

**Competitive strategies for small businesses survival: A  
Gauteng township retail industry study**

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

01 December 2020

## **Abstract**

The township retail market in Gauteng contributes 10% to the GDP of the province, generated by informal small retail businesses. While their success is considered key for economic growth in South Africa, they are faced with challenges that impact their ability to compete and survive. In addition, more challenges include the influx of large retailers entering the township market thus increasing competitiveness to the detriment of the small businesses.

The method of research followed to explore this phenomenon was qualitative inductive research, leveraging 12 semi-structured interviews to collect data. The participants included owners and managers of food and grocery businesses operating in the Atteridgeville retail market. Leveraging thematic analysis, key insights were drawn from the data to derive the research focus themes.

The key findings determined that despite the homogenous offerings and limited access to resources, to compete. The small businesses adopted a focused differentiation strategy serving customers in close proximity to the business establishment, and differentiated through product quality, variety and availability. In addition, they mainly leveraged resources that they had access to, which included the business location, customer relationships, and the reputation of the business and the owner to gain an advantage that would aid in remaining competitive in the market.

**Key words**

Competitive strategy, competitive advantage, resources, township, retail.

## **Declaration**

*I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.*

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## **Chapter 1: Introduction to Research Problem**

### **1.1. Introduction**

The South African retail industry represents one of the major contributors to the economic production landscape in South Africa, currently noted as the largest employer in the formal business sector of South Africa (Lehohla, 2017). According to the Retail Trade Sales Report, retail sales have been on a growth trajectory reaching 2,6% of year-on-year growth since 2015 which is indicative of a growing industry. Of this industry growth, the category with the highest growth rate recorded was in food, beverages and tobacco specialised stores category, showing a 6.2% annual growth rate in 2019 as well as landing third in the top three main contributors to the 2,6% growth in retail sales (Statistics South Africa, 2019).

While the industry demonstrates levels of growth, 42% of the income realised in this growth is earned by the top 10 largest retailers in the industry (Lehohla, 2017). This is a trend that has been on the rise over time between 2005 and 2015, indicating that the growth in the industry is being monopolised by a few retailers that take the majority of the earnings. This imbalanced scenario of having few large retailers with many smaller retailers, is also not unique to South Africa. It characterises the make-up of global retail industries (Brenes, Ciravegna, Montoya, & Rica, 2015; Parenti, 2018), highlighting a global challenge facing small retailers all over the world.

In such instances of an oligopolistic market being created, smaller retailers are faced with an ongoing challenge of finding competitive strategies that can successfully position them in the market for success, to gain competitive advantage and to remain sustainable (Mcdowell, Harris, & Geho, 2016). This is no different to small retailers operating in the townships of South Africa. This is particularly challenging as smaller retailers in most markets, are likely to be displaced when the larger players target a market already served by the smaller players (Dholakia, Dholakia, & Chattopadhyay, 2018). This is because larger players have the advantage of economies of scale (Parenti, 2018) where they are able to offer a larger variety of products, with high availability and at reduced pricing made possible by the sheer scale and efficiency of their operations (Brenes et al., 2015). In many instances, smaller retailers cannot compete and therefore are forced to close their businesses, which strengthens the

oligopolies and increases the level of rivalry in the industry (Brenes et al., 2015; Dholakia et al., 2018).

Since this is a growing trend, in order to survive and compete in a market that has been identified as a lucrative market of untapped profit potential (Sinha & Sheth, 2018; Zhu & Wei, 2019), it is critical for small retailers to identify and adopt suitable competitive strategies for success. While existing studies explore how small retailers in other emerging markets-,such as India (Dholakia et al., 2018) and China (Sinha & Sheth, 2018), effectively employ competitive strategies to compete in a market with large retailers, there are gaps in academic literature from a South African perspective. Therefore, this study aims is to contribute a South African perspective to competitive strategies that can be referenced by small businesses and ultimately aid in enabling the sustainability of small businesses in South African townships.

## **1.2. The South African township context**

South African townships are historically segregated residential areas established in the Apartheid era. They were initially designed to be residential areas for non-white labourers to be closer to their place of work, but are currently home to 30% of South Africans (Gauteng Enterprise Propeller, 2015; DNA Economics, 2015). While democracy has changed the South African society, the townships are still impacted by the legacy of challenges created by the history of separation, lack of investment, and lack of development. Therefore the majority of townships in South Africa are characterised by lack of infrastructure, are underserved, and isolated from a structural, social and distance perspective from the more urbanised areas of the country (DNA Economics, 2015; Petersen & Charman, 2018).

Due to the distance between township communities and urban areas of South Africa, the need for convenient services and goods sparked the emergence of a township economy, one of them specialising in the retail of food and groceries. The retail township economy in the context of this study therefore refers to retail businesses that operate in the townships (Gauteng Enterprise Propeller, 2015). Examples of the type of businesses that exist in this retail economy includes small retail businesses that trade food and groceries, liquor or vegetables. While the majority of the retail businesses in the township are informal, the level of informality varies from one

township to the other (DNA Economics, 2015). This is because the townships themselves differ in terms of their characteristics, challenges, social dynamics and history. Therefore there are both affluent and poor neighbourhoods informed by the earning capability of the residents (Mkansi & Leeuw, 2019; Petersen & Charman, 2018; Rob McGaffin, Napier, & Karuri-Sebina, 2015). For the context of this research, the retail business of focus will be those specialising in food and groceries.

### **1.3. The township retail market**

The township market for food and grocery retailers has grown in recent years and has been characterised as competitive. The high levels of competitiveness are due to minimal differentiation between the product offerings positioned in the market, as well as the low switching costs that exist within the local market (Marketline Industry Profiles, 2020). In a typical township, the market will consist of small businesses owned by individuals who are from the township (local businesses), small businesses owned by foreign nationals (foreign businesses), as well as an increasing number of large retailers found in shopping malls or shopping centres located in the township (Rob McGaffin et al., 2015). The study has been focused mainly on the perspective of small businesses owned by individuals who are from the township (local businesses). Majority of the market consists of small businesses are owned by foreign nationals and since the entry of large retailers in the market, local businesses have struggled to remain competitive- thus leading to closure in some instances (Gauteng Province: Economic Development, 2014; Grimmer, Miles, Byrom, & Grimmer, 2017; Mahajan, 2014; Pathak & Kandathil, 2019).

This inability to remain competitive has been attributed to a number of challenges which include: financial constraints, inadequacy of resources, lack of infrastructure, access to suppliers, lack of strong business networks, as well as lack of skills, knowledge, experience or training on the part of the entrepreneurs who own the small businesses (Economics, 2015; Gauteng Province: Economic Development, 2014; Grimmer et al., 2017; Mahajan, 2014; Mkansi & Leeuw, 2019). This is in contrast to the large retailers who have the advantage of scale, strong business networks and ability to operate at small margins, thus increasing the competitiveness in the market (Mahajan, 2014; Marketline Industry Profiles, 2020). And in the case of the local and foreign owned small businesses, research has found that foreign owned businesses

are competing more successfully in the market (Gauteng Province: Economic Development, 2014). This is attributed to their strong business networks and collaborative strategies they employ in the market- such as bulk buying (Mahajan, 2014). This success of the foreign owned small business has led to tensions between the local and foreign businesses who are seen as moving into the territories of the local business owners (Mahajan, 2014). This is because the foreign owned small businesses open establishments in close proximity to existing establishments as direct competition for the same customer from a location perspective (Mahajan, 2014).

While these small businesses face challenges competing against large retailers, there are advantages that they hold in the market. These include: an ability to repackage products in order to sell in smaller quantities, and in the case of the locally owned businesses, and the relationships they hold with customers due to being deeply embedded in their communities (Mahajan, 2014; Petersen & Charman, 2018). Both factors place the small businesses at an advantage against large retailers as they cannot adopt the same practice around repackaging, and do not have the social capital that enables the customer relationship. In other parts of the world like India, such advantages not only led to surviving the market, but enabled small businesses to own majority share of the market despite the presence of large retailers. This is demonstrated in a study conducted by Pathak and Kandathil (2019), where the findings of the study, linked this ability to the relationship held with the community by the small business. This demonstrated that there are context specific factors that small businesses can leverage to develop unique competitive positioning in the market.

Since existing reports highlight that the township retail market is a key contributor to achieving economic growth in South Africa, , it is critical to identify ways in which small businesses can obtain sustainability (Gauteng Province: Economic Development, 2014). In addition to the overall South African retail market being on a growth trajectory (Marketline Industry Profiles, 2020), the informal township retail market has opportunity for further growth considering that the formal sectors in retail will start to lag due to the concentration of competition and market coverage (Mahajan, 2014).

While the scope of the study is to position applicable strategies for small retail businesses, there are also a number of societal enablers that future authors should consider in terms of their ability to enable success for the small businesses. These enablers refer to the regulatory requirements applicable to small businesses, as well as regulatory policies that burden and hinder the ease of doing business as a small business owner. Future studies should aim to get an understanding of such factors with the aim to informing how change needs to be effected in order to set small businesses up for success in the context of operating a small business in the township market.

#### **1.4. Purpose statement**

The main objective of the research is to identify competitive strategies that can be adopted by small retailers in South African townships to survive in a competitive retail market. This perspective is similar to the research study by Wu, Fai, Wan, and Li (2019), who looked into strategies that can be developed by local businesses in the event of foreign rivals entering the market. While the perspective from Wu et al. (2019) considered global entrants into the market, the principles of survival against increased competition due to new entrants is similar between the two studies.

While there is existing literature discussing competitive strategies adopted by small retailers in the context of emerging markets, such as in the case of India (Dholakia et al., 2018) and China (Sinha & Sheth, 2018), there is a gap in the literature from an African perspective, particularly in the context of the township market in South Africa. The current study therefore aims to extend existing academic literature from the perspective of small retailers operating the South African township market. The current study will provide a localised perspective to competitive strategies, their suitability to the South African context, as well as to uncover any new themes specific to the South African environment and context.

From a business perspective, the current study will aim to: contribute to the discussion around sustaining entrepreneurship in the townships of South Africa; provide a theoretical perspective on competitive strategies that can be leveraged by small retail businesses operating in South African townships; and develop a South

African perspective that can add to the global academic discussion on key topics related to the survival of small businesses in emerging economies.

While the above discussion offers an initial perspective of the research questions, the researcher will continuously validate the suitability, correctness and completeness of the research questions based on the insights that emerge from the data collected while ensuring alignment to the objectives of the research (Bansal, Smith, & Vaara, 2018).

In the first part of the current study, the author reviews and positions theories in competitive strategy that are relevant to the research questions. Competitive strategies to be explored will be based on past works from Porter (1980) and Penrose (1959), as well as include later perspectives of how the discussion has evolved. In the second part of the current study, the author discusses the research approach and methodology, results of the study, discussion of the results, limitations of the study, as well as proposed areas for future research.

## **Chapter 2: Literature Review**

### **2.1. Chapter Introduction**

The phenomenon of large retailers entering markets previously occupied by small retailers has been documented in various cases across the globe. In the context of small businesses, these discussions in existing literature span from discussing the strategies adopted by the small retailers to respond to the competition (Brenes et al., 2015), as well as the perspective of consumers in the midst of such a phenomenon (Dholakia et al., 2018).

Brenes et al.(2015) conducted a study on the how Super Selectos - a local retail chain in El Salvador, responded to compete against a large global retailer (Walmart) that had targeted their market. Strategies adopted included: investing in improving the aesthetical appearance and layout of their stores, looking into efficiencies for logistics and inventory control, and developing a symbiotic relationship with their suppliers. Similarly, Dholakia at al. (2018) described small retailer's strategies grounded in innovation and continuous adaptation to remain competitive in the market. These included for example: expanding product lines, pricing lower, improved displays and innovative thinking in added services such as home delivery, and even leveraging technology to improve their supply chain processes. While these two cases provided a view of how some business have leveraged competitive strategies to remain competitive in the market, the findings may not necessarily be applicable to the South African market due to differences in context. This highlights that contextual differences contribute to the in the different strategies adopted by businesses to remain competitive. Therefore, a study of the South African market would aid in revealing the similarities or context specific nuances for competitive strategies in this context.

To explore the concept of competitive advantage, this literature review drew on Porter's (1980) generic competitive strategies, and Penrose's (1959) resource based view of the firm as the two focus theories. Through this review, the study highlighted how businesses compete in the market, as well as the resources leveraged to achieve advantage in a competitive market. The chapter beings with a high level description of competition and how it is identified, as well as the concept of



competitive advantage leading into a detailed discussion on the two theories underpinning the study.

### **2.1.1. Identifying competition**

A business, which considers competitive strategies would imply that there is a fair understanding of the competitive landscape of its market. Therefore, the first step as a critical input to defining or selecting a competitive strategy would be to identify and recognise who competitors are in the market (Gur & Greckhamer, 2019). While large retailers pose the largest threat to small retailers in the township market, other forms of competition are present, such as competition against other similar small retailers, or informal street vendors. Gur and Greckhamer(2019) suggested in their study that four perspectives to identifying competitors existed. These were: Industry-oriented (businesses operating in the same industry based on the market served, geographic location or products offered), Strategic groups (similar businesses that possess similar capabilities, resources or strategies), Manager-oriented (business managers' cognitive perceptions of competition) and Customer-oriented (businesses fulfilling the same customer needs and preferences). All four perspectives provided the lenses required to adequately assess and understand the perceived competitive landscape for small township retailers.

### **2.1.2. Competitive advantage**

According to existing literature, competitive advantage is described as a superior position in the market as a result of implementing a strategy that creates value for customers in a way that is difficult for competitors to imitate. It is mostly determined by the customer's perception of the organisation in relation to its competitors (Kaleka & Morgan, 2017). While existing literature assumed a relationship between a superior position in the market to organisational performance, authors such as Miller (1988) presented an alternative view that highlighted that this relationship could not always be assumed. Therefore competitive strategies adopted by small businesses have to consider both the advantage that the positioning provides, but also consider the impact to business performance. While the scope of the study excludes business performance.

## **2.2. Theoretical Base and Hypotheses**

### **2.2.1. Theories for Competitive Strategies**

The concept of competitive strategy is focused on providing an intermediary perspective between the objectives of the defined two levels of strategy: corporate level strategy and functional level strategy (Salavou, 2015). While corporate level strategy is concerned with the long term actions in the business, functional level strategy is concerned with the short term actions towards achieving business goals. The intermediary perspective presented in this study, through the concept of competitive strategy, is concerned with identifying ways in which both corporate and functional strategy can be orchestrated to enable a business to outperform competitors in the market (Acquaah & Yasai-ardekani, 2008; Salavou, 2015). On this basis, competitive strategies could be defined as the sequence of decisions that lead to sustainable competitive advantage in the market (Pathak & Kandathil, 2019; Porter, 1980).

In existing literature, scholars opined that it is critical for organisations to be anchored by a competitive strategy in order to operate successfully against other players in the market (Acquaah & Yasai-ardekani, 2008; Block, Kohn, & Miller, 2015; Kaleka & Morgan, 2017; Karnani, 1984; Miller, 1988, 1992; Pathak & Kandathil, 2019; Porter, 1980; Salavou, 2015). Existing literature positions it as a critical enabler for profitability, sustainability, and potentially, the ability to secure majority share of the market (Block et al., 2015; Karnani, 1984; Pathak & Kandathil, 2019; Salavou, 2015). This inferred that organisations firstly, required a strategy to play in the market, but secondly needed to ensure that the strategy employed should also be difficult for competitors to imitate in order to maintain a competitive advantage . And in order to achieve this, various sources of competitive advantage have to be leveraged.

According to existing literature, sources for competitive advantage varied between organisations. While the foundational literature positioned by Porter (1980) associated the creation of competitive advantage to the market position of the organisation and decisions taken on the business model to be adopted. Various authors have purported that additional sources to gain competitive advantage could

also include: the resources held by the organisation (Huang, Dyerson, Wu, & Harindranath, 2015; Kaleka & Morgan, 2017), the capabilities embedded in the organisation ( Teece, 2012; Teece, Pisano, & Shuen, 1997), and social exchange relationships held by the organisation (Pathak & Kandathil, 2019). Furthermore, literature contributions from authors such as Miller (1988), Pathak & Kandathil (2019), Acquaah and Asai-Ardekani (2007), and Block et al. (2015), added that the sources leveraged and strategies chosen were influenced by the structure, circumstances and context in which the organisation operated. This highlighted that competitive strategies employed were as a result of the strategic fit between the resources available to the organisation, the business environment in which it operates and the structure of the business (in terms of how the business is configured, and the level of formality in the business). Through the findings of the study, the insights will demonstrate how various factors influence competitive advantage, and also inform how existing literature would be further enriched by the exploration of different contexts..

The theory basis for the current study was anchored on the theories of Porter's (1980) generic competitive strategies and how they were used to position a business in the market (market position), as well as the resource based view of the firm developed by Penrose (1959), and how it linked to competitive strategy respectively (organisational resources as sources for competitive strategy). The current study also explored more recent academic literature that has furthered the academic conversation on these two bases of competitive strategy.

#### **2.2.1.1. Competitive strategy- Porter's (1980) generic competitive strategies**

According to Porter's (1980) views, there were two perspectives to competitive strategies. A target market perspective, where the focus could be broad or narrow, and a differentiation perspective, which could be either cost leadership or differentiation (Acquaah & Yasai-ardekani, 2008; Block et al., 2015; Gould & Desjardins, 2015; Kaleka & Morgan, 2017; Karnani, 1984; Miller, 1988, 1992; Porter, 1980; Salavou, 2015). Therefore, businesses could choose to either serve a single segment or multiple segments of a market, with a broad or specific product or service mix, while competing on cost leadership or differentiation.

For a cost leadership strategy, organisations competed by offering lower prices to those of their competitors in the market (Gould & Desjardins, 2015; Miller, 1988, 1992; Salavou, 2015). Existing literature associated the ability to achieve low pricing to the capability of achieving a low cost base structure in the organisation that could be reflected in low operational costs, or efficient inventory management, or cost of goods (Kaleka & Morgan, 2017; Miller, 1988, 1992; Morschett, Swoboda, & Schramm-klein, 2006; Salavou, 2015). For a differentiation strategy, organisations competed by offering product or service that is unique, valuable to the customer, or of higher quality, in a way that is not offered by competitors in the market (Block et al., 2015; Gould & Desjardins, 2015; Kaleka & Morgan, 2017; Miller, 1988; Salavou, 2015; Su, Guo, & Sun, 2017). While differentiation appeared to take the form of unique product or service design, differentiation could also be achieved through the way in which the product is marketed, , convenience, high-end pricing, or reliable and convenient availability to the customer (Miller, 1988).

Porter (1980) who maintained a purist view, which postulated that an organisation could only gain success by only leveraging one of the four generic strategies. Furthermore, he stated that employing a combination of strategies would result in failure in achieving competitive advantage in the market (Acquaah & Yasai-ardekani, 2008; Miller, 1992; Porter, 1980; Salavou, 2015). While Porter (1980) positioned a purist view regarding how organisations adopted the competitive strategies-which was that a business could only adopt either cost leadership or differentiation and not both, various authors explored the possibilities of businesses adopting different combinations of the four generic competitive strategies to compete more effectively in the market (Acquaah & Yasai-ardekani, 2008; Karnani, 1984; Miller, 1992; Salavou, 2015).

This concept of combined multiple competitive strategies was studied by various authors over time and was given a number of terms. This included mixed strategies (Miller, 1992), combination strategies (Acquaah & Asai-Ardekani, 2008) or hybrid competitive strategies (Salavou, 2015). This concept of combining strategies was different to what Porter (1980) defined as 'stuck in the middle' strategies- which is a term describing instances where organisations do not place emphasis on one specific strategy, but have different options available to them (Salavou, 2015).

Considering differences in market contexts and different factors in the business environment, it was fitting that the choice in generic strategies could not be limited to the purist view, a view with which a subset of authors in existing literature agree.

Various authors in existing literature have challenged the purist perspective posited by Porter (2018), and positioned the possibility that hybrid approaches yielded superior business performance over generic strategies (Acquaah & Yasai-ardekani, 2008; Karnani, 1984; Miller, 1992; Salavou, 2015). A comparative analysis conducted by Acquaah & Yasai-ardekani (2008) and Salavou (2015) provided an overview of various empirical studies that sought to compare organisation performance between organisations that adopted a purist approach against those that opted for a hybrid approach in their competitive strategy.

The findings from Acquaah and Yasai-ardekani (2008) were that while empirical studies conducted within 10 years of Porter's views, such as those conducted by Dess and Davis (1984), Hambrick, (1983) and Robinson, Pearce (1988) found evidence to support the proposition of a purist view. Upon review of similar empirical studies, further research in that time and in recent literature, found evidence that organisations that employed a hybrid strategy demonstrated higher performance (Acquaah & Yasai-ardekani, 2008; Salavou, 2015). These included studies by Block et al. (2015), Hill (1988), Kaleka and Morgan (2017); Karnani (1984); Miller (1988), Miller (1992) and Salavou (2015).

The criticism of the purist strategy; therefore, positioned that organisations that adopted this strategy were likely to be unsuccessful in the market. This view was appropriate considering the dynamic nature of any market- where being purist could potentially result in an organisation being less flexible, agile or adaptive to change in an evolving market. Or ultimately end up with weakened products in a market where customer needs have shifted. Moreover, a competitive environment by nature, implied competitive behaviour; therefore. the clarity of a single minded strategic focus could result in the implementation of purist strategies that are easy to imitate (Block et al., 2015; Miller, 1992). This contribution was a fair assessment as it justified the consideration that a competitive strategy could not be considered in isolation. This was because organisations operated in a finite and competitive environment where it was likely that competitors might adopt the same strategic focus. Therefore, from

a practical perspective, in order to compete, organisations were forced to find ways to differentiate themselves from competitors.

Recent findings have demonstrated supporting evidence that suggested that in practice, the purist perspective was not how businesses were in fact shaping their strategies. Salavou (2013) and Block et al. (2015), suggested that there was growing practical evidence from empirical literature that demonstrated that businesses that were adopting hybrid strategies in practice, were likely to achieve an enhanced competitive advantage in the market.

The varying views from scholars found in existing literature provided insight into the different approaches available to organisations for the implementation of competitive strategies. Furthermore, they demonstrated that there are multiple approaches to obtain superior positioning in the market that could be an enabler to yielding positive organisational performance. And that the achieved outcome was specific and dependent on the context of the business and the varying characteristics of the market.

#### **2.2.1.2. Expansion of Porter's (1980) generic competitive strategies**

Porter's (1980) generic competitive strategies positioned four options: Cost leadership, differentiation, cost focus and differentiation focus as shown in figure 1.

**Figure 1: Porter's (1980) competitive strategies**

<i>Broad</i>	Low cost strategy	Differentiation strategy
<i>Narrow</i>	Focus market, Cost strategy	Focus Market, Differentiation strategy
<i>Market Scope</i>		
	Source of competitive advantage	
	Cost	Differentiation

Source: Salavou (2015)

Contributions following the establishment of this model considered that the model did not sufficiently represent the possible combinations that could be undertaken, and that the high level or detail did not adequately position the different alternatives that were possible (Block et al., 2015; Gould & Desjardins, 2015; Salavou, 2015). Therefore, authors such as Salavou (2013) explored possibilities to expand the model in order to present a more realistic and practical representation of the four competitive strategies. The hybrid model by Salavou (2013) positioned 16 combinations of all generic competitive strategies which highlighted the different options that could be adopted to achieve flexibility and improved business success that is difficult for competitors to mimic. Figure 2 provides a view of the proposed 16 alternatives that proposes varying degrees of configuring a hybrid strategy.

**Figure 2: Salavou’s (2015) competitive strategy alternatives based on Porter(1980)**

	Low cost	Differentiation	Focus
Pure strategy type 1	High	Low	Low
Pure strategy type 2	Low	High	Low
Pure strategy type 3	Low	Low	High
Stuck-in-the-middle type	Average	Average	Average
No strategy type	Low	Low	Low
Hybrid strategy type 1	High	High	High
Hybrid strategy type 2	High	High	Low
Hybrid strategy type 3	High	Low	High
Hybrid strategy type 4	High	High	Average
Hybrid strategy type 5	High	Average	High
Hybrid strategy type 6	High	Average	Average
Hybrid strategy type 7	High	Low	Average
Hybrid strategy type 8	High	Average	Low
Hybrid strategy type 9	Average	High	High
Hybrid strategy type 10	Average	High	Low
Hybrid strategy type 11	Average	High	Average
Hybrid strategy type 12	Average	Average	High
Hybrid strategy type 13	Average	Low	High
Hybrid strategy type 14	Low	High	High
Hybrid strategy type 15	Low	High	Average
Hybrid strategy type 16	Low	Average	High

Source: Salavou (2015)

Salavou’s (2015) model positioned Porter’s generic strategies as different areas of emphasis, whereas purist strategies called for a high focus in only one of the dimensions. The hybrid strategies introduced a range of emphasis across the different dimensions (Salavou, 2015). From analysing this perspective, it can be determined that this view is a more realistic perspective to the application of the generic strategies as it reflects an ability and flexibility to leverage the different dimensions of the generic strategies as levers to create a customised approach to competitive strategy that aligns to the needs of the specific market.

The perspective to explore different levels of emphasis across the different dimensions of the generic competitive strategies model was further supported by the view positioned by Karnani (1984), and in more recent research, by Kaleka and Morgan (2017). Both authors emphasised that it was potentially detrimental for an organisation to neglect other dimensions of the model in pursuit of emphasising only one. This was due to the relationship and interaction between the dimensions when considering the product or service from a competitor (Karnani, 1984) and customer (Kaleka & Morgan, 2017) perspective. From a competitor perspective, an



organisation that pursued a low cost strategy in a competitive environment, could not be successful if they completely neglected finding a way to differentiate among other low cost organisations in the market (Kaleka & Morgan, 2017; Karnani, 1984). This is directly linked to the customer perspective because from a customer perspective, the perception of value in a product was considered in all dimensions of the model (Kaleka & Morgan, 2017). An example of this would have been that while a cost-conscious customer is looking to buy a cheaper product, they would not ignore product quality completely. They would still have an interest in buying a cheap product of reasonable value and therefore compare among the low cost providers for a differentiated product that offers improved quality. These extended views introduced a more comprehensive way in which businesses could consider competitive strategies, while also enabling the flexibility to customise strategies according to the characteristics and needs of the market.

The positioning of different approaches to Porter's (1980) generic strategies therefore highlighted that organisations could take different views being a purist view, a hybrid view, a 'stuck in the middle' view, and also no view at all, where the organisation does not undertake any of the alternatives.

### **2.2.1.3. Applicability of Porter's (1980) generic competitive strategies to small businesses**

Adopting the different generic competitive strategies has various implications and requirements, depending on which strategy is selected. According to existing literature, adopting a low cost strategy required an organisation that has low operational costs (Miller, 1992), while a differentiation strategy required innovative capability to develop unique offerings, and a focus strategy required knowledge of the target market (Gellweiler, 2018). Due to the lack of, or limited access to resources by small businesses (Acquaah & Yasai-ardekani, 2008; Block et al., 2015; Grimmer et al., 2017; Mahajan, 2014), a majority of existing literature positioned that small businesses typically adopted the cost leadership strategy (Block et al., 2015) as the differentiation strategy required resources as inputs to implement a differentiated product or service.

While the cost leadership strategy was informed by positioning low prices in the market, scholars posited that differentiation could take the form of being unique or superior from a product or service perspective (Acquaah & Yasai-ardekani, 2008). However, literature that supported the concept of hybrid strategies, suggested that leveraging both strategies in the context of small businesses may prove to be successful. This was demonstrated in the studies by Acquaah and Yasai-ardekani (2008) and Kaleka and Morgan (2017) who were able to demonstrate the effectiveness of leveraging both levers to be more competitive. Both authors were able to demonstrate a positive relationship between this combination strategy and business performance.

#### **2.2.1.4. Competitive strategy- the resource based view of the firm (Penrose, 1959)**

Another lens prevalent in the discussion of competitive strategies was the perspective of the resource based view (RBV). RBV was a theory developed by Penrose (1959), who linked the ability of an organisation to gain competitive advantage as a result of the way in which it leveraged its resources. Leveraging the seminal literature of Penrose (1959) and authors who follow, resources could be take the form of tangible and intangible assets, skills, competencies and capabilities of an organisation (Barney, 1991; Barney, Wright, & Ketchen, 2001; Gellweiler, 2018; Grimmer et al., 2017; Kellermanns, Walter, Crook, & Kemmerer, 2016; Rangone, 1999; Teece et al., 1997; Wernerfelt, 1986). While all assets leveraged in an organisation may contribute to the ability to produce products or provide services, not all resources were considered as strategic for the creation of competitive advantage (Grimmer et al., 2017; Kellermanns et al., 2016; Rangone, 1999).

According to the RBV theory, in order for resources to be considered strategic, the resources must be rare and valuable, thus contributing to the organisation and being able to respond to threats or create barriers in the market, unique to the business. In that the resources were difficult to imitate or leveraged in a way that made it difficult to imitate or substitute by competitors (Barney, 1991; Campbell & Park, 2017; Gellweiler, 2018; Huang et al., 2015; Kellermanns et al., 2016; Rashidirad & Salimian, 2015; Saranga, George, Beine, & Arnold, 2018; D. Teece et al., 1997; Wernerfelt, 1986; Young, Tsai, Wang, Liu, & Ahlstrom, 2014).

Considering this view, the debate in existing literature has centred around this definition of a resource, positioning that it was not widely applicable because resources vary depending on the type of business, industry and environmental context in which they operate (Grimmer et al., 2017; Kellermanns et al., 2016). This was because the definition was based on large established organisations that operate in developed industries, which is different to small businesses and the environments in which they may be operating in (Kellermanns et al., 2016).

#### **2.2.1.5. Expansion of the Resource based view (Penrose, 1959)**

For the purposes of this study, the type of resources that can be found in organisations is classified leveraging inputs from the evolution of existing literature (Barney, 1991; Barney et al., 2001; Gellweiler, 2018; Grimmer et al., 2017; Kellermanns et al., 2016; Rangone, 1999; Wernerfelt, 1986) that is in alignment with the definition from Penrose (1959) as follows:

- Financial- an organisation's ability to access and deploy finance into the business
- Physical- physical resources such as machine capacity, property, plant and equipment
- Human- the skills, knowledge and experience of the individuals in the business, as well as the relationship held with employees
- Relational- the strength and collective nature of the relationship held by the business with the society in which it operates, customers, suppliers, or governing institutions (e.g. associations or government)
- Intellectual- the knowledge, insight and experience held by a business
- Organisational- organisational structure, organisational processes and control systems, as well as reputation

While the majority of existing literature aligns to this classification of resources, authors such as Kellermanns (2016) and Grimmer (2017) highlight that further research is required to add various contexts to the definition of resources as it may not be applicable across the different types of businesses and contexts.

Additional contributions that have extended the perspective of the RBV, have interrogated the requirement for a strategic resource as rare, valuable, and difficult to imitate and substitute. The basis of the interrogation was placed on the argument that it was not always possible for organisations to have ownership of such resources that fit the classification from an RBV perspective. That it was likely that competing firms operated in industries where resources were evenly distributed and obtainable by most players in the market. This is particularly applicable in the context of small businesses in emerging markets that typically possess a similar subset of resources that are not highly differentiated from their competitors (Acquaah & Yasai-ardekani, 2008; Pathak & Kandathil, 2019; Young et al., 2014).

It can therefore be said that as an extension of the RBV theory, authors have positioned that firstly, resources can still be considered strategic even in cases where they are not necessarily owned by the business, but accessed through outsourcing, partnerships or alliances with entities that are external to the organisation (Barney et al., 2001; Gellweiler, 2018; Kellermanns et al., 2016; Liu & Yang, 2019). And secondly, that competitive advantage can still be achieved where resources are homogenous among competitors, but only in instances where they are being leveraged in an agile and dynamic way that is distinctive and imperfectly imitable to competitors (Barney et al., 2001; Grimmer et al., 2017; Liu & Yang, 2019; D. Teece et al., 1997). This perspective introduced the concept of resources that are evolving and dynamic in an organisation, where competitive advantage relies on the ability to adapt how they leverage the resources to take advantage of the opportunities related to changing customer needs and competitive landscape (Grimmer et al., 2017; Liu & Yang, 2019).

#### **2.2.1.6. Applicability of Resource based view (Penrose, 1959) to small businesses**

While the ability to leverage resources that are rare, valuable, difficult to mimic or substitute for competitive advantage was largely applicable for large organisations in developed countries (Kellermanns et al., 2016), literature highlighted that it was more challenging for small organisations in emerging markets to achieve this as resources were likely to be similar across multiple players (Acquaah & Yasai-ardekani, 2008;

Pathak & Kandathil, 2019; Young et al., 2014) or difficult to access (Block et al., 2015; Kellermanns et al., 2016). Therefore in the instance of small businesses operating in a challenging environment with limited access to constrained resources (Block et al., 2015; Tengeh & Mukwarami, 2017), businesses had to leverage resources differently to achieve competitive advantage, or alternatively, employ a set of resources that might differ to the set positioned by seminal literature (Barney et al., 2001; Grimmer et al., 2017; Kellermanns et al., 2016; Pathak & Kandathil, 2019).

Various authors have studied the context of small businesses and have offered diverse views of how and what resources are leveraged. Two such studies include the findings of Kellermanns (2016) and Pathak and Kandathil (2019). According to Kellermanns (2016) who explored the difference in how theorists and entrepreneurs identified resources, the study highlighted the similarities in the identification of resources aligned to the seminal definitions, in terms of identifying resources as both tangible and intangible resources, as well as identifying human, physical and relationship capital. However, the study revealed that entrepreneurs highlighted resources from a perspective of how they were being leveraged, placed less emphasis on the use of human and physical resources, and did not define competitive advantage enabled by resources in comparison to competitors, but from their own independent definition of success (Kellermanns et al., 2016). This was supported with the justification that entrepreneurs typically relied on themselves for the organisation operations, have limited ability to secure physical resources and do not define advantage in absolute terms.

Another study conducted by Pathak and Kandathil (2019) found the use of location proximity, longer availability, context specific local reputation, interpersonal relationships held socially, as well as distinct identities, offerings and ability to adapt with ease prevalent for small informally organised businesses. From these findings, it can be confirmed that the environment and context of organisations influences the type of resources that enable the competitive strategy that the organisation adopts (Block et al., 2015; Gellweiler, 2018; Kellermanns et al., 2016). Additionally, the social complexity of this context and unique historical conditions presented in such conditions, could be key in creating competitive advantage that competitors would find challenging to imitate (Barney, 1991).

### **2.3. Chapter Summary**

The majority of strategy frameworks positioned in existing literature do not sufficiently translate into informal settings of business or small businesses (Kellermanns et al., 2016). This is due to the significant differences in market dynamics and differences in context between the formal businesses environments that were studied to derive the theories, and the informal contexts in which some businesses operate (Acquaah & Yasai-ardekani, 2008; Block et al., 2015; Gould & Desjardins, 2015; Miller, 1988; Pathak & Kandathil, 2019; Salavou, 2015; Young et al., 2014). Such environments demand varying needs and a different lens to consider competitive strategies (Young et al., 2014).

In addition to the context of the business, other factors that influence the strategy selected can include: the environmental context (predictable/ unpredictable) and structure of the organisation (formal/ informal) (Miller, 1988), the motivations and circumstances of the entrepreneurs (Block et al., 2015), and influence the type of strategies employed by the business owners.

Considering the context of the township retail industry where the majority of the retail business are informal and exist as a result of necessity entrepreneurship (Mahajan, 2014), this implies that the strategies employed by the businesses would differ to some of the perspectives positioned in foundational literature. Block et al. (2014) suggests that necessity entrepreneurs did not follow formally defined strategies, but rather formulated strategies on an ongoing basis informed by the daily running of the business, as well as an understanding of the environment and customer needs in the market. This further highlights the difference in the process of strategy formulation for retail business operated in the township as majority of the literature assumes a strategy that is deliberately formulated, therefore indicating a need to explore the impact of such factors to the nature of competitive strategies employed by businesses in such a context.

While the competitive strategies discussed were positioned as separate concepts in the literature review, a relationship can be drawn between them. This is informed by

the view that a business requires resources to compete in the market leveraging one or more of the generic competitive strategies discussed (Gellweiler, 2018). And in order to gain advantage over competitors in the market, that such resources would need to be leveraged in a way that is not only distinctive and difficult to imitate ( Teece et al., 1997), but also have the ability to be adapted to fit a dynamic market (Barney, 1991; Barney et al., 2001; Grimmer et al., 2017; Liu & Yang, 2019). The aim of this current study is to explore the existing literature on competitive strategies, to identify nuances that can contribute to existing literature from a South African context.

## **Chapter 3: Research Questions**

The following questions represent the key aims of the study. Each research question was derived leveraging insights from the literature review and was leveraged as input to guide the data collection process of the study.

### **3.1. Research Question 1**

*What constitutes the competitive landscape for small retailers operating in the township retail market?*

The aim of research question 1 was to understand how small retailers in the township retail market (also referred to as the local market) define their competitive market. This research question sought to understand who the competitors were, factors that caused them to be identified as competitors, as well as how they were perceived to operate in the market. Understanding the competitive landscape, as well as how players in the market interact, assists in framing subsequent topics of discussion as part of the overall study. In addition to framing the context, this research question sought to establish any new insights not yet considered in existing literature regarding competition in the township retail industry.

### **3.2. Research Question 2**

*What competitive strategies are being employed by small retailers to compete in the township retail market?*

The aim of research question 2 was to identify the competitive strategies being leveraged by the small retailers to compete in the township market. This research question sought to understand how the small businesses positioned themselves in the market (by way of market focus), which factors of advantage they adopted (cost leadership or differentiation), as well as their approach to gaining competitive advantage relative to their competitors in order to compete or survive in the market. In addition to gaining an understanding of strategic decisions made concerning competing in the market, the aim of the question was to also explore new insights that could potentially add to existing literature.



### **3.3. Research Question 3**

*How are small retailers leveraging resources to survive and compete in the township market?*

The aim of research question 3 was to determine the set of resources that were being leveraged by small retail businesses in the context of South African townships. In addition to this view, the question sought to understand how the resources were being leveraged to position the business competitively in the market. By uncovering resources that were specific to South Africa, this question also aided in understanding how the resource set leveraged locally differs from similar studies in existing literature. Lastly, the aim of the question was to facilitate the discovery of new insights that have not yet been documented in existing literature.

### **3.4. Results for Research Question 4**

*How do small retailers adapt to survive and gain competitive advantage in the market?*

Small business in the township operate in a dynamic competitive environment. Research question 4 aimed to understand how small businesses in the township position themselves to be responsive to change in a way that positions them favourably in the market. Gathering insights on how these changes were undertaken assisted in describing the adaptive nature of the business. Furthermore, the research question also thought to identify themes not yet encountered in extant literature.

## **Chapter 4: Research Methodology**

### **4.1. Philosophy**

A research philosophy referred to the underlying assumptions that guided the development of research. The current study adopted the interpretivist paradigm as the researcher was looking to explore and understand a social phenomenon from multiple perspectives. In this paradigm, there is an appreciation of the researcher's bias as the researcher's values may play a role in the research process given the qualitative nature of the study. This is unlike a positivist philosophy that required the researcher to remain detached from the study and rely rather, on pure data and facts (Saunders, Mark & Lewis, 2018).

### **4.2. Approach**

The research approach followed an inductive approach as it was the best suited approach to conducting qualitative research (Bansal et al., 2018) and addressing the lack of research in the South African context covering this particular topic. Therefore, the research process aimed to firstly collect, analyse and interpret data and after gaining understanding of the data, drew links to and expanded on existing theory (Aguinis & Solarino, 2019; Bansal et al., 2018; Bettis, Gambardella, Helfat, & Mitchel, 2015; Saunders, Mark & Lewis, 2018). Being able to follow an inductive approach enabled the researcher to allow the insights from the qualitative data analysis to guide the process to uncover new themes and insights that might not have been previously identified (Jebb, Parrigon, & Woo, 2017). This is critical to either developing or adding to existing theories through qualitative research.

### **4.3. Methodological choices**

The researcher used a multi-method qualitative approach as the two techniques were used to collect data for the study (Saunders, Mark & Lewis, 2018). Leveraging semi-structured interviews where the researcher collected data from participants, as well as secondary data analysis, that was leveraged to develop insights on existing knowledge of the industry.

#### **4.4. Purpose of research design**

Since the objective of this research was to discover and understand a phenomenon that has not yet been well researched in the local context, the research design on the study was exploratory in nature (Saunders, Mark & Lewis, 2018). While some assumptions could be drawn from similar studies in different contexts or geographical areas, the research process sought to uncover new context-specific information.

#### **4.5. Strategy**

The researcher leveraged a case study research strategy as the purpose of the study was to understand a phenomena in a specific context (Farquhar, Michels, & Robson, 2020; Saunders, Mark & Lewis, 2018). Data was collected from multiple respondents in the case to gain multiple perspectives on the phenomena under study (Farquhar et al., 2020). While the use of multiple respondents aided in providing different views of the same topic, it also aided in providing a level of triangulation in the data (Farquhar et al., 2020) by validating the data collected from multiple perspectives.

#### **4.6. Time horizon**

The study was cross-sectional as it was conducted over a single specific period of time (Saunders, Mark & Lewis, 2018). The researcher collected data from the participants at that point in time and not over an extended period of time to track changes and developments over that time. This characterised a longitudinal study.

#### **4.7. Techniques and procedures**

The researcher used qualitative research interviews to collect data from participants in the study. The semi-structured interview technique was used as the process was guided by specific themes and topics related to the research question (Hamilton & Finley, 2020; Saunders, Mark & Lewis, 2018). Since the study sought to capture various perspectives from participants, this technique enabled the researcher the flexibility to be guided by the data collected, to either expand further on a particular

topic or discard some of the topics should they not be relevant to that particular participant (Saunders, Mark & Lewis, 2018).

#### **4.8. Proposed research design**

##### **4.8.1. Population**

The population of the study consisted of small retail businesses in the townships of Gauteng, including, Atteridgeville, Mamelodi, Soshanguve, Mabopane and Soweto. The type of retail stores in the population consisted of stores that specialised in food & beverages (Lehohla, 2017) or alternatively referred to as the food, beverages and tobacco in specialised stores (Statistics South Africa, 2019), as well as general dealers that predominantly sold food and beverages, but may have included some items outside those two categories (Statistics South Africa, 2019). This population therefore mainly consisted of a combination of stores that predominantly offer some of all of the following items: fresh fruit and vegetables, meat products, bakery products, beverages and tobacco (Statistics South Africa, 2019).

##### **4.8.2. Sampling method and size**

For this research, a non-probability sampling technique was used as the researcher was not be able to get the full list of retailers in the population (Saunders, Mark & Lewis, 2018). This is mainly due to the mix of formal and informal businesses conducted in a township setting (Tengeh & Mukwarami, 2017). The researcher leveraged a purposive sampling method to select the sample in line with the criteria required to best suit the objectives of the research and address the research question (Saunders, Mark & Lewis, 2018). The initial thinking around some of the criteria that was applied to select the sample included aspects such as ensuring that the participants owned retail stores that: fall within the categories of Food & beverage or General Dealer, operated in a market where they were in direct competition with a large formal retailer in the market (serving the same customer base with similar offerings), had stores that were established and operational prior to the large retailer entering the market.

The sample was made up of a minimum of 12 retail store owners operating in the selected township of Atteridgeville. Heterogenous purposive sampling was used to ensure that there was a diverse representation of the different types and formats of retail stores that compete for the same market with the same offerings. This allowed for a wider variety of perspectives to be covered and therefore allowed for various insights to be derived (Bansal et al., 2018; Saunders, Mark & Lewis, 2018). To ensure quality in the research study (Farquhar et al., 2020), it was critical to select a sample that was suited to address the research question.

#### **4.8.3. Unit of analysis**

The unit of analysis was the owners and/or managers of the small retail businesses. They were the sources of the required data related to the competitive strategies that they have put in place to compete and survive in the township retail market.

#### **4.8.4. Measurement instrument**

As the research conducted was qualitative in nature in a context that was not well understood, the researcher leveraged semi-structured interviews. This data collection tool was selected by the researcher as it allowed for flexibility in the interviewing process which created room for the participants to expand on the intended list of topics. The semi-structured nature of the interview was an advantage in an exploratory study as it introduced new data and perspectives that the researcher might not have initially considered (Saunders, Mark & Lewis, 2018). This meant that the data revealed during the process by the participant partially informed the direction of the interview. This was deemed beneficial to the study as the researcher had minimal exposure and limited experience in the retail industry. Therefore, this assisted in filling in any gaps that might exist in the definition of the topics of interest or interview questions.

Conducting a successful semi-structured interview required the researcher to adequately prepare for the discussions to ensure that the intended research data was collected (Saunders, Mark & Lewis, 2018). This preparation will included, but was not limited to: a literature review in the topic of competitive strategies to build

an academic foundation of the strategies that exists, reviewing similar studies conducted in other contexts to gain from insights gathered to date, to leverage secondary data sources to get a better understanding of the industry and environment in which the participants operate. With this information, the researcher had foundational insight that could be used to develop a guiding list of topics and accompanying interview questions that could guide the interview process (Hamilton & Finley, 2020). The interview questions developed mainly focused on posing open-ended questions (Bettis et al., 2015) to the participants in order to avoid leading the participant in a particular way of thinking, and more importantly, to get a detailed response that was reflective of the participants perspectives on the topic (Saunders, Mark & Lewis, 2018).

An initial thinking of topics covered in the interviews consisted of a combination of questions that aimed to collect data in line with the research question regarding: The business owner, history of the business, the competitive environment of the business as well as the competitive strategies being used to sustain the business and what informed the implementation of these strategies (both failed and successful strategies). An initial draft of the discussion guide is included in Appendix 4.

#### **4.8.5. Data collection**

The data collection process began firstly with gathering consent for participation from all participants. This was executed firstly through an informal interaction with all participants to establish a level of rapport with the participants in an effort to create a level of familiarity to the process. In this interaction, the participants were contacted initially by the researcher in a virtual informal meeting or telephonic conversation to discuss the objectives of the research, the process that will be undertaken with a view of expectations on them as participants, as well as understandings their expectations on the researcher as participants (as far as how the interview process would be conducted, for example: availability and preferred place of meeting). Thereafter a formal consent was obtained from the participants to confirm agreement for participation.

The consent phase was followed by the data gathering process that consisted of a two part interaction with the participants. The first being either a face to face

interaction, virtual meeting or video call held depending on the preferred method of contact by the participant, followed by either a follow-up interaction where clarification or confirmation of data collected in the initial interaction was required (the follow up interaction was conducted in alignment to the preferred method of contact established with the participant). In order to alleviate the pressure on the researcher notes were taken, where possible, all initial interviews were recorded and thereafter transcribed. This enabled the researcher to fully focus on the interaction with the participant, ensuring that the researcher was fully present in their attentive interaction, maintaining sufficient eye contact and projecting body language that was constructive for the interview.

#### **4.8.6. Data analysis approach**

As the data to be analysed would be qualitative and collected through recorded semi-structured interviews, the non-text data (Saunders, Mark & Lewis, 2018) was transcribed into Atlas.ti- a qualitative data analysis tool, in order to be analysed in text-data format. The process of analysis required the researcher to review the text data to identify themes that could be corroborated between participants or highlighted as unique insights. Data was codified to aid in clustering, categorising and organising these key themes (Hamilton & Finley, 2020) that would eventually be used to build new theories or test existing theories as an outcome of the study. Further analysis was conducted manually in excel to rationalise the codes generated in order to address gaps, duplication and misalignments during code creation.

#### **4.8.7. Quality assurance**

According to Farquhar et al. (2020), the most suitable approach to validating and verifying quality of data in qualitative studies is the use of triangulation. Triangulation could be achieved through leveraging various methods, data sources, data types or theories with the objective of achieving data validity and reliability (Farquhar et al., 2020; Saunders, Mark & Lewis, 2018). Borrowing from the triangulation categories as defined by Farquhar et al. (2020), the researcher leveraged data, perceptual, theoretical and data sources in an effort to achieve triangulation (See appendix 1 for the triangulation categories).

From a data and perceptual perspective, the researcher leveraged the sample as the first control for quality by ensuring that the selected sample possessed some diversity (range of diversity in the case of the study includes the age of the business, to the offerings sold in the stores and location of stores in the township), that the sample had 12 participants as a minimum to gain different perspectives, and that the participants were suitable for providing data that could address the research question. To further contribute to perceptual triangulation, the researcher conducted follow up interviews for clarification and confirmation of data collected to validate findings. From a theoretical perspective, the researcher validated findings against existing theory and similar studies which aided in interpreting the data collected to corroborate similarities and identify new insights. Thirdly, the researcher referred to secondary data sources such as surveys that have been conducted previously to collect data on the retail industry.

#### **4.8.8. Data Validity and Reliability**

As a qualitative study, findings and conclusions of the research process are subject to issues related to validity and reliability. Validity refers to the extent to which the methods used represent the intended purpose of the study, while reliability refers to the ability to produce consistent output through the methods followed (Saunders, Mark & Lewis, 2018). These two factors were critical in ensuring that the documented study represents actual findings that are credible, objective and reliable.

To enable validity of the study, the author selected a set of participants who had varying characteristics and backgrounds in order to expand representation in the sample. While all participants owned or managed businesses in Atteridgeville, they all had different years of experience, different focus in the product offerings, and different levels of education- among other factors. From a reliability perspective, the author leveraged a semi-structured questionnaire to facilitate the discussion. Since qualitative studies are challenged with the possibility of bias both from the participant and the interviewer, the questionnaire guide attempted to reduce this possibility. In addition, triangulation methods were followed upon data analysis to validate findings of the data gathering and analysis.



## **Chapter 5: Results**

### **5.1. Chapter Introduction**

The objective of this chapter is to present the outputs of the data collection phase of the research. As an inductive qualitative study, data was collected using face-to-face semi-structured interviews with 12 participants. Due to the exploratory nature of the current study, the semi-structured interviews were conducted using a questionnaire guide that was designed in alignment with the research questions of the study as detailed in Chapter 3. The questionnaire consisted of open-ended questions that guided the discussion, while also allowing flexibility in the interviewing process for further topics to emerge. Insights from the data were derived using thematic analysis in order to identify themes that align to the key topics addressed in the current study, as well as new themes that were introduced through discussions with the study participants. This chapter presents a summary, selected quotations from the interviews conducted, and tabular representation of the data collected. The quotations presented in the report are sample exemplars only and are not exhaustive.

### **5.2. Description of the sample**

The sample of the study was selected from a population of small-scale retail businesses in the township of Atteridgeville, Gauteng. Using purposive sampling, 12 participants were selected according to a set of criteria that included; owning and/or managing a small retail store that is classified as a food & beverage store (Lehohla, 2017) or a General Dealer (Statistics South Africa, 2019), as well as serving a customer base with products and services that put the retail store in direct competition with large established South African retailers. To ensure heterogeneity, the sample included owners and/or managers of stores that have been operational for a varying numbers of years, showed differences in core products sold as part of the customer value offering, had different store formats in terms of the premises from which they operated, as well as differences in the formality of the business (i.e. whether the store is registered as a formal business). Table 5.1 provides an overview of characteristics that inform the heterogeneity of the sample.

**Table 5.1 : Overview of sample characteristics**

Participant	Number of Years in Operation	Core Product Offering	Store Format		Formally registered business
			Operating from home premises	Operating from formal business premises	
Participant 1	36	Meat	Y	Y	Y
Participant 2	4	Convenience grocery items		Y	
Participant 3	19	Convenience grocery items	Y		Y
Participant 4	25	Convenience grocery items and 'other'		Y	Y
Participant 5	45	Meat & Meat related grocery items		Y	
Participant 6	22	Meat & Meat related grocery items		Y	
Participant 7	50	Meat & Meat related grocery items		Y	Y
Participant 8	42	Convenience grocery items and 'other'	Y		
Participant 9	17	Convenience grocery items	Y		
Participant 10	10	Convenience grocery items	Y		
Participant 11	15	Convenience grocery items and 'other'		Y	Y
Participant 12	3	Convenience grocery items	Y		

Of the participants interviewed, half of the businesses had been operational for over 20 years with the highest number of years in operation being 50 years (Participant 7). The other half of the participants' establishments were evenly distributed between shops operating between 10 years and 20 years, and shops operating under 10 years- with the lowest number of years in operation being 3 years (Participant 12).

The sample of participants included a combination of general dealers and butchers, with the majority of the participants being general dealers (eight Participants) whose core product offering was convenience grocery items. Table 5.2. in Appendix 2 provides an explanation of the different products and services and the associated classification of the establishments. Half of the participants had registered their establishments as legal business entities and in terms of place of business, the

distribution between the participants was that five establishments were operated from the home of the owners, while six establishments were operated from formal business premises that are away from the home of the owner. There was an exception of one participant who operated both from their home, as well as from formal business premises that were away from home (Participant 1).

The varying characteristics of the participants aided the study in achieving heterogeneity for the research sample. While the sample was not equally distributed between the various selection criteria used, the difference in the various elements of experience and individual context contributed a range of perspectives and difference in depth of insights to the study.

### **5.3. Data validity and reliability**

The data collection process consisted of 12 interviews conducted with participants selected in line with the sample selection criteria of the study to ensure that the correct data is collected from relevant people and thus enabling the validity of the data. Of the 12 interviews conducted, 10 were conducted at the participants' business premises and two were conducted away from the business premises, to suit the convenience of the participants and to ensure a comfortable environment that would allow for open discussion. To ensure understanding, where required, the interviews were conducted in combination of English and vernacular which also enabled effective communication with the participants. In an effort to reduce subject bias ahead of the interviews, an informal brief was provided to all participants to set context, align on the intent, and provide context regarding the expectations of the interview in order to put the participant at ease. Consent was obtained to confirm agreement for participation and declare confidentiality of the study. The confidentiality of all participants has been achieved through the masking of participant identifiers in the report. All participants are referred to as 'Participants' in the Results and Discussions chapters of this report.

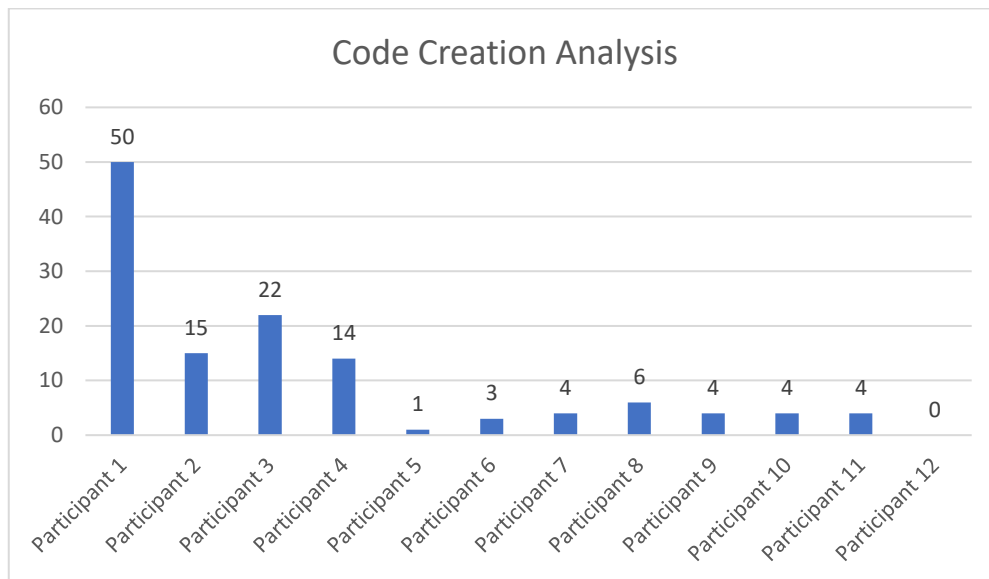
Following an initial iteration of data analysis, follow-up interviews were conducted telephonically to collect missing data and to clarify findings from data collected in the initial interaction.

## 5.4. Analysis of the transcripts

For data analysis, all interviews were translated, transcribed, validated and imported into Atlas.ti to enable thematic analysis. Following code creation, an iterative process was utilised to rationalise codes generated through the analysis process to remove duplication and identify misalignments. This rationalisation process was done manually using Microsoft Excel which resulted in a final total of 127 codes that were generated from the data analysis process.

To demonstrate saturation, the number of codes generated after each participant's data analysis was recorded. Saturation was reached by interview 12 as no new codes were generated on the analysis of additional data. Figure 5.1 provides a view of codes generated during the analysis process of each transcript.

**Figure 5.1. Demonstration of data saturation**



## 5.5. Results: Research Question 1

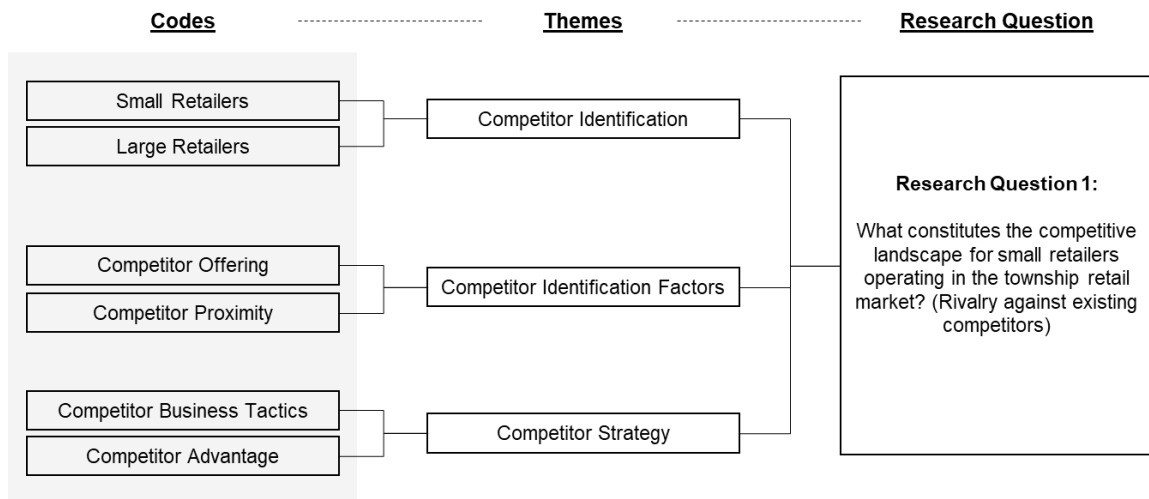
*What constitutes the competitive landscape for small retailers operating in the township retail market?*

The aim of research question 1 was to understand competition in the township retail market by acknowledging how small business identify competition, what factors they

leverage to identify competitors, as well as how they compete in the market. This sought to determine what constitutes the competitive landscape of the township retail market. In addition, this research question aimed to establish any new insights not yet considered in existing literature.

To describe the competitive landscape for small retailers, three themes emerged from the analysis process. The themes describe who the participants identified as their competition- based on the establishment being owned by local or foreign individuals, the factors that contribute to their views as to why those are their competitors, as well as how the participants view the competitors to be playing in the market.

**Figure 5.2 Overview of results for Research question 1**



### 5.5.1. Competitor Identification

#### 5.5.1.1. Small retailers as competitors

Small retailers in the township market consist of local retail stores that are owned and/or managed by South African residents or foreign immigrants who have established business operations in the township (Mahajan, 2014). Based on the data gathered, majority of the participants (83%) highlighted that the foreign owned (or managed) establishments as the prevalent competitors in the market.

### **5.5.1.2. Large retailers as competitors**

The township of Atteridgeville had approximately five shopping centres housing large retail stores at the time of the study (Google Maps, n.d.). The first shopping centre was opened in 2006 and had approximately five large retail stores that offer the same products as the small retailers in the township (Atlyn, n.d.). Of the 12 participants, eight participants highlighted large retailers to be their biggest competitors. From the discussions held, two participants articulated that the entry of the large retailers into the market and resulted in a decreased customer base. Below are examples of how the challenge was articulated by the participants:

*“Like the retailer, malls. So these malls surpass us because now people they buy their groceries at the mall according to their budget. So we are just a surplus for everyday basics”- Participant 4*

*“And then also, the new malls that have been built around us. The one that’s in Nkomo, and then here in the Plaza next to a police station. Yes, also Atlyn, they are the ones I could say more or less maybe they take half of our customers”- Participant 10*

### **5.5.2. Competitor identification factors**

Competitor identification factors refer to the different lenses used to determine whether players in the market are competitors. Leveraging the data collected, two codes were generated from the data analysis that provide insight into the various lenses used by the participants. These include: the products offered by the competitor in comparison to the participants products, and the proximity of the competitors’ establishments relative to the participant’s establishments from a location perspective.

#### **5.5.2.1. Competitor offering**

The first factor highlighted as a means to identify competitors, was based on whether the competition sold the same products as the Participants. Eight of the participants highlighted that the majority of their product offerings were similar to the product mix

of their competitors. For the majority of the participants who highlighted similarities of their products with their competition, a subset of this participant group highlighted that while majority of the products are the same, there are differences in the level of quality of the products that they sold compared to the perceived low quality of products sold by their competitors. Table 5.3. provides a subset of quotations describing the participants perceptions on the competitor offering highlighting perceptions regarding their quality of products (Participant 3) relative to their own products.

**Table 5.3: Subset of quotes highlighting participant’s views on competitor offering**

<b>Participant</b>	<b>Subset of quotes highlighting views of Competitor offering</b>
Participant 3	<i>“What they do these guys is that firstly, they understand the people’s needs and they do an analysis and stock up on almost everything. Now they are selling things I cannot hold for instance theses spices in boxes that have expiry date, once you lose twice, 3 times without them being bought they remove those expiry date. So I can’t afford to do that.”</i>
Participant 5	<i>“ You can compare the bread price with the one from Shoprite, we are selling the same. I’m trying to sell the best grade and the best kilo. My meat is always on a display. We cut and put it on a display, but we’ll wait for 2 or 3 hours and more, customers never come. But if I look at the grade of the meat in Shoprite compared to ours, it's a downgrade”</i>
Participant 7	<i>“It's something that we pride ourselves with. We give quality meat. We don't compromise for our customers or consumers or whoever buys our meat. Like we try to get an A plus grade meat. That's what we buy only. I am proud to say we are the only establishment in Atteridgeville that can provide that for our customers.”</i>

### **5.5.2.2. Competitor proximity**

92% majority of the participants highlighted their competitors as the establishments that were in close proximity to their own businesses. Establishments that were a substantial distance were not perceived to be competition. This was evident in the examples that participants highlighted during the interview process in response to who they perceived to be their competitors. The following is a sample quote from participant 3 demonstrated the role of distance in the determination of competitors- in that customers who are not in close proximity of the business are not considered to be a part of their target market:

*“In terms of distance. I mean their customers are not my customers”*.- Participant 3

### **5.5.3. Competitor strategy**

On the basis of expanding the perceived competition in the market, participants also highlighted the dynamics they've observed in the market in terms of how their competitors are winning in the local market. This was reflected in two codes describing data shared around what participants perceived to be the strategy being adopted by the competition. The first code being Competitor business tactics- which referred to participants insight on how the competition was both flooding the market from a presence perspective, as well as undercutting the market from a pricing perspective. In this regard, the majority of participants quoted the flooding of the market, and three highlighted an interesting point regarding the adoption of significantly lower pricing to the point where the competitors may not be making a profit in an effort to distress their competition and take over the market.

The second code associated with competitor strategies was Competitor advantage, which referred to the advantage that competitors have in the process of sourcing inventory. In this instance, 42% of participants quoted different perceptions of what informs this advantage which included: better relationships with suppliers (Participant 1 and Participant 3), bulk buying capability (Participant 2, Participant 8 and Participant 11), easy access to finance (Participant 3), and mobility (Participant 11). Table 5.4 provides a subset of participant's perception of their competitive strategy.



**Table 5.4: Subset of quotes highlighting means of competitor strategy**

<b>Code</b>	<b>Participant</b>	<b>Subset of quotes</b>
Competitor business tactics	Participant 3	<i>“They have hostile tactics. If my shop is open over here, they will open shops around me nearby...and all these shops owned by the same person“</i>
	Participant 4	<i>“The foreigners are the ones that are beating the market, i don't know how. When I sell my bread at R15 he'll sell his at 14.99. we charge the same -- you see?“</i>
	Participant 10	<i>“Until maybe they also copycat your idea. It also works in that way. You must remember everybody is in the business of making money. Everybody might have certain idea, and then you have a different idea. So if my ideas work and yours don't work, then you will try to copy your thing.“</i>
Competitor advantage	Participant 8	<i>“They will say to you, if Shoprite gives you bread at, white bread at R12, it's because they buy in bulk... a whole van”</i>
	Participant 3	<i>“Initially Kit Kat was owned by Muslims and so I knew that they were getting larger discounts than us because they're also Muslim”</i>
	Participant 1	<i>“they wrote a letter to tell us that there are people who are buying the whole coop of chickens and we won't be able to get the supply.“</i>
	Participant 11	<i>“No, see they are mobile... they can go and buy from Makro and all that. I'll be left with kit kat and marabi, such things...using taxi”</i>

#### **5.5.4. Summary of the results for Research Question 1**

The aim of research question 1 was to understand what constituted the competitive landscape for small retailers in the township market. To describe this, a total of three themes were identified in the analysis of the data collected which included Competitor identification, Competitor identification factors and Competitor strategy. Based on the insights gathered from these themes, it can be concluded that majority of the participants highlight large retailers and foreign owned retailers as the forms of competition in the township market.

To identify competitors, Participants have used factors of proximity- i.e. other retail businesses that operate in close proximity to the location of their premises, as well as considering whether the products being sold by other retail businesses are similar to what they offer to their customer base.

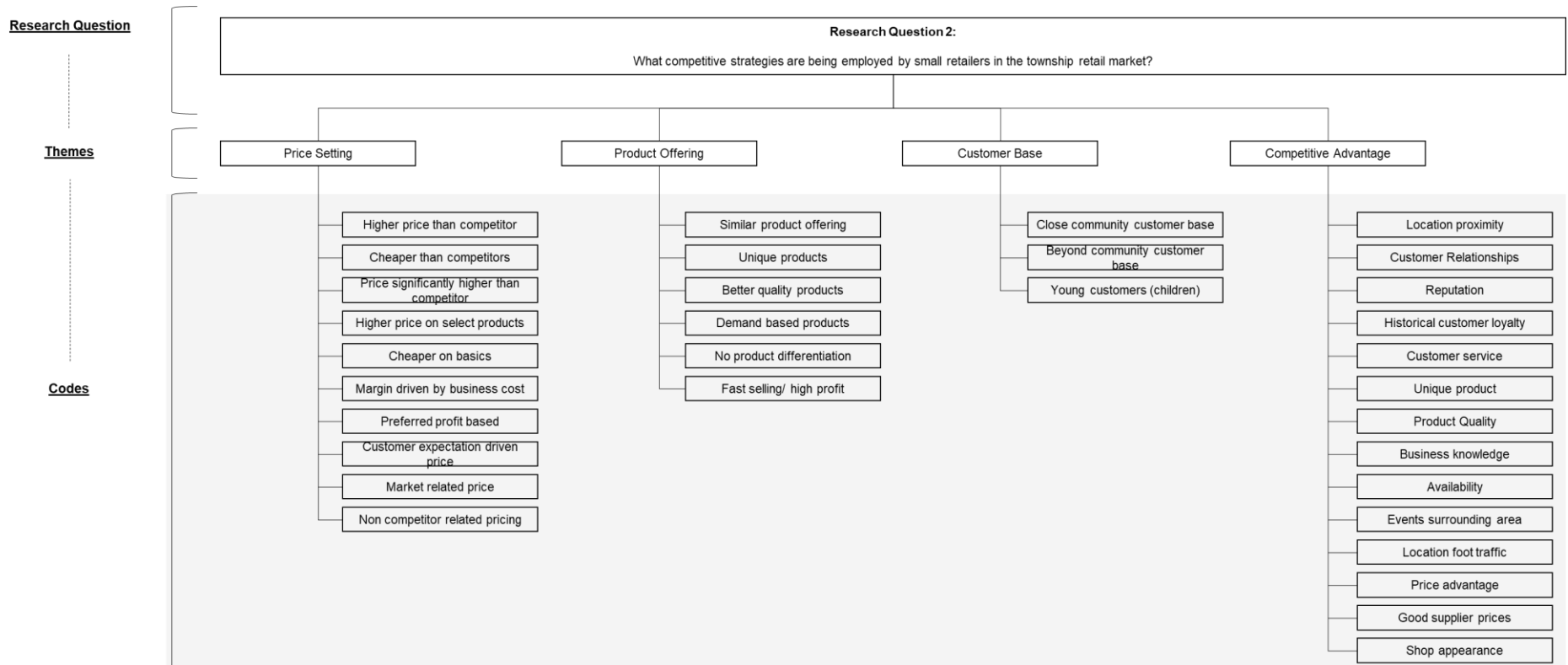
#### **5.6. Results for Research Question 2**

*What competitive strategies are being employed by small retailers to compete in the township retail market?*

The aim of research question 2 was to understand the competitive strategies that were being used by the small retailers to compete in the market. While existing literature positioned various ways in which competitive advantage was gained in the market, the objective of this research question was to gain an understanding of how this is achieved by business operating in the South African context. Therefore, this research question sought out to determine whether the small businesses leveraged competitive strategies, and if so, what were the various strategies that were being used, as well to uncover new insights not yet discussed in existing literature.

Through the data analysis, 4 themes were identified in relation to research question 2 which included: Customer base, Product Offering, Price setting, and Competitive advantage.

Figure 5.3 Overview of results for Research question 2



### 5.6.1. Product offering

The sample of participants had a combination of businesses that sold Convenience grocery items (42%), Convenience grocery items and 'other' (25%), Meat products (8%), Meat and Meat related grocery items (25%)- see Table 5.2 for a description of Product offerings and associated classification of the establishment. Each establishment offered a product mix that was targeted at their desired customer base.

Based on the analysis of the data collected, 11 of the 12 participants indicated that a majority of their product mix were the same as their competitors. While the products sold were the same, the participants indicated a number of approaches that they adopted to differentiate from their competitors. Factors of differentiation among the 11 Participants included selling better quality products than their competitors. Additionally, five Participants also cited the freshness of the food and the grade of the meat, leveraging a unique product variant or selling an additional subset of unique products that may not be available from their competitors (e.g. selling of stationery, ice and gas in addition to products that are similar to the competition) (five Participants), and lastly, holding higher quantities of products that are in demand to ensure uninterrupted availability (two Participants). Table 5.5 below provides a subset of quotes representing the ways in which the participants differentiate- from highlighting similarities, to highlighting various differences that include product variety and unique products .

**Table 5.5: Subset of quotes highlighting Product offering differentiation**

Participant	Subset of quotes
Participant 4	<i>“Yes, but there’s certain things that I have as a general dealer, so those things they don’t usually carry. Like household goods, necessity on a daily basis. Yes, it’s things that they need on a daily basis. I meant you can’t do without bathing soap or bread.”</i>
Participant 9	<i>“For now, the difference just isn’t really there because I’ve been running it with just groceries –because right now the people I compete with but it’s the grocery and that’s not different”</i>

Participant 7	<i>“We make we the mix ourselves. We source different ingredients from different spice emporiums. Yeah, so that ingredients are a secret and it's been around since I can remember...like for 14 years.”</i>
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The remaining participant out of the 11 was the interesting exception in the sample who stated that *“I wanted to sell all out my stock, so I remain with things that are easy and fast to sell like cigarettes. they will make a small profit and quick return. So I remained with those in the shop”*- Participant 11. The participant indicated that their product offering was a minimal subset of what was sold by competitors, thus making it less similar. The participant indicated that their product offering comprised only of products that had significantly high daily consumption rates and/or significantly high margins. Examples of such products included cigarettes (high consumption and high margin) and sanitary pads or diapers (high margins).

### **5.6.2. Price Setting**

The Price setting theme described a grouping of codes that referred to the participants' approach to pricing for their products, as well as the price they set relative to the competition in the market. In terms of the approach to pricing, there was a varied set of insights regarding the approach that was adopted by the different participants. A majority of the participants indicated that the approach to pricing was driven by the ability to firstly cover business cost and thereafter to set a preferred profit margin (nine Participants). In addition, majority of the participants indicated that market prices determine where they set their margins. By setting their prices in alignment with market prices, they ensure that they are the same as the competitors. Table 5.6 provides a frequency table that provides a view of the various Responses received.

An interesting data point regarding price setting came from Participant 3 who positioned a mixed approach that he described as a price war. He stated *“Price war also works because I will tell you, for things like bread I put the price down... they generate very little profit. But for items that are hardly bought, i increase the prices as people who buy these items want that item irrespective of price”*- Participant 3. To achieve this for his business, basic daily products that were higher in demand, such

as bread and milk, were priced lower than the competition, but non basic products, such as spices and detergents, were sold at a price higher than the competition. This was a unique finding that was not uncovered with any of the other participants.

**Table 5.6: Frequency table for Price setting codes**

<b>Code</b>	<b>Frequency</b>
Higher price than competitor	1
Price significantly higher than competitor	1
Higher price on select products	1
Cheaper than competitors	1
Cheaper on basics	1
Market related price	5
Non competitor related pricing	2
Preferred profit based	7
Margin driven by business cost	8
Customer expectation driven price	5

### **5.6.3. Customer Base**

In relation to the participants customer base, majority of the participants(10 participants) indicated that their targeted customer base consisted of individuals in the community of Atteridgeville. This referred to customers who lived in close proximity to the retail establishment from a location perspective,.

From a demographic perspective, it was observed that the products offered by the majority of the participants targeted the needs of both adults and children. From observations during the interview process and analysing the product offering of the sample, it was found that seven participants sold products that addressed the needs of the broad market which included both adults and children. Participant 11- the case of interest for Research question 1, was an exception in the sample as she mainly focused on the lottery service as her primary offering, therefore targeting mostly adults who participated in the lottery (the convenience products sold were positioned as a secondary focus for this participant as they focused on high consumption and high return products). This was an alternative view that highlighted a distinct strategy that was highly differentiated from the rest of the sample.

#### 5.6.4. Competitive Advantage

The theme for competitive advantage described the participants' perceptions of what they believed to be the enabling factors that helped them to achieve a competitive advantage. Table 5.7 below provides an overview of the set of codes that were clustered under this theme, as well as the code frequency to indicate density of data. Based on the analysis of the data, more than half of the participants highlighted the location of the shop and its proximity to the customers, customer relationships, reputation, historical customer loyalty and customer service as the main factors that contributed to their competitive advantage in the market. Key to the findings was that factors such as the appearance of the shop, the ability to receive good pricing from suppliers, as well as product prices were the least quoted factors that were seen to contribute to competitive advantage.

**Table 5.7: Frequency table for Competitive advantage codes**

Code	Frequency
Location/ Shop proximity to customer	10
Customer Relationships	9
Reputation	7
Historical customer loyalty	7
Customer service	6
Unique product	5
Product Quality	4
Business knowledge	4
Availability	3
Events surrounding area	2
Location foot traffic	2
Price	1
Good supplier prices	1
Shop appearance	1

#### 5.6.5. Summary of the results for Research Question 2

The aim of research question 2 was to understand the type of competitive strategies that were being leveraged by the small business owners. Highlighting insights extracted from the data which were: Price setting, Product offering, Customer base

and Competitive advantage. From a pricing perspective, majority of the participants are driven by a need to recover costs. Once the price covers the cost, a preferred profit margin is added, but is mostly capped to align to the market price, thus pricing similar to competitors. It can also be highlighted that most of the participants offer similar products as their competitors; however, differentiate leveraging a subset of factors which are: quality, unique product variants or holding stock that ensures uninterrupted fulfilment of demand. From the perspective of defining a customer base, it can be concluded that General dealers in the sample targeted a specific market, geographically and offered a product mix that addressed a convenience need. From the data gathered, it can also be concluded that most of the participants gained competitive advantage through leveraging factors such as: the location of the business and its proximity to customers, customer relationships, reputation, historical customer loyalty and customer service.

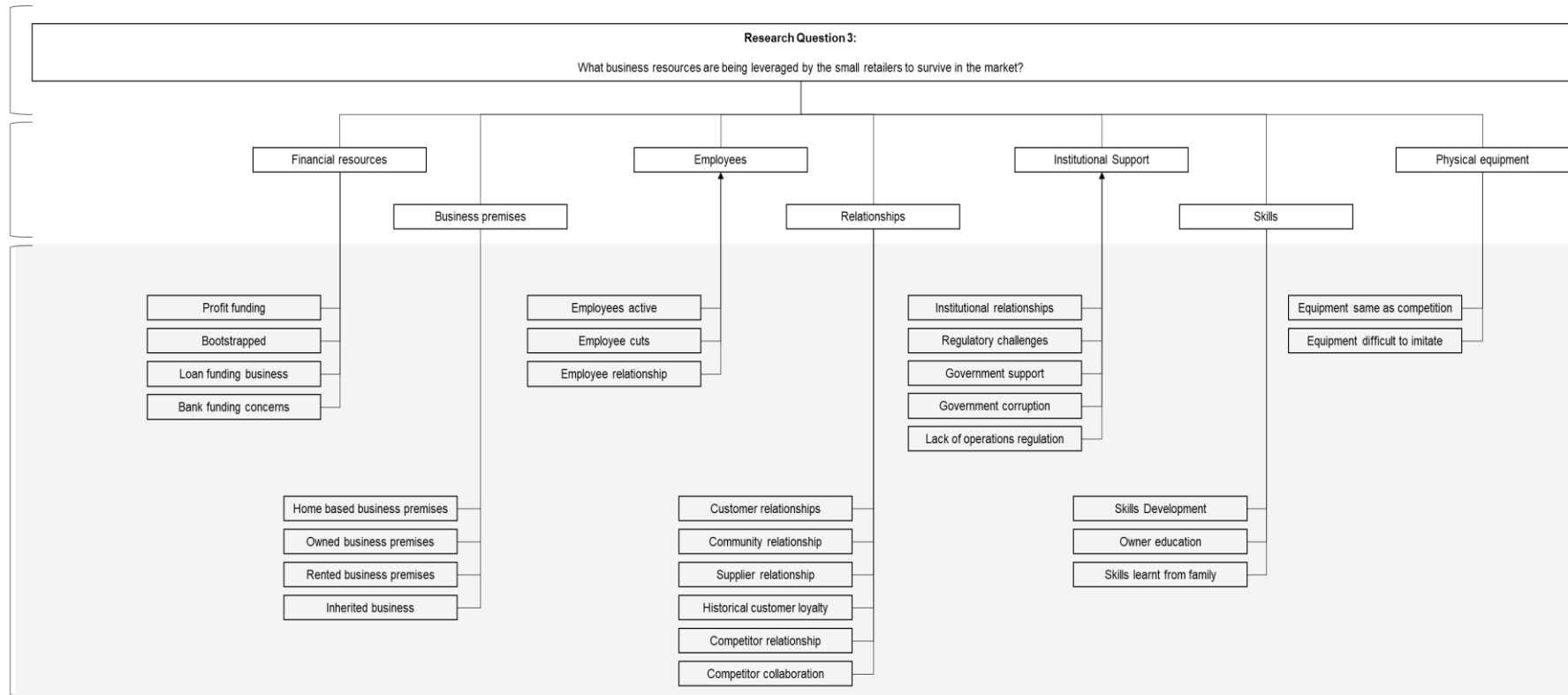
### **5.7. Results for Research Question 3**

*How are small retailers leveraging resources to survive and compete in the township market?*

The aim of research question 3 was to firstly understand the different types of resources that are available to small retailers in the township. Secondly, to understand how these resources were being leveraged to compete and survive in the township market. From the data collected, seven themes were identified to describe the findings associated with resources belonging to the small retailers and how they were being leveraged. Figure 5.4 below provides an overview of the results for research question 3.



**Figure 5.4 Overview of results for Research question 3**



### 5.7.1. Financial resources

The financial resources theme described how the participants funded the business and gained access to the funds. Of the 12 participants, the majority (eight participants) have self-funded businesses. Therefore any shortfall experienced or any initiative to expand, would be personally funded by the participants. Upon inquiry to understand the underlying reason for not leveraging the various financing options available- such as approaching financial institutions for funding, six of these eight participants indicated a subset of reasons. Table 5.8 provides a subset of data points that reflect that some of the concerns participants have in terms of accessing financial resources for their business- particularly from banks. The reasons included: the fear of an inability to repay the funding received due to fluctuating business income as a result of unpredictable business performance, reluctance to put up their assets for collateral due to the fear of future potential loss, and lastly, that approaching banks was not an alternative as it has not previously been leveraged as an option.

**Table 5.8: Subset of quotes highlighting Financial resources**

<b>Participant</b>	<b>Subset of quotes</b>
Participant 3	<i>“The banks are not friendly; they want collateral. They advertised recently that they don’t want collateral, but during the application it’s a different story”</i>
Participant 6	<i>“I dropped this thing a long time ago. Like using banks to get a loan, like those things. I dropped them a long time ago because of this situation right now. You can’t predict what will happen next. Next thing when their payments are due and you haven’t worked, you end up working under pressure.”</i>
Participant 8	<i>“Then they say we’ve funded you so much, we want so much. And the thing is the business is running at a margin where I might find myself in trouble. And as a pensioner they’re going to take my government money...and then?”</i>

### 5.7.2. Business premises

Business premises as a resource referred to the premises from which the business was conducted by the participants. From the sample, a combination of two prevalent views emerged, none surfacing as the majority. Five of the participants conducted business from their homes, all of which were garages that were transformed into a

shop. In these instances, the participants owned the premises and therefore, did not incur any additional costs for business location as they were absorbed into the Participants' household expenses. Another five of the participants were conducting business from formal business premises that were located away from their homes. In these instances, these were historically built free-standing shop premises mostly located on the main roads of Atteridgeville. While the participants indicated ownership of the premises in principle, two of the five Participants also highlighted that they do not formally have the official deeds for the locations and therefore are unofficial owners. Participant 6 articulated this by saying *“For now and before, it's something the government has been trying to do for us. They consider us as tenants. We don't have title deeds as yet, but we are owners in brackets”- Participant 6*. The inability to resolve the issues was related to the challenges faced with pending government processes that have not yet been fulfilled.

### **5.7.3. Employees**

From an employee perspective, there was an equal distribution between participants who have employees and those who do not. Of the participants with employees, four of the participants described their employee relationships as purely transactional, two participants highlighted that the good nature of the employee relationships was a great asset to the business. The interesting insight from two of the participants that made up this half of the sample indicated they previously had a larger employee base, but had to reduce their workforce due to declining business operations over time. This indicated that the size of the workforce in the small business is tightly linked the performance of the business.

The remaining half of the participants owned and ran the day-to-day operations of the business either alone or with help from family members. Three of these six participants also indicated that they currently work alone, as they fired their previous employees due to challenges of theft. They highlighted future plans to hire employees, but indicated they wanted to ensure that the relevant security measures be put in place to avoid misconduct. Table 5.9 provides a sample of quotations that highlight the different participants' perspectives regarding employees.

**Table 5.9: Subset of quotes highlighting Employees**

<b>Participant</b>	<b>Subset of quotes</b>
Participant 7	<i>“Well, I guess we take good care of them. We make sure for our employees, we get involved in personal lives, their families... we get to know their families. You know, like what their problems are and stuff like that. So that they never starve while they are working for us and stuff like that.”</i>
Participant 10	<i>“So we managed to get somebody at some stage. It became a problematic because when you leave people with the shop and they see money coming they start being greedy and steal. So we were running at loss at the end of the month. When you add up things, but the money doesn't show. That is when we decided that we will go to work and 4 o'clock we will come and open the shop until 9 in the evening.”</i>
Participant 11	<i>“Nobody works for me, it's my grandchild that was here just now. He comes to help me... and his uncle as well.”</i>

#### **5.7.4. Business and social relationships**

Business and social relationships in the context of the study referred to the participants' social relationships with their customers, and the community in which they conduct business, while business relationships referred to relationships held with suppliers and competitors. Concerning customers, nine of the 12 participants indicated that they have good relationships with their customers, but only four of those participants also indicated a good relationship with the community. Some of the challenges impacting the presence of a community relationship, were due to a lack of support from customers resulting in a lack of engagement with the community. From the participants' perceptions, the lack of support was fuelled by the customers' preferences to shop from large retailers in an effort to need to gain the associated societal status of being seen by others carrying a plastic bag from a large retailer.

From a supplier perspective, half of the participants indicated that they had a good relationship with their suppliers where they are able to receive preferential pricing and discounts as a result of their repeat business with the suppliers. Suppliers in the context of the study referred to Wholesalers from whom the participants purchased

their stock (they travel to the Wholesalers), as well as the companies that produce some of the goods sold - such as Albany Bakeries, Coca Cola or Unilever.

Regarding their competitors, most of the participants indicated that they do not have a relationship with their competition. While historical relationships may have been in place, the majority highlighted that they operate independently and no longer engage their competitors. Some of the reasons quoted involved not wanting to “*interfere with their business*”- Participant 5, or a lack of communication and engagement between the businesses. As a point of interest, three of the 12 participants indicated that they have existing relationships with their competitors where they provide support to each other in the form of resource sharing, business development advice or training (Participant 6 and Participant 7), as well as engaging in courteous business conduct that involved sharing views and future plans regarding their business (Participant 11).

#### **5.7.5. Institutional Support**

Institutional support in the context of this study referred to participants leveraging any government, third party establishments or formal institutions for support or enablement in the development, funding, management or operations of their businesses. The majority of the participants (nine) highlighted that they do not have a relationship with any government or third party institutions in the form of associations. Some of the reasons behind the lack of relationship included: a lack of interest or collaboration by business owners (Participant 3); lack of engagement by government (Participant 5); historical disgruntlements with previous government engagements (Participant 3), as well as the perception of unfair practice by government when dealing with local businesses (Participant 7).

#### **5.7.6. Skills**

From a skills perspective, only three participants highlighted the criticality of skills as a key factor to running the business successfully due to the specialist nature of their businesses. The three participants were establishments that sold meat products, thus explaining the need for specialist skills. The remaining participants; highlighted

that skills required to operate the business have either been learnt over the years from the family members who previously ran the business, or they were self-taught.

*“so when he passed away, we had already the knowledge and the idea of how to run it because he was insisting that we need to be involved in the business”- Participant 10*

*“To tell you the truth I had no idea how to run a business –at all”- Participant 9*

In terms of the capabilities of the entrepreneurs that were being leveraged to run the business, 5 of the 12 participants leveraged their qualifications (Participant 3 and Participant 7), previous experience operating in similar businesses (Participant 11), and previous corporate or business ownership experience (Participant 3) to inform the decision making and operations of their establishments.

#### **5.7.7. Physical equipment**

Based on the data collected, most of the participants leveraged similar physical equipment to enable the business. While a subset of participants may have equipment that other participants do not have, the equipment can be acquired following the same approach. This highlighted a lack of distinction in terms of physical equipment between 10 of the 12 participants. While this may have been the case for the majority, Participant 1 and Participant 3 indicated a large investment that they made into physical equipment with the intent of leveraging it to compete and gain advantage over their competitors in the market. While they positioned crucial ways in which they would leverage the resources to gain advantage, the participants stated that this equipment could only be imitated by businesses that had the financial capital to meet the investment required. Considering the contextual challenge of difficulty accessing financial resource (Mahajan, 2014), it can be said that these resources could not be easily acquired by the competitors, due to the high barrier of access to capital.

### **5.7.8. Summary of the results for Research Question 3**

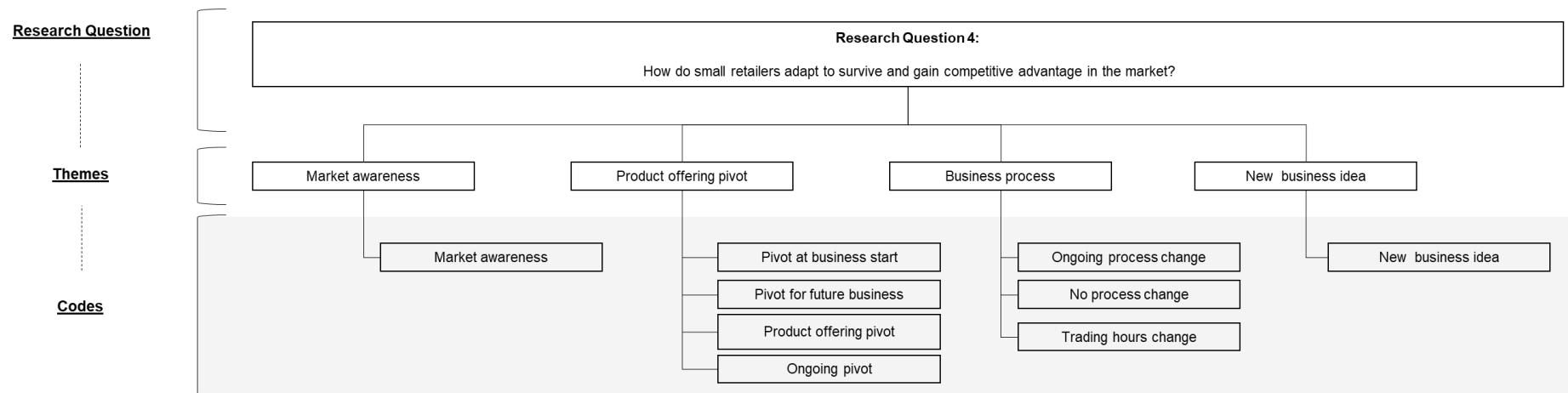
The aim of research question 3 was to understand the resources leveraged by small retailers in the township to compete and survive in the market. From the analysis of the data, resources that were identified included financial resources, physical resources such as business premises and physical equipment, employees, skills in the business, the support of third party institutions, as well as relationships. Of the resources identified, the least resources that were leveraged by the businesses included financial resources, employees, skills, physical equipment (apart from business premises) and support from third party institutions in the context of competing in the township market. This was the same for leveraging relationships in the context of suppliers and competitors, where majority of the participants indicated that the relationships were not in place. Resources that were mostly leveraged included customer relationships, as well as business premises as only two participants in the sample had a cost associated to occupying the business premises.

### **5.8. Results for Research Question 4**

*How do small retailers adapt to survive and gain competitive advantage in the market?*

The aim of research question 4 was to understand how small retail businesses in the township respond to changes either in the market or internal to their businesses to ensure survival in the market. Four themes were defined during the data analysis process to summarise the key insights related to how the Participants implemented change in their businesses and the underlying triggers that initiated the change. Figure 5.5 provides an overview of the results of research question 4.

**Figure 5.5 Overview of results for Research question 4**





### 5.8.1. Market awareness

Insights from the data analysis led to the definition of a market awareness theme that referred to the participants' awareness of changes in the market and how the changes related back to their businesses. Not only were the changes recognised by the participants, in the eight cases where participants demonstrated awareness of market changes, this led to a change in an aspect of the business to take advantage of an opportunity linked to that observation. Table 5.10 provides a subset that describes how participants perceive the market and how they have either previously, or intend to change their businesses to take advantage of the opportunities. Based this data, market awareness included observing changes in demand, changes in customer needs, changes in the competitive landscape and awareness regarding the product offering of competitors.

**Table 5.10: Subset of quotes highlighting Market Awareness**

<b>Participant</b>	<b>Subset of quotes</b>
Participant 7	<i>"No, because there's a demand. There's a certain lifestyle that we have these days. we have your cheese platter... people who are now getting to an establishment where they sit, and have their cheese platter with their wine, or whatever beverage they going to have"</i>
Participant 10	<i>"People started to operate in different places with regards to selling kotas, so we saw that the competition is becoming too much and there are already people that are selling it. So we moved out from it, then then we just started to sell ordinary stuff, like your basic things that you need as an individual"</i>
Participant 11	<i>"It's the Lotto, -- you don't know it. I also didn't know much about it and I never used to bet. So, when lthuba came, then Didane came and it started I had interest because I thought let me take a chance because we had it in Selborne side but didn't have it on this side of the township"</i>
Participant 12	<i>"Definitely. And I scrutinise a lot. I even go to the other outlets and try to buy things from there. While I'm there I ask...how much is this, how much is that... they'll get mad and say you keep asking you're not buying. And I just tell them I just want to</i>

	<i>know. Both shops up there and down there... now they both know me though”</i>
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### **5.8.2. Product pivot**

Most of the businesses owned by the participants have been in operation for more than twenty years. On this basis, the product offering pivot topic highlighted instances of a change in product offering by the business owners over time. In some instances the participants highlighted a product pivot at the start of the business, indicating that the business started with a different offering to the current state (Participants 5,6,10,11 and 12). Other participants highlighted product pivots undertaken to take advantage of opportunities in the market, whether it was “once off” or ongoing (Participant 4,5 and 8), as well as pivots they intend to make in the future to position new offerings into the market (Participants 3,7 and 9). The underlying insights that informed the identified opportunities to pivot was through the Participants identifying a need or opportunity to expand their offerings to be more competitive or reposition themselves in the market.

### **5.8.3. Business process change**

Business process change referred to any change to existing business processes over time to improve business operations or accommodate a change that affected existing ways of working. In the sample of participants, there was a consensus in views with regards to changing to the way in which they operated over time. Table 5.11 contains a subset of quotes that provide insight into the various examples of how business process has taken shape in their existing businesses. Of the responses provided, participants have highlighted a change in operating hours to suit either the owner’s circumstances or maximise accessibility to customers, a change to the physical layout of the shop to make it look more appealing to customers, while other participants that they see change as an ongoing activity and are always on a quest to implement improvements.

**Table 5.11: Subset of quotes highlighting Business process change**

<b>Participant</b>	<b>Subset of quotes</b>
Participant 6	<i>“Trading hours...before we used to close between one and 4 o'clock, to rest or get more stock. Then when I took over I had to change. Say for instance if I start around maybe 9 o'clock, I operate throughout the day until 6:30 or 7:30. if there's things I want to do, I do them earlier before I open up. Things like that”</i>
Participant 7	<i>“So like, a lot of things are changing. I would say the marketing part, like there was no marketing involved in business previously. You know, like, Business Management aspect of it,?”</i>
Participant 10	<i>“That is when we decided that we will go to work and 4 o'clock we will come and open the shop until 9 in the evening.”</i>

#### **5.8.4. New business idea**

The new business idea theme described participants' insights regarding new business opportunity identification. This was based on participants' expressed intentions to implement or embark on a new business idea to expand the current business or the participants' recognition of opportunities that they could potentially leverage in the future. Eight participants, indicated an intention or recognition of future opportunities that they could potentially engage in. The business ideas discussed centred around opportunities that called for a change in the business model to target a new segment of the market. The quotations contained in Table 5.12 provide a subset of insight into some of the Participants thinking in terms of opportunities they've recognised in the market and how they intend on taking advantage of them. These opportunities were informed by the participants' perceptions of market gaps, perception of customer needs or recognition of capabilities they were underutilising.

**Table 5.12: Subset of quotes highlighting New business idea**

<b>Participant</b>	<b>Subset of quotes</b>
Participant 7	<i>“At the moment, like I’m trying to get other small businesses like my business to come buy meat from me. Like, I’m beginning a structure whereby they’ll stock meat from me for their businesses.”</i>
Participant 9	<i>“And I’ve also been thinking about selling bulk and selling to the other shops in the township. So, it won’t be too far from now...”</i>
Participant 6	<i>“Business has moved from people buying meant and going straight home to cook. Now you find a person can call and say I have visitors at home, can you please braai for me. I have to get up from here and put on the fire and braai for them. I have to adopt.”</i>

#### **5.8.5. Summary of the results for Research Question 4**

The aim of research question 4 was to understand whether small retailers in the township implemented change in their businesses, as well as to uncover the underlying triggers that initiated the change. The four themes identified were Market awareness, Product offering pivot, Business process and New business ideas. Majority of the participants demonstrated an awareness of the market and indicated that insights from the market have triggered change in their businesses. Not only was there change in the businesses, the data demonstrated that majority of the participants, based on market insights, have generated new business ideas to implement in the future. This is also reflective in the insights regarding the fact that majority of the participants had pivoted in terms of their product offering over time in an effort to respond to an observed change or to reposition themselves in the market. The identification and implementation of opportunities for improvements was also evident through the seven participants who highlighted a change in business processes to adapt.

## **Chapter 6: Discussion of results**

### **6.1. Chapter Introduction**

The objective of this chapter is to present a detailed reflection of the findings as documented in Chapter 5 in light of the research questions of the study, as well as theoretical basis of the literature review. In this chapter, the insights identified through the results will be compared to the underpinning theory of the study with the objective of drawing links that align to existing theories, or to position themes that highlight new perspectives not yet considered in existing literature. As an exploratory study, themes of the findings will guide the discussion in order to position insights related to the research questions from the perspective of the South African context.

### **6.2. Discussion of results for Research question 1**

**Research question 1:** *What constitutes the competitive landscape for small retailers operating in the township retail market?*

The objective of research question 1 was to gather an understanding of the competitive landscape in the township retail market. According to Gur and Greckhamer (2019), players in the market can identify competition based on a number of factors which includes: operating in the same industry based on the market served, geographic location or products offered (Industry-oriented), similar businesses that possess similar capabilities, resources or strategies (Strategic groups), business managers' cognitive perceptions of competition (Manager-oriented) or businesses fulfilling the same customer needs and preferences (Customer-oriented). Leveraging the four lenses identified in existing literature, research question 1 sought to understand the basis of competitor identification by small retailers in the township market.

In addition to understanding how competitors are identified, research question 1 was also leveraged to obtain an understanding of the various ways in which the competitors were gaining competitive advantage in the township retail market. This insight was gathered from the perspective of the participants in the sample. Lastly, the aim of research 1 was to uncover new themes that were not yet documented in existing literature.

### **6.2.1. Competitor Identification and Competitor identification factors**

This study highlighted that from a competition perspective, that local small businesses in the township identified competition as other small retailers that are foreign owned, as well as the large retailers that entered the market. This was consistent with the findings in existing industry reports, such as the Urban Landmark assessment of the Township Economies and Commercial Property Markets in 2015, as well as the Gauteng township economy revitalisation strategy compiled by the Gauteng Department of Economic Development in 2014. In addition, these findings are also validated by the findings of similar studies conducted in existing literature such as the study by Mahajan (2014), focusing on the township of Diepsloot. In this study, competitors highlighted were consistent with the categories of competitors identified in the findings of this report.

Based on the findings, competitors were identified based on a similarity in offerings as well as the proximity of the competitor's establishment to theirs. This is in line with the industry oriented, and customer oriented perspectives positioned by Gur and Greckhamer (2019), thus validating the perspective positioned in existing literature.

### **6.2.2. Competitor Strategy**

Strategies of competitors, as observed by the participants of the study included leveraging low pricing to a point of compromising margins, as well as locating more than one establishment near an existing business. In addition, participants perceived their competitors to have improved relationships, collaborative business practices and access to finance as the key advantage contributing to their competitiveness in the market. Findings in this study are consistent with the findings in existing studies that indicate that: in the case of large retailers, they are able to leverage scale to compete on pricing in the market. And in the case of small businesses owned by foreign members of the community, that they gain advantage in the market through their established business networks which have been found to be lacking in the local business community (Mahajan, 2014; Marketline Industry Profiles, 2020). While existing literature extends other elements of competitive advantage to the level of skills (in the case of foreign owned business relative to the local businesses), as well

as good relationships with suppliers (in the case of the large retailers), it can therefore be concluded that the factors highlighted by the participants is validated by existing literature.

### **6.3. Discussion of results for Research question 2**

**Research question 2:** *Which competitive strategies are being employed by small retailers to compete in the township retail market?*

The objective of research question 2 was to uncover the competitive strategies that were being employed by the retailers in the township retail market. Based on Porter's (1980) generic competitive strategies, a business could either compete in the market by either serving a broad market or narrow market, with a broad or narrow product mix, and competing either on cost leadership or differentiation as a strategy (Block et al., 2015; Gould & Desjardins, 2015; Kaleka & Morgan, 2017; Miller, 1988; Porter, 1980). In addition, that a business could adopt a purist (Porter, 1980) or hybrid (Acquaah & Yasai-ardekani, 2008; Karnani, 1984; Miller, 1992; Salavou, 2015) approach that applies varying degrees of emphasis on the different dimensions of the generic competitive strategies model. The research question sought to understand whether the findings from a South African context could corroborate the theory, or introduce new insights related to how business cultivate competitive advantage and how it impacted business performance.

In the literature review of the study, it was highlighted that optimal competitive strategies were set to exploit the relationship that exists between the different dimensions of the competitive strategy model being cost, differentiation, and focus (Kaleka & Morgan, 2017; Karnani, 1984). Therefore, in an effort to demonstrate whether there is any alignment between how the relationship was treated by the Participants of the study to existing theory, the themes of Customer base, Price setting and Product offering are positioned as part of one discussion, followed by positioning findings on competitive advantage.

#### **6.3.1. Product offering and Price setting**

From a product perspective, the insights collected in the study indicated that majority of the Participants focused on a specific product range that is targeted at a specific customer segment, defined by geographical reach (Salavou, 2015). They offered products that were targeted for convenience purposes, to customers who lived in close proximity to the business. Contrasting this perspective against the generic competitive strategies (Porter,1980), the findings of the study indicate that from a focus perspective, majority of the participants followed a narrow perspective.

Leveraging insights from earlier chapters of the study, the township retail market can be characterised as competitive based on the agreement among majority of the participants, predictable, and that a majority of the participants of the study were necessity entrepreneurs. Considering these market characteristics, existing literature suggests that low cost strategies would be prevalent in such circumstances where it is highly competitive environments (Salavou, 2015), predictable (Miller, 1988) and where the business is owned by a necessity entrepreneur (Block et al., 2015). However, the findings of the study presented a contradicting view.

The results of the study indicated that majority of the participants did not adopt a low cost strategy from a pricing perspective. For the majority of the participants, pricing was cost driven, with a margin set in alignment with the market pricing. Since pricing was in line with the competition, it can therefore be deduced that small retailers in the township market adopted a market related pricing strategy which implied that the participants did not hold a strong position towards being more expensive than competitors (employing prestige pricing) or cheaper than competitors. Based on this view this strategy could also be positioned as lacking a strong position in terms of strategy choice, in this case, the small retailers could also be classified as 'stuck in the middle' from a pricing perspective.

This outcome is in contradiction with findings in existing literature that position two opposing views on price as an outcome of their study. According to Block et al. (2015), small businesses are more likely to undertake cost leadership strategies (Block et al., 2015). While Mahajan (2014) positions that small businesses in the township adopt a high pricing strategy. In the context of the township businesses, neither option is adopted. This highlights a context specific insight that will require further study. Mainly because both the case of Mahajan (2014) and the current



study were undertaken in a similar context- both township communities in Gauteng. This implies that contexts are further differentiated between the different townships, thus each calling for a different strategy. In the context of Mahajan, the pricing challenge was enabled by the social phenomenon in Diepsloot whereof competitors respect the radius around each other, businesses were able to leverage the benefit of minimised competition and therefore charge higher prices. This is unlike the Atteridgeville context where participants have indicated that majority of the small local shops that emerge are opening in close proximity to them. Both data points present a view that contradicts some of the findings in existing literature.

From a differentiation perspective, the majority of participants sold products that were similar to the product mix of their competitors. While majority of the product mix was the same, participants highlighted that they leveraged numerous differentiation factors to set themselves apart from competition. According to existing literature, differentiation can take the form of product differentiation, or service differentiation (Acquaah & Yasai-ardekani, 2008). Based on the insights gathered from participants in the study, differentiation was achieved through offering products that had improved quality and product variety- which reflects product differentiation, as well as holding higher quantities of stock to ensure uninterrupted availability- which reflects service differentiation.

There are contrasting findings of this study to the findings of existing literature, namely; the view that small businesses are less likely to leverage differentiation strategies. While the lack of resources has been noted as a key inhibitor for adopting differentiation as a strategy, the participants of the study demonstrate alternate approaches to achieve differentiation. Authors in existing literature have highlighted that differentiation can be achieved through product variety and quality, or differentiation of services through convenience and promotion (Morschett et al., 2006; Ramakrishnan, 2010). The findings of this study in terms of factors leveraged for differentiation, is in line with the findings in existing literature.

### **6.3.2. Competitive Advantage**

Findings of the current study indicate that participants gain competitive advantage leveraging a subset of factors. The more prevalent of these being the location of the premises and its proximity to the customers, customer relationships, reputation,

historical customer loyalty and customer service. To contrast these findings against a similar study conducted in India, alignment can be found concerning proximity to customers, customer relationships (with an emphasis of creating a trust-based relationship), reputation and customer loyalty (Pathak & Kandathil, 2019). However, the study by Pathak & Kandathil (2019), also included two factors specific to the context of his study, namely being operational for longer hours, as well as being adaptable and flexible as a business in an effort to create customer value and accommodate the needs of the environment in which they operate.

The insights of the current study are further validated by the study conducted by Mahajan (2014), who found that small businesses in the township leverage proximity to customers (informed by a community norm that required businesses not to infringe on the radius of an existing establishment), and relationships held with the community and customers to maintain competitiveness in the market (Mahajan, 2014; Pathak & Kandathil, 2019). However, in his study, an additional factor related to the experience of the business owner is highlighted as a common factor between the small businesses that were able to attain growth and scale in the township (Mahajan, 2014)

Therefore, it can be deduced that small businesses leverage a set of context specific factors that contribute to the creation of competitive advantage in the market.

### **6.3.3. Summary for Research question 2 results**

Research question 2 aimed to understand which competitive strategies were being adopted by retailers. On this basis, from a Generic strategy perspective, the findings demonstrated that small business in the township adopt a narrow differentiated strategy. This is because the businesses focus on a specific target in the township and offer a product set that is differentiated from a quality, access and variety. These findings were unlike the findings in existing literature that expects small businesses to follow a more cost led strategy. Instead, small businesses in the township were found to adopt a 'stuck in the middle' strategy when it comes to pricing as they priced according to the market without swaying too much in any direction of being higher or lower than competitors. While the study demonstrated the strategies being adopted, the scope of the study did not include measurement of impact to business performance- which would further validate the findings. This study further, suggests

that for future research, scholar should potentially look into the relationship between the strategy selected and the actual impact to business performance.

#### **6.4. Discussion of results for Research question 3**

**Research question 3:** *How are small retailers leveraging resources to survive and compete in the township market?*

Research question 3 sought to explore the resources being leveraged by small retailers to compete in the township market. Existing literature has positioned that small businesses typically have limited access to resources (Block et al., 2015; Kellermanns et al., 2016) and where they have access the resources are homogenous (Acquaah & Yasai-ardekani, 2008; Pathak & Kandathil, 2019; Young et al., 2014) thus shifting the focus from the resources themselves, but to focus on how the resources were being leveraged in the business.

Based on the findings from the participants, the set of resources that were identified included financial resources, physical resources, such as business premises and physical equipment, employees, skills in the business, the support of third party institutions, the reputation of the business, as well as relationships that included customers and the community. Similar studies such as the study of Pathak & Kandathal (2019) positioned a similar resource set for small businesses operating in India therefore demonstrating the validity of the findings in the current study. Consequently, from the perspective of identifying resources, this set of resources identified was in alignment to the definition positioned in various existing literature that categorises resources as financial, physical, human, relational, intellectual and organisational (Barney, 1991; Barney et al., 2001; Gellweiler, 2018; Grimmer et al., 2017; Kellermanns et al., 2016; Rangone, 1999; Wernerfelt, 1986).

Upon review, a majority of the resources held by the small businesses were not rare, unique, imperfectly imitable or difficult to imitate- which is a requirement for resources deemed as strategic for competitive advantage (Barney, 1991; Gellweiler, 2018; Kellermanns et al., 2016; Saranga et al., 2018; D. Teece, Peteraf, & Leih, 2016). This was based on the finding that the resources identified were resources that were homogenous among participants in the sample and could be replicated by their competitors, a perspective drawn from the participants insights.

### **6.4.1. Financial resources**

From a financial perspective, participants indicated that they were leveraging personal funds to refinance their businesses and fund short-falls in operations. This was prevalent among the majority of the participants who highlighted this as a challenge, thus suggesting that small retailers in the township do not leverage finance as a resource to enable competitive advantage. This finding supports the general theme in existing literature that small organisations experience challenges accessing finance (Block et al., 2015; Kellermanns et al., 2016), and appears to be a challenge identified in other similar studies such as the World bank study of the Diepsloot business community. For small businesses in Diepsloot, the study not only confirmed access to finance as a challenge, but also highlighted that the business owners were 12% less likely to make use formal banking services (Mahajan, 2014). When juxtaposing this view to the challenges highlighted by participants of this study, it could be suggested that the inhibitor for small business owners to leveraging external financing could be less about access. It could be referring to availability of options or ability to engage available options, but potentially more about a reluctance to undertake the trade-offs required to secure financing due to concerns around the personal exposure risk as a result of the unpredictability of business performance. This raises a context specific question regarding the suitability of existing financing options in South Africa, and whether the pre-requisite requirements are creating barriers of access for small businesses. Therefore positioning that perhaps access to finance may not be the key contributor to the underutilisation of formal financing for small businesses. This is a potential topic that could be considered by future research.

### **6.4.2. Physical resources**

#### **6.4.2.1. Business premises**

The theme of business premises falls under the category of physical resources in alignment to the definition of resources for this study (Barney, 1991; Barney et al., 2001; Gellweiler, 2018; Grimmer et al., 2017; Kellermanns et al., 2016; Rangone, 1999; Wernerfelt, 1986). Based on the data collected, participants either conduct

business from a dedicated space in their home (mostly converted garages), or formal business premises that were away from home. From the study it can also be noted that most of the participants own their business premises, albeit informally owned due to a lack of registered deeds in the instances of premises away from home.

In terms of validating the strategic nature of business premises as a resource, the design of the interview process did not allow for the determination of rarity and imperfect imitability, but it can be assumed that this can be a resource that is potentially replicable by individuals with a home that can accommodate an allocated space for trade. However, it can be deduced that business premises are valuable when considered in conjunction with the theme of proximity and location as a factor of competitive advantage, a theme identified in Research question 2 regarding factors considered to contribute to competitive advantage. Under Research question 2, most participants highlighted location and proximity to targeted customers as a key contributor to being able to compete successfully.

This perspective ties back to the findings in existing literature that small businesses consider resources not for the ownership of the resource, but how they leverage the resource (Kellermanns et al., 2016). It can therefore be deduced that while business premises alone could not be considered as a strategic, if the business premises position the business in a way that enables favourable access to customers than competitors, it can be a strategic resource for competitive advantage.

#### **6.4.2.2. Physical equipment**

Based on the insights gathered, majority of the participants in the study placed minimal focus on physical equipment as a strategic resource towards enabling competitive advantage. Only a very minimal subset of participants (two participants), indicated an intention to leverage recently acquired resources to gain advantage in the market. But for the majority, the equipment used was rudimentary and similar across the participant pool. Additionally, the equipment was not being used in a distinct way that was unique to the business. On this basis, it can be determined that small businesses in the township did not leverage physical equipment as one of the strategic resources leveraged to create competitive advantage. Unlike the evidence presented in existing literature that places strategic importance on resources for the

creation of competitive advantage (Barney, 1991; Grimmer et al., 2017), this finding is more aligned to the findings of Kellermanns' (2016) study. In this study Kellermanns (2016) uncovered that in the definition of resources holistically, entrepreneurs placed minimal emphasis on physical resources.

### **6.4.3. Employees**

Findings of the study indicated an equal split between businesses that had employees, and businesses that were solely being operated by the business owner. Not only is this finding aligned to the perspective in existing literature that most small business owners, particularly in an instance of necessity entrepreneurship, run their businesses themselves or leverage family to assist (Block et al., 2015). Employees as part of the Human category of resources, extends to the inclusion of skills, knowledge, experience and relationship held with the employees (Gellweiler, 2018; Grimmer et al., 2017; Rangone, 1999). Therefore, the discussion under this topic will discuss findings documented in Section 5.7.6 of the results regarding Skills.

According to the views expressed by participants of the study, the intangible resources of skills, knowledge and experience was not emphasised by the majority. In addition, less than half of the participants (five Participants), leveraged previous qualifications experience or knowledge of the industry to run their businesses. These findings are similar to the study by Block et al. (2015), where they identified a skills gap among the sample of 5508 necessity entrepreneurs studied in Germany, as well as the study by Mahajan (2014) looking into the entrepreneurial landscape of Diepsloot. This study revealed that majority of entrepreneurs did not have the relevant skills required to successfully compete in the market. This highlighted a potential missed opportunity by small businesses to generate strategic differentiation as existing literature posits that one of the key ways to gain distinct positioning that is difficult to imitate, is by leveraging the skills, experience, knowledge and relationship with employees (Gellweiler, 2018). Furthermore, empirical research has proven that businesses that have demonstrated growth in the township setting had the commonality of the skills, knowledge and education of the business owner (Mahajan, 2014). Based on the insights of this study, it can therefore be positioned that human resources in the context of small businesses in the township, are not strategic resources leveraged for competitive advantage.

#### **6.4.4. Business and social relationships**

In the context of this study, social relationships referred to relationships held with customers and the community, while business relationships referred to the relationships held with competitions and suppliers. Based on insights collected from the study, while a weaker relationship was highlighted for the relationship held with the community, participants indicated a strong emphasis on social relationships, particularly on relationships held with customers. It can be proposed that this was possible due to the personal and longstanding historical nature of the relationships held with customers where the relationship has existed through generations in families who have been customers of the same establishment over a numbers of years (majority of establishments ranging from 20 years up to 50 years). Moreover, the level of customer service provided to the customers was a key resource highlighted by majority of the participants as a key enabler for competitive advantage. Based on this insight, it can be proposed that customer relationships emerged as one of the key resources being leveraged by small businesses for the creation of competitive advantage.

This finding was consistent with existing literature which suggested that context specific relationships held by businesses create competitive advantage (Pathak & Kandathil, 2019) as they are difficult and complex to imitate by competitors (Mahajan, 2014). This perspective was further corroborated by various empirical studies in existing literature such as the findings of Pathak & Kandathil (2019) who demonstrated a strong relationship between the competitive advantage held by small retailers in India to the strength of the trust-based relationships held with the customers. The study by Liu & Yang (2019), also found that the stronger the relationships held with the likes of customers, the stronger the strategic advantage of the business in the market. The findings of this study therefore contribute to existing views in literature by providing further evidence that customer relationships are one of the key resources leveraged by small businesses to create competitive advantage.

Relationships held with suppliers and competitors were the least emphasised as resources leveraged by the business. However, this was not a surprise as findings from studies such as Mahajan (2014), found that small businesses from a South

African perspective did not hold strong business relationships, unlike the competitors in the same market. Therefore while Liu and Yang (2019) were able to demonstrate that interfirm networks, inclusive of relationships held with suppliers and competitors, were key to the strengthening competitive advantage. Findings from this study and the study by Mahajan (2014) suggest a prevalent contradicting view for the South African context. This is surprising considering the longstanding nature of majority of the sample (with majority of the businesses being over 20 years), as engagement over a long period of time should translate into a strong relationship that can turn into an advantage for the small businesses.

#### **6.4.5. Institutional Support**

As documented in existing literature, businesses in emerging markets are faced with challenges related to institutional voids (Acquaah & Yasai-ardekani, 2008; Mahajan, 2014) which translate to a lack of engagement, support and relationship with key institutions such as government and ultimately impacting the availability of institutional support as a key resource (Gellweiler, 2018). Findings of this study are consistent with this view as most participants highlighted a lack of relationships between the business and government or third party institutions such as associations. It can therefore be positioned that according to the findings of this study, small businesses in the township do not leverage institutional support as an enabler to create competitive advantage.

#### **6.4.6. Additional insights related to resources leveraged for competitive advantage**

Additional themes that emerged related to resources leveraged to create competitive advantage were drawn from insights related to the participants' responses to Research question 2 and research question 4. From the perspective of research question 2, a majority of the participants highlighted the contribution by reputation of the business (aligned to the organisational resources), reputation of the business owner and historical customer loyalty to the creation of advantage in the market. The prevalent view in existing literature suggests that the embeddedness of a small



business in the community, as well as the identity of the organisation within the community is one of the ways that small businesses- particularly in the context of townships, can create an advantage over competitors who (Barney, 1991; Mahajan, 2014; Pathak & Kandathil, 2019). This is because context specific social equity is complex and difficult to replicate by competitors who are not embedded in the community (Mahajan, 2014). While the concept of reputation as an organisational resource is aligned to extant literature aligned to Penrose (1959), the use of owner reputation and customer loyalty can be considered a context informed resources leveraged by small businesses in the township.

#### **6.4.7. Summary for Research question 3 results**

Findings from the study highlighted that financial resources, human resources, physical resources, business relationships- from the context of competitors and suppliers, as well as support from third party institutions were the least leveraged by the small businesses in the creation of competitive advantage, this was predictable as existing literature suggested that small businesses typically do not leverage these due to the running of the business being solely dependent on the owner and also having limited access to resources.

While, the extended perspective of the RBV presented in the literature review of the study suggests that resources leveraged by the business for competitive advantage do not necessarily need to be owned by the business, and also that the ability for an organisation to be agile and adaptive in their use of resources is required to maintain competitive advantage. There was insufficient evidence gathered from participants to position views on alternative ownership of resources (as all resources are owned by the participants) and agility of resources, as the perspective was positioned in a static view that has been consistent to date and not how it has evolved over time.

In summary, the study highlighted that small businesses in the township leveraged a subset of resources that included: positioning enabled by business premises, enhanced by the characteristic of location and proximity to customers, embedded customer relationships, further strengthened by the existence of longstanding customer loyalty, as well as the reputation of the business and the owner to gain a competitive advantage in the market. Considering that these resources only

represent a small subset of categories defined with the RBV and extended view of the EBV, these findings highlight the specificity of resources that are applicable in the context of the township market and potentially highlighting limitation in the extant model that is mostly informed by the context of large businesses in developed environments.

## **6.5. Discussion of results for Research question 4**

**Research question 4:** *How do small retailers adapt to survive and gain competitive advantage in the market?*

As part of the literature review, this study positions an integrated view of competitive strategies which proposes that businesses require resources to implement generic competitive strategies, and that in order to create and maintain competitive advantage, the business must also have the capability to adapt how they leverage the resources to take advantage of shifting opportunities in a dynamic environment. Based on this view, research question 4 sought to understand how small retailers are adapting to gain competitive advantage, as this agility underpins the prospects of success in a competitive market.

Based on insights gathered from the participants, the concept of agility was captured in the following themes: market awareness, product pivot, business process changes and new business ideas. As the underlying themes were all underpinned by the shared concept of agility and adaptability, the themes are discussed under the same section as part of this report.

### **6.5.1. Market awareness, Product pivot and New business idea**

Market awareness in the context of this study referred to the participants' ability to assess and recognise changes in the market, as well as being able to relate it back to how it impacts the business. For the participants of this study, the majority

demonstrated awareness to changes in the market and in these instances, the changes observed resulted in adaptation in the business. This resulted in changes that participants referenced under the theme of product pivot and new business idea, that is, describing how the organisation adapted or planned to adapt. This ability, according to literature, demonstrates that the businesses have what is termed as dynamic capabilities.

Dynamic capability theory suggests that organisations that are able to innovate and adapt to change that is in the benefit of the customer, that simultaneously creates barriers against competitors, and provides the business with an ability to gain competitive advantage (Barney et al., 2001; Roundy, 2019; D. J. Teece, 2012; D. Teece et al., 2016, 1997). Authors in existing literature have built on this view and further added that the adaptive capability developed is informed by the knowledge of the business and social context in which the business operates, and the understanding of customer preferences targeted in the market (Pathak & Kandathil, 2019).

Demonstrating dynamic capability requires having an ability to identify opportunities (sensing), to reconfigure the current state to adapt towards the opportunity (seizing) and adopting the change to exploit or respond to a change that impacts the business (transforming) (Teece, 2012). This was demonstrated in the insights from the participants of the study where they were able to provide insights regarding the triggers they identified for change, and links it back to the associated actions that were taken to adapt to achieve a certain outcome. While it could not be verified through the study whether all pivots implemented were successful in terms of gaining advantage over competitors, the insights gathered demonstrated the presence of dynamic capabilities with the objective to maintain survival in the market.

Examples that demonstrate this capability in the sample is in the instance of product pivots undertaken by the majority of the participants, as well as changes implemented in the business processes. The changes in product offering as well as new business ideas not only demonstrate the dynamic capability present in the small businesses, but also provide validation of the proposed integration between the competitive strategies positioned as part of this study. This is firstly because a change in products can potentially shift the generic competitive strategy positioned, depending on whether the change decisions have an impact on the product mix or segment served.

Secondly, changes brought about by new business ideas, not only have the potential to change the generic competitive strategy of the business, but also have the potential to demand a reconfiguration of existing resources available to the business, a change in how the resources are being used, or alternatively, demand new resources altogether. This would be dependent on the nature of the business idea and whether the organisation has the relevant resources required to execute the idea. These interaction points between the different decisions made, and the impact to business, demonstrate that there are instances where a relationship exists between the two prevalent theories of competitive advantage. This emphasises the importance for businesses to consider both in the decision making process in order to optimise the ability to create competitive advantage in the market.

#### **6.5.2. Summary for Research question 4 results**

Findings research question 4 highlighted that small businesses in the township engage in the process of adapting their businesses to changes occurring in the market. This is reflected in the changes made to business processes, product offering mix, new business ideas that have been implemented over time and the ongoing awareness of change in the market and how that impacts the business. As stated in existing literature, this capability to adapt to change on an ongoing basis is critical for organisations looking to gain competitive advantage. It can therefore be concluded that small businesses in the township leverage their agility and adaptability to remain competitive and gain competitive advantage in the market.

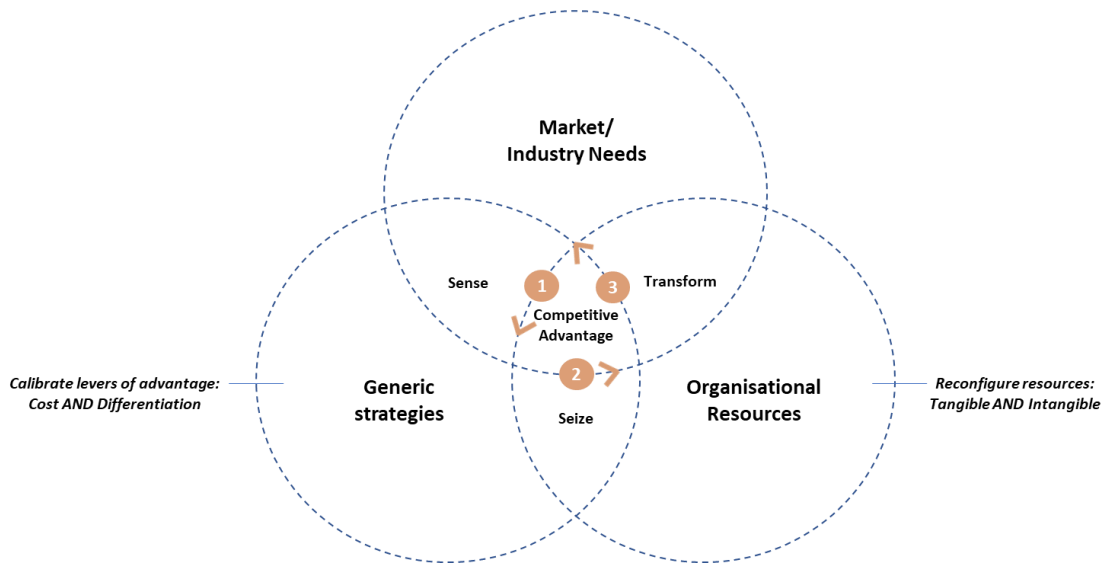
## **Chapter 7: Conclusions and recommendations**

Chapter 7 presents a consolidated review of the main insights uncovered as part of this study. These key insights- related to the competitive strategies of small businesses in the township, are presented in conjunction with the key principles drawn from the various from the theoretical basis of the study which are: generic competitive strategies from Porter (1980) and Resource based view from Penrose (1959). In addition to positioning limitations of the study, this chapter also puts forward suggestions to be considered for future research.

### **7.1. Principal conclusions (which are theoretical in nature per the research questions)**

The objective purpose of the study was to identify competitive strategies that can be adopted by small retailers in South African townships to survive and compete in a competitive market. While the theory base of the study leveraged two separate concepts of competitive advantage initially, upon reflection and review of insights gathered from the literature review and participant data, one of the suggestions of this study is that there is a relationship between the two concepts explored from a competitive strategy perspective. Figure 5.6 below is a diagrammatical summary of the findings which illustrates the two theory bases, and the factors that drive the proposed relationship.

**Figure 5.6: Illustration of the summary of findings**



The diagram representing the summary of findings suggests that the ability to gain competitive advantage is as a result of a relationship and alignment between the market or industry needs, generic strategies employed, and organisational resources leveraged (Block et al., 2015; Miller, 1992). This is because the needs of the market or the industry inform the opportunities available in the market, therefore influencing the selected generic strategy (Miller, 1988). Once a fitting strategy is selected, the implementation of a generic strategy requires organisational resources (Gellweiler, 2018). Without such resources, it is not possible to gain efficiencies in cost to attain cost-leadership; or realise product or service innovation that will differentiate the business in the market (Barney, 1991). Since the market which business operates in is not static, the model also suggests that there is a continuous loop between the three aspects of the model. The continuous loop exists due to the need for business to continuously reflect on changes and opportunities in the market to ensure relevance (sense). Once insights are gained, to determine a strategy required, while identifying differentiated ways in which resources can be reconfigured to take advantage of the opportunity, and lastly to exploit the opportunity in the market. By continuously adapting, thus developing dynamic capability within the organisation, the business improves its ability to continuously develop new and distinct ways which can be leveraged to survive and ultimately achieve competitive advantage in the

market(Barney et al., 2001; Grimmer et al., 2017; Liu & Yang, 2019; D. J. Teece, 2012; D. Teece et al., 1997).

Building further on the model, are insights related to decisions made regarding generic competitive strategies, as well as in the use of their business resources informed by themes that emerged as part of the study. To reflect on the findings from a generic competitive strategy perspective, the study demonstrated that small businesses in the township retail market appear to adopt a narrow market focus, leveraging differentiation to gain advantage over competitors. While differentiation would be expected to align with prestige pricing, the small businesses approached cost from a market relativity perspective, where prices were set to align with competitor pricing to meet the standard in the market. It can be said that the two decisions made on the two sources of competitive advantage (cost and differentiation), demonstrate the dual approach followed in setting a competitive strategy by small businesses in the township. This suggests that in making decisions on the generic strategy to be adopted, intentional decision making can be adopted on both the aspect of cost and differentiation. This is reflected in the model as an insight to calibrate both levers of the competitive strategy.

With respect to the resources related to the study sample, the study demonstrated that small businesses in the township leverage a combination of tangible resources that included: positioning enabled by business premises, enhanced by the characteristic of location and proximity to customers, as well as intangible resources that included: embedded customer relationships; further strengthened by the existence of longstanding customer loyalty, as well as the reputation of the business and the owner to gain a competitive advantage in the market. Upon review of the resources, it can be deduced that less emphasis has been placed on tangible resources by the businesses. This could potentially be as a result of challenges accessing resources, a characteristic of the market in which the business operates. This suggests than competitive advantage can be a combination of assets available to the business, according to the context and environment of the business. This is reflected in the model as an insight to reconfigure resources in line with the needs of the market, as well as internal access.

In summary, the model suggests that the definition of competitive strategies is an ongoing process that should be revisited to ensure that the business remains competitive even with the changes taking place in the market. Additionally the model

suggests that small businesses should look to develop hybrid approaches in both the selection of a generic strategy, and in the use of their business resources. This is particularly because small businesses in the township find themselves in environments where resources are homogenous between competitors, thus making it challenging to gain and maintain competitive advantage.

## **7.2. Implications for management and other relevant stakeholders**

Given that the retail industry is identified as vital to the development of local and national economies (Grimmer et al., 2017), and that the role of small businesses is key in contributing to this expected economic growth, it is critical that stakeholders of this industry develop a context specific understanding of the different nuances that affect their markets. This list of stakeholders includes the small business owners, financial institutions, government institutions, as well as the corporatised large business owners, as all play a key role in creating an enabling industry that is inclusive with equal opportunity to participate fairly.

For contexts such as South Africa, where the dominance of large retailers is taking place at the expense of small retailers (Grimmer et al., 2017; Pathak & Kandathil, 2019) by diminishing their competitiveness in the markets where they previously thrived, decision makers in the large retailers and policy makers in government have the responsibility of ensuring that undeveloped markets (such as the township market) are not monopolised by large players and thus making the market unviable for small players. From a policy makers perspective, policies must be established to protect exposed markets with a long term view in mind to ensure future viability of the market for small businesses. From the perspective of large businesses, decision makers should look to explore alternative opportunities that allow entering of vulnerable markets with a commitment to develop markets- such as the township retail industry, to create an inclusive industry.

Lastly from the perspective of business owners, it is critical to have an understanding of the market forces that drive the market and changes that are taking the market on new trajectories. This understanding, together with an understanding of the importance of engaging competitive strategies intentionally, will aid small business owners in creating sustainable organisations. Moreover, while most business owners



in South African townships are said to lack business skills, it is critical that business owners take on the responsibility to identify and leverage existing resources and support structures available in the market to develop their capabilities.

### **7.3. Limitations of the research**

The proposed study being qualitative in nature implies that the findings cannot be generalised to the wider population (Saunders, Mark & Lewis, 2018). This is due to the fact that the perspectives analysed as part of the study will represent a small portion of the population with a subjective lens at a point in time. Furthermore, the context of the study is based on one of the South African townships thus limiting the ability to generalise to other contexts due to any biases related to the context of the township under study.

From a sample perspective, due to the scope of the research, only a small subset of the population was researched. The study focused on owners of small retail businesses that were owned or managed by individuals from the township, thus positioning a subjective single view of the world informed by the individual's perception. This predisposes the study to a subjectivity bias from a participant point of view thus limiting generalisation to small retail businesses owned or managed by individuals not from townships under study.

The data collection process followed a semi-structured approach that leveraged open-ended questions. Considering the exploratory nature of the study and the lack of academic interviewing skills on the part of the interviewer, some of the key topics that may have emerged as part of the discussion may not have been explored to the extent that the emerging theme was compressively covered. Thus the study may have data gaps on key topics that could have contributed new insights into this field of study. In addition, due to the limited availability of similar studies from a context perspective, particularly in the context of South Africa, data sources for referencing were limited and not always recent as part of this study.

Since the researcher is not an expert in conducting research and has no prior experience in the retail industry, the research process and research findings will be

limited to the capabilities of the researcher, which may have resulted in gaps due to an experience and industry knowledge deficit. Additionally, the bias of the interviewer may have influenced the process of data collection, data analysis and therefore influencing the key outcomes of the study. Future studies should look to expand the scope of the research in order to validate the findings of this current study.

Lastly, while this current study limits the exploration of competitive strategies to the lenses of Porter (1980) and Penrose (1959), which may not necessarily be suited to unearthing nuances specific to the context of a South African township. There may be further theories developed in this field of competitive strategies that could be leveraged to gain further understanding of their applicability in emerging markets. In addition, the scope of the study did not include measuring the outcomes or impact of the competitive strategies discussed, therefore the effectiveness of the strategy is informed by the perspectives of the participants.

#### **7.4. Suggestions for future research**

Existing strategy frameworks have been said to lack suitability to capture the various nuances of informal contexts (Pathak & Kandathil, 2019). While this study attempted to introduce an alternative context to existing literature, future studies should undertake further studies to expand the context of informal business in emerging markets. This is to explore how applicable the findings of this current study are in similar settings in other emerging markets.

From the perspective of the theoretical basis used, there are potential opportunities for further research. In terms of Porter's (1980) generic competitive strategies and extended hybrid strategies, the classification to identify an alternative presentation of the strategies that aligns to small businesses in emerging markets. From an RBV perspective (Penrose, 1959), the definition of resources is limited to the contexts covered in existing literature strategies (in terms of how they are defined and positioned) should be explored by future researchers and may not always be transferrable to different contexts. Future researchers should look to extend the conversation with regards to including resources that are specific to businesses operating in the South African context.

Another key topic of interest relates to entrepreneurs and their influence on the competitive strategies adopted by their businesses. While the current study focuses on understanding competitive strategies applicable to the context of South African townships, the influence on entrepreneurial motivation on selected strategies are not covered in detail as part of the study. As highlighted in the study by Block et al. (2015), the motivation of the entrepreneurship has a significant influence on the competitive strategies employed by businesses. Further studies could be conducted to explore whether entrepreneurial motivation in the context of South African township has an influence on the competitive strategies adopted by business owners.

Lastly, another area of future research should look to develop views of competitive strategy localisation to emerging markets beyond the two lenses offered in the current study. In addition to that, future researchers should look to incorporate the measurement of business outcomes achieved as a result of the competitive strategies employed in order to confirm the validity of findings relevant to the context under study.

## **7.5. Conclusion**

Existing literature positions the use of competitive strategies and resources to enable competitive advantage in the market. While the context of the theories developed considered large businesses operating in environments that are different to that of businesses in emerging markets, they provide a framework that can be tested for applicability in different contexts. The objective of this study was to derive a South African context and add to the existing body of work on competitive strategies, as there is limited literature that offers this perspective currently. Given the context introduced by the study, the findings add to existing literature by demonstrating a practical alternative to competitive strategies for small businesses that does not align to extant literature, as well as highlighting context specific resources that are prevalent in the South African township context. This is a topic that could be explored further by future authors to contrast this view against other townships in South Africa, and in addition, to introduce a measurable study that can link the strategies used to actual business performance.

The aim of the study is to extend existing literature, while creating context specific insights that can be leveraged by the South African township business community to improve the chances of survival in an increasingly competitive market.

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## 9. Appendices

### 9.1. Appendix 1: Triangulation categories for qualitative case study research

Inventory of triangulation categories for qualitative case study research in industrial marketing.

Category	Application in qualitative case study research	Example
Data or source	Collect similar data types or sources e.g. interviews from different informants; variations in time (longitudinal), situations, levels of expertise, informant perspectives to deepen and strengthen research. In line with recommendations for multiple data sources	Authors mix primary and secondary data sources that were collected over a period of time to enhance analysis (Aarikka-Stenroos et al., 2017).
Investigator/researcher	Two or more researchers involved in gathering, analysing and interpreting data. May also involve external peer review of codes, inferences, conclusions. Could be extended to decision-making to strengthen whole research design.	Reliability enhanced through one researcher agreeing analysis with other (Järvinen & Taiminen, 2016), see Table 1.
Theoretical or interdisciplinary	Use more than one theoretical or disciplinary perspective in the interpretation of findings to facilitate theory-building or theory extension. Vibrant discussion in accounting literature.	Kushner and Morrow (2003) triangulate grounded theory, feminist theory, critical theory to yield methodological advancement.
Meta-triangulation or scientific philosophies	Builds on previous triangulation category where researchers use multi-paradigmatic or inter-paradigmatic approaches to building rich, contextualised and multidimensional theories. Might raise questions of incommensurability (see also between methods)	Jaspersion et al. (2002) conduct review in which relationships between power and information technology impacts, development or deployment and management are triangulated.
Unit/project	Conventionally refers to use of two or more cases to replicate or converge findings across the cases. Scope however for findings that are complementary or even divergent inherent in multiple case study research. May also include existing case studies or projects <sup>a</sup>	Ito (2018) uses multiple cases (see Table 1). Kowalkowski et al. (2016) and Storbacka et al. (2013) bring together existing independent studies or projects in fresh research.
Perceptual	Views of actors at multiple levels or in diverse contexts, unlocking emic meanings. Consistent with findings not converging, instead seeking nuance.	Comparison of data from multiple informants, leading to follow-up interviews for clarification (Hallinger & Truong, 2016).
Reflexive	Relating not combining different kinds of data to counteract threats to validity initially. Scope however for increased role of researchers in unlocking deeper insight through engagement with data/informants. Importance of researcher's self-awareness in research process.	Pattinson et al., 2018 (see Table 1) attempt reflexivity through processes of immersion and crystallization.
Iterative	Employing systematic iterations between literature, case evidence (existing) and intuition, such as abductive reasoning.	Systematic comparison of the cases, data and the literature (Gonçalves et al., 2019).
Methodological or data type	Within-method (varieties of same method) used in study e.g. interviews and documents.	Ivens et al. (2016) report use range of qualitative data sources (primary and secondary) as an instance of within method triangulation.
Strategic (research)	Between method (different methods) e.g. focus group and survey data Using multiple research strategies, e.g. observation, interviews, surveys to gain a holistic perspective or a version of truth.	Jack and Raturi (2006) report on 3 related investigations - case studies, survey and financial performance data.
Indefinite	Where actors in a situation give different accounts of a particular event with little attempt to reconcile these accounts. Important departure from triangulation as convergence.	No specific example found

Source: (Farquhar et al., 2020)

## 9.2. Appendix 2: Product offerings and associated classification

**Table 5.2 : Product offerings and associated classification of the establishment**

<b>Description of Core Product Offering</b>		
<b>Core Product Offering</b>	<b>Description of Core Product Offering</b>	<b>Categorisation</b>
Convenience grocery items	Selling of daily household and consumable goods which may include perishable and non-perishable food, bakery, beverages, tobacco, medical, toiletry, cleaning items and airtime.	General Dealer
Convenience grocery items and 'other'	Selling of daily household and consumable goods which may include perishable and non-perishable food, bakery, beverages, tobacco, medical, toiletry, cleaning items and airtime. In addition, selling of 'other' items which may include stationery, entertainment requisites, cosmetic, lottery and gas.	General Dealer
Meat	Selling of raw meat products from a mammal or bird. This may include Chicken, beef, pork, lamb, mutton etc.	Butcher

Meat and Meat related grocery items	Selling of raw meat products from a mammal or bird. This may include Chicken, beef, pork, lamb, mutton etc. In addition, the selling of products that can be used in the preparation of meat which may include spices, marinades, sauces etc.	Butcher
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### 9.3. Appendix 3: Semi-structured Interview Guide

	Question Guide
Introduction	<ul style="list-style-type: none"> <li>• Thank participant for time</li> <li>• Reiterate the objectives of the study, the interview and align expectation of participation</li> <li>• Highlight the voluntary nature of participation and confirm agreement to participate</li> <li>• Confirm receipt of electronic copy of Consent form received prior to the session</li> </ul>
Opening discussion	<p>1. What about your business, can you tell me a little about your business?</p> <p>Probes:</p> <ol style="list-style-type: none"> <li>a. When was it established?</li> <li>b. Is this your only store?</li> <li>c. What do you sell?</li> <li>d. Who are your customers?</li> <li>e. How is the business performing financially? (historic vs present performance)</li> </ol>
Competitor Identification	<p>2. Who do you believe are your competitors in the township?</p> <p>Probes:</p> <ol style="list-style-type: none"> <li>a. Why do you perceive them to be competitors?</li> <li>b. How are their businesses different to yours?</li> </ol>
Competitive Strategies	<p>Position next topic (I would now like to ask you about another topic, are you happy to move on?)</p> <p>3. What do you believe brings customers to your store and not your competitors stores?</p> <p>Probes:</p> <ol style="list-style-type: none"> <li>a. Do you try to price lower than your competitors?</li> <li>b. What is it that you do different to your competitors? (product variety, quality,</li> </ol>

	<p>convenience, promotion and differentiation of services)</p> <p>c. Do you try to sell everything or are there specific products and services that you are selling? (targeted at a specific customer base?)</p>
<p>Changes in the business</p>	<p>Position next topic (Thank you for the insight, I think we've got what we need there. Can we move on to the next topic?)</p> <p>4. Can you tell me about the critical activities that you need to undertake to ensure that your business operates successfully?</p> <p>Probes:</p> <ul style="list-style-type: none"> <li>- What are some of your routines that must be done?</li> <li>- What are the monthly and annual activities that must be done?</li> <li>- What are the critical things that if not done, would jeopardise your ability to operate?</li> </ul> <p>5. Have these processes stayed the same over time or have you changed them along the way?</p> <p>Probes:</p> <ul style="list-style-type: none"> <li>- What was it that probed the change?</li> <li>- Have you changed something that you do because of something that happened or something your competitors did? (Example: Did this change when the mall came into the township?)</li> </ul> <p>6. Do you keep yourself informed about the changes in the market? (new opportunities, changes in customer needs)</p> <ul style="list-style-type: none"> <li>- Do you often find out what other businesses in the market are doing?</li> </ul>

	<ul style="list-style-type: none"> <li>- Do you use this information to change how you operate?</li> </ul>
<p>Resource Based View of the Firm</p>	<p>Position next topic (Thank you for the insight, I think we've got what we need there. Can we move on to the next topic?)</p> <ol style="list-style-type: none"> <li>7. Physical resources: What are some of the physical things that you have as a business that have contributed to your business's survival? <ul style="list-style-type: none"> <li>- Building, Machinery, vehicles, licenses...anything in a physical form</li> <li>- What about your location? Would you say that it contributes to your success?</li> </ul> </li> <li>8. Relational/Social resources: Can you tell me about some of the relationships that you have in running the business? <ul style="list-style-type: none"> <li>- How would you describe your relationships with your customers, competitors, suppliers and the community? ? (advertising, promotions, special agreements, a loyalty programmes, credit agreements, cooperation in activities, bulk buying initiatives with the community, networks with any third parties)</li> <li>- Do you leverage any relationship with institutional third parties such as government, associations and/or legal institutions?</li> <li>- How would you describe the reputation of your store?</li> </ul> </li> <li>9. Human and Intellectual resources: How is your business set up? <ul style="list-style-type: none"> <li>- How many employees do you have?</li> <li>- How would you describe the relationship you have with your resources? (culture and value system)</li> </ul> </li> </ol>



	<ul style="list-style-type: none"> <li>- Are there any special skills, knowledge, experience or training you're your employees need to be able to run the business?</li> </ul> <p>10. Financial Resources: How do you finance the business?</p> <p>Probes:</p> <ul style="list-style-type: none"> <li>- How do you access the funds?</li> <li>- Is it easy or difficult to secure this funding?</li> <li>- Is this way of accessing finance unique to you or is this how your competitors might be getting their funding as well?</li> </ul> <p>11. Other</p> <ul style="list-style-type: none"> <li>- Apart from everything we've just discussed, what are some of the things that you have done, invested in or own in the business that help you run the business successfully?</li> </ul>
Closing Remarks	Is there anything else you'd like to share related to how you have managed to stay operational and compete with your competition in the market that we have not discussed?
Next Steps	<ul style="list-style-type: none"> <li>• Position follow up interaction for clarifications and confirmations.</li> <li>• Confirm permission to make contact.</li> </ul>
Interview Conclusion	Thank the participant for their invaluable input.

#### 9.4. Appendix 4: Ethical Clearance Approval email

**Gordon Institute  
of Business Science**  
University of Pretoria

**Ethical Clearance  
Approved**

Dear Wendy Kenosi,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.