



International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 22 • 2017

The Growth Challenges of Native-owned Spaza Shops in Selected Townships in South Africa

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ABSTRACT

Albeit the efforts and contributions made by the government of South Africa to support the growth of spaza shops, it is perhaps startling to note that the majority of the indigenous spaza shops struggle to grow as anticipated.

Aim: Against the just mentioned backdrop, it was deemed necessary to understand the hurdles that prohibit the growth and development of native-owned spaza shops in two prominent townships in Cape Town.

Method: Rooted in the exploratory and descriptive research designs, the quantitative empirical research approach backed by a self-administered questionnaire was utilised to collect the data. The 121 questionnaires that were fully completed and returned were analyzed using the latest version of Statistical Package for the Social Sciences (SPSS) software with a particular interest in the descriptive output.

Results: Among others, the following came to the forefront as inhibitors of growth: circumscribed expansion capital, competition from non-South Africans and large-scale retailers operating in malls, crime, transportation of stock, inaccessible loans, woeful handling of financial records, lack of management skills and poor marketing and lastly limited information on government services.

Recommendations: Assuming the foregoing results, one propounds that Native spaza shop-owners should endeavour to plough back part of the profits earned; sought business training for family members; diversify the product range, and secure business premises.

Implications: while aligned to the Native-owned spaza shops in the selected townships, informal traders, related businesses, other townships, academics and policy makers may draw vital lessons from this study.

JEL Classification: E21; O13; G31.

Keywords: Townships, Spaza shops, Entrepreneurship, Growth challenges, Cape Town, Native South Africans.

1. INTRODUCTION AND BACKGROUND

Unemployment with its ripple effects is one of the most pressing problems that modern-day South Africa faces, and this is peculiar among the previously disadvantaged cohort. Currently, estimated at 26.5% (Stats SA, 2016), unemployment is a major discomfort for the national government. Hoping to redress the acute unemployment challenge, the South African government recognized and supported the participation of Small, Medium and Micro-sized Enterprises (SMMEs) and particularly those in the informal economy.

A genuine assessment of South Africa's workforce at the end of the apartheid era suggested the dire need for transformation. Of particular concern was the fact that the majority of black South Africans lacked the requisite skills to meaningfully participate in the mainstream economy. It is believed that most of the black South Africans, who could not get formal employment were pushed into starting small businesses in the informal sector as a means of survival (Mkoka, 2012).

At the face value, the quest for skilled manpower may have influenced the influx of immigrants and particularly those of African origin who perceived opportunities in South Africa for either employment or self-employment (Tengeh et. al., 2012). These non-South Africans who resorted to the operation of spaza shops upon arrival presented a momentous challenge to the indigenous spaza shop owners who considered the former's participation as a threat (Liedeman et. al., 2013). In fact, it is believed that between 2010 and 2015, the spaza shop industry witnessed the preponderance of immigrants (Liedeman et. al., 2013; Tengeh, 2016) and this has precipitated the closure of a significant number of native-owned spaza shops.

In an attempt to curtail the failure of the small businesses owned by South Africans, more especially those operating in the unofficial economy, the South African government introduced proactive measures meant to ensure the sustainability of these entities. The initiative was anchored on the need to sustain jobs given that the informal sector contributes significantly to total employment. As such the introduction of the Shared Economic Infrastructure Facility (SEI) saw an amount of R50 million allocated entirely to the support of small informal business entities (Zulu, 2015). Furthermore, the Ministry of Business Development pioneered the Traders Upliftment Project in which thousands of indigenous owned spaza shop owners were trained in business skills and provided other necessary resources (Zulu, 2015). To demonstrate how committed the South African government was to the success of native-owned spaza shops, the Minister of Business Development even encouraged non-South Africans to share their success strategies with their South African counterparts (Mbata, 2015).

In spite of all the efforts and contributions made by the South African government to ensure the growth of small businesses, it is perhaps surprising to note that the greater part of indigenous spaza shops strife to grow as anticipated (Liedeman et. al., 2013). It is obvious that a number of studies would want to unwrap the obstacles that these businesses have to surmount (see Fatoki, 2014; van Scheers, 2010 & Perks, 2010). The need to complement these isolated studies provided the impetus for the current study with a particular reference made to the spaza shops in the Gugulethu and Nyanga townships. Consequently, this study sought to ascertain the growth challenges faced by native-owned spaza shops and to recommend accordingly.

2. LITERATURE REVIEW

2.1. What is Entrepreneurship?

A great number of scholars have looked at entrepreneurship from various perspectives, and this has informed the different stance on the concept. Focusing on resources, Tenenge (2013) emphasises the ability to combine resources to achieve a desired outcome. To Zimmerer and Scarborough (2008), such an outcome relates to profitability and growth - that is achievable through creativity and innovation.

2.2. Entrepreneurship and the Economy

At a broader level, entrepreneurship is recognised for its ability to stimulate economic growth, poverty alleviation and employment creation. This notwithstanding it must be noted that some forms of entrepreneurship and business ventures are not beneficial to economic growth and development (Baumol, 1990).

According to Berner et. al., (2008) the drive behind informal entrepreneurship is not growth, but essentially the need for survival and a way to escape from poverty through self-employment. Accordingly, Baumol (1990) notes that unproductive entrepreneurship is mostly found in informal sectors, where individuals are pushed into entrepreneurial ventures by limited job opportunities. While there are various opposing opinions concerning the contribution of unproductive entrepreneurship to economic growth, these unproductive entrepreneurship account for a significant part of business activities in developing countries in general (Ligthelm, 2013). Productive entrepreneurship relates to business ventures that are profitable and have all the potential to grow, and further alleviate the challenge of unemployment (Baumol, 1990).

2.3. Spaza Shop Owners as Entrepreneurs

Ligthelm (2008) defines a spaza shop as “a business operating in a section of an occupied residential home or in any other structure on a stand in a formal or informal township which is zoned for residential purposes and where people live permanently.” These spaza shop owners have recently gained recognition as engines of economic growth as well as employment creation. Minard (2009) sees an entrepreneur as a “venturesome individual who stimulates economic progress by finding new and better ways of doing things.” To Perks (2010) an entrepreneur is someone who can spot an opportunity and uses his belief and vision about market gaps to organise resources to achieve their business dreams. Having created a niche market for themselves in the previously disadvantaged communities, spaza shop operators are undoubtedly entrepreneurs.

The success of a spaza shop lies in creativeness, innovativeness and hard work of its owner. For instance, Terblanché (2006) notes that spaza shops normally open from seven in the morning till nine in the night to cater for early and late coming customers respectively. Such long hours are meant to increase sales thereby boosting profits margins.

2.4. Challenges Experienced by Native-owned Spaza Shops during the Growth Phase

In as much as the Spaza shops have taken advantage of the gap in township markets, there are a number of obstacles that inhibit their growth and sustainability.

2.4.1. Competition from Large Scale Retailers

Traditionally, South African townships have been dominated by informal businesses until recently. With little or no direct competition, the townships provided enough support for the growth and survival of the spaza shops. However, the status quo changed rapidly with the proliferation of immigrant-owned spaza shops and malls in South African townships. Of particular concern is the unbearable competition from large-scale retailers which hinders the growth of spaza shops (Ligthelm, 2007; van Scheers, 2010). In fact, a number of studies have confirmed that the small businesses which are located closer to shopping malls tend to experience a drop in profits compared with those which are further (see Cokayne; 2007; Rolfe et. al., 2010).

2.4.2. Competition from Non-South Africans

Immigrant-owned spaza shops add to the competition within the spaza industry. Having established effective distribution networks and bargaining power in negotiating discounts, the owners of foreign spaza shops seem to have out performed their local counterparts in the South Africa townships. Many authors have conceded that competition is at the centre of the ongoing tension that fuels xenophobia in South African townships (Liedeman et. al., 2013; Hikam & Tengeh, 2016). According to Dentlinger (2009), local spaza shop-owners have limited capital, lack distribution networks and often stock limited product range.

2.4.3. High Cost of Transportation

Transport plays a pivotal role in promoting the effective distribution of purchases and other supplies. Spaza industry growth is affected by lack of cost-effective transportation networks. This view is supported by Kassim and Hendriks (2002) who generally agree that informal businesses including spaza shops normally use public transport and private cars to move their purchases from wholesalers and other related suppliers. With the rising cost of fuel it means spaza shop-owners must endure the high costs of making several trips in order to bring purchases to their business premises. Having recognised transport as a constraint, the MEC for Finance and Economic Affairs (Gauteng) urged spaza shop-owners to come together and use their organised efforts to negotiate with wholesalers for larger discounts, as well as for deliveries. Once organised, spaza shops can approach the government in order to be assisted with warehouse solutions, a move that will mean the safekeeping of their wares as well as cutting transport costs (Spaza News, 2003).

2.4.4. Crime

Spaza shops have all the potential to grow and create the much-needed employment yet the prevalence of crime hampers the success of these entities (Bear et. al., 2004; van Scheers, 2010; Tengeh, 2016). In the townships, poverty and unemployment are the major causes of robbery, murder and other types of crime. Spaza shops are often the target because most of their customers buy on a cash basis. Spaza shop-owners do not make use of online payment systems as the devices are expensive. Furthermore, the high rate of crime in township deters the suppliers from delivering items to the spaza shops, and this inherently pushes up the cost of transportation for these spaza shop owners. The costs of replacing stolen or repairing vandalised items all add to the non-sustainability of spaza shops. As stated by the Spaza News (2004), the only way to ensure security is to install alarms, burglar proofing and surveillance cameras. It must be acknowledged that these security measures come at an additional cost and most spaza shops cannot afford that.

2.4.5. Lack of Financial Support

Empirical research has shown that the establishment of new businesses proliferates when people in a given country have access to capital (Blanchflower et. al., 2001). In the same vein, it can be argued that informal businesses, including spaza shops, can grow sustainably if they get the necessary financial support. Van Scheers (2010) and Tengeh et. al., (2012) concur that most informal business owners have cited a lack of financial support as a major constraint to the growth of businesses. Authors such as Rolfe et. al., (2010); Tengeh and Nkem (2017) and Mukwarami & Tengeh (2017) believe that the problem is not necessary the lack of finance, but rather that of limited access to formal finance. Reasonable access to formal finance is inhibited by a number of factors, including limited information, no records of performance and lack of collaterals to secure bank loans. With limited access to finance from formal intermediaries, most spaza shop-owners resort to their personal savings and relatives for financial support, and without such support their shops risk closing down (Tengeh et. al., 2012). To overcome the challenge of a lack of financial support, the informal traders turn to informal financial associations (Tengeh & Nkem, 2017).

2.4.6. Lack of Business Skills

Spaza shops can only survive and grow if the owners have the required business skills. A number of scholars have agreed that in the absence of business skills, spaza shops find it difficult to cope with the demands of growing their entities in a sustainable way (Rolfe et. al., 2010; Perks, 2010). According to Perks (2010) business skills are quite diversified and all of them are vital as far as the running of the business is concerned. For instance, on the financial front, the spaza owner needs to know how to do budgeting, financial statements, journal entries and other related aspects. In fact, Perks (2010) asserts that business skills cover finance, marketing, purchasing, storage, stock control, labour relations, customer care, and a whole lot of management functions such as planning, controlling and organising. In spite of this, a considerable number of entrepreneurs within the informal sector start their businesses without receiving training in these vital skills and subsequently suffers from the brunt as the business grows (Rolfe et. al., 2010).

2.4.7. Lack of Expansion Capital

Once in business, the spaza shop-owners have the challenge of securing supplemental capital for the expansion of the business ventures. A lack of expansion capital means that shop-owners still cannot acquire additional stock nor to expand their premises among things. This argument is in line with recent studies that acknowledge the fact that access to finance by micro business owners remains a barrier to business growth (Turton & Herrington, 2012).

2.4.8. Lack of Business Support

Spaza shop-owners often cite lack of business support from the government in the form of services such as business advice, mentoring and financial assistance (Mukwarami & Tengeh, 2017). It is a concern that most government programmes are not accessible to spaza shop-owners and this obviously have a negative impact on their ability to expand.

2.4.9. Financial Literacy

According to Fatoki (2014), financial literacy is indeed a challenge as most of the micro entrepreneurs can not appreciate the importance of keeping accounting records. As a disadvantage, this has a ripple effect and prevents the spaza shop-owners from availing financial support from the financial institutions which always insist of financial accountability in the form of well documented accounting records. Accounting records will be far easier if the business owners made use of computers to record their transactions as well as for the preparation of their year-end financial records.

3. MATERIALS AND METHODS

3.1. Methodology

A research methodology entails the rationale employed for using a specific procedure, method or technique in order to develop a particular research design (Kothari, 2004). According to Bloomberg and Volpe (2008), the quantitative research approach is “applied to describe conditions, investigate relationships, and study cause-effect phenomena.” In this research study, a quantitative approach was adopted, principally for the emphasis quantitative research places on the collecting of data which can be quantified and subjected to statistical treatment, in order to support or refute alternative knowledge claims (Creswell, 2003). As such the questionnaires were administered to spaza shop owners who operated in the Gugulethu and Nyanga townships. Quantitative data gathered from spaza shop owners was analysed independently using Statistical Packages for Social Sciences (SPSS) software.

3.2. Target Population

Welma and Kruger (2002) refer to a research population as an aggregate or totality of all the objects, subjects or members which conform to a particular set of specifications. In this study, the target population comprised all of the South African-owned spaza shops which operate in the Gugulethu and Nyanga townships, both of which fall under the Cape Town Metropole. The Gugulethu township has six sub-locations and these include: Gugulethu SP, Phola Park, New Rest, Zondi and Vukuzenzele. Nyanga has 11 sub-locations, namely, Old Location, Lusaka, Maumau, Zwelitsha, KTC, Maholweni “Hostels”, White City, Black City, Kanana, Barcelona and Europe. Gugulethu and Nyanga were selected because they are among the oldest townships in Cape Town, in which trends, dynamics and development in the spaza sector can easily be traced and compared.

3.3. Sample Methods

According to (Farrokhi, 2012), convenience sampling is a non-probability sampling technique where respondents are selected based on their accessibility and proximity to the researcher. The researcher favours this method because it is quicky, cost saving, easy to apply and the subjects are readily available. Convenience sampling allowed for the selection of the spaza owners that are known to have operated for three years and above to be part of the sampling frame. The researcher believes that the spaza shops that have been in existence for more than three years can offer far more detailed and richer information on the factors that are affecting the growth of their businesses, compared with new entrants in the spaza industry.

3.4. Sample Size

The spaza shops which were eligible for selection in the sampling frame for the study were South African-owned spaza shops which had been in operation for more than three years. Welma and Kruger (2001) stressed the importance of having a large enough sample to represent and infer on the entire population. Striving to maintain an error margin of 5% with the concomitant confidence level of 95%, an appraised sample size of 130 was attained using the Raosoft Calculator. Of the 130 questionnaires which were distributed to the respondents, 127 were returned. Of these 127 questionnaires, 6 were incomplete, which rendered them unsuitable for further processing, owing to the fact that they had been inconsistently answered. Consequently, the researcher was left with a total of 121 completed questionnaires, which were subjected to statistical analysis. This yielded a response rate of 93%.

4. RESULTS AND DISCUSSIONS

This section highlights and discusses the results upon which the findings of this research study are based. The presentation of each finding is accompanied by a discussion, which endeavours to align each finding with the relevant literature.

4.1. Handling Financial Records

The handling of financial records covers all aspects of keeping accounting records, which is a vital function of any business. Although it was evident that the respondents were aware of the importance of financial records (Table 1), a majority of 51.2% agreed and a further 10.7% strongly agreed that they experienced a great difficulty in the handling and maintaining of financial records. This finding aligns with similar findings which were obtained in a study which was conducted in Monwabisi Park in Khayelitsha, in which it was found that South African owners of spaza shops did not maintain financial records (Chebelyon-Dalizu et. al., 2010). A significant portion of 29.8% of the research sample for this study disagreed, while a further 5% strongly disagreed, that they experienced difficulty in the handling and maintaining of the financial records which enable owners to track the sales and profits which have been generated during a given period.

Table 1
Handling financial records

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Valid	Strongly Disagree	6	5.0	5.0	5.0
	Disagree	36	29.8	29.8	34.7
	Not sure	4	3.3	3.3	38.0
	Agree	62	51.2	51.2	89.3
	Strongly Agree	13	10.7	10.7	100.0
	Total	121	100.0	100.0	

As shown in Table 1, 61,9% (both agreed and strongly agreed) of the respondents felt that handling of financial is an obstacle to the growth of their businesses. This suggests that upskilling in financial accountability is a requisite if the spaza shops are to record meaningful growth.

4.2. Expansion Capital

The results commends that most of the respondents (65.25%) believed that their inability to obtain expansion capital was one of the main reasons why their businesses did not growth. While, 14.4% of the respondents were not sure, the rest (20.35%) disagreed with the statement. The results allude to lack of expansion capital as one of the chief factors which affect the growth and expansion of South African-owned spaza shops.

These results align with the contention of Turton and Herrington (2012) in the literature which was reviewed that restricted access to business funding remains a hindering factor to the development of entrepreneurship. Limited startup capital obliges most South African-owned spaza shops to start with little capital and stock, which of necessity entails very slow rates of expansion (van Scheers, 2010). The availability of expansion capital would assist spaza shops to grow, which, in turn, would enable them to take advantage of the business opportunities which are to be found in the informal economy.

4.3. Transportation of Stock

The costs which are entailed in the transportation of goods and merchandise from wholesalers or suppliers constitute another major encumbrance for many spaza shop owners who are South Africans. In Figure 1 below there is a graphic depiction of the total of 63.9 % of the respondents who either agreed or agreed strongly that their operations were adversely affected by the costs which were incurred through the transportation of their purchases from their suppliers.

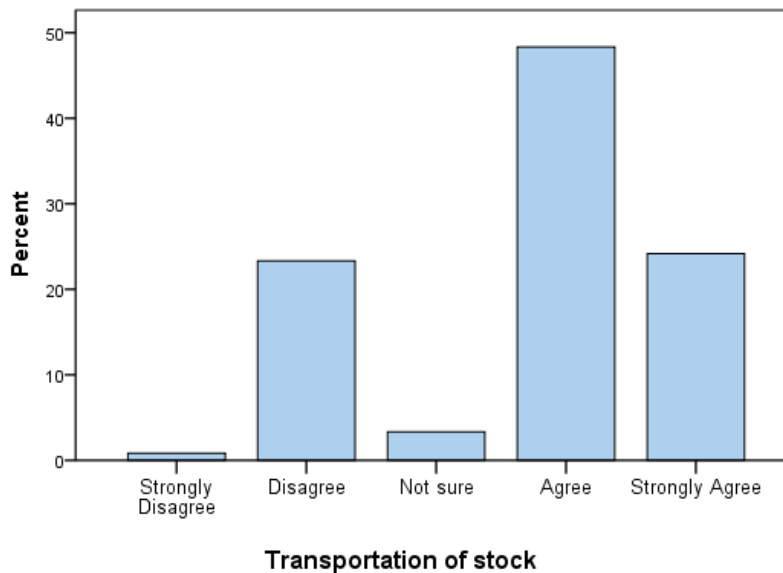


Figure 1: Transportation of stock

It was found that the owners of spaza shops were often obliged to make use of public transport to collect merchandise from wholesalers and to deliver it to their trading premises. This finding aligns with those of Ligthelm (2005); Kassim and Hendriks (2002), who found that owners of informal businesses such as spaza shops use public transport and privately owned vehicles to transport their purchases from wholesalers and other related suppliers.

4.1.4. Crime

Crime or the fear of crime is another significant factor which negatively affects the growth and the success of the spaza shops in both the Nyanga and the Gugulethu townships. Figure 2 depicts that 67.8% of the respondents who either agreed or strongly agreed that crime adversely affected the growth of their businesses. This finding clearly presupposes that the high incidence of crime in the townships is perceived by most owners to constitute an impediment to the success of the spaza shops in these areas.

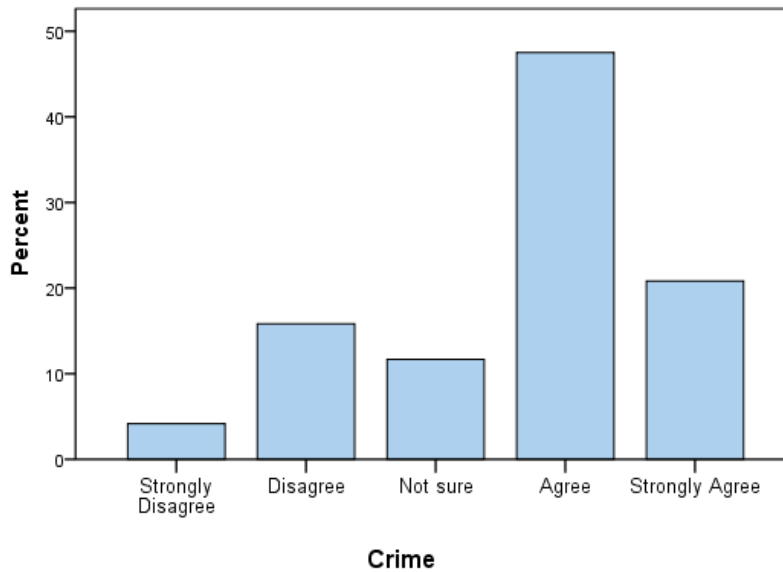


Figure 2: Crime

The finding recorded above, correlates other related studies (see Bear et. al., 2004; Ligthelm, 2005; Tengeh, 2016). According to Bear et. al., (2004), crime affects the sustainability of spaza shops, as they are always targeted by thieves who associate them with having cash on their premises. The chief type of crime which affects most spaza shop owners is burglary, although they are likewise vulnerable to robbery, during both the daylight hours and also in the evenings. The installation of burglar doors could serve to discourage burglars to a certain extent, and cash-less payment systems such as debit cards or credit systems could help to reduce the numbers of cash transactions which are made on their premises. However, in most cases the owners of spaza shops cannot afford to take these measures.

4.1.5. Competition from Shopping Malls

Competition is another significant factor which thwarts the success and growth of spaza shops. Spaza shops are obliged not only to compete among themselves, but more recently they face stiff competition from large-scale retailers operating in shopping malls which have been built in the townships.

In the Gugulethu township large-scale retailers such as Spar and Shoprite are housed in the Gugulethu Square Mall, where they sell most of the items which are carried by spaza shops at lower prices, which has resulted in the emergence of a competitive business environment in which spaza shops are on the losing end. In accordance with the responses which are reflected in Table 2, 55.3 % of the respondents perceived the malls as constituting a threat to the growth of their businesses, while a smaller group of 27.3% disagreed and 9.1% were not sure. This finding is similar to that of Chebelyon-Dalizu et. al., (2010), who found that

competition poses a real threat to small businesses, particularly to those which are located close to the shopping malls.

Table 2
Competition from the shopping malls

		<i>Frequency</i>	<i>Percentage</i>	<i>Valid Percentage</i>	<i>Cumulative Percentage</i>
Valid	Strongly disagree	6	5.0	5.0	5.0
	Disagree	27	22.3	22.7	27.7
	Not sure	19	15.7	16.0	43.7
	Agree	50	41.3	42.0	85.7
	Strongly agree	17	14.0	14.3	100.0
	Total	119	98.3	100.0	
Missing	System	2	1.7		
Total		121	100.0		

4.1.6. Competition from Immigrant-owned Spaza Shops

Competition from spaza shops which are owned by non-South Africans has had a pronounced negative effect on the growth of South African-owned spaza shops. This assessment is borne out by the responses which are quantified in Table 3, as a significant majority of 75.2% of the respondents believed that the growth of their spaza shops was being particularly negatively affected by competition from spaza shops which are owned by non-South Africans. Only 14.1% did not perceive spaza shops which are owned by non-South Africans to pose a threat to the growth and the survival of their businesses. A case in point could be provided by the township of Delft on the outskirts of Cape Town, where competition between non-South Africans and South Africans resulted in most South African owners of spaza shops losing their businesses to foreigners (Liedeman et. al., 2013).

Table 3
Competition from non-South African owners of spaza shops

		<i>Frequency</i>	<i>Percentage</i>	<i>Valid percentage</i>	<i>Cumulative percentage</i>
Valid	Strongly disagree	6	5.0	5.0	5.0
	Disagree	11	9.1	9.2	14.3
	Not sure	11	9.1	9.2	23.5
	Agree	63	52.1	52.9	76.5
	Strongly agree	28	23.1	23.5	100.0
	Total	119	98.3	100.0	
Missing	System	2	1.7		
Total		121	100.0		

The main reason cited for the decline in the number of South African-owned businesses was the inability of South Africans to match the pricing strategies of the immigrant owners. This disadvantage was further aggravated by changing business relationships with wholesale distributors who were no longer willing to supply small shops. Before the rise of foreign-owned spaza shops, shops operated from houses had been able to benefit from wholesale distribution networks (Dentlinger, 2009).

4.1.7. Lack of Government Support

Table 4 shows that a total of 37.5% maintained that they did not receive support from the government in the form of services such as the providing of business advice, mentoring and financial assistance.

Table 4
A lack of support from the government

		<i>Frequency</i>	<i>Percentage</i>	<i>Valid percentage</i>	<i>Cumulative percentage</i>
Valid	Strongly disagree	5	4.1	4.2	4.2
	Disagree	54	44.6	45.0	77.5
	Not sure	16	13.2	13.3	32.5
	Agree	18	14.9	15.0	19.2
	Strongly agree	27	22.3	22.5	100.0
	Total		120	99.2	100.0
Missing	System	1	.8		
Total		121	100.0		

Overall, 49.2% of the respondents either disagreed or strongly disagreed that they did not receive support of this sort from the government. These findings indicated that support from the government in the form of programmes which are intended to assist South African owners of spaza shops to achieve growth in their businesses were not accessible to a significant number of owners. These findings underline the need for strategies to enable easy access for small businesses to development services which promote entrepreneurship from the government in both the Nyanga and Gugulethu townships. According to van Scheers (2010), there is a general lack of support from the government for owners of spaza shops, particularly for those who are in the process of entering the sector.

5. CONCLUSIONS

Research on township grocery shops has gained traction over the last few years and partly as a result of poor survival rates of small businesses. Perhaps this has also been driven by the belief that small businesses such as small grocery shops, can accelerate economic growth through employment creation and poverty reduction. This notwithstanding, the disheartening part is that a number of challenges confronted by small grocery shops currently stand in the way of South Africa's agenda of creating substantial employment for the majority of its people. There is empirical evidence, which suggests that small businesses such as township grocery shops can contribute markedly to economic development through job creation and poverty reduction. However, for the aforementioned to be realized, more resources need to be channeled towards entrepreneurship training and education. Together with its partners, the government may need to step up its efforts as it re-assesses its role and strategies. The main objective of this study was to navigate the start up challenges faced by township grocery shops in Gugulethu and Nyanga townships (Western Cape Province). The findings indicate that township grocery shops face a number of expansion challenges and prominent among them are a limited start-up capital, inaccessible bank loans, high rental cost, lack of networks, management inexperience, inadequate management skills, high-security costs, lack of family business background, and business location. Based on the foregoing, the subsequent recommendations are made.

6. RECOMMENDATIONS

In terms of competition, native-owned spaza shop owners may need to diversify their offerings to remain relevant in the spaza business. As far as capital for expansion is concerned, it is recommended that spaza owners need to be financially disciplined. Emphasis must be on financial records where profits or losses need to be known without just depending on high sales volume. Without, financial accountability the owner cannot ascertain how much to plough back as well to the amount for personal use.

A lack of management skills and business training, coupled with inadequate knowledge of financial accountability, continue to be challenges all affecting the growth of spaza shop owners. The City of Cape Town Council and the private sector are encouraged to offer refresher business training workshops throughout the year and reach out to spaza shop operators. Trainers need to do some regular follow-up visits on spaza shops and monitor use of books of accounts and application of managerial skills.

Crime was singled out as one of the major challenges affecting the growth of spaza shops. It is indorsed that spaza shop owners to subscribe to security services to benefit from armed quick rescue. Beyond this, they may need to form vigilante groups to patrol and monitor their areas regularly.

7. LIMITATIONS AND SCOPE FOR FUTURE STUDIES

Given that Gugulethu and Nyanga townships are just two of the numerous townships in Cape Town, and South Africa in general, the results cannot be generalised. Moreover, the study centred on South Africa owned spaza shops and conveniently excluded non-South Africans. There is an absolute need for additional research on other townships in South Africa, to gain a holistic understanding of their idiosyncratic needs.

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