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Deokaran, Ruwaan

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The deployment of platform businesses in the township economy: a focus on spaza shops in Soweto

Ruwaan Deokaran

Supervisor: Ayanda Magida

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in the field of Digital Business.

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ABSTRACT

The purpose of this study was to understand how the township economy is leveraging off platform businesses to make them more profitable and deliver on customer needs more easily and conveniently. Face-to-face, semi-structured interviews with 10 entrepreneurs operating spaza shops in Soweto (a township in South Africa) were conducted. Findings showed that the use of platform technologies has put SA spaza shop owners in a better position to access financial support. The study also found that spaza owners were now better equipped to track their inventory and thus prevent any losses, thus experiencing greater overall profitability. Given that most South African spaza shop entrepreneurs operate on limited budgets and face stiff competition from foreign owned spaza shops, the greatest value of this research is that it not only confirms the adequacy of platform technologies in the spaza shop sector, but it also shows that adoption of platform technologies results in competitive advantage and strategic opportunities.

KEY WORDS

- Spaza Shop
- Township
- Platform Economy
- Spaza Ecosystem

DECLARATION

I, Ruwaan Deokaran, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the field of Digital Business at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: Ruwaan Deokaran Signature: RDeokaran

Signed at Sunninghill

On the 23 day of Oct 2023

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LIST OF ACRONYMS

Acronym	Term
DSTV	Digital Satellite Television
GDP	Gross Domestic Product
FMCG	Fast Moving Consumer Goods
FNB	First National Bank
MEC	Member of Executive Council
POS	Point of sale
SA	South African
SME	Small to Medium Sized Enterprise
TAM	Technology Acceptance Model
USSD	Unstructured Supplementary Data Service
UTAUT	Unified Theory of Acceptance and Use of Technology
VAS	Value Added Services
VAT	Value Added Tax

CHAPTER 1

INTRODUCTION

1.1 Purpose of the study

This qualitative study aims to understand how the township economy is leveraging off-platform businesses to make them more profitable and deliver on customer needs more easily and conveniently. A digital platform or multi-sided platform business can be defined as an organisation that obtains income or value by facilitating interactions between two or more buyers or sellers or producers and consumers in a digital environment (Johnson et al., 2020)

(Hagel, 2015) gives a more encompassing definition, sees a platform business as more than just a technology infrastructure and asserts that it is a company concept that focuses on assisting in facilitating interactions among many participants. In this work, a case study approach is followed. This work follows a case study approach where Spaza Shop owners in Soweto are interviewed to understand the adoption and use of these platforms in their businesses.

1.2 Context of the study

1.2.1 The country

South Africa has the world's largest gap between rich and poor, partly due to the legacy of apartheid and, more recently, government corruption (Sgauzzin, 2021). Economic inequality is a major source of concern. The average white male Chief Executive Officer earns the same as 461 black women in the poorest 10% income distribution (Oxfam South Africa, 2020). South Africa was named the world's most unequal country by the World Bank in 2019 ("5 Shocking Facts That Show Why

South Africa Is the 'Most Unequal Country in the World"). As a result, the country has several underdeveloped and underserved areas. Due to an influx of undocumented immigrants, these settlements are rapidly expanding. While this is true, the townships of South Africa have traditionally been a hub of entrepreneurial activity, but the over-saturation of several industries has decreased the likelihood of their success. They are often industries with little restrictions on entry and little capital expenditure. This is starting to change as more business owners look to start operations in previously untapped markets that could produce the next million-dollar companies. These trends are being driven by young, upwardly mobile Black professionals who want more comfort and services (SME South Africa, 2021).The downside is that most people in these communities are unemployed and collect social grants, and people who are employed commute large distances to work daily. They rely on these local community retailers to have a meal in the mornings or evenings between commutes.

1.2.2 The spaza shop environment

According to (Basardien et al., 2014), the retailing of consumer goods has been dominated by foreign nationals, specifically Bangladeshi, Somalis, and Pakistanis, who have set up their own networks from small outlets to wholesalers with logistical support. These merchants have been running these businesses for generations and have knowledge and support to succeed in these challenging environments. Furthermore, they form groups and make bulk purchases when ordering goods, allowing them to sell goods cheaper. Their shops are laid out in a more structured manner which is more appealing to consumers. (Hartnack & Liedeman, 2016) and (Ligthelm, 2012) report that South African-owned spaza shops have as a result become uncompetitive as these owners mostly operate as individuals and lack the required financial literacy to record transactions and do stock control. This impacts the competitiveness of their businesses and prevents them from obtaining financial support such as lending from banks. This puts them at a significant disadvantage and many of them have been closing in recent years.

Many local and international studies have been conducted on these types of communities (Coetzer & Pascarel, 2014), (Hare & Walwyn, 2019), but not many focused on the use of technology. Globally, there are efforts to make technology more accessible to bridge these communities' digital divide. Some of these technologies may be applied locally to support the development of these communities. The advent of the platform economy has been seen as a technological development that can help bridge this divide and unlock the township economy, hence initiatives like Pamodzi Smart store, A2Pay and Pick n Pay Market franchise shops have been introduced.

1.2.3 Platform businesses in spaza shops

As noted above, this paper defines digital platform business as organisations that obtain income or value by facilitating interactions between two or more buyers or sellers or producers and consumers in a digital environment (Hagel, 2015). The Pamodzi Smart application is a trading platform and device that helps Spaza Shop owners offer various services that were previously only available via formal shops. The Smart system is intended to help informal traders become more professional and better manage their finances by giving a credit profile to support formal trading. Small business owners can now offer clients the convenience of paying utility bills, purchasing bus tickets, and other daily necessities without travelling to a city retail centre thanks to the Pamodzi Smart system (Makhetha, 2019).

According to Sihle Mkhize, Executive Director of Pamodzi Smart, the goal is to empower informal traders to grow and add value to their businesses. He says they want to build wealth for informal traders and their communities with the Pamodzi Smart store by using technology as a catalyst in the retail environment, primarily to grow their companies by engaging in the FMCG and Food products value chain (Delport, 2019). The Gauteng government has supported Pamodzi's initiatives and through Dr Kgosientsho Ramokgopa, the MEC for Economic Development, Agriculture, Environment and Rural Development, reaffirmed their mandate of revitalising the township economy and endorsed Pamodzi's initiative. He believes

this will assist the government with resolving social conflict, inequality, and poverty. Pamodzi Smart provides point of sale solutions, stock management, till point services, staff access management, value added services, airtime, mobile data, prepaid energy, DSTV payments, traffic fine payments, lotto, licence renewal, groceries bulk buying, record keeping, and credit.

The Pick n Pay market Franchise program modernises spaza businesses by linking them to Pick n Pay's store management technology and supply chain lines. This is paired with other skills training customised by Pick n Pay. The model sees the store owners maintain complete autonomy and can acquire products other than those offered by Pick n Pay. There is extensive mentoring as well as in-store and classroom training. With a variety of trade and financial aid, the program's success is based on assisting independent enterprises to remain independent while also becoming more profitable. Several other platforms have been deployed in the township economy and they are discussed later in the paper.

(Johnson et al., 2020) and (Hagel, 2015) give a more encompassing definition. They see a platform business as more than just a technology infrastructure and assert that it is a company concept that focuses on assisting in facilitating interactions among many participants. The interactions mentioned in (Hagel, 2015) definition above can be short-term transactions like connecting buyers and sellers. They could be long-term social ties, long-term collaboration to achieve a common goal, or long-term efforts to assist participants to improve their performance by helping them learn faster together. The platform business' goal is to provide a governance framework and a set of standards and protocols that enable large-scale interactions so that network effects can be realised. A2Pay, Pamodzi Smart and Pick n Pay solutions fit this description, albeit their different solutions and models. Popular examples of platform businesses include e-hailing businesses like Uber and food delivery businesses like Mr. Delivery (Marr, 2022).

Some platforms could have more than two players in the ecosystem. This illustrates the multi-sidedness that platforms offer where they can connect many players

(Sanchez-Cartas & Gonzalo, 2018). An example of this could be Uber Eats, where there are three types of users identified:

- The individual ordering food via the Uber Eats mobile app.
- The restaurant that the food is being ordered from.
- The driver who has accepted the delivery request then collects the food from the restaurant to deliver to the individual.

According to (Johnson et al., 2020) the most consumed type of platform business in Africa is online shopping. Freelance platforms and then E-hailing platforms follow this. This indicates the need for people to be self-employed to earn an income, which also speaks directly to the economic inequality in the continent. What is also clear is that the platform economy provides an opportunity for individuals to earn an income through these platforms.

(Johnson et al., 2020) further indicates the number of users per platform type as well as the largest three platforms based on user activity. The highest number of monthly users transact on an online shopping platform for goods. There are 157 000 users on average transacting on this platform per month. The three largest online shopping platforms based on user activity are Jumia, Takealot and Konga.

Jumia is an online marketplace operating in different parts of Africa and is used by third party sellers that offers logistic capability to manage shipment and deliveries. It is also a payments platform (Choudary et al., 2020). It was founded in 2012. During Covid 19, Jumia introduced grocery and sanitary sales, contactless delivery options and cashless payments. Key markets are from Nigeria, Egypt, and Kenya. (BBC, 2020). Takealot is a South African online ecommerce platform owned by Naspers. As with most other African platforms, logistics is a critical component to their success. They have purchased a 40% minority stake in Mr Delivery, a food delivery platform which has become the primary logistics service for the company. Konga is a Nigerian online marketplace that focuses on ecommerce. To ensure timeous

shipment and delivery to their customers they also own a logistics service company called KXPRESS.

(Johnson et al., 2020) indicate that the number of service platforms are higher than product and asset sharing platforms in 2018 and 2019. Service platforms are a subset of freelance platforms that offer services to consumers. An example of a service platform in South Africa would be SweepSouth where individuals seek cleaning services from domestic workers. On these platforms people can offer their skills in return for pay. Other types of freelancing platforms that trade skills of cash would be Fiverr, UpWork and Uber. The second highest type of platform is that of product platforms. These platforms match people's needs to products, and the third relates to asset sharing. The number of unique platform users and the number of platforms in operation in various countries in Africa. South Africa, Nigeria and Kenya have the highest number of users and the highest number of platforms of operations. The types of active platforms that enable South Africans. The top three active platforms are:

- Freelance
- Shopping
- Rentals

35 Freelance platforms are active, 18 shopping platforms and 16 Rental platforms in South Africa.

1.3 Research problem

The rise of the platform economy brings with it the ease of doing business. This includes small business owners based in townships serving township dwellers (Sekhaolelo, 2019). These small grocery businesses are often referred to as spaza shops in South Africa. The term spaza shop was coined because of the apartheid era where black entrepreneurs were not allowed to run businesses, they needed to

hide and find other ways of owning shops in the township. The word spaza is taken from the isiZulu word which means “hidden” (Kgaphola et al., 2019) or camouflaged and describes a shop that is an extension of a home. (Terblanché, 1991) as cited in (“An Assessment of The Structure And Operation of Spaza Shops in A Selected Township In South Africa”). Given that these businesses have had to deal with many transformational challenges post 1994, the emergence of platform technologies present a good opportunity to understand how South African spaza shops are taking advantage and trusting themselves beyond the 21st century.

According to (Pratap & Quintin, 2006), in the developing world, the informal sector makes up a significant portion of economies in many countries. It makes up a staggering 70% of Nigeria’s economy and in South Africa it continues to grow with spaza shops generating an estimated 200 billion rand ($14.2 billion USD). This equates to nearly 40% of what the formal sector generates 250 billion rand ($17.9 billion USD). The fast-food network in these informal networks in South Africa also known as kasi food boasts over 50 000 outlets across the country, generating billions of rand, challenging the fast-food networks dominated by global brands like KFC and McDonalds (Alcock, 2020). Apart from the potential to grow and provide jobs, governments are missing the opportunity for tax generation that can undoubtedly be used to develop the communities in which they operate (Vuba, 2019)

2020 saw the rise of a global pandemic with a disease called Covid -19, paralysing the world's economies in its wake due to countries needing to quarantine their populations to flatten the infection curve rate. The impact of Covid-19 has left many businesses in financial ruin. It was stated that Gauteng’s overall labour participation rate dropped from 71.3% to 57.6% (Odendaal, 2020). (Odendaal, 2020) states that the Gauteng Township Economic Development Bill that has been gazetted will soon be passed. This Bill will provide a framework for advancing township business development valued at R200 billion annually.

There has been a 37% increase annually of new platforms. According to (Johnson et al., 2020), there were 365 unique platforms identified across Africa. The growth of

platform businesses that are easily adopted based on access to digital infrastructure brings an opportunity for platform businesses to enable an easier way to transact with their consumers. The intended research seeks to unpack how the township economy is leveraging the various platform solutions that companies like the Pamodzi Group have offered, Pick n Pay and others to make them more profitable and deliver on customer needs more easily and conveniently.

1.4 Research

Main Objective: To understand if the current platform business solutions are sustainable to provide economic participation in the South African Spaza Shop ecosystem.

Sub Objective 1: To identify the current platform business solutions used by the South African-owned Spaza shops.

Sub Objective 2: To determine if the current platform business solutions benefit the South African Spaza Shop ecosystem.

1.5 Significance of the study

The study aims to assist the government, entrepreneurs, fintech's and corporates to understand the spaza ecosystem in South Africa better and identify opportunities to enable the spaza shop owners to use digital platforms to better service their communities and build more sustainable businesses.

The study will contribute to the literature about platform businesses in the spaza ecosystem from a theoretical and empirical perspective. From an economic perspective, the literature could assist small business owners in understanding better the platform business ecosystem and how business owners could leverage these platforms to make them more profitable and customer-centric.

Corporates, the fintech community, and the government have seen a gap that can be explored in the spaza shop ecosystem. Another platform is Invoiceworx (now Zande Africa), which offers a financial and distribution platform that provides trade and merchant finance to spaza shops. Spaza owners must build a credit score by trading cash with Zande for a minimum of 3 months. Zande has developed USSD technology that allows the owners to apply for credit, check outstanding balances and make payments using mobile devices. The platform also facilitates cashless transactions between suppliers and retailers to reduce the number of cash-in-transit risks for suppliers (Ventureburn, 2019). Veluka App is another example of a new platform solution introduced to the market and can assist spaza shop owners. Owners can use this app to place orders for fast-moving consumer goods (FMCG). The app allows multiple spaza shop owners to place orders collectively to obtain a discounted price. It can trace and track where products are going and where they are being sold in the informal economy (Rajgopaul, 2018).

Based on the evidence above and also due to the fact that not only does the informal economy contribute about 5.2% to the country's GDP; it also employs over 2.6 million people, (Adam, 2020), it is key to understand how spaza shops could further benefit from platform businesses which is why this research is important.

1.6 Delimitations of the study

1. The study excludes Foreign National Owned Spaza Shops.
2. The study is limited to South African-owned Spaza Shops in Soweto.
3. The study includes shopkeepers of all languages as isiZulu, isiXhosa and Afrikaans are the three most spoken languages in South Africa, respectively (Business Tech, 2015). However, interviews are mostly conducted in English as the language is common and it is the language of official business.

1.7 Definition of terms

Term	Definition
Spaza Shop	A general retailer of household goods within a township context usually selling basic household grocery items such as maize meal, rice, bread, milk, sugar, cool drinks, cigarettes, and/or cooking oil. (Petersen et al., 2019)
Informal Economy	“The informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements” (International Labour Organization, n.d.)
Platform Business	A business model supported by digital technology that focuses on assisting to facilitate interactions across many participants (Hagel, 2015)

Micro Enterprise	“The turnover is less than the VAT registration limit (R150 000 per year). These enterprises usually lack formality in terms of registration. They include, for example, spaza shops, minibus taxis and household industries. They employ no more than 5 people.” (Abor & Quartey, 2010)
Coopetition	A strategy that integrates cooperation and competition together to address relationships between businesses. (Morris et al., 2007)

1.7 Assumptions

- All participants will answer questions honestly.
- Questions were explained so that bias in answers does not creep in.
- All participants who agree to participate in the research will understand that they will not be incentivised to provide feedback.
- Participants who do not feel comfortable sharing information about their business or experience can be asked to be excluded from the research.

1.8 Chapter Outline

The issue statement, detailed research objectives, and research questions were all covered in Chapter 1, which also reviewed the study's justification, restrictions, and presumptions. Chapter 2 delivers a detailed literature review that gleans on previous

works as well as theoretical perspectives that inform this study. Chapter 3 explores the research methodology. Chapter 4 discusses the findings. Chapter 5 reflects and synthesises the revelations from the previous chapter. Finally, Chapter 6 draws together all the insights of the research and offers recommendations and a considered conclusion.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

A literature review was completed to understand the breadth of literature supporting the research topic. Various scholars used journal articles to support understanding the spaza shop ecosystem. While there is a modest collection of research that supports the exact research topic and proposition in SA, this literature review will reflect on; (1) the challenges experienced by spaza shops, with a specific focus on SA owned ones, (2) the relationship between foreign owned and SA owned businesses, and (3) presents the theoretical framework.

2.2 Spaza shop ecosystem in SA

2.1.1 Challenges experienced by the spaza shops

Numerous scholars have looked at the history and viability of SA's informal economy. These studies vary in nature and focus, for example there are early studies like that of (Rogerson, 2000) that focus on the emergence of the local economy from apartheid reality. Current studies like that of (Charman et al., 2016) who use a "small area census approach to measure the township informal economy in South Africa". (Moloi, 2014) unpacks the history of the informal economy using the Sustainable Livelihood Approach (SLA) and in his findings cites a number of barriers in this sector including the lack of access to financial support, which seems to be the most important. Savings and loans are largely the source of finance to launch their enterprises (Moloi, 2014). Moloi's findings concur with those of (Tengeh & Mukwarami, 2017) that only a few spaza store owners appear to receive financial support from banks. Contrary to Moloi, (Tengeh & Mukwarami, 2017) further note that despite the efforts of SA's government to fund spaza shops, they have failed to

grow at an expected rate. Unemployment, and high interest rates also accounted for the lack of capital finance from banks and other funding institutions.

According to (Moloi, 2014) most of them did not have proper business records or a clear business plan, which made it difficult to measure the success of their businesses. Other constraints sighted as barriers to maximising profits are crime, limited trading space, competition and lack of business skills. This gives platform businesses an opportunity to provide a service that mitigates some of these challenges. While Moloi's approach and study is valid, there is no direct focus on technology. There is also an overemphasis on individual agency in the approach. The SLA places a lot of focus on how individuals can shape their livelihoods and use their agency to do so, but it may not pay enough attention to the institutional and societal variables that might either limit or facilitate this activity.

Reciprocity, a consultancy firm in South Africa, piloted Sekulula Spaza Express, a business model for delivering items to informal traders, in Khayelitsha and Nyanga in Cape Town, South Africa. Reciprocity developed the Sekulula Spaza Express concept with money from PepsiCo, and it was tested and tracked over the first three months of 2010 (Coetzer & Pascarel, 2014). The findings enabled a better understanding of the dynamics of last-mile delivery in low-income communities in South Africa and the identification of bottlenecks that must be addressed to develop a financially sustainable business model. (Coetzer & Pascarel, 2014) further found that 20% of spaza shop owners who tested a delivery service in Khayelitsha and Nyanga in Cape Town continued to use it after 3 months validating that there is a need for a delivery service for spaza shops. The key is that the study emphasises the need to learn by doing and that any mastery of the low-income trading space will require actual participation. While optimistic about the affordances of technology, this research study will not take a techno-positivist stance and will seek to highlight challenges where they are found. For example, at the time of writing this report, the Pick n Pay Spaza Express Stores programme was starting to falter, and the indication is that the scheme is being collapsed due to Covid-19 and the June civil unrest of 2021, with some spaza Shop owners accusing the retail giant of "bullying"

smaller businesspeople (Cloete, 2022). Another challenge with this approach is that the most expensive and ineffective portion of the supply chain is often the final mile of delivery. This is because it requires a lot of flexibility and customisation to satisfy each customer's unique needs, which can be expensive to manage and implement. Platform technologies play an important role in easing the customisation of products ordered by spaza shop owners, allowing for some flexibility.

(Tengeh & Mukwarami, 2017) sought to ascertain the factors that influence the establishment and development of locally owned spaza stores in the Cape Town townships of Gugulethu and Nyanga and identify the support methods required to help these shops grow into sustainable enterprises. Like (Moloi, 2014), (Tengeh & Mukwarami, 2017) found the following: there are major problems that South African-owned spaza shops face, and problems arise during the launch and expansion periods. Even though there are numerous elements that have a negative impact on spaza stores, it's crucial to focus on the most important ones. The study found that there was a lack of start-up and expansion capital, load shedding, a lack of a network to buy inexpensively in bulk, competition from non-South African business owners, crime, transportation costs for stock, a lack of collateral security for lenders to accept as security for loans, an inability to handle financial records, a lack of management skills, and a lack of knowledge about government services. It will be vital to establish how the platform solution business providers have dealt with the question of crime since this is a recurring theme in all the studies reviewed in this research proposal. (Moloi, 2014) again points to crime as being another deterrent for spaza shop owners, with many owners indicating that they had been robbed several times

(Tengeh & Mukwarami, 2017)recommends that up and coming South African spaza shop owners should develop a vision of their wishes before taking on the spaza ownership venture. In addition, those who are already in the industry should pay attention to articulating realistic and effective goals. (Tengeh & Mukwarami, 2017) further argues that owners of spaza shops contemplate and plan for the future with imagination and wisdom. It is the researchers position that an engagement and adoption of platform business solutions affords the spaza shop owners the

opportunity to plan for the future not only with imagination, but with informed guidance from the solution providers and big business skills like Pick n Pay and Pamodzi.

(van Scheers, 2010) sets out to determine the extent to which owners and managers of spaza stores (small family companies) in a typical South African environment view particular challenges or issues as having a detrimental effect on the success of their enterprise. He offers a sobering analysis of the problems faced by SA spaza shop owners which he lists as the following; Inflation and interest rates, heightened competition, crime and unemployment, regulatory and technological development, peer pressure, credit management, high operating costs, and heavy debt. It is clear from the above that this study is largely limited to the technological aspects even though there are overlaps to some of the above factors. It thus follows that the platform business solutions introduced in spaza shops are not a panacea to the challenges faced by spaza shop owners.

What is telling from (van Scheers, 2010) findings is that while spaza shop owners viewed all management tasks as crucial to the success of firms, the impact of macro-environmental factors on business operations is ranked last among the factors that are most crucial for a company's performance, with marketing-related difficulties coming in first. The platform solutions provided play a significant role in helping to improve and guide the managerial skills of the shop owners (Hare & Walwyn, 2019). Their study examines the causes of the lack of coopetition among South African spaza shop owners and argues that the main obstacles are a lack of trust and a general ignorance of the advantages of cooperative behaviour. They further posit that the unstable atmosphere in which these spaza stores operate, marked by high crime rates and widespread unemployment, make it more challenging to forge coopetitive connections. Platform business solutions are designed based on network formation and use. While they will not erase the issues raised by (van Scheers, 2010), they at least plant the seeds of networking as spaza shop owners are encouraged to trust technology and the companies that offer them. As (van Scheers, 2010), conclude that “any intervention designed to improve the survival rate of spaza

shops should include measures to address issues of trust and the benefits of coopetitive relationships." This study does not cover issues of coopetition between spaza shop owners, but at least gleans on technology's potential in engendering trust and working within a network. As mentioned above, solutions like Pamodzi and Pick and Pay not only address the technological aspect of the solution, but a holistic approach that takes the education and training of spaza shop owners into account. This research proposal creates an opportunity to explore the nature and variety of training solutions deployed in the spaza shop economy (Jobo, 2020).

(Leideman, 2013) uses an anthropologically influenced in-depth ethnographic case study approach, to study spaza shop businesses in the Delft South township, Cape Town, South Africa. The goal of the study focused on establishing whether the advent of foreign run spaza businesses is due to a particular 'entrepreneurial' business model underwritten by relatively strong social networks. The study's core findings confirm that foreign-owned spaza shops have gained more market share than South African owned spaza shops in Delft, with ownership now favouring Somali businessmen. The findings show that this is a direct result of the emergence and use of a new, and more sophisticated, 'entrepreneurial' business model used by foreign spaza operators, compared to the more 'survivalist' model used by South Africans. These findings agree with those of (van Scheers, 2010) concerning coopetition.

(Leideman, 2013) further argues that the adoption and subsequent use of platform technologies by South African spaza shop owners is a direct response to the new business models used by foreign businessmen and further argues that the platform solutions provide South African business owners a competitive edge and ability to respond to this 'onslaught'. Since the foreign-owned spaza shop business model is primarily based upon being price competitive and made possible through collective procurement and distribution, platform business solutions should give South African owners a competitive edge and a route back to being viable and profitable.

2.1.2 Locally owned vs foreign-owned spaza shops

Their qualitative exploratory study (Hare & Walwyn, 2019) investigates why SA spaza shop owners do not collaborate in the same way foreign owners of spaza shops do. They argue that coopetition is a potent tool used by microbusinesses to fight against major corporations in low margin industries. In their findings they posit that the main obstacles are a lack of trust and a general ignorance of the advantages of cooperative behaviour. Like (Moloi, 2014) the authors cite the unstable atmosphere in which these spaza shops operate, which is marked by high crime rates and widespread unemployment, that makes it more challenging to forge coopetitive connections. They conclude that every effort should be made to address issues of trust and the advantages of cooperative partnerships in any intervention meant to increase the survival rate of spaza stores.

(Kgaphola et al., 2019). assessed the scope and operation of spaza shops in the Mankweng area to understand the problems that inhibit their viability. For their study they investigated 50 spaza shop owners, with bulk participants being foreign owned spaza shops. South African spaza shop owners constituted only 26 per cent of their sample. Similar to other studies explored above, they note that spaza shop owners face a variety of challenges that inhibit their expansion The study recommends that spaza shop owners form a union from which they can share strategies for overcoming challenges. This is similar to the recommendations made by (Hare & Walwyn, 2019); (Moloi, 2014).

Violence between SA owned, and foreign owned spaza shop owners is another undesirable feature that haunts this environment. In 2019 the Competition Commission released its Grocery Retail Market Inquiry preliminary report in which they found that the impression that foreign-owned spaza stores have "unfair advantages" is one of the purported causes of violence against them (Brown, 2019). The investigation found that some of these benefits might occasionally be attributed to foreign traders' originality and business savvy, however some elements that provide foreign spaza shop owners a competitive edge, nevertheless, are illegal in

nature. This includes the selling of counterfeit goods like illicit cigarettes. These findings partly talk to the assertions made by (Kgaphola et al., 2019) that foreign owned spaza shops succeed because they use social networks and collaborative approaches to buy in bulk as groups. Foreign-owned spaza shops also use their relationships to employ cheap labour, which helps them keep their overheads low (Kgaphola et al., 2019).

The authors recommend that the spaza shop owners go for business workshops and training to prepare them on how to successfully run a business. They further suggest an establishment of spaza shop business unions where standard procedures can be shared to make them more sustainable and profitable. Their research lacks in explaining in detail, the distribution and logistics that the foreign owned spaza shops leverage to make them profitable. The article also does not touch on the impact of xenophobia and the methods of how these spaza shop owners co-exist in an environment that is expected to be populated with South African citizens.

(Lamb et al., 2019) use an exploratory research approach to identify several behaviours and procedures linked to the success of foreign-owned Spaza businesses in townships. Their findings reveal the driving forces for townships' growing and prosperous foreign-owned enterprises. These are listed as geographic location, socioeconomic motivators, financial management, entrepreneurial orientation, and business practice. It would seem that foreign owners have the ability to secure prime spaces better than local owners as found by the Competition Commission. Like the authors discussed above, they also cite networking and economies of scale as key to foreign-owned spaza shops' success. They argue that these should be used to upskill and inspire neighbourhood informal traders to compete on an equal footing. The findings of the majority of researchers are similar and point to recurring themes in the challenges faced by SA owners when compared to migrant owned spaza shops.

2.2 Theoretical Framework

The theoretical framework that will be used to underpin this study is the Unified Theory of Acceptance and Use of Technology (UTAUT). UTAUT has been selected for this research proposal as it enables the ability to understand and explain the intentions to adopt and use the various technological solutions platform businesses offer and subsequent usage behaviour. The theory, which is almost 2 decades old, was developed by (Venkatesh et al., 2003). This theory predicts the usage of technological acceptance. The usage of platforms could be influenced by how spaza shop owners perceive and accept this technology. The theory has advanced and has been augmented by various other models. These models include the following:

- Theory of Reasoned Action (TRA)
- Technology Acceptance Model (TAM)
- Motivational Model
- Theory of Planned Behaviour (TPB)
- Combined TAM and TPB
- Model of PC Utilisation (MPCU)
- Innovation Diffusion Theory
- Social Cognitive Theory

These directly determine behavioural intention and use behaviour. These constructs further are influenced by gender, age, experience, and voluntariness of use (Venkatesh et al., 2003). The Theory of Acceptance model was used as one of the theories used to develop the UTAUT model.

The UTAUT model refers to four constructs that assist in driving technology adoption. The four constructs are:

- Performance expectancy, which in this study could link to the usefulness of platforms to spaza shop owners.
- Effort expectancy relates to the ease of use of the platforms.
- Social influence indicates the influence of social members and
- The construct of facilitating conditions.

“Performance expectancy can be defined as the degree to which an individual believes that applying the technology will help him or her to attain gains in job performance” (Venkatesh et al., 2003). The introduction of a platform business to help spaza shop owners will be rated on their usefulness in their lives.

Effort Expectancy is defined by (Venkatesh et al., 2003) as “the extent of ease connected with the use of a system”. In the case of enabling spaza owners to use platform businesses, the process of easily connecting to the platform and completing activities should be done with minimal effort. The UTAUT model defines Social Influence as “the extent to which an individual perceives that other important people believe that he or she should apply the new system” (Venkatesh et al., 2003). This could be compared to peer pressure. A township economy could be driven by seeing how busy surrounding businesses are becoming based on their use of platforms. (Venkatesh et al., 2003), defines facilitating conditions as “the degree to which an individual believes that an organisational and technical infrastructure exists to support the use of the system”. It would be critical to ensure that facilitating conditions in the township should allow the owners of spaza shops to plug into platform businesses.

The first UTAUT model was originally developed to analyse employee technology use and acceptance, thus was not suitable for consumer technologies (Tak & Panwar, 2017). The extension of the model that includes hedonic motivation according to (Venkatesh et al., Consumer Acceptance and Use of Information Technology: Extending the Unified Theory of Acceptance and Use of Technology, 2012) indicates that joy, entertainment, enjoyment should be included in the model.

To some extent, the use of platforms could include this hedonic motivation to raise excitement levels with shop owners and to get them engaged on these platforms. Elements of gamification could be built into the platform log in to make it more engaging, such as rewarding shop owners for achieving purchasing milestones with cash or additional stock which keeps them engaged and wanting to buy more for the next reward. This in essence could cost significantly less by simply applying discounts to products but appeals to humans differently.

Another extension of the model includes price value. (Venkatesh et al., Consumer Acceptance and Use of Information Technology: Extending the Unified Theory of Acceptance and Use of Technology, 2012) states that the technology's cost should be palatable for the customer. Additional costs of operating on the platform should be considered. Habit is a third extension of the model and speaks to the use of the service or technology as part of one's daily life. Leveraging platform businesses should be part of standard operations, not an ad hoc take for spaza shop owners.

As with all models, they need to evolve to remain relevant and applicable, especially in a world that is driven by technological changes and the 4th Industrial Revolution. Criticism about the UTAUT is that it needs to be extended to include trust, (Alalwan et al., 2017). Research shows that the perceived risk was commonly seen as a limiting factor that stopped customers from accepting mobile banking as a channel of use. (Venkatesh et al., Consumer Acceptance and Use of Information Technology: Extending the Unified Theory of Acceptance and Use of Technology, 2012), states that hedonic motivation, habit, and price issues also need to be considered when it comes to customer acceptance and the use of technology.

(Khalilzadeh et al., 2017) also suggested that the UTAUT and TAM should be combined to cover the security-related constraints such as perceived risk, perceived security and trust.

(Khalilzadeh et al., 2017) further built on the UTAUT model by incorporating it with the TAM. Perceived risk, perceived security, and trust are important in the combination of the UTAUT and TAM model which ultimately affects the behavioural intention to adopt a technology. It is believed that when something is trusted and easy to use, people would adopt and use it often. As such, should digital platforms be easy to use and offer a sense of trust, buy in would be much easier to obtain.

(Winarto & Panjaitan, 2021) argue that while most researchers of behaviour in the information system have commonly used TAM, there are drawbacks to the model, which have seen it extended to UTAUT which takes into consideration the integration of risk and trust. (Winarto & Panjaitan, 2021) extend the UTAUT model in their study and explore the moderation effect of perceived risk as they believe it is a factor that can possibly hinder e-commerce adoption. They believe that perceived risk strengthens or weakens the relationship between perceived ease of use, perceived usefulness, and intention to use technology. It is argued that those who choose to adopt new e-commerce technologies worry about safety and general security when transacting online, like using their credit cards or exposing their financial information. In this way it becomes clear that adopters of e-commerce are worried about the perceived risk of a lack of security, safety and privacy on the internet in the adoption of electronic commerce solutions.

This requires the researcher to consider the challenges of adopting platform business solutions emanating from the risks South African spaza shop owners perceive as real and a stumbling block. According to (Winarto & Panjaitan, 2021) those using the internet to shop generally want e-commerce providers on the internet to ensure that transactions are secure. To this end, understanding the assurances the likes of Pamodzi Smart Shop and Pick n Pay modernisation solutions have given spaza shop owners is important to grasp the adoption of platform business solutions fully.

(Winarto & Panjaitan, 2021)argue that the perceived ease of use of platform technologies is related to spaza shop owners' intention to run their business online in an e-commerce platform. The relationship is moderated by perceived risk, meaning if the perceived risk is high the relationship between perceived ease of use and intention to run their spaza shop online in an e-commerce platform will be weakened. They further argue that perceived usefulness relates to the spaza shop owner's intention to run their business online in an e-commerce platform. The relationship is moderated by perceived risk, meaning if the perceived risk is high the relationship between perceived ease of use and intention to run the spaza shop business online in an e-commerce platform will be weakened.

Perceived risk is also associated with skills training and the development of South African spaza shop owners (Winarto & Panjaitan, 2021). To diminish perceived risk of spaza shop owners' use of platform technologies, solution providers can enhance the information on their websites and applications, particularly for the content that spaza shop owners see and understand most directly, by making it more personalised and updated regularly. They also need to make special efforts to improve defects and problems that could influence spaza shop owner's perception of doing business online via the platform application. However, the results show that behavioural intentions toward online shopping favourably influence actual purchasing behaviour. Online retailers must be committed to comprehending the elements that may shape consumer behavioural intentions towards online purchase.

(Li & Huang, 2009) argue that Perceived utility and perceived ease of use are adversely correlated with perceived risk. Perceived usefulness and perceived ease of use are positively correlated. In the online buying channel, perceived usefulness and perceived usability have a favourable impact on behavioural intention, influencing actual purchasing behaviour. Thus, it is important to understand how platform business solution providers make the content on the platform service user friendly, especially the content that users most directly engage to mitigate perceived risk. The researcher will seek to investigate how vendors have personalised the user

experience, and if they frequently update information, to reduce defects which can potentially improve the spaza shop owner's perception of the service.

2.3 Conclusion of Literature Review

In summary, little research exists on platform businesses' use in a township economy. The literature review confirms that the general macroeconomic factors facing many small businesses such as a lack of funding and business acumen impact spaza shop owners. The magnitude of this impact may vary, however the themes that hamper business growth seem to be the same, with slight variations depending on geographic factors.

From a literature perspective, firstly, (Moloi, 2014), provides valuable context on underlying challenges and barriers for spaza shops such as lack of access to financial resources. (Tengeh & Mukwarami, 2017), further outlines issues affecting growth such as lowering operating costs through lower-cost bulk purchases. (van Scheers, 2010), highlight the most significant concern for spaza owners which is marketing-related deficiencies, which are likely to address revenue growth.

(Hare & Walwyn, 2019) propose that platform business solutions are designed based on network formation and usage. To support this point, (Leideman, 2013) observes that foreign-owned spaza operators have a better business model underwritten by strong social networks in contrast to the individual, survivalist model used by South African owned spaza. Kgaphola et al, 2019, confirms this by noting that foreign owned spaza shops succeed because they use social networks and collaborative approaches to buy in bulk as groups.

The key proposal is that both marketing-related deficiencies as well as lower operating costs are supported by leveraging networks. Platform business solutions which thrive on network formation and usage are likely to drive growth. This growth will be achieved by addressing marketing for revenue growth as well as lower

operating costs through bulk purchases. Thus, platform solutions are a useful catalyst for growth in SMMEs.

Finally, based on the literature review, the propositions advanced in this research paper are as follows:

- South African spaza shop owners that have taken up platform solutions have become more profitable.
- South African spaza owners that have taken up platform solutions have gained better access to financial resources.
- South African spaza owners that have taken up platform solutions have become more efficient.
- South African spaza shop owners that have taken up platform business solutions have improved their business skills.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research approach

This study follows a qualitative research approach to understand if the current platform business solutions are sustainable enough to provide economic participation of the South African Spaza Shop ecosystem. This approach has been selected as the researcher wants to unpack and understand if the current platform business solutions offer benefits to the South African Spaza Shop ecosystem as well as explore new platform business solutions that will digitally transform the Spaza shop ecosystem in South Africa.

Qualitative research is commonly regarded as a research approach that is more concerned with words than numbers. However this does not mean an absence of quantitative data or numerical analysis in the approach (Bryman, 2012). (Denzin & Lincoln, 2000) state that qualitative research necessitates an interpretive and realist methodology. In this instance, the researcher investigates objects in their natural habitat and attempts to comprehend or interpret phenomena in light of the meanings that people assign to them. This approach has an inductive view regarding the relationship between theory and research where theory is regarded as a product of research. Epistemologically the approach is interpretivism, meaning there is emphasis on understanding the social world through the eyes and interpretation of that reality by its inhabitants. Ontologically this approach is rooted in constructionism, meaning the social properties that come to being are a product of interactions between individuals as opposed to being a reality or phenomena that just exists independently (Bryman, 2012).

Due to the study's limitations, the research participants needed to be South African-owned Spaza Shops based in Soweto that used digital technology to run their businesses. This created an extremely limited sample population to find and engage in this research and proved extremely difficult. Language barriers made it difficult for the researcher to engage effectively. It was also discovered very early on that the potential research participants lacked trust and were suspicious of an outsider coming into 'their' space and requesting intimate information about their business lives.

Furthermore, the owners of larger spaza shops generally had staff managing the stores making it challenging to schedule interviews with the owners who were generally not present in store. This made it challenging to complete the interview process. The researcher leveraged residents to assist with finding shops and securing appointments for interviews as the researcher is not fully versed with the space in Soweto. This gave the researcher greater flexibility and access to capture the limited market and give the interviewees more comfort as they are residents from the area and speak their language. This allowed for greater trust to be cultivated.

The main research approaches associated with qualitative research are *ethnography/participant observation, qualitative interviewing, language-based approaches in terms of the collection of data like narrative analysis and discourse analysis.* The main steps in qualitative research are as follows; (1) the formulation of general research questions, (2) the selection of relevant sites and participants, (3) the collection of relevant data, (4) the interpretation of the data, (5) the conceptual and theoretical framework where by the interpretation of the data helps formulate the findings of the study, and (6) finally, the writing-up and concluding of the study (Bryman, 2012).

3.2 Research design

According to (Eisenhardt, 1989), case studies are strong at building theories independent of prior literature and are thus great for new research areas. Given the

low availability of extant literature on platform solutions in the spaza ecosystem, a case study was seen as a useful means to get closer to understanding the intricacies in the ecosystem and thus develop ideas for new research areas. Further support for choice of case study surfaces from Eisenhardt's own references (Gersick, 1988; Pettigrew, 1988) to the use of within-case analysis in case studies. Within-case analysis involves analysis of descriptive write ups which are expected in a qualitative study of this nature.

A case study approach is adopted to understand if the current platform business solutions are sustainable to provide economic participation in the South African Spaza Shop ecosystem. A case study method is employed to study the subject matter in all its “dimensions and ramifications”. (Akhtar, 2016). This approach provides the researcher with sufficient information to understand the behaviour patterns of an individual. The results of this research will not allow readers to make decisions but rather to understand and obtain insights about the platform economy and its benefit to the Spaza ecosystem in townships.

(Akhtar, 2016), states that research design is considered the glue that binds all the research study components together. He adds that the research design should be made once the topic and problem of research have been selected and formulated, objectives have been properly outlined, concepts have been properly defined and the hypothesis have been properly framed.

The type of case study used is the *representative or typical case* whereby the objective is to investigate the conditions and circumstances of a common or everyday situation (Bryman, 2012). With this case study, a case is chosen because it exemplifies a broader context of which it is a part of. In essence the case is not chosen because it is extreme or peculiar, but because it optimises a broader context of cases or will provide a suitable context for certain research questions to be answered. Another reason this type of case study is selected is that it allows the researcher to examine key social processes. In this study, it is the adoption of

platform businesses by owners of South African spaza shops and the impact thereof (Bryman, 2012).

3.3 Data collection methods

Face-to-face semi-structured interviews with participants in the sample were used to collect data. Face-to-face interviews allow participants to be observed directly and acquire historical information that may aid comprehension (Bryman, 2012). Allowing participants to respond openly to the questions gave the researcher better knowledge of the elements that determine whether they benefit from the technologies, which in turn aided the development of better analyses to answer the study questions. Semi-structured interviews allow for the introduction of new constructs that the literature has not previously examined.

Spaza shops that have adopted and have been using platform technology solutions were identified in various ways, including but not limited to names of store owners identified in news articles, word of mouth, by driving through Soweto and connecting with various groups of interest on social media. All interviews were conducted face-to-face (Bryman, 2012). The interview included open-ended questions and some spontaneous probing questions based on the participants' responses, which helped add depth to the research. All sampled participants needed to complete the interview for this study's data to be completed. Although doing interviews provided many benefits, the researcher found them time-consuming and frequently had to reschedule interviews because of unforeseen situations involving the sample.

3.4 Population and sample

For the research objectives to be met, the researcher must ensure that the correct individuals are included in the interviews. It is a well-known fact that establishing a sample size is a contested issue and hot topic in research circles, however this does not mean there are no guidelines that can help researchers establish and engage with the right number of participants (Bryman, 2012). For this study, purposive

sampling was used where only spaza shop owners who meet the criteria given in chapter 1 were used. The type of purposive sampling that was used is *snowball sampling.* This sampling method entailed initially sampling a small group of people relevant to the research questions, and then these sampled participants proposed and led the researcher to other participants (Bryman, 2012).

The initial sample was identified through newspaper articles for example where business owners and stores were reported on. For example (Jobo, 2020), reported on Pamodzi's Ndaba Ntsele launching the fourth Pamodzi Smart Shop, indicating at the time that there were four Pamodzi Smart Shops in Gauteng townships of Diepkloof, Meadowlands, Chiawelo and Dobsonville. The Pick n Pay spaza shop modernisation programme had established 14 shops in Gauteng and the Western Cape by 2017.

Efforts were made to contact Pamodzi Smart and other platform providers like A2Pay to establish the location of more participants. Establishing the perfect sample size was a difficult task, and since this was not a theoretical sampling method, the sample size could not be determined by the saturation of information (Bryman, 2012). The snowball sampling method yielded 10 participants. Different studies require different forms of sampling.

Establishing the total number of South African owned spaza shops in Soweto has been extremely difficult. To this end, the researcher has not been able to establish the total population number. Efforts were made to interview managers and/or executives from platform solution providers like Pamodzi Smart, Pick n Pay, and A2Pay to no avail. All the owners in the sample reside in Soweto. All spaza shop owners are South African citizens that have taken up and use platform solutions.

3.4.1 Sampling method

A-priori purposive sampling which is used in this work is also known as judgement sampling. (Robinson, 2014), states that purposive sampling strategies include "non-random methods of ensuring that particular categories of cases within a sampling

universe are represented in the final sample of a project." Purposive sampling was utilised to collect data. Purposive sampling is a technique for selecting a sample that is appropriate for the task at hand (Bryman, 2012). The group being investigated for this study is spaza shop owners who have taken up platform solutions in Soweto. This study omitted foreign-owned and spaza shops that have not adopted any platform technology solutions. The decision on sample size is never straightforward and several factors have to be taken into consideration.

One of the advantages that the researcher understands about this type of sampling is that it provides a solution to only interviewing people who meet the criteria required to provide insight into this topic. On the other hand, it could also limit the research findings as the outcomes could not guarantee that the chosen sample necessarily represents all views. (Robinson, 2014) states that sampling is "The totality of persons from which cases may legitimately be sampled in an interview study".

A research instrument is a way of gathering information for the research topic. An interview as a research instrument was used to gather and collect information. Interviews were held with Spaza shop owners within Soweto. A semi-structured interview guide was created to unpack the themes around current platform usage and adoption in the township economy. All interview questions were open-ended to unpack the insights and underlying factors that impact platform usage.

3.5 Procedure for data collection

Participants were recruited through the use of direct visits to the spaza shops and talking to the spaza shop owners, they were also identified through news articles that have names and locations where platform solutions were launched and spaza shop groups on social media and word of mouth. Letters and/emails were sent to the managers and executives at companies requesting their participation.

The face-to-face interviews allowed participants to be observed directly and allowed for the acquisition of nuanced information that aided comprehension (Bryman, 2012). Allowing participants to answer the questions freely gave the researcher a better understanding of how spaza shop owners have leveraged off-platform solutions. The interviews began with a context-setting section describing the study's goals and how the data will be used in relation to the participant. Participants were then asked questions in a conversational style according to the interview schedule. In addition, the respondents were further probed based on how and what they responded.

3.6 Data analysis and interpretation

Thematic analysis is used to examine the information gathered from the interviews. Patterns and themes can be recognized, examined, and presented using thematic analysis (Bryman, 2012). The interview audio recordings were transcribed into a textual format in preparation for thematic analysis. Along with the transcription, an initial list of concepts, thoughts, and themes were established, which were used to create an initial list of codes from the data. The codes were created using the theoretical framework as well as other aspects emanating from the data itself.

The codes were grouped into possible themes once they were defined. Themes were created by combining codes, and in some instances, were inserted into existing themes. The themes were then evaluated to see which ones were still relevant, which should be consolidated, and which should be broken into different themes. After the themes had been mapped, the true essence of what the theme captures was determined. These themes and thorough comprehension were incorporated into the dissertation's data analysis to analyse how South African spaza shop owners leverage off-platform business solutions.

The steps followed for the thematic analysis are as follows; (1) The researcher familiarised himself with the collected data. This meant the researcher fully immersed himself and actively engaged in the data by transcribing the interactions,

reading (and re-reading) the transcripts, and listening to the recordings. Initial ideas were noted down. In this way the researcher created a comprehensive understanding of the content of the interaction and familiarised himself with all aspects of the data. This step provided the foundation for the subsequent steps in the analysis. (2) In step 2 the researcher generated initial codes especially once familiar with the data, the researcher then started identifying preliminary codes, which are the features of the data that appear interesting and meaningful. These codes are more numerous and specific than themes but indicate the conversation's context (Maguire & Brid, 2017).

(3) The third step in the process marked the start of the interpretive analysis of the collated codes. Relevant data extracts were sorted according to overarching themes. The researcher's thought process alluded to the relationship between codes, subthemes, and themes (Maguire & Brid, 2017).

(4) in step 4 the researcher reviewed themes by engaging in a deeper review of identified themes. At this stage the researcher questioned and took decisions on whether to combine, refine, separate, or discard initial themes. The researcher ensured that data within themes cohered together meaningfully, where there are clear and identifiable distinctions between themes. This was done over two phases, where the themes were checked in relation to the coded extracts (phase 1), and then for the overall data set (phase 2). A thematic 'map' was generated from this step (Maguire & Brid, 2017). (5) Step five involved 'refining and defining' the themes and potential sub themes within the data. The researcher provided theme names and clear working definitions that concisely capture each theme's essence. At this stage, a unified data story started to emerge from the themes (Maguire & Brid, 2017).

(6) Lastly, the researcher transformed his analysis into an interpretable piece of writing by using vivid and compelling examples that relate to the themes, research questions, and literature as shown in chapter 4. The report relays the analysis results in a way that conveys the merit and validity of the analysis. It goes beyond a mere

description of the themes and portrays an analysis supported with empirical evidence that addresses the research question (Maguire & Brid, 2017)

3.7 Limitations of the study

The study only considers feedback from township economy business owners in Soweto, that South Africans own. The researcher may misunderstand some of the feedback due to language barriers. The participants may misunderstand some of the questions due to language barriers. A lack of digital skills may limit understanding how business owners can leverage digital technologies and platform economies in the township economy in Soweto.

Given that there are thousands of spaza shops in Soweto, the sample size is not large enough to represent the whole sector.

3.8 Transferability and dependability

3.8.1 Transferability

The extent to which the results of a qualitative research study can be transferred into new contexts with different samples is known as transferability (Anney, 2014). A detailed description of the setting and deliberate sampling of the research participants are two qualifying requirements for transferability (Anney, 2014). The scope of this study is limited to South African owned spaza shops in Soweto, that have taken up platform solutions. Purposive sampling was employed for this study and was used to target South African spaza shops that fall into the previously mentioned categories. Because the environment is not limited to Soweto, the transferability of this research will be average. It may apply to spaza shops that have taken up platform technology solutions in townships.

3.8.2 Credibility

The level of confidence that may be placed in the truth of the research findings is referred to as credibility (Anney, 2014). The term "credibility" refers to whether the research findings truly reflect the participants' original data and whether their opinions have been appropriately evaluated (Anney, 2014). Peer debriefing is an approach for ensuring trustworthiness. To increase the quality of their inquiry findings, the researcher will seek comments and support from other researchers or scholars (Anney, 2014). This study is overseen by a research committee and an assigned academic research supervisor, it should be able to retain credibility by properly utilising these bodies.

3.8.3 Conformability (the degree to which others can confirm or corroborate the results.

The researcher has ensured that the research is conformable by stating all the steps and decisions taken. The researcher has also provided an audit trail in the submission that describes each step of the data analysis process used in this study serves as evidence of confirmability (Anney, 2014). In this, the researcher demonstrates that the results truly reflect the participants' responses and are not affected by conscious or unconscious bias. The researcher also applied some reflexivity by noting all the assumptions he had before at the beginning of the research and ensuring that these did not spill over by keeping a list and reminding himself to avoid these and prioritise the voices of the participants. Full transcripts and recordings of interviews have been stored and anonymised and have been made accessible to the supervisor and relevant authorities within the Wits Business School.

3.9 Ethical considerations

Researchers need to be aware of the potential danger and harm that may come to research participants and themselves. This may be in a direct or indirect manner.

Researchers also need to ensure that they do not impose themselves on research participants and be aware of the power dynamics at play (Bryman, 2012). In order to ensure that the highest standards of ethics are adhered to, this study sought approval from the University of Witwatersrand Human Research Ethics Committee (non-medical) faculty before collecting any data. Care was taken to ensure that all interviews are voluntary. And to this end, informed consent was sought from research participants. This was achieved by ensuring that all participants are furnished with an interview consent form which detailed various aspects that helped inform the research participant as well as give the researcher the necessary rights. This consent form was accompanied by a research study information sheet which informed the participants about all the relevant information related to the research (Bryman, 2012). To ensure that participants are anonymised, the real names of the participants have been replaced by pseudonyms and codes only known to the research and supervisor. Confidentiality has been ensured through stringent data protection measures. The researcher ensured that the processing of collected information is done fairly and in a lawful manner. This means that the information was processed for limited purposes and is relevant, adequate and up to date. The collected information will not be kept for longer than is necessary and will not be shared or sold to third parties (Bryman, 2012).

The names of participants, letters of correspondence and their addresses were not stored on hard drives. Identifier codes were used on data files, and the list of research participants and their identifier codes were kept separately in a locked cabinet. Secondary assessors were asked to sign confidentiality statements. The names of participants are not used in the transcripts and transcript copies are kept in a locked cabinet. By adhering to the above, care was taken to ensure that no harm came to the participants either economically or developmentally (Bryman, 2012). All questions were clear and direct, and participants had time before the interview to clarify any ambiguous questions as the questionnaire was shared upfront upon scheduling the interviews. Once interview questions had been shared, all participants were aware of their option to opt out of the research if they felt uncomfortable in this process. The researcher told participants that he was willing to

share the research outcomes with the study participants to assist them in finding ways to drive profitability in their business.

CHAPTER 4

FINDINGS AND DISCUSSIONS

4.1 Ethical considerations

The findings pertaining to the propositions outlined in Chapter 2 are provided in this chapter. The analysis of the semi-structured interviews produced the findings that are being presented. A consistency matrix was created and used to verify consistency between the literature review, research propositions, data gathered, and technique of analysis performed. There are three subsections within this section. The study begins by presenting the demographic profile of the participants, then moves on to the results and finally the conclusion. Thematic analysis was used to analyse and summarise the results. Quotes that are interpreted singly or collectively to support the themes that arose throughout the interviews are used to convey data.

4.2 Demographic profile of participants

The researcher interviewed ten spaza shop owners in Soweto who own small enterprises providing grocery goods and other services to their communities and have taken up platform technology solutions. Participants are between the ages of 20 to 65 years old. A fair gender split between males and females was attempted. Participants were spread across various sections of Soweto and had adopted platform solutions for their spaza shops.

Purposive sampling was used to identify the individuals, who were either owners, co-owners or managers, performing managerial roles in the spaza shop. These individuals were perceived to have the required knowledge and experience due to their proximity to decisions about, and use of platform technologies used. These owners and managers were selected to get various perspectives on the benefits of implementing platform solutions.

The following is a table with the demographic profile of the participants:

Table 1: Demographic profile of the participants

Participant	Age	Ethnicity	Gender	Employment	Resides
Participant 1	61 and over	African	Male	Co-owner	Soweto
Participant 2	61 and over	African	Male	Owner	Roodepoort
Participant 3	50 - 60	African	Female	Owner	Soweto
Participant 4	40 - 50	African	Male	Manager	Soweto
Participant 5	20 - 30	African	Female	Owner	Soweto
Participant 6	30 - 40	African	Female	Owner	Soweto
Participant 7	30 - 40	African	Female	Co-owner	Soweto
Participant 8	50 - 60	African	Male	Owner	Krugersdorp
Participant 9	61 and over	African	Male	Owner	Soweto
Participant 10	20 - 30	African	Male	Owner	Soweto

4.2.1 Gender, race and age profile of participants

The sample of participants was made up of 6 males and 4 females. From a race perspective, all participants were African. This gender and race representation level could not have been preempted, as this study was neutral on gender and race. The participants' involvement in the spaza shop business was informed by various reasons, from survival to genuine interests of being a serious businessperson in the retail sector. The number of years of operating their spaza shops varied from one to 25 years. The participants had differentiated levels of education, with some having tertiary education and some having no formal education at all. These participants had been exposed to platform technologies in different ways, with some having heard about the solutions on radio or other media and some were approached by big retailers like Pamodzi Smart as well as technology companies. While the participants' demographics were recorded, the researcher felt they had no impact on the conclusions reached.

4.3 Emergent themes

As noted in Chapter 1, this qualitative study aims to understand how the township economy is leveraging off-platform businesses to make them more profitable and deliver on customer needs more easily and conveniently. The study addressed the following objectives:

- To understand if the current platform business solutions are sustainable to provide economic participation of the South African Spaza Shop ecosystem.
- To identify the current platform business solutions used by the South African owned Spaza shops.
- To determine if the current platform business solutions benefit the South African Spaza Shop ecosystem.

The results of the investigation have shown the following themes. The study's three premises are broken down into four themes that were then connected to them.

- Decisions about adopted technologies.
- Benefits of using technology.
- Reasons and duration for running business in selected space.
- Skills development and training.

4.3.1 Decisions about adopted technologies

One of the key themes that has emerged in the study are the *decisions about adopted technologies*. Based on this theme, three important areas are discussed: reasons for adoption, type, and cost of technology.

4.3.1.1 Type of technologies used

The data collected from the participants suggests that there is a myriad of technologies in the hands of spaza shop owners. This suggests a healthy competition in terms of the technologies available in the space and indicates an interest from the private sector with financial and tech companies. The data tells us that leading SA banks like First National Bank (FNB), Standard Bank, and Nedbank provide some kind of technologies to spaza shop owners. In the main these are point of sale terminals with value added services. An exploration of the data also suggests that banks face stiff competition from other private fintech companies.

In most instances it was found that spaza shops use multiple technologies at the same time. The other types of technologies found include Pamodzi Smart which is identified on its website as follows; *"Pamodzi Smart Store is an innovative mass distribution wholesaler and retailer that provides merchants with a comprehensive, scalable and modular end to end business solution."* Pamodzi's solution is designed to modernise spaza shop operations by "*providing access to business data, trading*

patterns, better cash management, access to banking infrastructure…" This is to engender fast, affordable customer experience, and profitability (Pamodzi, 2023).

Given the above description, Pamodzi smart provides a multifaceted solution that deals with all parts of the supply chain. This is in keeping with the evidence found in the field. The data tells us that Pamodzi Smart offers and implements the technologies that get used in the partner stores, however these are not proprietary to Pamodzi. Another technology company that was identified is Kazang, which can be mistaken as just a provider of POS terminals; however, they do a little bit more than that. Kazang regards itself as a pioneer in prepaid value-added services (VAS). Their services include supporting business owners, merchants, and other entrepreneurs in growing their sales and earnings. They specialise in granting customers access to prepaid goods and services that are required and consumed on a daily basis. Kazang has recently expanded its offering by giving select vendors access to automated cash vaults. They are also considering offering their clients small-scale credit solutions (Kazang, 2023).

Flash machines do not offer an all-out spaza shop management software or solution, however these machines allow spaza shop owners to sell value-added services, and connect big businesses like DSTV, money transfer networks and the national lottery (Flash, 2023).

Shop2shop is another technology solution that was identified in the field. This solution gives shop owners access to digital payment systems, links distributors to shops and suppliers to the informal market (Shop2Shop, 2020).

A2Pay is another popular tech provider in this space. It is a fin-tech company that is in partnership with the Jobs Fund and offers spaza shop owners access to capital and wireless retail technology (A2Pay, 2023).

The A2Pay system enables spaza shop owners to trade electronically and allows them the ability to control their inventory from the point of purchase at the supplier down to its final destination in the consumer's hands.

The Pick n Pay neighbourhood convenience format is another popular all-round solution aimed at transforming the traditional spaza shop entirely. Through its spaza shop transformation. Pick n Pay offers customers a solution that combines the advantages of their supply chain, systems capability, value-added services, and loyalty program in partnership with a spaza owner's local knowledge of customers in the neighbourhood. Their solutions enable consumers to purchase locally by enabling them to acquire the things they require close to home. Shop owners gain access to Pick n Pay's manufactured, financial as well as intellectual capital (Pick n Pay, 2018).

As noted above, it is clear that there are numerous technologies being used in the spaza shop ecosystem. This section was aimed at identifying the current platform business solutions used by the South African owned Spaza shops, however due to its scope, cannot give an exhaustive list. The following is a discussion which sheds more light on the reasons why shop owners adopted these technologies.

4.3.1.2 Reasons for adoption of technology

The reasons that spaza shops expressed in relation to adopting technological solutions vary. In instances where large retailers like Pick n Pay and Pamodzi Smart are involved, evidence suggests that technological adoption is something that is encouraged from the outside rather than organically from the shop owners themselves. For example, when asked about the reasons for adopting the technological solutions, Participant 4 answered as follows:

> **[Q4 in transcript]** ***"****The technology Uuhhm basically was recommended by pick and pay, and basically if you can check maybe all around the Pick and Pays they use this standard technology"*

Evidence from the data also suggests that some of the reasons for adopting technological solutions is driven by the organic desire of shop owners to improve their businesses and offering to their customers. Efficiency and the ease of doing

business. For example, Participant 8 gave the following as a reason to adopt technological solutions:

> **[Q2 transcript]** *"This solutions make it easier to run my business."*

This response talks to the UTAUT model's performance expectancy, which is defined as the degree to which an individual believes that applying the technology would allow him or her to obtain advances in job performance" (Venkatesh et al., 2003, p. 447). The seemingly high propensity to adopt technology is influenced by the expectation that the technology will perform efficiently and bring better results and growth to the shop owner. Environmental and customer behaviour changes are also noted as reasons for adopting these platform technology solutions. for example Participant 9 answered in the following manner:

> **[Q3 in transcript]** *"We use a lot of cards in this area. Many people don't carry cash now. And the point I said I need it on the point of sale side. I think I do. I need it because. I need to track my stock and the sales."*

The data also tells us that consumers are more likely to go to the shops where there are technologies as opposed to shops with none. Thus, customers have developed an expectation that speed points and other advanced technologies are available so they can pay and transact in a modern way. According to the UTAUT model, social influence is "the degree to which a person feels that other significant people believe that he or she should apply the new system." (Venkatesh et al., 2003). And because customers are important to the shop owners, it is not surprising that shop owners have adopted these platform technologies.

4.3.1.3 Cost of the technology

The data collected suggests that the providers of technology charge differently for their solutions. For example those who use solutions from big retailers either do not know or are not sure of the cost of implementing the technology as it is provided as one of the components of the solution and there is no separate charge. For example Participant 4 who runs a Pick n Pay powered spaza shop answered as follows:

> **[Q5 in transcript]** *"In terms of the cost, I'm not sure, but because of its franchise, I think it comes with all the package, so I. Wouldn't know how. Much the point of selling that package costs, yes"*

Some of the solutions are based on monthly fees. For example A2Pay charges R260 per month. And some of the technologies are based on a once off payment or purchase. The cost of the technology plays a role as responses from participants indicate that they take seriously the cost of the technologies that they use. Where shopkeepers find out about cheaper and more efficient technologies, they change their technology solution or supplier.

4.3.2 Benefits of using technology

One of the objectives of this study is to determine if the current platform business solutions benefit the South African Spaza Shop ecosystem. Based on the participants' responses, it would seem that current platform technologies are benefiting the SA spaza shop ecosystem. According to Participant 1, the introduction of the Pamodzi Smart solution allowed him to move from the manual recording of inventory to an automated process, which has reduced costs. The participant also felt that his stock management had improved and he is now better informed in terms of what to stock and what not to stock. When asked if the technology has made his shop more profitable, he answered as follows:

> **[Q1 in transcript]** *"Yeah, it helped me with the bad sellers, good sellers, fair sellers.This is already like no business, good sellers.Millie Meal, you cannot buy millie meal everyday. You buy once a month."*

Participant 2 noted the ability to accept more payment options as the biggest benefit and change after adopting technological solutions and believes that the business is more profitable. Participant 3 also notes the profitability of the shop since adopting Pick n Pay's solution, but notes that the recent inflation has diminished profits. Of the biggest changes, the participant notes an increase in foot traffic in the following manner;

[Q8 in transcript] *"It brings more feet. You know, when people be like, oh, it's a pick and pay when they walk in. And like when you say it's a spaza, oh, it is like, oh, OK, then they pass, OK."*

Participant 4 indicated that the elimination of errors has been the biggest benefit, and that this has made their shop more profitable. While this is true, the participant noted other environmental factors that are affecting profitability as follows:

[Q7 in transcript] ***"****Yeah, so far it's it's working well. Yes, but there are odds there and there. Because of. Yeah, these days, maybe due to loadshedding there our normal speed points that we use if there's loadshedding there's a network loss and then we start struggling a bit, yes."*

Participant 5 and 6 both noted the retention of a larger base of customers based on the ability to service no cash carrying customers. Participant 7 notes the heavy work involved in manual stock taking, and asserts that the introduction of technology has made their shop more profitable, efficient with less errors. In the main, Participant 7 says they have been able to standardise prices in the following manner:

[Q9 in transcript] *"Yeah, it's it has. To be honest we have more than one cashier And if not, everyone has the same mindset or level of understanding. So the price you used to fluctuate based on who you're buying from. So now everything is straightforward."*

While all the participants agree that their shops are more efficient and profitable, Participant 9 noted a drawback in terms of cash flow over weekends in the following manner:

[Q6] *"It is working well on the speed point side. The only problem is the…like on the weekend. I don't get any money back but I only get it on Tuesday/Wednesday so it takes a bit longer to come to appear on my account if I don't, if people swipe a lot on my challenge for me to go stop the next day and that's the only hiccup about it."*

4.3.3 Reasons and duration for running business in selected space

The reasons participants give to start and run their spaza shops are all informed by the idea of ensuring economic survival and feeding their entrepreneurial spirits. The responses of the participants indicate that technology alone is not the panacea to their challenges. Some shops have been running for 30 years, while others have just been running for a few months to a year. Those that have been running for long have survived without technology before, but it seems like it is unlikely that they could survive the future without it. The benefits indicate this they all profess to have gained since adopting platform technology solutions.

4.3.4 Skills development and training

In terms of training and development, the data suggests that Pick n Pay has the most extensive training than all solution providers. Pick n Pay selects candidates based on their roles. Once selected, participants are sent to Pick n Pay training headquarters where training can range from a week to a full month. All the other solutions including those of banks do not take long and average between two and three days at the most. There are however support visits to the shop owners from time to time, but this does not match training provided by Pick n Pay.

(Venkatesh et al., 2003) state that facilitating conditions are "the extent to which a person believes that an organisational and technological infrastructure exists to facilitate the usage of the system." It would seem that solution providers invest some effort in ensuring that spaza shop owners that an organisational and technological infrastructure exists to facilitate their usage of the system through training and support visits. To this end, the participants showed confidence in the system and its infrastructure albeit implicitly to some extent because none of them expressed serious issues or negative results when it comes to system usage. In fact all of them noted the benefits they have enjoyed since adopting the technologies. Determining whether current platform business solutions are sustainable to provide economic participation of the South African Spaza Shop ecosystem is not as straightforward

as it seems, however the indication is that indeed there are positive signs that suggest sustained economic participation of spaza shops through the use of platform technologies. This is discussed in more detail in Chapter 5.

CHAPTER 5

DISCUSSION OF THE RESULTS OR FINDINGS

The study's main objective is to understand if the current platform business solutions are sustainable to provide economic participation of the South African Spaza Shop ecosystem. This chapter discusses the findings of the study in relation to the question(s) it is supposed to answer.

5.1 The sustainability of platform business solutions to provide economic participation of the South African Spaza Shop ecosystem

To achieve this research objective, an exhaustive literature study was conducted which explored the challenges faced by spaza shops in South Africa with a specific focus on Soweto, employing the Unified Theory of Acceptance and Use of Technology (UTAUT) in order to understand the relationship between technology suppliers and spaza shop owners, and roles of each party to determine the sustainability of the opportunity for economic participation provided by platform technologies.

The study proposed that South African spaza shop owners that have taken up platform solutions have become more profitable, gained better access to financial resources, and improved their business skills.

5.1.1 Reviewing challenges facing spaza shops

5.1.1.1 Access to financial support

(Moloi, 2014); (Tengeh & Mukwarami, 2017) have noted a number of challenges that affect spaza shops. One of the leading challenges is the lack of access to financial capital or support. The reasons given for this vary from a lack of savings from the

owners, the low levels of education and being unemployed as factors that inhibit South African spaza shop owners from gaining access to financial capital, especially from banks. The other constraints cited as barriers to maximising profits are crime, limited trading space, competition, and lack of business skills.

The findings in Chapter 4 suggest that adopting platform technologies has put SA spaza shop owners in a better position to access financial support. This is because some of the fin-tech companies that provide solutions to spaza shops, have mechanisms set up and help finance spaza shops, albeit through loans and other qualifying criteria linked to the performance of the individual spaza shops. The fact that spaza shop owners have shifted from the manual management of their shops to more automated and digitally driven solutions means that SA spaza shop owners who have adopted platform technology solutions can better keep records and track inventory, and thus allowing them to generate and keep financial records that banks and other financial institutions may require in order to lend them money. Because some of these fin-tech companies have direct access to the records of spaza shop owners and how the stores perform, the chances of securing loans and other forms of financial support have increased for SA spaza shop owners.

5.1.1.2 Stock control

In the semi-structured interviews that were conducted there was no direct question on the effects or impact of crime, however it is important to note that one participant indicated being trained on how to prevent card fraud. From an internal perspective, participants indicated that they are now better equipped to track their inventory and thus prevent any losses. This suggests that shop owners are now better equipped to deal with stock theft from employees and family members who have access to the shop. As indicated in Chapter 4, some of the platform solution providers have systems that link shop owners to suppliers and can facilitate payments as well as offer virtual cash vaults, it follows that to some extent, these solutions mitigate the amount of crime that shop owners are exposed to, at least internally.

5.1.1.3 Business Skills

The findings in Chapter 4 indicate that there are efforts from technology suppliers to up-skill shop owners. This is done through various forms of training initiatives which may take place on site where the spaza shop is located, or off site at the premises of the solution provider. The evidence suggests that only Pick n Pay invests heavily on development and training programs. The fact that only a day or two of training is given to shop owners by other tech-solution providers suggests that a lot still needs to be done to bridge the business skills gap. While this is true, the data also shows that shop owners themselves have agency and are constantly upskilling themselves and are learning the tools at their disposal for themselves. Data also shows that the introduction of technology has given shop owners an opportunity to see their own shortcomings and thus an opportunity to rectify them through the polishing of their business skills. In the main, SA spaza shop owners are now digitally aware and are becoming savvy users of these technological solutions.

5.1.1.4 Competition

When it comes to being competitive, it is clear from the data that SA spaza shop owners can better compete in their environments. The adopted technologies have allowed business owners to attract high foot traffic, thus helping them gain new customers while retaining regular customers. This is further enhanced by the fact that shop owners are now able to offer value-added services to their customers. While there was no direct question about perceived competition, the responses of profitability and positive changes suggest that SA spaza shop owners who have adopted platform technology solutions are in a better position to compete. As (Tengeh & Mukwarami, 2017) argues that owners of spaza shops contemplate and plan for the future with imagination and wisdom, The data suggests that the adoption of platform business solutions has allowed the spaza shop owners to plan for the future not only with imagination, but with informed guidance from the solution adopted. (van Scheers, 2010) indicates high inflation and interest rates as hampering the profitability and viability of spaza shops. The findings suggest that

this remains a challenge given the downward spiral of the SA economy (Sokutu, 2022).

5.1.2 Unified Theory of Acceptance and Use of Technology (UTAUT)

UTAUT was chosen for this research project because it offers the ability to analyse, explain, and predict users' intentions to accept and apply the numerous technical solutions provided by platform businesses (Venkatesh et al., 2003). The UTAUT paradigm makes reference to four ideas that help promote the adoption of technology. Here are the four constructs; (1) expected performance, which is related to platforms' value to spaza business owners, (2) expected effort is related to how simple the platforms are to use (3) social influence denotes the power of fellow social beings to influence adoption, and (4) the idea of facilitating circumstances.

5.1.2.1 Expected performance

As discussed in Chapter 4, the participant's expectation that platform technology solutions will yield better performance of their spaza shops is one of the big drivers of the adoption of platform technologies. The initial experiences and results from the adoption of these technologies has resulted in an atmosphere where spaza shop owners are seemingly more technopositive. This is in keeping with (Li & Huang, 2009) argument that perceived usefulness and perceived usability are positively correlated. This means spaza shop owners are in a position where they are ready to adopt newer technologies and sustain the changes they have experienced. The platform solutions have proven to be very much valuable to the participants as expressed in their perceptions of the benefits of the technologies adopted.

5.1.2.2 Expected effort related to how simple the platforms are to use

As indicated in the findings, the fact that shop owners found the technology to be very easy to use, encouraged them to adopt, and continue using these platform technologies. Given the fact that there has been a proliferation of smartphones (Mzekandaba, 2020) and the fact that these platform technologies integrate smart phones in their offerings, has made the adoption and usage of these technologies

by shop owners a lot easier. A number of participants indicated that despite the limited training, they also found it easy to navigate and learn the systems for themselves.

5.1.2.3 Social influence

The exploration of findings in Chapter 4 strongly suggests that the behaviour of customers in relation to carrying cash and being accustomed to card payments has influenced shop owners to adopt platform technologies. This is in line with (Venkatesh et al., 2003) assertion that the degree to which a person believes that other significant people think that they should use the new system plays a role in influencing adoption. One other aspect that talks to social influence are the technology suppliers themselves who externally encourage shop owners to adopt their solutions. This is done through direct contact with the shop owners, and in other instances is done through media adverts and advocacy drives. Big business and fin-tech companies have a huge influence on how consumers and other businesses behave. The work and partnerships championed by companies like JP Morgan Chase, and BFA Global who launched the digital spazas programme testify to this aspect of social influence (Mburu & Winiecki, 2022).

5.1.2.4 Facilitating circumstances

This talks to the extent to which a person accepts that a technological and organisational framework is in place to facilitate the use of the system. The evidence in Chapter 4 tells us that all the participants have confidence in the technological and organisational infrastructure provided by the fin-tech companies operating in the spaza shop environment. Due to the fact that no direct question relating to this aspect was asked, this study is limited in terms of the claims that can be made about this. However, given the confidence shown in the responses of participants, it can be deduced that the participants have confidence in the infrastructure and the organisations they are dealing with. However, according to a recent World Economic

Forum white paper, SMEs are currently at a low to moderate level of technical maturity (Hardenberg, 2022). There were areas where a participant indicated their dissatisfaction with the disturbances experienced in terms of cash flow over weekends, however this has not been enough to discourage them to continue with the system. The low cost of these solutions has also been a positive factor in terms of boosting the confidence of shop owners to adopt and continue using these solutions.

5.2 Conclusion

There are several technological solution providers in the spaza shop space, this includes banks and other providers like Pamodzi, Shop2shop, Kazang, Pick n Pay and A2Pay. The adoption of these technologies has allowed SA spaza shop owners to be better connected to financial capital systems. The technologies seem to mitigate internal stock theft as they have given shop owners the ability to better control their inventory. Fin-tech companies' role in the skills development and education of spaza shop owners is invaluable, even though evidence suggests that more needs to be done, as only Pick n Pay invests in more time, and presumably money for training. This study only sought to identify the technologies being used and recommends that future research efforts focus on how these technologies work in more detail. The findings confirm the assertions made in the UTAUT model, albeit with need for more evidence needed to prove some claims made by participants, like those of being more profitable. This is because there was no documentary evidence made available to the researcher that confirms profitability beyond reasonable doubt.

CHAPTER 6.

CONCLUSIONS & RECOMMENDATIONS

This chapter will wrap up the study by summarising the major findings in relation to the study's goals and objectives, as well as its importance and contributions. It will also suggest potential areas for future investigation. This research paper sought to understand if the current platform business solutions are sustainable to provide economic participation of the South African Spaza Shop ecosystem. It also sought to identify the current platform business solutions used by the South African owned Spaza shops as well as determine if the current platform business solutions benefit the South African Spaza Shop ecosystem.

6.1 Conclusion of the study

In conclusion, this research paper posits that the prevailing platform business solutions in the hands of spaza shop owners are sustainable to provide economic participation opportunities in the SA spaza shop ecosystem. This conclusion is based on the testimonies and experiences of shop owners who were interviewed for this study. Through semi-structured interviews with ten spaza shop owners based in Soweto, this research paper has established that since adopting platform technologies, SA spaza shop owners now run more profitable businesses compared to when they did not have technologies at their disposal. This profitability is a direct result of the impact of platform technologies which have allowed spaza shop owners to better control their merchandise, track their stocks and identify good and bad performers.

Spaza shop owners have also realised profitability because the systems have enabled them to be more efficient. Instead of running their enterprises manually, shop owners now use technologies to do tasks like stock taking, placing orders and

general cash-flow management. Thus, the systems have resulted in massive time savings for the shop owners, allowing them to focus on other functions in the shop. This talks to shop owners becoming more business savvy, because of improved business skills. The research results also indicate that retail giants and fin-tech companies operating in this space invest resources in training technology and solution adopters. While the training that is provided varies in nature and quality, it is still playing a critical role in the development and training of shopkeepers.

All of the above benefits including the fact that shopkeepers now have improved record keeping, has resulted in shopkeepers standing a better chance to access financial resources. These can be in the form of bank loans, capital investments from various institutions of government as well as funding from the technology providers they are currently working with. Companies like A2Pay have loan options for select or performing shop owners, while Pick n Pay gives shop owners access to their infrastructure and resources. While shop owners have gained some access or are in a better position to gain access to financial capital, there is still room for more improvement.

6.2 Study limitations

While the UTAUT model focuses mainly on individual-level factors that influence technology adoption and use, such as perceived usefulness and ease of use, and while it may not account for broader societal or cultural factors that may impact adoption and use, this research study has attempted to elucidate some societal and cultural aspects that impacted on the adoption of technology. One of the key limitations of this study given its use of the UTAUT model is that there is lack of consideration for resistance to adoption of platform technologies.

6.3 Suggestions for further studies

Future studies can focus on shopkeepers who resist technological change and adoption. This will open up avenues of comparative studies between adopters and non-adopters of platform technologies. Such an investigation will also allow vendors

to better refine and customise their offerings, while offering researchers to better understand factors that contribute to resistance to adoption of technologies in this sector.

6.4 Recommendations

The findings of this study are valuable because they give us a picture of some of the activities and innovations that SA shop owners are taking in order to survive and remain relevant amid an onslaught of competition from foreign traders, as well as a tough economic environment. The study also sheds light on the various retail and fin-tech companies that are involved in the spaza ecosystem. The findings suggest that there is a healthy number of solution providers in the space, which in turn signals the existence of healthy competition, and the availability of different solutions for spaza shop owners. This research paper makes a small contribution to the understanding of the role, and survival tactics of SA spaza shop owners in relation to the use of technology in their businesses. Other researchers can use this work as but one of the many scaffolds available to future researchers in this space.

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