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Access to the Township Economy A comparative study of the spaza shop sector in the City of Ekurhuleni Townships Tsakane and Duduza

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Access to the Township Economy

A comparative study of the spaza shop sector in the City of Ekurhuleni Townships Tsakane and Duduza

Master of Arts Research Report
Political Studies

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Supervisor: Professor Joel Quirk

A RESEARCH REPORT SUBMITTED TO THE FACULTY OF HUMANITIES, UNIVERSITY OF WITWATERSRAND, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN POLITICAL STUDIES.

DECLARATION

I, Veli Mongwe, student number 321920, declare that this research report is my own work and has not been submitted to any university or institution as a prerequisite for a degree or qualifications. I am submitting this research report to fulfil the requirements for the degree of Master of Arts in Political Studies at the University of the Witwatersrand, Johannesburg.

Signature… 

DEDICATION

I dedicate this work to myself, the late nights, short hours of sleep, tears, sweat, times when I felt "I can't do this". I dedicate this to myself for conquering the WITS EDGE three times.

To my Mom and Aunt thank you!

And my late Dad, I did it again! Tsambokhulu!!

ACKNOWLEDGEMENTS

Prof Joel Quirk, thank you for believing in me, for believing in this project and encouraging me every step of the way. Thank you for all the coaching and patience.

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Sphiwe Micheal Zulu, Ntsundeni Louis Mapatagane, thank you gents for always motivating me and being hard on me when you felt that I was not pulling my weight and Gosiame Noge, thank you for being my sounding board and ensuring that I account.

My research participants, the Duduza Business Chamber, and state and non-state actors and most especially Ms Zanele Mofokeng, without you I would not have reached some state actors.

ABSTRACT

2024 marks 11 years since the Duduza community forced out Somali spaza shop traders from Duduza and it is exactly 11 years of continued gatekeeping from a collaborative informal relationship between the business community, township associations and some state actors. While the state actors and non-state actors may not take the credit for chasing Somalis out of Duduza they take pride in their informal governance systems and agreements they have kept Somalis out of Duduza.

This research questions the role and power of state and non-state actors in Township informal governance. The concepts of "informal governance systems" and "gatekeeping" were used to guide this research to respond to the question of access. The study employed a qualitative approach as it is interested in understanding the cause for the variations in on the two townships. Data was collected using semi-structured interviews and participant observation. In the initial stages of the research, the snowball sampling was used to identify participants with leads. These two participants were able to refer the researcher to key state and non-state actors in Duduza and Tsakane.

The findings of the study reveal the existence of two cartels, a cartel that facilitates gatekeeping in Duduza and a cartel that runs Somali spaza shops in Tsakane. The Duduza business community, associations and some state actors have created informal rules of trade that prohibit Somali spaza shop traders from trading in Duduza, on this other side, Tsakane appears to have a more relaxed approach to trading rules. Access into the Duduza township economy is controlled and protected through informal systems of governance. Through the informal systems of governance, the business community, associations and some state actors in Duduza exercise the power to agree on trading rules and other rules to govern the township. While the trading rules are said to be binding to all who wish to trade in Duduza, they also appear to be stricter on limiting access to Somali and Bangladesh spaza shop traders because of their history in the township. Lastly, the Somali spaza shop cartel that runs the Somali spaza shops in Tsakane is sustained by various pillars i.e. strategic placing of spaza shops which enables its expansion and prevalence in Tsakane.

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LIST OF ACRONYMS AND ABBREVIATIONS

ANCYL	African National Congress Youth League
CPF	Community Police Forum
DBC	Duduza Business Chamber
EFF	Economic Freedom Fighters
GBBC	Greater Brakpan Business Chamber
GTERS	Gauteng Township Economy Revitalisation Strategy
NDP	National Development Plan
SAPS	South African Police Services
SMME	Small Medium and Micro Enterprises
Stats SA	Statistics South Africa
TCCC	Tsakane Customer Care Centre



Image source: google pictures.



Image source: google pictures.

I. INTRODUCTION

> "I was called by a fellow comrade informing me that a young girl was shot by a Somali spaza shop keeper and the community in my ward is up in arms and has mobilized to forcefully remove Somali and Bangladeshi spaza shop keepers from the ward and ultimately the township. My brother, we have been warning the SAPS of this township revolt, even in the meeting where I presented evidence of our challenges with these people, I raised this issue and I was accused of instigating xenophobia, I work on the ground I talk to people" (Interview. Mr CT, 2022).

During August and September 2013 there were abrupt changes in the township economy of the Duduza Township in the East-rand of Johannesburg. The shooting of a young girl was the trigger for the Duduza Business Community and residents to force Somali, Bangladeshi and Ethiopian spaza shop keepers out of the township. According to (Interview, Mr. CT 2022), this event represented economic independence from the foreign spaza shop cartel (Interview, Mr. CT 2022). The South African Duduza business community, with political support in Duduza, has subsequently used extra-judicial pressure to ensure that foreign spaza shops have not come back. Conditions in Duduza can be contrasted with those in Tsakane, the neighbouring township. The violence which erupted in in Duduza also extended to parts of Tsakane, but foreign spaza shops have nonetheless remained a significant part of economic life in the township.

The recent history of attacks on foreign spaza shop keepers has proven that these types of attacks can easily spread from one township to another. The most famous example here is the 2008 Xenophobic attacks, which started in Alexandra then rapidly spread to the other provinces (Human Rights Watch, 2020). Much the same happened in 2013, when attacks on foreign owned spaza shop keepers broke out in Duduza and rapidly spread to Tsakane. The most important difference between the townships is not the violence but its aftermath. Foreign spaza shop keepers returned to their spaza shop spaces in Tsakane, while in Duduza Somali and Bangladeshi spaza shop keepers were kept out.

> "the shooting incident was the last nail on the coffin, the community was already fed up with how these people conduct business and how they have changed our youth" (Mr. SG, 2022)

> "my brother, in the ward committee meetings I warned the SAPS, JMPD and other leaders of the conduct and complaints about the Somali spaza shop keepers, these people sell nyaope to our brothers, they even have guns in their shops" (Interview. Mr. CT 2022)
>
> "to tell you the truth, some community members had started these smaller nyana confrontations with the Somali spaza shop keepers, they used the complains as reasons to pick fights and used this as an opportunity to get protection bribes from Somali spaza shop keepers" (Interview. Ms DC, 2022)

Prior to the shooting incident community members had already expressed discontent, with complaints to the ward councillor and ward committees. Following the complaints, the ward councillor and community members raided some Somali spaza shops and discovered "nyaope" the most common drug in the township and some guns (Interview, Mr. C 2022). This evidence was presented by the ward councillor in a Duduza community mass meeting with the Duduza Business community, political organisations, and law enforcement present in 2012.

On 20 September 2013, the Mail & Guardian published an article titled "Attacks on shops in Duduza not random". According to this article, the violence was sparked by an incident involving the shooting a 14-year-old girl by a Somali spaza shop keeper over an invalid airtime voucher. Like all other violent attacks on foreign owned spaza shops, there were people who took an advantage of the situation by looting the spaza shops and vandalizing property, which led to arrests. The different individuals that were interviewed by the Mail & Guardian attributed the violence to criminal elements other than xenophobia, with township politics being identified as playing a key role in how and why violence had been directed. The shooting incident followed a community meeting called by a local councillor to address unlicensed firearms and drugs "nyaope" found in some Somali owned spaza shops. In this meeting some community organizations expressed dissatisfaction with the firearms they discovered in some Somali owned spaza shops and the drugs that were sold in those shops.

Duduza, like most townships in South Africa, has a variety of ethnic groups running spaza shops within the township economy. According to the Mail and Guardian (2013), it was not entirely clear why and how some nationalities were being targeted while others were not, but it does seem like targeting was taking place. This was also alluded to by a ward councillor during fieldwork interviews, who observed that the community focused upon Somali and Bangladesh spaza shop keepers.

The Duduza Business Chamber confirmed that Duduza had people from different nationalities running spaza shops, however only Somali and Bangladeshi spaza shop keepers were targeted in 2013. This was further confirmed by one of the respondents interviewed by the Mail and Guardian at the time, who noted how nationals were operating their spaza shops and Somalis not allowed to operate (Sosibo, 2013). Since 2013, Somalis have been kept out of Duduza and the only ethnic groups left as spaza shop keepers are South Africans, people from Ethiopia, Mozambique, and Zimbabwe.

The uprising against Somali nationals in Duduza raises several fundamental questions. Most Somalis are legally allowed to be in the country because of their refugee status and they are allowed to conduct business based on the conditions of their permit. According to Landau (2010: 222) there are inconsistencies on the South African migration and asylum and refugee policies, with policies that are adequate on paper yet sloppy in practice. As noted by Solomon (2019: 157) the government's policy on immigration offers freedom of movement, work, and study for refugee seekers. By unrestricted here I mean permits such as the asylum and refugee permits have little or no restrictions on the permit holders. Over the years permit holders have benefited from this, for some, settling in South Africa is ideal for social and economic reasons. With the informal sector unregulated it is also easier for them to start businesses, To the locals, this comes across as overly generous. As Klotz (2000) observed, apartheid government policies were stricter for African migrants, with African migrants being limited to temporary legal entry, thereby restricting access to business opportunities.

There have been two main waves of Somali refugees to South Africa. The first was immediately after the post-apartheid era and the second in the mid 2000's (Jinnah, 2010; Gastrow and Amit, 2013). According to Charman et al (2021), it is believed that the influx transformed the face of the spaza shop business in the township, leading to dominance of spaza shops by Somali's. Based on fieldwork data, I argue that the prevalence of Somali spaza shops in the townships can be understood as a cartel which enables economic dominance of the spaza shop sector in Tsakane. The points that elucidate this cartel are discussed in chapter one. Furthermore, this paper found variations and inconsistencies, where township Somalis enjoy the full protection and movement in Tsakane, however on the other township movement and actions were heavily monitored until the 2013 incident where they were forced out of the township.

It is therefore in the interest of this paper to understand these variations and the impact they have on the stability of township small business. The following section is an outline of the research questions and secondary research questions that this paper seeks to satisfy followed by the central argument.

Research Questions

- Why are Somali owned spaza shops prevalent in Tsakane as compared to Duduza the neighboring township?
- What role do informal systems of township governance, such as the township Business Chambers and Business Forums, play in determining the relative distribution of foreign and local owned spaza shops?

Secondary Research Questions

- What is the role of different local stakeholders in the township economy in Tsakane and Duduza?
- What are the business challenges that led to Tsakane South African spaza shops struggling to maintain their place in the market?

IV. Scope of study

KwaTsaDuza is an acronym for three townships in the City of Ekurhuleni East of Johannesburg in Gauteng. KwaThema-Tsakane Duduza in 2011 represented an estimated population of 103,727, 135,994 and 73,295 respectively (Census, 2011). I'm using the 2011 Census statistics because the 2022 census statistics do not have a breakdown of statistics per township. These are neighbouring townships that are separated by two main roads. Sam Smith Road separates Tsakane from Duduza and Vlakfontein Road separates Tsakane from KwaThema. Each township has a clinic to provide health care for its population. KwaTsaDuza shares a hospital, Pholosong Hospital which is based in Tsakane as the central township.

Tsakane is the biggest of the three townships. It was only established in the 1960's, along with Duduza, while KwaThema was established earlier in 1951 under apartheid segregation policies. Apartheid segregation policies also enforced tribal segregation in the townships. In Tsakane there are sections that are still known as per tribal names ie. Xhosa section, baSotho section, Ndebele section. All three townships share a strong history of political activism, violence, and resistance towards the apartheid era. Each township has a large Police Station, while Tsakane is home to a Magistrates Court. Tsakane is the largest of the townships at 19.75 km.^{2} By contrast, Duduza is 11.23 km^2. Tsakane is home to Tsakane Mall, Tsakane Corner and Tsakane Square, where there are two Shopping Centers with various shops clothing and appliance shops, the famous formal food retailer Shoprite Checkers and Build- it for building materials. Duduza residents either do shopping at Heidelberg Mall 20 min away from Duduza or Carnival Mall, which is in Brakpan, 20 minutes from both townships and Springs Town and Springs mall which is 20 minutes away from both townships.

KwaTsaDuza is rich in spaza shops, there is a spaza shop on every second street which makes this business very popular and favourable for many. However, for the purposes of this research the focus will be on Tsakane and Duduza. KwaThema is not included. Just like most townships across South Africa, Tsakane and Duduza have a lot of informal business and informal trading and one of the most dominant of these is spaza shops.

V. Background: Township, Township economy and Spaza shops

According to Scheba and Turok (2019: 3) "township" is a term that was previously used to describe "neighbourhoods that were deliberately designed under colonialism and then apartheid to function as segregated dormitories supplying labour to economic centres elsewhere in the city". With the political changes' brought by democracy, the term is still used to describe poor black settlements on the periphery of towns and more importantly for Bradford (2007) these settlements were developed though the housing subsidy scheme which is the Reconstruction and Development Programme and Breaking New Ground (Scheba and Turok, 2019)".

Bradford (2007) captures the essence of the township setup, which is race and deliberate underdevelopment also space created for cheap black labour for the benefit of the white capitalist economy. However, there was also further variation when it came to how "townships" were constituted. The most common model settlements are on the outskirts of towns and cities with informal settlements and less support from the state. As McGaffin, Rabe and Crankshaw (2015) observe, the term township has been attached to mostly African spaces located on the "outskirts of existing white towns and cities". This definition of classifying township based on spaces of the whites and blacks may be fully applicable however it still gives an indication of the developed and underdeveloped spaces that still exists as result of apartheid policies.

According to Stats SA (2023) Quarterly Labour Force Survey (QLFS), in Q4 of 2023 the unemployment rate was 33,8% in Gauteng a slight increase of 0.1% from Q3. The Q4 stats reveal that while formal sector employment accounted for 68,7% of the total employment rate there was a decrease by 128 thousand jobs between Q3 and Q4 which reduced the total number of employed people to 11,5 million. On the hand, the informal sector counted for 19,0% of the total employment in Q4 and this is because of the increase by 124 thousand between Q3 and Q4 which meant that the number of people employment under the formal sector went up to 3,2 million (Stats SA, 2023). These stats reveal the importance of the informal sector and its contribution in the economy of the country. The National Development Plan (NDP), for example, projects the informal sector in the next 6 years (2030) to create between 1.2 and 2 million new jobs (Statistics South Africa, 2023).

In a province with a 33,8% unemployment rate as indicated by the 2023 Q4 Stats SA report, for many the informal sector is a lifeline to individuals who cannot get employment in the formal sector. The informal sector exists as an umbrella for many informal economies. One of these is the township economy which is defined as the collective of all enterprises and markets based in the townships (Gauteng Township Economy Revitalisation Strategy GTERS, 2014-2019). These are diverse and informal township businesses ranging from but not limited to spaza shops, street vendors, shebeens etc, furthermore these enterprises are owned and operated by township entrepreneurs.

The scope of township enterprises is designed for the needs within and beyond the township (GTERS, 2014-2019). When it comes to the contribution of the township economy, it is estimated that 17% of South Africa's total employment is through township economy. One of the prevalent informal businesses under the township economy, is the spaza shop. South Africa has a long socio-economic history with spaza shops. In recent decades spaza shops have been identified as an important growth area. In 2014, the Gauteng Township Revitalisation Strategy (2014) in 2014 -2019 confirmed the sector was contributing an estimated R9 billion to the economy per annum and in 2017, this was also confirmed by the Unisa Bureau of Market Research (BMR). In a tough economic climate with rising unemployment and stringent processes to find employment in the formal sector, Tenger & Mukwarami (2017) argue that Black South Africans turned to spaza shops to create self- employment.

The existence of this sector can be traced back to the early 1970's in apartheid South Africa. Apartheid economic policies were designed to perpetuate a culture of dependency which dimmed the agency of black entrepreneurs in the black community (Kgaphola, Tawadzera and Tengeh, 2019). The abolition of apartheid in the early 1990's gave hope to black South African entrepreneurs in the township, since they could now trade freely without fear of being prohibited from trade via segregation and other policies. The policy changes during this transition period did create additional economic opportunities, but they also provided a platform for more migrants to participate in the South African informal sector (Crush, Williams and Peberdy, 2005; Tengeh and Nkem, 2017).

Spaza shops are convenient in townships. They are small retail stores, or "tuck shops", which sell basic groceries such as bread, milk, cigarettes for nearby residents (Manana, 2009 cited in Chabelyon et. al 2010). Bear et al (2005) have argued that spaza shops play a critical role in rotating and keeping money inside the community by selling basics that people would otherwise travel long distances to buy from supermarkets and malls. Spaza shops are not only convenient for residents, but are are also convenient for families running them, since they can be a source of income for owners to support their families (Chebelyon-Dalizu, Garbowitz, Hause & Thomas 2010:1). The start-up cost of opening a spaza shop are lower than many other potential enterprises.

For years, some South Africans have benefitted from owning spaza shops in a context where they were unable to enter the formal economic or employment sectors (Ligthelm, 2005).

According to Spiegel (2002), the existence of spaza shops in South Africa dates to the early 1980's. The most common informal business that residents operated from their residential homes was operated in the townships was liquor outlets (shebeens). The 1970s and 1980s in South Africa were the years of oppression which in turn provoked uprisings and political activism against apartheid laws. The boycotts were led by the United Democratic Front (UDF) supported by affiliated organisations. Some of the key demands of township protests were the removing police and army from the township. There were also business boycotts, where members of the public would refrain from not buy goods from white-owned shops and black owned shops collaborating with the apartheid regime (South African History Online date?). Spiegel (2002) argues that this political environment enabled the rise of spaza shops in South African townships.

The term "spaza" has no ultimate origin, however the Dictionary of South African English (1996) takes its meaning from township slang meaning camouflaged or dummy. During the boycott years spaza's operated as semi-secret traders who operated "illegally" in defiance of the apartheid rules and resisting the closure of their shops. Spiegel (2002) takes the word "spaza" from the Zulu verb "isiphazamisa", of which "phazamisa" means to disturb or rather to interfere with. Looking at these explanations, none supersedes the other in terms of meaning that could explain the origins and meaning of spaza shop. It is therefore my understanding that the resistance and defiance from South African spaza shops in the townships is not a new phenomenon, during the apartheid era they resisted and defied the system and in the post-apartheid they have been resilient operating fully even though there are established shopping malls and grocery shops and the competition that comes with the foreign owned spaza shops.

VI. Somali Entrepreneurs vs South African "survivalists"

Somali entrepreneurship has been the subject of research owing to their recent dominance of the spaza shop sector in the townships. The most common Somali business venture in South African townships are spaza shops, and the success of the Somalis in this venture has been attributed to a variety of factors. The Somali entrepreneurial acumen on the business of spaza shop has unsettled South African spaza shop owners who have been seen as survivalist entrepreneurs. Charman et al (2012) have argued that South African spaza shop traders use this business venture to supplement their household income, while Somalis have an entrepreneurial approach to expand their business. Furthermore, bonds of solidarity among Somalis enable them to survive and to rotate shop ownership to train each other and expand (Tladi & Miehlbradt 2003). The survival entrepreneurship form was later echoed by Ranyane (2015), who argued that survivalist entrepreneurs rely on their day-to-day profit to survive. The use of the term "survivalist" suggests that South African spaza shop owners are only just getting by, rather than seeking to expand as entrepreneurs to build up their businesses.

It is widely argued that Somali traders have been successfully competing with local competitors on prices, as they are able to sell goods at lower prices compared to SA traders. According to Gastro and Amit (2013: 21), it is not only for commercial reasons that Somali's sell at low prices, but also their Islamic principles that propel them to sell items at a fair value to customers. While the Somali pricing models have been widely celebrated, there are however some negatives that have been noted. Hare and Walwyn (2019) have argued that the persistence on pricing strategies have contributed to xenophobic attitudes. Somalis have also shown to be good at strategically placing their shops and zoning, creating tensions between South African spaza shops and Somali spaza shops. Charman (2012) witnessed this strategic placement when he noted some South African spaza shops were in their houses, while Gastro and Amit (2013) witnessed some Somali spaza shops placed in high pedestrian traffic areas.

According to Frydlinger et al (2013) there is no clear evidence of South African spaza shop owners collaborating to make business better. However, Hare (2017) has argued that collaborations have been a key source of success for Somali traders and has thereby ensured that Somali shop owners have secured competitive advantages by securing cheaper suppliers via strategic bulk buying, amongst other things (Majava et al 2013). Bulk buying is a form of business collaboration has been highlighted as the key to sustaining foreign owned business, since shop owners can obtain discounts from wholesalers (Gastro and Amit 2013), and therefore allows Somali traders to lower their prices beyond the points which competitors who can't bulk buy can afford (Charman et al. 2013). In terms of business sustainability, businesses that rely on bulk buying as part of collaborative and cooperative business relationships have been highlighted to be more successful and resistant to competition (Frydlinger et al 2013).

VII. Central argument:

What is keeping Somali spaza shop traders out in one but not the other?

We have two townships under the same municipality, guided by the same by-laws and institutions, yet their political settings differ when it comes to township governance and the informal regulation of the township economy. Both townships are defined by a disconnect between formal and informal governance which results in a situation where the informal economy is governed by informal rules and regulation which have no basis in legislation or formal regulation. This disconnect cannot be closed by formal governance structures and policies, since it is difficult to control and regulate the activities of the informal sector via rules and regulations through formal institutions. In this section, I introduce two concepts that guide this research report and at the centre of the argument: informal governance and gatekeeping.

Governance at a formal level is encapsulated in decisions and actions taken by formal structures and institutions such as government and assembly. These are standardized, have limited scope for interpretation, and are hard to manipulate to fit unique situations.

By contrast, the informal involves decisions and actions are not uniform and may be altered to fit unique situations in response to the interests and agendas of both public and private actors. Harsh (2013, 481) cited in Ayres (2017,1) defines informal governance as "means of decision making that is un-coded, non-institutional and where social relationships and webs of influence play a crucial role". Informal governance refers to unwritten rules, shared expectations and norms that are not enshrined in formally constituted organisations and which modify or overrule legally binding rules. At the heart of this dynamic are informal practices and networks organized by state and non-state actors which effectively amount to self-governance outside of any formal structures. The informal governance setting in Duduza has both state and non-state actors. The ward councillors are an example of state actors that collaborate with non-governmental organizations to informally govern the township.

> "My leader, Duduza is our township, it is our duty as political people to protect it. Somalians are stubborn, they don't want to cooperate eh! Eh! Eh! those people are dangerous, why would a person keep so many guns in the name of protection? This is our territory finish and Klaar!" (Political Organisation Leader 2023)

Formal governance systems work, these are officials and institutions of the State that act within the law from centralized State policies. However, the business community and some state actors believe that the South African Police Service (SAPS) mandate is crime related transgressions. Data from the interviews reveal that the business community and some state actors in Duduza exercise informal control over township territory and are therefore able to restrict access to Somali and Bangladesh spaza shop keepers. The business community and state actors have monopolized the township business space, they are strong gatekeepers in both formal and informal business in the township.

When considering informal governance, it is essential to understand the correlation between informal governance, gatekeeping, and access. This paper in its central argument investigates that, the correlation between the three concepts. Firstly, according to Hoenig (2015: 1), a gatekeeper is "an individual or collective actors who is in a position to control access to resources and rewards relevant in a particular social system". It is my contention that a range of actors from Duduza have become important gatekeepers for access to the spaza shop sector in the Duduza township economy.

Secondly, in a closed system, access is determined by gatekeepers who exercise their authority to control access into the territory or resources. Therefore Binderkrantz, Pedersen & Beyers (2017) definition of access is best suited to understand the relation, access is defined as when a group has entered a political space after passing hurdles controlled by relevant gatekeepers. This definition implies that access is not a given, but it may be granted based on the conditions of the gatekeepers. While it was the work of the aggrieved community for Somali spaza shop traders to be moved out of Duduza, the business community, associations state and non-state actors pride themselves in their collective informal agreements to ensure that Somali spaza shop traders are kept out of the township. Gatekeeping in Duduza has been happening even before Somali spaza shop traders conducted business in the township. Data collected from the interviews from one of the prominent ward councillors and political organisations in Duduza reveal how non- governmental organisations, political actors and political organisations exercise an informal power and right to control entry. The actors mentioned here have been able to even stop contractors approved to develop the township if they do not agree to their terms (Interview, Mr C, 2023). Informal governance weakens transparency and accountability and weakens authority as it undermines formal administrative structures (Ayres, 2017).

> "…look at Tsakane, there are two Big Somali Supermarkets, who buys there? Tsakane street vendors and some Somali spaza shop traders, look at how our South African spaza shops have ran out of steam and how Somalians spread in the township. Ask yourself, why is it easier for them? this is a plan, this is a cartel to kill our businesses" (Chairman Duduza Business Chamber, 2023)

According to Vanya & Amrit (2015:27) the business community and Somali nationals had to reach informal trade agreements to alleviate the threat of xenophobic violence in the Western Cape. The difference between Duduza and the Western Cape is that in the Western Cape they did not force Somali spaza shop traders out, they had agreements that aimed at prohibiting new Somali shops from established. In Duduza, they could not hold conversations and agreements due to resistance from Somalis, however after Somalis were forced out by the community members, the business community and association with some state actors created a closed system that prohibits any Somali spaza shop trader from operating in Duduza.

Vanya & Amrit (2015:28) noted that the informal agreements in the Western Cape "created cartel mentalities amongst South African and Somali spaza shop keepers". Control entry into

the Duduza spaza shop economy with stricter "informal and unwritten rules" remains a arear of focus for the business community and some state actors who believe that Somalis are running a Somali Spaza shop Cartel in the townships. This Somali spaza shop cartel which will be discussed in greater detail on the results chapter, is believed to be the vehicle that drives the spread of Somali spaza shops in the townships.

VIII. Methods

This research report relies on empirical data collected from October 2022 to April 2023. It is a qualitative study focusing upon different experiences and dynamics within the two townships, Tsakane and Duduza. This is qualitative research which aimed to "generate empirical data about the social world by asking people to talk about their lives" (Holstein and Gubrium, 2003: 3). The qualitative research method was preferred for this research report because its data collection methods enable the researcher to collect first hand data from the participants (Busetto, Wick, Gumbinger, 2020). This is important for this research as it seeks to understand a particular phenome that can only be understood through observations and semi-structured interviews.

According to Esser and Vliegenthart (2017:2) "Comparative research attempts to reach conclusions beyond single cases and explain differences and similarities between objects". As a comparative study this research opted for the small-N data which according to, Seha and Müller-Rommel (2016) uses qualitative data and intends to generate thick knowledge. To Mills van de Brunt, and de Bruijn (2006) mainly, the purpose of conducting comparative research is to search for or identify variance or similarity. Additionally, Bureau and Salomonsen (2012: 3) see a comparative research design as covering "multiplicity of research possibilities in terms of what to compare, how to compare, the purpose of comparing". This paper aimed at comparing the two township Tsakane and Duduza and ensure that similarities and differences in the spaza shop sector are identified.

As Leech (2002: 665) put its "what you want to know determines which questions you will ask". I conducted semi-structured interviews, which had an advantage because semi-structured interviews create an important degree of flexibility (Merrian, 2002). I conducted 13 interviews from November 2022 to April 2023.

According to McIntosh and Morse (2015) using semi-structured interviews allows the participants to respond to open-handed questions and allows the researcher to probe these responses. The list of questions was designed to allow follow-up questions to ponder more on the responses of the respondent, for clarity and more information. In Duduza I was able to interview 5 participants, the Secretary General of the Duduza Business Chamber, the former deputy chairperson of the business Chamber and the ward councillor and a member of a political party. These are the only participants in Duduza who a problem did not have completing the consent form. I could not secure contact interview with the current chairman of the Duduza business chamber however the interview proceeded telephonically.

In Tsakane, I conducted 8 interviews and conducted a random price benchmarking on 20 spaza shops across Tsakane in October 2022, including a Shoprite Checkers in extension 19. The inclusion of Shoprite Checkers on the pricing section was to compare the formal retailer's prices with the informal spaza shop in the area. This benchmarking exercise was designed to evaluate how and why prices vary between local and foreign spaza shops, and to thereby evaluate the economic strategies they have employed. One interview was disturbed by the arrival of the 'big boss' whom I was told is the employer and owner of the supermarket. Two were conducted with Somali spaza shop keepers during the random price benchmarking were primarily informal conversations since I encountered significant resistance to having any kind of conversation. Some spaza shop owners incorrectly assumed that I was a representative of the municipality. I eventually managed to complete 9 in person interviews, with two additional interviews being conducted telephonically. Novick (2008), Holt (2010), and Smith (2005) reflect on the challenge to establish rapport, and the inability to this may not be able to attach the response to the facial expression. This was my first time conducting telephonic interviews for the research. I was worried about several challenges i.e.. If the responders would be truthful when responding to questions telephonically, bad network coverage because of load sheading. Data collection for this research was challenging, as explained the qualitative nature of this research propelled the researcher to rely on observations and semi-structured interviews. The data was complex to work with considering the scope of the research. It was therefore imperative to employ a data analysis tool to organise data into categories or themes. Therefore, the appropriate data analysis tool was the deductive qualitative content analysis.

According to Bingham & Witkowsky (2022) a deductive qualitative content analysis allows the researcher to apply theory to the data to test the theory. This tool is a top-down approach to data analysis that relies on predetermined themes and concepts (Gilgun, 2019; Stephen & Gossner, 2024). Data extraction and coding were the start of the data analysis process. Interviews recordings were transcribed, and each response was saved according to themes. During fieldwork, the random pricing data was recorded on each page per spaza shop. To make it easier to analyse, the responses were exported into excel spreadsheet. Furthermore, graphs were used to present and interpret the data collected.

IX. Ethics

Adhering to ethics when conducting research is important. To support this research, I secured ethical clearance from the School of Social Sciences Ethics Committee Constituted Under the University Human Research Ethics Committee (NON-MEDICAL, Protocol number POLS-2022-08). All participants were informed of their rights and that they could stop the interview if they felt uncomfortable. The Interview questions and participant and consent forms for different stakeholders are attached as appendices on this research. In all spaza shops and research participants I visited, I introduced myself and fully explained my reasons for the visit. Furthermore, I had my staff/student card, participation information sheet and my ethics clearance certificate printed for ease of reference. All participants were informed of their rights though reading the participants consent form and assured that their names would not be used recklessly or passed to other researchers for data purposes which may lead to their identity being exposed. While the personal information sheet requested the names of participants, it also has a box to indicate if they would appreciate their details kept anonymous or revealed. This option was left on the hands of the participants and careful coding of these documents was maintained.

When conducting the price benchmarking, I went to each spaza shop requesting assistance to confirm the current prices of the basket of common household items. This exercise identified the nationality of the spaza shop keeper but did not request their names or address of the spaza shop. This was to ensure that they are not easily identifiable or exposed to extra scrutiny.

To demonstrate the work completed during fieldwork I included the map of the studied area. To protect the spaza shops and owners I had to de-identify the locations, which means that it is possible to identify the proximity between shops, but not their actual physical locations. According to Kayaalp (2017), the de-identification is a process that involves "detecting identifiers that directly or indirectly point to a person (or entity) and deleting those identifiers from the data". To de-identify the locations I used pins to indicate the spaza shops I visited, and I removed the street names and names of other landmarks on the map. Not all parts of Tsakane were included in the benchmarking exercise, but only a subsection whose exact location has been deliberately obscured.

X. Outline of chapters

This research report is divided into five chapters.

Chapter One is the governance systems chapter. Because this research is centered around governance, formal and informal and gatekeeping it is important to begin the discussion by unpacking and defining these terms. I begin the discussion with a comparison of governance systems pre- and post-apartheid. Through this comparison the styles of comparison between the two periods will be discussed, from authoritarian type of governance to a more community active system of governance. This conversation lays the foundation for the discussion of formal and informal governance systems.

Chapter Two draws from the discussion in chapter one. I discuss the two cases of this research, the Tsakane and Duduza townships, their political dynamics, similarities, and differences with a specific focus upon foreign owned spaza shops in Tsakane as compared to Duduza. Tsakane was ethnically separated while Duduza was established to accommodate the black community which was moved from Chastalton, now known as Arlapark. Following this is a discussion is a section on the role of township business chambers in the township which will be presided the framework on the legal standing of spaza shop.

Chapter Three is a chapter on common random items pricing data that was collected from different spaza shops across Tsakane. This price benchmarking was conducted on South African and Somali owned spaza shops with the aim of identifying and analyzing the role of price in township economic competition.

In this chapter I use bar graphs to table, simplify and discuss the data. With this data I aim to give an economics explanation to the competition on spaza shop. It has long been argued that Somali's are able to outcompete local traders thanks to their business models, which enables them to buy for less and thereby sell at prices which cannot be matched by locals. The pricing data in this chapter provides some evidence to support this contention, including suggesting the Somali prices are cheapest whenever competition is fiercest. It also suggests that Somali traders would have been able to operate successfully in Duduza if they hadn't been informally excluded from the market.

Chapter fours is a discussion on informal local governance in both Tsakane and Duduza townships. Drawing from data collected from field work during interviews, I demonstrate how in Duduza the informal governance system is more active than the formal governance system. I further demonstrate how actors in the informal governance system have, over time, assumed the role of protectors of the township informal economy and how they use this power to control access into the informal township economy. Entry into Duduza is tightly controlled and Somali traders have been excluded, which means that South African traders face less economic competition.

Chapter five of this research is the conclusion. In this chapter I will present an overview of the arguments brought forward. I use this chapter to sum up the findings of the research in relation to the central question. I also discuss how this study can be used to address the current challenges in the gaps on the correlation between, informal governance, gatekeeping, and access. Lastly, I discuss recommendations that and arears of knowledge the study is contributing to.

CHAPTER ONE

Township Governance (Formal and Informal)

1. INTRODUCTION

Governance structures play an important role in communities, they form? a bridge between local community members and higher structures of government. They also involve more localised initiatives focusing upon issues such as bylaws, policies, and community safety projects. In this section I discuss the concept of governance in the context of the township. Since South African has a history of apartheid, it is important to give a brief overview of the governance apartheid policies. Therefore, this chapter begins with the overview of pre- and post- apartheid governance systems. To provide more context on this section I discuss the different systems of governance in the township, which are formal and informal governance. I also come up with a working definition with characteristics of township governance. I define formal governance and its characteristics using structures such as the ward committee and business forums as an example. I then use other examples of structures in the township to define informal governance in the township and how these relate to spaza shops.

1.1. Governance systems: Apartheid versus Post-apartheid

Apartheid a policy of (apartness) as translated and defined by Tiryakian, (1960: 682) was instituted in 1949 by the then National Party under the leadership of Hendrik Verwoerd. Prior to the apartheid policy South Africa had already segregated through colonialism and apartheid extended and refined the colonial era segregation. The Group Areas Act No. 41 of 1950 was instrumental in creating different racial residential spaces. Residents were forcefully removed from their then spaces to new designated homelands for non-white residents. Under the apartheid era, the then South African Police (SAP) was tasked to enforce the apartheid racially discriminatory policies and to maintain public order (Martin, 2012: 219). As a state organ, tasked for policing this meant that the SAP was required to uphold apartheid laws eg, laws that have enforce restricted movements of non- whites and mostly suppressing any riots or gatherings that may seek to oppose the state (Gordon 2006; Shaw 2002a).

According to Martin (2012:219) the duties and powers bestowed on the SAP ensured that apartheid policing was not only brutal however it was also "partisan and a divisive activity".

The apartheid policy relied on police and policing to be effective, it was through police brutality that many of the segregation policies were enforced In contrast, the post-apartheid governments approach involved participatory mechanisms of governance. These participatory schemes were initiated to reach citizens in different levels of the society. Through these policies that ANC government sought to transform local government by empowering communities and groups which were previously excluded from decision making. In this instance the government introduced the Integrated Development Plans (IDPs)which focuses on the city and its residents' collective agreements on the priority arears of the City's budget, at Township level, the ward committees provide a platform of engagement for citizens and the state through the councillors to discuss issues related to their arears (Lemanski, 2017). As is discussed later in this paper, through these channels', members of the community are also offered the opportunity as mandated by the South African constitution to comment on by-laws prior to these being submitted for approval. This decentralisation of policies has been motivated by international organisations such as the World bank and the United Nations Development Programme who have been advocating for a collaborative approach in participatory governance between the state and civil society (Pieterse, 2002 & Williams, 2004).

Martin (2010) concedes that state policing in South Africa has not been easy to achieve and it cannot only be achieved by the SAPS. South African communities are divided according to townships and urban arears. Practically, the SAPS is required to police the scope of the community in both settings however with the ever-increasing population the number of citizens always outweighs the number of police on the ground. According to Jürgens & Landman (2006), South Africa's apartheid cities for white people ensured full protection to residents, with the transition to post-apartheid and relaxation to legislation on the freedom of movement residents in these cities felt increasingly insecure. As such, to mitigate the insecurity many have resorted to building enclosers in their neighbourhoods.

Landman (2003b-e) cited in Jürgens & Landman (2006: 114) concurs that although there maybe various reasons for people living in gated communities however the one compelling reason is the safety and security and the fear of crime.

1.2. Formal Governance

According to Kjaer (2004), the term governance can be traced to the Greek verb *kubernan,* which translates to pilot or steer. This term was instrumental in the rise of the medieval Latin *gubernare,* which translate to the "rule-making or steering" (Kjaer, 2004). This model treates governance as a verb, more of a functional term, which is in line with the definition by the Oxford Learners Dictionary, to govern means to "legally control a country or its people and be responsible for introducing new laws, organising public service". To Hyden (1999: 185), governance has to do with the management of formal and informal political rules. In this definition, governance refers to the measures taken for settling of the rules to exercise power. For Bevir (2012), governance refers to all systems of governing, it can be by the government, formal or informal organisation through laws and power. To Misago (2019: 59) governance refers to "all formal and informal systems of order in a given locality or polity….and leadership, authority and power regimes". Both Bevir (2012) and Misago's (2019).

South African has three spheres of government, the National Government, Provincial Government and Local Government. For this research paper the focus is on the local government. It is said that local government is the sphere of government that is closest to the communities, as it plays a major role in ensuring service delivery, building of partnerships with the civil society and many other functions. In his foreword on the City of Ekurhuleni 2022 Annual Report Dr FS Mufamadi Minister of Provincial and Local Government stated that when the government introduced the new system of local government in 2000 it was best placed to give practical "meaning and substance to the basic commitment, that the People Shall Govern". This is a form of participatory governance mentioned in the City of Ekurhuleni's 2022 Annual Report (City of Ekurhuleni, 2022). Municipalities are monitored and supported by the provincial MEC and Department of Local Government, which also have the task to coordinate all strategic local government plans.

They are not autonomous from the Provincial and National government; however they are given the right to have their own municipal councils that are entrusted with the with the role of making decisions to be implemented by municipal officials (Department of Co-Operative Governance & Traditional Affairs COGDA)

The ward committees, for instance, are prominent formal government structure whose members are elected by the people they serve. The Department of Provincial and Local Government (DPLG) affirms that the ward committees play a pivotal role in assisting local government to address basic national challenges of unemployment, underdevelopment, and poverty. As such, government places a huge responsibility on ward committees to be the link between communities and local government. Piper and Deacon (2008: 63) outline the government policies that led to the establishment of the ward committees. Section D of the 1998 White Paper on Local Government proposed a system with two types of metropolitan governments, one with substructures and one with ward committees. For the purposes of this paper, I shall only discuss the latter. On the White Paper, the idea of the ward committee seemed more practical as allows total administrative flexibility that allows the community a voice through decentralised ward committees (The White Paper on Local Government, 1998).

According to Piper and Deacon (2008, 2009), the idea behind ward committees is centred around participatory governance. Participatory governance in this way refers to participations in political decisions and policies that shape or affect their lives through ward committees and organisations. To Piper and Deacon (2009), the relation between the government and those who are governed is maintained and the views and interests of the masses are taken more seriously through participatory democracy. This is a platform for public participation which goes beyond the casting of votes. Ward Committees represents the ward in higher structures of the government. According to Section 152 of the Constitution of South Africa cited in Piper and Deacon (2008: 63) the local government has the responsibility to "encourage the involvement of communities and community organisations in the matters of local government".

As such, on matters of accountability and poor service delivery, communities have political and apolitical organisations, forums of businesses, health etc, governmental and governmental and non-governmental organisations that have more authority to hold the government accountable. Each of the latter represents a constituency, and as a result they may be viewed as the formal and informal structures of representative government.

According to Scharf (2001) community policing has with two traits, the first trait exists through a partnership between the local community and the state, Community structures ie. Community Police Forums (CPF) and non-government organisations NGOs are recognised as active structures in township regardless of their status, formal or informal (Peiser, Schnetler & Louw, 2002). The CPF is a platform" where community members, organizations (CBO's, NGO's, Business, FBO's, youth organizations, women organizations, SGB's), other relevant stakeholders (provincial government, local government, traditional authority, and parastatals) and the police meet to discuss local crime prevention initiatives" (South African Police Service SAPS). The CPFs, business community together with the police have a responsibility to establish and maintain a partnership with the community. These structures have the power to act based on the mandate given politically by membership. They can shape the political landscape, business landscape, and provide rules and procedures on community policing. According to Scharf (2001) community policing is executed through a partnership between the local community and the state. In this case the Police, Community Police Forums (CPF), Ward Committees and organisations define the terms of cooperation to control the space.

1.3. Informal Governance, and the role of Community Associations.

> "we have no hope in the system, it has holes, anyone who wants to start can just start….that is why we have a screening process for people who want to start businesses here" (Interview Mr. SG, 2023).
>
> "naaa maan Veli, the by-laws are weak maan, to me they are just there for when the municipality wants to justify something, they do not serve us" (Interview ANCYL member Tsakane, 2023)

Misago (2019), argues that in communities where local leaderships lacks authority and lacks in enforcing rules, non-state actors assume the role to define new rules and standards. Informal township governance and policing is a common practice in townships.

The two quotations from the Cooper and the ANCYL member are in line with Misagos argument in that community associations in the townships thrive on leadership gaps. In Duduza, lack of trust in the formal governance systems enables state actors and community associations to create gatekeeping rules and processes to ensure compliance according to their set standards. These rules and processes are not communicated nor approved in any formal governmental structure, however through community mass meetings with all stakeholders present, binding resolutions are taken and adhered to by stakeholders. One of the major challenges that faces the formal governance system is the capacity to foster community engagements and partnerships. Implementation and enforcement of policies is a challenge for local authorities in this case the Tsakane Customer Care Centre (CCC).

With the scope of the township and the magnitude of informal business, government departments rely on community associations such as the business chambers to relay important information and assist their members with the administrative needs. Community Associations and organisations are registered with the relevant government departments however they maintain their autonomy from the state. Their autonomy enables them to influence decisions and policies made by the state, they close the gap between public institutions and local needs. The different associations in the townships play different roles in defining demarcations based on their affiliation. Since they represent their membership, they play an advocacy role in channelling resources from municipalities to the people on the ground. Furthermore, they act as informal gate keepers that control entry into a closed business sector, they play a policing as well as regulatory role to their membership. In the context of spaza shops, Business Chambers and other spaza shop forums are instrumental in their representation of the mandate of their membership.

It is universally agreed that policing and governance resources are overstretched in South African townships. This is confirmed by the South African Police Service Annual Report 2021/2022, which has the current police to population ratio is 1 is to 400 people. There are currently far more private security guards than police officers, but the former tend to be concentrated in wealthier spaces. it is clear, moreover, that the state has limited capacity to anticipate and respond to violence.

Data collected since the first xenophobic violence of 2008 suggests that the violence was way to control territory and affirm local political authority (Landau, 2010). In Mamelodi, which is a section in Soweto, the SA National Civic Organisation and Phomelong Residence Association have collaborated to assume and fill the political and regulatory space (Misago & Landau, 2022). The two organisations use violence and forms of gangsterism to exercise control over "their" territory. In my interactions with the Duduza business community and people in the political space, everyone seemed to be in one voice that Duduza is their space, and they have every right to defend it from any potential threat.

> "These people don't want to cooperate, Jeses!! Somalis are stubborn! We told them, if you want you want to operate your business cooperate with us or else take your business elsewhere" (Interview. Mr SG 2022)
>
> "Listen here Broer, unlike Tsakane, here we dictate who operates and how if people want to do their own thing, they must Voetsek by force if they don't want" (Interview. ANCYL member, 2023)
>
> "We told the business chamber we must stand as one, economy belongs to our people and no one else must interfere" (Interview. EFF member, 2023)

Secondly, the local community and state may operate with no partnership and not guided by any state laws. This may happen when the community has lost trust in the state organs or when the community has stronger grounds to believe that the State is not acting in their best interest (Scharf, 2001). South Africa has seen community organisations that emerge out of dissatisfaction from state organs such as the South African Police Services. As such, these organisations act out of the confines of the law to offer protection and informal governance in their communities. Vigilante organisations are self-appointed and are in partnerships with the state or any of its organs. These organisations are dominant and visible in the townships, for example Mapogo-a-Mathamaga. Established in 1996 this organisation is known for using brutal methods of punishment that are completely against the South African Law (Martin, 2010). The Mapogo operations are well known by community members as they marketed their "protection" services publicly and proudly (Martin, 2010:62).

1.4. Animosity against foreign nationals

According to Landau (2010), the South African post-apartheid government promised its citizens freedom with and better livelihood through economic transformation. This promise has proven to be very difficult to fulfil. The South African Government continues to face significant challenges in its quest to provide jobs for its citizens. Corruption in government and the tendering systems, the economic policies that have widened the inequality gap are counterproductive to what the government aims to achieve. With Somalis being at the centre of local spaza shop business, they become a target as they are seen as hurdles to achieving economic advancement.

A major challenge for South Africa since independence has been her porous borders. According to Milczarek *et al.* (2013), porous borders amongst many things are a threat to national security. The challenge is that people move across borders every day. As stated by Kirikoshi *et al.* (2017) greater consequences come with illegal immigration, smuggling of goods, and/or human trafficking. Illegal immigrants do not pay some forms of tax and they are highly competitive on the job market, which creates frictions with locals. Not only has this cased a serious threat to the stability of South Africa (Crush 2017), it has also caused tensions between the government and South African citizens, who feel that the government is not doing enough to control migration into the country. Furthermore, with the rising unemployment rates among poor and unemployed South African citizens who feel that foreign nationals are in South Africa to compromise their chances of employment. As elucidated by Misago (2017), policy analysts have gone to great lengths explaining the cause of such xenophobic violence/s, some have emphasized the economic and material explanations that alludes to competition between citizens and poor African migrants. Solomon (2019) argues that when violence erupts because of tensions, the locals argue that they feel their rights being undermined by African Migrants and with the government failing to control the borders they take the responsibility to enforce necessary controls.

Violence and resistance towards foreign nations has always been legitimized by the utterances and nuances of government officials. According to Misago and Landau (2023), post-apartheid governments have uses words and actions that magnify the existence of the migrant as the reason for the lack of national progress. The government has not implemented adequate policies for border management control. History has proven that it is difficult to compel people to comply with regulations when they are already occupying the land they have migrated to. The only way by law to confirm a person's nationality is by validating their identity document however, there has been reported incidents were the police abuse their system and power by arresting foreign nationals based on their physical appearance or inability to properly pronounce words (Zikalala, Mofokeng and Motlalekgosi, 2021). As a result of these failures to manage this situation, politicians capitalize with utterances that perpetuate exclusion of foreign nationals. The emphasis is always on foreign nationals as "a block to realising the national promises of national liberation" (Landau and Misago, 2023: 1615).

In a traditional society like KwaZulu Natal a King is highly respected. In 2015, the late Zulu King, Goodwill Zwelithini addressed a crowd in KwaZulu Natal. In his speech he was quoted as inciting violence, in his words "…get our house in order and can our land of lice… we request that all foreigners should take their baggage and be sent back". According to Misago & Landau (2023: 9) "Political actors mobilise nationalist discourses of exclusion, they customise them". This speech was followed violence in the streets of KwaZulu Natal and Durban. The actions of the public led to the Kings speech being referred to the National Human Rights Commission. While it was argued that the Kings speech did not rise to the level of inciting violence, as he did not command people to vandalise and loot, mentioning a particular group was a form of exclusion and such utterances are reckless to a nation that already has frictions with outsiders.

The former Minister of Small Business Development, Ms Lindiwe Zulu also shared words on her feelings with foreign nationals. This department received a lot of criticisms for failing to develop a business tool to assist small business operate without being subjected to debt. In her words, the Minister said, "foreigners need to understand that they are here as a courtesy and our priority is to the people of this country first and foremost" (Tamukamoyo, 2015). This statement is similar to another statement she made "As the ANC, we believe all countries need to take responsibility for their citizens," (Nkanjeni, 2022).

Although there are cases of undocumented migrants, with fraudulent documentation and those with expired documents, immigration has many categories and laws that permit and protect people. She continued to say "A platform is needed for business owners to communicate and share ideas. They cannot barricade themselves in and not share their practices with local business owners". This is a sign of a failed department which was mandated to strategies and deliver mechanisms to assist Small Medium and Micro Enterprises (SMME).

On the other hand, Minister Fikile Mbalula found himself on the wrong side of the Human Rights Lawyers in 2022. Mbalula was quoted saying his uncle "sold his shop to the Pakistanis because he couldn't compete with them". This statement was summarised and headlined on Aljazeera.com as "S African minister suggests foreigners are to blame for no jobs" (Myeni, 2022). Well, Mbalula's statement is a lived reality in Tsakane and possibly any other township. In Tsakane three of the biggest spaza shops have leased their space to Somali spaza shop keepers. However, as a Minister and uttering these words to a society with a lot of frictions maybe taken out of context. Sharon Ekambaram, head of the refugee and migrant rights programme at Lawyers for Human Rights (LHR) labelled this statement as reckless and xenophobic and "a result of political impunity enjoyed by leaders of the ruling party, the African National Congress (ANC)" (Myeni, 2022). This statement also suggests that leaders of the ANC always make statements that can ignite violence and walk away without being punished.

During field work, I interacted with different stakeholders in both townships. They all have different views, but amongst South Africans there is broad support, perhaps as high as 80%, for the "they must go" position. Amongst members of the Tsakane business community and associations, there is a shared understanding that Somalis must exit the township. One member of members of the association vented how frustrated they are that Tsakane associations are not persistent in their attempts to force Somalis out of Tsakane as Duduza has done. The locals running spaza shops in Tsakane feel that they are not progressing in their business because of unfair competition between them and Somalis.

> "I think we are doing fine tolerating them, but their tactics are killing our businesses" (Interview. SA Spaza shop owner Tsakane, 2023)
>
> "It's painful to see that our government, the government we vote for sold us to the hyenas. I don't want to see Somalians, I reduced my spaza because of their cheap things, they must go maan ayyy!!!" (Interview. Tsakane SA Spaza shop owner, 2023)

With former local Spaza shops that have closed, the previous owners cited the inability to cope with the predatory pricing from Somali spaza shops. They therefore adopted an alternative strategy of having Somalis rent their space to use for their spaza shops. Unable to compete economically they ended up renting space to the competition.

1.5. Conclusion

Governance is critical to regulate and maintain order in societies. It is through governance institutions that rules, procedures, and practices of governance are formulated and passed for implementation. By broadly defining governance and separating between formal governance and inform governance this chapter demonstrated the power of informality in controlling the space where formality has limited effects. By Law, Community Associations do not have the authority to deny anyone access to operating business in the township, only the law enforcement and designated authority that can do that provided there are infringements or there is law disobedience. The central argument laid the foundation on what's keeping the Somalis out of Duduza and chapter one continued that conversation by engaging more text on how Somalis are labelled by Duduza business community and how over time Somalis have been seen to fit the label through access to guns and being on "defence mode", fearing violence. Some Somalis expressed that they feel the need to always be on guard due to historical events such as xenophobic violence, attacks on foreign nationals across the country and extortion of money from locals.

It appears that access control and gate keeping by community-based organisations is something beyond what formal structures like the SAPS can control. For other formal structures like the Community Policing Forums, which are within the communities where organisations are based, it is difficult to separate between their formal policing duties and informal relationships with the other organisations and actors. While the CPSs have the duty to protect all citizens regardless of their nationality, they often come under fire as "protecting the enemy", which is how foreign nationals are perceived.

CHAPTER TWO

TOWNSHIP GOVERNANCE: TSAKANE AND DUDUZA

2. INTRODUCTION

In this chapter I discuss governance in Tsakane and Duduza, focusing on the role of business chambers, business forums and non-government organisations. This discussion will be the foundation to literature on foreign owned spaza shops in South Africa and how they have become more prominent and even dominant within the spaza shop sector. Spaza shops in South Africa are not a new phenomenon. Their existence dates to the apartheid years in South Africa. Using this foundation this chapter briefly discusses the apartheid policies in relation to governance and how they differ post-apartheid. The prominence of foreign owned spaza shops in the townships has sparked a lot of debates leading to many questioning the legal framework of business in South Africa. I critically discuss current frameworks, such as the Business Licencing Bill, and Municipal by-laws on business in the township. Using the Western Cape as an example I show how the local spaza shop owners have resisted foreign owned spaza shops and the "peace" measures taken after that. This will lead the discussion to modes of resistance in Tsakane and Duduza and how they have been beneficial.

2.1. Brief: Tsakane and Duduza,

Tsakane and Duduza have a history that dates to the apartheid years. The oppressive years left a footprint on both townships. Driving around the townships one can see the houses that were built during the apartheid era. These are visible because they were bult in certain areas of the townships they are also the same structure different from the post-apartheid RDP houses. Tsakane was ethnically separated, the different places named after ethics groups with people of the ethnic group moved there. Duduza on the other hand was non-existent until the government saw the need to separate the African and Coloured people in Chastalton, Duduza was established, and Africans moved there living the coloured people in Chastalton what is now known as Arlapartk (Interview. Mr. SG, 2022). Both townships have Business Chambers, for Duduza it is the Duduza Business Chamber (DBC) and for Tsakane Greater Brakpan Business Chamber (GBBC).

While both townships have forums and community associations the Duduza business community seems to be more hands-on regulating business in the township and gatekeeping on political and development projects.

> "Veli…look at Duduza, look at Tsakane, Tsakane is developing and Duduza is not, ask yourself why? Ask yourself what happened to the John Dube project, it was approved, however since certain people were not awarded tenders they blocked every outside contractor. It is not a secret that Duduza development is not coming to Duduza because of the politics" (Interview. Ms DC, 2022)

It appears that there are collaborative informal agreements between some state actors, the business community and township associations when it comes to development and doing business in Duduza. The same cannot be said about Tsakane where there is less gatekeeping on community projects and traders.

2.2. The role of Township Business Chambers

According to the Association of Chamber of Commerce Executives (2016), a business chamber is defined as "an organization of businesses seeking to further their collective interests, while advancing their community and region. Business owners voluntarily form these local societies/networks to advocate on behalf of the community at large, economic prosperity and business interests". Bennett (1998) cited in Meyer and Meyer (2017) defines business chambers as local business that come together with the primary objective to improve local competitiveness and development of local business. At the centre of the role of Business chambers is the development of local business. Not only do they contribute to the economic development they are also catalysts on entrepreneurship development and job creation (Dammert, 2015). As the middleman between local businesses, government, and potential business funders, they have a duty to ensure coordinate collaboration and to, at least in theory, ensure that economic development processes and projects are not politicised (Landsberg et al 2016). While they claim to be apolitical, it can be argued that by virtue of having membership for affiliation, the organisation is already politicised as knowledge, experience, and resources are only shared to those affiliated to the organisation.

While the agency of informal traders in the township economy cannot be taken for granted, it is necessary to assess the contribution of the Business Chambers in the coordination of small business such as spaza shops in the townships. According to Dammert (2015), Business Chambers offer more than coordination, to Dammert they contribute to the economic development and entrepreneurship. Township entrepreneurship is heavily dominated by informal business that according Kongolo (2010) require local Business Chambers to coordinate their development. This is essential as it puts the business chambers at the core of coordinating and delivering. This is important as is reinforces the business chambers accountability to their membership and how they have an obligation to protect the interest of their business cycle. The business chambers have a key economic roles development role for local business. As advocates in channelling resources from municipalities to the people, the chambers also have a huge role to provide a platform for business development and success and attract new donors and business to stimulate existing business. In the townships where politics may control resources and overlaps to interfere with development, Business Chambers are known to create apolitical alliances to safeguard the interest of their members furthermore, they play a policing role that facilitates the inclusion of local business by minimising politics in development.

2.3. Legal Standing of Spaza shops

South African businesses are regulated with the Businesses Act 71 of 1991 and the Business Licencing Bill (BLB) of 2013. Both documents define the scope of authority local governments must regulate informal trade and provide framework and guidelines on how businesses should be conducted. While these two legislative documents stand for business operations, they fail to explicitly address the diverse complexities of different types of business, namely the formal and informal businesses. In 2002 the Local Government Municipal Systems Act 32 of 2000 was introduced to focus on business in local government. The Act was also developed to cater for informal trading, while the Business Act 71 and Licensing Bill offer a broader regulatory framework.

According to Masonganye (2010), the Municipal Systems Act 32 of 2000 addresses gaps not covered by the national legislation and faced by informal traders, while the Act 32 of 2000 provides guidelines on how municipalities should integrate informal trading in their developmental goals.

The Business Licencing Bill (BLB p.10) of 2013 provides a directive that "any person who is a South African citizen or is a foreigner as defined in the Immigration Act, who seeks to apply for a license to carry on business in any premise or sell goods or service must lodge an application". Business permits are applied for in the local Municipal offices of all townships. Both Duduza and Tsakane have Customer Care Centres (CCC) for this purpose. In June 2003, the Ekurhuleni Development Planning Department (EDPD) designed a Spaza Shop Policy that was approved at Mayoral Committee on 12 June 2003. The EDPD in drafting this document noted with great concern the unregistered and uncontrolled spaza shops in the City of Ekurhuleni. The policy outlined four main purposes, however two are highlighted by the paper as crucial "(i) Setting guidelines to evaluate applications for Spaza shops and (ii) Integrating various policies and procedures operative within the Ekurhuleni Metropolitan Municipality without taking away any existing rights". Although this document was designed to ensure some level of regulation and registration, it only outlines the registration processes and requirements, and is silent on regulation mechanisms.

The 2012 Informal Trade Sectoral Plan, Draft 3 (p. 9) defines a by-law as "a set of rules or legislation passed by the council of a municipality to regulate matters it is authorised to administer within its area of jurisdiction". The constitution of the Republic of South Africa empowers municipalities to pass a by-law and it also "gives certain specified powers and competencies to local government" (2012 Informal Trade Sectoral Plan, Draft 3. p9). It is through the by-laws that municipalities enforce and regulate the affairs and services it provides within its area of jurisdiction (Ekurhuleni.gov.za). The Local Government Municipal Systems Act 32 of 2000 section 12(3) (b) stresses the need for the municipal councils to publish proposed by-laws for public comment and to make representations before the bi- law can be passed. Part B Schedules 4 and 5 of the South African Constitution affords local government the power and competencies to pass and implement by-laws.

Municipality spaza shops have been operating without any regulatory framework informing their operations. The only document that has been a form of legislation for business operations and regulations has been the Business Licencing Bill (BLB). The BLB was drafted to address all businesses and does not give a distinction between the formal and informal.

2.4. Competition, Protection Rackets and Resistance

> "The problem we had with Somalians is that they did not want to be transparent on their dealings that are destroying a lot of spazas, look at Tsakane, look at Kwa-Thema, its mafia this thing, mafia's kill black business" (Interview. ANCYL member, 2023)

The spaza shop business remains the most resilient business in the informal sector, as an informal retailer it has remained unaffected even with the introduction of formal retailers in the township. With all this resilience, the sector has been subjected to internal competition. External competition in this paper refers to competition from formal retailers and supermarkets and internal competition refers to other spaza shops, both South African owned and foreign owned. Over the years townships have received large supermarkets chains under the name of township development to make services accessible to townships. Historically, large supermarkets were in suburban arears where there were "white" middle higher income consumers (de Bruyn and Paul Freathy 2010). These locations constrained the development of townships and kept people tied to the suburbs as they had to commute longer distances to buy groceries and clothes.

The introduction of shopping malls and shopping centres in townships brought about development and job opportunities for many and reduced travel times for people seeking to buy clothes, furniture, and groceries. Shopping malls and shopping centres are in specific areas where some residents can still be required to commute, while spaza shops are do not require people to commute to purchase goods. Competition between spaza shops and supermarkets is said to be an unequal relationship because the top five retailers account for an approximate 64% of the market (GRMIR, 2019). National supermarket chains have for maintained a relationship with their wholesale suppliers which is based upon their buying power. In summary, the GRMIR (2019) findings revealed that this behavioural pattern enables supermarkets to reduce their costs relative to smaller competitors.

Furthermore, these advantages extend to "long-term exclusive leases in shopping centres and the payment of rebates by suppliers to the national supermarket chains" (GRMIR, 2019:7).

Supermarket purchasing power also increases barriers to entry for small informal businesses, as many of these informal businesses are unable to conduct business in the shopping centres because of the long-term exclusive lease agreements. These economic advantages make things economically difficult for spaza shops, since they can't compete on price, but they have managed to stay afloat due to their unique trading, clientele base and geographic convenience. The arrival of foreign spaza shop entrepreneurs challenged established models for doing business for South African spaza shop keepers. Research into South African spaza shop keepers suggests that South African spaza shop traders often use spaza shops to supplement their monthly income, and thereby close the poverty gap. For the longest of time, South African traders operated spaza shops, they were competition amongst themselves. However, with time and migration competition for South African spaza shop entrepreneurs was felt from foreign entrepreneurs spaza shops than external formal large supermarkets. As argued by Charman et al (2012), with the spread of foreign migrant spaza shops there was a decline in South African spaza shops. Scholars who have research this field point out several reasons for the prevalence of foreign owned spaza shops, from the entrepreneurial acumen, strategic positioning of their shops and competing on prices.

In communities as well as the social media there has been general statements that foreign nationals are taking jobs meant for South African citizens. In many cases there were complaints that foreign nationals, especially in the spaza shop sector, are not competing fairly, and that their business models allow them to sell goods a cheaper rate. This competition between South African and foreign entrepreneurs has created social and political frictions in the townships. These frictions brewed anger amongst many South African spaza entrepreneurs, as a result some foreign spaza shop entrepreneurs became victims of violence and murders (Gastrow and Amit 2012: 35). For some citizens, who were waiting on the government's delivery of services, including job opportunities, foreigners were seen as obstacles (Landau, 2010: 216). Landau (2010) account sees this type of violence as one for territorial control and political dominance instead.

Furthermore, Misago (2019) argues that local governance provides the gap for the occurrence of violence, it also has the power to influence violence because of its prominence on the communities.

In Cape Town, Somali spaza shop keepers faced backlash from South African spaza shop keepers when they moved from town to look for business spaces in the townships. According to Amit and Gastrow (2015: 17) "South African shopkeepers have on numerous occasions sent out notices to Somali traders instructing them to close their businesses and leave the area". The tensions between the two groups propelled the government and civil society to put measures in place for regulation. In 2021, the Daily Maverick published an article where immigrant spaza shop owners were reported to have been driven out of Atlantis. It was reported that local business owners gave Somali spaza shop owners three hours to leave Atlantis, Cape Town https (Luhanda, 2021). A South African woman who had rented out her spaza shop to Somali man was confronted by residents accompanied by the Police to evict the Somali trader (Luhanda, 2021).

The fact that spaza shop are within the informal sector creates vulnerability. Spaza shop keepers, and especially foreign nationals, do not enjoy much protection from the law. The Khayelitsha mass shootings on 08 March 2020 is a perfect example of this. The Khayelitsha Development Forum stated that "as long as there are foreign nationals and spaza shops in the townships, these mass killings will continue". The spokesperson further mentioned that spaza shop keepers who lack papers are easy targets for protection rackets (www.opera.news.za). Foreign spaza shop keepers were reported to be paying amounts ranging from R1000 to R1500 every month for protection rackets. In Duduza, Somali spaza shop keepers used pay for protection and "informants" to keep abreast on the community meetings and other related matters that may be threat to them. In an interview I conducted with a prominent businesspeople in Duduza it appears that to a larger extent protection rackets were paid to people who were well known in the communities.

Respondent "my leader, Somalians have money, they use to pay me to attend meetings and I would share the community movements and plans,

Researcher "where would you meet?"

Respondent "they are smart these people, they use to send a uber to take me Springs or Dunnottar and pay a lot, with groceries and money".

Researcher "can you tell how much they used to give you, an estimate".

Respondent "it was different amounts every time, lowest R1800, the highest R7000 when I told them about the plan to raid Somali spaza shops".

Resistance towards foreign owned business has been expressed in different ways. It is not unique to Tsakane and Duduza, however it is a challenge in South Africa. Some scholars have theorised on xenophobia as a form of the resistance to South Africa's failing policies to control immigration. Gastrow and Amit (2015) found that the Civil Society and Government in Cape Town has been introducing informal agreements aimed at restricting Somali trade. As elucidated in chapter one, Tsakane and Duduza had strategies of resistance towards the business model that comes with Somali trading. In the Western Cape, there were different initiatives to control these restrictions have to do with restricting Somali nationals from opening new shops, prohibit new competition which is a cartelistic tendency.

2.5. Cartels and Cartelization: The Framework

As discussed on previous chapters, the informal sector is largely unregulated, which makes it difficult for authorities to monitor and intervene in relation to prices, collaboration, and agreements. Spaza shops have been a subject of research for more than a decade, however research has not focused on the regulation tool of prices. In this section of the research, I discuss cartel and cartelization. This is to build a case of the two cartels to be discussed in the findings chapter, one cartel being the one operating in Duduza and the other cartel being the Somali spaza shop cartel that runs spaza shops in Tsakane.

Firstly, I introduce the cartel by definitions and use the Competition Commission of South Africa and the Competition Act 89 of 1989 which is the legal framework to expand on the usefulness of the more appropriate for business in the formal sector than the informal sector. Secondly, I use the South African minibus (Taxi) business to tie into the definitions to build a case of cartel. Furthermore, I also refer to other South African cases of business that were previously sanctioned for transgression against South African competitions rules. I argue that these are easier enforced on formal businesses that comply with the law and formal requirements. With this, I aim to show that the mechanisms are not well suited to the informal sector.

According to Bos, Letterie et.al (2016), cartels are a type of "anticompetitive agreements" between firms that aim to reduce output and raise prices. By having these agreements, they can monopolise the markets by manipulating prices to fit the margins of the cartel, therefore. To Jaspers (2016: 319) cartel is cooperate and economic crime that involves a collusion between "competitors to fix prices and divide markets". In Jaspers (2018) the definition of a cartel is extended to include collusive tendering which is at the core of the construction industry. The operative word for me on this definition is "collusion" which according to the Merriam Webster online dictionary is defined as a "secret agreement or cooperation especially for an illegal or deceitful purpose". Bos, Letterie, Scherl (2016) concurs, cartels operate in secrecy due to their illegal status it is not easy to fully understand their traits and strategies. The secrecy in the operations of the cartels confirms the need for agreements to ensure cooperation within a cartel. The South African Competition Act 89 of 1989 defines cartel as "an agreement or concerted practice between two or more competitors to fix prices and/or trading conditions…" Section 4 of the Corporate Leniency Policy the Act explicitly outlines what it refers to as the prohibited horizontal practices, such as the one mentioned 4(1)(b)(i). These definitions provide a view of a cartel as one that requires secret agreements between various parties that collude to monopolise the market.

According to the Organisation for Economic Co-operation and Development (2002) a cartel is successful when the prices in the circle are raised above the competition level and by so doing actively reduce output. As will be argued, Somalis drop prices to win the market and once that has been accomplished prices are raised to increase profit. As elucidated by Bhaskarabhatla, Chatterjee, Karreman (2016) being part of a cartel promises members higher profits because of higher fixed prices in the cartel agreements. However, raising prices does not only help reduce or eliminate competition it also forces consumers to either buy or chose not to buy, this is another way cartels are able to create market power (OECD, 2002). Cartels are strategic, they can strategically limit competition that is seen as threat in the same sector. Instead of being innovative for ways improve products and production methods, companies take the easy way out by forming cartels knowing that they. While the cartel agreements to fix prices may be beneficial for the cartel members, consumers suffer the most as this results in high prices thus limiting choices for consumers. While the provisions of the act affect every business operating in South Africa, so far, the regulation of prices and price fixing is a tool that is focused on formal retail corporates not on business in the informal sector, in this instance informal retailers. For example, the spaza shop prices are not standardised, the prices of items in a spaza shop is determined by the density of spaza shops in that area or it is set by the purchase price and expected profit, this will also be tested on the results chapter under the price benchmarking exercise that was conducted in Tsakane.

While protection is a standard rule, members of the cartel also have to satisfy certain moral rules, such as loyalty. Loyalty is important in cartels; honouring agreements ensures trust and reinforces stability. Cartels employ measures to ensure compliance and non-cheating in the cycle, Faulkner et al. (2003) cited in Jaspers (2018) argue that cartelists monitor their agreements from prices, customers and tendering procedures and may use compensations to ensure compliance. Genesove and Mullin (2001) cited in Bhaskarabhatla et al. (2016) concurs that cartels are proactive in developing measures to prevent cheating, they invest in monitoring systems and harmonization of business practices to ensure transparency in the circle. Instability is prevented by all costs in a cartel, Verese (2014) argues that protection of organised criminal groups and violence is used as a weapon to prevent potential instability. These criminal groups or criminal networks are what van de Bunt and Huisman (2004) refer

to as the 'cartel enforcers. The enforcers have two roles, they ensure and control compliance of members in the circle and play a role gatekeeper who prevent outsiders from entering the market. In the South African context, the minibus taxi industry has been in the news with its Mafia- like violence operations (Geldenhuys, 2022). It is estimated that there are close to 1200 taxi associations in Tsakane under the two mother body associations, the South African National Taxi Council (SANTACO) and the National Taxi Alliance (NTA). Taxi associations are closed associations, they have committees that control the day-to-day activities of the association, taxi enrolments etc. As formal as they are with governing structure that are considered as informal businesses by the government. This is a lucrative business and transport system in South Africa, in 2021 Africa Check estimated that the industry is responsible for transporting almost 70% of South African.

It is considered one of the most successful businesses by African South Africans. However not all is good and gloomy in this business, over the years this business has been shadowed by a dark cloud of violence over routes, positions and eliminating competition. The violence over power and the use of routes occurs in almost every association. The taxi violence escalated to a point that a Commission of Enquiry to the taxi violence was instituted in 202. The Commission led by retired judge Justice Jeremiah Buti Shongwe was established to investigate the causes of violence in the Gauteng Province. The 2021 report from the Commission of Inquiry into taxi violence in Gauteng revealed several key findings that point to this business as having cartelistic elements. The industry was found to have created a network of internal and external stakeholders, from state institutions and private institutions. With the state institutions, the police officials who are mandated to combat crime were found to have not only been involved in the violence however there some were found to have benefited from the industry. The involvement in the violence includes not only the police, but the South African Defence Force (SANDF) and private security companies who sold firearms to the people who are associated with taxi violence. The Use of Hitmen (known as izinkabi) in the taxi Industry to assassinate taxi operators has become a norm in the industry. According to Geldenhuys (2022: 25), "power struggles in this industry have created a pool of hitmen.

Taxi bosses often hire hitmen (also known as izinkabi) to carry out assassinations on competitors". From this quotation, it I clear that hitmen are used as cartel enforces; and most importantly they are used to eliminate competition.

According to Section 4(1)(b)(i) of the Act, direct or indirect fixing of a purchase or selling price is prohibited. One of the well-known traits of cartels is their ability to fix prices (Jaspers, 2016; Friedrichs, 2010 & Stewart, 2007). In 2006 the Competition Commission of South Africa investigated a group of bread producers and found them guilty of price fixing and collusion. Tiger brands in this case was fined R99-million after "fixing the price of bread and costs of milling with a cartel of major national competitors" (www.iol.co.za). Furthermore, to highlight the magnitude of the regulatory tool on formal business, IOL reported that the Competition Commission has been following this lead for 12 years as with evidence from 1994 until 2006. According to an article published by Schoeman Law Inc in 2022, companies found guilty of transgressions are liable for a penalty of up to 10% of the company's annual turnover. The challenge with the act and penalties imposed due to transgressions is that these does not distinguish between businesses in the formal sector and those in the informal sector, all businesses are treated alike. Furthermore, there is no evidence of literature on the intervention of formal disciplinary measures on informal SMMEs. However, the gap is on the application of the act when it comes to transgressions, it is easier for formal processes to be actioned on streamlined formal companies or firms. As in the case of spaza shops, it appears that the township associations and business chambers take the lead in regulating spaza shops.

2.6. Conclusion

In conclusion, based on the discussion above, it can be concluded that township economy is governed by informal disciplining and governing structures. Secondly, Somalis have managed to penetrate and expand their business by creating an economic niche within the township. As explained above, townships are governed in two forms, formal and informal governance. The formal governance structures such as the South African Police Services and Community Policing Forums, these are focused on maintaining order and criminal matters. Since the organs of formal governance are limited in their function, the non-government organisations provide informal governance.

In this way they demarcate borders and control access into the township. The operational scope of NGOs also extends to providing security, the neighbourhood watch and vigilante organisations conduct patrols around the townships and use mob justice to punish those on the wrong side of the community.

The townships are dominated by informal businesses in the case of Tsakane and Duduza, spaza shops. The Duduza Business Chamber, Political organisations and other NGOs have ensured that Somali and Bangladeshi spaza shop keepers stay out of Duduza. The ward councillor and chairman of the Duduza Business Chamber confirmed that all organisations share a common view that Somalis are better not operating in Duduza because their economic models may force other spaza shops to close. In Duduza, NGOs and political organisations play a critical role in regulating entry into the township economy, regulation of tenders and placements of local people to work with external construction companies. This is one way to show that township businesses are regulated and governed informally by township associations and some state actors. These associations are legitimized by their constitutions with rules and values that members must abide by. The organisations lead and represent businesses and organisations that are registered and have active membership under them. Furthermore, the organisations in the township have informal common rules and values they enforce based on common challenges they face. The organisations representing spaza shops in Duduza represent all nationals in the township apart from Somalis and Bangladeshis. The exclusion of the two from membership was intentional after the unwillingness to participate in a meeting initiated by the Duduza Business Chamber and partners to discuss trading terms.

What I discovered in Duduza is that while organisations work in silos as representatives of the interest of their members, organisations like the Duduza Business Chamber and other organisations collaborate for common cause, what Landau (2010) would refer to as against the common enemy., The shooting incident in Duduza sparked the existing dissatisfaction about Somali trading and conduct in Duduza which led to the Somalis being chased out of Duduza. The secretary general of the Duduza Business Chamber and Ward Councillor confirmed that they had attempted to present evidence that would push the SAPS to evict Somalis and Bangladeshis, however they were doubted. Therefore, this incident was enough enabled them to ensure that Somalis stay out of Duduza.

CHAPTER THREE

ITEMS PRICE BENCHMARKING



Figure 1 List of benchmarked spaza shops.

3. INTRODUCTION

According to Charman, Peterson & Piper (2012), Somali spaza shop keepers have out-competed South African spaza shopkeepers by using entrepreneurial business practices such as price competition. The key to Somali thriving in the spaza shop sector is the different approach to the business, while the South African spaza shops keepers are more survivalist the Somalis are more entrepreneurial. Charman et al 2012: 51) found that South Africans who run micro-enterprises seek to avoid price competition by maintaining floor prices to minimizing market entry barriers. Their entrepreneurial practices diversify their business therefore setting them apart from the usual survivalist type of entrepreneurship. Charman, Petersen, & Piper, 2012; Liedeman, (2013) cited in Charman, Petersen, Piper, Liedeman, & Teresa Legg (2017) also commented on the use of pricing discounts by foreign shopkeepers to drive out competition. The findings of the various authors point to different reasons that explain the competition between the South African and foreign national spaza shop keepers, however the most compelling reason is the different pricing mechanism between the South Africans and foreign nationals. In this Chapter I test and evaluate this, using random pricing data from random spaza shops in Tsakane.

> "Eh baba! These people are here to make money, they want to eliminate kill local spaza shops using low prices" (Interview. Mr C, 2023)
>
> "They did not want to disclose how and where they buy stock, this is suspicious and its probably the reason why they maintain low prices" (Interview. Mr. SG, 2022)
>
> "I honestly don't know how they make profit with low prices; they sell everything R1, 50cents or even R2 less" (Interview. Tsakane SA spaza shopkeeper, 2022)

Literature on spaza shops and Somali spaza shop trading in South Africa presents several findings. Gastro & Amit (2013: 21) found that many Somalis in the Western Cape area became successful in the spaza shop market because of 10 key trade practices which it was also recommended that they could help South African spaza shops to become sustainable. For the purposes of this paper, I focus on three strategies low prices for cultural and commercial reasons, strategic location of their spaza shops and price comparisons and identification of

special offers from wholesalers (Gastro & Amit 2013:28). One thing comes up time and time again whenever Somali traders are the subject of conversation: their capacity to sell for less than their local competitors then raise prices to increase profits when they have won the market. In Chapter 2 I used various scholars who have researched about the Somali trade practices in the townships. This was to lay the foundation for the discussion of the price benchmarking data collected from Shoprite Checkers in Tsakane and 21 random spaza shops across Tsakane. The random items price benchmarking was conducted to test the pricing mechanisms used by both South African and foreign nationals spaza shops keepers.

In this chapter I discuss the benchmarked prices data that I collected from Shoprite Checkers in Tsakane and random spaza shops across Tsakane. The 22 establishments which were benchmarked represent a combination of South African and Somali owned spaza shops. The aim of this exercise was to compare prices of specific items sold in the spaza shops across the townships to pair with findings from the interviews conducted. The benchmarked items were verified with five spaza shop owners, who confirmed them as items that are regularly purchased by residents. The difference between Tsakane and Duduza is the prominence of Somali owned spaza shops in Tsakane. Consequently, there were no basis to conduct the same exercise in Duduza, since no comparison was feasible under the circumstances. It was therefore necessary to focus the exercise in Tsakane. Shoprite Checkers is included on this sample because it a formal grocery retailer with three stores across Tsakane. It was beneficial for this study to compare process in the formal grocery store against prices in the informal grocery store or spaza shop.

I begin this chapter with a contextualisation of Tsakane. I discuss the types and nature of businesses, ownership, structure, and location of spaza shops. This will be followed by discussion of the pricing structure of spaza shops. In this section, I discuss the pricing mechanisms of the six spaza shops owned and operated by South Africans with six Somali spaza shops within proximity of 200 meters from each other. I discuss the pricing structure used by these spaza shops to determine the dimensions of economic competition. I further use this data to argue for the existence of a Somali spaza shop cartel in the township. I extend the argument to affirm that the structuring of prices with the placement of spaza shops supports the prominence and expansion of the Somali spaza shop cartel.

Furthermore, I argue that the wholesalers owned by Somali nationals are an important part of the Somali spaza shop pricing system. As a result, Somali spaza shops can maintain lower prices on specific items because they purchase items at lower prices in Somali wholesalers than on other wholesalers. Where there is no direct local competition within the vicinity of Somali traders' prices tended to be higher than in locations where there is immediate competition in the vicinity. The linked nature of Somali enterprises means that a coordinated strategy is both possible and desirable, while South African competitors tend to be single enterprises with much less scope to adapt.

3.1. Tsakane, scope of spaza shops

Over the years, Tsakane has expanded in size, population, and development. The Tsakane Mall has two major grocery retailers, Shoprite Checkers and Spar, the other two shopping centers in extension 11 and extension 19 have Shoprite Checkers. The geographic location of these major retailers propels some consumers to either walk long distances or commute to reach them. Therefore, spaza shops provide alternative and convenient grocery solutions for people in the township and bridge the distance between the community members and the mall. The township has different types of businesses, both formal and informal, however Informal businesses dominate the local space as they include but are not limited to street vendors, salons, fast food places and spaza shops.

There has been a significant change in ownership of township micro enterprises in recent decades. In the 1990s until the late 2000s ownership of spaza shops was in the hands of local businessman. "…spaza shops mushroom in this township, there is literally a spaza shop in every corner of the township…" (Govt Official, 2023). Data retrieved from the Tsakane Customer Care Centre estimated that there were around 90 spaza shops across Tsakane. The distance between spaza shop is sometimes only 60 to100 meters apart. The number of spaza shops in Tsakane is an indication of how rich the spaza shop business is in the township and how it has grown over time. The entire township has only six spaza shops are owned by South African citizens the rest are owned by foreign nationals, Bangladeshi's and Somalis.

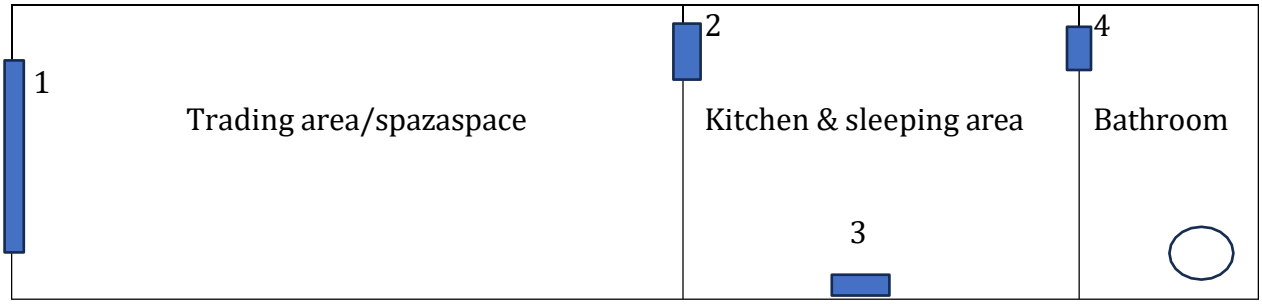
3.2. Structure and Design of spaza shops

In this section, the research focuses on the structure and location of spaza shops in Tsakane. I use pictures of spaza shops taken from Tsakane when conducting filed work to demonstrate the architecture of the spaza shops. According to the Ekurhuleni Spaza shop Policy 2003 the operations of a spaza shop must be from a "building or immovable structure approved in terms of National Building Regulations Act" and its size shall not exceed 20m. This Policy has not been updated since 2003 and only in 2023 a new draft of Spaza shop policy was circulated for public comments.

There are two types of spaza shop building styles in Tsakane, and they vary in structure and size. A majority of spaza shops operated by Somalis are operated in shipping containers and a small number on buildings. The containers are six meters and twelve meters long. Some are partitioned into two segments and some into three segments. The partition is made so that there is a space for the toilet, a space to sleep and a vending space which is bigger where goods are stored with a window for exchange of goods and money.

Structure of the spaza shops

Floor plan of the container shops



Key

1. Window to exchange goods and money.
2. Door connecting trading space and kitchen & sleeping area.
3. Door leading to the outside of the container.
4. Door connecting kitchen & sleeping area with bathroom.



Spaza shop 1a
Image source Researcher



Spaza shop 1b
Image source Researcher

The above pictures, spaza shops 1a and 1b a container which is partitioned into three, a trading space, sleeping space and a toilet/bathroom space. Most of the Somalis in the Tsakane township use containers for multiple reasons. Because Somalis cannot purchase property due to limitations on their permits, they are forced to rent accommodation. Staying in a partitioned container is a benefit for Somalis as this enables them to save money for accommodation. The Somali spaza shop owner of this spaza shop said that they paid a total amount of R5000 a month for rental. The circle on spaza shop 1b is the door that lead to the outside of the container as illustrated on the floor plan.



Spaza shop 1c
Image source Researcher

The above picture of spaza shop 1c is an illustration of the front of the spaza shop. As indicated by 1 on the floor plan this area is used for the exchange of purchased goods and money. This space is big enough to accommodate a parcel as big as a 12kg.



Spaza shop 2a
Image source google maps.



Spaza shop 2b
Image source google maps.

Spaza shop 2a and 2b is still a container spaza shop, these are new designs that combining two containers to have one spacious spaza shop.

The spaza shops below 3a, 3b, and 3c are walk-in spaza shops “supermarket” design.



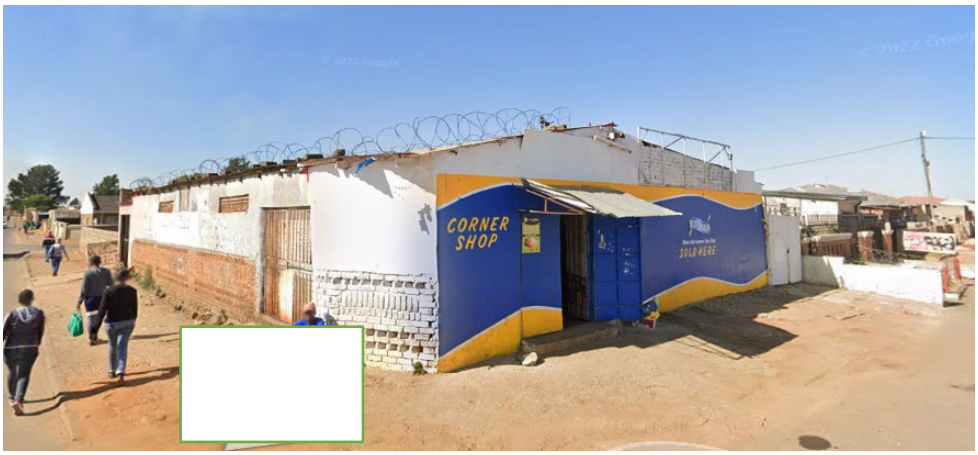
Spaza shop 3a
Image source google maps.

Spaza shop 3a was used by the owner, South African as an aluminium window factory until the owner passed on there was no one to continue with the business, it is now rented by Somali spaza shop traders.



Spaza shop 3b
Image source google maps.

Spaza shop 3b has long been leased by Somali traders. When I was at High School between 2006 and 2007, I would pass here going to school and by then the Somalis were selling clothes and blankets in this shop. However, it is now a spaza shop.



Spaza shop 3c
Image source google maps.



Spaza shop 4a
Image source google maps.

Spaza shop 4a was previously rented by U-Save, the shop was looted twice which led to U-Save not continuing, this is now operated by Somali nationals. The second type of spaza shops are operated from brick walled buildings, such as garages and hired buildings. Somalis and other foreign nationals do not own properties but rent spaces and residential sites for their containers. This often includes renting buildings previously used by South African businessmen. Some foreign spaza shop keeper's buildings were built by foreign spaza shop keepers who do not like using containers. "…brother this is my home, I come here to work, and stay here…" (Interview, Abdul 2023). The Somali spaza shops are designed to not only be trading spaces but also as accommodation for the spaza shop keepers. "…I stay inside here; this is like a cage to me, anytime people start stealing and breaking so it is good for my security and the security of the shop…" (Interview, Abdul 2023). This is not the only Somali that has cited security concerns. One Somali that I talked to asked me if I was from the authorities because some authorities extract bribes from them.

The data of the number of spaza shops was retrieved from the Tsakane Customer Care Centre CCC Health and safety officials. The CCC confirmed six spaza shops owned and operated by South African citizens and estimated 85 spaza shops owned and operated by Somalis and other foreign nationals. The officials confirmed that the reason for the number of Somali spaza shop being estimated is because the municipality does not have the capacity and monitoring tool to conduct regular counts.

Furthermore, most information on unregistered spaza shops is collected when the health and safety department conduct routine checks. Municipalities heavily rely on spaza shop keepers to register spaza shops as per the municipal by laws. The challenge with municipalities is that not all spaza shop keepers adhere to the by-laws on spaza shop registrations, so the database is almost certainly not up to date.

3.3. Location of spaza shops

In this section I discuss four cases in Tsakane that indicate close competition between Somali and South African owned spaza shops. As indicated before, Tsakane has an estimated 6 South African owned and operating spaza shops in the entire township and the rest are foreign national spaza shops. During fieldwork I discovered that the South African spaza shops that are currently operating were established in the 1990's early 2000's and the only spaza shop that was established after these ones is SA spaza shop 3. The spaza shops to be discussed on this chapter are grouped according to their location and distance. Competition between the spaza shops in this section is defined by the distance of 150 meters between spaza shops. The distance between the spaza shops was measured using a google maps option to measure distance and area. I used two different colours on the location pins, colour purple is for Somali Spaza shops, and colour orange is for South African owned spaza shops.

3.4. Somali and South African owned Spaza shops in proximity

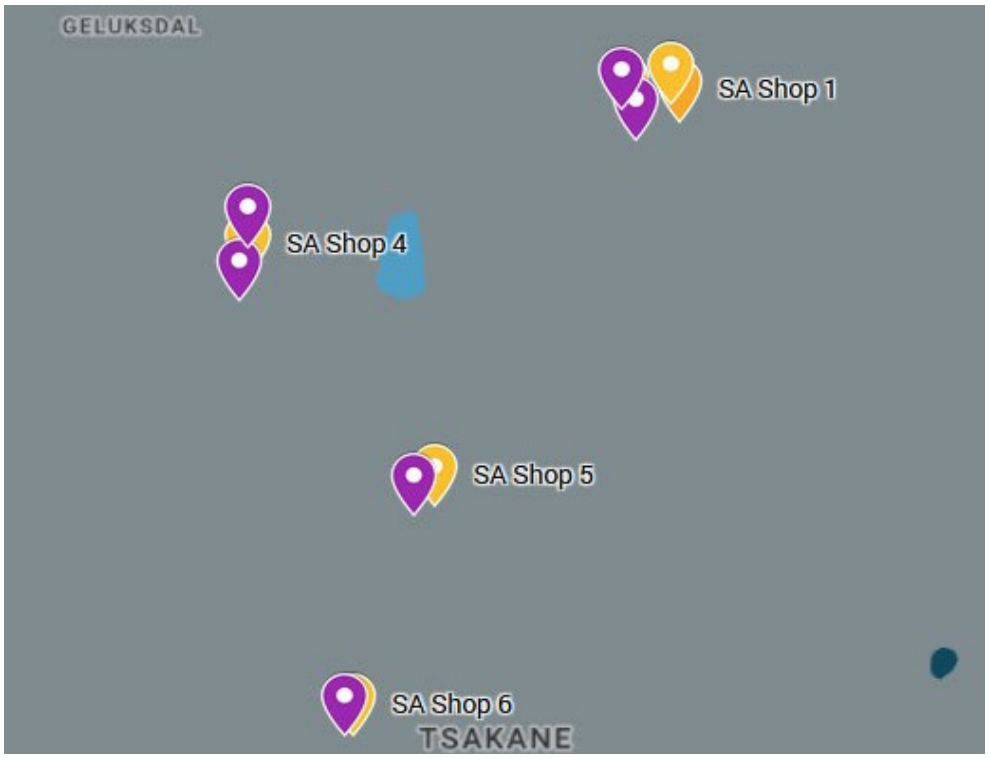


Figure 2: Map showing the 6 South African owned and operated spaza shops.

In this section I discuss four cases in Tsakane that reveal close competition between Somali and South African owned spaza shops. As indicated before, Tsakane has six South African owned and operated spaza shops in the entire township and the rest are foreign national spaza shops Figure 2 shows a pattern whereby foreign owned spaza shops are established either less than 2 meters away or directly in front of a South African owned spaza shop.

Considering these distances and how the spaza shops are placed, this paper distinguishes between strategic positioning and pricing that maybe considered predatory. According to Vanya and Amrit (2015) the business community in Western Cape implemented zoning to separate operations for South African spaza shops and Somali owned spaza shops. This is not the practice in Tsakane. Anyone with the capital and means can establish a spaza shops where there is a space to trade.



Figure 3

Figure 2 represents three South African owned spaza shops and two Somali owned spaza shops. The distance between the spaza shops is between 80 and 138 meters. SA spaza shop 1 has been operating since the year 1999 as a family business and SA spaza shop 2 has been operating since 2005, when the owner of the store was retrenched, and she decided to start a spaza shop. The distance between these is 78 meters, both have significance history and are enterprises used to support their immediate families. SA spaza shop 3 was established in 2011 to close the gap for people always having to walk to SA spaza shop 1 and 2. At that stage, there were no Somali spaza shops. The first Somali shop to be established is Somali spaza shop 2 which is 42 metres away from SA spaza shop 3 and 97 metres away from SA spaza shop 1.

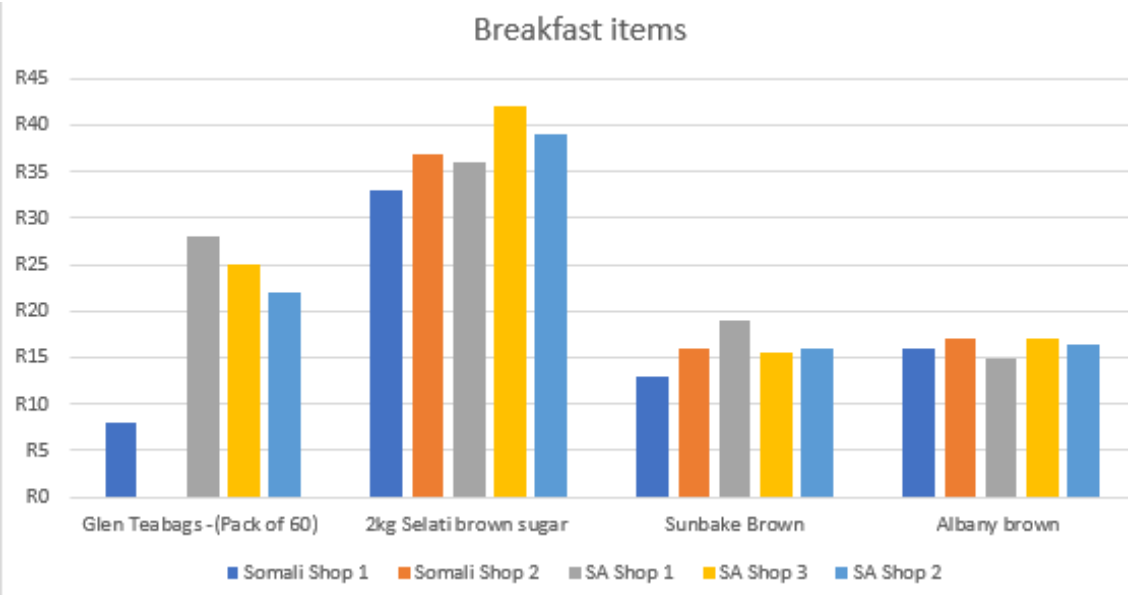


Figure 5

Figure 5 shows price competition between three South African spaza shops and two Somali owned spaza shops. The three shops that are at proximity is SA spaza shop 3 and Somali spaza shop 2 and Somali spaza shop 1. The owner of SA spaza shop 3 confirmed that economic competition was sufficiently fierce that she took an offer to work as a grass cutter and as a result the spaza shop is not always open. With this being the case, the two Somali spaza shop 1 and 2 have the best advantage with low and high prices on other items. SA spaza shop 1 and 3 have relatively high process on items which still gives community members the opportunity to choose.

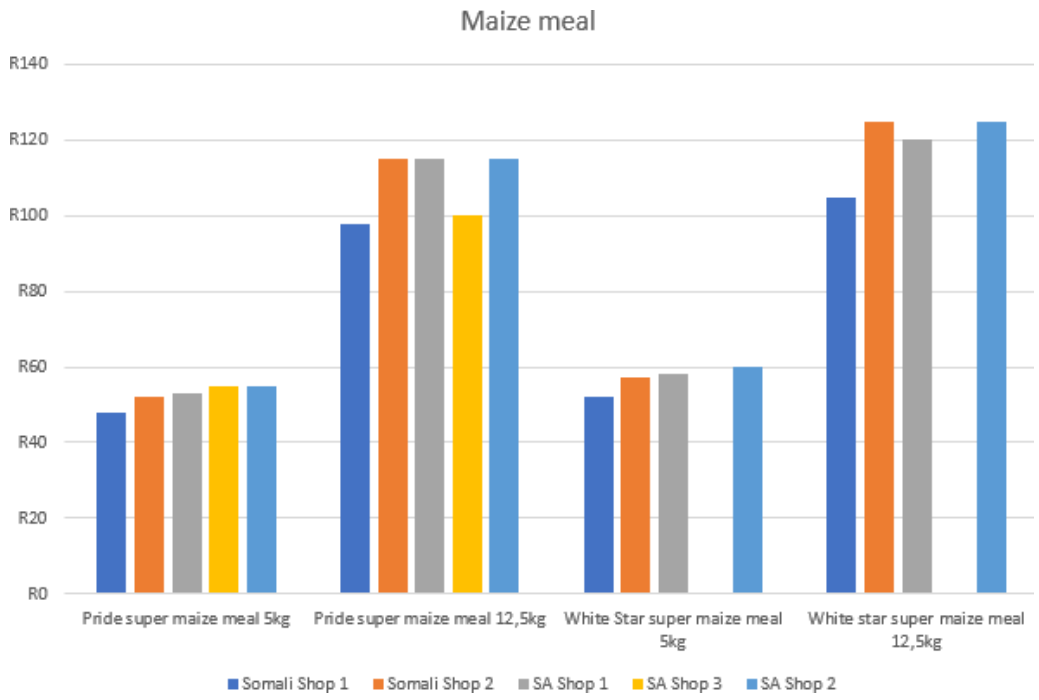


Figure 6

Figure 6 reveals a large price discrepancy on the 12 kgs but smaller margins on the 5kgs. The picture painted by these stats shows that the Somali spaza shops have low prices for the same items, Somali spaza shop 1 and 2 have low prices on these items. A possible reason for the prices of SA shops not dropping is because they have maintained increasing the prices due to inflation and maximizing profit. As a result, decreasing the prices may not work in their favor.

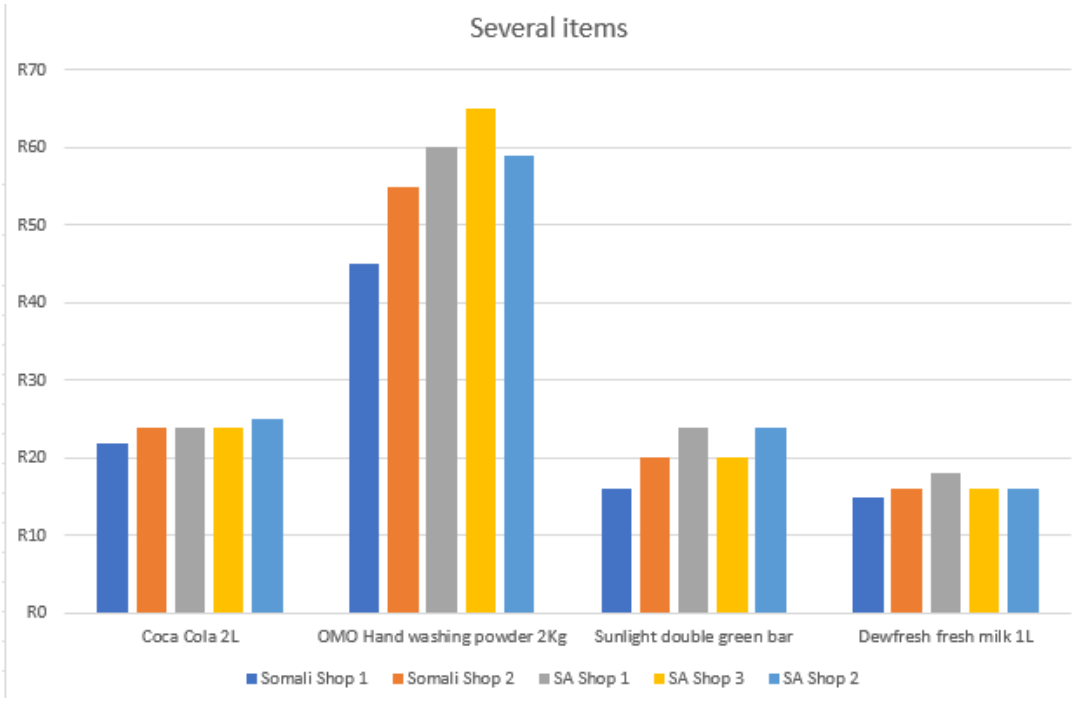


Figure 7

Figure 7 shows similar findings, Somali shops 1 and 2 have lower prices than spaza shops owned by South Africans on several key household items. The SA spaza shops vary on prices of similar items and with SA spaza shop 1 and 2 in proximity members of the of the community can buy from any of the two spaza shops.

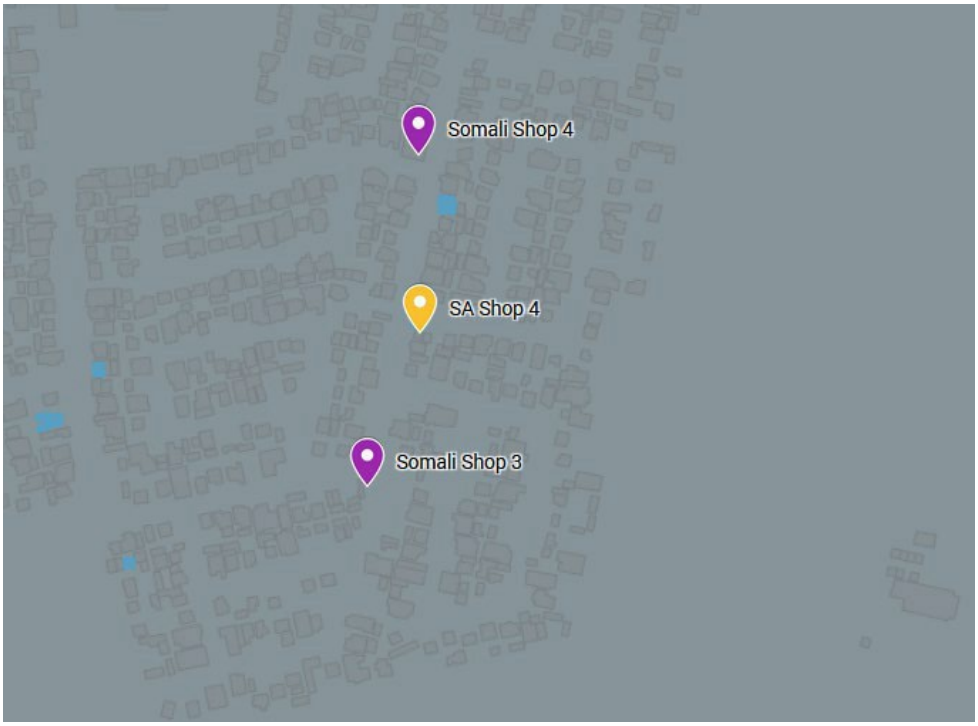


Figure 8

> "They erected that first spaza shop (pointing 80m away from his shop) then they erected that other one 6 months after, the prices are not the same. I'm losing customers I think their plan is to bring me down, No No! if we can stand together and kick them out our business can stand again. (Interview. Tsakane SA spaza shop keeper. Mr Khocs, 2022)

Figure 3 represents three spaza shops, with one SA owned spaza shop and two Somali owned spaza shops. The SA owned spaza shop 4 been operating for 29 years and in 2024 the owner Mr Khocs will be celebrating 30 years as a spaza shop keeper. Mr Khocs was working at a firm in Springs, East of Johannesburg. When the firm closed, they were retrenched, and he stopped working in 1993 and used his retrenchment package and bought a taxi. With the profit he made with the taxi he bought stock for R1500,00 to start the spaza shop in 1994. His spaza shop grew that he decided to diversify his business with a shebeen in 1999. Mr Khocs confirmed that in his area same street there was another big spaza shop (Lucky 7) owned by South African citizen. When the owner of the spaza shop passed on no one could carry on with the spaza shop, so the space was leased to someone else and when the tenant ran out of business the space was leased to foreign nationals.

Somali traders created spaza shop 4 in 2018, which is 119 meters away from South African spaza shop 4 and established Somali spaza shop 3, which is 100 meters down the road in the latter part of 2019 (Respondent 2). Somali spaza shop 3 and 4 are owned by one Somali referred to as BIG BOSS by the spaza shop operators of the two spaza shops.

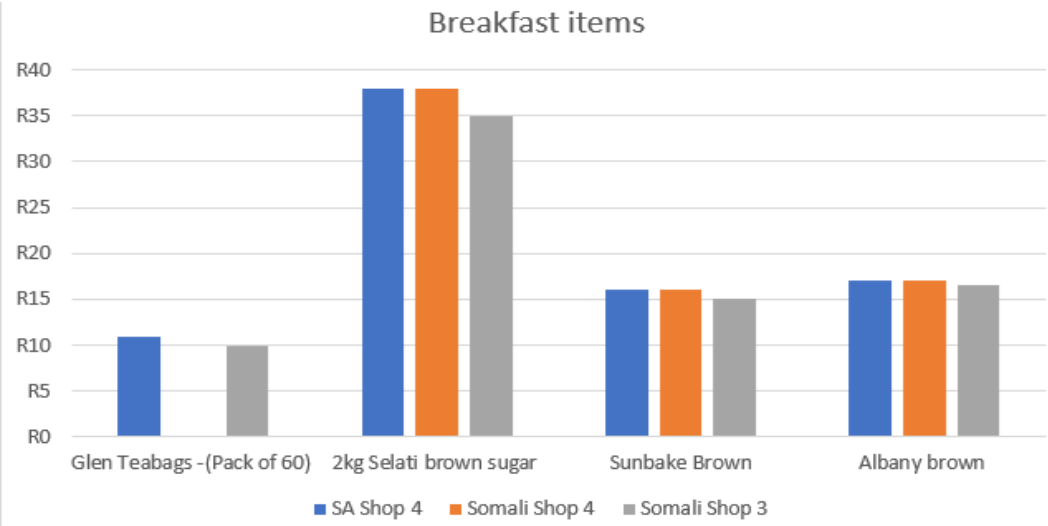


Figure 9

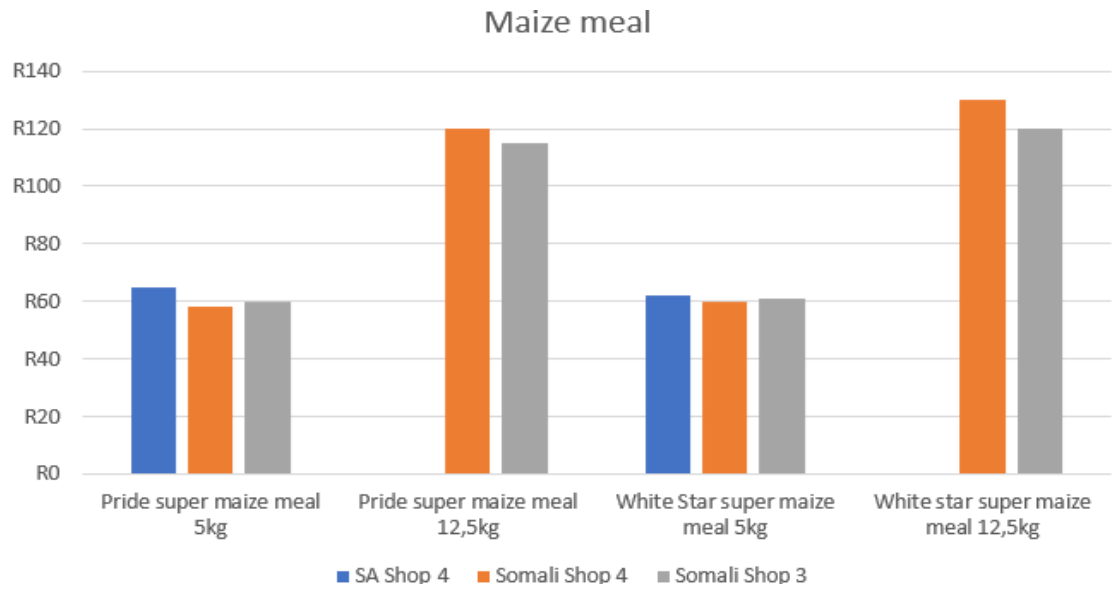


Figure 10

"With the drop in profit I experienced because of the new guys, I had to think, I then started a tavern and minimised space in the spaza shop that's why I stock 5kg only" (Mr Khoza, 2023). The two Somali spaza shops structures accommodate the 12,5kg maize meals thus the prices

are more equal with those in figure 6.

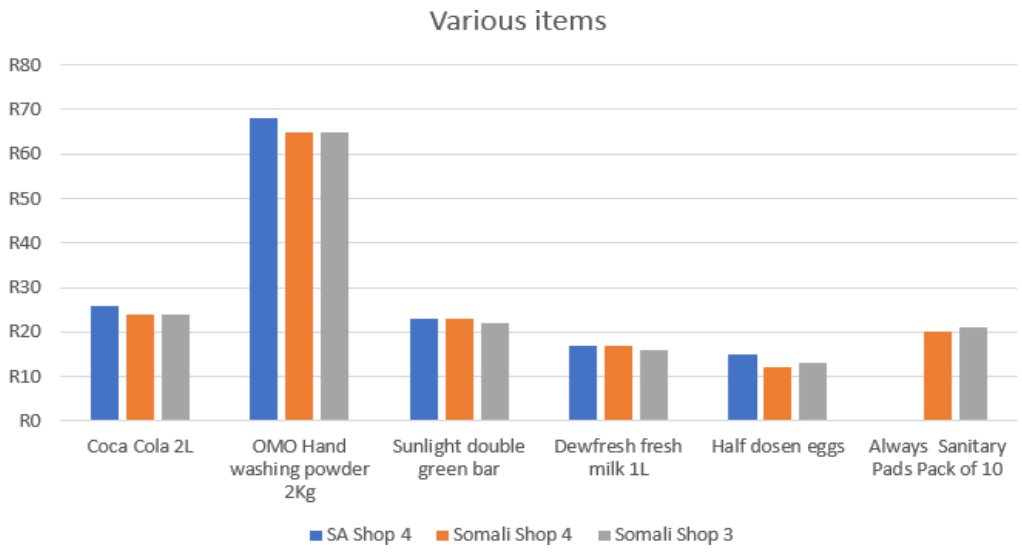


Figure 11

The graphs show that the SA spaza shop has higher prices in all items of the three categories. These spaza shops are on the same street. Somali spaza shop 3 accommodates residents on the lower part of the street, Somali spaza shop 4 accommodates residents on the upper part of the street while South African spaza shop 4 accommodates residents who are closer to it and those who are loyal to the owner.

In figures 12 and 13 below I have grouped four spaza shops, 2 SA owned spaza shops and 2 Somali owned spaza shops. The 2 spaza shops are on different streets but are only 84 meters apart. From field work, there isn't another spaza shop proximity to the 2 spaza shops. The only spaza shop that was noted is a Somali spaza shop 200 metres from SA spaza shop 5 and Somali spaza shop. This is similar with the shops on Figure 13, SA spaza shop 6 and Somali spaza shop 6, there are Somali spaza shops around these however they are 200 metres or more away.

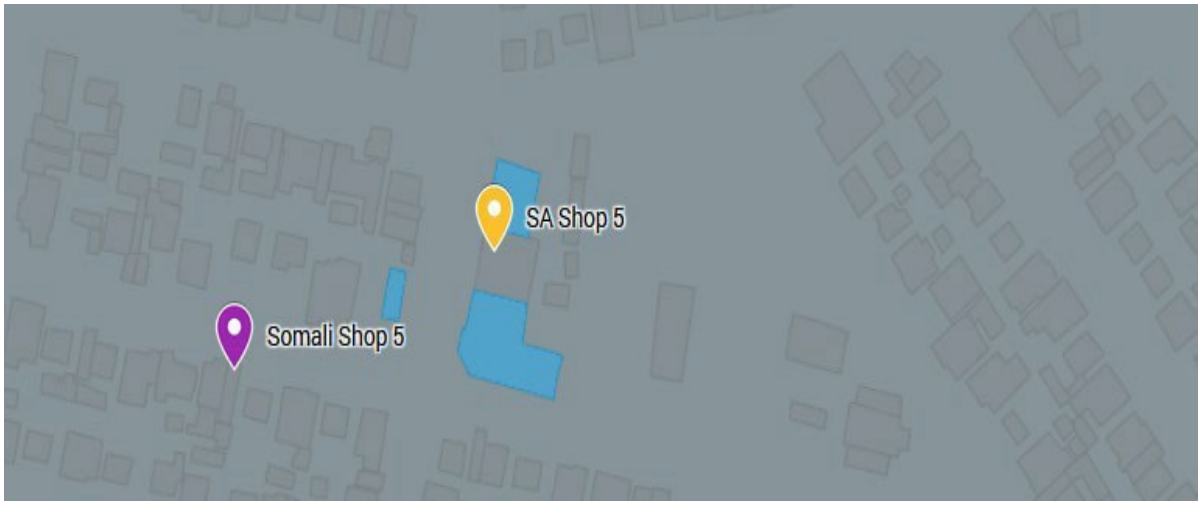


Figure 12

Figure 12 represents the two spaza shops that 84 meters apart, Somali spaza shop 5 in purple pin and South African spaza shop 5 in orange pin. The owner of the South African spaza shop 5 begin his entrepreneurial journey with a dairy business before establishing the spaza shop in 2003. According to the owner of the business, Tsakane had a few informal supermarkets in 2003 and in the area where the dairy shop was there was no spaza shop or supermarket. Therefore, it made sense for him to expand his business to cover the area and to diversify his business for another stream of income.



Figure 13

Figure 13 represents two spaza shops that are directly opposite each other, Somali spaza shop 6 in purple pin and South African spaza shop 6 in orange pin.

The late Mr Ntuli began his entrepreneurial journey with a butchery and general in 1985. The business grew over time and in 2019 the family expanded to the taxi industry to another stream of income. The spaza shop has been the pillar to supporting the family and expanding to other businesses. Sadly, Mr Ntuli the founder of Ntuli Butchery which is also a spaza shop passed on in 2020 however the spaza shop is still operating as a family business.

"There has always been a spaza shop operating in front of our spaza shop" (Interview. SA spaza shop keeper Tsakane. 2022). Spaza shop 6 is a space owned by a South African who previously ran a spaza shop and then made the decision to lease the space to another South African who was of the same vision, but after some time the spaza shop failed and the space was leased to another person. In total, apart from the landlord the space was used by two South Africans before it was leased to foreign nationals (Interview. SA spaza shop keeper Tsakane. 2022). From the respondent's explanation there has always been a close competition, firstly by South Africans only and now by foreign nationals. In this section I will be discussing the different prices by the two spaza shop owners

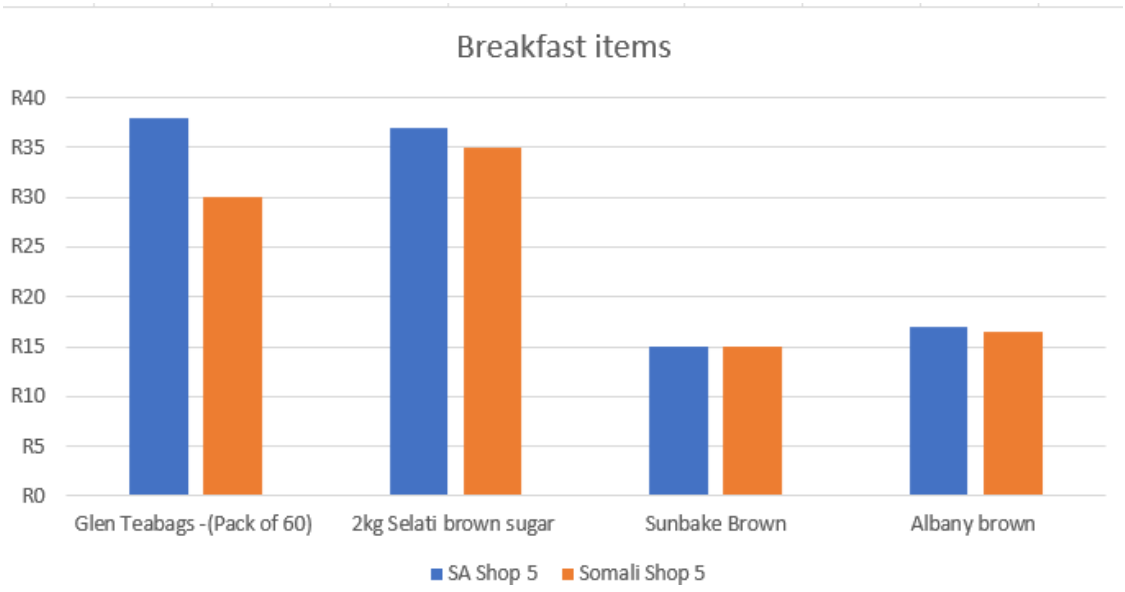


Figure 14

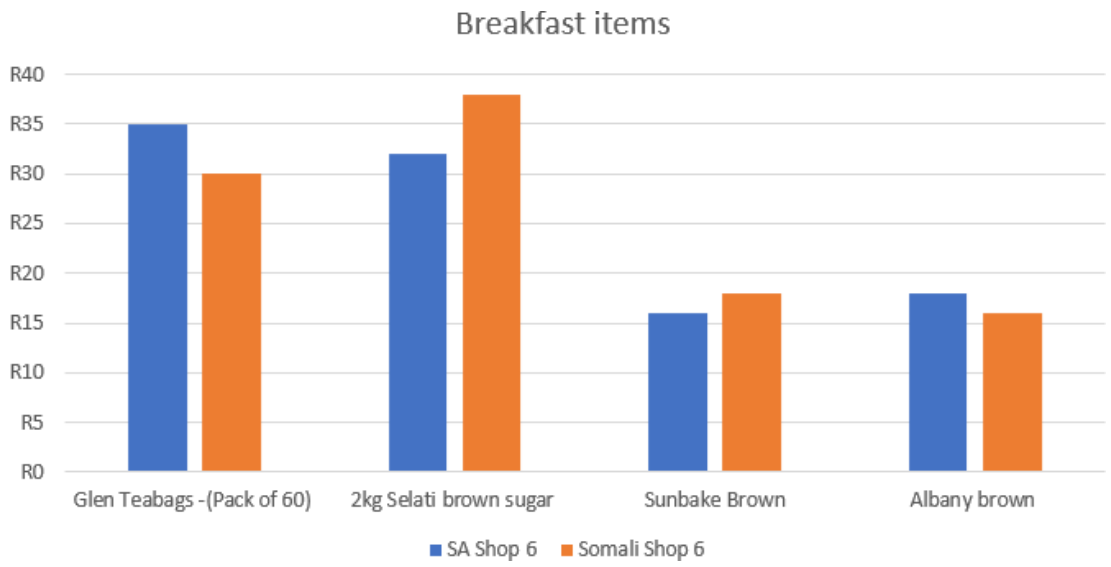


Figure 15

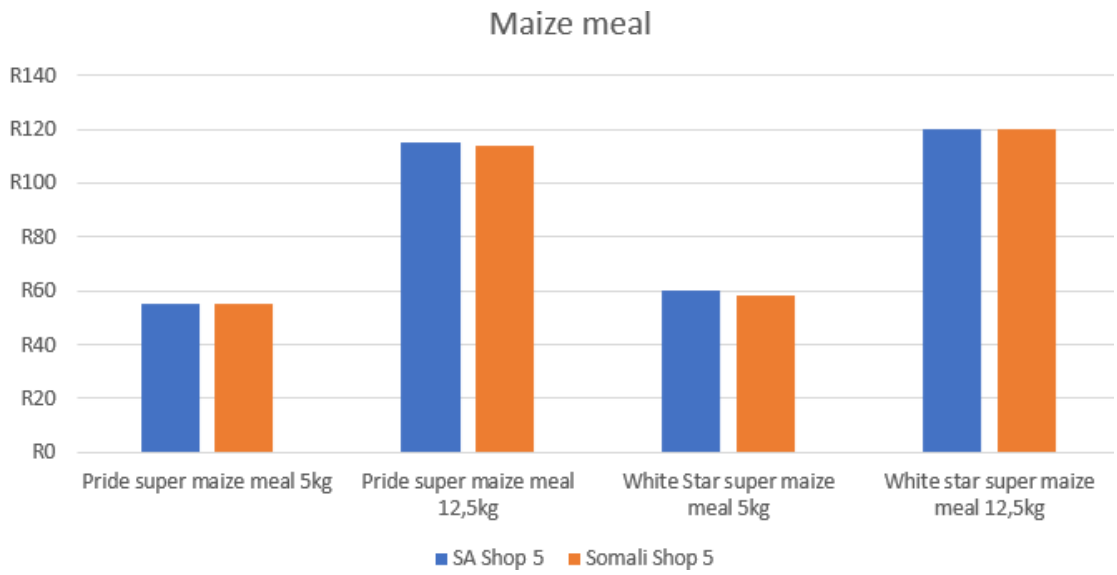


Figure 16

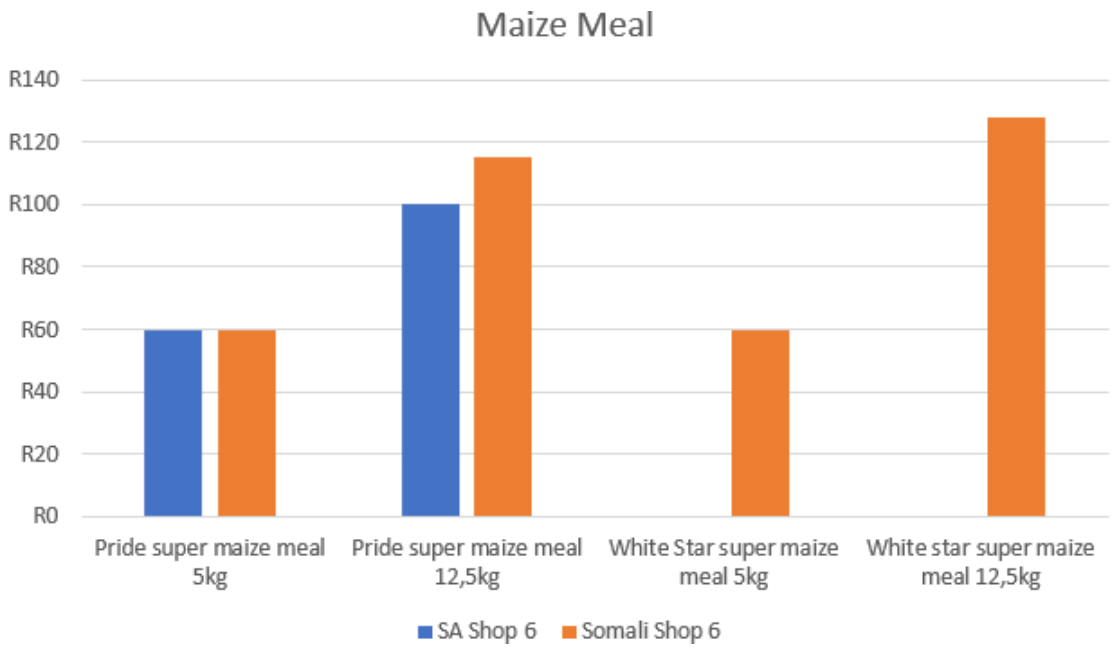


Figure 17

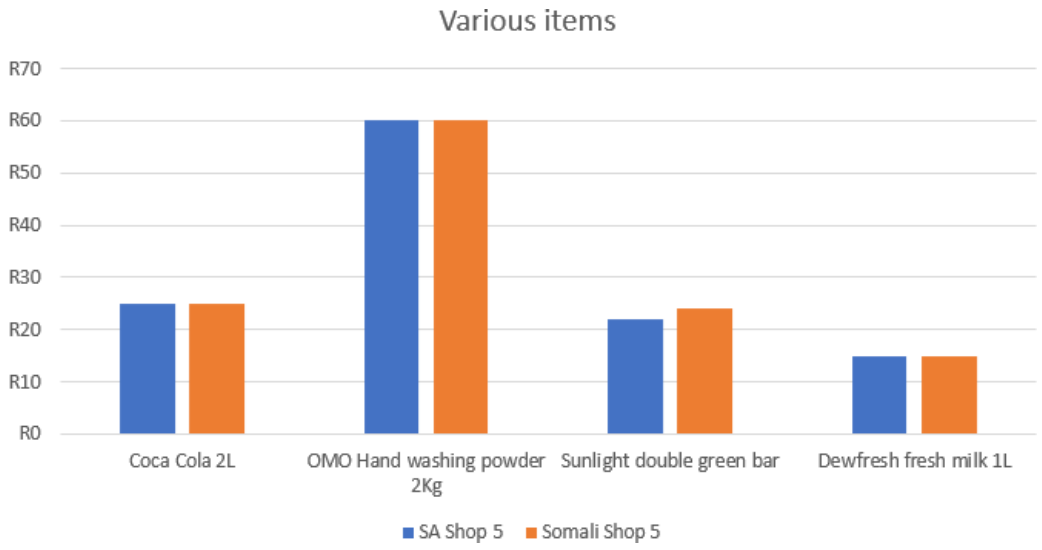


Figure 18

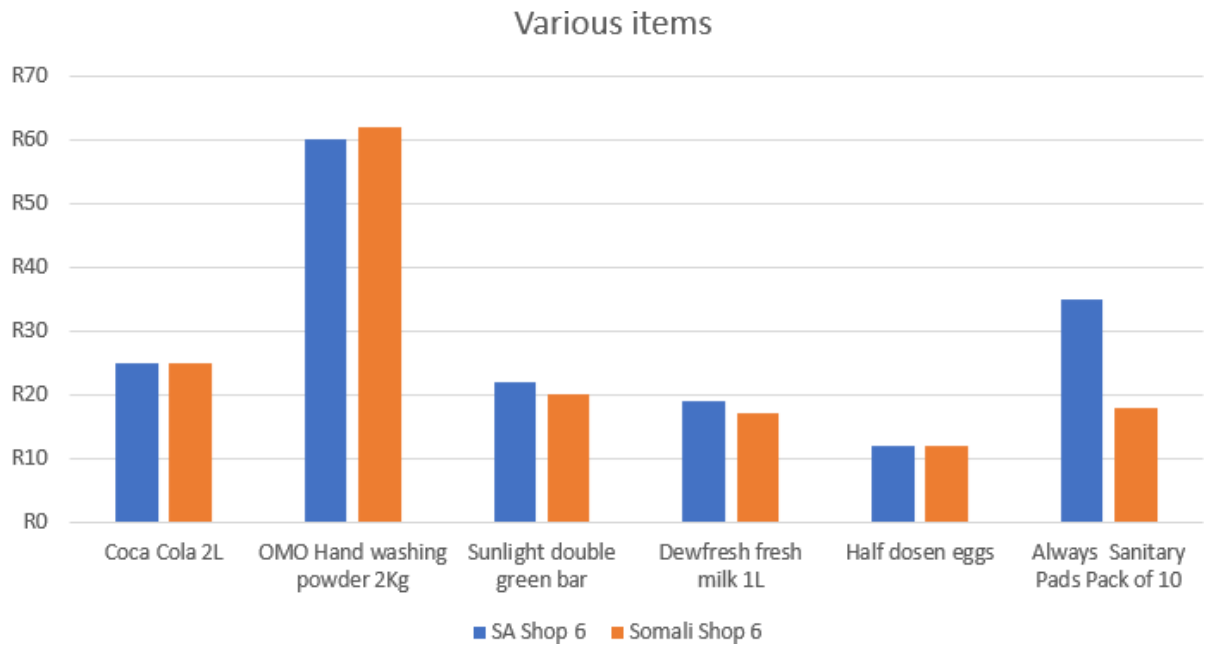


Figure 19

The graphs present a picture of a competitive environment. In both spaces the Somali spaza shops offer low prices on multiple items. While it may be that that the prices are because they want to win the market, another argument can be made that SA shops have had their prices high and they are making profit. There is an advantage in low prices as some citizens would opt to buy items cheaper and there is also an advantage in high prices as there is more profit. The pricing mechanism depends on the location the spaza shops are in. In the township the lower prices pricing mechanism would be favourable as the level of poverty is higher than the urban areas. On some items the prices of both SA and Somali spaza shops are equal. It is likely that the Somalis could not raise their prices higher as that would limit their chances of winning customers.

Observation during fieldwork revealed a pattern of spaza shop location that suggested a practice of specific pricing and cost subsidising. Although this may be a common market practice, one of the South African spaza shop owners in Tsakane stated that Somalis used this as a tactic to force other spaza shops out of business. This can be described in terms of predatory pricing, which refers to "the illegal business practice of setting prices for a product unrealistically low to eliminate the competition" (Craswell, R and Fratrik, M. 1986: 1). In Tsakane, predatory pricing is practiced in two ways.

Firstly, there are establishments of Somali spaza shops direct opposite spaza shops owned by South Africans, this is illustrated by Somali spaza shop 6 and South African owned spaza shop 6 on the pricing data. Secondly, in some streets where there's a spaza shop owned by a South African Somalis establish two spaza shops, one with lower prices to pull the market and the other with high prices or equivalent to the spaza shop owned by South African. This is illustrated by Somali shop 4 and 3 and SA shop 4. The twist on the latter is that the spaza shop with lower prices subsides the costs of the one with higher prices in the event people don't purchase items. The two patterns have a high possibility to suffocate the long existing spaza shops owned by South Africans, they may run out of business.

Over the years, the space and business of spaza shops has changed in Tsakane. Apart from the competition cited by many scholars, I found that most of the South African entrepreneurs that used to run spaza shops had passed on and no one from their families was able to carry on with the business. Some are still alive but due to age they have resorted to leasing their buildings. What used to be an entrepreneurial zone for South African supermarkets owners is now space rented by Somali nationals to run their spaza shops.

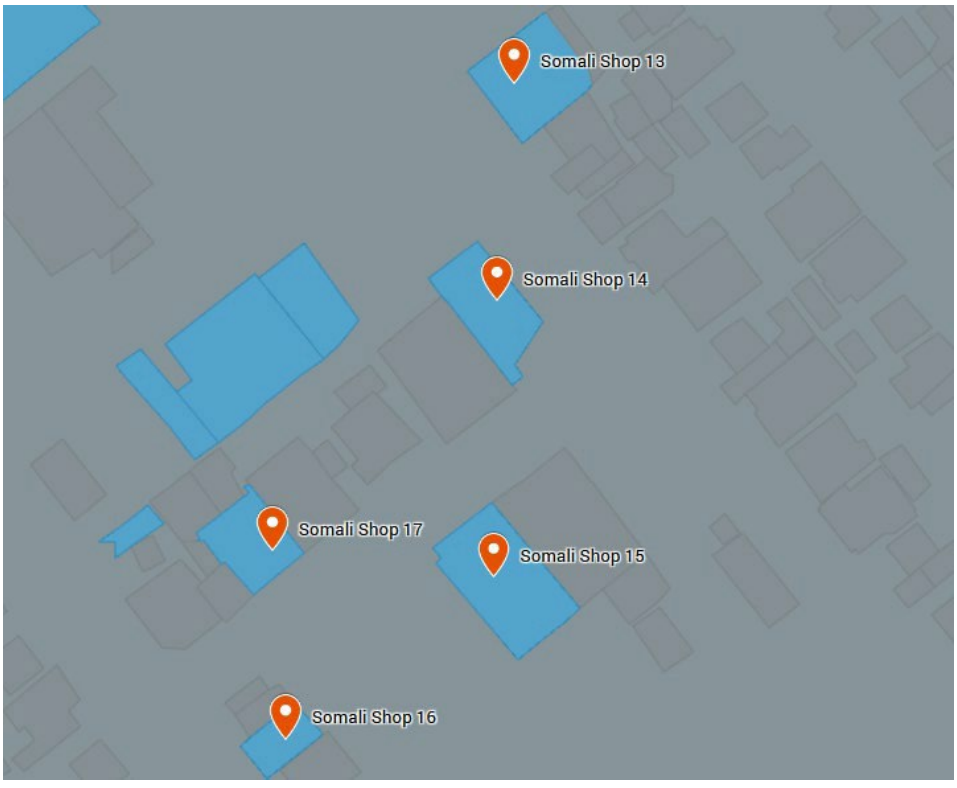


Figure 20

Figure 20 is a map of a place commonly known as "center" by the Tsakane residents. "Centre" is an informal name by community members which carries the assumption the place is at the center of Tsakane. This location was considered Tsakane's CBD by residents as it had three big spaza shops owned by South Africans that were considered as supermarkets. This CBD had various businesses, three well operating spaza shop selling different items, a local cinema, fast food places and big liquor retailer where local business stocked alcohol for their taverns and shebeens.

Spaza shop 16 used to be one of the biggest supermarkets owned by a South African businessman, the late Mr Khumalo. Because he was well known in the township people ignore the original name of the supermarket and referred to it as Kwa Khumalo, translated to Khumalo's place (Participant 4. 2023). Spaza shop 15 used to be a local cinema owned by South African businessman the late Mr. Phiki now the space is rented by Somali spaza shop keepers.

Spaza shop 17 used to be the only spaza shop in Tsakane specialising in beads, Sangoma related cloths and bicycle spares.

> "I saw that there was a gap in the township, people would travel to Brakpan to purchase a lot of African spirituality garments and materials, however as you can see because of age I had to retire, and my kids suggested I lease the entire shop with material" (Interview. SA spaza shop keeper Tsakane. Mrs N, 2023).

With Somalis renting these spaces, its an indication of how far that are willing to expand their dominance in the township. It is also an indication that with a well-coordinated and properly funded system in this way the financial muscle, it is possible to expand the business.

3.5. Conclusion

In this chapter I aimed to discuss pricing data collected from random spaza shops across Tsakane. I collected data from 21 spaza shops and the and due to the scope of this research and specific focus on pricing mechanism I only focused on 12 spaza shops, the only six SA owned spaza shops and six Somali owned spaza shops operating less than 200 meters from SA owned spaza shops.

The South African spaza shops that are operating in Tsakane are long standing family businesses. SA businessmen have used spaza shop to supplement their income or to support their families after retirement and retrenchment. The pricing mechanisms used by these spaza shops has been used for the years of their existence. "*my prices are controlled by their price when I buy stock, if its R10 I sell R10,50 or R11"* (Interview. SA spaza shop keeper, 2023). Based on this one can conclude that the prices are controlled by the price of the product on the market and how much profit they want to get after selling. On the side, the Somali spaza shopkeepers that agreed to complete the benchmarking confirmed that they were just workers there the spaza shops are owned by "big boss". It was therefore difficult for them to share opinions on how they plan their prices.

The graphs indicate that Somali spaza shops successful compete on price. The longevity of SA spaza shops, the annual increase in items has over time shaped the pricing structure of the SA spaza shops. On the other hand, Somali spaza shop keepers are more at an advantage to control their prices below, equal or above depending on where the spaza shop is located. Somali spaza shops set their prices using the pricing structure they find when they settle. For example, figure 20, although data on their prices is not presented on this chapter however, the prices are higher than in spaces where they operate adjacent to SA spaza shops. On these spaces it is where they can maximize prices for more profit. The informal sector does not have a set and practical way to monitor and evaluate prices, and as a result spaza shops thrive on manipulating prices.

CHAPTER FOUR

EXPLAINING INFORMAL GOVERNANCE

4. INTRODUCTION

Essentially, this research report responds to the central question "Why are Somali owned spaza shops prevalent in Tsakane as compared to Duduza the neighboring Township?" the previous chapter focused on the random price benchmarking data which was collected from 22 spaza shops across Tsakane. The random prices benchmarking was to ascertain the price variations on random spaza shops throughout Tsakane, and to understand the nature of competition thereby better from both Somali spaza shop keepers and South African spaza shop keepers. This chapter follows from the literature review to respond to the secondary questions What is the role of different stakeholders in the township economy of the two townships? And What are the business challenges that led to Tsakane SA spaza shops failing stay on the market? In this chapter I use data collected from the 13 interviews and data observation in Tsakane and Duduza from June 2022 to May 2023. The interview questions were semi structured; however, some interviews were not structured they were informal conversations with members of political organisations and Somali spaza shop traders.

This chapter is divided into six themes, I begin the chapter with an outline of all the interviews conducted in Tsakane and Duduza. Following this will be an overview of KwaTsaDuza (KwaThema, Tsakane and Duduza), although the main focus is on Tsakane and Duduza, I introduce KwaThema and provide a justification why it is essential in this discussion. Theme three focuses on the sentiments of South African spaza shop traders on Somali trading and township governance system. Theme four focuses on Somali trading in Tsakane, their living conditions and their view of the township. Theme five considers the opportunistic vigilante behaviour used by the organisations and political actors in Duduza and Tsakane and theme six looks at the role played by NGOs especially the Business Chamber and other key stakeholders in Duduza and Tsakane.

4.1. Overview of conducted Interviews

Of the 13 interviews conducted, five were conducted in Duduza, with three with members of the Duduza Business Chamber, the Chairman, General Secretary, and former Deputy Chairperson, who is now an entrepreneur. The last two participants were the Ward Councillor and a member of one of these political organisations. In Tsakane I conducted a total of eight interviews. Five Interviews were conducted with South African spaza shop owners, one Interview with a former South African spaza shop owner who is currently leasing the space to Somali spaza shop traders, and one Interview was conducted with the son of a late former South African supermarket owner. I also conducted an interview with an official from the Tsakane Customer Care Centre (CCC), and one member of a political organisation. Attempts to secure an interview with the Greater Brakpan Chamber of Commerce were not successful.

4.2. South African spaza shop traders in Tsakane

Tsakane has an estimated six fully operational South African owned spaza shops. These are situated in different sections of the township as shown under the price benchmarking chapter. The initial plan was to interview all six of these spaza shops, however due to several limitations this was not possible.

These interviews were to understand the current state of business pre- and post-Somali arrival in Tsakane and to understand what if there are any are the challenges they are facing and how they think they could be assisted.

> "bhuti we are afraid of saying anything, once you mention Somalia they say you are xenophobic, tell me how do we compete with these people, we are doing different things, they are here to work and we use this to support our families" (Interview. Tsakane SA spaza shop keeper1 , 2023)

> "these Somalis are killing us; they are so cheap and everywhere" (Interview. Tsakane SA Spaza shop keeper 3, 2023)

> "Jeerrrr corner to corner, we eat them, we sleep them, we breathe them they are now a part of us that we cannot do anything about it" (Interview. Tsakane SA Spaza shop keeper 4, 2023)

SA spaza shop traders in Tsakane shared that they have not had positive profit since the arrival of Somali spaza shop traders. There are two reasons they are citing for the low profit.

Initially, there were not many spaza shops in the township, people were limited to the number of spaza shops per section. With the arrival of Somalis, SA spaza shop trader 1 confirmed that Somalis compete on prices, but they also position their spaza shops strategically either Infront of SA owned spaza shop or not more than 100meters then lower their prices for items they know that are in demand.

Similar sentiments were shared by a member of a prominent political organisations. There exists a shared belief among spaza shop traders and other political people that Somali spaza shop traders position their businesses to deliberately to run SA traders out of business and take over the township spaza shop sector.

> "these people don't have a heart, they are here to take money to send to Somalia, to us we support families" (Interview. Tsakane SA spaza shop keeper 2, 2023).

The differences between the local spaza shop traders and Somali spaza shop traders boils down to their economic strategies. While to SA spaza shop traders the spaza shop represents more than a just a business, it is means of living and for some a means to supplement their income as they work full-time (Charman et al 2012). In contrast Somalis, based on observation and interaction for some of them, this is a business and for some they work for the "BIG BOSS" who collects the profits. They do not stay with families and instead use the spaza shop as a home and business space.

> "we have learned to live with them, what can we say my brother? Our government is failing us" (Interview: Tsakane SA Spaza shop keeper, 2023)

The locals in Tsakane feel left down by the system. They feel that the "authorities" can do better to protect them and most especially their business. With the failures of the organisations and the government systems, local spaza shop keepers have nothing to do but co-exist and tolerate foreign spaza shop owners. The tolerance is to protect them from being termed "xenophobic" or seen to be inciting violence against foreign nationals.

4.3. Somali traders in Tsakane

According to the Tsakane Customer Care CCC an estimated number of 85 spaza shops are owned by Somalis. A drive or walk around the township there is a spaza shop in every corner and every street. Somalis have not only established spaza shops in the township, but they have also established two big wholesalers, one in Tsakane extension 19 and one in Tsakane Mall. The initial plan was to interview at least five Somali spaza shop traders, but due to the various reasons I will discuss below this was not achieved.

> "Brother are you from authority to inspect or want money to protect"
> (Somali spaza shop trader 1, 2023)

It was a difficult getting information from Somali spaza shop traders. They were either uncomfortable participating and I was asked by different Somali traders if I was from the Municipal offices to inspect, or from political organisations to solicit protection fees. Explaining and producing evidence, a research information letter and student card did not help as some could not read and those who could did not trust me. This suggested that there may be a usual occurrence of people who promise to protect Somali traders at a price claiming to be from a political organisation.

As mentioned in chapter three, the Somali spaza shops in Tsakane are operated in different structures. The most visible structure is the shipping containers which are in different sizes and a small number of spaza shops operated in built structures. There is a small number of shops that have a supermarket design where people are able to walk in and buy then pay at the teller and then the other shops only have a window designed for the exchange of goods and cash. One of the Somali traders confirmed that the structures and containers are built for their safety.

> "lokshin is not safe brother, people take and take it safe like this" (Somali spaza shop trader 2, 2023).

To the Somali spaza shop traders, their spaza shops provide more than a business space, it is "home away from Somalia" (Somali spaza shop trader 2, 2023) and a place of safety.

Based on interactions with Somali spaza shop owners in the Tsakane township, their responses to the interview questions vary from fear to resentment. There is evidence from the interviews that Somalis feel safe when in their spaza shops especially those in containers as these are not walk in spaza shops. Apart from fearing looting which has a major impact on the spaza shops, the levels of armed robberies in Tsakane have created uncertainty for most Somali spaza shop traders.

4.4. Attitude of Duduza Business Community towards Somalis

It is argued by Becker (1963) that individual's behaviour is shaped by how the society labels them as a result the individuals respond to fit the label. Ellis, Scott Decker, Abdi, Miller, Barrett, and Lincoln (2022) conducted a quantitative study to examine the thoughts and understanding of young Somali adults on violence in the communities. Ellis et al. (2022) theorized their study using the labelling theory and it assisted them to understand the engagement of the youth in gang activity in their respective communities. The labelling theory in this instance is better suited to understand the type of engagement and relationship the Somali nationals had with the Duduza business community. This mindset from key stakeholders further perpetuates the general views from some members of the community that Somali nationals are a dangerous group as they have access to guns and have a history of drug dealing in the Duduza township. Fears about Somalis as dangerous and militant are popularly tied to recent wars and unrest in Somali. The fear was further exacerbated by evidence that showed that Somalis have access to guns and ruffles as explained by the bystander. The fear and labelling of Somalis as militant and heartless has created the narrative that Somalis are unable to live with people other than Somalis. Sociologists developed an approach called the labelling theory in the sociology of deviance. The labelling theory was traditionally used to examine the characteristics of deviant individuals as opposed to their agency.

4.5. "Opportunist Vigilante behaviour"

As argued by Misago and Landau (2023), when formal systems of governance fail, non-state actors assume the role to define territories using violence towards and projecting to the "enemy" in this instance, the foreign nationals.

> "Chief, in the township we are always watching these people, they are five-to we react every time they flop" (Tsakane ANCYL member, 2023).
>
> "These people enjoy protection from the SAPS, SAPS is on speed dial to them, it was not going to be easy to kick them out, the shooting happen at a right time" (Interview. Mr. SG, 2023)

The relationship between Somali spaza shop traders and South African traders in Tsakane has not been smooth. The responses from the SA spaza shop traders and members of political organisations reveal resentment towards Somali traders. Particularly in Tsakane, spaza shop owners feel that there is no political will to save local spaza shops from succumbing to competition from Somali traders. In Tsakane, the SA spaza shop traders' sentiments are that the non-governmental organisations, political organisations and actors in Tsakane are too weak to act to the current situation and that there are lessons to be learned from Duduza. Tsakane community members have attempted three times, including in February 2024, to evict Somali spaza shop traders from the township. However, their efforts have not been successful. Residents continue to mobilize around this issue, and there is even a WhatsApp group which has been created mobilize more residents to join.

The media has reported on several cases of expired and perishable goods that have resulted to consumers falling ill and some to death. On 3 October 2023, the IOL reported on a story of a school aged child that died and two who were critically ill in hospital after eating biscuits bought at a foreign owned spaza shop (www.iol.co.za). In the Mokwallo village, Free State Province, two children died after reportedly eating simba chips they bought at a Somali shop (www.senwabarwanaonlinenews.co.za).

The events that took place from October 2023 to December 2023 and in February 2024 in Tsakane are catalyst to the reactive behaviours of communities towards Somali spaza shop traders. The quality of Somali spaza shop traders' goods have been surrounded by controversy over the years, with some spaza shops allegedly selling expired goods that led to children being hospitalized and some passing on. The two incidents in Gauteng and the Free State evoked unrest in a lot of communities. Noticeably, in the East Rand Tsakane and KwaThema experienced this wave and only in Duduza there was calm. This wave did not impact Duduza because Somali traders were chased out of the township in 2013.

While KwaThema is not the subject of the study, it is mentioned on this chapter because its spaza shop sector like Tsakane is now dominated by foreign owned spaza shops. KwaThema had a minimal number of South African owned spaza shops and a considerable number of Somali owned spaza shop. In October 2023, the KwaThema residents took to the streets call on Somali spaza shop owners to evacuate. Somali Spaza shop owners retaliated by shooting back, but ultimately the KwaThema residents succeeded in chasing Somali spaza shop owners out (www.citizen.co.za)

4.6. Protecting the township economy or gatekeeping?

As mentioned in chapter two township governance happens through formal and informal systems. Therefore, organisations such as the Business Chambers and other organisations play a critical role in assisting local businesses with paperwork and funding opportunities. It was therefore important for the leaders of these organisations to be interviewed to add value into the study. Accessing the Duduza Business Chamber was not a difficult task as they have a Facebook page and cell phone numbers to be reached on. The Secretary General of the Chamber was welcoming and instrumental in explaining the history of the organisation, its mission and vision in the township. After that I met the with the deputy chairlady of the business chamber who was very instrumental in setting up a face-to-face meeting between me and the Ward Councillor and telephone conversation between me and the Chairman of the chamber. It was not the same for Tsakane. The Greater Brakpan Business Chamber has a website with contact details however attempts to get hold of the were not successful.

After failed attempts to get hold of them I spoke to the corporative office at the Tsakane CCC, which gave me an alternative number which I called and an email I was given to send a request, yet this was also not responded to.

> "the SAPS is weak leadership, it is captured, only those who have money get the most of their service, that is why the Somalis have them on speed dial they pay for protection. I made an oath that I will protect my Ward and those who live on it which is what im prepared to do…no matter the cost"
> (Interview, Mr. C 2022)

> "It is our responsibility to protect the interest of our members, Somalis were rebellious and declined every meeting we requested, we had to take an advantage of the shooting incident" (Mr. SG, 2023)

> "we are not protected on main stream, it is best we protect ourselves and our community" (Tsakane ANCYL member 3, 2023)

The Duduza business community and key political leaders have expressed the low trust they have on the SAPS to protect their community. They see SAPS as nothing but a captured system that sells protection to those who can afford it. The SAPS as an organ of the State has the responsibility to protect everyone who is in the country how they SAPS may not be equipped to handle business disputes because of their jurisdiction. As a result, the organisations and Business Chamber have marked the township business as their territory. To Cooper (2023), the Chamber plays a better mediation role that would not be bias and not subject parties to protections bribes.

> "A Spaza shop is a South African informal business heritage, entrepreneurs were born from this, families were fed then around late 2000's the spaza shop sector in KwaTsaDuza slowly shifted dominance with Somalis taking overtake sector" (DBC Chairperson, 2023).

> "…we hear people saying the Chamber was calling Somalis for special deals that we know nothing off, no!! no!! we wanted a meeting of the minds with them, we wanted to integrate them into the township economy for fair competition, they declined they wanted to take over" (Mr. SG, 2023)

> "...look look! We or I personally did not have a problem with these guys operating here, I just have a problem with how they do business, lets harmonize prices, they can't just get here and drop prices NO"
> (Interview, Mr. C 2022)

The phrase,"…to take over", is key within the vocabulary of prominent people in Duduza. There is a consensus and fear among the political parties and non-governmental organisations that Somalis have a mission to run SA traders out of business.

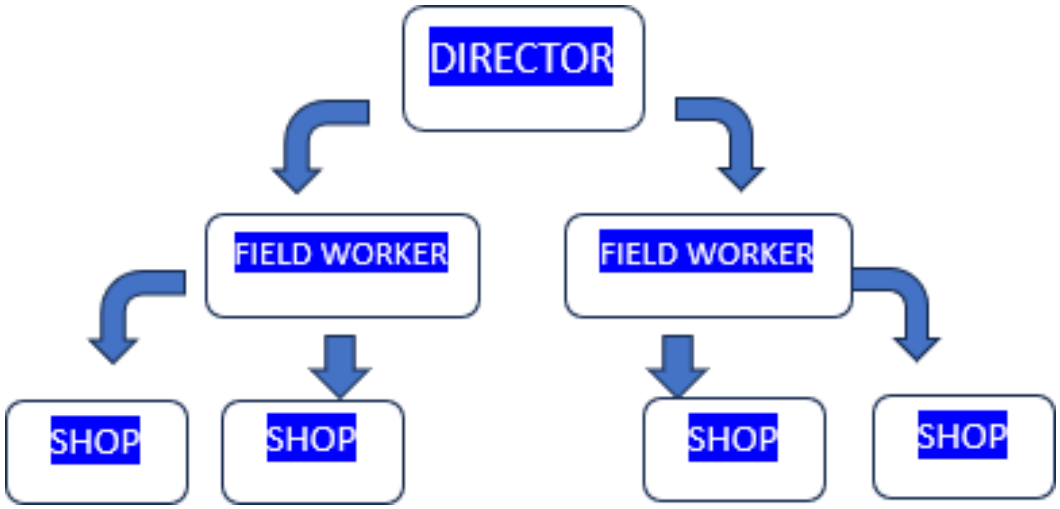
As a result, the political actors and business community felt compelled to draw conditions of trading for spaza shops in the township. The City of Ekurhuleni spaza shop by laws are silent on the competition and pricing rules or regulations which is a loophole that organisations and on the ground use to make rules that govern their space. In Mr. SG (2023) words, the Somalis have studied the township market for years and devices a strategy to infiltrate the market.

4.7. Somali Spaza shop Cartel

> "Veli. We did our own research to understand why and how these guys manage to do things easy, one person has puts four containers in different places and fills them with stock for the following day" (Interview. Mr. SG, 2023)

I had an interesting conversation with Mr SG who shared the results of their findings when they were trying to understand the functioning of the Somali spaza shops in Duduza when their members were complaining about no longer making profits, and some of them considering closing shop. The findings of a possible Somali spaza shop cartel in the Tsakane township.

The organogram below represents a formal structure responsible for the establishment of spaza shops in general. I took the rough drawing and explanation because as a Chamber, they are required to conduct these to ensure that they understand the dynamic of the business and competitors or threats to business in the area.



Mr. SG (2023) explained to the organogram as follows,

"Director" is responsible for sourcing funding and ensuring that all paperwork for newly arrived Somalis is complete.

"Field workers" are the ones responsible for surveying the Township for spaces to place new spaza shops and placements of spaza shop traders. They are also responsible for ensuring that the space of trade is conducive for new "kids on the block" (Mr Cooper 2023). This they do by finding out and fostering relationships with the responsible prominent people in Township to ensure protection.

> "We found that a lot of people who were in political organisations were being paid by these people, for protection" (Interview. Mr. SG, 2023)
>
> "My guy, even our own police, the ones who are trained to protect us, my guy see them stopping there, taking cold drink, milk etc. without paying, some used" (Interview, Mr. C 2022)

When conducting fieldwork on the random pricing data in Tsakane one of the spaza shop keepers who was not comfortable with my request called their "manager" who they refer to as "BIG BOSS" also that is how the name and numbers are saved on the spaza shop keepers cell phone. The BIG BOSS is connected to four spaza shops in Tsakane, and his responsibilities include but are not limited to ensuring that there is enough stock in the spaza shops and to collect profit made in a day by each spaza shop.

One Somali spaza shop trader told me that their stores are secured enough for them to keep money for days and only call "BOSS" to collect when there is a substantive amount being held (Somali spaza shop trader 3, 2022). In my view, the "BIG BOSS" resembles one of the Field workers, the men in the shops are his subordinates, they report to him, and he makes decisions on who they interact it especially if the person is from political organisation or the municipal offices.

In Tsakane, Somali spaza shops are replicated and sustained in different ways, below I share findings based on filed work

4.7.1. Strategic positioning of the spaza shops

4.7.1.1. Opposite of South African owned spaza shops and in proximity

During fieldwork, I discovered that some Somali spaza shops are placed in positions that allow them to practice what I call aggressive trading. Some spaza shops are placed Infront of spaza shops owned by South Africans. This causes a lot of concern for South African spaza shop owners who have been operating spaza shops for a living as Somalis establish the spaza shops and drop prices of certain items. The implication of dropping prices is that locals end up buying where items are lower. As a result, South African spaza shop owners in Tsakane find themselves unable to compete in the market since their prices have been constant or rising to gain more profit. Dropping prices to compete with Somalis would therefore mean that they are unable to make profit, they sell at a loss.

4.7.1.2. Spaces where there are no spaza shops owned by South African

This is a business opportunity for Somalis, who can exploit this to this to their advantage. It is also easy for them establish spaza shops based on a structured and organized approach they use. For South Africans reasons for not exploiting this opportunity vary from lack of financial muscle to appetite to start a spaza shop business. To the Tsakane youth, a spaza shop is not an appealing business, it is not a quick profitable business they wish to initiate.

4.7.1.3. Hiring big buildings to expand their territory.

Because of their permits and the laws governing building ownerships, Somalis are not able to purchase or own buildings. As a result, as demonstrated with spaza shop images 3c, 3b and 4a Somalis expand their spaza shop business by hiring these buildings to operate supermarkets. Somalis are not only interested in small scale spaza shops, however their ability to see trading spaces and use the opportunity enables them to expand and dominate the sector.

4.7.1.4. Make offers possible struggling spaza shop keepers

Some respondents like Mrs N confirmed that she was approached by Somali "gentlemen" while she was still running her spaza shop before she retired. According to her, the "gentlemen" were interested on her monthly profit which after a day of two of the conversation the Somali "gentlemen" retuned to offer her a monthly rental with 30% more than what she was making monthly.

> "I had two spaza shops, this one and another in extension 8. They approached, requesting to rent my space and I declined, I said no! after a month they had a container opposite my shop paying that lady R2800.00 for rental" (Interview. Mr Khocs, 2023.

From these conversations, they do not only occupy empty buildings, however they also approach operating spaza shopkeepers to offer them "better" rental which is more than the profit they make.

4.7.1.5. Spaza shopkeepers are subordinates and they rotate.

The Somali spaza shops in Tsakane are not owned by the spaza shopkeepers who run these spaza shops daily, these are "subordinates/workers". For the sole owner of four spaza shops in different arears of the township, profit is guaranteed and motivation to continue establishing other spaza shops. The subordinates do not stay as spaza shopkeepers in one spaza shop for long, they rotate and deployed to other places which is good for spaza shop business continuity.

4.8. Gatekeeping on the other, a failed attempt on the other

> "We used to have meetings with some of the guys who were part of the Chamber of Commerce by then. We shared our frustrations and came up with resolutions. We went house to house begging people to not allow Somalis to rent spaces and not to buy from them" (Tsakane SA spaza shop keeper 2, 2023)

According to SA spaza shop trader Tsakane 2 (2023) the Greater Brakpan Business Chamber discussed the challenges with Somali spaza shops in Tsakane in the early 2000's. The members agreed to go door to door to request local community members to boycott purchasing from foreign owned spaza shop. The Chamber deliberated on radical approaches to "chase them out", however there were fears that they would not receive enough support from the community members (SA spaza shop trader Tsakane 2, 2023). The differences between the two townships are that Duduza has an active business community that works with political organisations to maintain order and dictate terms of business. Entry into the Duduza informal Township Economy is controlled by the Duduza business community which includes business forums and Duduza Business Chamber, the political parties, and other key political leaders such as ward. councillors

During the interviews, Mr. SG (2023) and Mr CT (2023) raised concerns that the government is not doing enough to assist them in the "unfair and uneven trading platform". The self-given powers to control entry using "informal township rules" and violence in some instances in Duduza cannot be separated from the cartelistic characteristics described by Vanya & Amit (2013) in the Western Cape as regulation was passed to prohibit Somali spaza shop keepers from trading.

> "as the Chamber, it is our duty to listen and act on the cries of our members, we are mandate driven, it is our duty to engage government on matters of development and skills training within the Duduza Township (Mr. SG, 2022).

The Chamber is apolitical in its stance however it is not opposed to working with other organisations for the benefit of businesses in the township. As the representative of all businesses registered under it, the chamber maintains a liberal negotiating approach towards external business with interest in operating in the township.

4.9. Protection rackets

> "eh baba, these people are protected by SAPS, you cannot touch them, they pay police for protection, ehhhhhhh wadlala you see a police van there every night" (Political Party leader, Tsakane, 2022)
>
> "Every night around 21:00pm, when I walk around the yard its normal for me to see a police van, not patrolling but going to the two spaza shops, down and up the road. One night they also approached me saying I should stop being a stubborn madala they know I need protection" (Interview, Khocs, 2022)

In the township, protection levies are a norm. In the two townships, Duduza and Tsakane, especially for people in business protection levies are a way to secure informal protection services from the SAPS. This entails but is not limited to quicker responses for emergencies and firsthand information on the township. It is through protection levies that local spaza shop keepers see Somalis as enjoying favourable protection from the SAPS.

> "When we raided the spaza shops, they were resistant knowing they have guns and drugs. What aggravated the community even more was the conduct of the SAPS, you don't find them patrolling in the shacks, but they are quick to respond when these Somalis call them because they get protection bribe. We have lost trust in the SAPS" (Bi stander, listening to the interview)"
>
> "These people had guns in their spaza shops and what makes me angry is that our very own Police are quick to respond when Somalis call but when we need them, they always don't have vehicles" (Interview, Mr. C 2022)

It is believed that even in Duduza Somalis were enjoying protection from the SAPS officials. The SAPS are a part of the formal governance system, however, there exists a level of low trust from the informal governance side. In 2022 on the City of Ekurhuleni's annual report, it was reported that the SAPS was to form collaborations with organisations on the ground to maximize safety. The relationship between the police and organisations on the ground requires major repair to replenish the trust.

CHAPTER FIVE: CONCLUSION

5. INTRODUCTION

Several authors who have written about the Spaza shop business in South Africa have been fixated on the idea of South African spaza shop traders as "survivalist" and Somalis as "entrepreneurial", not only that but how this rivalry has caused tensions to an extent that Somali spaza shop traders end up being victims or a target in the township. This paper took a different route, a route to understand the dynamics of two townships and the operations of spaza shops on each township, a route to understand the variations that account for the differences in the two townships.

This last chapter aims to restate the title and questions of the research. It does so by reviewing the argument and reiterating the key points based on the findings of the research. The strength of the argument was tested using the research question and the provided sub questions. It was in the interest of this research to respond to the central question, "Why are Somali owned spaza shops prevalent in Tsakane as compared to Duduza the neighboring township?" Taking into consideration that this is a comparative study of two townships, this paper sought to understand the political dynamics of both townships and the role played by organisations such the Business Chamber and township Associations in the township. This paper is grounded on the following key concepts, informal governance and gatekeeping which are instrumental throughout the sections. The foundation was laid by defining and clarifying the differences between the different key concepts, formal and informal governance systems, access, and gatekeeping. In doing so, this paper was able to link how formal governance systems, state and non-state actors operate in certain spaces of the townships.

5.1. Summary

There is a strong correlation between a Cartel, informal governance, and gatekeeping in Duduza. There exists a collaborative effort between different actors to restrict Somalis from trading in Duduza.

It is not only the Business Chamber that previously expressed concerns about the operations of Somali operations in the township, but the councillors also received complaints from community members. Gatekeeping plays a critical role in the business affairs of the Duduza township. it is through gatekeeping that Duduza is Somali spaza shops free from 2013 when the community pushed them out of the township. Several parties are involved in gate keeping, Community associations, state actors, in this instance ward councilors and the business community. From the interviews, there was no substantive document that or minutes from any meeting where the parties took a resolution that Somalis are not welcomed in Duduza. The only consensus they have is based on their common background and feelings towards Somali nationals. The consensus is that Somalis cannot co- exist with other people, they were brough up in a space of war therefore they are dangerous. Gatekeeping thrives in an informal setting, is it well known in Duduza that Somali spaza shop traders are not welcomed. While there is no law that prohibits a person from staying in a particular area let alone trading especially in the townships.

What does this case teach us about the informal governance and cartels in South Africa? Under Cartels and Cartelization, I discussed that cartels are illegal in nature as they collude in business operations that go against acts and laws related to regulations. I used the South African minibus (taxi) operations as a case to demonstrate how the mafia-like operations under each taxi association is organized to monopolize the industry. With close to 1200 association nationwide, the violence in the taxi industry has escalated because of the continuous fights over power and the use of routes, a commission was formed to investigate the root cause. Several operations points to these as cartel-like operations, i.e. the use of violence to control and silence competition, the agreements as an association to limit entry into the association and use of force to control routes. The agreements of the of the associations with external stakeholders to enforce the rules and agreements and protect those who are in positions of authority.

I argued that in the township, there are multiple cartels that drive different agendas, cartels that seek to conduct business and cartels that seek to prevent this from happening. Both cartels thrive in operating under the informal systems, the former has expanded rapidly in the townships with some of the spaza shops not adhering to municipal by-laws and OHS regulations, and the latter believe that the state has failed to protect the township.

When considering Duduza and Tsakane as case studies, this research discovered the existence of two cartels in the two townships the research was conducted in. In Duduza, the existence of a cartel is seen through the operations and collaborations which I refer to as informal agreements between state actors, non-state, and community associations. The "cartel" in Duduza does not only gatekeep on matters of businesses but there's evidence from the interviews that these actors are also instrumental and gatekeeping in other avenues of the township, for instance there are instances where they have stopped constructions of any type from continuing because they were not consulted, or their conditions were not taken into consideration. One of the interview participants made a remark that "Duduza lags on development because of the gatekeeping". When it comes to spaza shops, these actors agree unanimously that based on their historical encounter Somalis are barred from conducting business in their township. This "cartel" has created great amount of resistance towards Somalis conducting business in Duduza. As mentioned, KwaThema is not part of this study however the 2023 developments when the community associations with community members decided to push Somalis out of the KwaThema allows inclusion on this discussion. It was through the collective agreements of the community and associations that Somalis were pushed out of the township. The spaza shops in KwaThema are owned and operated by the residents of KwaThema.

On the other end, the Somali spaza shop cartel in Tsakane is operating spaza shops with no conditions of imposed by any committee or community association. It is believed that this is a well-organized cartel that has no other aim but a total takeover of the spaza shop sector. The organogram provided in the results section was used to elucidate the latter belief by the Duduza Business Chamber. Based on the field work findings, Somalis are able to sustain their spaza shops and build more because of the following reasons, i) they do not have challenges of funding for their spaza shops like South Africans have, ii) the spaza shop to them is a

business, not a means to support their families, iii) they strategically position their spaza shops, for example, Infront or less than 80 meters away from a spaza shop owned by a South African. Somalis have been able to stay and dominate the market because of these and more reasons. They have shown to be less fearful and resilient to employ aggressive techniques to sustain and expand their spaza shop business in the township.

5.2. Recommendations

Duduza and KwaThema employed aggressive measures to push Somalis out of their territory. With the formal policing system not capacitated and trained to handle informal business-related matters the associations along with the community assume the role to protect the space. Respondents in Tsakane feel that the business community and associations in Tsakane are divided and lacks the political will, appetite and consistency to make challenge the current situation.

It is therefore my submission that the first step towards reviving township spaza shops would be to re-imagine spaza shops as entrepreneurial places of work that brings a new meaning than survivalist. The Department of Small Business may employ resources to revive the township Business Chambers. The Business Chambers are instrumental, they can assist as the libraries of business information and training centres to township entrepreneurs. Considering that people who may aspire to start the spaza shop business may have all the necessary requirements to be considered, perhaps the department can relax application requirements however employ monitoring systems to ensure the funding is used purposefully. Also, funding may not always be finance but it can be in the form of a stock to start the business.

In terms of the formal and informal policing, there seems to be a continuous divide between the two which continues to perpetuate negativity towards the formal state policing in the township. While respondents confirmed that they have lost trust on the formal policing system, it would be beneficial to employ interventions to breach this gap. The formal state policing services may expand their involvement with the informal policing structures on the ground, so to the associations on the ground may seek collaborations with the formal policing structures to breach the divide.

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UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

SCHOOL OF SOCIAL SCIENCES ETHICS COMMITTEE
CONSTITUTED UNDER THE UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)

CLEARANCE CERTIFICATE **PROTOCOL NUMBER: POLS-2022-08**

PROJECT TITLE "Access to Township Economy: A Comparative Study of the spaza shop sector in the City of Ekhurhuleni's Tsakane and Duduza Townships"

INVESTIGATOR Veli Mongwe

SCHOOUDEPARTMENT OF INVESTIGATOR Political Studies

DATE CONSIDERED 01 November 2022

DECISION OF THE COMMITTEE Approved unconditionally

RISK LEVEL LOW RISK

EXPIRY DATE 31 December 2023

ISSUE DATE OF CERTIFICATE 01 Nov 2022

CHAIRPERSON _____
(Ass. Prof. J Brown)

cc: Supervisor:

DECLARATION OF INVESTIGATOR

To be completed in duplicate and **ONE COPY** returned to the Chairperson of the School/Department ethics committee.

I fully understand the conditions under which I am are authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

_____ _____ _____ _____

Signature **Date**

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES

Political Studies

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Participation information sheet

Good day,

My name is Veli Mongwe, I am a Master of Art student under the Political Studies Department at the University of the Witwatersrand.

As part of my study, I am investigating "Access into the Township Economy" under the supervision of Prof Joel Quirk. This is a comparative study of the spaza shop sector in the Tsakane and Duduza Townships under the City of Ekurhuleni. The study seeks to understand, "why Somali spaza shops are prevalent in Tsakane as compared to Duduza the neighboring Township?". The study endeavor's to respond to this question by critically analyzing the role played by informal systems of Township governance, such as the Duduza Business Chamber and Greater Brakpan Business Chamber, in determining the relative distribution of foreign and local owned spaza shops.

As part of this project, I would like to invite you to take part in this interview that will take approximately 20-30 minutes to complete. Please take note of the following items regarding the study:

- The interview is completely voluntary, and you may choose to withdraw from the project at any time
- The interview will be completely confidential and anonymous as no identifying information is requested
- There is no personal cost or compensation to you for participation in this project
- You are under no obligation to respond to all the questions posed
- You are free to cancel your participation at any time, without consequence.
- Your responses will be kept confidential and used strictly for the purposes of this research project.

If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za This project has received ethical approval (number ****) from the University of the Witwatersrand.

Yours sincerely,

Researcher: Veli Mongwe
e:321920@students.wits.ac.za/ veli.mongwe@gmail.com

Supervisor: Prof Joel Quirk
e: joel.quirk@wits.ac.za

Political Studies

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Consent form

Access to the Township Economy
A comparative study of the spaza shop sector in the City of Ekurhuleni's Tsakane and Duduza Townships.

Name of researcher: Veli Mongwe

I, _____ agree to participate in this research project. The research has been explained to me and I understand what my participation will involve. I agree to the following:
(Please circle the relevant options below).

I agree that my participation will remain anonymous	YES	NO
I agree that the researcher may use anonymous quotes in his / her research report	YES	NO
I agree that the interview may be audio recorded	YES	NO
I agree that the information I provide may be used in an anonymized format after this project has ended, for academic purposes by other researchers, subject to their own ethics clearance being obtained.	YES	NO

_____(signature)
_____ (name of participant)
_____ (date)

_____ (signature)
_____ (name of person seeking consent)
_____(date)