The effectiveness of the Gauteng Informal Business Upliftment Strategy on spaza shops operating in the Alexandra Township, South Africa.

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Declaration

Declaration on Plagiarism

I, Jabulani Buthelezi 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 Masters in Public Policy University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Signed at 56 Elloff Street, Marshaltown, Johannesburg

<u>Jabulani Buthelezi</u>   On the 20th day of March 2023
Signature Date

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Abstract

The competitiveness and profitability of spaza shops owned by South Africans which operate in townships has been eroded by the settling of large retailers and immigrant owned spaza shops. With this challenge in mind, the Gauteng Department of Economic Development (GDED) developed the Gauteng Informal Business Upliftment Strategy (GIBUS). The overarching objective of this policy is to develop informal businesses such that they become more productive, competitive, profitable and are able to create employment (GIBUS, 2015).

Spaza shops that operate in the Alexandra Township are faced with unbearable competition due to the large retailers that have settled into both the Pan African and the Alexandra Mall. This challenge as experienced by South African spaza shop owners has also been exacerbated by the infiltration of immigrant owned spaza shops. In this regard, the purpose of this research study is to examine the effectiveness of the GIBUS in improving the competitiveness and profitability of spaza shops owned by South Africans in the Alexandra Township.

This research study follows a positivism paradigm. Quantitative research techniques were used for the purpose of data collection and analysis. The research design applied is cross-sectional. A questionnaire was used for the purposes of data collection and non-random purposive sampling was applied as a sampling strategy.

The results from this research study indicate that for the majority of the respondents, their revenue did not increase and that they were also not able to create employment opportunities. This is against the backdrop of them having received both non-financial and financial support from the Gauteng Enterprise Propeller. Therefore, the support received did not assist them into being more competitive and profitable.

This research study recommends that the both the non-financial and the financial programmes of the GIBUS be amended and be implemented more rigorously. In addition to this, accompanying initiatives to both the financial and non-financial programmes are recommended.

Table of Contents

Contents: ……………………………………………………..……………………………..Page

List of Figures

List of Tables

List of Abbreviations

BEDC	**Basotho Enterprise Development Corporation**
CIPC	**Companies and Intellectual Property Commission**
COGTA	**Cooperative Governance and Traditional Affairs**
DTI	**Department of Trade and Industry**
FMCG	**Fast Moving Consumer Goods**
GDED	**Gauteng Department of Economic Development**
GEP	**Gauteng Enterprise Propeller**
GPG	**Gauteng Provincial Government**
IDC	**Industrial Development Corporation**
ICTFU	**International Confederation of Free Trade Unions**
ILO	**International Labour Organization**
IGR	**Inter-governmental Coordination**
ISEDS	**Integrated Small Enterprise Development Strategy**
MFI	**Micro Finance Institution**
MMSME	**Ministry of Micro, Small and Medium Enterprises**
NIS	**National Institute of Statistics**
NSDA	**National Small Development Act**
NSDS	**National Skills Development Strategy**
NSBS	**National Small Business Strategy**
R&D	**Research and Development**
SAP	**Structural Adjustment Programs**
SARS	**South African Revenue Services**
SMAF	**SME Access to Finance Index**
SEDA	**Small Enterprise Development Agency**
SEFA	**Small Enterprise Finance Agency**
SEDCO	**Small Enterprise Development Corporation**
SEZ	**Special Economic Zones**
SSSP	**Spaza Shop Support Programme**

TEA	**Total Entrepreneur Activity**
TDAF	**Technology Development Assistance Fund**

Chapter 1: Introduction

1.1. Background

In the apartheid era, the South African township retail landscape was dominated by general dealers (Malgas and Zondi, 2019). Strydom (2006) refers to the South African township general dealers as the “folklore” of South African retailing. This expresses the extent to which these general dealers were engraved into the township retailing tradition. Unfortunately, these retailers are purported to have been under-resourced from a product perspective, and this negatively impacted on the quality of service that they provided to their customers (Strydom, 2006). In addition, the state of the township retailing infrastructure was also of a poor standard as those entrepreneurs who ventured into general dealer retailing did so with their own funds; government support was still exclusionary. Therefore, the inhabitants of townships were served by elementary township retailers. It is for this reason that some of the township inhabitants utilized these general dealers as convenience stores and bought a significant amount of their groceries outside of the township. Moreover, it should be noted that whilst general dealers operated in small shopping centres, townships inhabitants were also served by spaza shops in convenient locations which at times, where from a room in a house or a garage (Strydom, 2006).

The township retailing landscape has since changed with the dawn of democracy, and this has been contributed to by a number of factors. Firstly, it is argued that general dealers have been displaced by the advent of shopping malls (Malgas and Zondi, 2019). This situation is somewhat due to the fact that the residents considered poor the state of infrastructure and product variety from these general dealers, whereas new mall developments are more appealing and thus more attractive to customers. Secondly, the government has prioritized township retailing infrastructure such that it be properly planned and developed to meet the retailing needs of the customers who reside in these townships (Strydom, 2006). Thirdly, since the 1990s, many township inhabitants have advanced to a middle-income group, which has uplifted their purchasing power (Ligthelm, 2008). Therefore, these large retailers have settled into townships in a bid to capture the increased purchasing power of these townships inhabitants and to also expand their market share. Fourthly, the demise of the general dealers left township inhabitants with spaza shops which have increased in number, albeit their operation is informal (Malgas and Zondi, 2019).

Spaza shops are a means through which consumers and particularly, low-income consumers, are able to acquire groceries (Makhitha, 2017). From the spaza shop owner perspective, a spaza shop is a normal business which ought to operate in the realms of profit and employment creation. It is for such reasons that spaza shops in South Africa are recognized as a subset of Small, Medium and Micro Enterprises (SMME) in-spite of their informal operation (Perks, 2010). There are inherent advantages to owning and managing a spaza shop in comparison to a large retail. These advantages are presented by the personal service, credit facilities, location and convenience that spaza shops offer to their clientele (Makhitha, 2017). Ideally, these advantages ought to work towards the competitiveness and profitability of the spaza shop. However, spaza shops and many other micro-enterprises in South Africa cease to exist within a short period of time after establishment (Hare and Walwyn, 2019). The estimate is that 40% of new micro-enterprises in South Africa fail within the first year of their establishment and this business failure percentage increases to 60% in the second year (Bushe, 2019).

This is due to both internal and external challenges that spaza shops are confronted with. Amongst the external challenges, is the fierce competition that is as a direct result of the establishment of malls in townships and the subsequent settling of large retailers in these malls. One such township wherein spaza shop owners are confronted with this challenge is the township of Alexandra. The development and operation of the Pan African Mall as well as the Alexandra Mall brought with them large retail chains in the form of Pick ‘n Pay and Shoprite Checkers. The presence of these large retailers poses a survival threat to spaza shops from a competitive perspective (Makhitha, 2016). In regard to internal challenges, Tengeh and Mukwarani (2017) outlines them as limited start-up capital; lack of collateral; and limited networks. Nonetheless, both the National and the Gauteng Provincial Government (GPG) have demonstrated their commitment towards the informal economy of which spaza shops are a part of, by developing and promulgating the National

Informal Business Upliftment Strategy (NIBUS) and the Gauteng Informal Business Upliftment Strategy (NIBUS) in 2014 and 2015 respectively.

The GIBUS provides strategic direction that guides the design and implementation of the non-financial and financial interventions between the provincial and local government whilst also aligning these interventions to the national sphere of government (GIBUS, 2015). This policy has been developed specifically to address developmental challenges of the informal economy such that businesses operating in this sector become more productive, profitable, competitive and are able to create employment (GIBUS, 2015). The strategic objectives of the GIBUS is anchored by 5 Key Focus Programmes (2015) which are:

- Non-financial support and after-care;
- Economic infrastructure facilities;
- Review of policies, regulations and by-laws;
- Law enforcement and proper monitoring systems; and
- Supporting informal trading in the townships.

These Key Focus Programmes are discussed as follows.

Key Focus Programme 1, Non-financial support, After-care and Mentorship:

Inherent in the vision of the GIBUS is that informal business graduate to become sustainable and competitive SMMEs (Gauteng Department of Economic Development, 2015). With this vision in mind, there is a need for informal businesses to register their businesses with the CIPC; meet the requirement of the municipalities in their jurisdiction for trading space allocation; receive technical and business management skills; and receive the necessary and sufficient tools of trade.

The lack of trading premises and space was highlighted as key amongst the challenges that informal traders are faced with (Gauteng Department of Economic Development, 2015). This implies that an informal trader that has spotted and opportunity to trade will not take advantage of this opportunity given the non-availability of trading premises or prohibition through municipal by-laws. This is considered as a deterrence to the growth of the informal sector. Coupled together with the need for trading premises is training on business management and CIPC registration for those who wish to formalize their informal businesses.

The Gauteng Department of Economic Development (2015) recognizes that there is a need to strategically focus on the skills training made for informal traders. This is important given that the majority of those who operate informally are not in possession of matric certificates. Therefore, it can be inferred that their education background does not bode well for their aspirations to grow their businesses. It is for this reason that the Gauteng Department of Economic Development (2015) recommends the provision of Adult Basic Education and Training (ABET) as a first measure of training provision for informal traders.

It is envisaged that this training will provide the informal traders with the basic skills from which their up-skilling can be built from. Institutions of higher learning in collaboration with the relevant Sector Education and Training Authority (SETA) are recommended to provide this standardized training (Gauteng Department of Economic Development, 2015). This will assist in terms of ensuring that training is standardized and beneficial from a content perspective to its beneficiaries.

The Gauteng Department of Economic Development (2015) also advocates for the formalization of informal businesses for those who want to benefit from government's procurement opportunities. The GIBUS (2015) recommends this registration process to be facilitated by the Gauteng Enterprise Propeller (GEP). In this manner, the informal traders will be eased of the pressure of having to undergo a registration process that they by themselves find hard to understand and comply with.

Furthermore, it is imperative that after-care and mentorship be provided to those who have accessed any government assistance in order to track progress and to be pro-active in solving challenges. The number of informal traders expected to benefit from this pillar was targeted at 2000 for the 2015-2016 financial year. These beneficiaries are expected to increase by 2000 beneficiaries for each year starting from the 2015-2016 financial year (Gauteng Department of Economic Development, 2015).

Key Focus Programme 2, Shared Economic Infrastructure Facilities**:**

In a bid to address the lack of trading premises and space challenges, the GIBUS recommended the provision of trading premises through the Shared Economic Infrastructure Facilities pillar (Gauteng Department of Economic Development, 2015). It should be considered that "Economic Shared Infrastructure Facilities" also refers to storage and warehousing. This pillar advocates that the DTI and the local municipality in need of such infrastructure collaborate to share (50:50) of the costs involved in establishing the trading infrastructure needed. However, this fund is capped at R5 million per trading facility. An amount of R90 million was proposed as a budget for this pillar.

Moreover, this pillar recommends that municipalities should apply a quota system for trading premises. This quota system is set at 95% for South African informal traders and the remaining 5% is left for legal immigrants who operate in this sector (Gauteng Department of Economic Development, 2015). This trading premises quota system is aimed at reducing the competition that South African informal traders are faced with arising from immigrants who are more competitive than they are. This is also a measure to certify that South African owned businesses are enabled to become sustainable as the majority of South Africans are not sufficiently skilled to occupy professional occupations. In this regard, the informal sector provides a buffer for those who are in lack of skills and thus cannot occupy professional positions. Therefore, it makes sense that the majority of the trading premises available within each municipal region should be mostly allocated to South Africans.

Key Focus Programme 3, Review of Policies, Regulations and by-laws on Informal Business Sector**:**

This pillar advocates that municipalities need to develop their own informal sector policies that are in alignment with the GIBUS (Gauteng Department of Economic Development, 2015). Furthermore, these policies should accommodate the regional complexities of these specific municipalities (Gauteng Department of Economic Development, 2015). With this approach in mind, municipalities are afforded the opportunity to ensure that their policies encompasses the specific needs of the informal traders in their locality. Moreover, localized policies also assist municipalities in making funds allocation as per the demands of their localities and to also request assistance when necessary, from the relevant national departments for the development of the informal economy. Therefore, municipalities that are in lack of funds to achieve their targets will be assisted with funds to use in realizing these targets.

Key Focus Programme 4, Law Enforcement and Proper Monitoring System**:**

This pillar advocates that a centralized monitoring systems is needed to assist law enforcers in easily identifying legal informal traders against those who are trading illegally from a registration perspective. This should lead to a reduction in the unnecessary confiscations of goods and thus hostilities between the informal traders and law enforcers. For this happen, the system needs to be accessible to law enforcers. Moreover, it is asserted that a well-functioning and managed system will increase revenue collection for the municipalities and minimize corruption and sub-letting of trading premises (Gauteng Department of Economic Development, 2015). There is a further recommendation that recommends that this system be digital as the manual systems are more prone to human error.

Key Focus Programme 5, Supporting Informal Trading in Townships**:**

This pillar has a specialized focus on spaza shops and their development. Key amongst the initiative from this pillar is to organize spaza shop owners into bulk-buying. This initiative is aimed at enabling spaza shops to be competitive and profitable as goods sold by these spaza shops will be bought at a considerably lesser amount than when bought individually by spaza shops. As an enabler to this initiative, the GPG aims to construct warehouses wherein stock will be safely kept and distributed to the individual spaza shops. This pillar also advocates for the construction of flea markets and prioritization of informal traders selection in occupying trading stalls in malls. An amount of R60 million was the recommended budget for this pillar; focus is placed more on bulk-buying initiatives.

The implementation responsibility of this strategy at the Gauteng Provincial sphere of government, is entrusted to GEP which is a subsidiary of the Gauteng Department of Economic Development (GDED). GEP is mandated to, amongst its other key responsibilities, to provide business and financial support towards the sustainability and growth sustainability of small enterprises (Gauteng Enterprise Propeller, 2021). Therefore, the GIBUS is well placed for execution by GEP given its mandate. Key implementation activities include, but are not exhausted to, provision of business management skills; provision of tools to trade; grant funding; provision of mentorship guidance; and negotiation and formation of bulk-buying initiatives.

Given this context, wherein spaza shops are confronted with challenges as stated above and the subsequent promulgation of the GIBUS, it is important to establish the effectiveness of this policy in regard to ameliorating these challenges. It is important that the effectiveness of this policy be established given the potential employment creation and poverty alleviation benefits that can accrue from a well-developed and sustained spaza shop sector in this township.

1.1 Problem Statement

Albeit spaza shops have been able to take advantage of the retail opportunities that exists within townships, their growth has been hampered by a number of factors. Key amongst these factors is competition from large retailers (Tengeh and Mukwarami, 2017). These authors (Tengeh and Mukwarami, 2017) further state that the South African township spaza shops were able to survive and grow prior to the increased competition that has been presented by large retailers. Lighthelm (2008) and van Scheers (2010) refer to this competition as presented by large retailers as “unbearable”. Therefore, it can be inferred that the settling of large retailers in townships is a major contributor towards the lack of competitiveness of spaza shops in townships.

The settling of large retailers in South African townships is a phenomenon that has gained traction over the last two decades (Strydom, 2015). In Soweto alone, there have been 5 shopping mall developments between 2004 and 2007 (Ligthelm, 2008). In the Alexandra Township, the Pan African Mall was opened officially opened for operation in 2009 whilst the Alexandra Mall was opened 8 years later, in 2017. Both these malls “house” large food retailers amongst other retail chains. These large retails chains have moved into this township and various other townships as an expansion strategy on their part (Levy and Weitz, 2001 as cited in Tustin and Strydom, 2006). However, this expansion strategy has been flagged as a concern for spaza shops operating in Alexandra Township. This is based on the reasoning that the products sold by the spaza shops are similar to those sold by the large retailers. In addition to this, these products are sold by the large retailers at reduced prices, which further reduces the ability of the spaza shops to compete from a price and product variety perspective.

These large retailers are able to sell at reduced prices owing to the fact that they purchase directly from suppliers of Fast-Moving Consumer Goods (FMCG) as they have the financial resources needed to purchase at large quantities (Competition Commission, 2019). The availability of this financial resource allows for them to negotiate for themselves predominantly favourable purchase conditions with the suppliers of FMCG which “affords” them the opportunity to sell at lower prices (Competition Commission, 2019). This further strengthens the ability of these large retailers to exert downward pressure on spaza shops from a competitive and profitability perspective as these spaza do not have the financial resources that would enable them to purchase directly from the FMCG. To this end, the presence of large retail stores in townships is considered to contribute towards the decreasing number of spaza shops in townships (Durhum, 2011). This assertion is supported by Madlala (2015) who conducted research on the displacement of informal traders due to the settling of large retailers in the township of Kwamashu; 34% of the spaza shop owners interviewed, stated to have seen the failure and subsequent closure of spaza shops in Kwamashu since the advent of the large retailer.

A considerable number of studies have been conducted to understand the phenomenon of large retailers setting their presence in townships and the consequences that this has on spaza shops and other informal businesses. In one study, Ligthelm (2008) analyzed the effect of shopping mall establishment on the endurance of small informal and formal retailers (spaza shops) that operate in direct competition to large retailers in Soshanguve. Respondents from this survey indicated that the advent of the shopping mall resulted in a decrease in profitability, turnover, stock movement, and product range. In the same vein, Makhitha (2016) conducted a study in Soweto and Johannesburg City Centre that sought to ascertain the challenges that small independent retailers are confronted with and also the impact of these challenges have on their business. Respondents from this survey indicated to have their competitiveness reduced since the advent of large retailers (Makhitha, 2016). Consequently, their businesses have been negatively affected.

Given these challenges, it is imperative to establish the effectiveness of the GIBUS since its promulgation by the GPG in 2015. This is against the backdrop of the aims of the strategy which are to "award support to the informal sector that will allow it to thrive and become more productive, profitable, competitive and are able to create employment opportunities for others" (GIBUS, 2015).

Therefore, the purpose of this research is to establish the effectiveness of the Gauteng Informal Business Upliftment Strategy in increasing the competitiveness and profitability of spaza shops operating in the Alexandra Township. It is essential that the effectiveness of this strategy is established such that the findings can be used to enrich reviewed iteration of this strategy.

1.2 Research Purpose

The purpose of this research study is to establish the effectiveness of the GIBUS in increasing the competitiveness and profitability of spaza shops operating in the Alexandra Township. This will assist in enriching the reviewed iterations of the GIBUS and thus its strategic programmes.

1.3 Research Objectives

The following are the research objectives of this study:

- To investigate the benefit that spaza shops operating in the Alexandra Township have derived from the non-financial programmes of the GIBUS;
- To investigate the benefit that spaza shops operating in the Alexandra Townships have derived from the financial programmes of the GIBUS;

- To investigate the alternative business strategies that spaza shop owners in the Alexandra Township have developed and utilized to increase their competitiveness and profitability; and
- To develop policy recommendations for spaza shops in the Alexandra Township.

1.4 Research Question

The main research question for this study is the following: What has been the effectiveness of the Gauteng Informal Business Upliftment Strategy since its promulgation towards increasing the competitiveness and profitability of spaza shops operating in the Alexandra Township?

Flowing from this main research question, the following are secondary questions:

- How have the non-financial programmes of the GIBUS benefitted spaza shops operating in the Alexandra Township?
- How have the financial programmes of the GIBUS benefitted spaza shops operating in the Alexandra Township?
- What alternative business strategies have spaza shop owners developed and utilized to increase their profitability and competitiveness in the Alexandra Township?
- What policy recommendations do spaza shop owners in the Alexandra Township suggest to improve the effectiveness of the GIBUS?

1.5 Significance of Study

It is estimated that 60% of South African established SMMEs fail within their first two years of establishment and that this percentage increases to 90% within 10 years (Bushe, 2019). Traditionally, the South African Township retail experience has been dominated by spaza shops; this has changed with the advent of shopping malls and thus the infiltration of large retailers into townships (Tengeh and Mukwarami, 2017). Prior the infiltration of large retailers into townships, spaza shops were able to survive and grow. However, the infiltration of large retailers has increased the level of competition in the

South African township retail environment. Ligthelm (2008) and van Scheers (2010) refers to this competition from large retailers as unbearable. Cokayne (2007) and Rolfer et al (2010) assert that small businesses that are located close to shopping malls have experienced a decrease in profits. This assertion is also supported by Durhum (2011) who states that spaza shops are losing customers to large retailers.

Two malls have been opened in the Alexandra Township in the period between 2009 and 2017. These malls have brought with them large retailers in the form of Pick n Pay and Shoprite Checkers. This has negatively impacted on the competitiveness and profitability of spaza shops operating in this township. In the midst of the declining competitiveness and profitability of spaza shops, the GPG has developed the GIBUS. This policy framework is meant to increase the productivity, profitability, competitiveness of the business that operate informally within Gauteng (GIBUS, 2015). In this regard, this research report aims to ascertain the effectiveness of this policy framework in relation to increasing the competitiveness and profitability of South African owned spaza shops that operate in between the 1st and 20th avenue of the Alexandra Township.

1.6 Structure of Report

Chapter 1: Background

Chapter one, firstly outlines the background in regard to the formation of spaza shops and their subsequent importance to the township retailing tradition. Secondly, the problem statement contained in this chapter details how spaza shops have been adversely affected by the development of malls in townships and thus the settling of large retailers in these townships. Thirdly, the objectives of the GIBUS are outlined. The overarching objective of this policy being to address the challenges faced spaza shops and to also ensure that they become profitable enterprises.

Chapter 2: Literature Review

Chapter two, firstly covers the history behind the formation of the informal economy and its economic importance and draws relations between the informal economy and spaza shops. Secondly, this chapter explains in detail what a “spaza shop” is and further outlines the challenges faced by South African owned spaza shop owners. Thirdly, the South African food retail industry is described in detail and also the impact that this structure has on spaza shops.

Chapter 3: Research Methodology

Chapter three, firstly outlines the research strategy for this research report which is quantitative with a cross-sectional design questionnaire. Secondly, these questionnaires will be answered through face-to-face interviews. Thirdly, non-random purposive sampling will be utilized in choosing the respondents.

Chapter 4: Data Presentation and Analysis

Chapter four presents the data compiled from the surveys undertaken. It covers issues around the demographics of the owners of the spaza shops; impact of both the financial and the non-financial support received on spaza shops in Alexandra; and it also presents the relationships that exists between variables. These variables are presented by revenue increase, financial support and training. Overall, this chapter depicts the impact that both the non-financial and the financial support has had on the interviewed spaza shops**.**

Chapter 5: Discussion of Results

Chapter five presents the findings from the surveys undertaken. In a nutshell, it provides a holistic picture of the extent of benefit derived by spaza shop owners since the promulgation of the GIBUS. In discussing the findings, this chapter responds to the research objectives of this research study**.**

1.7 Conclusion

South African Large retailers have infiltrated townships as an expansion strategy on their part. In this particular instance, the opening of the Pan African Mall and the Alexandra Mall has brought with it large retailers in the form of Pick n Pay and Checkers into the township of Alexandra. This have contributed to the spaza shops in this township being less competitive and thus less profitable. Nevertheless, the Gauteng Department of Economic Development promulgated the GIBUS which is a policy directive that seeks to have an informal sector that is productive, competitive and profitable. In this regard, it is imperative to ascertain the effectiveness of the GIBUS in relation to spaza shops operating in this township since its promulgation in 2015.

Chapter 2: Literature Review

2.1 Introduction

This chapter initially explains the meaning of the informal economy as spaza shops fall under this realm of the economy. Spaza shop specific challenges are then discussed as these are growth inhibiting. Thereafter, informal economy policy imperatives are discussed and this is drawn from African countries, namely; Zimbabwe; Namibia; Cameroon; and Ghana. The objective of this section is to illustrate the developmental and destructive nature of government led-policy implications on the informal traders of those countries. This illustration is important considering that the South African government has also developed and is implementing informal trading policies that seeks to develop the informal sector. These policies are in the form of, as previously mentioned, the NIBUS at the National Government and the GIBUS at the Gauteng Provincial Government.

This chapter also reflects how other research studies have measured the effectiveness of certain policies. This is demonstrated largely by the use of variables that are critical in measuring the effectiveness of a policy in regard to the change that this policy has had on the socio-economic conditions of that particular country or region. Lastly, this chapter explores and discusses Social Capital Network and Local Economic Development (LED) as theoretical frameworks applicable for this study.

2.2 Informal Economy

Since its discovery in 1973, the socio-economic importance of the informal economy in African development has been debated and examined by policy-makers and researchers (Rogerson, 2016). The informal economy captures those who own informal businesses. The terms “informal” is mostly used to refer to measures undertaken to make a living outside of the formal wage economy; some people use this measure to either supplement their formal wages or are solely dependent on it (Edusah, 2013). As per the International Labour Organization (ILO) (1972), the informal economy is described by a number of attributes which are: ease of entry; enterprises owned by a family; dependence on indigenous resources; operation that is small in scale; methods of production that are labor-intensive and adapted technology; skills utilized by the informal traders are gained outside of the formal school system; and competitive and unregulated markets.

The first attribute provides insight that the informal sector does not have barriers to entry and that any individual who identifies and opportunity to trade and has the means to start trading is not prohibited in doing so (Njaya, 2015). The second attribute implies that informal businesses can be jointly owned by family members and that start-up capital is mostly organized through family members in the event of an entrepreneur lacking in start-up capital (Kirkpatrick 1984 as cited in Edusah, 2013). The third and fourth attributes refer to informal businesses using old methods of production or raw resources for the purposes of selling or as inputs and that these businesses are miniscule in regard to size and the business activities undertaken (Njaya, 2015). The fifth attribute refers to the labour intensity of these small operations as old methods of production are mostly in use and machinery is largely unavailable due to finance constraints (Steel 1977 as cited in Edusah, 2013; Njaya, 2015). Lastly, due to the ease of entry, these informal business operations are subjected to high level of competition as there is also no product variety. In the South African spaza shop instances, the penetration of large retailers as well as immigrants in the townships retailing experience bears reference.

These informal business activities are seen as miniscule in regard to broader macroeconomic contribution, but are very significant to the entrepreneur involved as this may be their only source of income (Venter and Urban, 2015). In the broader scheme, there is convergence by governments and donor agencies towards the realization of the informal economy as a catalyst for development as macroeconomic reforms have not yielded the desired outcomes in employment and income generation (Edusah, 2013). Therefore, the high prevalence in Africa of informal markets and the accompanying entrepreneurs who participate in it should be understood from this context (Rogerson, 2016). Nevertheless, Ledingoane and Voljoen (2020) assert that informal employment is considered as a viable option that applies also to high- and middle-income countries. In this regard, the informal economy cannot be considered as a poor or developing economy phenomenon only.

Therefore, it is of no surprise that the informal sector is expanding as opposed to shrinking (Rogerson, 2016). Support to this assertion is provided through a study conducted by Abrahams and Pogue (2012) in the eThekwini Municipality in 2012. Findings from this study are that informal trading generated sales amounting to R36 629 500 in 2012; 98% of these informal businesses generated employment between 1 and 3 employees (Abrahams and Pogue, 2012). Furthermore, the growth in informal trading is also partly explained by the economic linkages that this sector has with the formal sector. The majority of the goods that are sold in the informal sector are produced in the formal sector; this represents the dependence of the informal sector on the formal sector. Nevertheless, the informal sector also contributes significantly towards increasing the sales of the formal sector. In this regard, it can be inferred that there is a symbiotic relationship between the two sectors.

2.3 What is a Spaza Shop?

The South African retail sector comprises of both the formal and informal sector. The formal sector is made up of Spar, Shoprite, Woolworths, Pick ‘n Pay and Massmart (Makhitha, 2016). Combined, these large retailers constitute 60% of the South African food retail market share (Makhitha, 2016). The South African retail industry is ranked 20th largest market in the world and is considered as the biggest in Sub-Saharan (Strydom, 2015). This is an indication of the dominance and superior business advantage that these larger retailers have over the less established and feeble informal retailers. On the other hand, the informal sector is made up of street vendors, spaza shops and hawkers; these are mostly located in townships (Makhitha, 2016). These informal traders or workers either supplement their income through informal economic activities or are wholly dependent on it.

Ligthelm (2004) defines spaza shops as businesses that operate from a portion of a stand that is zoned for residential occupation. The term “Spaza” is taken from the South African language called isiZulu and it means “hidden” or “camouflaged” (Bear, 2005; Terblanche, 1991). Originally, these spaza shops were hidden and camouflaged as a result of the prohibition by the apartheid led government law for black people to own and run businesses. Therefore, those spaza shop owners who saw the opportunity and the need to run a spaza shop had to be creative in the manner in which they met the daily township demand for groceries (Tawodzera, Tengeh and Kgaphola, 2019).

Therefore, the stand from which spaza shops operate are zoned for residential purposes and this further implies that the space given for the operation of this spaza shop is small in nature. Given the small nature of the operating space, the product variety and potential of this spaza shop is limited. Furthermore, spaza shops are largely self-funded or financed through loans from relatives (Ligthelm, 2002). In spite of these challenges as experienced by spaza shop owners, Makhitha (2016) estimates that over 100 000 spaza shops exist in South Africa.

Lidedeman, Charman, Piper and Petersen (2013) assert that spaza shops form a critical component of the economy in low-income communities as they provide a variety of services to such communities. Key amongst this provision of services, is a means through which low-income consumers can access groceries (Makhita, 2017). These spaza shops are characterized by lower prices, personalized customer service, credit facilities, location advantage and convenience (Makhitha, 2017). Given the socio-economic status of most townships, it is important that credit facilities for necessity purchases are available; this is a facility that spaza shop make available to their loyal customers. Moreover, spaza shops also operate for extended hours which provides township inhabitants the opportunity to meet their basic needs beyond the normal hours of work. Added to this, is the convenience that they offer in regard to being in close proximity to their clients.

Verna (2006) as cited in Khumalo, Mthuli and Singh (2019) state that informal trading (spaza shops) are highly important in developing countries and also in disadvantaged communities as they are a means of survival for poor people. Spaza shops in particular, offer owners the opportunity to sustain their livelihoods and that of their families (Khumalo et al, 2019; Tawodzera et al, 2019). Furthermore, employment is also created wherein the owner of a spaza shop needs assistance in the running of a spaza shop. These positive economic spill-over effects may seem negligible, but they are substantial to a person that does not have any other means of income and is solely dependent on the success of a spaza shop. Studies conducted by Hikam and Tengeh (2016) also point to the circulation of money within townships that is facilitated by the operational spaza shops. Nevertheless, the potential growth of spaza shops is curtailed by challenges which are explained in the below section.

2.3.1 Spaza Shop Challenges

2.3.2 Competition from Large Retailers

The apartheid era township retail "structure" was dominated by small, and mainly informal retailers; these retailers served the grocery needs of low-income township inhabitants (Strydom, 2008). With the dawn of democracy, there has been a drastic shift in the township retailing experience as large retailers have settled into townships in a bid to capture and dominate the township market. The need to dominate and capture the township market has risen as a result of the economic upliftment that township inhabitants have experienced since the dawn of democracy (Strydom, 2008). Furthermore, these large retailers have found the urban areas to be saturated and thus cluttered with heightened competition (Strydom, 2008).

The oligopolistic character of the South African retailing industry is reflected by the dominant market share that the few retailers have over the whole country. Makhitha (2016) posits that large retailers in South Africa have a 60% market share. This market share is divided only between five retailers who are Pick 'n Pay, Spar, Checkers, Woolworths and Massmart. The settling of large retailers into township markets has increased the level of competition that spaza shops have to contend with. Woodward, Rolfe, Ligthelm and Guimaraes (2011) consider the settling of large retailers into townships as the biggest challenge facing spaza shops. Ligthelm (2008) refers to this competition as unbearable.

Several studies have been conducted to authenticate the negative impact the settling and presence that large retailers in townships have on spaza shops. Makhitha (2016) conducted a study in Soweto and the Johannesburg City Centre that sought to identify and determine the challenges facing independent retailers. This is against the backdrop of the development of the Maponya Mall in 2007 and many other shopping centre developments (Makhitha, 2016). Results from this study point out that 87% of the respondents identified competition from large retailers as a major constraint to their development (Makhitha, 2016). This is largely attributable to the larger retailers settling in formerly disadvantaged townships (Makhitha, 2016). Results from this study are also supported by a study conducted by Ligthelm (2008). This study analyzed the effect that a newly established shopping mall had on small informal traders in Soshanguve; this study was inspired by the opening of two adjacent malls in this township in 2006 (Ligthelm, 2008). Respondents from this study indicated to have turnover decrease by 66%; profitability by 61%; stock movement 57%; and product range 59% since the advent of the malls (Ligthelm, 2008).

The interest displayed by large retailers in capturing the township market is also understandable considering that a substantial number of township inhabitants have had a meaningful economic role to play from a job perspective since the dawn of democracy and this has increased their purchasing power. Moreover, these large retailers have found urban areas to be saturated with competition from other large retailers. Therefore, townships provided an opportunity for expansion.

2.3.3 Competition from Non-South Africans

A structural change within the South African informal trading sector has been brought by the “birth’ of democracy (Segatti, 2011 as cited in Malgas and Zondi, 2019). The structural change herein referred to is presented by the gradual infiltration of foreigners into South African townships and their subsequent establishment of spaza shops. This is as a result of democracy and the openness of the country towards the settling of foreigners into the country. Those foreigners that have been able to penetrate the South African township retailing experience have begun to outcompete South African owned spaza shops. Dentlinger (2009) as cited in Tengeh and Mukwarami (2017) supports this assertion by stating that South African spaza shop owners have limited capital, product range and distribution networks. The existence of these challenges as faced by South African owned spaza shops are partly attributable to the suppressive apartheid legislation that rendered

Black South Africans lacking in financial resources and business managerial experience (Tengeh and Mukwarami, 2017). Even though the South African government has made strides into alleviating business-related challenges for South Africans, financial access still remains as a challenge.

It is for these reason that South African owned spaza shops are still confronted with this challenge. In instances wherein capital has been raised, it usually is from family members or relatives (Tengeh and Mukwarami, 2017). Nevertheless, such capital has proven to be insufficient in meeting all the start-up requirements of spaza shops and this further disadvantages the formation phase of the spaza shop. This is particularly true for spaza shops that operate in environments wherein competition is rife. Starting from a disadvantaged position, it is almost impossible for the spaza shop to attract customers and to be competitive against those who have been in business for a considerable period of time.

The inaccessibility of finance further constrains the product range available for stocking and reselling (Tengeh and Mukwarami, 2017). This leads to the clientele of the spaza shop developing a negative perception over spaza shops given the constant non-availability of products. Moreover, South African owned spaza shops do not form buying cooperatives in order to qualify for discounts which would also enable them to be price competitive (Hare and Walwyn, 2019). The reason attributed to their inability in forming buying cooperative is the mistrust spaza shops owners have amongst one another (Hare and Walwyn, 2019). These pointers reflect the undesirability of the distribution networks that the South African owned spaza shops operate under.

Spaza shops owned by South Africans are in continuous stagnation and decline (Hare and Walwyn, 2019). This is partly attributable to the socio-economic challenges that South Africa is faced with. In some instances, the lack of job opportunities drives people into running spaza shops. This assertion is supported by the statistics that unemployment rate in South Africa was recorded at 34.4% for the second quarter of 2021 (Statistics South Africa, 2021). This implies that proper market research and competitive drivers were in lack when the spaza shop was conceptualized and they continue to be in lack once it is opened. Moreover, these spaza shops are established from feeble budgets and loans.

All these factors do not contribute positively an advantage for the local spaza shops owners. On the other hand, one finds that the immigrant owners spaza shop have to their advantage effective distribution networks, bargaining power, access to capital and price competitiveness (Tengeh and Mukwarami, 2017; Hare and Walwyn, 2019). The availability of these advantages to the immigrant owned spaza shops provides them an opportunity to outcompete those owned by South Africans. These advantages available to the immigrant owned spaza shops are attributable to the coopetitive networks that they form (Gastrow and Amid, 2013). Bengtsson and Kock (1999) define coopetitive networks as the aggregation of financial resources and all other resources that are vital for business development.

Inherent in this relationship is the advantage to buy-in-bulk and distribute amongst the coopetitive members. This practice enables the members of this coopetitive network to purchase at discounted prices that translates into them selling at prices which are low in comparison to those charged by South African owned spaza shops (Gastrow and Amid, 2013). Contrary to the use of coopetititve networks that immigrant spaza shop owners use to their benefit, South African spaza shop owners do not have the “appetite” to engage in this sort of relation. Hare and Walwyn (2019) conducted a study in the Alexandra township that sought to investigate the reasons that discouraged South African spaza shop owners from forming coopetitive networks. Results from this study indicate that South Africans are discouraged into such networks owing to mistrust that they have towards one another Hare and Walwyn (2019).

The inability of the South African shop owners to compete with those owned by immigrants has often at times, translated into hostile townships relations. This is illustrated through xenophobic attacks that at times occur in townships (Hikam and Tengeh, 2016). Therefore, there is a need to have South African owned spaza shops be competitive and profitable such that some of these occurrences can be alleviated.

2.3.4 High Transportation Costs

The ability to transport efficiently goods (stock) from a place of purchase to ones' place of trade can positively contribute towards the failure or success of a business. If the transportation costs involved are high, this decreases the amount of money available from profits and thus the money available for re-stocking. Alternatively, if the transportation costs involved are low, there is more money available from profits and also available for re-stocking. Tengeh and Mukwarami (2017) attests to this assertion by stating that the growth of spaza shops is also hindered by the lack of cost-effective transportation networks. The inefficiency of spaza shop owners in transporting stock is reflected in the fact that some use their private cars and taxis in this regard (Kassim and Hendricks, 2002 as cited in Tengeh and Mukwarami, 2017). This infers that there is a limited amount of stock purchased and that the frequency of trips to the place of purchase increases and so does the costs involved.

The challenge of high transportation costs is also attributable to the inability of South African owned spaza shops to form coopetitive networks. Such networks are not only utilized to access bulk-buying discounts, but are also utilized for the distribution of goods purchased (Hare and Walwyn, 2019). This leads to a reduction in transportation costs. Liedeman et al (2013) conducted a study in Cape Town which examined the contrasting approaches to business in regard to foreign owned spaza shops in comparison to those who are South African owned. The foreign-owned spaza shops established and utilized a distribution network for its goods and that this practice reduced their transportation costs. This is an ideal situation to operate in seeing that the ordering of goods for reselling in the spaza shop is coordinated and professionalized as opposed to being undertaken as a random act.

In a similar study conducted by Gastrow and Amid (2013) in the Western Cape, Somalian spaza shop owners reiterated the benefits that they derive from coopetitive networks in that they collectively purchase, share transportation costs and invest in multiple spaza shops.

2.3.5 Lack of Financial Support

Tshuma and Jari (2013) consider the lack of financial support as the biggest challenge faced by informal businesses. A considerable number of spaza shop owners are not employed outside of their spaza shops and thus do not have any form of security that can be used to apply for finance from formal financial institutions. This challenge is made worse by the fact that there is no proper recording of financial information from the spaza shops that they run; this further limits their chances of financial assistance from the formal financial institutions. With this status-quo, these spaza shop owners have to resort to personal savings and loans from relatives (Tengeh and Mukwarami, 2017). Even in this instance, such personal savings are limited from the perspective that these spaza shop owners have other primary needs (family) which tend to take priority over business interests. In the worst case scenario, spaza shops owners have to resort to borrowing from informal sources of finance which ultimately charge exorbitant interest rates (Tshuma and Jari (2013). This implies that the repayment term and instalments are high and “erode” the potential reinvestment into expanding the spaza shop.

The notion of unfavourable access to developmental finance is supported by a study conducted by Perks (2010) which sought to investigate how townships spaza shops manage their businesses. Findings from this study indicate that 29% of those spaza shop was financed through personal savings whilst 16% used their own pension pay-outs and a further 16% used loans from family. Others (20%) accessed loans from formal financial institutions (Perks, 2010). This implies that these spaza shop owners had to meet the lending requirements of these institutions which are represented by the formal employment and thus the availability of a pay-slip and also creditworthiness. Respondents from the survey do not mention any government institutions that advanced any form of financial support towards the establishment of their spaza shop. This does not bode well for the establishment of informal businesses as the government would have either made advancements in terms of grants or provided loans at favourable interest rates.

Results from the study conducted by Perks (2010) are supported by study conducted by Tengeh and Mukwarami (2017). These authors conducted a study in the Nyanga

Township that seeked to understand the business factors that threaten effective start-up of businesses by South Africans. An overwhelming 87% of the respondents agreed that access to finance as a major constrain to starting a business.

In a nutshell, the amount of money available for use in the spaza shop is limited and will not necessarily address the challenges faced by the spaza shop. Those requested from relatives is at times subjected to unreasonable pay-back percentages and this may act as a discouraging factor in requesting an amount that will fully address the challenges of the business.

It is for these reasons that government should be at the forefront of making financial assistance available to spaza shop owners. Through the GIBUS, the GPG has made a commitment to assist spaza shop in this regard.

2.3.6 Lack of Business Skills

Business skills are diversified and are also an important skills requisite in the managing and running of a business. According to Perks (2010), business skills range from, marketing, customer care, finance, purchasing, stock control, storage, labour relations, planning and controlling. The lack of knowledge in either one of these critical business aspects disadvantages the owner into committing mistakes that in most times, have a negative impact on their spaza shop. Rolfe et al (2010) strengthens this assertion by stating that most spaza shop owners establish their businesses without these skills and they suffer the consequences. In fact, both Rolfe et al (2010) and Perks (2010) agree that the absence of such skills makes it difficult for spaza shop owners to cope with demands that comes with growing their enterprises.

In a study conducted by Tengeh and Mukwarami (2017), 55% of the respondents agreed to the view that the lack of business skills is a hinderance to spaza shop start-up and development. As per Nel et al. (2004), South Africans have poor skills set owing to the poor quality of education that South Africans are exposed to from primary and all through to secondary education. This challenge is also exacerbated by the fact that publicly funded training is not appropriate for its intended beneficiaries and that there is little to none private institutions that prioritize training (Nel et al, 2004). In this regard, this country finds itself in a position wherein both primary and high school education is poor and even aspiring entrepreneurs have not been sufficiently prepared to withstand the challenges that come with entrepreneurship. The South African government has made attempts to ameliorate this challenge. This has been promulgated through the National Skills Development Strategy (NSDS). Through this initiative, funding polices; programmes; and new institutions were introduced to invest in skills development (Smith and Perks, 2006). It is for this reason that GIBUS holds the view that non-financial programmes which include training are essential in up-skilling spaza shop owners.

2.3.7 Entrepreneurial Environment

Low and Macmillan (1988) assert that the entrepreneurial environment and its influence on new enterprises is important and is seen as a key consideration for entrepreneurs who wish to establish businesses. Given the importance of the entrepreneurial environment, it is crucial that it be noted that this environment is affected by a multitude of factors which are at most times, outside of the control of the entrepreneur. Urban and Ndou (2019) refers to these factors as regulation of the economy; political and economic institutions; laws and well-defined property rights; transparent and easy procedure in starting a business. The political mandate of the government in control has the capacity to either encourage of discourage entrepreneurship. In a country wherein support is granted to emerging entrepreneurs, the knowledge that government support exists to those who are aspirant and also emerging plays a significant role in the decision to start a business (Valliere, 2010). These entrepreneurs also need to be assured that their properties and assets will be protected by law in instances wherein conflicts and differences arise (Gwartney, Lawson & Holcombe, 1999). Noteworthy as well, is that the processes involved in starting a business should be easy to understand and thus to comply with.

Nevertheless, entrepreneurs in emerging markets are confronted with institutional challenges that discourage and also impede growth prospects of those who are already in business (Peng, Li Sun, Pinkham and Chen, 2009). In such instances, the institutions that are meant to uphold the rule of law are not able to carry out this function and this negatively affects those who are dependent on the state institutions being able to carry out their functions. Meanwhile, a study conducted by Urban (2019) presents that a positive relationship exists between institutional support and SMME growth and performance. This research paper sought to emphasize the importance of institutional conditions on business growth on entrepreneurs in Johannesburg (Urban, 2019).

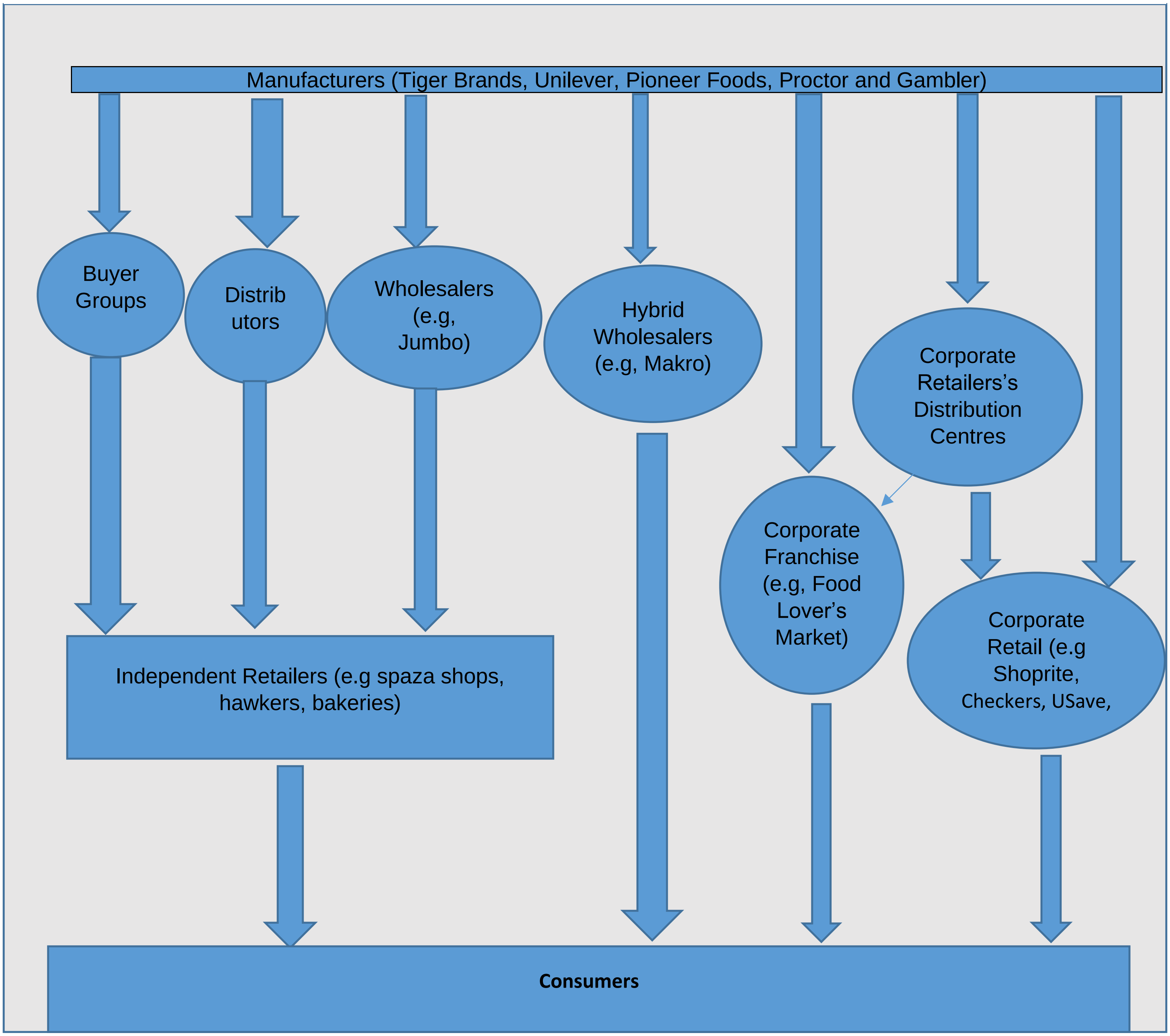
2.4 South African Food Retail Landscape

The advent of democracy brought an end to the apartheid zoning regulations and this propelled large retailers into expanding into not only urban areas, but also into rural areas and townships (Nair, 2018). This is largely attributed to the fact the South African retailing regulation framework is “relaxed” and not subject to any stringent requirements (Competition Commission, 2019). The lack of stringent regulation has led to large retailers settling into informal markets that were predominantly serviced by traditional township retailers (spaza shops). The lack of stringent retail regulation has not only worked to the advantage of the large retailers, but has also afforded the spaza shops some economic benefit. Spaza shops are also easily established for operation as a result of the non-stringent retail regulation; however, chances of them growing into competitive businesses that can compete with the large retailers are slim and almost non-existent (Nair, 2018). There are a number of inherent competitive advantages that large retailers have over spaza shops.

Firstly, as illustrated by table 1 below, these large retailers purchase directly from suppliers of FMCG due to their capacity to purchase large quantities and its accompanying revenue generation capacity for the suppliers (Competition Commission, 2019). Moreover, these large retailers are able to negotiate for themselves predominantly favourable purchase conditions with the suppliers of FMCG (Competition Commission, 2019). This further strengthens the ability of these large retailers to exert downward pressure on spaza shops from a competitive and profitability perspective.

The Competition Commission (2019) attests to this assertion by stating that large retailers are able to negotiate for themselves favourable conditions as those who operate informally (spaza shops) do not even have direct access to purchase from to FMCG suppliers. The need to diversify the customer base of the large retailers has propelled them into establishing mini-retail outlets in township areas wherein malls are not present. This is presented in the form of “USave eKasi” in regard to Shoprite (Competition Commission, 2019). Other expansion strategies outside of the township entail the establishment of mini-outlets in filling stations. For instance, Pick ‘n Pay has taken over the convenience stores at British Petroleum (BP) whilst Woolworths has taken over at Engen (Competition Commission, 2019). All these measures further expand the “footprint” and dominance of these large retailers.

Table 1: South African Retailing Profile



Source: Competition Commission (2019)

Secondly, these large retailers have a well-established distribution network that transmit goods to their individual stores (Competition Commission, 2019). This comprises of a reliable transport mode and technological infrastructure that supports this well-established distribution network. Thirdly, large retailers operate within the nationally accepted retail standards such as pricing, branding and quality. These nationally accepted standards formalize and stabilize the operations of these retailers. In this manner, the customers of these large retailers become familiar with the level of service, product quality, pricing standards and the general manner in which these retailers operate. This obliterates the uncertainty that comes with purchasing from small retailers from a product availability and pricing perspective.

Fourthly, these large retailers have customized their retail outlets and offerings as per the location where they are situated (Nair, 2018). Woolworths mainly targets high-income consumers, but Checkers; Pick n Pay; Spar; and Fruit and Veg City have different strategies targeted at different income group (Nair, 2018). It is for this reason that these large retailers have established mini-retail outlets in the form of Usave, Boxer and Savemore. These outlets target low-income consumers and this expresses the extent to which these large retailers are able to diversify and penetrate markets that they previously were not present in. The dominance of South African large retailers is also seen in the neighboring countries. For instance, South African large retailers have around 60% market share in Zambia, 35% in Botswana and 33% in Zimbabwe (Nair, 2018).

The wholesale level of the South African retailing industry comprises of a number of wholesalers which also include Cash and Carries (Competition Commission, 2019). Wholesalers in this regard are formally registered and independently owned (Competition Commission, 2019). These wholesalers are positioned to sell to both informal retailers (spaza shops) and directly to consumers. This presents an advantage for wholesalers in that they are able to increase their potential customers and thus market share. Buyer groups are integral to the retail supply chain as they allow members to combine financial resources that enables them to make purchases collectively. This advantages the members in that they are able to secure better terms of purchase collectively than they would individually from suppliers of FMCG (Competition Commission, 2019). The dominant buyer groups in South Africa are Unitrade Management Services, Independent Buying Consortium, Shield Buying Consortium and Independent Cash and Carry (Competition Commission, 2019).

Some of these buyer groups require that members pay a joining fee which is then followed up by a monthly member ship fee. For instance, the Elite Star Trading (EST) group requires that members pay an amount of R25000.00 which is then followed up by a monthly fee (Competition Commission, 2019). The joining fee combined with the membership fee makes it difficult for spaza shop owners to join these buyer groups as the financial requirements are steep. This is particularly the case for spaza shops that can hardly meet the daily stock requirement for their customers and are also highly threatened by the expansion strategies into townships by large retailers. An additional benefit to joining a buyer group is that it these groups offer credit facilities to their members which assist in regard to the availability of cash (Competition Commission, 2019).

Nevertheless, the crucial consideration is that spaza shops do not have direct access to FMCG suppliers, but the South African large retailers do have access. This disadvantages these spaza shops from a competitive and profitability perspective. Moreover, spaza shop owners are unable to join buyer groups owing to the high financial demands that are required in order for one to join. The combination of these challenges from a goods purchasing perspective does not bode well for spaza shops.

2.5 South African Informal Economy Policy Environment

As per the South African government's policy context, the significance of this sector was highlighted early on with the advent of democracy. The 1995 White Paper on the National Strategy for the Development and Promotion of Small Businesses committed government in creating a conducive environment in which small enterprises could grow and contribute towards the national economy (Rogerson, 2016). This legislation was shortly followed by The National Small Business Development Act of 1996 (NSBDA). This legislation embedded "survivalist" and micro-enterprises under its definition of SMMEs; all these enterprises were earmarked for government support (Rogerson, 2016). However, not much was achieved from an outcomes perspective in the first decade of government's pronouncements on supporting SMMEs. Rogerson (2016) supports this assertion by stating that only a few of the targeted SMMEs had shown signs of growth and that was partly attributable to limited funding was allocated to programmes geared towards this objective.

Rogerson (2004) opines that the survivalist informal economy was particularly neglected within the first decade of government support initiatives. Poor outcomes as indicated over the first decade in SMME development and informal sector development brought about a reassessment of existing policy frameworks and institutions (Rogerson, 2016). In addition to these measures, The Integrated Small Enterprise Development Strategy (ISEDS) was launched post 2006; this strategy was anchored on expanding access to finance and as well as to address challenges of regulation (Rogerson, 2016). Anyhow, the biggest challenge in regard to the informal sector specifically, was the absence of an informal economy specific policy. The 1995 White Paper on the National Strategy for Development and Promotion of Small Businesses, The NSBDA of 1996 and ISEDS subsumed the informal economy under SMMEs. This implies that the informal economy specific challenges and recommendations were not addressed by these policies.

It is for this reason, amongst others, that the Department of Trade and Industry (DTI) started the development of the NIBUS in 2012.

The objective of this strategy is to offer strategic support and guidance towards creating a conducive environment for inclusion of the informal sector into the mainstream economy (Department of Trade and Industry, 2014). It is envisaged that the support provided will assist in ensuring that the informal sector contributes as much as it can towards economic development and that those who are willing to convert from informally run and into formal businesses are given sufficient support to fulfill this objective. This strategy prioritizes five key economic sectors which are retail, manufacturing, services, agriculture and construction (Department of Trade and Industry, 2014). Moreover, the targeted beneficiaries from this key sectors are specifically rural and township located informal enterprises (Department of Trade and Industry, 2014).

This strategy is premised on the following pillars (Department of Trade and Industry, 2014): Legal and Regulatory Environment; Inter-Governmental Coordination (IGR); Enterprise Development and Promotion; Knowledge and Management Capacity.

This first pillar, Legal and Regulatory Environment pillar seeks to have various government agencies such as the Companies Intellectual Property Commission (CIPC) and the South Africa Revenue Services (SARS) housed in one central location to enable ease of access for informal traders (Department of Trade and Industry, 2014). This is particularly important in terms of company registration formalities and tax obligations requirements. Moreover, this pillar advocates for the development and alignment of municipal by-laws and that they should be developmentally orientated (Department of Trade and Industry, 2014). This implies that these by-laws should rather foster growth and not discourage trade by informal traders. Of course, this growth should take place within the ambits of the law.

The second pillar, IGR advocates for a collaboration of different government departments in working towards the fulfillment of the objectives of this strategy. In this regard, national departments in the form of Cooperative Governance and Traditional Affairs (COGTA), DTI and the Security Cluster are identified as those departments that should collaborate to work towards fulfilling the objectives of this strategy (Department of Trade and Industry, 2014). This pillar also advocates for a collaboration from the three spheres of government. This collaboration is envisaged to enable and ease access to non-financial and financial programmes that the informal sector is in need of in order to facilitate their development (Department of Trade and Industry, 2014).

The third pillar, Enterprise Development and Promotion advocates for the ease of access to financial assistance for informal traders (Department of Trade and Industry, 2014). A plea for the relaxation of collateral requirements is also made in regard to financial assistance that is requested from the private financial intuitions by informal traders. The fourth pillar, Knowledge and Management Capacity advocates for the development of a communication strategy that will be used for the dissemination of information to the targeted beneficiaries of this strategy (Department of Trade and Industry, 2014). This is envisaged to assist the beneficiaries in being aware of the services and assistance that they can access from government institutions that are the forefront of this strategy.

Efforts by state institutions to directly support the development and sustainability of the informal sector is not only seen in South Africa, but it is also seen in other countries as well. Constructive informal sector government policies are reflected in the below section in Zimbabwe and Namibia. In as much as there are constructive informal sector policies, it is worth noting that there are also destructive informal sector policies. Cameroon and Ghana provide illustrations of destructive informal sector government policies in the sections below.

2.5.1 Informal Economy Policy: Zimbabwe

In 2005, informal markets and vending bays in Bulawayo were destroyed as a result of Operation Murambatsvina (Gumbo and Geyer, 2011). This operation was premised on the contravention of the Regional, Town and Country Planning Act of 1996 by the informal sector and through this Act, the City of Bulawayo embarked on a clean-up campaign (Gumbo and Geyer, 1996). Intolerance on the part of the City led to the demolition of both registered, licensed, organized and illegal informal businesses (Gumbo and Geyer, 2011). Events that took place during this operation led to the total destruction of the informal sector in the Bulawayo City. Tibaijuka (2005) estimates that 3 to 4 million Zimbabweans who depended on informal trading were negatively affected by this operation. This signifies the extent to which people in this City depended on informal trading. It is also worth noting that negative spill-over effects in regard to this operation also extended to the dependents of these informal traders. Therefore, the 3 to 4 million estimate does not truly reflect the severity of the effect on people's lives. Nevertheless, this operation was heavily criticized for its negative consequences on human development by local and world organizations (Gumbo and Geyer, 2011).

Owing to the internal and global condemnation of this operation, there was a shift in government's response to the informal sector. Through the Ministry of Micro, Small and Medium Enterprises (MMSME) a policy on the rebuilding of the sector was enacted (Gumbo and Geyer, 2011). This policy comprised of a comprehensive package to ensure that the economic situation of informal traders is restored and even made better than its previous levels before the destruction took place (Gumbo and Geyer, 2011). This policy is anchored on five elements which are: Identification and allocation of informal sector operating spaces; Infrastructure development; Training of Informal Traders; marketing of Informal Traders' products and services; and Financing of informal businesses.

Through the Identification and Allocation of informal trading space element, the City opened up trading spaces in more profitable areas and stalls were constructed in areas where none existed before (Gumbo and Geyer, 2011). New flea markets were also constructed in the City Centre which were allowed to operate for extended hours on weekends (Gumbo and Geyer, 2011). Therefore, trading spaces were identified in new markets and constructed with old trading spaces restored for use as well. The Infrastructure Development element entailed that partnerships with the private sector be entered into so as to develop flea markets for informal traders. This arose as a result of the Ministry of Micro, Small and Medium Enterprises realized that it cannot by itself fully meet the market construction needs of the informal sector and thus sought assistance. This applied mostly to areas of trade wherein markets were either absent or needed reconstruction (Gumbo and Geyer, 2011).

The MMSME identified that it is essential that Informal Traders be trained on business related matters. It is for this reason that the IILO was requested to provide training to its employees and private facilitators who in were turn expected to impart the knowledge gained from this training to the Informal Traders (Gumbo and Geyer, 2011). The main aspects of this training was on business management; cash-flow management; and marketing (Gumbo and Geyer, 2011).

These training measures as offered by the MMSME ran in conjunction to other training measures provided by the private sector and non-governmental organization for Informal Traders (Gumbo and Geyer, 2011). The MMSME also facilitates the marketing of Informal Traders' products and services; this is done through exhibitions (Gumbo and Geyer, 2011). Non-governmental organizations also assist those who reside in rural areas to market to their products in the city or in neighboring countries (Gumbo and Geyer, 2011). Another organization that assists in regard to opening new local and international markets and resuscitating old ones is the Zimbabwe Chamber of Informal Economy Association (ZCIEA) (Gumbo and Geyer, 2011).

The Small Enterprises Development Corporation (SEDCO) provides financial support to informal traders by disbursing funds to informal traders who are involved in value-addition (Gumbo and Geyer, 2011). However, most Informal Traders are unable to access these funds owing to the non-availability of collateral. Moreover, SEDCO suffers from a shortage of funds itself as an organization and cannot adequately meet the financial needs qualifying Informal Traders (Gumbo and Geyer, 2011). It is for this reason that Micro-Finance Institutions (MFIs) have been issued licenses by the Reserve Bank of Zimbabwe to bridge the gap in financing Informal Traders (Gumbo and Geyer, 2011). The Ministry of Micro, Small and Medium Enterprises has also strengthened networks between the Informal Traders in an attempt to forge relations that will assist in Informal Traders growing their businesses (Gumbo and Geyer, 2011).

This case-study indicates that the Zimbabwean government took a decisive decision in supporting its informal traders. This intent was largely driven by the Ministry of Micro, Small and Medium Enterprises. This intervention by the Ministry encapsulated the allocation of trading spaces; construction of new stalls; restoration of old trading spaces; provision of training; marketing assistance; and financial support. These are policy interventions that have demonstrated to contribute positively towards informal trading development in Zimbabwe. These interventions represent possible mechanism that the Gauteng Provincial Government can implement in order to develop the informal sector (spaza shops) in the province.

2.5.2 Informal Economy Policy: Namibia

The rate of urbanization in African has contributed to the modified of urban food schemes and its accompanying informal food sector growth (Kazembe, Nickanor and Crush, 2019). Responses from African Governments to the rising informal food markets in cities have also been inconsistent. These responses have varied between neglect and active destruction; the latter response has become rather a familiar response directed at obliterating informal street vending (Kazembe et al, 2019). Therefore, the response from government has been largely to destruct informal trading and bring an end to a means through which those who are unemployed are able to generate an income for themselves.

Destructive informal trading policies also have an impact on poor households who are dependent on the informal sector for their purchased of food items. In the cities of Blantyre, Maputo and Harare, over 95% of poor households purchase food items from the informal sector on a regular basis (Crush and Frayne, 2011). Reliance on the informal sector for food by poor households is also prevalent in cities with smaller informal sector. For instance, Johannesburg and Cape Town comprise of a smaller informal sector in comparison to Harare and Blantyre, but 85% and 66% of poor households respectively regularly purchase their food items from the informal sector (Kazembe et al, 2019). These percentages portray the level of dependence that poor households have over the informal economy.

In the city of Windhoek, which is the capital city of Namibia, high paced urbanization has led to a rise in informal settlements in the northern part of the city (Kazembe et al, 2019). To contextualize the rate of urbanization in this city, one-third of all residential units in 2011 comprised of informal settlements (Kazembe et al, 2019). The rate of urbanization in this city has also been accompanied by a growing informal sector with 34% of informal households generating an income from informal sector activities (Kazembe et al, 2019).

Regulation of the informal sector in Windhoek was predicated on the destructive 1994 Hawker and Pedlar Policy; this policy was later repealed and replaced with the new Street Trading Regulation in 1999 (Kazembe et al, 2019). This new policy made room for informal trading developmental aspects. For instance, it made it illegal for informal traders to operate without registration with the Town Clerk, made provision for trading spaces where it was previously not permissible to trade and established sanitation provisions (Kazembe et al, 2019). Moreover, the city also adopted an enclosure strategy that entailed the construction of fixed markets for informal traders; this strategy has since been applied in other urban centres in Namibia (Kazemebe et al, 2019).

These fixed markets provide informal traders with infrastructure in the form of shelter, stalls, barbecue stands, water, electricity and sanitation facilities (Kazembe et al, 2019). These markets are controlled by a management board which reports to the City Council (Kazembe et al, 2019). In this regard, the City Council acts as an overseer on the conduct of the management board in its handling of these markets since the City has the overarching authority over these markets. The City Council is also responsible for the collection of rent, security, cleaning, sanitation and maintenance (Kazembe et al, 2019).

In spite of the City Council having demarcated markets and provided the necessary infrastructure, there are still some informal traders who still operate outside of the demarcated trading areas. This infers that informal traders might not entirely be satisfied about the location of the demarcated markets and hence some of them operate outside of these areas.

In this regard, there is a lack of coherence in the developmental vision of the City Council for informal traders and what the informal traders consider as developmental for themselves. It is therefore imperative that any development planned by the City Council should be done in consultation with the informal traders so that they may also make inputs into the viability of such plans. This will assist in ensuring that the infrastructure developed by the City Council is fully utilized by informal traders and that they do not neglect such infrastructure.

It is gathered that through the implementation of the Street Trading Regulation of 1999, the Namibian Government was able to provide trading spaces; constructed fixed markets that were accompanied by security and sanitation; and made it possible for informal traders to operate without registration. These interventions are government policy-led and they represent a developmental approach towards informal trading. These interventions represent possible mechanism that the Gauteng Provincial Government can implement in order to develop the informal sector (spaza shops) in the province.

2.5.3 Informal Sector Policy: Cameroon

For the period between 1970 and 1985, Cameroon enjoyed relative prosperity owing to growth in the exportation of cash crops (Ojong, 2011). In this period, this country's economy is estimated to have grown annually at 8% (Ojong, 2011). However, this economic growth was not sustained going into the early 1980s. The exportation of cash crops decreased and those of oil increased (Ojong, 2011). From 1985, commodity prices fell and this negatively impacted the revenue that government collected from it (Ojong, 1985). This implies that government had less revenue to collect and thus to spend on addressing the social issues in the country. This is supported by the fact that the then President of Cameroon, President Biya announced budget cuts; however, this measure did not remedy the economic downturn at that moment (Ojong, 2011). For this reason, the government had to find alternatives measures over and above making budget cuts.

The Structural Adjustment Programs (SAPs) offered an alternative for government to explore in addressing its economic challenges (Van de Walle, 1990). According to Riddell (1992) the SAP comprised of four basic elements which are currency devaluation; less involvement of the state in running the economy; elimination of subsidies; and trade liberalization. More importantly, the government decreased its public servants expenditure by reducing the retirement age and by also introducing pay-cuts in the period between 1991 and 1993 (Ojong, 2011). The percentage of these pay cuts were 7% in 1991 and 30% in 1993. Added to the pay-cuts, the government also put a halt in recruitment into the public sector; this further strained the chances of an individual acquiring formal employment in Cameroon as the government was the main employer (Ojong, 2011). This increased the need for people to self-employ and to thus engage in informal economic activities.

Therefore, it is understandable that the Cameroonian National Institute of Statistics (NIS) (2011) pronounces the informal sector as the biggest employer in Cameroon. Informal economic activities in the form of cyber cafes, computer service centres, hair salons, restaurants and grocery shops are conducted mostly in a container in the Bamenda City of Cameroon (Ojong, 2011). More than 700 containers are estimated to have existed in the Bamenda City and to have had some informal business activity conducted in it (Ojong, 2011). Formal business premises are in lack in the City of Bamenda and hence the utilization of containers to conduct informal business activities and these containers are also used as an income generating tool for their owners (Ojong, 2011). Therefore, the owning and letting of a container is considered as an informal business activity and this is also coupled with the business activities that transpires inside the container. These containers were predominantly bought by the middle-class who occupy positions in both the public and private sector as the start-up capital required in starting a container letting business ranges between $5154 and $6184 (Ojong, 2011).

In spite of the economic benefits that accrued to both the owners and rentees (informal traders) of the containers, the Bamenda City Council approved of a policy that removed containers from within the City of Bamenda (Ojong, 2011). This was achieved through the guise of “Keep Bamenda Clean Project” (Ojong, 2011). Flowing from this policy, the informal business activities as were conducted in this City were disrupted and so were the participants as well as beneficiaries from such informal trading activities. Firstly, those who rented out land to the owners of the containers lost on income and this ranged from $21 and $31 (Ojong, 2011). It is also worth noting some land owners had more than one container in their yard and the implication is that loss of income increases with the number of containers that they had in their yard (Ojong, 2011). Secondly, container owners suffered a reduction in household income as the income that they generated was previously used to supplement the household income (Ojong, 2011). Thirdly, some container owners had taken out loans to purchase the containers and they now had to finance the loan repayments through other means (Ojong, 2011).

For container rentees, this was their only source of income and this policy declared them and their dependents destitute (Ojong, 2011). This is an illustration of how one government led program and in this case, the “Keep Bamenda Clean Project” can have a negative spill-over outcome on the informal economy. In this particular instance, it was not only the informal traders who were negatively affected, but the owners of the land and the containers which were placed on their land. More importantly, this instance indicates that once an informal economy has established itself in the City Centre, any disturbances to its current flow will not contribute positively towards the development of the informal traders. This is particularly disturbing in a country wherein the largest employer is the informal economy.

2.5.4 Informal Sector Policy: Ghana

Rural land in Ghana was initially used for subsistence farming and excess production was used in exchange for other economic goods (Obeng-Odoom, 2011). However, an increase in the demand for cocoa gave rise to the commercialization of land as it is a prerequisite in the production of cocoa (Obeng-Odoom, 2011). Therefore, those who had the funds to purchase more land did so with the intention of capturing a larger share of the cocoa export market. As a result, a credit market also grew as people needed funds to purchase land and produce cocoa (Obeng-Odoom, 2011). Naturally, there are those farmers who were able to fill the gap in the cocoa export market whilst others took out loans and subsequently failed at capturing a share of the export market needed to make their enterprises successful. This failure directly affected their ability in meeting their repayment responsibilities. Mortgagors who were unable to repay their loans were pushed out of their land whilst some abandoned it and moved to cities (Obeng-Odoom, 2011).

This had an impact on the rate of urbanization in Ghana. In fact, the rate at which Africa is urbanizing is amongst the highest globally (Obeng-Odoom, 2011). This is based on the reasoning that once people are unable to make a living in rural areas, they move to cities in search of better economic opportunities. Once these people get to cities, some unfortunately are unable to find employment. This is also true for the urbanization case in Ghana (Obeng-Odoom, 2011). In Ghana, formal employment decreased at an annual average rate of 3.7% for the period between 1985 and 1991 (Baah-Boateng, 2004). In addition to this, 300 state enterprises were sold in the period between 1989 and 1999; this resulted in a decrease in formal employment from 18% to 13% over the same period (Adu-Amakwa, 2007).

The International Confederation of Free Trade Unions (ICTFU) (2004) estimates that 85% of the working population in Ghana ply their trade in the informal economy and 60% of these figures are located in cities and towns (Obeng-Odoom, 2011). These percentages comprise of tailors, hairdressers, artisans and cobblers (Obeng-Odoom, 2011). Fortunately, there are some informal traders who are able to generate income that is equivalent to those who are employed in the formal sector (Obeng-Odoom, 2011).

Therefore, operating informally in Ghana is not as disadvantageous as it is made out to be.

In spite of the advantages that informal traders accrue form trading in this sector, the Ghanaian government has taken a combative, aggressive and impulsive stance against informal traders (Obeng-Odoom, 2011). For instance, trading stalls at Spintex Road were set on fire by government officials in an attempt to make the city beautiful (Obeng-Odoom, 2011). In Kumasi, the removal and attacks on informal traders persisted for 23 years during the reign of Mayor Akwasi Agyemang (Obeng-Odoom, 2011).

It is gathered that the eviction of informal traders and the destruction towards their trading infrastructure is a well-orchestrated government action even though it does not appear to be formally legislated through policy. Nevertheless, the acts of the government in Accra suggest that the development of informal traders should be stalled in an attempt to make the city more appealing in appearance. The reasons advanced for these evictions are stated as attempts to decongest and to improve the appearance of Accra to a Millennium City (Obeng-Odoom, 2011). Moreover, these actions by the government of Accra are given support through public revenue. For instance, (Tawiah, 2009) estimates that the cost of such evictions by the Accra government cost 150 000 new Ghana cedis in 2008.

In instances wherein the government of Accra has provided alternative trading stalls, these stalls have proven to be inadequate from a numbers perspective. In Ashaiman, 852 stalls were needed for the relocation of informal traders and only 252 stalls were provided (The Ghananian Chronicle, 2009 as cited in Obeng-Odoom, 2011). Forced evictions have negative effects on the lives of the informal traders and also on their dependents. This is exacerbated by the fact that these informal traders have no alternative employment and sources of livelihood (Gadugah, 2009). The provision of alternative stalls has also proven to be inadequate from a numbers perspective as the newly provided stalls do not fully accommodate the relocated informal traders. This indicates that once informal trading activities have been established, any disruption to its flow impacts it negatively. Therefore, development of the informal traders should rather occur along the “momentum” that the informal traders have already created.

The Ghanaian Government has not promulgated any legislation that seeks to destruct the development of informal traders in its country; however, the actions of the government towards its informal traders have been nothing short of destructive. For instance, trading stalls have been set on fire and some informal traders have been forcefully removed from their places of trade (Obeng-Odoom, 2011). In instances wherein they have been relocated, the trading stalls in those areas have been inadequate (The Ghananian Chronicle, 2009 as cited in Obeng-Odoom, 2011. Lessons drawn from the experiences of the Ghanaian informal traders is that attempts by government to “clean” a city and make it more appealing does not bode well for informal trading activities and this has a negative multiplier effect unto both the informal traders’ dependents and the buyers of their goods. Therefore, the informal economy is one sector that provides the notion that it does not adapt well to disruptions in the form of relocations and evictions. Conversely, what it needs is more support in line with its current operational model.

2.6 Policy Reform and its Effectiveness

The business environment within which SMMEs operate comprises of policies, physical infrastructure, institutions and geographical structures that have an influence on their level of competitiveness and profitability (Eifert, Gelb and Ramachandran, 2005). These factors are considered to be external to the businesses and thus the SMME owners have no control over them. Nevertheless, it is worth noting that a favourable business environment increases the chances of survival and longevity for SMMEs. In instances wherein the mortality rate of SMMES that operate in a particular jurisdiction or country is high, government ought to be at the forefront of this challenge by developing policies that will address the failure and the ultimate decline in number of SMMEs in that area or jurisdiction.

One manner through which this change can be effected is through the development and implementation of policy reforms. Rogerson and Rogerson (2011) opine that reforms developed by the national government are essential in contributing positively towards social and economic development. Moreover, Clemensson (2008) further highlights that the development of policy reforms are not the sole duty of the national government, but that provincial and local levels of government have the capacity to lead change in the regional economics that they are constitutionally responsible for. In a nutshell, policy reforms should contribute towards increasing the competitiveness and profitability of SMMEs.

In this regard, the promulgation of both the NIBUS and the GIBUS are an expression of policy reform intent from the perspective of both national and provincial government; this is particularly important given that 60% of newly established SMMEs fail in the 2nd year of their establishment (Bushe, 2019). More specifically, the number of operating spaza shops in South Africa is in decline (Durhum, 2011 and Hare and Walwyn, 2019). This is as a result of their weakened competitiveness which has a negative contribution on their profitability. From a GPG perspective, GIBUS is viewed as a policy reform mechanism that aims to provide support to the informal sector (including spaza shops) such that informal businesses become more productive, competitive and are also able to create employment for others (GIBUS, 2015). Overall, the ethos of this policy (GIBUS) is to increase the profitability of informal businesses. The promulgation and application of such policy reforms can also be drawn from China and Lesotho.

China's rise to the global superpower that it is today is a well-planned and intentional move anchored by transforming SMEs (Chen 2006 as cited in Muriithi, 2018). At the forefront of this transformation, has been policy reforms that the Chinese government has implemented. In the period between 2002 and 2014, the Chinese government promulgated the SMEs promotional law; the implementation of this law focused on a number of initiatives which are geared towards strengthening the SMEs in China. Firstly, this law aimed at improving policies and measures directed at SME development (Muriithi, 2018). This implies that policies were reviewed and thus improved to adequately address the needs of SMEs. Moreover, the programmes aligned to these policies were also improved and better "crafted" to bring about a significant impact on the SMEs being targeted. For instance, through preferential tax policies, the SMEs' tax rate was reduced from 33% to 18% for SMEs with an annual profit of less than $3600 and SME agencies that were able to place people in jobs were exempted from business tax for 3 years (Muriithi, 2018). Furthermore, through its Ministry of Finance and the People's Bank of

China, the Chinese government increased its fiscal funding and established favorable terms to support SMEs (Muriithi, 2018).

Secondly, it is also imperative that the environment that these SMEs operate under is conducive for the establishment and most importantly, for the expansion of SMEs. Issues regarding the reduction of red-tape when establishing SMEs and overall government process regarding matters such as exporting for instance are important for business seeking expansion beyond the domestic market (Muriithi, 2018). As businesses are able to export outside of its domestic market, the implication is that more of its products will be required and thus more job opportunities will be created. Thirdly, it is critical that the quality of the products produced meet industry and global standards such that the clientele making use of the product in question are able develop brand loyalty towards this product and also refer new clientele to this product. Lastly, this SMEs Promotional Law seeked to ensure that the regulations surrounding both private and public SMEs is standardized so that these SMEs can compete on brand quality, pricing, marketing and other business related factors that are internal to the SMEs (Muriithi, 2018).

These reforms and their accompanying policies have contributed to the Chinese SMEs growing faster than any other SMEs when compared globally; this has also contributed to their growth in size, profitability, tax contribution and number (Muriithi, 2018). For the year ending 2017, it is estimated that Chinese SMEs contributed at least 60% towards the Chinese GDP with this sector also having created 79% of new jobs in China (Muriithi, 2018).

In regard to policy reform in Lesotho, Khoase and Govender (2013) conducted research to determine the positives and deficiencies of selective interventions in the development of SMMEs in Lesotho. This paper points to the fact that the Lesotho Government has implemented initiatives that are geared towards assisting SMME development. Through the Ministry of Trade and Industry, a one-stop shop has been established; this is to ease the process of formalizing the registration of SMMEs (Khoase and Govender, 2013). This country has also adopted the use of the Regulatory Impact Assessment (RIA) which is a system that approximates the effect of new regulation and provides alternate policy options (Khoase and Govender, 2013). Therefore, the RIA seeks to ensure that the implementation of new regulation does not result in a regression of the initiatives undertaken in development of SMMEs, but that SMMEs progress and development is rather achieved with the implementation of new regulations.

Over and above the aforementioned initiatives, the Lesotho government has concurrently implemented other SMME developmental initiatives (Khoase and Govender, 2013). Firstly, the Lesotho Revenue Authority simplified the process of customs administration by collaborating with SARS (Khoase and Govender, 2013). The objective of this collaboration is to eliminate fraud activities at border posts; implement easier to understand procedures in claiming Value-Added Tax (VAT); and to avoid double clearance of goods procedures in order to ensure that the movement of goods between the two countries is conducted with less complications and expediently as possible (Khoase and Govender, 2013). Indeed, it is crucial that border processes be as efficient as possible in order to reduce time wastage and ensure that the flow of goods is transmitted as expediently as possible (Khoase and Govender, 2013). Such initiatives do assist in increasing the volumes of trade between countries.

Secondly, the Basotho Enterprise Development Corporation (BEDC) offers mentoring, coaching services and loans to SMMEs. Services offered by this corporation are considered comprehensive as it is crucial that the provision of financial services is not offered in isolation of mentorship and coaching (Khoase and Govender, 2013). This is based on the reasoning that the provision of finances without a well-developed and scrutinized business plan will not yield positive returns. Aspects of coaching and mentoring include assistance in refining business plans which incorporate the best possible utilization of finances. As these funds are provided as loans and not grants, it is important that they best be utilized in generating more income for the SMMEs in question so that they may be able to service the loans.

Thirdly, the Ministry of Gender and Youth, Sports and Recreation offers coaching, capital and networking opportunities for unemployed youth in Lesotho (Khoase and Govender, 2013). This infers that the target of this particular Ministry is to reduce youth unemployment by implementing initiatives that are targeting the development of youth owned SMMEs. Business coaching is coupled with the provision of capital to ensure the best possible utilization of funds provided; opportunities to increase possible trade and clientele is offered through networking opportunities. In this manner, new trading opportunities are opened up and these youth owned SMMEs are granted the opportunity to service and increased clientele.

Lastly, the Moliko Trust provides soft loans to the youth that charge interest of only 3% (Khoase and Govender, 2013). The low interest rate as charged by this trust is to ease entrance of youthful entrepreneurs into starting SMMEs. This interest rate is significantly lower as compared to that which is charged by commercial banks (Lesotho Government, 2009). Added to this, commercial banks have in anyway financial access requirements that are not easily met, particularly the youth are just starting their entrepreneurship journey.

Findings from this survey reveal that 36% of the respondents indicate to have benefitted in one or another from the one-stop shop whilst a further 9% stated that the simplified customs process have increased their clientele (Khoase and Govender, 2013). Moreover, 42% have expressed to have gained business development skills that are relevant towards them running their businesses (Khoase and Govender, 2013).

This illustrates that the socio-economic change that countries and the different regions that exist within it are in need of, can be brought upon by the utilization of domestic capabilities and implementation of government policy reforms. In as much as there is evidence pointing to the effectiveness of government reforms, there are alternatives views that point to the inefficiency of government policies.

Curran and Storey (2002) question the effectiveness of SMME policies. These authors assert that the provision of loans, transfer payments, loans, tax benefits and regulatory exemptions by governments is not the most essential factor towards the sustenance and success of SMEs, but they consider the entrepreneur as the most important factor in this equation (Shane, 2009). This is based on the reasoning that the willingness to persevere and the intelligence required to “craft” solutions to business challenges are the first and foremost, the responsibility of the entrepreneur. Furthermore, these authors posit that not all entrepreneurs are made equally (Shane, 2009). Therefore, government may be in a position to provide assistance, but not much will be achieved if the entrepreneur lacks the intellect and willingness required to effectively use government's assistance.

Moreover, an overwhelming percentage of those targeted as beneficiaries of these government initiatives operate in industries with high levels of competition, ease of entry and high failure rates (Shane, 2009). In this regard, Shane (2009) advocates that typical businesses should not be recipients of any government initiatives and that government's focus should rather be on businesses with high growth potential. This author views SMMEs with high growth potential as those who operate in Research and Development (R&D) (Shane, 2009). The understanding is that the respective SMME needs to have undertaken the formative stages of its development on its own and created a "product" that is unique and value-adding in comparison to other products that are available in the market. The role of government in this instance should be to assist the SMME in commercializing the product. These points indicate inefficiencies of government policies from an implementation perspective; however, inefficiencies can also be pointed to from a policy development perspective.

Karlsson and Andersson (2009) as cited in Arshed, Carter and Mason (2014) assert that there is a difference between the needs of SMMEs and the design or contents of such policies. This view implies that procedures followed in the drafting of policies may not be as inclusive towards the SMME owners as it ought to be. As a result, the views and needs of their SMEs have not been incorporated to their satisfaction and yet these policies are meant to benefit them. This inadvertently weakens the effectiveness of the policy in question as the entrepreneur is more suited to knowing the policy instruments that are most likely to be effective in his or her business.

2.7 Measure of Effectiveness of Government Policy

In this section, three studies will be referenced to highlight the measures used to indicate government policy effectiveness. These studies are by Peters and Naicker (2013); Rungani and Potgieter (2018); and Doh & Kim (2014).

The Peters and Naicker (2013) focused on SMMEs that operated in rural and small towns in KwaZulu-Natal. The focus on SMMEs operating in small towns and rural areas is premised on the view that these areas are overlooked in regard to government support. The National Small Business Strategy (NSBS) formed the core government policy whose effectiveness was examined in this study. In spite of the small and rural town SMMEs' status-quo, the NSBS was expected to stimulate economic development in these areas (Peters and Naicker, 2013).

This research study comprises of a total of 282 enterprises and it was conducted through a questionnaire. The main measurement yardsticks for the effectiveness of government policy in this study is ascertained through employment creation and turnover growth. Employment creation is measured by the number of permanent employment created whilst turnover is represented by sales (Peters and Naicker, 2013).

Worth noting from the findings is that 65% of the enterprises interviewed acknowledged the existence of the Independent Industrial Corporation (IDC) and that 57% had attempted to source funding from the IDC. Only 41% of the respondents had attempted to source funding from the Small Enterprises Development Agency (SEDA). On a rather negative note, those respondents that have not attempted to make use of government services opined that they do not foresee government initiatives as being beneficial to them whilst others complained of the red-tape that came with government requirements for funding (Peters and Naicker, 2013). Most disturbing is that 80% regard government support initiatives of small business sector as neither sub-standard nor adequate to resolve their business challenges; 91.6% of these respondents complained of intense competition that hampered their chances of business growth (Peters and Naicker, 2013). Results from this survey indicate an insignificant contribution of the effectiveness of government support when measured in terms of job creation and increased sales. Noteworthy from this study is that jobs created and sales increase are "deployable" as measures of the effectiveness of a policy.

Another study that reflects sales as a unit of measurement of a policy is found in Rungani and Potgieter (2018). This study was conducted on SMMEs operating in the Easter Cape; the objective of the study was to examine the effect of financial support both from the private and public institutions on the overall success of SMMEs (Rungani and Potgieter, 2018). SMME success is measured by profitability, growth in employee numbers; increase in sales; and period of operation (Rungani and Potgieter, 2018). Results from the correlation analysis reveal that SMME success is positively correlated with start-up grants; whereas the other variables used in this test such as raw material grants; infrastructure grants; technology grants; and marketing support grants indicated a negative correlation towards SMME success (Rungani and Potgieter, 2018). Nevertheless, what is worth noting at this juncture is that SMME success in regard to this study (Rungani and Potigieter, 2018) reflects “sales” as a measure and a contributor towards SMME success. Moreover, it is important for analysis purposes of this research study that it be noted that sales is closely linked to revenue and that an increase in sales leads to an increase in revenue (Hayek, 2018).

Another study that provides a measure of government policy effectiveness is found in Doh and Kim (2014). These authors conducted a study that explored the influence of Korean government support policies on SMEs involved in technology innovation in the Gyeongbuk province (Doh and Kim, 2014). This policy initiative is referred to as the Technology Development Assistance Fund (TDAF) and it is meant to enable SMMEs to overcome constraints that they would not be able to overcome by themselves. Through this policy measure, the Korean government devoted a substantial percentage of its public budget towards policy initiatives that are meant to promote regional industries through technological innovation. In 2005, $339 million was devoted towards this initiative and this figure had incrementally increased to $957 million by 2010 (Doh and Kim, 2014).

As a result of such initiatives, the Korean SMEs have formed the core of national economy and are thus making contributions towards employment (Doh and Kim, 2014). This assertion is also supported by the number of SMEs that have been formed and maintained their operations in the period between 2005 and 2010. Doh and Kim (2014) state that the number of formed and operational SMEs increased from 2 864 000 in 2005 to 3 122 000 in 2010.

In order to measure the impact of government financial assistance programmes on regional SMME innovation, this study made use of multiple regression equations (Doh and Kim, 2014). TDAF forms the main explanatory variable of this study whilst SMME innovation is measured through number of patents, utility models, trademark registrations and new design registrations (Doh and Kim, 2014). The equations to this study are illustrated as follows (Doh and Kim, 2014):

$$Patent_{t+2} = \alpha_0^p + \beta_1^p Fund_t + \sum \beta_i^p X_{ti} + \sum_{j=2005}^{2007} \beta_j^p YD_j + \mathcal{E}_{patent} \tag{1}$$

$$Utility_{t+2} = \alpha_0^u + \beta_1^u Fund_t + \sum \beta_i^u X_{ti} + \sum_{j=2005}^{2007} \beta_j^u YD_j + \mathcal{E}_{utility} \tag{2}$$

$$Trademark_{t+1} = \alpha_0^{tr} + \beta_1^{tr} Fund_t + \sum \beta_i^{tr} X_{ti} + \sum_{j=2005}^{2008} \beta_j^{tr} YD_j + \mathcal{E}_{trademark} \tag{3}$$

$$Design_{t+1} = \alpha_0^d + \beta_1^d Fund_t + \sum \beta_i^d X_{ti} + \sum_{j=2005}^{2008} \beta_j^d YD_j + \mathcal{E}_{design} \tag{4}$$

From these models, Patents refers to the aggregate of patent registrations; Utility refers to the aggregate of utility model registrations; Trademark refers to the aggregate of trademark registrations; Design refers to the aggregate of new design registrations (Doh and Kim, 2014). The ɑ̣ sign refers to the constant whilst Ḅ signifies the coefficient of each variable (Doh and Kim, 2014). Fund refers to the technology development assistance fund; X refers to the control variables vector; and YD refers to the yearly dummy variable vector (Doh and Kim, 2014). Subscript ỉ refers to the particular SMEs, *t* refers to the year and ἑ is the random error term (Doh and Kim, 2014).

A combination of panel data and surveys was used to fulfill the data requirements of this study. Results from the regressions, illustrate that there exists a positive relationship between TDAF and new patents and design registrations (Doh and Kim, 2014). This implies that with the incremental increase in the TDAF government budget allocations towards SMME technological innovation improvement, SMEs have been able to develop new "products" through which new designs and patents have been developed. Therefore, the TDAF is an essential enabler for new patent and design registration for SMMEs (Doh and Kim, 2014). From a theoretical standpoint, new products are expected to generate sales which should contribute towards an increase in revenue. Therefore, these new products and their accompanying sales have been generated as direct result of the financial support for technological innovation that the Korean Government has been able to inject to SMEs in the technological sphere of their economy. It is herein indicated that government support catalyzes development which in turn is translated or seen through an increase in sales which directly positively contributes to a revenue increase.

2.8 Theoretical Frameworks

2.8.1 Social Capital Network

Development experts often struggle to explain the variation in development amongst countries with virtually the same technological resources and markets (Bhandari and Yasunobu, 2009). In this instance, these countries are almost comparable from a resource endowment and production possibilities frontier perspective, but have non-comparable growth trends and potential. Bhandari and Yasunobu (2009) are of the view that natural, financial and technological endowments factors of a country are not sufficient in explaining growth in countries. These authors further assert that these theories on development focused heavily on economic variables and ignored the role played by social and cultural factors in development. Bilig (2000) provides support to this assertion by stating that socio-cultural factors have not been considered in standard economic models. Moreover, standard economic development model are criticized for the assumptions that have to considered in order for the models to have a realistic chance of holding. This implies that technology, human capital and physical capital are partly explanatory variables in economic development.

Todaro (2000) provides the view that development is a complex matter that entails changes in social structures, behaviors and national institutions. In this regard, development is not the sole responsibility of government, but the constituency for which the government rules over also has a responsibility to carry out in order to facilitate development. Social Capital is a multifaceted concept that entails the cultural and social value systems of a community (Bhandari and Yasunobu, 2009). Therefore, cultural and social value systems are incorporated in explaining economic development. Moreover, the theory of social capital finds its premise in trust, norms and informal networks (Bhandari and Yasunobu, 2009). In essence, social capital is defined as a multidimensional concept that encompasses values, social norms, networks, obligations, beliefs, trust, relationships, membership, institutions and civic engagement to drive combined effort for mutual benefit and ultimately, economic development (Bhandari and Yasunobu, 2009).

The introduction of social capital and its first detailed explanation is attributed to Pierre Bourdieu (1986) and James Coleman (1988). Bourdieu (1986) distinguishes between economic, cultural and social capital; herein social capital is explained as the total of resources that are available to the network and also those potential resources that are linked to this network (Bhandari and Yasunobu, 2009). This definition emphasizes the collective availability of advantages and opportunities available to members that belong to this network. In essence, Bourdieu sees social capital as a collectively owned financial instrument that provides credits to its members (Bhandari and Yasunobu, 2009). The credits provided to the members are utilized such that the members are able to pursue their economic interest or the common interest that has brought the group together.

The richness of this group and the social capital inherent in it is dependent on the magnitude of the network; also on the depth of the capital from an economic and cultural perspective that the members are able to aggregate amongst themselves (Bhandari and Yasunobu, 2009). The longevity of this network is upheld by the willingness and continual reinvestment of capital by the members. Therefore, this network can only continue to grow and exist if the members deem it to be worthwhile.

Coleman (1988) on the other hand, defines social capital as a component of a social structure that offers the members the opportunity to undertake certain actions. The fundamentals of this network comprises of trust, information flows, obligations and expectations (Bhandari and Yasunobu, 2009). More importantly, Coleman (1988) explains social capital as a productive resource that enables economic activity and the network members to achieve productivity ends that would otherwise be impossible to achieve without social capital. In essence, Coleman (1988) refers to social capital as a public good which is premised on trust, information flow and norms. The trust component of Coleman's definition refers to the dependability of members on one another within the network to carry out their specific responsibilities when needed; information flow refers to the degree at which opportunities are made available to other members of the network through the passing of such information. Both Coleman (1988) and Bourdieu see social capital as a means through which collective capital can be reinforced and maintained (Bhandari and Yasunobu, 2009).

When new businesses are initiated, social capital plays a pivotal role in ensuring that entrepreneurs are able to find means to be competitive (Guan and Fan, 2020). Physical resources, information, emotional support, capital and business contracts are business enabling factors that are at the disposal of the social capital networks (Adler and Kwon, 2002; Sahin, Todiras and Suzuki, 2012). Physical resources alludes to aspects such as trading premises or being made aware of more lucrative trading spots and opportunities (Adler and Kwon, 2002). Of importance also is the capital that is required in starting a new business. Studies (Tengeh, Ballard and Slabbert, 2012; Turton and Herrington, 2012) indicate that most entrepreneurs start businesses with their own savings and these savings have been found to be insufficient in addressing the capital requirements of new businesses. Therefore, it is crucial that an entrepreneur be a member of a network that can assist in all aspects related to forming and sustaining a business.

The formation approach of social capital is two-pronged. The first approach is community centered which requires that the society have the capacity to produce the social capital based on its historical and cultural experiences (Putra, Suraji and Embi, 2020). Therefore, the level of norms, trust and standards that have been long set are able to be utilized in advancing the common goals of society or the common goals of the entrepreneur that form part of this network. The second approach is institution centered (Graafland, 2019). This approach reflects the role that an institution can play in advancing the needs of its constituents. It is for this reason that Putra, Suraji and Embi, (2020) state that institutions have the capacity to influence and shape the orientation of their social capital. The institution approach allows that public institutions be used as independent variables and different aspects of social capital to be used as dependent variables (Putra, Suraji and Embi, 2020).

Putra, Suraji and Embi, (2020) conducted a study in Indonesia that sought to examine the role played by local governments in “constructing” social capital. This study made use of six indicators which are development of social cooperation and networks; facilitation of community participations; subsidies to social groups and networks; formation of social networks and cooperation; partnership of social cooperation and networks; and promotion of regional cultural traditions. Subsequently, these indicators formed the independent variables to this study whilst the dependent variable is social capital (Putra, Suraji and Embi, (2020). This study made use of different data collection methods in the form of surveys, observations, interviews and discussions, official statistics and written documents (Putra, Suraji and Embi, 2020).

Results from this study indicate that the six independent variables have an impact on social capital formation (Putra, Suraji and Embi, (2020). Moreover, it needs to be highlighted that the independent variable with the largest positive correlation to social capital is government subsidies to social groups and networks (Putra, Suraji and Embi, 2020).

In a similar study, Yamazaki, Resosudarmo, Girsang and Hoshino (2018) conducted a study that sought to determine the economic impact of social capital on a fishing community. The independent variables used in this study are involvement of fishery with local marine resource users in conflict; good social relations with village leaders; interactions with officers from the local fishery department (Yamazaki et al, 2018). The level of interaction with officers from the fishery department and the aid received from this department assisted the relevant fisheries in being more efficient than fisheries who had no interaction with the department (Yamazaki et al, 2018). This implies that the fishery development programmes in the form of training, equipment provision and finance made a difference in regard to the economic performance of these fisheries.

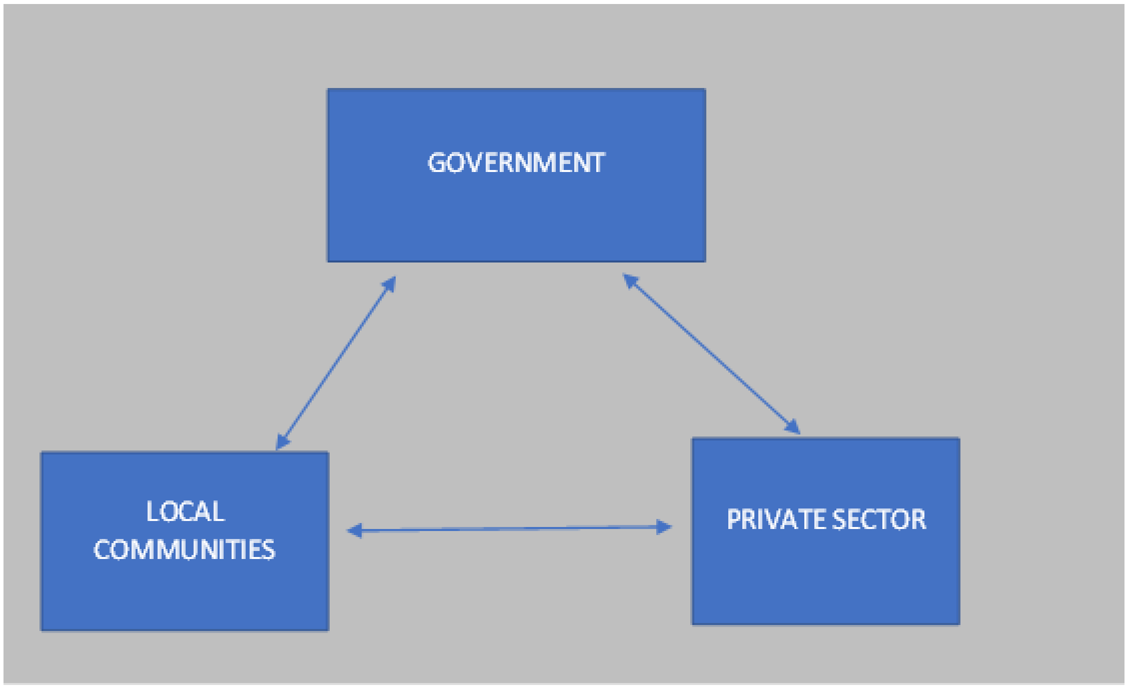
Both studies indicate benefits that are derived by entrepreneurs when government provided assistance in the form of financial aid and subsidies. In the absence of this assistance from the government, entrepreneurs that formed part of this surveys would not have reaped the benefits that accrued to them. Therefore, government assistance forms part of social capital and an intervention in this manner does contribute positively towards the development of entrepreneurs and their businesses.

2.8.2 Local Economic Development

The need to have spaza shops that are competitive and profitable as advocated for by GIBUS, is premised on the economic benefits that such a scenario can bring to a township such as Alexandra. In essence, the owners will be a position to care for their families and where possible, provide employment. It is for this reason that the spaza shops developmental process is viewed through a Local Economic Development (LED) prism. Scheepers and Monchusi as cited in Meyer (2014) state that LED is a process which is controlled and managed by municipalities to promote social and economic development. Blakely (1994) as cited in Meyer (2014) adds that LED is an undertaking through which locally based organizations and government engage in with the view to stimulate or maintain business activities in their jurisdiction. This implies that LED is essential for development at a micro-level municipal level as it is characterized by its potential in addressing locality based economic developmental challenges. It is herein that the strength of LED is found and magnified. This assertion is also supported by the failure of macroeconomic policies to create an enabling developmental environment at a municipal level (Rodriques-Pose 2001, as cited in Meyer 2014). It is at this developmental juncture that LED provides an alternative and a solution to development al challenges at a local municipality level.

For LED to act as a catalyst for economic development or address economic development challenges of a municipality, it is important that cooperation and partnership be formed between the private sector, government and local communities (Meyer, 2014). The following figure provides an indication of the relationships required to manifest the interactions between these three institutions.

Figure 1: Local Economic Development Service Delivery Triangle



Source: Meyer, 2013

This picture indicates that the relationship between these three institutions is a “symbiotic” relationship wherein one institution is a feeder to the next and that no one institution can exist by itself without the other. Information is filtered through from government to local constituents and to the private sector and it is also filtered back to government. In as much as government is depicted at the pedestal of this chain, it is also important that it be pointed that information is also transmitted through to government. This implies that government does not find itself as the dominant institution in this triangle, but rather that government is also advised by the local constituents and private sector on economic development initiatives that are best suited to developing the local economy.

This represents the existence of a bottom-up approach in regard to LED economic development initiatives. A bottom-up approach refers to an instance whereby the local constituents inform and ultimately take charge of local economic development initiatives whilst government provides support in regard to resources, skills development and funding (Mlambo et al, 2019). The LED bottom-up approach is closely linked to the LED Participatory Theory. This theory asserts the need for potential LED beneficiaries to be incorporated into the planning and implementation of developmental policies (Park and Strand, 2015 as cited in Mlambo et al, 2019). The involvement of beneficiaries will assist in ensuring that projects are made “concrete” in their infancy stages and well executed in their implementation stages. This is a distinct change from the era of top-bottom that “imposed” LED projects on the targeted beneficiaries without their input.

Moreover, this theory advocates for openness and transparency in it stages of development and implementation (Mlambo et al, 2019). This theory also sees the significance of an accountable government (Mlambo et al, 2019). Therefore, it is not only necessary that the government be open-minded in receiving and incorporating suggestions as made by constituencies in policy development, but it is also important this the government be accountable. Accountability in this regard refers to the manner in which funds and other support mechanisms are utilized in supporting economic development initiatives. In a nutshell, the government needs to be accountable enough to account towards the effective utilization of the resources committed.

2.8.3 LED Effectiveness Measures

The measure of any LED initiative should be considered in regard to the stated objectives of that initiatives. It has been noted that the majority of LED initiatives relate to or are concerned with employment creation, poverty alleviation, rejuvenation and sustenance of businesses. In this regard, the measures of an effective LED process will then be derived from these objectives. For instance, one measure that can be formed is the number of jobs created or the number of businesses sustained through financial and non-financial interventions. Sadler (1996) attests to these policy effectiveness measures by stating that effectiveness reflects a measure of how a tool works or the ability of that tool to work as intended. Bali, Capano and Ramesh (2019) further asserts that for a policy to be effective it needs to feature two broad categories which are instrumental ability (substantive) and capacity. The latter aspect is regarded as the responsibility of government and it refers to the capacity of government to adequately deploy and manage the required tools towards the policy in question. Therefore, this aspect places emphasis on the capacity and ability of government to commit itself from a resource and managerial perspective in solving the challenges at hand. The instrumentality element refers to the ability of the tool deployed to address the challenge at hand or to in the least, limit its negative effects (Bali et al, 2019).

Other authors (Marsdem, 1998 and Sadler, 1996) have attempted to evaluate effectiveness of policies by developing a generic criterion that measures the planning and implementation stages of a policy. These generic criterion is broken into procedural, substantive and transactive. Procedural aspects alludes to the manner in which it adheres to principles such as public notification for meetings, access to information and acceptable consultation techniques. Therefore, this basically is concerned with public participation aspects of the policy. The substantive aspects relates to the manner in which policy meets established objectives. The transactive aspect relates to the cost efficiency of the manner in which the policy meets its objectives. These aspects (procedural, substantive and transactive) contribute to what is termed “Effectiveness Triangle” which is regarded as an effectiveness framework for planning, application and performance of a policy (Baker and Mclelland, 2003). Overall, the effectiveness framework provides an evaluation cycle for measuring policy effectiveness.

Some studies have provided the view that policy effectiveness should be measured as to the extent that a policy meets both political goals of government and technical goals (Chindarkar, Howlett and Ramesh, 2017). The technical effectiveness of the policy refers to the ability of the policy to address the challenge at hand whilst the political effectiveness of a policy to the ability of a policy to advance the political interest of the governing party in strengthening its hold over political power (Chandarkar et al, 2017). Nevertheless, these two aspect are necessary in driving policy effectiveness.

An example of an effective policy measure can be drawn from the Chinese Open-Door-Policy.

Through this policy, the Chinese government has been able to induce foreign investment and encourage joint ventures. The key component of this policy is the demarcation and utilization of Special Economic Zones (SEZ) (Liou, 2009). SEZ offers a country the opportunity to import machinery and advanced technology that would not otherwise be available outside of the existence of the SEZ (Loiu, 2009). Moreover, SEZs are known as economic mechanism through which tourism and foreign trade can be attracted; this is particularly the case for regions that are located in coastal areas. Preferential policies that incentivize firms to locate in an SEZ range from lower tax rates, tax holidays, exemptions on custom duties on the import of machinery and equipment (Loiu, 2009).

The establishment of an SEZ for developing counties is inherently expected to be a catalyst for industrialization growth for not only the coastal regions, but also for the inland regions as well (Zheng, Barbieri, Tommaso and Zhang, 2016). The implementation of this policy in China has resulted in an increase in foreign capital which has assisted the coastal areas in increasing their contribution towards the national GDP (Liou, 2009) (Zheng et al, 2016). This has also contributed positively towards the overall GDP increase that the country has been able to achieve since the introduction and implementation of the SEZ policy (Liou, 2009).

In a more micro-level, the measure of policy effectiveness in this regard would for instance be measured in the value of FDI attracted, number of firms attracted into this SEZ, machinery and technology imported. Moreover, the ultimate measure would be the increase in the GDP of the coastal regions and their ultimate positive contributions towards the national GDP. Moreover, it is worth noting also the positive spill-over effects that this policy came with in the form of employment creation and poverty alleviation.

2.9 Conclusion

The informal economy has shown signs of growth in Africa. This growth has also been evident in South African and also in the province of Gauteng. Employment created in this sector has grown since the advent of the financial crisis in 2008. However, growth in the retail section of the informal economy is threatened by the infiltration of the large retailer into townships. The Alexandra Township is one such township that has seen the development of two malls in the over the past 11 years. This infiltration has negatively affected the competitiveness and profitability of spaza shops that operate in this township.

In a bid to maintain the profitability and competitiveness of these spaza shops, the GPG promulgated the GIBUS in 2015. This strategy is anchored by key focus programmes that seek to assist spaza shops in becoming more productive, competitive and profitable. This research study seeks to ascertain the effectiveness of this policy in regard to spaza shops that have benefitted from programmes under this policy. Studies conducted by Muriithi (2018); Khoase & Govender (2013); Rungani & Potgieter (2018); and Peters & Naicker (2013) have illustrated the means through which policy implementation has been able to effect change for the SMMEs for which it was subjected to in their different jurisdictions. Lessons can be drawn for adoption from these studies. Studies conducted by Rungani and Potgieter (2018) and Peters and Naicker (2013) have indicated that measures for policy effectiveness are measurable through employment creation; sales increase; and revenue increase. These studies have provided measures of policy effectiveness that this research study will utilize in measuring the effectiveness of the GIBUS policy.

Nevertheless, the effectiveness of policies is questioned by other authors. These authors assert that government support for SMMEs in industries that high levels of ease of entry; competition; and failure rates and ease of entry does not yield any positive economic outcomes. Instead, government should focus its resources on SMMEs in industries that are involved in R&D as these SMMEs are likely to enhance the capabilities of a product or introduce a new one in the market.

An important consideration to make is that policies are developed and implemented in different contexts and purposes. Therefore, it is to no surprise that the GPG adopted the GIBUS as there are economic benefits to running a competitive and profitable spaza shop. Entrepreneurs operating in this space need to be uplifted through policy and its effectiveness needs measuring from a sales and revenue perspective.

Chapter 3: Research Methodology

3.1 Introduction

The purpose of this chapter is to present and discuss the methodology that is used for this research study. In this case, the quantitative research strategy and its accompanying design used are discussed in detail. Moreover, the applicability and relevance of the chosen research strategy and its techniques are given reason for their use. This section goes on further to discuss the sampling technique used and the approach to the analysis of the research results. Lastly, this section provides measures undertaken to ensure the integrity of this research study.

3.2 Research Strategy

This research study follows a positivism paradigm. This paradigm is premised on the view that science is the only foundation for credible knowledge production as it holds techniques, procedures and methods that provide a framework to study a phenomenon or the social world (Wagner, Kawulich, & Garner, 2012). This implies that there is a standard procedure or an accepted framework through which the social world is researched. The results obtained from studies that have applied these standard procedures are deemed credible. In regard to this study, research standard procedures that fall under the realm of quantitative research methods are used. Therefore, this study makes use of a quantitative strategy.

Bryman (2012) defines quantitative research strategy as one that entails the collection and interpretation of numerical data. Furthermore, it is able to demonstrate the relationship between theory and research data. This implies that quantitative research is deductive in its research orientation. This is based on the reasoning that a research hypothesis is derived from theory and tested against the evidence collected to prove or disprove the theory. In addition to this, Patten and Newhart (2017) state that quantitative methods are able to generalize results obtained from the sample to the entire population.

This research study makes use of quantitative research tools as it seeks to establish the effectiveness of the GIBUS on spaza shops owned by South Africans that operate in the Alexandra Township. Therefore, a correlation between the implementation of the policy and its influence on the competitiveness and profitability of these spaza shops is directly tested. This is achieved by testing the relationship between the GIBUS support interventions and the sampled spaza shops in regard to their sales and revenue. As an enabler to this objective, information will be gathered through use of a cross-sectional design questionnaire.

This design is described by Bryman (2012) as one that is carried out at a single point in time. This allows for the respondents' feelings and thoughts to be ascertained at that point in time. Furthermore, a cross-sectional design is mostly suited for relationship testing between variables as outlined above.

In a similar study, Naicker and Peters (2013) made use of quantitative research techniques to ascertain the effect of government support initiatives to assist SMMEs in KwaZulu-Natal in regard to employment creation and turnover growth. The data collection method applied in this study is also cross-sectional. This allowed for the views of the SMME owners to be captured at that moment in time.

3.3 Research Tools

The data collection method used in this research study is a fully-structured interview and in this case, a questionnaire. Wotela (2017) notes that a questionnaire is nothing but a fully-structured interview. This fully-structured questionnaire allows that each respondent is presented with the same questions and in the same order (Patten and Newhart, 2017). Consistency in analysis is achieved in this instance. Moreover, McNabb (2017) purports that a structured interview adheres to a planned discussion guide where answers are pursued with a specific end in mind. In this regard, the answers will be pursued for the benefit of the research objectives. Simply put, the questions and the subsequent questionnaires for this study will have questions that are designed to fulfil the research objectives. The questionnaire will have a combination of nominal, ordinal and ratio levels of measurement.

In this case, face-to-face interviews (fully-structured) were requested in advance and this allowed for the potential respondents to schedule an appointment that suits their schedule. Telephonic interviews were also conducted in instances wherein the respondents indicate such preference. Both face-to-face and telephonic interviews afforded the researcher the opportunity to provide immediate clarity in instances wherein the respondents did not understand the questions posed. Moreover, the researcher had the opportunity to present questions in the same order to respondents; this increased accuracy in the processing of answers (Bryman, 2012). These benefits accrued to this research study and the responses by the respondents were given out with a considerable amount of understanding.

The target population in this study is identified as South African owned spaza shops operating in-between the 1st and 20th avenue in Alexandra. This is based on the reasoning that the Pan African and the Alexandra Mall are located on the edges of 1st and 20th avenue respectively in the Alexandra Township. Moreover, spaza shops operating in these avenues are in direct competition with large retailers that settled in both the Pan African and Alexandra Mall. A beneficiary list containing the required information of South African spaza shop owners was obtained from GEP.

In a similar study, Rungani and Potgieter (2018) made use of fully-structured interviews in a study that seeked to determine the effect of financial support both from the public and private sector on the overall success of SMMEs. In this regard, the respondents were provided with the same questionnaire and answers were captured in the same order. This allowed the researcher to achieve consistency in analysis.

3.4 Sampling

Patten & Newhart (2017) state that sampling is a process whereby the researcher draws a sample from a given population. It is from the sample that data is collected and inferences are made to the population. Moreover, two types of sampling approaches are used in quantitative research; these are non-probability and probability sampling techniques (Wotela, 2017). Probability sampling is described as an approach in which all units in the target population has an equal chance of participation or of being selected while non-probability infers that each unit in the target population does not have an equal chance of being selected (Wotela, 2017). The population in regard to this study comprises of all the spaza shops that have benefited from the GIBUS programmes across the Gauteng Province. For purposes of this study, the beneficiaries from the Township of Alexandra form the main respondents to this study and thus they formed the sample. It is for this reason that this study made use of a non-random purposive sampling strategy (non-probability sampling).

This infers that each unit had no specific probability of being selected and that their participation in the study was strategically sought for (Wotela, 2017; Bryman et al, 2011). Moreover, the application of non-random purposive sampling strategy to this research study is given credence by the fact that the participants to this research study needed to be South African and benefitted from the GIBUS. From the list of 30 spaza shops that have benefited from the GIBUS programmes, only 24 were found to be in operation. These spaza shops are located in-between the 1st and 20th avenue in Alexandra Township.

3.5 Data Analysis

Once the questionnaires were received from the sample, they were stored for safety. Thereafter, the data was edited and verified for completeness. An excel spreadsheet is the instrument through which the data was be captured onto the computer. The few open-ended questions were coded for ease of analysis. Afterwards, Statistical Package for Social Sciences (SPSS) version 28.0.1.0 (142) was used as the statistical package for analysis. The use of SPSS allowed for the development of descriptive statistics and their ultimate analysis. In order to fulfill the research objectives of this research study, a correlation coefficient was used.

Correlation coefficient is a representation of a relationships between two variables (Salkind, 2017). In precise terms, it reflects the change in one variable as a result of a change in another variable. In this manner, it will be known if two variables in question move in the same direction or in the opposite direction when change within one variable is effected. The value of these descriptive statistics ranges between -1.00 and + 1.00 (Salkind, 2017). Should variables change in the same direction, this correlation is referred to as positive correlation; if variables change in the opposite direction, this correlation is referred to as negative correlation (Salkind, 2017).

The values derived from a correlation coefficient are interpreted as follows:

Table 2: Interpreting a Correlation Coefficient

Size of Correlation	Coefficient General Interpretation
0.8 to 1.0	Very strong relation
0.6 to 0.8	Strong relationship
0.4 to 0.6	Moderate relationship
0.2 to 0.4	Weak relationship
0.0 to 0.2	Weak or no relationship

Source: Salkind (2017)

In this regard, the correlation coefficient derived represents the nature of the relationship between variables and the strength of the relationship will be interpreted as stated above. However, it is worth noting that a correlation coefficient can also be represented by a negative number. In such instances, the interpretation is that the nature of the relationship between those variables is negative. It should not be assumed that a positive relationship is more noteworthy than a negative one (Salkind, 2017). Furthermore, it should also be considered that a correlation coefficient of -.7 is much strong than a positive correlation coefficient of 0.5 (Salkind, 2017).

In a similar study, Malgas and Zondi (2019) sought to understand the constraints and challenges facing local informal traders and the differences in terms of trading capabilities between the local traders and migrant traders. The authors from this study made use of correlation coefficients in analyzing their data and this is expressed in this study through cross-tabulations. In this manner, the correlation coefficients for variables are calculated through SPSS and thus analyzed based on the strength or weakness of the coefficient derived. The coefficients analyzed in this regard were in the form of trading hours against turnover; level of education against trading hours; and trading hours against number of customers. For instance, the first and last coefficient sought to understand the relationship between a prolonged period of trading openness against and increase in turnover whilst the third sought to understand the relationship between an prolonged period of openness against an increase in the number of customers.

Results from this study are analyzed in the table 3 below.

Table 3: Cross-tabulation between Trading Hours and Turnover

Variable	Measurement	Trading Hours	Turnover
Trading Hours	Pearson Correlation	1.00	0.10*
	Sig. (2-tailed)	-	0.00
	N	75.00	75.00
Turnover	Pearson Correlation	0.10*	1.00
	Sig. (2-tailed)	0.00	-
	N	75.00	75.00

Source: Malgas and Zondi (2019)

***, Correlation is significant at the 0.01 level (2-tailed).**

The above table indicates a correlation coefficient of 0.1 between trading hours and turnover. This is interpreted as an indicator of a weak relationship between turnover and trading hours. Moreover, this infers that an increase in the number of trading hours does not translate into an increase in turnover. However, the statistical significance of 0.00 infers that the variables are statistically significant and that there is a likelihood of a relationship between these variables.

In a similar study, Rungani and Potgieter (2018) sought to determine the effect of financial support both from the public and private sector on the overall success of SMMEs. This study made use of Pearson Correlation to test the strength of the relationship between variables (Rungani and Potgieter (2018). Profitability, growth in employees, increases in sales and period of operation were amalgamated together to form Business Success in this research study (Rungani and Potgieter, 2018). Variables that were tested against business success are start-up grants, raw material grants, infrastructure grants, and marketing support grants (Rungani and Potgieter, 2018). Results from this research study are presented in table 4 below:

Table 4: SMME Success Correlation

Variable	Correlation with SMME success
Raw material grants	0.658*
Infrastructure grants	-.578*
Start-up grants	0.711*
Technology grants	-.846
Marketing support grants	0.644**

Source: Rungisani and Potgieter (2018)

SMME, small, medium and micro enterprise.

***, p < 0.05; **, p < 0.01; ***, p < 0.001.**

The results from the table 4 indicates that SMME success has a positive relationship with raw material grants, start-up grants and marketing support grants. These results indicate that these variables largely contributed towards the success of SMMEs. On the other hand, a negative relationship is reflected for infrastructure and technology grants. This indicates that both infrastructure and technology grants do not contribute largely towards SMME success.

In conclusion, it is plausible based on the above positive correlation to state that material, start-up and marketing grants are effective in contributing towards the success of SMMEs.

3.6 Limitations

South African spaza shop owners who operate in the Alexandra Township are central to this research study. Therefore, their cooperation and assistance was fundamental to the success of this research study. Given this, there was some hesitancy from some of these spaza shop owners in participating in this research study as a result of questionnaire fatigue. This is premised on the number of times that SMMEs and informal traders in general have been subjected either by private or public institutions to participate in research and yet their social or economic status have not changed. In this regard, it was emphasized to potential respondents that the GIBUS is the first provincial policy that was solely developed for the informal sector and as such, it needs to be continuously refined such that it may achieve greater effectiveness. This research study is a component in achieving this refinement. Through the refinement of the GIBUS, it is envisaged that socio-economic challenges relating to poverty and employment will somewhat be addressed, albeit this may be marginal.

The limitation in regard to the quantitative research design is that it is not most suited to exploring a new phenomenon nor the perspective of respondents; however, this does not obliterate is strength in exploring relationships between variables. The exploration of relationships between variables is the one quality that is most relevant in answering the research objectives of this research study. The relationships between variables is used to measure and indicate the level of effectiveness of the GIBUS in relation to the financial and non-financial support that spaza shops were able to derive. In this regard, the use of quantitative research design is the most relevant of method for this research study.

Another potential limitation lies in that respondents with different backgrounds may interpret research questions differently, which will end up distorting the findings. To counter this limitation, the researcher ensured that interviewers are well trained on the context of the research as well as that they understand the interview schedule and follow it strictly. This will eliminate biases and subjectivism.

3.7 Reliability and Validity

Reliability and validity measures are critical components towards the integrity of research results. Reliability refers to the repeatability of a study (Bryman, 2012). In essence, reliability refers to the consistency of the measures that are used in measuring variables that are used in a study (Bryman, 2012). For instance, these variables can be economic in the form of poverty, income and unemployment. Therefore, the more consistent a measure, the more consistent the results of the study. The measures to be used in this research study are predominantly sales and revenue and these have been deduced from the literature. To further ensure reliability, this research study was piloted first in Soweto on South African owned spaza shops that have benefitted from the GIBUS policy. These township share the same characteristics and challenges as the Alexandra from the perspective that immigrants have infiltrated spaza shops in this township and that large retailers have also found their way into this township through the Maponya and Jabulani Mall.

Validity refers to the extent to which an instrument “measures what it is designed to measure and accurately performs that function” (Patten and Newhart, 2017). Bryman (2012) concurs on the functionality of validity with Patten and Newhart (2017) in stating that its focus is on the integrity of the conclusions that are generated from the study. There are four types of validity measures in quantitative research and are as follows; (i) measurement validity, (ii) internal validity, (iii) external validity and (iv) ecological validity (Bryman, 2018).

This study makes use of internal validity. Neuman (2014) indicates that internal validity ensures that errors have not been made internally to the research design, which could end up producing false results. In addition, Bell et al. (2018) indicates that internal validity includes determining whether the conclusion that establishes a causal relationship between two or more variables holds water in the research. This is particularly relevant to this research as the underlying objective of this research is to ascertain any correlation or causal relationship between the support provided to spaza shops in the Alexandra Township and their sales and revenue?

The causal relationship between variables used in this study will be compared to studies of similar nature to determine if the same conclusions were found? This how the internal validity of this study will be “guarded” for.

3.8 Ethics

This research study was carried out in full compliance with the ethical requirements of the University of Witwatersrand Research Ethics Committee. Ethical principles such as harm to participants, lack of consent, invasion of privacy and deception will not be transgressed. A consent form was developed to ensure that participation is legally agreed into. The importance of this research study and its potential benefit to society was made known to the respondents. In order to maintain the anonymity of the respondents, all data collected had personal identifiers removed. The data collected was stored in a password protected computer where access is only available to the researcher.

The researcher further declares that they have no undue interests in the research, in the form of sponsorship or financial incentive from any person, organisation and institution.

3.9 Conclusion

This research study measures the effectiveness of the GIBUS in relation to South African owned spaza shops that operate in-between the 1st and 20th avenue in the Alexandra Township. Competitive and profitable spaza shops have the capacity to contribute towards poverty alleviation and employment creation, albeit this may be marginal. The instruments of measure are mainly sales and revenue. Quantitative research techniques were used as a data collection strategy whilst data collection is cross-sectional. Data collection was done both through physically interviews and telephonic in certain instances. Non-random purposive sampling applies to this research study as the respondents needed to meet a certain criteria and SPSS was used for data analysis purposes.

Chapter 4: Data Presentation and Analysis

4.1 Introduction

This chapter is structured in accordance to the research objectives as mentioned in chapter 1. Simply put, it responds in chronological order to the research questions and objectives as stated in chapter 1. This is achieved through the analysis of the survey responses. The analysis is made through the use of SPSS. Data analysis and interpretation transformed the data into information that was used for analyses and to describe the relationship between variables.

4.2 Spaza Shop Profile

Table 5: Number of Years in Operation

Years in Operation					
Number of Years in Operation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	1	4.2	4.2	4.2
	5	2	8.3	8.3	12.5
	6	2	8.3	8.3	20.8
	9	1	4.2	4.2	25.0
	11	1	4.2	4.2	29.2
	12	1	4.2	4.2	33.3
	13	4	16.7	16.7	50.0
	14	2	8.3	8.3	58.3
	17	1	4.2	4.2	62.5
	20	2	8.3	8.3	70.8
	21	1	4.2	4.2	75.0
	22	2	8.3	8.3	83.3
	23	2	8.3	8.3	91.7
	28	1	4.2	4.2	95.8
	29	1	4.2	4.2	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

Results from the survey undertaken as illustrated by the table 5 above, indicates that 50% of the spaza shops interviewed have been in existence for a minimum of 4 and a maximum of 13 years. The remaining 50% expressed their existence for a minimum of 14 years and maximum of 29 years. The mode number of years that the interviewed spaza shops have been in existence for is 13 years. This denotes that these spaza shops have been able to sustain themselves amidst the rising competition that they are confronted with in the form of large retailers and immigrant owned spaza shops that have settled in the Alexandra Township.

These percentages and the number of years that these spaza shops have been in existence point to their economic significance. This is a finding that is corroborated by Ledingoane and Viljoen (2020), these authors point out that spaza shops provide income earning opportunities for their owners. Venter and Urban (2015) provides credence to the findings made by Ledingoane and Viljoen (2020) by asserting that for some owners, this may be their only source of income. Moreover, Khumalo, Mthuli and Sign (2019) extend the importance of the spaza shops by highlighting their social impact in that they enable the owners to provide for their families. This is a point that is supported by Khumalo et al, 2019; Tawodzera et al 2019.

Given the above, it is critical that these spaza shop owners are able to ensure the sustainability of their spaza shops. The sustainability of these spaza shops as given credence by the number of years that they have been in existence, justifies the vision of the GIBUS. This is based on the reasoning that the GIBUS envisages to develop spaza shops such that they are profitable and competitive amongst its other objectives. Therefore, for these spaza shops to have been in existence for the period that they have, it highlights that they must have found a “trade-secret” that has kept them afloat for the number of years as indicated by table 5 above. Moreover, it needs to be noted that the average life span of 60% of newly established SMMEs fail within 2 years (Bushe, 2019). These spaza shop have been able to maintain their existence for periods beyond this failure time-frame.

4.2.1 Number of Employees

Table 6: Number of Employees

Number of Employees					
Number of Employees		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	54.2	54.2	54.2
	2	3	12.5	12.5	66.7
	3	1	4.2	4.2	70.8
	4	2	8.3	8.3	79.2
	5	4	16.7	16.7	95.8
	6	1	4.2	4.2	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

From table 6 above, over half (54.2%) of the respondents indicated to have employed one person and this is in most cases, a family member. The reason provided for not employing people outside of the family is that such people are dishonest. This is expressed by their ability to steal both the stock available and cash that is generated through sales. For instance, one respondent corroborated this assertion by stating that she once hired an employee for a month and that the amount of money that was generated through sales did not correspond with the number of items sold. In simpler terms, there was no convergence between the amount of money generated and the number of items sold. This is a likely indicator of theft in both the amount of money generated from sales and stock items. It is for these reasons that the majority of the spaza shops are family run and mostly, owner run.

For those who have been able to employ people, the owners are obligated to be present at the spaza shop to limit adverse possibilities of theft. This is corroborated by another respondent who has recently expanded her spaza shop into a bakery, she asserted that she was forced into employing people outside of her immediate family and this has necessitated that she be present at all times. This is to ensure that operations are run efficiently and to also limit the incidence of theft.

These findings are congruent to the study undertaken by Khumalo, Mthuli and Singh (2019). Findings from this study reflect that 85% of the respondents interviewed run their informal trading activities by themselves and have not employed an employee. Njaya (2015) adds support to these results by stating that the informal economy is mostly employer run and in some instances, these owners rely on a family member that is at most instances not paid for their services. Therefore, the in-sourcing of an employee outside of the immediate family is challenge that the majority of informal traders are faced with. The importance of theft as a challenge to spaza shops is highlighted by a study conducted by van Scheers (2015). Results from this study indicates that theft accounts for an average score of 3.99 out of a total score of 6.00 for spaza shop challenges; theft in this study is ranked seventh from a total of 20 spaza shops challenges.

It is important that it be noted that the majority of the spaza shops interviewed for this research report did not indicate signs of growth that require for an employee or employees to be employed on a full-time basis. However, some spaza shop owners reflected they close their spaza shops when they have to carry out some their responsibilities such as stock purchasing. This implies that they lose out on sales for the period for that they close and this does not bode well for their revenue and growth purposes. It is for such reasons that an additional person is needed for the continued operation of the spaza shop. Overall, the spaza shops interviewed exhibit sings of feeble growth if anything from a permanent employment creation perspective. This point must be considered against the backdrop of the vision of the GIBUS which states that the informal sector and spaza shops in this instance should create employment opportunities for others (GIBUS, 2015). Nonetheless, in the event that these spaza shops were to become competitive and profitable, its plausible that temporary employment may be induced in the least. In this scenario, there would be a requirement for spaza shop owners to delegate some of their responsibilities.

4.3 Policy Awareness

The purpose of this section is to ascertain if the respondents to this survey are aware of GEP? This is important from the perspective that this institution is mandated to provide financial and business development support for the growth and sustainability of small enterprises. Moreover, it also important to ascertain if the respondents are aware of the GIBUS as this is a policy directive that outlines the manner in which they are meant to be financially and non-financially supported by GEP.

4.3.1 Gauteng Enterprise Propeller Awareness

Figure 2: Gauteng Enterprise Propeller Awareness

Are you aware of the Gauteng Enterprise Propeller?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	100.0	100.0	100.0

Source: Survey (2022)

Figure 2 above indicates that all the respondents interviewed affirmed to be aware of GEP. This was expected considering that they were able to access either financial or non-financial assistance from GEP for the period between 2016 and 2021.

From a study conducted by Peters and Naicker (2013), the findings are that 65% of the enterprises interviewed had heard of the Independent Industrial Corporation (IDC) and that 57% had attempted to source funding from the IDC (Peters and Naicker, 2013). This implies that the greater awareness of a funding institution, the more likely it is that entrepreneurs are to make use of its support programmes.

4.3.2. GIBUS Awareness

Figure 3: GIBUS Awareness

Are you aware of the Gauteng Informal Business Upliftment Strategy?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	18	75.00	75.0	75.00
	Yes	6	25.0	25.0	100.00
	Total	24	100.00	100.00	

Source: Survey (2022)

As illustrated by figure 3 above, an overwhelming 75% of the respondents indicated to not be aware of the GIBUS. This points out to a lack of consultation from the GPG's side during the phase of policy development and its ultimate promulgation. This is based on the reasoning that the concerned stakeholders and mostly importantly, the targeted beneficiaries should have been broadly consulted in the developmental phase of this policy so that their contributions can be factored into the strategic pillars of this policy. Moreover, broader consultations also provide an opportunity for the targeted beneficiaries to be in the know of the existence of this policy once it has been promulgated so that they can be in a position to benefit from it.

In reference to figure 3, the interviewed beneficiaries were able to access both financial and non-financial support without knowing the policy that underpins them. Results from this research study are in alignment to the results obtained by Rungisani and Potgieter (2018); respondents from this study indicates that 72% of the respondents report that government programmes need to be made more visible to them to increase accessibility. Rungisani and Potgieter (2018) further regard the lack of awareness of government programmes as an impediment towards the growth of SMMEs. In a similar study, Mathibe and van Zyl (2011) further assert and conclude that government led programmes also experience difficulties in them being operational. The operational aspects of these programmes also include awareness towards the existence of such programmes and also their legislative underpinnings.

The findings from Rungisani and Potgieter (2018) are in congruence with the findings from this research report in that 75% of those interviewed state to not be aware of the GIBUS. This is viewed as a hinderance to the growth of these spaza shops in regard to the spaza shops attaining the competitive and profitability that the GIBUS envisions.

4.4 Training and Development

The GIBUS provides strategic direction that guides the design and implementation of the financial and non-financial interventions for both the provincial and local government whilst also aligning these interventions to the national sphere of government (GIBUS, 2015). In essence, the GIBUS has been adopted as a GPG Strategy that provides guidance on the development of the informal sector, of which spaza shops are a subset of. Therefore, it is important that this survey ascertains the extent to which the spaza shops in this survey were able to access and ultimately receive training and development as a result of the promulgation of the GIBUS? Moreover, it is also important that this research study ascertains if the training and development received was beneficial?

Basically, the purpose of this section is to determine the effectiveness of the GIBUS from a training and development perspective. In this regard, the survey questions are structured such that they shed light on the effectiveness or the ineffectiveness of the GIBUS from a training and development support perspective.

The following table depicts accessibility of training and development to the spaza shop owners in Alexandra.

4.4.1 Training and Development Received

Figure 4: Training and Development Received

Have you Received any Training from the Gauteng Enterprise Propeller					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	6	25.0	25.0	25.0
	Yes	18	75.0	75.0	100.0
	Total	24	100.0	100.0	

Source: Survey (2022)

Figure 4 depicts that 75% of the respondents to this study indicated to have received training from GEP as outlined in the GIBUS. This training is classified as Business Management Training and it encapsulated themes or individualized packages on budgeting, financial management, marketing, goal setting and stock taking. Training and development of this nature is crucial in that the ability to apply the principles of such training to spaza shops allows for proper planning and strategizing. Therefore, spaza shops owners are better equipped to deal with challenges.

From this research study, a considerable percentage (75%) of those interviewed were able to access training and development opportunities from GEP. However, the need for a more inclusive training and development programme cannot be overly emphasized considering the low skills levels that the majority of these spaza shops possess. Wider beneficiary consultations during the development and implementation phase of policies is partly a reason for the lack of accessibility to such opportunities. Training and development accessibility challenges are emphasized through a study conducted by Rungisani and Potgieter (2018); 72% of the respondents from this study reported that government programmes need to be made more visible to them in order to increase accessibility.

In a similar study, Mathibe and van Zyl (2011) furnishes the finding that government led programmes also experience difficulties in them being operational. The operational aspects of these prgrammes also include awareness towards the existence of such prgrammes and also their legislative underpinnings.

The importance of training cannot be overly emphasized. van Zyl (2015) reflects on the importance of training in a study in which 80.9% of the respondents mentioned of their need to access training. This points out that these respondents had not received training and subsequently identified it as a necessity for the growth of their businesses. It is for this reason that findings made by Rungani and Potgieter (2018); and Njaya (2015) refer to training inaccessibility as an impediment to business growth. In this research study, 25% claim to not have received training as illustrated in figure 4. Therefore, accessibility to training and development as advocated for GIBUS cannot be stated to be widely accessible. This is against the backdrop of the GIBUS having made a finding that a significant percentage of informal traders do not possess matric certificates; therefore, there is a need for access to specialized training and development programmes (GIBUS, 2015).

4.4.2 Contribution of Training and Development

Figure 5: Contribution of Training and Development

On a scale of 1-5, how did this training contribute towards the success of your spaza shop?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	6	25.0	25.0	25.0
	3	4	16.7	16.7	41.7
	4	14	58.3	58.3	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

Figure 5 indicates that just under 60% of the respondents consider the training received from GEP as having contributed significantly towards the development of their spaza shops. The minority (16.7%) consider training and development as having contributed averagely towards the development of their spaza shops. Overall, a considerable degree of developmental benefit is attributed to the training and development aspects of the GIBUS. The combined contribution as made by training and development towards the success of the interviewed spaza shops is 75%. This is understandable considering that the majority of the respondents stated that their knowledge of business management and its sub-themes was from a poor base and that they found the knowledge gained through the training provided by GEP as enlightening.

The positive contribution as attributed to the training and development as received from GEP for the spaza shops interviewed is in line with findings from a study conducted by Unger, Raunch, Frese, & Rosenbusch (2011). These authors present findings that there is a positive relationship between human capital skills acquisition and entrepreneurial success. In a similar study conducted by Urban and Ndou (2019), the results indicate that training is positively correlated to business performance. Urban (2019) support these findings based on the argument that up-skilling an entrepreneur and the subsequent utilization of these skills should ultimately lead to better decision making.

Seeing that there are studies that affirm the correlation between training and business success, the emphasis on training informal traders that the GIBUS advocates for is not misplaced. The GIBUS recognizes that there is a need to strategically focus on the skills training made for informal traders. This is important given that the majority of those who operate informally have a low skills base. In this regard, the GIBUS advocates for the provision of ABET as a first measure of training provision for informal traders (GIBUS, 2015). This is to address the challenges relating to basic literacy before a more tailor-made training programme is made available to informal traders. In Zimbabwe, similar training and development programmes have been implemented (Gumbo and Geyer, 2011).

The Ministry of Micro, Small and Medium Enterprises in Zimbabwe identified that it is essential that Informal Traders be trained on business related matters. It was thereafter requested that the ILO provide training to the employees of the Ministry of Micro, Small and Medium Enterprises employees and private facilitators who in turn were to impart the knowledge gained from this training to the Informal Traders (Gumbo and Geyer, 2011). The main aspects of this training was on business management; cash-flow management; and marketing (Gumbo and Geyer, 2011).

Overall, a significant percentage of the respondents from this research study indicated their satisfaction towards the contribution that this training has had on their spaza shops. It is inferred that they were able to utilize the lessons from the training towards improving the competitiveness and profitability of their spaza shops as advocated for through the GIBUS.

4.5 Financial Support

Bearing in mind that the GIBUS provides strategic direction that guides the design and implementation of the financial and non-financial interventions, it is important to ascertain if the respondents were able to access and ultimately receive financial support as a result of the promulgation of the GIBUS? Moreover, it is also important that this research study ascertains if this financial support was beneficial? Figure 6 to 8 depicts the financial support results from this survey

Basically, the purpose of this section is to determine the effectiveness of the GIBUS from a financial support perspective. In this regard, the survey questions are structured such that they shed light on the effectiveness or the ineffectiveness of the GIBUS from a financial support perspective.

4.5.1 Financial Support Received

Figure 6: Financial Support

Has your Spaza Shop Received any type of Financial Support					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	16	66.7	66.7	66.7
	Yes	8	33.3	33.3	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

As depicted by figure 6, two-thirds (66.7%) of the respondents to this research study indicated to not have received any form of financial support from GEP whilst the minority (33.3%) were able to receive this sort of support. The rand value received by each of the beneficiaries is R9 000.00. The recipients of this grant are appreciative of this financial support seeing that they accessed government financial support through this grant for the first time; however, these recipients pointed out towards its insufficiency. This is based on the understanding that the grant was used to purchase stock or small equipment items needed in the spaza shop, but it did not translate into improving the overall competitiveness and profitability of these spaza shops to the level that is expressed in the GIBUS. Ideally, the financial support that is provided at this stage should enable these spaza shops to be competitive in the least against immigrant owned spaza shops.

This assertion is given credence by the views of one respondent. This spaza shop owner stated that immigrant owned spaza shops initially lower their prices when they first settle into townships. This is a competitive strategy that is implemented in a bid to force those spaza shops that have already settled in townships into closing. Once this objective has been achieved, the immigrant owned spaza shop then increases its prices as the competitors will have closed. Therefore, the financial support aimed to benefit South African owned spaza shops should be directed at addressing such challenges.

With reference to figure 6, it is apparent that financial support was not accessible to the majority of the respondents. This further infers that the respondents from this research study have a financial support access challenge. van Scheers (2010) and Tenge et al (2012) both concur to the fact that a lack of financial support constrains the growth potential of businesses. Financial accessibility challenge is also highlighted by a study conducted by Ledingoane and Viljoen (2020). Results from this study indicate that 62.7% of the informal traders cite the inaccessibility of government funding as a deterrent to growth of their businesses. This implies that the respondents to this study by Ledingoane and Viljoen (2020) were also deprived of access to financial support. Findings from these studies are congruent with findings from this research report in that the 66.7% of the respondents stated to not have received any financial support.

It is worth noting that the GIBUS advocates for more than just the offering of grants, pillar 5 of the GIBUS also seeks to strengthen the competitiveness and profitability of spaza shops through the utilization of bulk-buying initiatives. Through this initiative, stock sold by these spaza shops is expected to be bought at a significantly reduced amount that will empower the beneficiary spaza shops to sell at a significantly lower price. As an enabler to this initiative, the GPG aims to construct warehouses wherein stock will be safely kept and distributed to the individual spaza shops. Overall, the findings at this juncture point out that significantly lesser percentage of the respondents were able to access this financial support and all other the other initiatives, such as bulk-buying that were mentioned along with financial support.

4.5.2 Financial Support Benefit

Figure 7: Financial Support Benefit

Did you find this financial support beneficial?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	16	66.7	66.7	66.7
	Yes	8	33.3	33.3	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

The minority (33%) of the respondents as depicted in figure 7, are of the view that they benefited from the financial support granted to them. This is understandable as they had not received any form of grant prior to this support as was offered by GEP. Therefore, their base of comparison is low. According to these recipients, this grant was used to purchase stock and other equipment that was needed for their spaza shops. However, these recipients pointed to the insufficiency of this grant; the view is that it needs to be increased so that it can assist to address their overarching challenges of competitiveness and profitability.

The benefit gained through accessing financial support by spaza shop owners is supported by a study conducted by Urban and Ndou (2019). These authors present the finding that access to finance is a positive contributor to business development. In addition to this, Rungani and Potgieter (2018) conducted a study that presented results that start-up grants are significantly correlated with business success. Therefore, the above results from figure 6 are in alignment to results as presented by studies undertaken by Urban and Ndou (2019); and Rungani and Potigieter (2018). These results support pillar 5 of the GIBUS which seeks to financially empower spaza shops such that they improve on their competitiveness and profitability. Nonetheless, the financial support received by these spaza shop owners did not translate into improving the overall competitiveness and profitability of these spaza shops. The majority of these spaza still operate as survivalist enterprises even though 50% of them have been in existence for a minimum period of 13 and a maximum period of 29 years. This is based on the minimalistic nature of their operations through stock availability, self-managing owners and lack of labour-absorbing opportunities.

4.5.3 Contribution of Financial Support

Figure 8: Contribution of Financial Support

On a scale of 1-5, how did this financial support contribute towards the success of your spaza shop?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	16	66.7	66.7	66.7
	2	1	4.2	4.2	70.8
	3	6	25.0	25.0	95.8
	4	1	4.2	4.2	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

Figure 8 depicts that an underwhelming 25% of the respondents refer to the contribution of the grant as received from GEP towards the success of their spaza shops as average. This indicates that the R9000.00 financial support is not adequate to address the challenges faced by these spaza shops; more so in their quest to improve their level of competitiveness and profitability. The need for an increased level of financial support is strengthened by the views of one respondent. This respondent conceded that the settling of both immigrant owned spaza shops and the two mall developments that took place in the township of Alexandra have drastically reduced the competitiveness of his spaza shop. It is for such reasons that an increase in the grant is needed. The financial support granted to informal traders or any other businesses, should match the level of change that they wish to effect.

A number of studies have been conducted to test for the relationship or contribution that financial support contributes towards the development of businesses. Anton and Bostan (2017) present the results that there is a positive relationship between access to finance and Total Entrepreneur Activity (TEA). This is based on the statistical results from this study that point out that a one percent increase in the SME Access to Finance Index (SMAF) corresponds with a 0.073% increase in TEA and this is also statistically significant at 1% level (Anton and Bostan, 2017). The results from this study infer that with an increase in financial support, entrepreneurs are encouraged in pursing their enterprise aspirations. It is for this reason that entrepreneurs consider financial assistance as a significant contributor to the success of their businesses.

Findings from the Anton and Bostan (2017) study are supported by Urban and Ndou (2019) who presented findings that access to finance is a positive contributor to business development. The findings regarding the positive contribution made by financial support as put across by Anton and Bostan (2017); and Urban and Ndou (2019) concur with the findings from this research study. While it is acknowledged that a large majority of the respondents were unable to access funding from GEP, those who were to do so consider the contribution of this funding as average towards the development of their spaza shop.

In order for the financial support as provided by GEP to have a significant contribution towards the development of these spaza shops, there is a need for it to contribute towards improving the competitiveness and thus the profitability of these spaza shops. In this manner, the financial interventions made by GEP need to influence the supply chain networks through which stock is bought. A reduction in the price at which spaza shops purchase their stock has the potential to improve their competitiveness and profitability. In addition to this, reliable and less costly distribution networks are needed by these spaza shops. This will assist in ensuring that stock is less costly to bring into the spaza shop and that there is a more consistent availability of stock items. Therefore, the financial contribution as made by GEP should look into addressing these challenges. The above mentioned interventions will improve the financial contribution made by GIBUS beyond being “average” or “insufficient”.

4.6 Increase in Revenue

Figure 9: Increase in Revenue

Has your revenue increased since 2016?					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	No	19	79.2	79.2	79.2
	Yes	5	20.8	20.8	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

Figure 9 presents that 80% of the respondents to this research study indicated to not have had an increase in revenue since 2016. In fact, the majority claim that their revenue has regressed and this has been exacerbated by COVID-19. Amongst many other COVID-19 effects was the loss of employment by people. In such instances, people lost out on their salaries and this weakened their ability to purchase groceries. On the other hand, the minority (20%) stated to have had an increase in sales and this was attributed to the strict lockdown regulations that restricted movement. In this regard, customers feared doing their groceries in nearby malls and preferred their local spaza shops out of fear of contracting COVID-19.

An underwhelming 12.5% of the respondents pointed to have an increase of between R100 001 and R 200 000.00 for the period between 2016 and 2021. The other 8% pointed to an increase of between R1 and R 100 000.00. The overall reference at this point is that an insignificant number of spaza shops experienced an increase in revenue for the period between 2016 and 2021. For those who were able to experience an increase, it is not that they were able to devise and implement a business development strategy that resulted in this increase. Other events as stated above led to this increase. It is inferred at this juncture that the impact of COVID-19 has had a varying effect on the respondents to this research study, but the overall impact is negative.

Once the training and financial support had been offered to these spaza shops, the expectation was that there would be an increase in sales and revenue generated by these spaza shops. This is expectation is in congruence to the ambition contained with GIBUS that seeks to improve the competitiveness and profitability of these spaza shops. Moreover, there are also studies that draw linkages between training and financial support to the success of businesses. For instance, Isaac (2017) conducted a study that reflects the findings that accessibility to micro-finance has a significant statistical impact on business revenue of informal enterprises. The findings from this study are corroborated by a study conducted by Gubert and Roubaud (2011) who presented the findings of a positive impact that microfinance has on the performance of enterprises that have accessed it as opposed to those enterprises that have not accessed it. The performance of the enterprises in this study are measured by employment creation, production, turnover and value-add.

In regard to training, studies conducted by Unger et al (2011) and Urban and Ndou (2019) provide evidence to the positive contribution that training and development has on business success. The results from this research study indicates that for the majority of the respondents, their revenue decreased for the period between 2016 and 2021. This is in-spite of the training and financial support that was granted to them through the implementation of the GIBUS.

In the event that these spaza shops had experienced an increase in revenue, this revenue would have been attributed to the training and financial support that these spaza shops were provided with by GEP. In regard to this study, revenue and sales are measurement yardsticks which are used to that indicate the effectiveness of the GIBUS. Given the findings from this section that indicate that 80% of the respondents have not experienced an increase in sales and revenue, the non-effectiveness of the GIBUS is herein reflected. For those who were able to experience an increase in revenue, they do not attribute it to the GIBUS. Instead, the health threat posed by COVID-19 discouraged customers from purchasing from large retailers who are located in either the Alexandra nor the Pan African Mall. Therefore, with sales and revenue as an indicator to the effectiveness of the GIBUS, the finding is that it did not significantly contribute towards an increase in sales and revenue for the spaza shops interviewed.

4.6.1 Increase in Employment

Figure 10: Increase in Employment

Has the spaza shop increased employment since 2016?					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	No	20	83.3	83.3	83.3
	Yes	4	16.7	16.7	100.0
	Total	24	100.0	100.0	

Source: Interviews (2022)

According to figure 10, just over 80% of the respondents indicated to not have had an increase in employment since 2016. The above analysis from figure 9 on revenue increase highlights that the majority of these respondents indicated to have had no increase in revenue since 2016; therefore, it is highly impossible that these spaza shops would “absorb” people into employment whereas their revenue has shown no signs of an increase. The effects of COVID-19 are referred to as reasons for the decreasing revenue as people lost their jobs in this period and thus their purchasing ability. Moreover, given the small scale of the operation of these spazas, the majority of owners are not willing to expand employment opportunities outside of their immediate household considering the threat posed by theft.

For those who have been able increase their level of employment, it has predominantly been part-time employment wherein these employees assist when the need arises. In this regard, permanent employment creation does not apply to the spaza shops used as respondents to this study. This is partly due to their small scale of operations and fear of theft. However, a more objective orientated and fully operationalized financial and non-financial programme has the capacity to unlock the competitiveness and profitability of these spaza shops owners. This assertion is provided support by studies undertaken by Sahu, Agarwala and Maity (2021) as well as Atiase, Wang and Mahmood (2019). From the study conducted by Sahu et al (2021), these authors present the findings that accessibility to microcredit has the potential to create employment. Atiase at al (2019) come to the same finding from a study conducted in Ghana.

4.7 Other Business Strategies

Figure 11: Other Business Strategies

Source: Interviews (2022)

Figure 11 above indicates that the majority of the respondents attribute the availability of credit facilities as a major contributor towards the success of their spaza shops. In this instance, loyal customers are given the opportunity to acquire groceries on credit and only settle the amount owed by month end. Perseverance is the second most cited attribute by the respondents. Unfortunately, this is not an attribute that can be taught to entrepreneurs, but should rather be inherent in them. As indicated by the table above, it seems to work wonders when an entrepreneur possesses it.

In third place is price competitiveness. This refers to their ability to compete with other spaza shops who are in close proximity to theirs. The ability to compete in this regard necessitates having to ensure that one buys stock at prices which will enable competitiveness. In such situations, the spaza shop owners ought to compare and ultimately make a decision on where to buy certain goods based on the price at which these goods are sold. For instance, some of the respondents indicated to no longer buy stock from Makro as this outlet no longer enabled them to be competitive. They rather chose to buy from other wholesale outlets around the Pan African Mall as purchase prices from these outlets enabled them to price competitively at their spaza shops.

Customer service and the location of the spaza shop are also attributes that play a significant role in the sustenance of a spaza. Of course, it important that customers are treated with respect so that their loyalty can be gained.

The leading business strategies as employed by these spaza shop owners cannot be attributed to the existence of GIBUS. These are strategies that these spaza shops owner have had to learn and employ with the continuation of their trade.

4.7 Correlation

The primary purpose of this section is to draw correlations for the financial and non-financial support that was granted to spaza shop owners. The overall objective is to reflect the nature of the relationships that exist or does not exist for the variables of this particular research. Based on the existence or the non-existence of this relationship, inferences will be drawn to indicate the effectiveness of the financial or non-financial support received.

4.7.1 Cross Tabulation between Training and Contribution of Training

The purpose of table 7 below is to present the nature of the relationship that exists between training and the contribution of this training towards the development of these spaza shops. In simpler terms, the objective is to ascertain if the respondents found this training to have contributed towards the success of their spaza shop?

Table 7: Cross-Tabulation between Variables: Training and Contribution of Training

Variable	Measurement	Training	Training Contribution
Training	Pearson Correlation Sig. (2-tailed) N	1 24	.783** 0.000 24
Training Contribution	Pearson Correlation Sig. (2-tailed) N	. 783** 0.000 24	1 24

****Correlation is significant at the 0.01 level (2-tailed)**

Source: Interviews (2022)

Table 7 indicates that these two variables (training and contribution) have a statistical significance of 0.000. This significance level is lower than the ordinarily used cut-off level of 0.05. This implies that the two variables are statistically significant. Furthermore, the relationship between these two variables is also corroborated by the Pearson Correlation coefficient of 0.783 as this coefficient represents a strong relationship between variables. In this regard, a strong relationship exists between these variables. Therefore, the most plausible observation at this juncture is that the respondents refer to the training as provided by GEP as having contributed towards the development of their spaza shops.

The above results are supported by studies conducted by Unger et al (2011); and Urban and Ndou (2019). From the study conducted by Unger et al (2011), the correlation between human capital and success is found to be significantly strong with a correlation coefficient of 0.98. These findings are underpinned by the theoretical perspective that an increase in an entrepreneur's human capital positively contributes towards the success of the business concerned. These results are congruent to results obtained by Urban and Ndou (2019). Results from this study confirm a very strong correlation coefficient (0.887*) between enterprise performance and entrepreneurial skills and the development of competencies (Urban and Ndou, 2019).

Results from this correlation supports the objective of the GIBUS which seeks to train and develop informal traders. This policy seeks to up-skill informal traders from a numeracy and literacy perspective as it recognizes that the majority of informal traders do not have matric (GIBUS, 2015). Thereafter, recommendations are made for SETAs and institutions of higher learning to provide tailor-made programmes for the training and development of these informal traders (GIBUS, 2015).

Overall, there exists a positive relationship between training and its contribution on development of the spaza shops interviewed. This is supported by the Pearson Correlation coefficient of 0.783 that exist between these variables.

4.7.2 Cross tabulation between Financial Support and Contribution of Financial Support

The purpose of table 8 below is to present the nature of the relationship that exists between financial support and the contribution derived from this financial support by spaza shop owners. In a nutshell, the objective is to ascertain if the respondents found this financial support to have contributed positively towards the development of their spaza shop?

Table 8: Cross-Tabulation between Variables: Financial Support and Contribution of Financial Support

Variable	Measurement	Financial Support	Training Contribution
Financial Support	Pearson Correlation Sig. (2-tailed) N	1 24	0.980** 0.000 24
Training Contribution	Pearson Correlation Sig. (2-tailed) N	. 980** 0.000 24	1 24

Correlation is significant at the 0.01 level (2-tailed)

***. Correlation is significant at the 0.05 level (2-tailed).**

Source: Interviews (2022)

Table 8 indicates that the two variables (financial support and contribution of financial support) have a statistical significance of 0.000. This significance level is lower than the ordinarily used cut-off level of 0.05. Therefore, these two variables are statistically significant. Moreover, the likely relationship between these two variables is also corroborated by the Pearson Correlation coefficient of 0.980 as this coefficient represents the likelihood of a very strong relationship between variables need to also indicate that the relationship is positive. This infers that a very strong relationship exists between these variables. Therefore, the most plausible observation at this juncture is that the respondents refer to the financial support as provided by GEP as having contributed towards the development of their spaza shops.

In a similar study conducted by Rungani and Potgieter (2018), correlation results reveal a statistically significant relationship between business success and start-up grants. The correlation coefficient between these two variables is recorded at 0.711* (Rungani and Potgieter, 2018). Business Success in this study is made up of profitability, growth in employees, increase in sales and period of operation. Results from the study conducted by Rungani and Potgieter are consistent with those obtained from Kamunge, Njeru and Tirimba (2014). Findings from this study indicate that access to finance exposes SMMEs to better opportunities and that it also leads to better SMME performance (Kamange et al, 2014).

The results obtained from this research study are congruent with pillar 5 of the GIBUS which seeks to empower informal traders financially. This policy envisions to achieve this objective through financial assistance; bulk-buying initiatives; warehousing and distribution opportunities. The overarching objectives of all these initiatives is to improve the competitiveness and profitability of spaza shops. Overall, results from this study indicate a positive relationship that exists between financial support and its contribution towards the development of the spaza shops that are interviewed for this research study.

4.7.3 Cross Tabulation between Revenue Increase and Contribution of Training

The purpose of table 9 below is to present the nature of the relationship that exists between the contribution of training and revenue increase for spaza shops. In a nutshell, the objective is to ascertain if there was an increase in revenue that spaza shop owners experienced as a direct result of the financial support received?

Table 9: Cross-Tabulation between Variables: Revenue Increase and Contribution of Training

Variable	Measurement	Revenue Increase	Training Contribution
Revenue Increase	Pearson Correlation Sig. (2-tailed) N	1 24	0.260 0.221 24
Training Contribution	Pearson Correlation Sig. (2-tailed) N	0.260 0.221 24	1 24

****Correlation is significant at the 0.01 level (2-tailed)**

***. Correlation is significant at the 0.05 level (2-tailed).**

Source: Interviews (2022)

Table 9 indicates that the two variables (revenue increase and contribution of training) have a statistical significance of 0.221. This significance level is higher than the ordinarily used cut-off level of 0.05. Therefore, these two variables are not statistically significant. Moreover, this indicates that the likelihood of a relationship between the variables does not exist. In this regard, the most plausible observation at this juncture is that the training as provided by GEP did not contribute towards an increase in revenue for the spaza shops interviewed.

In a similar study conducted by Omolo (2015) in the Kisumu County of Kenya, findings from this study indicate that the performance of SMMEs is positively correlated to training and development. Further statistical analysis from this study indicates that training and development account for 43.2% in the variance for performance of SMMEs. This implies that it is possible to increase the performance of SMMEs by 43.2% provided that they undergo training and development (Omolo, 2015). Similar studies conducted by Wellins, Bernthal and Phelps (2005); and Cho, Woods, Jang, & Erdem (2006) present findings that training and development contribute positively towards business revenue and turnover respectively. However, results from table 9 point that the training received by the respondents to this research study did not translate into an increase in revenue for them.

Further analysis from table 9 points out that sales and revenue did not increase as a result of the spaza shops owners having underwent training as offered by GEP. Moreover, the competitiveness and profitability of the spaza shops concerned was not positively contributed to by the training offered. This is against the backdrop of the GIBUS envisioning to increase the competitiveness and profitability of informal traders in general. The effectiveness of the GIBUS in relation to improving sales of the spaza shops concerned has not been achievable. The effectiveness of the training provided by GIBUS in relation revenue increase is herein reflected.

4.7.4 Cross tabulation between Revenue Increase and Contribution of Financial Support Contribution

The purpose of table 10 below is to present the nature of the relationship that exists between the contribution of financial support and revenue increase for spaza shops. Basically, the objective is to ascertain if there was an increase in revenue that spaza shop owners experienced as a direct result of the financial support received?

Table 10: Cross-Tabulation between Variables: Revenue increase and Financial Support Contribution

Variable	Measurement	Revenue Increase	Financial Support Contribution
Revenue Increase	Pearson Correlation Sig. (2-tailed) N	1 24	0.142 0.508 24
Financial Support Contribution	Pearson Correlation Sig. (2-tailed) N	0.142 0.508 24	1 24

****Correlation is significant at the 0.01 level (2-tailed)**

***. Correlation is significant at the 0.05 level (2-tailed).**

Source: Interviews (2022)

Table 10 indicates that the two variables (revenue increase and contribution of financial support) have a statistical significance of 0.508. This significance level is higher than the ordinarily used cut-off level of 0.05. Therefore, these two variables are not statistically significant. Moreover, this indicates that the likelihood of a relationship between the variables does not exist or it is weak. In this regard, the most plausible observation at this juncture is that the respondents refer to the financial support as provided by GEP as not having contributed towards an increase in revenue for their spaza shops.

Urban and Ndou (2019) conducted a study on informal entrepreneurship with a special focus on those who are located in South African Townships. The findings from this study are that access to finance is positively correlated to enterprise performance. Measurement variables used in regard to enterprise performance are sales growth and profitability (Urban and Ndou, 2019). The correlation coefficient recorded to reflect this positive relationship is 0.8700** and it is significant at 0.01 level (2-tailed) (Urban and Ndou, 2019). In a similar study conducted in the Kiambu County of Kenya, Kamunge et al (2014) found that access to capital exposes SMMEs to better opportunities and that it also leads to improved SMME performance. These results are consistent with those presented by Sehhat and Fooman (2014). However, results from this research study are not consistent with those of studies conducted by Urban and Ndou (2019); Sehhat and Fooman (2014); and Kamunge et al (2014).

The spaza shops interviewed for this study did not experience an increase in revenue as a direct result of the financial support that they were granted. Therefore, the effectiveness of the GIBUS in relation to improving revenue of the spaza shops concerned has not been achievable. The effectiveness of the financial support provided by GIBUS in relation revenue increase and is herein reflected.

4.8 Summary of Analysis

Table 11 below presents a summary of the key findings from policy awareness; financial support; and training and development perspective.

Table 11: Summary of Analysis

Policy Awareness Key Findings	Financial Support Key Findings	Training and Development Key Findings
An overwhelming 75% of the respondents to this research study mentioned that they are	An underwhelming 25% of the respondents reported that the financial support granted to them contributed averagely towards the	Just under 60% of the respondents consider the training and development programme received from GEP as having contributed

not aware of the GIBUS policy.	development of their spaza shop.	significantly towards the development of their spaza shops.
There is lack of consultative and awareness campaigns from the side of government when policies are drafted and thereafter implemented.	The correlation between Revenue Increase and Financial Contribution is statistically not significant. Therefore, it is inferred that the financial support provided by GEP did not contribute towards an increase in revenue for their spaza shops.	The correlation between Revenue Increase and Training and Development is statistically not significant. Therefore, it is inferred that the training and development programme undergone did not contribute towards an increase in revenue for the spaza shops interviewed.
	Only 20% of the spaza shops interviewed have been able to increase their revenue for the period starting 2016 and ending 2021. This increase is not directly attributable to the Financial Support received from GEP.	Only 20% of the spaza shops interviewed have been able to increase revenue for the period starting 2016 and ending 2021. This increase is not directly attributable to the Training and Development Support received from GEP.
	A significant percentage (83%) of the spaza shops interviewed indicated to not have experienced an increase in employment since 2016.	A significant percentage (83%) of the spaza shops interviewed indicated to not have experienced an increase in employment since 2016.

Source: Interviews (2022)

Findings from section 4.2 reveal that considerable number of the spaza shops interviewed have been in existence for over 13 years and above; this constitutes 50% of those interviewed. New spaza shops have also been established over the last 9 years and they are presented by 25% of those interviewed. These spaza shop owners have deployed a number of strategies that have kept them afloat which are outside of the GIBUS. Credit facilities, perseverance and price competitiveness are cited as the three most important qualities that they attribute their sustainability to. These are strategies that these spaza shop owners have been able to learn and deploy into their businesses owing to their experience.

An overwhelming 75% of the respondents to this research study mentioned that they are not aware of the GIBUS policy as depicted in table 11. This infers that there is a lack of consultative and awareness campaigns from the side of government when policies are drafted and thereafter implemented. Nonetheless, the spaza shop owners interviewed for this research study have been able to acquire either financial or non-financial support from GEP. Both the financial and the non-financial support received has been able to contribute towards the development of the spaza shops. This is based on the fact that these spaza shops had not received any sort of support prior to the promulgation of GIBUS. These assertions are supported by figures 5, 8 and 11. Figure 5 reveals that just under 60% of respondents found the training and development programme that they underwent to have contributed significantly towards the development of their spaza shop. Figure 8 also reveals that 25% of the respondents found the financial support granted to them as having contributed averagely towards the development of their spaza shop.

The offering of both financial and non-financial support by GEP raises the expectation that the spaza shops that have been able to acquire such assistance should have been able increase their level of competitiveness and profitability. This is measurable in this research study through an increase in their sales and revenue. From figure 9 and as depicted in figure 11, only 20% of the spaza shops interviewed have been able to increase their revenue from the year 2016 and ending 2021. However, this increase is not attributable to the training and financial support as received from GEP. This is based on a number of reasons which are as follows.

Firstly, the spaza shops owners interviewed stated that the grant provided to them was insufficient as only R9000.00 was made available to these spaza shop owners. This grant was utilized for the purposes of stock purchases and other equipment needed. Secondly, it needs to be highlighted that there are structural challenges that are impeding the competitiveness and profitability of these spaza shops. These challenges relate to the manner in which stock is purchased and delivered to these spaza shops. As a solution to this challenge, the GIBUS proposed a bulk-buying initiative from the manufacturers of the concerned stock for these spaza shops and warehousing facilities.

Thirdly, there is a dire need for a reliable distribution network that will supply the stock needed to the concerned spaza shops when needed. Unfortunately, these two initiatives have not been implemented. It is for these reasons that the training and financial support received has not had the envisioned effectiveness on the success of the interviewed spaza shops. This is against the backdrop of a number of studies proving the effectiveness of both training and financial support. A study conducted by Urban and Ndou (2019) indicates the effectiveness of financial support towards informal entrepreneurship.

In relation to training and development, findings from a study conducted by Unger et al (2011) presents the finding of a positive relationship between human capital skills acquisition and entrepreneurial success. These two studies conducted by Urban and Ndou (2019); and Unger et al (2011) present findings that are in contrast to those presented in this study in regard to the effectiveness of both training and financial support. The cross-tabulations as indicated in table 9 and 10 provide support to this assertion. With 79% of the interviewed spaza shops not experiencing an increase in revenue, it cannot be expected that they be able to increase employment. As seen from figure 10 and as depicted in table 11, 83% of the spaza shop interviewed indicated to not have experienced an increase in employment since 2016.

4.9 Conclusion

The respondents to this research study attest to the fact that they have been provided with financial and training and development support from GEP. Those who were able to access the training and development programme found it beneficial towards the development of their spaza shops. This is depicted in figure 5 and 11. This is understandable considering that they had not been exposed to any form of training and development programme prior to this one as offered by GEP. From a financial support perspective, only 33% of those interviewed were ablet to access financial support; these respondents found it to be beneficial as depicted in table 6. However, both the financial as well as the training and development programme offered did not contribute towards increasing the revenue of the spaza shops interviewed. Figure 9 presents the findings that only 20% of the spaza shops interviewed experienced and increase in revenue. This increase is attributable to factors outside of the GIBUS initiatives.

Tables 9 and 10 provide correlation support evidence to this finding based on the responses from survey undertaken in this research report. This is an important finding to bear in mind considering that the effectiveness of the GIBUS policy is predicated on the change it was intended to bring from a competitiveness and profitability perspective. These two factors (competitiveness and profitability) are theoretically meant to positively influence sales and revenue. This in turn, is meant to improve sales and revenue of these spaza shops. Overall, an increase in revenue was experienced by the minority (20%) of those interviewed as this as a result of factors outside of the GIBUS.

Chapter 5: Conclusion and Recommendations

The objective of this chapter is to provide the conclusion and the recommendations of this research study. This objective is met by utilizing the presentation of results and their analysis in Chapter 4 to inform the recommendations and conclusion. Most importantly, this chapter aims to respond to the primary and secondary research questions of this research study. Therefore, section 5.2 and ending section 5.2.2 presents the three secondary questions as headings to this chapter and the answers are provided under each heading.

Lastly, a section on recommendations will close this chapter.

5.1 Conclusion

The primary research question to this research study is: What has been the effectiveness of the Gauteng Informal Business Upliftment Strategy since its promulgation towards increasing the competitiveness and profitability of spaza shops operating in the Alexandra Township? This research report has answered this question, firstly by outlining the problem statement which is reflected in Chapter 1. Secondly, by understanding the literature review based on informal trading as expressed in Chapter 2. Key lessons from this literature review are that policy initiatives are effective in addressing the intended challenges. This has been demonstrated by studies conducted by Muriithi (2018); Khoase and Govender (2013); and Peters and Naicker (2013).

The core effectiveness measures of these policies from these studies are employment creation, turnover and sales increase. It is from the measurement yardsticks of sales and revenue increase that these studies have a correlation with this research study. This is due to this research study being seeking to determine the effectives of the GIBUS from the premise of an increase in the sales and revenue of the interviewed spaza shops. This study assumes that an increase in the competitiveness and profitability of spaza shops is reflected through an increase in sales and revenue.

Notwithstanding the studies that provide evidence to the positive relationship that exists between government support and business growth, some authors have a different argument to this view. Shane (2009) recommends that government should rather reserve its support for SMMEs that are involved in R&D as these SMMEs are more likely to enhance the capabilities of a product or introduce a new product in the market.

Thirdly, the procedures followed in for data collection are presented in Chapter 3. This research study made use of Quantitative Research Strategy and data collection design is cross-sectional. Non-random purposive sampling applied to this research study as the respondents needed to meet a certain criteria and SPSS was used for data analysis purposes. Fourthly, the results of the survey undertaken and the discussion on the findings are presented in Chapter 4. Key findings are that almost 60% of those interviewed assert that the training and development programme underwent through GEP contributed positively towards the success of their spaza shops. Only 33% of those interviewed were able to access financial support and they of the view that they benefited from having accessed it. A more refined and appropriate contribution of both the non-financial and financial support yardstick that suits this research study is based on an increase in sales and revenue. Therefore, with the interviewed spaza shops having received both the non-financial and financial support, it is expected that their sales and revenue should increase.

Results from this research study instead provide the evidence that the sales and revenue of these spaza shops did not increase. For the 20% that was able to experience an increase in sales and revenue, this was attributed to the COVID-19 restrictions as customers did not want to frequent malls during the height of COVID-19. These customers opted for the nearest spaza shop instead. These assertions are also supported by correlation in tables 9 and 10. Results from these cross-tabulation between revenue and financial contribution; and revenue and training are that no relationship exists between these variables in this research study based on the sample of spaza shops owners interviewed. Therefore, the training and development programme that spaza shop owners underwent and the financial support that they received did not translate into an increase in revenue. This is the premise upon which the effectiveness of the GIBUS is measured on. In conclusion, the GIBUS did not contribute towards increasing the sales and revenue of the spaza shops interviewed and hence was not effective in increasing their competitiveness and profitability.

5.2 Non-Financial Programmes of GIBUS

- How have the non-financial programmes of the GIBUS benefitted spaza shops operating in the Alexandra Township?

Training and development are critical elements that positively contribute towards the success of SMMEs. This is particularly fitting in instances wherein the beneficiaries of such programmes have applied the lessons learned from having undergone that specific training and development programme in their businesses. This assertion is provided support to by studies conducted by Tengeh and Mukwarami (2017) and Unger et al (2011). From the study conducted by Tengeh and Mukwarami (2017), 55% of the respondents agreed to the view that the lack of business skills is a constraint to spaza shop start-up and development. This implies that for this constraint to be addressed, these respondents need access to training and development prgrammes. Findings from the study conducted by Unger et al (2011) indicates a positive relationship between human capital skills acquisition and entrepreneurial success.

In reference to location of this research study, which is the Alexandra Township, the majority of the adults in this township do not possess a matric nor a post-matric qualification (Statistics South Africa, 2011). However, significant strides have been made by the South African government to address the challenges of low-skills set for entrepreneurs across the country. It is for such reasons that The NSDS has been promulgated. Through this policy, programmes; new institutions; and funding policies were introduced to invest in skills development (Smith and Perks, 2006). The aspirations of this policy imperative is reflected in the Gauteng Province through the GIBUS. This policy seeks to improve the competitiveness and profitability of informal traders in Gauteng and one mechanism that it envisages to achieve this objective is through the provision of training and development. The GIBUS approach towards achieving this objective is two-fold.

Firstly, the GIBUS advocates for the provision of ABET as a first measure of training provision for informal traders (GIBUS, 2015). This is directed at addressing the challenges of basic literacy. Once this phase of training and development has been completed, in-depth training and development encapsulating budgeting, goal-setting, financial management, marketing and stock-taking is recommended.

In reference to this research study, figure 4 depicts that 75% of the respondents indicated to have received training from GEP as outlined in the GIBUS. Moreover, findings from figure 5 indicates that just under 60% of the respondents consider the training received from GEP as having contributed significantly towards the development of their spaza shops. The other 16.7% of the respondents consider that the training and development as received from GEP had an average contribution towards the success of their spazas shops. Therefore, the aggregate contribution as made by training and development towards the success of the interviewed spaza shops is 75%. At this juncture, it is evident that the majority of those interviewed benefitted from having undergone the training and development programme as advocated for through the GIBUS. This finding is given credence by the low-skills level that the majority of those interviewed possessed before they undertook this training and development programme.

In a nutshell, the interviewed spaza shops owners have derived a certain degree of benefit from having undergone the training and development programme as offered by GEP. The lesson gained from having undergone this programme have been largely enlightening to them as they had not been exposed to such programmes before. However, the training and development programme undergone did not translate into increasing the sales and revenue of the spaza shops interviewed. The correlation results expressed in table 9 provides evidence to this assertion. Therefore, the beneficiaries of this training and development have benefitted from having gained new knowledge from the training and development programme provide by GEP, but this did not translate into increasing their sales and revenue.

5.2.1 Financial Programmes of GIBUS

- How have the financial programmes of the GIBUS benefitted spaza shops operating in the Alexandra Township?

The capacity for an informal trader to access finance when needed has the potential to propel or deter the continued existence of that informal enterprise. This applies particularly strong in sectors that are over-crowded and are thus subjected to high levels of competition; this is the situation that the South African owned spaza shop are confronted with in the Alexandra Township. More precisely, these spaza shop owners are confronted with high levels of competition from both the immigrant spaza shop owners and large retailers who have settled in township malls. It is for this reason that the competitiveness and profitability of these spaza shops needs improving with policies such as the GIBUS being utilized as measures to achieve this objective. Moreover, the socio-economic benefits that accrue from a sustainable spaza shop sector in the form of employment creation and sustenance of owners' families provide reasons for the promulgation of such policies as well.

A number of studies provide evidence to the positive contribution that access to finance has on businesses. These studies are presented by Urban and Ndou (2019) and Rungani and Potgieter (2018). Evidence from both studies concur that access to finance contributes positively to both business development and its success. On the other hand, inability to access to finance has a detrimental impact on the development and success of businesses. This assertion is provided support by studies conducted by Tshuma and Jari (2013) and Tengeh and Mukwarami (2017).

In reference to this research study, only 33.3% of those interviewed were able to access any form of financial support from GEP; this finding is depicted in figure 6. The rand value received by each of the beneficiaries amounted to R9 000.00. The recipients of this grant expressed their appreciation towards receiving this grant; however, they also pointed out that it was insufficient in regard to this grant addressing their comprehensive financial business challenges. This is particularly fitting when consideration is given to the fact that their level of competitiveness and profitability needs to be strengthened. In this regard, it is to no surprise that 25% of the recipients to this financial support refer to its contribution to their spaza shop success as average.

Overall, the financial support as received from GEP did not translate into increasing the competitiveness and profitability of the spaza shop that were able to access it. This is attributed to the monetary value of the grant received. A larger grant (in monetary terms) in comparison to the one received could potentially have changed the competitiveness and profitability of these spaza shops. However, it needs to be noted that there are accompanying interventions to this pillar of the GIBUS. These are presented in the form of warehousing establishment, bulk-buying and reliable distribution networks. These three interventions were not implemented by GEP and this did not assist to improve the competitiveness and profitability of the concerned spaza shops. It is for these reasons that the 80% of the those interviewed stated to not have had an increase in revenue for the period between 2016 and 2021. This has also culminated in these spaza shops not being able to contribute towards employment creation as illustrated in figure 10.

All matters considered, the beneficiaries to the financial support as provided by GEP did not benefit to an extent that their sales and revenue were positively affected owing to the financial support that they received. The correlation in table 10 also attest to this assertion as it reveals that no relationship exists between financial support as received by the beneficiaries and revenue increase.

5.2.2 Other Business Strategies

- What alternative business strategies have spaza shop owners developed and utilized to increase their profitability and competitiveness in the Alexandra Township?

An overwhelming 75% of the respondents to this research study indicated to not be aware of the GIBUS. This is partly attributable to the lack of awareness campaigns from the side of the GPG during the development and implementation phase of the GIBUS policy. This infers that GEP needs to improve on its awareness and consultation phase of its policy roll-out. Nonetheless, the spaza shops interviewed indicated to have learned and thus applied business sustenance strategies outside of the offering that government can assist with. The three most mentioned strategies are presented by credit facilities; perseverance; and price competitiveness as indicated by figure 11.

Credit facilities are provided to retain loyal customers. This implies that those who have been identified to be loyal are given a credit limit on a monthly basis and this an occurrence that is continuous for as long as the previous month's debt is settled. The application of this strategy is understandable considering the socio-economic challenges that residents of this townships are faced with. These residents make up households with large number of dependents and a very insignificant number of income earners. The second most listed strategy is perseverance and this is trait that cannot be taught as it is rather inherent in entrepreneurs. The efficacy of this trait is expressed by the number of years that some spaza shops have been able to keep afloat their spaza shops. For instance, 50% of these spaza shops have been in existence for 13 years and above whilst a further 25% has been established in the past 9 years.

The third most referred to strategy is price competitiveness. The ability of spaza shop to be price competitive is largely dependent on the wholesaler that spaza shop owner decides to purchase from. The more competitive is the wholesaler from a price perspective, the more competitive will the spaza shop be. It is for this reason that the spaza shop owner has to analyze and ultimately make a decision on which wholesaler is best suited to fulfill their price competitiveness aspiration. This analysis is critical considering the longevity and sustenance of these spaza shop hinges significantly on its ability to be competitive and profitable. It is for this reason that some of the interviewed spaza shop owners no longer purchase stock from Makro and have decided to rather stock from the wholesalers around the PAN African Mall.

From the GIBUS support perspective, the implementation of the warehousing facilities; bulk-buying initiative; and distribution network have not been established as advocated for in the GIBUS policy. These initiatives have the capacity to complement the strategies already adopted by the interviewed spaza shop owners and thus contribute positively towards improving the competitiveness of the South African owned spaza shop. Nonetheless, there is evidence to suggest that the strategies that the spaza shop owners have adopted are working based on the number of years that their spaza shops have been in existence. In addition to this, the socio-economic contribution that spaza shops make towards the owners provide sufficient reasons for the survival of these spaza shops.

These socio-economic reasons are provided credence to by Verna (2006) as cited in Khumalo; and Mthuli & Singh (2019) who state that informal trading (spaza shops) are highly important in developing counties and also in disadvantaged communities owing to the fact that they are a means of survival for poor people. Spaza shops in particular, offer owners the opportunity to sustain their livelihoods and that of their families (Khumalo et al, 2019; Tawodzera et al 2019). Moreover, employment is also created wherein the owner of a spaza shop needs assistance in the running of a spaza shop. This is most likely to occur in a situation wherein a spaza shops is experiencing expansion. These positive economic spill-over effects may seem negligible, but they are substantial to a person that does not have any other means of income and is solely dependent on the success of a spaza shop. In the event that there is no other form of survival, the spaza shop owner has no choice other than ensuring that the spaza shop survives and this implies that the above-mentioned strategies will be employed.

5.3 Policy Recommendations

5.3.1 Training and Development

Figure 3 depicts that 75% of the respondents to this research study indicated to have received training from GEP as advocated for in the GIBUS. In addition to this, findings from figure 4 indicates that just under 60% of the respondents consider the training received from GEP as having contributed significantly towards the development of their spaza shops. However, the training and development programme offered did not start with the first phase of training and development which is referred as ABET in the GIBUS. The training and development programme offered to these spaza shop owners was purely centered on business development essentials that cover budgeting, goal-setting, financial management, marketing and stock-taking. The findings from this research report indicate that this training and development programme contributed significantly through knowledge gained by the spaza shop owners, but a greater extent of understanding and application can be derived from addressing the basics of literacy and numeracy.

In this regard, it is recommended that ABET education is made available to those without matric as the first phase of the training and development programme. Those who are successful in completion of this first phase will then be in a position to proceed further into the second phase of the programme. The second phase encapsulates budgeting, goal-setting, financial management, marketing and stock-taking as stipulated above which form the critical elements of the training and development programme. Moreover, the GIBUS had proposed the introduction of mentors to the beneficiaries of its training and development programme. Therefore, it is recommended that these mentors are appointed and be assigned to their mentees. It is envisaged that once these enabling mechanisms have been implemented, that the spaza shop owners will be in a position to better apply the knowledge gained and that an expert in business development in the form of a mentor will be in close proximity to assist.

Overall, those without matric are given an opportunity to undergo ABET education. This first phase is to be followed by business management training in the form of budgeting, goal-setting, financial management, marketing and stock-taking. Subsequently, a mentor will be assigned to each spaza shop owner to enforce the application of the knowledge gained from the training and development programmes underwent. SEFA through its Spaza Shop Support Programme (SSSP) has identified the need to provide spaza shop owners with mentors. According to this programme, this is to be done through allocating a graduate to an individual spaza shop owner such that assistance can be provided to aspects of the business that the owner may struggle with or need improving on (SEFA, 2022). Moreover, training and development programmes can also be sourced from the Zimbabwean Ministry of Micro, Small and Medium Enterprises.

This Ministry identified that it is essential that Informal Traders be trained on business related matters. In this regard, the International Labour Organization (ILO) was requested to provide training to its employees and private facilitators who in turn are to impart the knowledge gained from this training to the Informal Traders (Gumbo and Geyer, 2011). This “case” illustrates the importance of the private sector in offering training and development programmes. To this end, it cannot solely be the responsibility of government to offer such training and development programmes, but the private sector is equally as important. To this end, it is essential that government provides an environment in which the private sector can assist in delivering training and development programmes to spaza shops owners. These development and training programmes are to be offered in accordance to the prescripts as outlined in the GIBUS that those without matric will firstly be undertaken through ABET education. Once this process is completed, it is only then that the fundamental of business development will be undertaken.

Overall, training and development programmes are essential in business development. This assertion is corroborated by studies conducted by the findings from this research study and also those conducted by Unger et al (2011). These authors present findings of a positive relationship between human capital skills acquisition and entrepreneurial success. In a similar study conducted by Urban and Ndou (2019), the results indicate that training is positively correlated to business performance. Urban (2019) supports these findings based on the argument that up-skilling an entrepreneur and the subsequent utilization of these skills should ultimately lead to better decision making. Therefore, it is imperative that sufficient financial resources are allocated towards training and development programmes and that the appropriate private sector partnerships are established to deliver such programmes.

5.3.2 Financial Support

Figure 6 depicts that only 33.3% of those interviewed were able to access any form of financial support from GEP. The rand value received by each of the beneficiaries amounted to R9 000.00. Whilst the beneficiaries of this grant are appreciative over receiving it, they pointed out towards its insufficiency. This is based on the reasoning that rand value of the grant is not sufficient in addressing their competitive and profitability challenges. Moreover, this pillar as expressed in the GIBUS is accompanied by the establishment of a warehouse and a reliable distribution network. To date, both the warehouse and the distribution network have not been established.

In light of the aforementioned spaza shop financial challenges, it is critical that GEP develop tailor-made solutions to the financial challenges faced by spaza shop. This is premised on the reasoning that the spaza shops interviewed are at different stage of development and thus have different developmental needs. For instance, one spaza shop may be in lack of operating equipment such as cold storages whilst other may be in need of marketing signages. Based on this scenario, it is recommended that GEP develops tailor-made solutions to each spaza shop and subsequently put in measures to address these challenges. In this case, it is highly possible that GEP will incur expenses over the initially budgeted allocation of R9 000.00 per spaza shop. Moreover, it is recommended that once a spaza shop needs analysis has been made that the monetary allocation be not "transferred" to the spaza shop owner, but be "transferred" to the suppliers of the equipment that are in need by the spaza shops.

The establishment of the warehouse and the distribution network also has a monetary component as funds are needed to implement these "instruments". The advantage to be obtained from the establishment of the warehouse is that the stock needed by spaza shops owners will be bought directly from the manufacturers and at a discount. In this regard, the warehouse is critical for the purposes of storage of this stock. Moreover, the large purchases of stock will have facilitated price discounts and this should be passed on to the spaza shop owners. Subsequently, their ability to compete on prices will have been improved. This initiative is to be accompanied by a reliable distribution network that should enable spaza shop to order and receive stock when required or without any protracted delays.

Further financial support measures can be drawn from the SEFA SSSP. This programme has a number of objectives of which are to coordinate and support bulk-buying; financial management support with a dedicated mentor; access to working capital and a revolving credit facility. Spaza shops are in this regard eligible to a loan amount of R15 000.00 with 70% of the loan considered as a grant and the remaining 30% considered as a loan. This financial assistance package as offered by SEFA is larger than that which is offered by GEP and this infers that there is a need for this loan amount to be increased by GEP as the majority of those who received it complained of its insufficiency. Moreover, this programme points out that bulk-buying initiatives needs to be coordinated such that the goods bought in bulk reach the spaza shops as efficiently as possible from a cost perspective.

SEFA has also developed a Township and Rural Entrepreneurship Programme (REP) that encompasses a financial assistance amount of R1 million (SEFA, 2022). This financial assistance package can be used for material, equipment, machinery; working capital; technical skills improvement; and facilitation of market access. The maximum grant amount that can be accessed from this financial package is R100 000.00 with the rest considered as a loan (SEFA, 2022). Therefore, both these financial assistance packages from SEFA are above the currently implemented amount of R9000.00 by GEP and they are accompanied by a number of support interventions such as bulk-buying, working capital; machinery purchases; technical and skills improvement and market access facilitation. To this end, GEP is advised to better "package" its financial support interventions such it is accompanied by a number of support interventions as those offered by SEFA. In this manner, the financial support programme will contribute positively towards improving the competitiveness and profitability of the concerned spaza shops.

Overall, the effectiveness of financial support measures have been proven by a number of studies such as Anton and Bostan (2017); and Urban and Ndou (2019). Findings from both studies present findings that access to finance is a positive contributor to business development. Therefore, financial support programme as offered by GEP is envisaged to have a wider and more a resounding impact once it has been tweaked to accommodate the needs of the spaza shops as mentioned above.

5.3.3 Direct Purchase of Stock from Manufacturers

Section 2.4 of this research report outlines the structure of the South African Retailing Profile. The current structure of this sector does not enable spaza shops to purchase stock directly from the manufacturers. This is based on the fact that an individual spaza shop owner does not have the financial resources required to enable stock purchases directly from the manufacturer. However, large retailers such as Pick n Pay, Woolworths and Checkers have the financial resources that enable them to purchase directly from the manufacturers. In this regard, spaza shop are already disadvantaged from a price competitiveness perspective. Nonetheless, spaza shops are afforded an opportunity to purchase from wholesalers who in turn add their own mark-up and thus increase the prices at which spaza shop owners can purchase at.

Alternatively, spaza shop owners are allowed in joining buyer groups that require a joining fee amounting to R25 000.00. This is a steep requirement that cannot be easily met by spaza shop owners. The inability to meet this requirement is exacerbated by the spaza shop owners' inability in meeting their daily stock requirements. To this end, spaza shops are disadvantaged at stock source and this negative element filters through to their price competitiveness and profitability. It is for this reason that Key Focus Programme 5 of the GIBUS advocates for bulk-buying initiatives that will facilitate discount pricing from the manufacturers for the spaza shops. It should be borne in mind that this initiative is to be accompanied by the establishment of warehouses and a reliable distribution network. These initiatives are hereby recommended in that they have the capacity to improve the competitiveness and profitability of spaza shops.

This recommendation ties in with the developmental programme that SEFA is already implementing through the SSSP. This programme advocates for bulk-buying initiatives that are accompanied by the coordination of the delivery of the stock purchased (SEFA, 2022). Therefore, this programme also ensures that the stock purchased gets delivered as efficiently as possible from a cost perspective (SEFA, 2022). These are measures aimed at addressing the competitiveness and profitability of spaza shops. Such direct policy interventions have also proven to be effective elsewhere. For instance, the Chinese Government has been able to significantly increase its GDP by transforming its domestic SMEs through policy (Chen 2006 as cited in Muriithi, 2018). These policies entailed preferential tax policies, increased fiscal funding and favourable loan terms for SMEs (Muriithi, 2018).

Overall, there are structural challenges that GEP and the GPG need to address in an attempt to improve the competitiveness and profitability of spaza shops. One such initiative that has the potential to address a part of these challenges is the bulk-buying initiative that ought to be accompanied by a reliable distribution network.

5.3.4 Regulation of Immigrant Owned Spaza Shops

Key Focus Programme 2 from the GIBUS, which is termed Shared Economic Infrastructure Facilities "calls" for a 95% quota system. This infers that 95% of trading facilities in the townships ought to be demarcated for South African informal traders and the remaining 5% is left for legal immigrants who operate in this sector. This quota system is not adhered to in the Alexandra Township. In fact, a significant majority of the spaza shops that operate in this township are owned by immigrants. This has adversely affected the chances of South African owned spaza shops in being competitive and profitable seeing that these immigrant owned spaza shops engage in coopetitive relations (Liedeman et al, 2013).

Such relations enable them to buy in bulk and thus increase their price competitiveness and profitability. Most importantly, it is worth arguing that barriers to entry in the spaza shop sector are low and this gives an opportunity for South Africans to enter and subsequently provide for their families. Therefore, protective measures are worthwhile considering the socio-economic challenges that confront the Alexandra Township and South Africa in general. For instance, the unemployment rate is recorded at 34.5% for South Africa whilst that in Gauteng is recorded at 36.7% for the 1st quarter of 2022 (Statistics South Africa, 2022).

The recommendation hereby made is that trading infrastructure should be prioritized for utilization by South Africans. In the spaza shop sector it is known that a significant percentage of South Africans have rented out their spaza shops to immigrants. However, it is argued that with the appropriate level of both non-financial and financial support some of these discouraged owners might be willing to participate in this line of business again. It is for this reason that a quota system is recommended and that it should be enforced. In this manner, the economic opportunities for South Africans will be enhanced. There are instance wherein regulation has been utilized to authorize trading and Namibia provides one such example.

The Namibian Street Trading Regulation of 1999 made it illegal for informal traders to operate without registration with the Town Clerk (Kazembe et al, 2019). Moreover, this regulation also enhanced the service offerings of the City Council towards informal traders as it encapsulated the development of new markets. These new markets provided traders with infrastructure in the form of shelter, stalls, barbecue stands, water electricity and sanitation facilities (Kazembe et al, 2019). These markets are controlled by a management board which reports to the City Council (Kazembe et al, 2019). In this regard, the City Council acts as an overseer on the conduct of the management board in its handling of these markets since the City has the overarching authority over these markets. The City Council is also responsible for the collection of rent, security, cleaning, sanitation and maintenance (Kazembe et al, 2019).

In a nutshell, informal traders in Namibia have to meet the registration requirements of the City Council before they are granted permission to operate. Failure to meet these requirements does not permit an informal trader to operate. This contrasts with the South African spaza shop trading environment wherein every entrepreneur who expresses interest in operating informally does so without having to meet any regulatory requirements. Nonetheless, the SEFA SSSP has started to preserve support measures only for spaza shops which are South African owned. This can be considered as a start towards the ultimate preservation and regulation of spaza shop trading.

This programme also requires that the staff complement of these spaza shops should at least be a 70% South African complement (SEFA, 2022). However, regulation must be applied to solve the root cause of this challenge by regulating that permits be issued and that failure to acquire a permit constitute illegal trading. Inherent in the requirements for trading should be a specific preservation of informal trading for South Africans as has been recommended by GIBUS with only 5% of the spaza shop trading facilities earmarked for legal immigrants. In this regard, it is recommended that 95% of the spaza shop trading infrastructure in Alexandra be demarcated for South African and the remaining percentage be allotted to legal immigrants.

5.3.5 Amplified Awareness of Government Policies

Figure 2 indicates that an overwhelming 75% of the respondents stated to not be aware of the GIBUS. This infers that the GPG needs to engage in a more “widespread” stakeholder consultation process when policies are drafted and also when they have been promulgated by the Executive Council (EXCO). Wider consultations should assist in ensuring that the potential beneficiaries are able to apply for support as advocated for in the GIBUS policy and that they may hold the provincial government accountable in cases where in the targets set out in the policy have not been achieved. Therefore, the recommendation at this juncture is for the GPG through GEP to engage in a “widespread” consultative process for policies that are in developmental phase and also those that have been approved. This is based on the reasoning that a more widespread policy consultative process accompanied by a rigorous implementation has the capacity to yield positive economic benefits. This point herein is presented by a study conducted by Doh and Kim (2014).

This study outlines that through the TDAF policy which aimed to support SME innovation, there has been a positive increase in the number of SMEs that were subsequently established and maintained in Korea (Doh and Kim, 2014). These SMEs were in turn able to provide employment. Nonetheless, the Korean Government had to devote a substantial part of its budget towards this policy. Anyhow, the lesson to be drawn from this "case" is that policies have the potential to achieve their set-out objectives provided that processes followed in the drafting and implementation are done correctly. Therefore, the recommendation is that GEP and GPG conduct a "widespread" consultative process when polies are drafted so that an increased number of potential beneficiaries are drawn and that the implementation of these policies be carried out as rigorously as initially planned.

5.3.6 Digitization of Spaza Shops

It is also crucial that spaza shops are able to digitize their operations. Such a transition has the capacity to assist, amongst other matters, in tracking sales and stock availability. Moreover, it has the capacity to lead spaza shops from being cash-based business and into being cashless businesses. The tendency of being a cash-carrying business has its own disadvantages from a crime perspective. Digitization further advantages spaza shops into being in an easier standing from which financial statements can be drawn. The importance of financial statements cannot be overstated as they are a requirement for a business needing finance and the inability of businesses to access funding is regarded as the biggest impediment to their growth. Tshuma and Jari (2013) provide credence to this assertion by stating that the lack of financial support is the biggest challenge faced by informal businesses. A considerable number of spaza shop owners are not employed outside of their spaza shops and thus it is important that spaza shops are able to provide financial statements such that they increase their chances of accessing funding. It is from this perspective that the digitization of transactions for spaza shops is critical and should be implemented by GEP.

Considering that the majority of the spaza shops interviewed are in their developmental stages, it is recommended that GEP facilitates the funding and the implementation of this digital system. Once these spaza shops have developed from their current “infancy” state, the implementation of the digital system should be able to uplift them from being government dependent. This recommendation should be seen as the last resolution to all the previously mentioned recommendations. Therefore, it is dependent on all the above recommendations being implemented.

5.4 Summary of Recommendations

Table 12: Summary of Recommendations

Recommendation	Objective
Training and Development	Firstly, it is recommended that ABET education is made available to those without matric. This is premised on the reasoning that basic foundations of literacy and numeracy are understood before the second phase of the training and development programme is undertaken. Secondly, those who have successfully completed the first phase and also those who possess a matric certificate are then eligible to proceed to a more rigorous training and development programme that encapsulates budgeting, goal-setting, financial management, marketing and stock-taking. Thirdly, the GIBUS proposes the utilization of mentors by beneficiaries of its training and development programme. The reason behind the utilization and allocation of a mentor to each beneficiary is to ensure that the owners of these spaza shops are

	in a better position to apply the knowledge gained and that an expert in business development is on close proximity to assist.
Financial Support	It is recommended that GEP conducts a need-analysis study and subsequently develop tailor-made solutions to each spaza shop. Once this process is complete, it is recommended that the finances needed to address these challenges be directly “transferred” to the suppliers that are in a position to provide the needed equipment as per the needs-analysis undertaken. Moreover, it is important that it be borne in mind that the establishment of the warehouse and the distribution network also has financial implications on the part of GEP as funds are needed to implement these “instruments”. In this regard, the owners of these spaza shops will be afforded and opportunity to purchase at discounted prices. Therefore, it is important that this warehouse and distribution network be established. Most importantly, it is recommended that GEP increase its grant amount above the currently dispersed amount of R9000.00. SEFA through its financial assistance programme disperses an amount of R15000.00 with 70% of this amount being regarded as a grant and 30% as a loan. Moreover, SEFA also has a programme that is capped at R1 million with a maximum of R100 000.00 of the aggregate amount being regarded as a grant. The objective of this programme is to assist spaza shops in accessing material, equipment, machinery; working capital; technical skills improvement; and facilitation of market access. Noteworthy at this juncture is that the currently dispersed amount of R9000.00 is insufficient and that it needs to be increased such that spaza shop

	owners address the equipment and stock needs of their spaza shops.
Direct Purchase of Stock from Manufacturers	Key Focus Programme 5 of the GIBUS advocates for bulk-buying initiatives that will facilitate discount pricing from the manufacturers of goods for the spaza shops. It should be borne in mind that this initiative is to be accompanied by the establishment of warehouses and a reliable distribution network. This Key Focus Programme was not implemented since the promulgation of the GIBUS and it is recommended that this Key Focus Programme be implemented as the competitiveness and profitability of the concerned spaza shops hinges heavily on it.
Regulation of Immigrant Owned Spaza Shops	The recommendation hereby made is that trading infrastructure should be prioritized for utilization by South Africans. This ought to be accompanied by stringent regulation and enforcement of trading permits from the understanding that only 5% of the trading infrastructure should be made available for legal immigrants and the remaining 95% for South Africans. In this regard, it is recommended that 95% of the spaza shop trading infrastructure in Alexandra be demarcated for South African and the remaining percentage be allotted to legal immigrants.
Amplified Awareness of Government Policies	This recommendation advocates for a more "widespread" consultative process by GPG and GEP for policies that are in developmental phase and also those that have been approved. This is based on the reasoning that a more "widespread" policy consultative process accompanied by a rigorous implementation has the capacity to yield positive economic benefits. This is particularly important for the purposes of reaching a larger population of potential beneficiaries.
Digitization of Spaza Shops	This recommendation advocates that spaza shops digitize their operations. Such a transition has the capacity to assist, amongst

	other matters, in tracking sales and stock availability. Moreover, it has the capacity to lead spaza shops from being cash-based business and into being cashless businesses. Digitization further advantages spaza shops into being in an easier standing from which financial statements can be drawn. This will further enable spaza shops from accessing funding from financial institutions seeing that financial statements will be in place. It is from this perspective that the digitization of transactions for spaza shops is critical and should be implemented by GEP.

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Appendix

Appendix A: GIBUS Effectiveness Questionnaire

Enquiries: Jabu Buthelezi (061 440 9788)

GIBUS EFFECTIVENESS QUESTIONNAIRE

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1. SPAZA SHOP PROFILE					
1. Name of Spaza Shop		2.Township Phase		3.Number of Employees	
4. Number of years in operation					

2. LEGISLATIVE/POLICY AWARENESS		
1. Are you aware of the Gauteng Enterprise Propeller?	A. Yes	
	B. No	
2. Are you aware of the Gauteng Informal Business Upliftment Strategy?	A. Yes	
	B. No	

3.TRAINING AND DEVELOPMENT (Non-financial)					
1.Have you received any training from the Gauteng Enterprise Propeller	A. Yes				
	B. No				
2. In which year was this training provided?	A.2016		B.2017	C.2018	
	D.2019		E.2020	F.2021	
3. What type of training did you receive?	Please specify:				
4. Did you find this training beneficial?	A.Yes				
	B. No				
5. On a scale of 1-5, how did this training contribute towards the success of your spaza shop?	Poor	Below Average	Average	Good	Excellent
	1	2	3	4	5
6. In what areas of training and development does the GIBUS need to improve on?					

4.FINANCIAL SUPPORT					
1.Has your spaza shop received any type of financial support	A.Yes				
	B.No				
2. In which year was this support received?	A.2016	B.2017	C.2018		
	D.2019	E.2020	F.2021		
3. What type of financial support was it?					
4. Did you find this training beneficial?	A. Yes				
	B. No				
5. What was the Rand Value of the financial support received?					
6. On a scale of 1-5, how did this training contribute towards the success of your spaza shop?	Poor	Below Average	Average	Good	Excellent
	1	2	3	4	5
7. In what areas of financial support does the GIBUS need to improve on?					

5. SUCCESS AND FAILURES				
1. Briefly tells us about the success story of your spaza shop.				
2. Has your revenue increased since 2016?	A. If yes, by how much?	R1-R100 000		
		R100 001-R200 000		
		R200 001 – R500 000		
		R500 001 and above		
	B. If no, please explain why?			
3. Has the spaza shop increased employment since 2016?	A. Full-time	B. Part-time	C. Temporary	D. Seasonal
	0-5	0-5	0-5	0-5
3.1If no, please explain why?				

6.IDENTIFIED OPPORTUNITIES	
1. Has the spaza shops identified any growth opportunities in Alexandra or beyond?	a. If Yes, please provide explanation:
	b. If No, please provide explanation:

2. Which of the following necessities does the spaza shop need in order to exploit identified opportunities?	a. Budget	b. Skills	c. Access to markets	d. Infrastructure & facilities	e. Partnerships	Other.
3. What other business strategy has kept your business afloat for all years of operation?						

Thank you for your cooperation