribution from your own resources and offer reasonable sureties for the balance, the banker may not be able to approve the loan.

Another major barrier in relation to finance is the own capital contribution that is required by the franchisor. It is a major challenge for an ordinary person to raise this own capital contribution portion, hence this business is said to be very difficult for people from previously disadvantaged groups to enter into. For a service station, a person is required to have a minimum of 25% own capital funds which is about three million rand for a small to medium size service station. This contribution is required at the beginning of the application process and this is the stage where most black people are excluded.

Legislation is another barrier that has been identified as it does not assist in promoting gender equality. The study has shown that legislation is not in any way assisting black people to

penetrate this kind of business. They believe that Broad Based Black Economic Empowerment is there as one of the pieces of legislation, but it lacks compliance enforcement. It is indeed sad that years after democracy, the government's support and intervention in the petroleum industry has not been observed through various legislation passed to accelerate transformation. The regulatory environment remains a concern for black people, especially African black females, and there is no concrete evidence that measures to facilitate compliance have been put into place and that penalties for non-compliance have been implemented.

Marketing of new opportunities in this kind of business are not advertised to the public, but to the closed distribution list. This then becomes another barrier as it also supports those who are already on the system, i.e. Previously advantaged groups. This barrier of closed loop marketing is one of the major barriers to entry for the new black females because marketing or advertisement of new business opportunities such as a new garage on sale is not done in a public platform. These adverts only get distributed to the distribution list of potential owners/dealers who are already on the system, meaning those who already have the financial means to pass the first entry application as discussed above. Even if Black females are interested, it is difficult to even know about this type of business because of closed loop marketing.

The exclusivity of this type of business is evident in many ways. One of the ways is that this industry is still male dominant, as evidenced by the figures shared earlier on in this chapter. The male domination has been difficult to disrupt, and efforts to do so have been very slow. Another form of exclusivity is based on the financial challenges, this type of business is believed to favour the previously disadvantaged group. It is not easy for an ordinary person to get into this type of business based on reasons alluded earlier on in this chapter such as getting access to funding and also own capital requirements.

Survival of the new entrants, especially females, is another cause for concern. Females need to cope with the demands of the petroleum sector which is highly male dominant. These survival challenges are associated with long hours which are required in this kind of business, lack of respect from both staff and customers, victimization of females, theft and break-ins and lack of business acumen and mentorship which plays a vital role, especially for female entrepreneurs. Most studies have identified the need for support and training for women entrepreneurs in South Africa and that it should also include mentorship and coaching.

### **5.2.3 Objective 3: Suitable and sustainable measures that can be put in place as solutions for the identified barriers**

The most prominent measures for the identified barriers to fast track transformation in the petroleum retail industry with respect to Black woman ownership have been coded as critical success factors for the purposes of this study.

Access to finance is a major CSF. African black people need assistance to access funding from financial institutions because they face hurdles if they do it alone. There are several requirements for funding to be unlocked such as drafting of business plans, motivation for funding and surety etc. New entrants, especially black females, need assistance in order to be granted funding from funding institutions.

There are so many pieces of legislation (another CSF) that have been promulgated in the name of assisting previously disadvantaged groups, from the Constitution to BBBEE, Liquid Fuel Charter to name a few, but implementation seems to be poor and the tracking of progress is not evident.

Another CSF is review of current systems. It is critical that companies review their current systems of advertising, screening, accepting and awarding of entrepreneurs as new entrants into this kind of business as the current system seems to not favor previously disadvantaged groups, especially Black females.

Intentional support programs and growth mind-sets are also CF's for transformation in this sector. Companies must intentionally support Black females to enter this business by implementing tangible measures such as reserving new sites for Black females as a means of transforming the industry. Developing skills and capabilities is also critical to enable entrepreneurial capacity, especially in previously disadvantaged communities.

Partnerships are also identified as a CSF and companies should form partnerships with government and financial institutions for women-owned business incentive schemes. These Partnerships must involve people from the industry, for example from government and institutions closely linked to government i.e. DTI, DoE, and Eskom; and other stakeholders.

Business and industry experience are also critical for the survival of new entrants. New entrants need help to cope with the rigors and stresses of the petroleum retail sector, especially its demand regarding cash flow management and its high-pressure environment, especially in the first few months of running the business.

### **5.3 Research Implications**

The aim of the study is to identify the factors that hinder the transformation process in the petroleum retail business, with specific focus on the participation of the Black women in this industry. These barriers limit their entry, as well as their growth and sustainability in the business, thereby affecting transformation and adversely affecting the economy. Macroeconomic issues such as low-growth and unemployment can be improved with a healthy entrepreneurs (Harris et al., 2005). This research would interest Engen Petroleum and government departments such as Department of Energy (DOE) and its subsidiaries that are assigned to implement government policies regarding gender transformation. The findings from this study can be used by policy makers in the private sector and within government to improve the efficacy of government support for gender transformation.

This research would also be of value to public and private academic institutions and other organisations that provide business incubation or training to entrepreneurs. These institutions can use the results of this study to develop or improve the syllabi for entrepreneurs by focusing on common shortfalls in business and addressing educational gaps. All the owners of service stations could also benefit by exploring the research to understand the business environment and to take precautions against the common factors that hinder entry, growth and sustainability of female service station owners. The research also provides recommendations for avoiding failure and for increasing growth.

The research would also benefit financial institutions, investors and venture capitalists who could use the study as a measure of prospective entrepreneurial investments. Likewise, the research would be of interest to businesses that have entrepreneurs in their supply chain, as the conservation of the members of their supply chain affects the sustainability of their organisation.

The outcomes of this study would be valued by researchers as the study is conducted in a specific location (KwaZulu-Natal), targets a specific group (black females) and provides a detailed understanding of the business environment in which Black female entrepreneurs function in the KwaZulu-Natal petroleum industry. This perspective has the potential to lead to innovative insights and can be used as a basis for extended research into the spatial variation of the challenges that Black female entrepreneurs experience, as well as policies that can be used to alleviate these challenges and improve the numbers and success rates of black female entrepreneurs in the petroleum industry.

#### **5.4 Limitations**

- By doing face-to-face interviews with Black female owners of service stations, there is a possibility of memory loss that may have influenced the responses to the questions asked.
- There is a possibility that bias may affect the honesty of responses as the research is concerned with barriers, which suggest missed opportunities for Black females.
- The study targets Black female owners of service stations and there may be few spatial variations in the barriers of entry and this may affect the generalisability of the study.
- Five Black female owners of service stations were studied in detail (which is the total number of Black females owning service stations), hence limitations regarding the sample size may be of concern. Some themes reached theoretical saturation, however a bigger sample could have produced better insights and further development of themes during the data collection phase.
- The data analysis and interpretation phases of a qualitative study are subjective in nature which could reflect the researcher's views. To combat this, triangulation was performed on the data analysis and interpretation phases by letting third parties independently perform these processes to compare results.

#### **5.5 Delimitations**

The research process is directed by many interconnected decisions, some of which are explained below:

- This study's geographic scope was limited to Black women owners in the petroleum retail business, focusing on the Engen service stations in the KwaZulu-Natal Province of South Africa. Any other petroleum business falls out of the scope of this study.
- It was not possible to identify Black women owners of the petroleum retail business who had failed. Therefore, these owners did not form part of the sample.

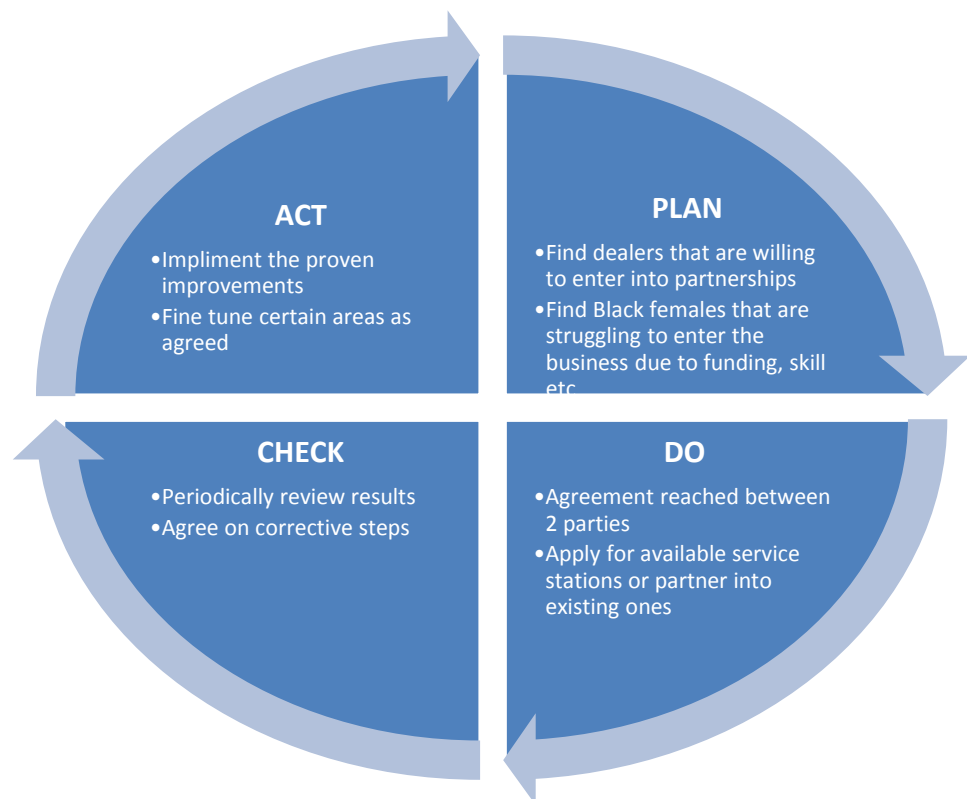
#### **5.6 Recommendations**

- Government entities such as the Department of energy and SAPIA should ensure that systems, policies and structures within these departments effectively empower women. Specific targets must be set to ensure support for women's organizations in the sector and ensure effective collaboration and coordination between relevant departments. This can be done by the development of Women Enterprise Programs. These programmes

can include mentorship and incubation programmes that will assist with business support and necessary information. The objectives of mentorship include incubation and training: There should be access to the petroleum, oil and energy industry training by partners, as well as financial workshops held in centres throughout the country. Other recommendations include gender empowerment, awareness raising and advocacy, petroleum value chain workshops, renewable energy workshops and exposure trips to service stations.

- Black female owners of service stations should engage in studies that focus on entrepreneurship or business to improve their management capabilities, as well as on their ability to formally document their business objectives and growth allowing for increased profitability and growth. Such studies would also increase their professionalism and business processes to enhance and grow their business.
- To deal with the survival issues discussed in the previous chapter, Black women owners of petroleum retail businesses could form a platform to offer support and motivation to each other. They could mentor one another in business skills and encourage each other to persevere and grow their businesses, thereby putting an end to the leaking bucket syndrome.
- Petroleum companies should prioritise gender transformation and be intentional about it by creating a database of all Black females who aspire to enter this industry. They could then profile and screen them and assist them in meeting the difficult requirements. These candidates should also then be referred to institutions that can assist them with skills and management programs to run these businesses. In this way gender transformation goals would be realized.
- Government should closely monitor and track gender transformation issues in the petroleum industry, keep all stakeholders accountable and apply penalties for non-compliances.
- Access to finance for previously disadvantaged groups, especially Black females, should receive both private sector and government facilitation by incentivising investments into start-ups and SMEs. This can be achieved by government lending organisations that support entrepreneurial endeavours.

- Private sector as franchisor and owners as franchisee should engage in business networking with the aim of improving the performance of their businesses, with special focus to sites that are owned by Black females in order to offer additional support in this male dominated industry.
- Black female owners of service stations should focus on improving their interpersonal, business and leadership skills to enhance their employee performance and work ethic, and also to gain a loyal customer base so as to increase volumes in their sites and grow their business. This will result in the formation of a competitive advantage which is essential in competing with other service stations.
- Partnerships must be formed with previously advantaged groups (white owners of retail service stations). This group has access to finance and investment funds for own capital contribution which makes it easy for them to acquire retail service stations. In most cases they also have the necessary skills as they are advantageously born into the business environment. Black females have increased chances of securing funding if they partner in this format, and they would also gain valuable skills and knowledge. This is illustrated using Deming's PDCA cycle below:



*Figure 5.1: Deming's PDCA cycle. Source: developed for this study.*



- In a nutshell the below diagram illustrates what has been recommended above:



*Figure 5.2: Summary of recommendations. Source: developed for this study.*

### 5.7 Recommendations for further studies

- The validity of the study could be improved by conducting a similar qualitative study with a larger sample, either including other petroleum companies in KZN or expanding the study to cover other provinces in South Africa. This may yield additional findings.
- To decisively comprehend the causes of failure of Black females in the petroleum retail business, a similar study could be conducted on Black females that have failed in running petroleum service stations.

### 5.8 Chapter summary

The potential for previously disadvantaged people, especially Black females, to overcome the hurdles to receiving finance is a great opportunity for our country as a whole because females also play a crucial role in economic development, especially in successfully running businesses and creating employment and wealth (as discussed in chapter two). Black female entrepreneurs are key drivers of economic growth. However, they face challenges in achieving growth through difficulties in raising and obtaining finance and also through breaking into male dominated industries such as the petroleum retail industry.

The study was conducted by interviewing Black females who own Engen retail service stations in KZN so that the researcher could understand the barriers that they faced to enter this industry. The views and opinions that were given highlighted a number of issues that Black female entrepreneur's face which excluded them when applying for retail service stations, as discussed in chapter four. From these findings it has been shown that the study question has been answered and possible solutions were given which were presented in chapter four as well as earlier in this chapter. The study is just one of many that have investigated the barriers of entry for Black females in owning service stations. The findings from the literature have supported and complimented the findings of this study which in the mind of the researcher equates to a successful research project.

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# 7 APPENDICES

## APPENDIX 1 – INFORMED CONSENT

### Informed Consent Letter



### UNIVERSITY OF KWAZULU-NATAL

### GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

#### Masters Research Project

**Researcher: Thandi Ngxongo (072 1744 981)**

**Supervisor: Prof. M. Hoque (031 260 8690)**

Dear Respondent,

I am **Thandi Ngxongo**, a Master of Business Administration student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled: **“Transformation in the Petroleum Retail Business – A Case of Black Women ownership of Engen Service Stations in KZN, South Africa.** The main aim of this study is to investigate what mechanisms can facilitate the entry of black women into ownership of Engen service stations in KwaZulu-Natal, while ensuring that those who are already in the system survive?

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

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

The interview should take about 45 minutes to an hour recorded. I hope you will take the time to participate.

Sincerely

Researcher's signature \_\_\_\_\_ Date \_\_\_\_\_

UNIVERSITY OF KWAZULU-NATAL

HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

**Masters Research Project**  
**Researcher: Thandi Ngxongo (072 1744 981)**  
**Supervisor: Prof. M. Hoque (031 260 8690)**

CONSENT

I..... (Full names of participant) hereby confirm that I understand the contents of this document, the nature of the research project and that audio recording will be used during the interview. 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

This page is to be retained by the researcher

## APPENDIX 2 – ETHICAL CLEARANCE APPROVAL



03 September 2018

Mrs Thandi Princess Ngxongo (217035312)  
Graduate School of Business & Leadership  
Westville Campus

Dear Mrs Ngxongo,

Protocol reference number: HSS/1291/018M

Project Title: Transformation in the Petroleum Retail Business – A case of Black Women ownership of Engen Service Stations in KZN, South Africa

### Approval Notification – Expedited Application

In response to your application received 27 August 2018, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

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.

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

Yours faithfully

Professor Shenuka Singh (Chair)

/ms

Cc Supervisor: Professor Muhammed Hoque  
Cc Academic Leader Research: Dr Rosemary Sibanda  
Cc School Administrator: Ms Zarina Bullyraj

### Humanities & Social Sciences Research Ethics Committee

Professor Shenuka Singh (Chair)

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Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

## APPENDIX 3 – GATE KEEPERS LETTER

30 May 2018

To whom it may concern

**RE: UKZN MBA Research clearance**

This letter serves to confirm that Engen Petroleum is supporting Mrs Thandi Ngxongo to undertake research titled: "Transformation in the Petroleum Retail Business – A Case of Black Women ownership of Engen Service Stations in KZN, South Africa" for her MBA dissertation at University of KwaZulu Natal.

The results of the study will add value to Engen and Engen will provide support needed for Thandi Ngxongo to successfully complete her dissertation.

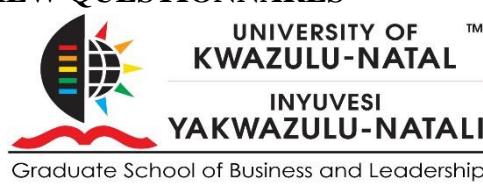
Kind Regards



Kholekile Dlakiya

Transformation Manager

## APPENDIX 4 – INTERVIEW QUESTIONNAIRES



### UNIVERSITY OF KWAZULU-NATAL

### GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

#### Masters Research Project

**Researcher: Thandi Ngxongo (072 1744 981)**

**Supervisor: Prof. M. Hoque (031 260 8690)**

Dear Respondent,

#### **RE: INTERVIEW**

I am **Thandi Ngxongo**, a Master of Business Administration student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled: **“Transformation in the Petroleum Retail Business – A Case of Black Women ownership of Engen Service Stations in KZN, South Africa.** The main aim of this study is to investigate what mechanisms can facilitate the entry of black women ownership of Engen service stations in Kwa-Zulu Natal while ensuring that those who are already in system survive?

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 interview. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

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

Should there be a need for an interview, it should take about 45 minutes to an hour recorded. I hope you will take the time to participate.

Thank you

## Research questionnaire

The following are the research questions considered for the purposes of the study, these are based from the objectives of the study mentioned above.

- How is the ownership of Engen service stations by Black women in KZN looks like?
- What are the factors hindering the participation of Black women in the petroleum industry?
- What measures can be put in place as solutions for the identified barriers?

### SECTION A: INTRODUCTION

Please circle the appropriate answer / number.

1. What is your gender?	Male	Female	Other		
2.What is your Age group?	25-35	35-45	45-55	55 +	
3. Level of Education?	Matric	Diploma	Degree	Post grad	Other (elaborate)
4. In your career, have you/ your spouse worked in the following industry?	Petroleum	Corporate	Other (elaborate)		
5. How was your business funded?	Bank	Family	Government	Own fund	Other (elaborate)
6. In your family, are you the first owner of a service station?	Yes	No	Other (elaborate)		
7. How long have you had this business?	Under 5 years	5-10 Years	10-15years	15-20years	20+ years

## SECTION B: YOUR PERCEPTIONS OF BARRIERS THAT HINDERS BLACK WOMEN TO ENTER ENGEN RETAIL BUSINESS IN KZN

The following set of statements relate to your experience and perception about barriers that hinder Black women to enter Engen retail business in KZN. Please respond to all the question

1	Please explain in your own understanding is transformation an issue in South Africa with respect to female ownership of businesses such as Engen service station?
2	Please explain the process of applying for Retail service at Engen.  In your opinion is the process simple and accessible?
3	In your exposure to this business, do you think the ownership of Engen service stations in KZN in terms of Black women representation is good?
4	Do you think Engen retail service stations are visually appealing to attract Black women to apply for ownership? Please elaborate.
5	In your opinion what is the cause or barriers of poor Black woman representation in this kind of business?
6	In your opinion do you think the barriers are associated with lack of interest of Black female in this kind of business? What would be the cause of lack of interest?
7	In your opinion do you think the barriers are associated with poor access to funding? Please explain.
8	In your opinion do you think the barriers are associated with stringent legislation? Please explain.
9	In your opinion do you think the barriers are associated with poor implementation of legislation that promotes gender equality? Please explain.



10	In your opinion do you think the barriers are associated with perception related to oil and gas being a male dominated industry? Please explain.
11	In your opinion do you think the barriers are associated with lack of interest for Black woman to enter the oil and gas industry? Please explain.
12	In your opinion do you think the barriers are associated with poor response time on applications? Please explain.
13	In your opinion do you think the barriers are associated with lack of knowledge from Black women about the industry? Please explain.
14	In your opinion do you believe BBBEE is assisting Blacks in owning businesses such as Engen service stations?
15	What solutions or measures that can be implemented in order to transform the Engen service station dealership i.e. To make service station ownership more representative?
16	What advice would you give to Black females who are aspiring to enter this business?

**Thank you for your participation!**

## APPENDICX 5 – INTERVIEW SCHEDULE

Participant No	Interview schedule
1	Monday 29th Oct 2018 10pm
2	Monday 29th Oct 2018 1pm
3	Monday 29th Oct 2018 1pm
4	Tuesday 30th Oct 2018 10am
5	Tuesday 30th Oct 2018 1pm
6	Wednesday 31 <sup>st</sup> Oct 2018 11am

## APPENDIX 6 – TURNITIN REPORT

MBA dissertation			
ORIGINALITY REPORT			
7 %	4 %	1 %	5 %
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS
PRIMARY SOURCES			
1	Submitted to Rhodes University Student Paper	3 %	
2	www.erc.uct.ac.za Internet Source	2 %	
3	Submitted to Mancosa Student Paper	1 %	
4	www.dailymirror.lk Internet Source	<1 %	
5	Catherine Albertyn. "Substantive Equality and Transformation in South Africa", South African Journal on Human Rights, 2017 Publication	<1 %	
6	www.actacommerci.co.za Internet Source	<1 %	
7	documents.mx Internet Source	<1 %	
8	www.ujuh.co.za Internet Source	<1 %	