



# **Ubuntu Management Strategy in the Informal Sector: A case of Umlazi Township**

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## **DECLARATION**

I, Skhumbuzo Praise-God Machi declares that:

1. I declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where states otherwise by reference or acknowledgment, the work presented is entirely my own.

2. I confirm that this thesis presented for the degree of Master of Commerce in Entrepreneurship:

(i) Has been composed entirely by myself.

(ii) The conclusion the study came to is solely the result of my own work.

3. Furthermore, I took reasonable care to ensure that the work is original, and, to the best of my knowledge, does not breach copyright law, and has not been taken from other sources except where such work has been cited and acknowledged within the text.

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## **Abstract**

In South Africa, many informal businesses have been responsible for providing consumers in the townships with products they demand. Often, it has been observed that these informal traders have been successful in their ventures without following conventional management models. Usually these entities lack company structure, policies and infrastructure. Without these tools they still have managed to own a 28% stake in the countries GDP. This study sort to find how Ubuntu Principles of Management influence the practises of these street vendors. Ubuntu or Bantu principles is a humanitarian approach to business, it emphasizes the need to achieve profits to meet expenses faced. It does not promote hyper profits as the emphasis is on building relationships more than anything. The principles that underpin this framework are trust, respect, responsibility, fairness, compassion and good citizenship. The driving aim was the need to understand reasons that guide strategy and implementation for informal entrepreneurs known as street vendors in Umlazi (SA). It was thus best to use exploratory research to ensure that insight into the phenomenon is best understood. Through thematic analysis it was revealed that Ubuntu Principles of Management are influential in the strategy practiced by street vendors. These entities were found to be driven by the need to satisfy community needs and demands. They however, failed to practice the second pillar of Ubuntu Principles of Management in their businesses of fair and responsible business practices. The latter was also linked to questionable social norms and ethics that they at times practised. However, that said, customers trusted these business entities and felt they were part of the community which was most important to both parties.

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# Chapter 1

## Introduction to the Study

### 1.1 Introduction

Over recent year's indigenous entrepreneurship around the world has suffered as a result of shifting economic forces, colonial expansion, advancing technologies and expanding urban development (Peredo, Anderson, Galbraith, Honig & Dana, 2004:4). Majority of indigenous entrepreneurship initiatives has been characterised by lower levels of education, poor working conditions, chronic poverty and slow growth (Paredo *et al.*, 2004:4). In South Africa indigenous entrepreneurship is characterised by street vendors, spaza shops, street performers and traditional healers to name a few (Hosking, 2015). The growth of indigenous entrepreneurs in South Africa has been negatively influenced by Apartheid in the past, which introduced policies and practices that were aimed at discriminating against the indigenous people of the country (Tshikovhi, 2015:6). Historically, indigenous entrepreneurship in South Africa was largely concentrated in rural areas and townships, however these businesses have since moved to urban areas as a result of post-Apartheid initiatives aimed at improving social economic characteristics (Tshikovhi, 2015:8).

The South African government has made an effort to increase the participation of the indigenous entrepreneurs in the economy particularly in townships (Roy, 2009:70). The South African government has made interventions that are aimed at growing the economy of townships in the country which includes fast tracking skills development, assisting entrepreneurs with financing and investing in infrastructure (eThekwin, 2008:15). South African townships consist of a variety of economic activities which include different indigenous industries most of these industries are located in the informal sector and these industries include transport, food, beauty, entertainment and retail industries (IDEATE, 2015). Informal indigenous entrepreneurship activity dominates the industries mentioned with businesses such as spaza shops (retail shops), shisa nyamas (barbeque restaurants), sheebens (indigenous taverns) and street vendors to name but a few (Pule, 2016). A majority of the township economy and its industries currently operate in the informal sector (Roy, 2009:76).

The informal sector is largely dominated by retail activity and has been credited for supplying, distributing goods that the formal sector has produced (Chukuezi, 2010:50). Some of these goods include cigarettes, clothing, fruits and vegetables, with street vendors selling a majority of these goods (Roy, 2009:77). Street vendors are significantly responsible for the retail activity that dominates the township economy and are mostly located on street pavements, taxi ranks and public schools (Bähr, & Jürgens, 2006:175).

EThekweni municipality back in 2010 recorded 19000 street vendors with 57 % of them working in the inner city and 30 % of them working in the townships such as Umlazi, Kwa-Mashu, Chesterville and Lamontville to name a few (StreetNet, 2010:5). StreetNet conducted a study on the number of street vendors in the Durban municipality; the findings revealed that Umlazi had the highest number of street vendors out of all the townships in the municipality, which makes the township ideal for this study (StreetNet, 2010:9). Umlazi Township is one of the biggest townships in South Africa which has an estimated population of 419389 (EThekweni, 2008:5). Umlazi is located in Durban and it is the fourth largest township in the country that is divided into 26 sections (eThekweni, 2008:2).

## **1.2 Background**

The informal sector has very low barriers of entry, and it has attracted entrepreneurs from different backgrounds, skills and demographics most of these businesses are indigenous in nature. Often informal entrepreneurs are seen as unregulated, unlicensed business owners who lack strategic direction (Henle, Arabsheibani & Carneiro, 2009:992). Whittington, Scholes, Angwin and Regner (2014:491) defined strategic planning as a systematic process of providing direction and scope of an organisation over the long term. It is characterised by building long-term agreements and commitments among key stakeholders (Huang, 2009:50). Strategic planning produces both decisions and actions with the aim of shaping and guiding the organisation (Steiner, 2010:2). It provides managers with the strategic direction of how to effectively manage and utilise its resources in order to achieve the best possible results and achieve their organisational goals (Bryson, 2011:1). This study sought to dispute the notion that indigenous informal entrepreneurial

businesses lack direction and argues it pursues unconventional strategies of Ubuntu principles of management strategy.

### **1.3 Problem Statement**

According to the quarterly labour force, 2.1 million people in South Africa are active in the informal economy and Kwa-Zulu Natal makes up to 20 percent of the informal economy (Williams, 2014). The informal sector contributes 28 percent of the country's annual GDP and has an estimated worth of R160 billion rands (SALGA, 2017). The informal sector employs 25 % of the country population and without this sector the unemployment rate would rise from 26.6 to a staggering 47 % (SALGA, 2017). The informal sector is made up of street vendors, waste pickers and spaza shops, these businesses form part of the indigenous businesses. These indigenous businesses play a major role in driving the township economy, however there is dearth in literature about the role of strategy and proper planning in relation to these businesses.

It should be noted that most of the data collected about the informal indigenous businesses has provided insight on the socio economic characteristics about the informal sector but not enough understanding of the competitive nature of this sector, including the relationship these indigenous businesses share with the community they serve. This exploratory study explores the role of strategic planning and how effectively street vendors manage their limited resources in order to gain a competitive advantage over competition using Ubuntu principles as a management strategy. Finally, this study assessed how street vendors are perceived and the impact which street vendors have on the community of Umlazi.

### **1.4 Research questions:**

1. How do informal traders in Umlazi Township exhibit shareholder's respect as found in the principles of Ubuntu management?
2. How do street vendors in Umlazi Township implementing fair and responsible business practices found in Ubuntu management principles?

3. To what extent do informal traders of Umlazi and their customers exhibit collective trust as highlighted by the principles of Ubuntu management?
4. To what extent are customer relations principles practised by informal traders in Umlazi Township in coherent to the principles of Ubuntu management strategy?

### **1.5 Research Objectives:**

1. To investigate if the informal traders of Umlazi Township exhibit shareholders respect as highlighted by the principles of Ubuntu management principles.
2. To identify fair and responsible business practices implemented by Umlazi township street vendors found in Ubuntu management principles.
3. To investigate if collective trust is found between informal traders and their customers as highlighted in the principles Ubuntu management.
4. To ascertain if the customer relations practices employed by Umlazi Township informal traders are in coherent to the principles Ubuntu management strategies.

### **1.6 Theoretical Framework**

Street vendors operate mainly in the informal sector, which is characterised by a lack of company structure, policies and infrastructure (Chen, 2012:3). This sector has little barriers of entry and is characterised by an influx of different types of street vendors some of them mobile but most of them stationary (Gurtoo, 2009:181.). High competition exists even in the informal sector and therefore it is important how street vendors can gain a competitive advantage in a market dominated by free entry and high competition. Since street vendors fall under micro survivalist businesses their sole priority is survival (Ligthelm, 2013:75). According to Maslow's hierarchy of needs, there are five basic human needs which are safety, physiological, esteem, love and self-actualisation (Brouwer, 2009:359). Even street vendors are motivated by these five basic needs, which make Ubuntu principles of management and leadership an ideal framework for this study. Ubuntu or Bantu was derived from Nguni languages such as Xhosa, Zulu and Ndebele and can be described as a social philosophy (Ncube, 2010:78). This framework focuses on a humanitarian

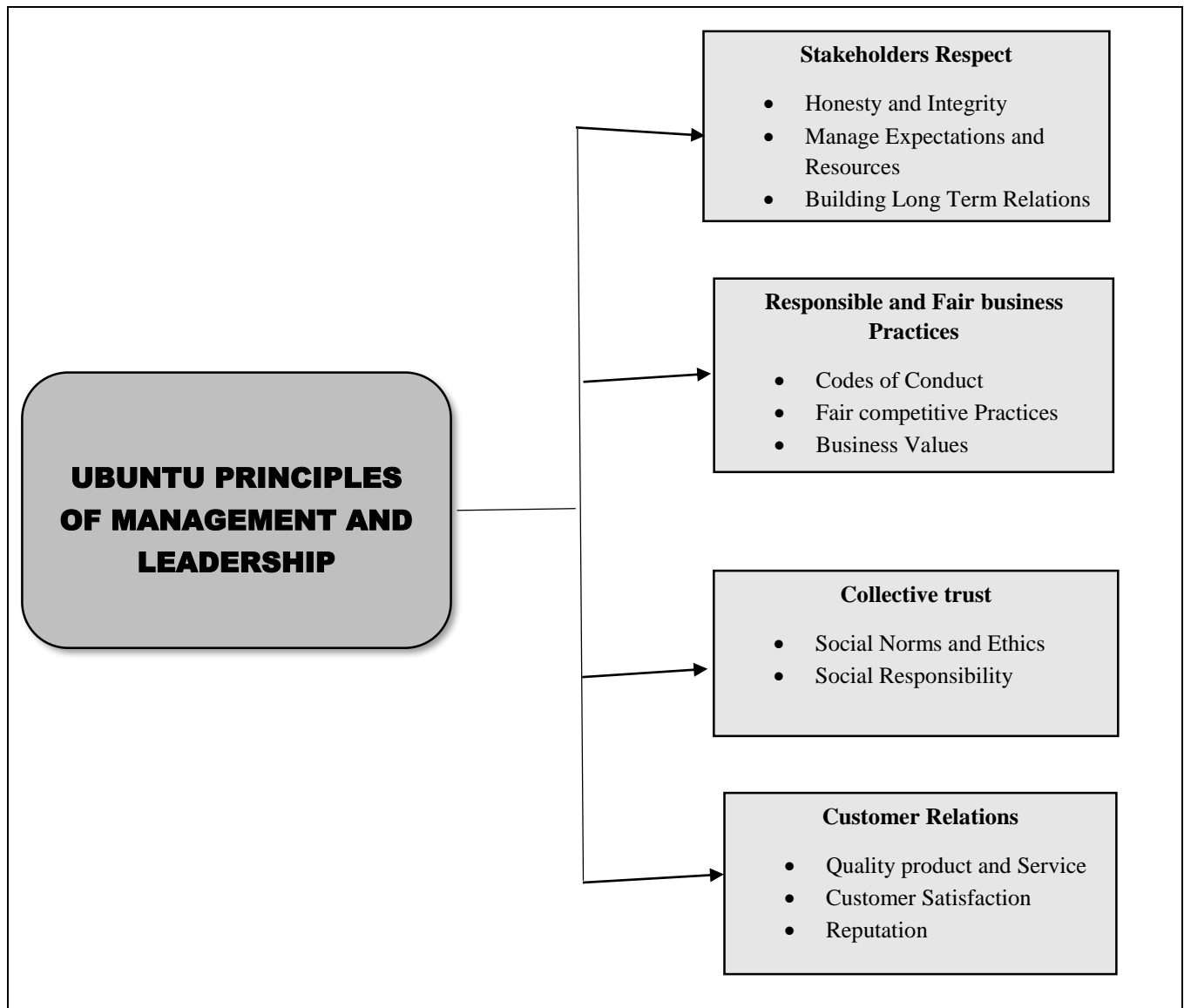


approach and indicates that profits are essential to meet expenses and pay salaries however, extreme profits and hyper profits are less importance than relationships with stakeholder (Luts, 2009:315).

Ubuntu is characterised by the following principles: Trust, Respect, Responsibility, Fairness, Compassion and Good Citizenship (Ncube, 2010: 78). Therefore, this framework focuses on aspects such as caring, tolerance, acceptance and social responsibility (Luts, 2009:314). Ubuntu management principles and strategy states that in order for a business to survive in this modern age it needs to establish collective trust between itself and its stakeholders (Mbigi, 1997:6). The framework promotes the elimination of formal business structures and promotes informal gathering, with the aim of creating a family orientated business environment (Mbigi, 1997:4). It therefore refers to Stakeholders Respect, Responsible and Fair Business Practices, Collective Trust and Customer Relations as guiding constructs of this framework.

The King's report suggested that operational business should take into consideration its role as corporate citizens. The business first role as a corporate citizen is to respect human rights, employ fair labour practices and treat its customers fairly (KingsReport, 2016:34). The report also states that business leaders should in fact oversee and monitor the performance of their company's corporate responsibility in order to ensure its full implementation. Ubuntu management strategy embodies principles that are coherent to the King's Report views on corporate social responsibility. Ubuntu management strategy employs principles that are similar to the King's report which makes the framework suitable for this study. For this study certain elements of Ubuntu management strategy have been selected which are Stakeholders Respect, Responsible and Fair business practices, Collective trust and Customer Relations (Mbigi, 1997:65). The reason for choosing these elements is due to the fact that there are coherent to strategic planning and the management of key resources for the organisation.

**Figure 1. Ubuntu Principles Framework**



*Source: Authors Own adopted from Mbigi (1997)*

The first element which is stakeholder respect includes factors such as honesty and integrity, managing of expectations and resources, and building long term relationships (Mbigi, 1997:96). The second element is fair and responsible business practices that include factors such as fair competition, social responsibility and business values (Luts, 2009:365). The third element is collective trust and contains factors such as social norms and ethics plus social responsibility (Bhengu, 2016). The fourth and final element is customer relations which include customer satisfaction, the business reputation and finally quality products and services (Luts, 2009:375). These elements are graphically represented in figure 1.

## **1.7 Preliminary literature Review**

Literature review is defined as a step by step process that involves the identification of publications and unpublished work from secondary data sources on the topic of interest (Sakai and Bougie, 2013: 45). This literature review is designed to improve the understanding of the role of strategic planning by and for street vendors. This review looked at both internal and external factors affecting a street vendor's ability to plan and build long term relationships with stakeholders. Street vendors are part of the informal economy and are located on streets pavements, taxi ranks and public schools (Chukuezi, 2010:50). Bhowmik (2012:1) stated that there has been an increasing number of street vendors in urban areas over the past few years because of immigration and globalisation. However, a street vendor's ability to grow has been stagnant due to unclear government policies and not enough recognition and understanding of their role in the economy (Bhowmik, 2012:3).

### **1.7.1 Shareholders Respect**

According to Mkhize (2008:15) an ethical business that is built on honesty and integrity will inspire staff and customers to respect its mission and resources. Honest business practices serve as foundations for building trust amongst colleagues, staff, competitors and customers (Mkhize, 2008:21). When stakeholders are dealt honestly they are motivated to drive the business forward (Pulakos, 2009:75). Ubuntu management promotes the notion that all stakeholders should act with honesty and integrity whenever doing business (Ncube, 2010:10). Delvin (2011:57) identified location as an important factor in attracting and maintaining customers for most informal traders operating in urban cities. The author also stated even though street vending is mostly informal in nature, it takes a sense of strategic planning and direction since a vendor has to be located on a specific block, street and park in order to attract potential customers. Famous tourist sites could present an ever growing list of customers for these informal traders and famous blocks such Wall Street could present street vendors with multiple opportunities that could generate a greater market share for street vendors (Steel, 2008:6). However, the author went on to state that the lack of government policies to help integrate street vending into more formalised and rich suburban

areas remain a stumbling block which is detrimental to a street vendor's ability to grow in the long run.

### **1.7.2 Fair and responsible business practices.**

Saha (2011:7) stated that reaching daily financial goals mainly drives the success and survival street vendors. The author stated that the profitability and financial stability of street vendor depends on the product sold, the location and the terms of trade. While Otoo, Ibro, Fulton and Deboer (2012:16) also indicated that in order for the street vendors to be successful they must truly understand the market that they currently operate in order to ensure survival. In most cases street vendors often fall into high levels of debts as a result of the initial capital borrowed to start the business. This is a result of borrowing money from different sources due to poor financial planning and a lack of information (Otoo *et al.*, 2012:19). Meagher (2010:3) stated that one of the government objectives should be to establish policies that allow the integration of complex informal networks in order to improve economic security of street vendors. The author further stated that the integration of these policies and networks would drive down prices and improve the flow of goods among informal traders.

A study done by Bhowmik (2012:12) indicated that one of the main objectives of street vendors is to sell and distribute to local communities and customers. Bhowmik states that the products sold by street vendors are characterised by quick responsiveness to the needs and wants of local customers. The author study does not specify the separation of business objectives and personal objectives. This occurs because street vendors are commonly poor and mainly operate to ensure their survival. Palmer (2009:405) stated that the lack of skills is a contributing factor to the informal traders failing to grow. The first factor was weak infrastructure, weak institutional linkages and finally weak strategic planning (Palmer, 2009:405). The author study indicated that without the skills to govern the business practices informal traders find themselves in failure to meet their daily business objectives. However, Reid (2008:143) identified the lack of economic security as a factor that contributes to the lack of proper planning in the informal sector as opposed to the formal sector. The author identified unpredictable sales pattern, unstable prices and ever-

changing trends as factors that lead to lack of economic security (Reid, 2008:145). Most traders in the informal sector are characterised by mostly uneducated and untrained labour who have limited knowledge about proper business practices (Fonutchi, 2012:4).

### **1.7.3 Collective Trust**

Turner and Schoenberg (2011:03) stated that many government policies have indirectly affected the perceptions on customer's views on street vendors and other informal traders. The authors also stated government health policies imposed on sellers and producers of goods in most North American countries has resulted in the shrinkage of the market for street vendors and informal traders. Also the ethnic group of street vendors will determine the level of trust the customers have on the street vendors. Rane (2011:6) stated that even though street vendors offer unique, convenience and cultural diversified products. However, there are major concerns about the public health regarding products in particular food and beverages.

A general lack of infrastructure, densely populated markets and research into the products has created the perception that a majority of street food is unhealthy (Martinez, 2010:8). The author states that further studies on street foods have contributed to a number of cases in food poisoning. Between the years of 1983 to 1992 street food has contributed to 691 cases of food poisoning that has resulted in poor public perception and distrust in the products sold (Rane, 2010:12). Street vendors are perceived to be a public health risk and traffic nuisance and are a threat to local communities (Martin, 2014:1869). Street vendors have a reputation of preparing food on the roads and pavements, which is a violation of health policies and regulations across many cities in the world. Many street vendors operate in violation of city regulation and sell already made food that is in risk of contamination on a daily basis (Martin, 2014:1870).

### **1.7.4 Customer Relations**

Estrada and Sotelo (2011:107) stated that many countries in Africa, Europe and Latin America possess children street vendors. The authors further indicated that even though it is common

practice in these countries, modern day customers still view child labour as improper business practice. They indicated that even though street vending usually takes place in the informal sector modern day laws such as child labour needs to be accounted for and taken into consideration (Estrada & Sotelo, 2011:110). However, their study also indicated that due to the nature of child street vending it would be difficult for governments in these countries to monitor these commercial activities. As many of these countries are undeveloped street vending is the only way street vendors earn their livelihood (Huang, Xue & Li, 2014:17). According to Nittala and Kameswari (2009:209) street vendors are at risk of losing their customers due to the ever-increasing number of shopping malls and hypermarkets in urban and rural areas. The authors went on to state that, operating in domestic markets is becoming difficult for traders both informal and formal due to changing lifestyles, introduction of global retailers and technologies such as internet shopping (Nittala and Kameswari ,2009:211). Furthermore, the loss of customers significantly jeopardises the livelihood of street vendors and if vendors fail to retain their customers, they run the risk of going out of business (Wongtada, 2015:131).

## **1.8 Contributions of the Study**

This study begins the narrative on the use and impact of indigenous knowledge systems in current business structures in Umlazi and the county as a whole. This research will acquire knowledge about the process of strategic planning employed by street vendors currently operating in the informal sector, with the aim of passing the knowledge to current small business owners and potential small business owners both in the formal and informal sectors. This study will provide an opportunity to gain insights on how Ubuntu management strategy could be implemented in the informal sector by using street vendors as a case study.

## **1.9 Rationale of the Study**

This study contributed to the better understanding of the township economy and the businesses that operate in it. Recently government programs and initiatives aimed at increasing informal entrepreneurship have drastically increased not only is South Africa but also in countries like China, Australia and Brazil (Hunter, 2013:8). These government policies and programmes offer

great opportunities to indigenous entrepreneurs in terms of business growth, business skills and capital (Tshikovhi, 2015:14). Therefore, this study will also help assess how street vendors adapt their strategies in order to deal with cheaper imports from China and other fellow street vendors in order to gain a competitive advantage. This study also improved on existing knowledge about indigenous entrepreneurship in South Africa including the role indigenous entrepreneurship in South African townships.

### **1.10 Research Methodology**

Research methodology is a systematic process on how research will be conducted to resolve problems and answer research questions (Rajasekar, Philominathan & Chinnathambi, 2006:5). The choice of the methodology used depends on the nature of the research problem and type of study and a well-planned and structured methodology makes it easier to answer research questions and fulfil the objectives of the study (Bryman & Bell, 2015:41). This methodology will explain the chosen philosophy as well as research design, followed by the selected instrument for data collection and the sampling technique. Finally, this methodology will explain the data analysis tool used in the study as well as the reasons for choosing this tool.

#### **1.10.1 Research Philosophy**

Sekaran and Bougie (2016:70) identified four types of research philosophies namely positivism, constructionism, critical realism and pragmatism. These four research philosophies directly affect the decisions that researchers make during the research process and of all the above mentioned philosophies guide the researcher to choose one over the other and for the purpose of this study a pragmatist philosophy will be chosen. This philosophy was chosen because it allowed the combination of different philosophies and it was suitable for the research approach chosen.

#### **1.10.2 Research Design**

There are two types of research approaches which are deductive and inductive approaches. A deductive approach includes the development of a theory and hypothesis and design of research

strategy for testing the hypothesis (Saunders, Lewis, & Thornhill, 2009: 122). The inductive approach includes the collection of data and the development of theory once sufficient data has been collected (Saunders *et al.*, 2009:126). For this study an inductive approach was used because it would allow the researcher to make a detailed observation of the world and move towards a more abstract generalisation and develop ideas based on the observation made (Rajasekar *et al.*, 2006:8).

### **1.10.2.1 Exploratory Research Design**

For this study an exploratory research design was used, as it enabled better comprehension of the nature of the problem when few studies have been conducted in that area (Sekaran & Bougie, 2013: 95). The aim of the exploratory research is to look for patterns or ideas and the focus is on gaining insight into a subject area (Collis & Hussey, 2009: 5). Since the study had limited information about the state of street vendors with regards to the application of Ubuntu management strategy, therefore an exploratory research design is ideal for this study.

### **1.10.2.2 Research Approach to the Study**

A qualitative research approach was used for this study, as it allows for a better quality and understating of the data collected (Flick, 2014:428). Qualitative research is an empirical approach to research where the data collected is not entirely in the form of numbers (Glaser, 2017:110). Qualitative research allows the researchers to examine, identify and confirm the relationship between the independent and dependant variable (Hair, Money, Samouel, & Page, 2007: 304). The aim of qualitative data is to understand the reality of cultures, groups and individuals in the society in order to draw conclusions based on the data collected on how these participants view the society (Creswell & Poth, 2017:128).

### **1.10.2.3 Research Choice**

The chosen choice of research for the study was mono-method approach. A mono-method uses only one method of collecting data either qualitative or quantitative on two or more different



sample frames (Guest, Namey & Mitchell, 2012:102). The reason for choosing this method is that it allows the researcher to collect data from different perspectives, knowledge and opinions from the chosen participants using the same sampling method. A mono method approach allows the researcher to collect data simultaneously from different data samples while using a similar research data collection tool (Bryman, 2006:97).

#### **1.10.4 Target Population**

The target population for this study was divided into two segments, the first segment was street vendors and the second segment was the customers of the street vendors who procure the products and services offered by these indigenous businesses. For this study the actual population size for both street vendor and their customers was unknown, it was imperative that this declaration was made earlier on in the study.

##### **1.10.4.1 Street vendors and the Customers sample frame sampling frames**

The actual number of street vendors and their customers was currently unknown. The lack of the actual population size was one of the limitations for this study, therefore the rule of thumb was thus used to determine the most appropriate and significant sample for both population as sampling discussed below. For this study 30 participants were used; this number was derived from the rule of thumb by Hitchcock, Nastasi, Summerville and Meredith (2010:15) which states that when conducting in depth interview saturation is reached at 30 participants. Initially the aim was to reach 30 participants for each respondent set. However, saturation for each respondent set was reached at 15 participants for each data set and therefore there was no need to go any further.

#### **1.10.5 Sampling Method**

There are two traditional sampling methods probability sampling and non-probability sampling. Probability sampling is a method based on the premise that each element of the target population has a known but equal chance of being selected in a sample (Hair *et al.*, 2007:182). Non-probability sampling is a method in which the elements of the population do not have any

probabilities attached to them being chosen as sample subjects (Sakaran & Bougie, 2009:276). For this study non-probability was used for collecting data from both street vendors and their customers, this was due to the fact the actual population number was unknown.

#### **1.10.5.1 Sampling techniques**

Both street vendors and their customers were sampled using a strategy called snowballing. Snowballing is sampling technique used to collect data by which the researcher accesses informants through contact information that is provided by other informants (Noy, 2008:328). Snowball sampling allows the study to take place where otherwise it might have been impossible to conduct due the lack of participants whilst also assists the researcher discover characteristics about the population (Tashakkori, & Creswell, 2007:181).

#### **1.10.6 Data collection methods**

Data collection is the process of gathering and measuring information on targeted variables in an established systematic fashion (Jupp & Sapsford, 2006:57). The accuracy of data collection is essential to maintaining integrity of the study (Thomas, Silverman& Nelson, 2015:320). A consequence of improperly collecting data can include the inability to answer research questions accurately and the inability to validate the study (Thomas *et al.*, 2015:320).

##### **1.10.6.1 Interview schedules for street vendors and Customers**

Interviews can be defined as methods of acquiring information verbally via the use of a set of pre-planned core questions (Rajasekar, Philominathan & Chinnathambi, 2006: 98). In depth Semi structured interviews were used for this study because they have allowed both street vendors and their customer's freedom of expression and flexibility, while maintaining structure and direction for the researcher (Sakaran & Bougie, 2009:180). These interviews were conducted face to face to ensure clarity and ensure proper responses from the participants. The interviews consisted of 12 questions, which took less than 10 minutes for each of the participants.

### **1.10.7 Data Analysis**

Data analysis is a process of evaluating, processing and refining data using analytical and logical reasoning (Hair, Anderson, Babin & Black, 2010:230). Interviews conducted in this study have been analysed and interpreted using thematic analysis. Thematic analysis involves identifying, analysing and reporting patterns within data (Guest, MacQueen & Namey, 2011:7). The reason for choosing thematic research was because it allowed data to be broken down into themes that were easier to understand and interpret (Braun & Clarke, 2006:77).

### **1.10.8 Study Site**

The selected study area was Umlazi Township, which is a township located on the south on Durban in the province of KwaZulu-Natal. The data was collected across four major industrial areas in the township of Umlazi namely Ezimbuzini, Kwamnyandu, Wemer and Emaweleni (VukaAfrica, 2011:15). These locations gave the researcher an opportunity to collect primary data and gain a better perspective on the state of street vendors.

### **1.11 Ethical Consideration**

The University of Kwa-Zulu Natal has an ethical clearance system that has ensured that the data meets all ethical provisions. The management of the University will ensure that the data will be stored at a safe place and disposed once the appropriate time has come. Furthermore, confidentiality and privacy of all data collected will be maintained. This research will not expose nor harm participants, and will keep details of participants confidential to ensure privacy. The data collected by the researchers will be treated with ethical consideration and will, at no point compromise the integrity of the participants. The actual number of street vendors and their customers in Umlazi Township is not known; however in light of this revelation this study will not be biased and the quality of data collected will not be compromised by this factor. The data will be kept under the supervisor's observation in the school's storage facility for a period of 5 years.

## **1.12 Conclusion**

In conclusion, this study aimed to explore the role of strategic planning in the informal sector with a particular focus on street vendors. This study also aimed to gain a deeper understanding of the informal sector and the role that strategy plays in this sector. The next chapter is the literature review of the study that contains an in depth information and discussion of the role of strategic planning by street vendors.

## **Chapter 2**

### **Literature Review**

#### **2. 1 Introduction**

The following chapter will further discuss existing literature of the state of indigenous entrepreneurship as well as state street vendors who occupy the informal economy. This review was guided by Ubuntu or Bantu theoretical framework which had the following principles Shareholders Respect, Responsible and Fair Business Practices, Collective Trust and finally Customer relations. These following principles guided the literature and the data collected in this study and also these principles helped the researcher draw up research questions.

Coldwell and Herbst (2004:31) define literature review as a review of material that has been published by other scholars and researchers. Furthermore, Sakaran and Bougie (2013: 45) also defined literature review as a step by step process that involves the identification of publications and unpublished work from secondary data sources on the topic of interest. This review played a critical role in understanding and analysing the existing body of knowledge and also gave the researcher justification of how the study fits into existing body of knowledge (Mitton, Adair, McKenzie, Patten& Perry, 2007:729). Finally, this literature review helped the study avoid duplication and identify gaps in other studies with similar nature with the aim to fill.

#### **2.2 Theoretical Framework: Ubuntu Principles of Management and Leadership.**

The chosen framework for this study was Ubuntu principles of management and leadership. Ubuntu is derived from the Nguni Languages Zulu, Xhosa and Sepedi and is the core tradition to most African cultures (Ncube, 2010:79). Ubuntu emphasises the importance of building long term relationships based on trust that requires collaboration and reciprocity (Ncube, 2010:80). This framework promotes the notion of communalism and living collectively with the objective to ensure that no one falls too far behind anyone else (Lutz, 2009:318).

The following table discusses theories that have contributed to Ubuntu Principles of management. The first is Maslow theory that looks at human needs and the motivation for these needs (Seligman & Csikszentmihalyi, 2014:279). Secondly, the Resource Based theory that looks at effective management of resources (Barney & Clark, 2007:145). Thirdly is the Hofstede's cultural dimension theory which looks at the society culture and its effects on the society (Soares, Farhangmehr & Shoham, 2007:277). Finally, the Trait Theory which suggests that leaders need to possess certain beliefs and traits in order to be effective (Northouse, 2012:244).

**Table 1. Table of Theories**

<b>Theory</b>	<b>Author</b>	<b>Year</b>	<b>Contributions to Ubuntu</b>
1.Maslow	Abraham Maslow	1943	This theory states that human needs are motivated by five basic needs that include safety, biological, love, esteem and self-actualisation.
2.Resource Based Theory	Robert. M, Grant	1991	This theory stresses the importance of the effective management of resources as key to the business superior performance. This theory states that a firm with superior resources is key in gaining sustained competitive advantage.
3. Hofstede's cultural dimensions theory	Geert Hofstede	1967	This theory describes the effects the society culture and values has on its members. It also assesses how these values relate to behaviour and how this behaviour is common across cultures.
4.Trait Theory	Ralph M, Stogdill	1974	This theory suggests that leaders have to possess certain traits in order to be effective and good leaders, these traits include fairness, social skills and responsibility.

### **2.3 Indigenous Entrepreneurship**

Indigenous Entrepreneurship is defined as self-employment based on indigenous knowledge (Dana, 2007:4). Hindle and Lansdowne (2002:2) also identify indigenous entrepreneurship as the creation, management and development of new ventures by indigenous people for the benefit of indigenous people. Over past years indigenous entrepreneurship has long been a pillar for many rural and developing communities. This type of entrepreneurship has been formed on the premise of cultural and traditional aspects forming a unique and different style of business (Foley & O'Connor, 2013:277). Indigenous entrepreneurship alters traditional patterns of behaviour, by utilising local resources in the pursuit of self-determination and economic sustainability (Foley, 2000:11).

Recently government programs and initiatives aimed at increasing indigenous and informal entrepreneurship have drastically increased not only in South Africa but also in countries like China, Australia and Brazil (Hunter, 2013:8). These government policies and programmes offer great opportunities to indigenous entrepreneurs in terms of business growth, business skills and capital (Tshikovhi, 2015:14). For example, the South African government has introduced programs such as national empowerment fund, national youth development agency and industrial development corporation; these programs are aimed at improving South Africa's economic and social challenges to name a few (Herrington, Kew & Monitor, 2010:6). However, the South African government has had difficulties implementing these programs especially in the informal sector where most indigenous entrepreneurship is found, this due to the lack of business knowledge, proper working skills and the level of education found in this sector (Herrington *et al.*, 2010:67). Hunter (2013:7) also stated that the problem with integrating such programs in the informal sector is due to the fact that indigenous entrepreneurship has been historically neglected in the country.

In most African countries the development of township economies is currently driven by indigenous entrepreneurship because of the heritage and cultural products on offer (Booyens, 2010:273). These indigenous businesses consists of traditional cuisine, local art, craft and historical insights which are fundamental in driving up tourism and the township economy

(Booyens, 2010:275). The heritage, culture and history that indigenous businesses encompass, offers great opportunities for indigenous entrepreneurs to thrive and prosper (Dana, 2007:5). Dana (2007:8) stated that not only is indigenous knowledge important to indigenous people and indigenous entrepreneurs but also the larger society. However Dana (2007:3) also stated that the major problem with indigenous businesses is their incompatibility to integrate basic business theories. This is because many of the existing business theories do not have sufficient information on indigenous knowledge systems. The author went on to state that theory developers are unaware of the lack of resources and cultural differences when developing such theories. Bajada and Trayler (2014:615) indicated that there is a gap between higher education and indigenous entrepreneurship as compared to more formal entrepreneurship. Also indigenous businesses lack proper planning skills and resources which have resulted in the limitation of their abilities and business growth. This lack of knowledge and resources has directly impacted on the type of occupations and careers available to the indigenous entrepreneurs beyond their business (Bajada & Trayler 2014:615). Ma Rhea (2010:45) also supported this statement by indicating that education is essential for improving and bridging the gap between indigenous and non-indigenous entrepreneurs. Location plays a crucial role in type and level of education that both types of entrepreneurs experience (Ma Rhea, 2010:47). Entrepreneurs in rural areas do not have access to the same level of education and resources in comparison to their urban counterparts, therefore this indirectly affects their ability to compete (Ma Rhea, 2010:47).

In most former colonial countries indigenous people show a low participation rate in education, community development and especially in business (Furneaux & Brown, 2007:72). Furneaux and Brown also mentioned that low participation rate is due to capital restraints on the account of former policy makers and governments imposing laws that victimised indigenous people. In addition Bayly (2008:9) stated that the cause of many traditional businesses suffering in former colonial countries was due to colonial policies aimed at improving and developing economies of former colonists. Even though post-colonial policies and initiatives have been taken by post-colonial governments and policy makers but there is still a large financial gap between traditional informal businesses in comparison to their more formal counterparts (Bayly, 2008:12).



## 2.4 The Informal sector

The informal sector is defined as part of the economy that is neither taxed nor monitored by government agencies (Portes & Haller, 2010:5). The products and services produced by this sector are not included in the gross national products and in the gross domestic products (Portes & Haller, 2010:5). The informal sector is characterised by the following activities: easy entry, reliance on indigenous resources, small scale operations and unregulated competitive markets (Bromley, 2013:1033). The informal sector is large enough to permit a diverse group of business activities, while also integrating a mixture of government different policies (Bromley, 2013:1034). Bacchetta, Ernst and Bustamante (2009:13) stated that self-employment in many developing countries appears to be associated with informal sector, with more than 50 % of new entrepreneurs entering this market. Their study also stated that informal entrepreneurship is closely associated with economic growth. Acceleration in economic growth leads to a decline in informality due to a growth in infrastructure, education level and a growth in the labour market (Bacchetta *et al.*, 2009:13).

De Paula and Scheinkman (2007:4) stated that one of the reasons entrepreneurs choose the formal sector instead of the informal sector, is owing to the large capital investment required by the formal sector. Their study indicated that because entrepreneurs face a choice a trade-off between not paying tax versus high capital investment required and often choose the informal sector. Entrepreneurs in the informal sector are not well equipped to benefit from low costs capital and economies of scale offered by the formal sector that is afforded to by formal entrepreneurs (De Paula & Scheinkman, 2007:5). Bruton, Khavul and Wood (2009:1221) stated that the informal sector is largely dominated by microenterprises that have less than five employees, unlicensed, unregistered and typically do not pay tax. Informal entrepreneurial activities are governed by norms, value, and benefits of the society but they lack formal structures such as regulations, codes of conduct and laws makes the sector flawed (Brutone *et al.*, 2009:1223).

According to Woodward, Rolfe, Ligthelm and Guimaraes (2011:65) South Africa informal economy offers diverse and vibrant opportunities to micro enterprises who offer diverse products and services. The South African government has encouraged small business development even

though most small businesses activity in the country takes place in the untaxed and unregulated informal economy (Woodward *et al.*, 2011:66). However Acs and Szerb (2007:11) stated that new government policies should remove legal barriers of entry and introduce new regulation that actually eliminate bureaucracy in order to improve informal business activity. Government policies should be aimed at improving economic activity for both formal and informal entrepreneurship (Acs & Szerb, 2007:11).

Henle, Arabsheibani and Carneiro (2009:992) indicated that the nature of the informal sector is directed towards improving informal entrepreneurship activity, informal employment and improving underdeveloped communities. Informal entrepreneurship is currently characterised by challenges such as fragile micro businesses, black-markets and informal employment (Henle *et al.*, 2009:100). Despite implementation of macroeconomic policies to deal with challenges the size of the informal sector in many developing countries continues to grow (Henle *et al.*, 2009:95). Tokman (2007:1) stated that modern informal sectors have increased governments participation in form of programmes aimed at supporting informal activities. The Durban informal policy is a prime example of such programmes, as this policy is aimed at uplifting informal traders and providing appropriate working conditions for street traders (Mkhize, Dube & Skinner, 2013:5).

## **2.5 Shareholders Respect**

According to Mkhize (2008:15) an ethical business is built on honesty and integrity that will inspire staff and customers to respect its mission and resources. Honest business practices serve as foundations for building trust amongst colleagues, staff, competitors and customers (Mkhize, 2008:21). When stakeholders are dealt honestly they are motivated to drive the business forward (Pulakos, 2009:75). These stakeholders need to be taken into consideration since most of them are commonly involved in setting the goals and objectives of the business. Ubuntu management philosophy peruses the ability to act honestly and consistently whenever doing business based on the business morals, values and beliefs (Ncube, 2010:10).

Informal business owners encompass a personal method to business management and values, rather than formal business management and formal business values that are set by the organisation (Belak & Milfelner, 2011:106). The society set the standard for social norms and every kind of business whether formal or informal has to adhere to these standards. However, informal business owners integrate cultural and political values when starting up and running their business (Belak & Milfelner, 2011:111). This integration of cultural and political values improves long-term relations with stakeholders. According to Duh, Belak and Milfelner (2010:474) informal entrepreneur's business value serve to create a sense of identity that enhances their stability in the social system. Informal entrepreneurs provide a moral environment that is translated into the organisation culture and manifest itself into beliefs, goals, and knowledge (Duh *et al.*, 2010:476). Informal businesses encompass personal values that have a direct effect on the business current values.

Webb, Bruton, Tihanyi and Ireland (2013:598) stated most small businesses are a victim of their own growth. As small business grow they are faced with tough decisions as their resources are spread thin (Webb *et al.*, 2013:599). The most challenging resource to manage is finance because it is crucial in the daily running of the business and towards improving growth. However their study went on to state that informal entrepreneurs also find it difficult to correctly allocate resources owing to the nature of this sector and due to the informal business activities that take place. Allen, James and Gamlen (2007:179) supported this theory by stating that the lack of formal structures associated with informal businesses makes it difficult to correctly record information. Corporate organisations devote substantial resources to knowledge management with the aim of improving performance and identifying opportunities (Allen *et al.*, 2007:181). Kloosterman (2010:25) stated that the inability of informal traders to correctly manage information make it difficult for these informal entrepreneurs to match opportunities with the resources of the business. Business is not dependent on the resources an entrepreneur can mobilise but the information and knowledge about the goods sold in the market (Kloosterman, 2010:25).

According to Reid (2008:143) the lack of economic security is a contributing factor to the lack of proper planning in the informal sector. Unpredictable sales pattern, unstable prices and ever-

changing trends are factors that lead to lack of economic security. Then Reid went on to state that even though informal traders offer convenient products and services the sector is characterised by mostly uneducated and untrained labour who have limited knowledge about proper business practices. Street vendors are largely characterised by uneducated women entrepreneurs with limited educational skills (Lincoln, 2008:263). As a result in most cases formal business procedures and processes are non-existence or very little, due to the nature of street vending (Lincoln, 2008:263). The lack of skills that govern operations makes it difficult to implement the usage of technology to the daily processes of street vending and to effectively manage expectations (Lincoln, 2008:265).

## **2.6 Responsible and Fair Business Practices**

According to Yatmo (2008:388) the prominent characteristic of street vendors is their mobility and flexibility in their daily operations. Various types of street vendors exist, some are stationary and operate in a particular location with structures such as wagons and containers while other vendors are in non-permanent structures that are assembled and dissembled easily (Yatmo, 2008:388). The author went on to state that some vendors are continuously moving to sell their goods and services. However this mobility becomes problematic since 84 % of street vendors operate in illegal spaces such as streets pavements in inner urban cities that cannot accommodate motor vehicles which create traffic congestions (Yatmo, 2008:391). According to Companion (2010:167) street vendors can be classified according to classes: those who owns kiosks, stands and finally mobile vendors. Mobile Street vendors are perceived to be low status ranked lowest because of the limited resources they possess (Companion, 2010:167). Even though mobile street vending has such low statuses their strategy is based on selling semi perishable goods that last longer.

Street vendors rely on the opportunities created by collective bargaining and tax evasion, these opportunities include reduced costs of materials and networking (Willemse, 2011:7). Since the individual vendor is unable to face the private sector bureaucracies, this collective bargaining is a sign of economic pressures, socio cultural challenges and adverse political conditions (Willemse, 2011:7). This strategy is made to improve relations between vendors and is used to

supplement the economic drawbacks that each vendor faces. To eliminate competition and ensure repeat clientele, traders will sell their products at lower prices (Willemse, 2011:10). According to Sihna and Roevers (2011:2) due to increased urbanisation and a shrinking formal, street vendors have started forming associations such as the National Street Vendor's Association. These associations are aimed at dealing with the conflict between street vendors and local authorities in urbanised city levels. The objectives of these associations are to promote competition that is transparent, self-regulating and with fairness to all stakeholders (Sihna & Roevers, 2011:5).

According to Saha (2009:231) since the informal sector is vulnerable to economic shocks the number of street vendors in urban areas is expected to rise. As the number of street vendors rise competition within this industry is expected to rise because this industry has very little barriers to entry (Saha, 2009:232). The rising number is largely made up of people from low income groups who directly rely on street vending for their livelihood. According to Steel (2012:1008) as the number of street vendors continue to grow, this increase has given mobile street vendors possess an advantage over more stationary street vendors. These vendors are able to cover more ground in the search for potential clients and they are in a position to negotiate better deals. Mobile vendors are able to differentiate themselves from the competition in a unique way, offering quick responsiveness and convince to their customers (Steel, 2012:1008).

According to Williams and Gurtoo (2012:392) street vending is driven by survival practices rather than rational economic choices. This is highlighted by vending taking different forms such as cart vending, hawking, road side cobbling and pedal rickshaw driving. These vendors strive and endeavour despite global poor working conditions, long hours and limited bargaining power (William & Gurtoo, 2012:394). The new generation of street vendors are strategically located in specific areas that have a high concentration of tourist sites (Maneepong & Walsh, 2013:38). However, this new generation is comprised of corruption and bribery to attain these locations. Even though the government has taken measures to combat these unfair and demeaning practices, there has been an emergence of Mafia Street vending that creates unfair competition (Maneepong & Walsh, 2013:41). This has resulted in violence that is detrimental to the government development plans in many developing countries.

Martin (2014:1868) stated that immigrant street vendors are detrimental to the success of local street vendors. The reason for this is that these immigrant vendors do not respect local regulations and practices, which are formed to promote fair and just competition. Immigrant street vendors occupy illegal spaces in the inner cities that generally cause pedestrian traffic, litter and nuisance (Martin, 2014:1869). The local cultural economy has taken strain from the unauthorised competition caused by immigrant street vendors (Martin, 2014:1870). Then Martin further indicated that if this continues the local governments might have to redefine current street vendor's policies. According to Dimas (2008:2) many street vendors occupy spaces that are unfair to their retail stores competitors because they strategically place themselves in front of retail stores (Dimas, 2008:8). Street vendors in the past have directly rejected government attempts to relocate them and this action by street vendors is often seen as unfair competitive practice. As a result, local municipalities have established administrative enforcement police. These type of police regularly monitor unlicensed vending in order to maintain peace in urban areas and ensure law enforcement (Dimas, 2008:6).

## **2.7 Collective Trust**

According to Cornelius, Wallace, Wood, Jivraj and Todres (2008:356) corporate social responsibility is crucial for any enterprise because this is the only way a business can effectively communicate with the community. Corporate social responsibility practices play an integral role in conforming to stakeholders norms. A positive duty in approaching social responsible behaviour indicates that a business follows its own direction regardless on external pressures (Cornelius *et al.*, 2008:357). Often-small business largely contribute to local economic development, developing skills and creating employment. Moon (2007, 299) supported this theory by stating that there is no relation between the size of the company and social responsibility. Moon (2007:300) also indicated that business can take an extended role and responsibility in the community. However, the government has to establish mechanisms in order for social responsibility to flourish (Moon, 2016:296).

According to Azmat and Samaratunge (2009:437) businesses like street vendors and barbershops have received no attention for the initiatives they have taken for their communities. The nature of these indigenous businesses represents the cultural, socio economic conditions and the current traditional business environment (Azmat & Samaratunge, 2009:437). Azmat and Samaratunge (2009:440) also stated that the fact that these businesses have no formal business structures, tax returns and registration makes it difficult to highlight the contribution of these informal businesses to the society. The nature of the informal sector makes it difficult to track and monitor the progress of informal businesses such as Spaza shops, waste picking and street vendors (Chen, 2007:8). Then Chen (2007:10) went on to state that informal businesses inability to implement government policies and follow laws has made it difficult for the society and business world to pay attention to the initiatives taken in the society.

Informal small businesses in South Africa are victims of the political environment and this is due to the fact that local political forces are seemed to the acting on the interests of the political agendas (Aseidu & Mensah, 2008:192). The political economy set the standards for factors such as tax returns, zoning codes, business permits and labour practices (Aseidu & Mensah, 2008:193). The political economy contains policy makers that have consistently overlooked the informal sector in order to support the shrinking formal sector.

Street vendors are perceived to be a public health risk and traffic nuisance and are a threat to local communities (Martin, 2014:1869). Street vendors have a reputation of preparing food on the roads and pavements, which is a violation of health policies and regulations across many cities in the world. Many street vendors operate in violation of city regulation and sell already made food that is in risk of contamination on a daily basis (Martin, 2014:1870). However, Wongtada (2014:56) stated that street vending is a sign of economic hardship and provides employment opportunities to many under privileged societies. Even though street vending is often viewed as uncivilised practice, it offers consumers convenient products and services at convenient practises (Wongtada, 2014:60).

## 2.8 Customers Relations

According to Nittala and Kameswari (2009:209) street vendors are at risk of losing their customers due to the ever-increasing number of shopping malls and hypermarkets in urban and rural areas. Operating in domestic markets is becoming difficult for traders both informal and formal due to changing lifestyles, introduction of global retailers and technologies such as internet shopping. Furthermore, the loss of customers significantly jeopardises the livelihood of street vendors and if vendors fail to retain their customers they run the risk of going out of business (Nittala & Kameswari (2009:211).

Bacchetta, Ernst and Bustamante (2009:37) also stated that operating the informal economy has little value to offer to the business and its customers because this economy is currently constituted by a lack of clear policies which makes it vulnerable to economic shocks. The authors also indicated that because of the little value offered by these informal businesses, their growth has stagnated and therefore governments cannot clearly subsidise and monitor the growth of this economy. Delvin (2007:30) added on the above statements by stating that the lack of clear government policies aimed at integrating informal trading into more formalised and rich suburban areas remain a stumbling block. Policy makers have to move forward with measures to integrate formal business processes and procedures aimed at improving the informal economy.

Devlin (2011:56) stated that street vending is a complex business on its own manner because it starts with the procuring of permits, adhering to the city regulation and finding a right location. Then Devlin further indicated that location is an important factor in attracting and maintaining customers. Street vending is mostly informal however being located on a specific block, street and park is crucial to the livelihood of street vendors (Delvin, 2011:57). According to Reid, Fram and Guota (2010:250) a street vendor operating strategy has to be concentrated towards attracting potential customers. The vendor has to select a specific street location at the appropriate time in order to capture the flow of customers in order to maximize on customer traffic at the appropriate times (Read *et al.*, 2010:253). Most of the street vendors in rural areas and townships focus their efforts and resources on schools ranging from primary schools to high schools. The market conditions under which street vendors operate are very competitive and this is why it is important



to understand the importance of location, pricing and the ability to retaining customers (Read *et al.*, 2010:252).

According to Rane (2011:100) street food has the perception of being a major public health risks due to the lack of basic infrastructure and services. City officials in urban areas have difficulties in controlling the number of street vendor's food operations because of their diversity, mobility and temporary nature (Rane, 2011:101). A lack of factual knowledge about the significance that many street foods pose a danger to public health severely hampers the opportunity of entrepreneurial development and growth. Tambekar, Jaiswal, Dhanorkar, Gulhane and Dudhane (2009:72) also stated that the packaging used in the preparation of street food and beverages contains the risk of contamination. Most restaurants serve food in hygienic conditions in comparison to food that is served on the street and pavements which makes the quality of these products questionable (Tambekar *et al.*, 2009:74). The improper methods used in the preparation of street foods have undoubtedly compromised aspects of quality and safety and this has resulted in a negative impact on informal indigenous markets and their ability to compete on international markets (Tambekar *et al.*, 2009:80).

Street vendors face social risks when buying and selling products and services. The social risks that street vendors face is associated with the products they sell and use (Choi, Lee & Ok, 2013:225). Since consumers are sensitive to the products they use there is a higher social risk in informal markets because of the perception created when consuming a negative product (Choi *et al.*, 2013:227). Lincoln (2008:262) also stated that street vendors are struggling victims of market reforms. One single vendor could create a poor perception about street traders in that particular or designated area (Lincoln, 2008:264).

Ilahiane and Sherry (2008:243) indicated that street vendors have a reputation of being located in narrow and cramped spaces that are loud and offer very little comfort to customers. In many developing countries street vendors markets exist in limited spaces where pushing, shoving and elbowing is a common norm among buyers and sellers (Ilahiane and Sherry, 2008:243).

Traditional informal urban markets are increasingly becoming more crowded which will make the markets increasingly overpopulated and less attractive to customers (Ilahiane & Sherry, 2008:245). However, according to Rheinlände, Olsen, Bakang, Takyi, Konradsen, and Samuelsen (2008:953) street vendors over the past few decades have rapidly expanded in urban areas providing inexpensive products to low income households and offering job opportunities. Street food also contributes to the economy of an urban and peri-urban agricultural sector (Rheinlände *et al.*, 2008:955). Street vendors play an important role in urban socio-economic system as they help overcome shortages in the supply of badly needed goods and services (Asiedu & Mensah, 2008:191). Also street vendors help reduce the costs of living in urban areas and are found in many major developing cities. Local customers are the main clients of urban street vendors followed by domestic tourists and then foreign tourists (Timothy & Wall, 1997:343).

According to Wardani, Susandari and Wahyurini (2013:4) the use of visual vernacular imagery to street vending has made it easy to identify street vendors. The use of visual vernacular enhances customer satisfaction but also promotes indigenous artistry. The use of vernacular imagery enhances traditional and cultural experience for the street vendors customers there are either local or tourist (Wardani *et al.*, 2013:7). The impact of developing and integrating technology to street vending will result in the development of a visual identity that demonstrates a local identity (Wardani *et al.*, 2013:6). However, Lauermann (2013:66) stated that street markets are densely populated and each vendor has limited space to properly advertise. Street vendors face a struggle to control the limited market space available mainly because of the customer traffic that vendors encounter especially in urban areas (Lauermann, 2013:68). We should note that Bressler (2010:29) stated that formal traders are likely to sell and produce superior quality of goods because of the superior resources they possess. Formal traders have superior machinery and skilled personnel in order to effectively produce better quality products. Since the formal sector has superior resources, there is a greater demand from the informal sector for the formal sector superior products (Bressler, 2010:40).

Yotsumoto (2013:128) stated that tourists derive a higher customer satisfaction from local Street vendors because of the indigenous products and services they offer. Then Yotsumoto went on to

state that the profitability of these vendors is highly reliant of the weather. During rainy days these vendors lose money because not many tourists travel during these conditions (Yotsumoto, 2013:136). However, Walsh (2010:67) stated that street vending is not only reliant on tourism but local communities to ensure their survival. Even though street vending offers a vibrant and memorable experience that can improve customer tourist experiences the importance of local communities cannot be overlooked.

The increase in the number of retail chains has increased the amount of quality products and services which has made poor communities less reliant on traditional traders (Figuíé & Moustier, 2009:210). The spread of such retail chains in developing economies has reduced the price of quality products and services (Figuíé & Moustier, 2009:211). The authors further indicated the ability for poor consumers to obtain quality food at low prices, has resulted in the governments making policy changes that will better benefit the expansion of these retail chains. In comparison the number of traditional retailer is slowly diminishing compared to growth rates in recent years (Suryadarma, Poesoro, Budiyati, Rosfadhila & Suryahadi, 2010:79). Suryadarma *et al.*, (2010:80) also indicated that they are a number of drawbacks and benefits to this increasing competition such as better quality for the customers but loss of business to traditional traders.

Skinner 2008 (2008:223) indicated that more urban cities should introduce a health-training programme for informal food trader as part of their street vendor's policies. The training programme should set the minimum health standards appropriate for informal food traders and develop a code of good practice (Skinner, 2008:223). These programmes should be conducted in the indigenous language and can greatly enhance the service levels offered by informal traders. However, Woodward, Rolfe, Ligthelm and Guimaraes (2011:66) stated that since most informal trading takes place in an unregulated and untaxed economy it is difficult for government to properly implement such policies. The high level competition in the informal sector makes it difficult to assess if informal self-employed entrepreneurs would voluntarily enter these training programmes (Woodward *et al.*, 2011:66).

## **2. 9 Conclusion**

This literature review highlighted the importance and the role of street vendors in rural and urban areas. It also assessed the challenges that street vendors encounter in their daily business activities and the potential opportunities available to street vendors. In conclusion, this literature review highlighted the importance of the informal economy and indigenous entrepreneurship in most developing economies.

## **Chapter 3**

### **Research Methodology**

#### **3.1 Introduction**

The following chapter will describe and explore the chosen research methodology and substantiates the reasons for each choice. The chapter will cover the research methodology, followed by the research philosophies to the study including the research design as well the target population and study site. Finally this chapter will discuss the data analysis tool and the data quality assurances taken into consideration for this study.

#### **3.2 Research methodology**

Kothari (2004:7) defined research methodology as methods the researcher uses in performing research operations. Research methodology helps in the collection of samples, data and finding a solution to the problem (Rajasekar *et al.*, 2006:5). The choice of the methodology used depends on the nature of the research problem and type of study (Noor, 2008:162). The assumptions, interests, and purposes of the researchers will affect the research methodology chosen by the researcher (Taylor, Bogdan, & DeVault, 2015: 3). Research methodology plays an important role when understanding different types of designs and guides the study in the representing and execution of research design including and the analysis of subsequent data (Bryman & Bell, 2015:40).

#### **3.3 Research Philosophy**

Saunders, Lewis and Thornhill (2009:107) defined research philosophy as the nature and the development of knowledge. While Boyd and Crawford (2012:662) defined research philosophy as the belief about the way in which data should be gathered, used and analysed. Sekaran and Bougie (2013:29) identified for four major philosophies, namely: positivism, constructionism, critical realism and pragmatism. Positivism refers to facts and scientific data that may be proved and tested (Saunders *et al.*, 2009:113). Positivism believes that reality is stable and can be observed in order to describe an objective viewpoint (Boyd & Crawford, 2012:700). This

philosophy adheres to only factual knowledge gained through measurement, observation and trustworthiness. While constructionism is a philosophy that aims to understand human beings and the world they live in (Creswell, 2014:8). Constructionism focuses on determining the complex perspectives views of human beings about the world and how this has affected the perspectives of others (Sekaran & Bougie, 2013: 29). Critical realism is the theory that indicates that some data-sense can and do accurately represent external objects, properties and events (Oliver, 2012:371). Critical realism philosophy states that the senses provide accurate information about the world, which is external to the human mind (Saunders *et al*, 2009: 114).

For this study a pragmatism philosophy was used, which is defined as a combination of different philosophies and the most suitable philosophy is chosen (Creswell, 2014:11). Pragmatism is the belief that both quantitative and qualitative scientific research may be the subject of the research depending on the research questions and objectives (Sekaran & Bougie, 2013: 30). However, for this study only qualitative research was used. This philosophy was chosen because it allowed a combination of different philosophies and is suitable for the research approach chosen.

### **3.4 Research Design**

Sekaran and Bougie (2013:94) defined research design as a blueprint for the collection, measurement and analysis of data based on the questions of the study. Mendes (2011: 25) defined research design as a plan that guides the investigator in the process of collecting, analysing, and interpreting observations. The structure of the design will be determined by the type of research questions chosen (Velde, Jansen & Anderson, 2004:37). Selecting the right design may be complicated by the availability of a large variety of methods, techniques, procedures, protocols and sampling plan (Schindler & Cooper, 2005:76). However, the quality of the design depends on how carefully the researcher chooses the appropriate design. As the purpose of research design is to make sure that the evidence acquired allows researchers to answer the initial question as precisely as possible (Collis & Hussey, 2009: 132).

Research design can be either exploratory, descriptive or causal (Velde *et al.*, 2004:39). A descriptive research design is a scientific method that involves describing and observing the behaviour of the identified subject without directly or indirectly influencing it in any way (Gravetter & Forzano, 2015:85). Sekaran and Bougie (2013:97) defined a descriptive research design as studies that are designed to collect data that describe the characteristics of person's events and situations. Descriptive research designs can be either qualitative or quantitative in nature. A causal research design is used to measure what impact a specific change will have on existing norms and assumptions (Gravetter & Forzano, 2015:75). This type of design tests whether or not one variable causes another to change. Causal research design assists the researcher in understanding why the world works the way it does (Martens, 2014:15).

### **3.4.1 Exploratory Research Design**

For this study an exploratory research design was used as it enables better comprehension of the nature of the problem when few studies have been conducted in that area (Sekaran & Bougie, 2013: 95). The aim of the exploratory research is to look for patterns or ideas and the focus is on gaining insight into a subject area (Collis & Hussey, 2009: 5). This type of research design is very useful when researchers or decision makers have little information available to them (Hair, 2015:57). Since the study has limited information about the state of street vendors and the application of Ubuntu management principles and strategy, therefore an exploratory research design was ideal for this study.

### **3.4.2 Research Approach**

A qualitative research approach was used for this study, as it allows for a better quality and understating of the data collected (Flick, 2014:428). Qualitative research is empirical research where the data collected is not entirely the form of numbers (Glaser, 2017:110). Qualitative research, allows the researchers to examine, identify and confirm the relationship between the independent and dependant variable (Hair Jr., Money, Samouel & Page, 2007: 304). The aim of qualitative data is to understand the reality of cultures, groups and individuals in the society in

order to draw conclusions based on the data collected on how these participants view the society (Creswell & Poth, 2017:128).

### **3.4.3 Research Choice**

The chosen choice of research for the study is mono-methods because the researcher will be using the qualitative research only. A mono-method uses only one method of collecting data either qualitative or quantitative on two or more different sample frames (Guest, Namey & Mitchell, 2012:102). The reason for choosing this method is due to the fact that it allows the researcher to collect different perspectives, knowledge and opinions from the chosen participants using the same sampling method.

### **3.5 Sampling Method**

There are two traditional sampling methods probability sampling and nonprobability sampling. Probability sampling is a method based on the premise that each element of the target population has a known but equal chance of being selected in a sample (Hair *et al.*, 2007:182). In probability sampling, each unit of the population has a known chance of being selected for the sample (Collis & Hussey, 2009: 78). Probability sampling provides an advantage to researchers because it enables the calculation of specific bias and error in regards to the data collected (Latham, 2007: 3). Probability sampling usually involves taking large samples considered to be representative of the target population from which they are drawn. The methods that are commonly used are simple random sampling, systematic sampling, stratified sampling, cluster sampling, and multistage sampling (Hair *et al.*, 2007: 175-181).

Non-probability sampling is a method in which the elements in the population do not have any probabilities attached to their being chosen as sample subjects (Sekaran & Bougie, 2009:276). In non-probability sampling, each unit does not have a known or predetermined chance of being selected to form part of the sample (Collis & Hussey, 2009: 85). Non-probability sampling is convenient, as it allows researchers to assemble a sample with little or no costs and is also a good



method for conducting a pilot study (Latham, 2007: 8). The methods that are commonly used for non-probability sampling are convenience sampling, judgment sampling, quota sampling, and snowball sampling (Hair Jr. *et al.*, 2007: 181-182). For this research, non-probability was used in the collection and obtaining data both for street vendors and their customers.

### **3.5.1 Sampling technique**

Both street vendors and their customers were sampled using a snowballing method. A snowball sampling method is the collection of data by which researcher accesses informants through contact information that is provided by other informants (Noy, 2008:328). Snowball sampling allows the study to take place where otherwise it might have been impossible to conduct research due the lack of participants which would have assisted the researcher discover characteristics about the population (Tashakkori, & Creswell, 2007:181).

### **3.6 Target Population**

Target population is specific group of people that have been selected and identified for the study (Ritchie *et al.*, 2013:358). Jupp and Sapsford (2006:65) defined target population as a known and well defined collection of individuals who have similar characteristics. These individuals usually have a similar and binding characteristics or traits (Jupp & Sapsford, 2006:67). The target population for this study was divided into two segments, the first segment was street vendors. The second segment was the customers of the street vendors who procure the products and services offered by these businesses. For this study the actual population size of street vendor and their customers was not known.

#### **3.6.1 Street vendors and Customers population**

The actual number of street vendors and their customers was unknown. The lack of the population size was a limitation for this study therefore the rule of thumb was thus used to determine the most appropriate, significant sample for both population as discussed below. For this study 30 participants were used, this number is derived from a 'Rule of Thumb' by Hitchcock, Nastasi,

Summerville and Meredith (2010:15) which states that when conducting in depth interview saturation is reached at the 30 participants. Furthermore, Carmen ,Wilson and Morgan (2007:45) also supported the rule of thumb theory by stating that when conducting in depth interviews saturation is reached between 20 to 30 participants.

Initially the aim was to reach 30 participants for each respondent set. However, saturation for each data set was reached at 15 respondents and there was no need to go any further. Both street vendors and their customers were sampled using a snowballing method. A snowball sampling method is the collection of data by which researcher accesses informants through contact where information provided by other informants (Noy, 2008:328). Snowball sampling allows the study to take place where otherwise it might have been impossible to conduct due to the lack of participants (Tashakkori, & Creswell, 2007:181).

### **3.7 Data collection methods**

Data collection is the process of gathering and measuring information on targeted variables in an established systematic fashion (Jupp & Sapsford, 2006:57). Bryman (2015:320) defined data collection as process of putting your research design into operation. One of the primary goals of data collection is capture data that is quality and accurate (Noy, 2008:300). Data collection can be either qualitative, quantitative or mixed, with each method having its own strengths and weaknesses (Baxter & Jack, 2008:544).

#### **3.7.1 Interviews schedules for street vendors and Customers**

Interviews can be defined as methods of acquiring information verbally via the use of a set of pre-planned core questions (Rajasekar, Philominathan & Chinnathambi, 2006: 98). Semi-structured interviews were used for this study because they allowed the participants freedom of express and flexibility, while maintaining structure and direction for the researcher (Sekaran & Bougie, 2009:180). Semi-structured interviews are defined as interview sessions that contain some

prewritten questions however the interviewer is able to add additional questions in order to obtain more information (Collis & Hussey, 2009: 144).

These interviews were conducted face to face to ensure clarity and ensure proper responses. The interview schedule contained 12 questions and the session lasted for 10 minutes both for street vendors and their customers. The interview schedule had two sections the first section covering the background information and the second section contained the actual interviews questions. The interviews were recorded to enable revision and analysis of the data.

### **3.8 Data Analysis**

Data analysis is a process of evaluating, processing and refining data using analytical and logical reasoning (Hair, Anderson, Babin & Black, 2010:230). Data analysis involves examining data to reveal relationships, patterns and trends (Hair *et al.*, 2010:230). Data is analysed to uncover facts that may be associated with the research problems, also showing the connection between the independent and dependent variables (Gray, 2013:156). For this study a thematic analysis was used in order to properly understand the data collected properly.

#### **3.8.1 Interviews analysis**

Interviews conducted in this study were analysed and interpreted using thematic research. Thematic analysis involves identifying, analysing and reporting patterns within data (Guest, MacQueen & Namey, 2011:7). Thematic analysis focuses on identifying patterns in the acquired data set and is effective in identifying and making sense on unrelated data (McMillan, 2009:54). Furthermore, thematic analysis allows data to be broken down into themes that are easier to understand and interpret. (Braun & Clarke, 2006:77). Thematic analysis was chosen for this study because it allows the researcher means to gain insight and knowledge from the data collected.

### **3.9 Data Quality**

Data quality is an assessment of the data fitness and quality in order to serve the purpose it was given (McMillan, 2009:67). The aspects of data quality are dependent on the research approach to the study either qualitative or quantitative. For this study aspects of data quality that were taken into consideration include trustworthiness, which has four aspects; credibility, transferability, dependability and confirmability.

#### **3.9.1 Trustworthiness**

The purpose of trustworthiness in this study was to support the argument that the investigation results answered the research questions (Sekaran & Bougie, 2009:195). Trustworthiness in a qualitative study increases the credibility and objectivity of the inquiry results and demonstrates evidence that is supported by the results of the inquiry (McMillan, 2009:54). Four aspects of trustworthiness were taken into consideration for this study in order to ensure valid interpretation of data. The four aspects include credibility, transferability, dependability and confirmability.

##### **3.9.1.1 Credibility**

Credibility assesses the truth and confidence that the researcher has on the study findings (Sekaran & Bougie, 2009:195). For this study in order to ensure the credibility of the data collected, triangulation was used. Triangulation includes matching research objectives to the framework and deriving research questions from the framework (Sekaran & Bougie, 2009:195). This study used Ubuntu management framework to formulate the research objectives and questions and also the research questions from the framework.

### **3.9.1.2 Transferability**

Transferability demonstrates how the study findings are applicable to other contexts other than the study (Guest *et al.*, 2011:52). This study highlighted how the findings of the investigation can be transferred to other indigenous entrepreneurs other than street vendors. This study demonstrated how Ubuntu management strategy can be generalised to other indigenous businesses. This transferability is interpreted further in the study discussion and recommendations.

### **3.9.1.3 Dependability**

Dependability provides evidence that if the study was replicated similar results or findings would reappear (Hair *et al.*, 2009:144). In order to ensure dependability for the study the interviews were conducted in the indigenous language that most street vendors and their customers use. This indigenous language was Zulu which enabled the researcher and the study to obtain a comprehensive knowledge and also analysing data through themes and deriving the research questions from the Ubuntu management strategy framework.

### **3.9.1.4 Conformability**

Conformability refers to assessing the confidence that the researcher has on the study findings (Hair *et al.*, 2009:145). For this study an audit trail was used in order to ensure the conformability of the study. This study audit trail included the detailed description of the data collection process, the data analysis process and the interpretation of results by forming themes and discussing them further.

### **3.10 Study Site**

The selected study area was Umlazi Township. The township has four major industrial areas namely Ezimbuzini, Kwamnyandu, Wemer and Emaweleni (VukaAfrica, 2011:15). The study has collected data from these four major areas to account for the street vendors that currently operate in these locations. These locations gave the researcher an opportunity to collect primary data and gain a better perspective about the possible challenges and strategies employed by street vendors to ensure competitive advantage. A total of five participants were interviewed in Ezimbuzini, three street vendors and two customers were interviewed during the data collection process. In Kwamnyandu a total of ten participants were interviewed during the data collection process, seven street vendors and three customers were interviewed during the data collection process. A total of five customers and two street vendors were interviewed during the data collection process, in total seven participants were interviewed in Wemer. In Emaweleni a total of eight participants were interviewed, the data collection process included five customers and three street vendors.

### **3.10 Conclusion**

This chapter highlighted the importance of a proper research design and research approach. It covered the research philosophies and their importance to the study. Also this chapter provided insight on the data collection tools and their importance in the obtaining of data and their respective data analysis tools to be used in this study.

## **Chapter 4**

### **Data Analysis**

#### **4.1 Introduction**

Data analysis is a process of evaluating, processing and refining data using analytical and logical reasoning (Hair, Anderson, Babin & Black, 2010:230). Data analysis involves examining data to reveal relationships, patterns and trends (Hair *et al.*, 2010:230). The aim of data analysis is to uncover and answer the research questions of the study; data analysis allows the researcher to draw up conclusions about the phenomenon and what it means for the study (Tashakkori & Creswell, 2007:181). This study sought to determine the principles of Ubuntu management strategy in the informal sector. This study aimed to investigate and identify if principles of Ubuntu management were being applied by Umlazi Township street vendors and the literature collected in this study has assisted the researcher in guiding the study on the research instruments and the data analysis tool used. Furthermore, this study collected data from both street vendors and their customers since the aim was to make a sustained inquiry about the principles of Ubuntu management strategy employed in the informal sector.

#### **4.2 Presentation of Findings**

Interviews were used in the collection of data process as well as the rule of thumb in collecting data and deriving the sample size. A snowball sampling method was used during this study to assist in the selection of participants. This study conducted 30 semi-structured interviews on two different data sets with the first set being street vendors and the other data set being street vendor's customers. A total of 30 interviews were conducted for this study and were divided into 15 interviews for street vendors and their customers.

#### **4.3 Presentation of Demographics:**

This section describes the demographics of street vendors who participated in the study. A total of 15 street vendors were interviewed during this study. The demographics presented in this study

include the age, gender, language and the type of products sold by street vendors. These demographics are graphically presented below.

**Table 2: 4.3.1 Customers and Street Vendors Age Range**

Customers		Street vendors	
Range	Percentage	Range	Percentage
18-25 years	65 %	26-35 years	59 %
25-30 years	20 %	36-46 years	22 %
30-45 years	15 %	18-25 years	16 %
45-60 years	5 %	47-60 years	3%

The table above shows the customers and street vendor's age range. It shows that the customers who participated in the study were between the age of 18 -60 years and 65 % of them were between the ages of 18-25 years, with only 3 % of them being between the ages of 45-60 years. The table also shows that the street vendors who participated in the study were between 26-60 years old and 59 % of them were between the ages of 26-35 years, with only 5 % of the street vendors being between 47-60 years.

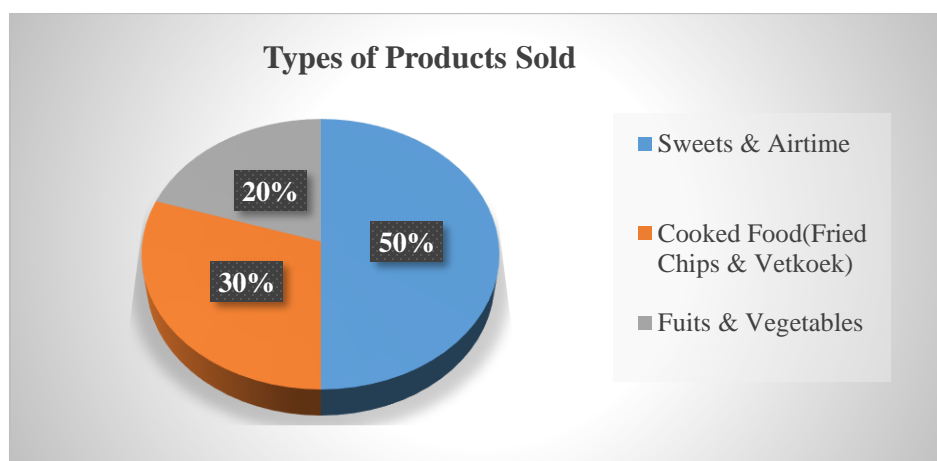
**Table 3: 4.3.2 Languages Spoken by Street Vendors and their Customers**

Customers		Street vendors	
Languages	Percentage	Languages	Percentage
Zulu & English	85 %	Zulu & English	66 %
Zulu	10 %	Zulu	30%
Zulu, English & Xhosa	3 %	Zulu, English & Xhosa	3%
Afrikaans & Zulu	2 %	Afrikaans & Zulu	1%



The table above shows the languages spoken by street vendors and their customers. It shows that 85 % of the customers interviewed in the study spoke English and Zulu. The figure also showed that only 2 % of customers spoke Afrikaans and Zulu. The table also shows that 66 % of street vendors spoke English and Zulu and 1 % of the street vendors spoke Afrikaans & Zulu.

#### 4.3.3 Products Traded/Sold by Street Vendors



The above figure shows the mostly commonly sold products by street vendors. The first products with the highest percentage are sweets and airtime which are at 50 %. This is followed by cooked food that includes fried chips and vetkoek to name a few, the percentage for cooked food is at 30%. Finally the lowest products sold by street vendors is fruits and vegetables which is at 20%.

**Table 5:4.3.4 Gender of Traders and their customers**

Customers		Street Vendors	
Gender	Percentage	Gender	Percentage
Female	65 %	Female	70 %
Male	25 %	Male	30 %

The table above illustrates that 65 % of the customers interviewed in this study were female and 25 % male. The table also shows that 70% of street vendors were women and 30 % of them were male.

#### **4.4 Themes**

Four major themes were derived from the interviews conducted during the data collection process of this study. These themes provided a direct correlation to the principles of Ubuntu management employed by street vendors. These four themes included respect, price, community and customer. These themes have contributed to answering the research questions and meeting the objectives of the study as well as the principles of Ubuntu management strategy.

##### **4. 4.1 Theme 1: Respect**

Respect is an essential element of the principles of Ubuntu management as it helps govern the study to arrive at its final conclusion. During the study the following participants revealed respect as an essential element that governs their business operations and their daily activities. The participants which are street vendors showed that regardless of the demographics of their customers, respect plays a crucial role in how street vendors treat their customers. Street vendors interviewed during the data collection process indicated that respect was essential in the way they conduct business. These vendors supported their claims with the following statements:

*“I treat all my customers with respect no matter how much you bring in to my business, even if it’s R2 or R 1000 I will give you the same respect regardless, so that how my customers view me.”[Participant 15]*

Another street vendor also highlighted that respect is a crucial element in maintaining a good relationship between them and their customers by stating the following:

*“The best way is to keep respect between me and customers is to treat them well and they will respect you as well.”[Participant 3]*

*“I try to respect people and also talk to them to ensure that we keep respecting each other.”*  
*[Participant 1]*

The above statements highlighted by street vendors indicate that in a market where no formal structures exists the best way to interact with customers is to apply Ubuntu management philosophy. The street vendor’s statements were supported by their customers who stated the following:

*“I have not seen them do any harm to other street vendors, I personally feel they help each other because they respect what they do. Also you find that when one vendor is not available the other ones sell on their behalf”. [Participant 1]*

*“They always show humility and it depends on how you approached them, if you show them respect they will also show you respect.” [Participant 2]*

Even though vendor’s claim to always respect their customers a few customers claimed a different perspective of the respect showed by street vendors to their customers. The following participant highlighted a different view:

*“Not all the time I see respect and honesty sometime you buy from them and you get a different vibe. But I think it depends on the personality of the vendor more than anything else.”*  
*[Participant 8]*

The findings of the study revealed that a majority of street vendors show respect to their customers and also street vendors treated their customers with respect. The findings of the study supported the principles of Ubuntu management which stress the importance of respect and its role in maintaining good relationship between the business and its stakeholders.

#### 4.4.2 Theme 2: Price

Street vendors also revealed that price plays a crucial role in maintaining their customer base. The street vendors also indicated the importance of keeping prices low in order to attract and retain customers. The following street vendors supported this statements by stating the following:

*"Yes I try to keep prices low and affordable so people could come and buy and also be drawn to my business."* [Participant 3]

*"Since we are in competition with many stores, the prices we charge are low especially with potatoes we charge only R40 because if I raise the prices, the customers I have would leave us and buy from another business."* [Participant 5]

The street vendor stressed the importance of setting prices at a reasonable rate because it has a direct effect on the business ability to maintain its customers. The vendors statement clearly highlights the role prices play in maintain good relationships with customers:

*Yes we try by not setting high prices and also by being friendly to make sure they come closer to us."* [Participant 2]

Customers also revealed the importance of prices in attracting these customers to these informal traders. The following customers indicated that prices can be negotiated between unlike formal traders who offer a fixed price system. Street vendor's ability to negotiate prices is a value adding activity which is an important factor to these informal traders ability to attract customers:

*"Sometimes you find that prices are high in big store, but street vendor's prices hardly change. It is easy to talk to them and negotiate the price for yourself because they are reasonable people."* [Participant 1]

*"I hardly don't get what I want from them and at cheaper price compared to big store, because they understand that many household in the community depend on them."* [Participant 3]

The above statement by street vendors and their customers are in correlation to the principles of Ubuntu which state that profits are not the most important thing but the relationship the business has with its stakeholders is also important. The principles of Ubuntu states that even though that monetary gains are important for the business, the relationship the business has with its customers is also important in maintaining healthy relationship between the two parties.

#### **4.4.3 Theme 3: Community**

Street vendors indicated that the community plays a crucial role in their survival because the community provides these indigenous entrepreneurs with the customers required for the business survival. Ubuntu principles of management also highlighted the important role the business has to play in the community as corporate citizens. The society norms and ethics are an essential part of the business growth and the relationship the business has with its customers. This is highlighted by the following statements made by the street vendors:

*“I believe that this is not my business but it belongs to the community, I did not make it for me but for us as citizens of this community. So I believe it is a community business and it is difficult to explain.” [Participant 4]*

One of the street vendors stated that his business role goes beyond making money but also taking a humanitarian approach when it comes to the needs of the community. This clearly indicates that profits are not important factor for street vendors, as compared to their formal counterparts:

*“I help those families who are in need and struggling in the community, normally they come to me and say they are hungry and I give them food not because I expect them to pay me but because they need it.” [Participant 15]*

Another street vendor indicated that their main objective is to provide for the community and make a profit at the same time:

*“The main goal is the business is to provide for this community and at the end of the day to make a profit.” [Participant 3]*

One of the customers indicated that street vendors know exactly what the community needs and wants. This makes street vendors a valuable resource to the community of Umlazi:

*“I think they do have a good reputation because they sell what the community wants. When they sell what the community wants they are able to make a profit.” [Participant 10]*

One of the customer's response indicated that not only do street vendors provide for the community with supplies but also adhere to social norms which are important to the community:

*“Yes they adhere to social norms because they help grow children in the community especially those one who sell at schools. Plus this also depends on how long they have been on that community and they are able to communicate and have an impact on the children of that community.” [Participant 15]*

A different customer also indicated that the reputation of street vendors plays a role on how the community views the business. This reputation is essential in maintaining the relationship between the community and street vendors:

*“I think vendors have a good reputation in the community otherwise they would have not been supported by the community for such a long time.” [Participant 13]*

The data collected from the street vendors indicate that any business role goes beyond its financial commitments but also should provide for the community needs. These indigenous entrepreneurs revealed sharing a relationship with the community and their customers.

#### **4.3.4 Theme 4: Customer**

Street vendors highlighted that customer satisfaction as an important factor in maintaining and increasing their market share. Also the study revealed that these indigenous entrepreneurs take

measures to ensure that the goods supplied are of quality and in the right condition. For every business the relationships between itself and its customers is crucial, therefore this theme was important to understanding the principles of Ubuntu management employed by street vendors in their daily business operations:

*“I check the dates are in order, to ensure that I do not sell anything that is beyond the expiring dates to my customers. If something is not in the right state or is about to expire I give it to others that might need it in the community.”[Participant 11]*

Another street vendor highlighted the importance of communication between the business and its customers:

*“You have to communicate with your customers well to ensure that they always come back to you also have a good relationship with them to ensure that they only speak well about you.”[Participant 10]*

Street vendors also indicated that they treat their loyal customers differently because of the relationship they share with them build over constant interaction between the parties. This statement indicated preferential treatment to the business loyal customers who a majority of them are located in the community of Umlazi:

*“I treat my loyal customers well even if they are short of money by 50 cent, I give them whatever they need with the hope that they will later pay me.”[Participant 15]*

One of the customers indicated that the level of service offered by street vendors in the township of Umlazi is better than the ones located in the city centres:

*“Yes I am satisfied with the vendors in my neighborhood because you can see that they care about the community, even though many people do not recognize it. Unlike the street vendors in towns who shout at you when you don’t buy from them. Personally for me they play a huge role in the community because you don’t have to go town to buy even small things.”[Participant 5]*

The findings of the study revealed that street vendors in townships have good relationships with the customers compared to the street vendors in town centers. However, a few customers indicated not to be completely satisfied with the level of service offered by street vendors by stating the following:

*“I don’t think street vendors are responsible business because they can change their prices whenever they like, for instance you get there in the morning they tell you a different price but at in the afternoon it’s a different price.” [Participant 6]*

#### **4.4 Conclusion**

In conclusion the data presented in this chapter revealed the principles adopted by street vendors and the views of customers reacting to these principles. The respect showed by street vendors was particularly highlighted by these informal traders and also mentioned by their customers. The element of respect is particularly important to the principles of Ubuntu management as this indigenous management method seeks to understand the relationship between the business and its stakeholders. Also other themes such as price and community provided the study with the measures taken by vendors to ensure a functioning relationship with its customers. These themes highlighted the actions taken by vendors to ensure that these indigenous businesses maintain their market share and provide for the community needs.



## **Chapter 5**

### **Discussion of results**

#### **5.1 Introduction**

This chapter will discuss in detail the findings and results of the previous chapter to answer the research questions and meet the objectives of the study. This chapter will be structured based on the objectives of the study, with each objective discussed thoroughly to ensure that the requirements of each objective are met. This chapter will follow the following structure: Section 5.2 discusses the possibility that informal traders of Umlazi Township exhibit shareholders respect as highlighted by the principles of Ubuntu management strategy. Section 5.3 assessed the fair and responsible business practices implemented by Umlazi township informal traders as found in Ubuntu management principles. Section 5.4 investigated if collective trust is found between informal traders and their customers as highlighted in the principles Ubuntu management. Finally, Section 5.5 looked at the customer relations principles practised by Umlazi Township informal traders as applied by Ubuntu management strategy.

#### **5.2 Objective 1:**

**To investigate if the informal traders of Umlazi Township exhibit shareholder's respect as highlighted by the principles of Ubuntu management principles.**

This study conducted an intense investigation and analysis about the principles of Ubuntu management relating to shareholders respect. This investigation highlighted the following elements: honesty and integrity, management of expectations and finally the building of long term relationships. These elements are discussed extensively below together with the relevant literature.

##### **5.2.1 Honesty and Integrity**

The study revealed that a majority of street vendors treat their customers and the community with honestly and integrity. As the principles of Ubuntu management stated that in order for business to thrive, stakeholders must be treated with respect and honesty. As Mkhize (2008:15) stated that

an ethical business is built on the basis of honesty and integrity which will inspire respect from its customers and staff. This study findings supported the author statement by revealing the existing relationship between street vendors and their customers. The respect showed by street vendors to their customers was further supported by their customers themselves who also revealed that street vendors treat them with honesty and respect.

*“They always show humility and it depends on how you approached them, if you show them respect they will also show you respect.” [Participant 2]*

The above statement made by one of the customers clearly indicates that street vendors adhere to the first element of Ubuntu management principles which is shareholder’s respect. Even though stakeholders go beyond customers but also include suppliers, staff and unions. However, the study also revealed that due to the nature of street vending, these informal traders have minimal contact with other stakeholders such as suppliers and unions. Therefore, it was not clear to determine any other relationship street vendors might share with other stakeholders besides their customers. Furthermore, this study also revealed that personal values employed by street vendors are in order to maintain and build a relationship based on respect between the two parties.

*“I carry myself with respect and treat my business with respect I believe that is how my business is viewed in the community and by my customers as well.” [Participant 12]*

The findings of the study are further supported by Belak and Milfelner (2011:106) who state that informal business owners encompass personal methods to their business management style. Street vendors encompass their own personal values into the business the values of the business, which supports the perceptions that the customers have about the business.

### **5.2.2 Management of Expectations**

The study found that street vendors in township of Umlazi have been able to manage the expectations of their customers successfully. The study identified price as one of the expectations that both street vendors and their customers place an emphasis on. The price set by street vendors

hardly change and low prices is what customers expect from street vendors. This statement is supported by Asiedu and Mensah (2008:19) who state that street vendors help reduce the costs of living in urban areas in many developing countries. The author statement is further supported by the statements made by both street vendors and their customers during the cause of the study.

*“Yes we try by not setting high prices and also by being friendly to make sure they come closer to us.” [Participant 2]*

One of the customers revealed that street vendor’s prices are affordable in comparison with big stores.

*“I hardly don’t get what I want from them and at cheaper price compared to big store, because they understand that many household in the community depend on them.” [Participant 3]*

The study found that street vendors are able to manage their customers’ expectations effectively, as customers expect low prices from these informal traders. When these expectations are successfully met vendors are able to adhere to one of the elements of Ubuntu management strategy.

### **5.2.3 Building Long Term Relationships**

The study found that street vendors have built long term relationships with their loyal and consistent customers. The study found that location is essential to maintaining and building strong relationships between street vendors and their customers. As most of the vendors interviewed are located near taxi ranks, bus stops, schools and malls. Devlin (2011:57) highlighted that location is an important factor in attracting and maintaining customers. The study found that vendors are able to build relationships to with their customers through constant interaction and contact between the two parties. The relationships that street vendors have with their customers provides them with a stable source of income which is essential to the survival of these informal traders. One of the street vendor indicated the following.

*“My location makes it easy to know what the customers want, especially since I operate in a taxi rank. My customers have been buying from me for years now they also know what I sell so it’s easy for my regulars.” [Participant 10]*

### **5.3 Objective 2:**

#### **To identify fair and responsible business practices implemented by Umlazi township street vendors found in Ubuntu management principles**

This study conducted an intense investigation and analysis about the principles of Ubuntu management relating to the fair and responsible business practices employed by street vendors in the township of Umlazi. This investigation and analysis highlighted the following elements: fair competitive practices, codes of conduct and finally business values.

##### **5.3.1 Fair Competitive Practices**

The study found that street vendors and their customers share a similar view with regard to their acting in a fair and competitive manner. The investigation found that a majority of street vendors employed fair competitive practices because they understood the nature of street vending and the market they operate under.

*“Competition is difficult, but we normally get along. When I am out of stock I usually send the customers to other business who sell the same stuff.” [Participant 4]*

*“Yah, my business behaves in a well and I do not criticise other businesses that do the same as me.” [Participant 1]*

The above statements made by street vendors are in correlation to the principles of Ubuntu management. Ncube (2010:80) stated that a business should build long term relationship with its stakeholders which is based on collaboration and fairness. The statements made by street vendors indicate the fundamental principles of Ubuntu, which emphasize fairness, respect and collectivism. The customers also supported these claims by stating the following.

*“Yes they do because even though high competition exist between street vendors, they always refer me to the next vendor who has what I want.” [Participant 8]*

*“I have not seen them do any harm to other vendors. I think they help each other because you find another vendor selling in the place of the other vendor that is not there. Because they are all try to make a living.” [Participant 1]*

The investigation found that street vendors treat their competition fairly and behave in fair competitive manner. The study found that even though street vendors do not have formal processes and procedures with regards to the business should behave, however these indigenous entrepreneurs exercise respects and fairness to their competition.

### **5.3.2 Codes of Conduct**

The investigation found that a majority of street vendors interviewed during this study do not possess codes of conduct. The investigation also found that due to the nature of street vending it is difficult to create and uphold any codes of conducts. This is highlighted by Williams and Gurtoo (2012:392) who state that street vendors are driven by survival practices rather than rational economic choices. The investigation revealed that due to the nature of street vending it difficult for street vendors to possess any codes of conduct because these informal indigenous business lack formal business structures which required codes of conduct to be drafted by the business. Most of the street vendors interviewed during the study admitted to not possessing any codes of conduct and their customers supported these claims. One of the street vendor interviewed during this study revealed the following.

*“I do not have that many codes or rules either, even the rules I have are not that strong.” [Participant 6]*

The lack of codes of conduct has a detrimental effect on street vendors adhering to the principles of Ubuntu management strategy. However, the study also found that even though street vendors

do not possess any codes of conduct this has not changed the way their customers view them. One of the customers revealed the following.

*“No, to me it does not matter as long as they supply me with what I want than its fine.”*

*[Participant 8]*

The investigation also found that customers are not affected by the lack of formal business structures but these customers understand the nature of street vending. Also the fact that street vendors do not possess codes of conduct has not affected the way that these customers view them, this is because of the relationship shared between the two parties. This understanding employed by the customers into the practices of street vendors is adherence to principles of Ubuntu, which emphasises understanding and tolerance.

### **5.3.3 Business Values**

The investigation conducted during this study revealed that most vendors apply their own personal values to their businesses. These goals are integrated into the business to ensure its survival and position in the market. Belak and Milfelner (2011:106) stated that informal business owners encompass a personal method to business management and values, rather than formal business values that are set by the organization.

*“I value respect and that is how I feel the community views my business.”[Participant 12]*

*“I believe that the business should be clean and representable to my customers, even the place I sell should be clean and the things I sell should be clean, so that my customers want to buy from me.”[Participant 3]*

However, the investigation also revealed that customers shared a different perspective from street vendors about business values. The street vendor’s customers highlighted that they do not believe that street vendors possess strong business values. A majority of customers interviewed during the investigation stated that street vendor’s business values are vague and not as strong in

comparison with their formal counterparts. The principles of Ubuntu highlights the importance of integration business values into the management style the company, however even though street vendors have testified to integration of such values their customers indicated otherwise.

*“I don’t think street vendors have any values, because you get in the morning and the price is R1 and you come back in the afternoon the price has changed to R2, 50. The prices change whenever.” [Participant 8]*

*No, I don’t think there do. Have you seen the places that they sometimes sell their food? Some of them are very filthy.” [Participant 14]*

The study found that the street vendor’s inability to integrate business values into their daily operations is detrimental to the reputation and growth of these indigenous businesses. Strong business values guide the business ethics and the ability for the business to grow and perform competitively (Mkhize, 2008:15). Therefore, the study can draw a conclusion that business values were not being properly implemented by street vendors, despite the integration of personal values into the management style by street vendors. The lack to proper implementation of business values by street vendors has detrimental effect on their ability to adhere to the principles of management.

#### **5.4 Objective 3:**

**To identify if collective trust is found between informal traders and their customers as highlighted in the principles of Ubuntu management.**

The investigation conducted on this objective was based on the principles of Ubuntu management which had the following elements investigated. The first element was social norms and ethics and second element was social responsibility. These elements were thoroughly investigated and analysed extensively in order to ensure that this objective was properly answered.

#### **5.4.1 Social Norms and Ethics**

The investigation revealed that street vendors often do not adhere to social norms and ethics. Belak and Milfelner (2010:111) stated that the society sets the standard and every kind of business whether formal or informal has to adhere to these standards. The investigation conducted on street vendors revealed that these informal traders do not necessarily adhere to the standards as often they can be found selling products that are not to society standards. During the investigation street vendors admitted to not properly adhering to society standard and ethics.

*“Yes we do but it is very difficult to adhere to them, since sometimes kids come here to buy cigarettes and they tell us that there are sent by their parents. For that reason we can’t send them away its very difficult.” [Participant 15]*

The street vendor’s inability to properly adhere to social norms and ethics violate the trust that the customers have on the business. This violation of trust places the vendors at risk of losing their current and potential customers as stated by Choi *et al.*, (2013:225) that street vendors face a social risks associated with selling products. The authors went on to state that this violation creates a bad perception about street vendors. The investigation found that street vendor’s failure to adhere to social norms and ethics created bad perception of street vendors and their ability to attract new customers.

#### **5.4.2 Social Responsibility**

The study found that street vendors have been socially responsible in their activities. The investigation revealed that street vendors have been contributing towards the community wellbeing in small ways. As Cornelius *et al.*, (2008:365) stated that social responsibility crucial to the business as it helps the businesses communicate with the community. The study found sufficient evidence to help support this claim of the authors. The investigation found that street vendor’s social responsibility is different from formal businesses, as the approach of street vendors is not planned, like formal organisations do.



*“Well I am not sure about that, we help reduce the mugging rate because before we started selling here people use to get mugged here. So can say crime has gone down due us selling here. ”*  
[Participant 9]

*“I help those families who are in need and struggling in the community, normally they come to me and say there are hungry and I give them food not because I expect them to pay me but because they need it.”* [Participant 15]

The study shows that unlike formal organisations who pre-plan and budget for the responsibility towards the community street vendors actions towards the community are done instinctively. The findings of the study provide support to the claims made by Moon (2016:296), who state that small business often take an extended role and responsibility towards the community. The findings of the study state revealed that activities taken by street vendors towards the community receive little attention in comparison to formal businesses. This statement is supported by Azmat and Samaratunge (2009:437), who states that because of the fact that informal businesses have no formal structures and it is difficult to track or to highlight their contributions towards the community. The responsibility taken by vendors towards the community is also noticed by their customers who stated the following:

*“I have not seen them do any harm to other vendors. I think they help each other because you find another vendor selling in the place of the other vendor that is not there. Because they are all try to make a living.”* [Participant 1]

Based in these findings street vendors adhere to social responsibility and take measures that are not only beneficial to them but the community as a whole. The actions of street vendors towards the community are coherent with the principles of Ubuntu management who state that a business should take an extended role towards the community.

## 5.5 Objective 4:

**To ascertain the customer relations principles practised by Umlazi Township informal traders as applied by Ubuntu management strategies.**

The study conducted an extensive investigation on the customer relations principles practiced by Umlazi township informal traders in relation to Ubuntu management strategy. The objective had the following elements: quality products and services, customer satisfaction and reputation.

### 5.5.1 Quality Product and Service

The study found that the street vendor's ability to supply quality goods and service is limited due to the limited resources and capabilities. The study also found that even though street vendors can supply quality goods and services their ability to properly do so is limited by a number of different factors such as their operation space, location, skills and the equipment. This lack of proper resources limits the ability of street vendors to supply quality resources to their customers. The lack of proper resources is also affirmed by Bressler (2010:29) who indicated that formal traders are likely to sell and produce superior quality products because they possess superior resources. The measures taken by street vendors to do so are minor in comparison to their formal counterparts. Tambekar *et al.*, (2007:74) stated that the methods used by street vendors in the preparation of their food compromised the quality of the service offered by street vendors. The street vendor's customers indicated the street food they often buy is prepared in unfavourable conditions.

*"Yes I buy chicken livers from them than its fine, even though the places they operate on is often untidy. You don't expect much because its street vendors."*[Participant 5]

The study found the statement made by the above participant are supported by Rane (2011:100) who states that street food is a major public health risk due to the lack of basic infrastructure. However, during the investigation the study found that different street vendors have different types of measures to ensure quality products and services. The study found that street vendors

who sell different type goods have different measures to ensure quality goods and services. Street vendors that sell fast moving products such as sweets, fruits and vegetables take different measures to ensure the safety and quality of their products.

*“I try to check every day if the things I sell are right and I do not give my customers and kid’s problems.”[Participant 1]*

The nature of such products does not allow the quality to be compromised because most of them have been prepared by the formal sector and have an extended lifespan in comparison with street food which is mostly prepared in the street. Tambekar *et al.*, (2007:74) stated that the improper methods used in street food compromises the quality of food sold by such vendors. Based on the findings of the investigation the street vendor’s ability to properly supply quality goods and services is dependent on the type and the nature of the products sold by street vendors.

### **5.5.2 Customer Satisfaction**

The study found out that the customers of street vendors are generally satisfied by with level of service offered by street vendors in their community. The investigation found that the customers were satisfied because street vendors catered to the needs and wants of the community. Bhowmik (2012:12) stated that the main objective of street vendors is to sell goods and services to local communities. This goal to supply goods and services to local communities at affordable prices drives up customer satisfaction and is also supported by the customers of street vendors.

*“I hardly don’t get what I want from them and at cheaper price compared to big store, because they understand that many household in the community depend on them.”[Participant 3]*

Lower affordable prices are not the only factor that contribute to customer satisfaction but also the quick responsiveness and the ability to meet expectations successfully. The quick responsiveness and meeting of expectations is the contribution to the fact that the number of street vendors in the township of Umlazi is growing. The investigation found that as the number of

street vendors continues to grow goods and services are generally supplied at a higher responsive rate and at convenient prices. Steel (2012:1008) stated that as the number of street vendors rise goods are supplied at the convenience of the customers and with quick response.

*“Yes, I am satisfied with the level of service offered by street vendors.” [Participant 11]*

The principles of Ubuntu highlight the importance of keeping customer satisfaction and as it provides the business with feedback it needs to maintain the relationship with its customers. Based on the findings of the investigation the study can draw the conclusion that street vendors customers are satisfied with the level of service offered by these informal traders.

### **5.5.3 Reputation**

The study found out that street vendors possess a respectable and good reputation with their customers. As their customers continue to procure goods and services from these informal traders. This good reputation is highlighted by not street vendors themselves but also their customers as well. During the investigation the study also highlighted a different perspective on the reputation of street vendors that highlighted in the literature. Ilahiane and Sherry (2008:245) who stated that the markets that street vendors operate under are increasingly becoming overpopulated and less attractive to customers. The study found that the customers in the township of Umlazi have a different perspective on the reputation of street vendors.

*“I think they do have a good reputation because they sell what the community wants and affordable prices. When they sell what the community wants they able to make a profit I think.”*

*[Participant 10]*

The reputation that street vendors possess is also highlighted by Rheinlände *et al* (2008:955) who stated that the street vendors over the past decades have rapidly expanded in to urban areas providing inexpensive products and at low prices. These vendors are able to provide goods to local communities and at affordable prices. However, a different reputation was highlighted for street vendors who sell street food. The study found that street vendors who sell street food do

not have a good reputation in comparison with other vendors who sell different products and services. Tambekar *et al.*, (2009:74) supported the study findings by stating that street food is mostly served on the street and pavements which makes the quality of this food questionable.

*“No, I don’t think there do. Have you seen the places that they sometimes sell their food? Some of them are very filthy.” [Participant 14]*

This inability to properly implement quality measures on street food has a detrimental effect on the reputation of street vendors. The findings of the study also revealed that street vendors face similar social risk because of the poor perception created by street vendors who sell street food. As Lincoln (2008:262) stated that one particular vendor can create a poor perception about street vendors in that particular area. The findings of the study support the claims made by Lincoln (2008:263) as indicated by the participants in the study.

## **5.6 Conclusion**

This chapter discussed the research objectives together with findings of the study. The chapter also linked existing literature to the findings of the study regarding the principles of Ubuntu management strategy.

## **Chapter 6**

### **Conclusion and Recommendations**

#### **6.1 Introduction**

This study set out to investigate the application of Ubuntu management strategy employed by street vendors in Umlazi Township. The study aimed to find out the application of Ubuntu principles as a strategic planning tool that can be used by indigenous entrepreneurs in order to remain competitive and guide indigenous business in their decision making process. The study also aimed to understand the township economy and the businesses that operate in it. The study also used the Ubuntu principles framework to create the research questions and objectives. The framework was used to guide the literature and create research questions. The study also provided relevant literature to the state of street vendors also the research methodology to be employed in the study. Finally, the study presented research findings and discussed them extensively based on the data collected. This chapter will present the conclusion based on the objectives and also provide relevant recommendations for further research.

#### **6.2 Study Conclusion**

This section will explain in detail the conclusion of the study; this conclusion will be based on the objectives that were set out in chapter one. The study had four essential objectives that were set out in chapter one, these objectives are discussed in detail below.

##### **6.2.1 Research Objective 1: To investigate if the informal traders of Umlazi Township exhibit shareholder's respect as found in the principles of Ubuntu management.**

The first objective of this study was to investigate if the informal traders of Umlazi exhibit shareholder's respect. The investigation and results have proved that street vendor's exhibit shareholders respect as found in the principles of Ubuntu management. This conclusion is derived from the facts that all three elements of shareholders respect were properly met. The investigation proved that street vendors and their customers share a relationship of respect. This relationships built over long-term interaction between the two parties, as one of the participants indicated

purchasing from street vendors over a long period of time. The study found out that these relationships are correctly maintained over long periods of time due to the fact that street vendors are able to meet the expectations of their stakeholders successfully. This was successfully done because of the understanding of the market street vendors operate under and also the ability to strategically plan for the needs and wants of the community. The investigation identified a number of factors that have contributed to the street vendor's ability to exhibit shareholder's respect. These factors include location, price, honesty and integrity. When street vendors take these factors into account it gives them a better understanding of the market and provides for the needs and wants of the community. Based on the findings of the investigation the study can draw the conclusion that street vendors exhibit shareholders respect as highlighted in the principles of Ubuntu management strategy.

#### **6.2.2 Research Objective 2: To investigate if fair and responsible business practices are implemented by Umlazi township street vendors found in Ubuntu management principles.**

The second objective was to identify the fair and responsible business practices implemented by street vendors in the township of Umlazi. The investigation found that street vendors have not successfully implemented fair and responsible business practices. This conclusion is drawn based the fact that street vendors have failed to meet the two requirements of the elements of Ubuntu management principle. The first element requirements that street vendors failed to meet was the integration of the codes of conduct. The study found that even though these informal traders encompass their personal values into the business the ability to successfully integrate these personal value and translate them into business values remains problematic and difficult.

The investigation also revealed that street vendors find it challenging to differentiate between the business codes of conduct and their own personal rules. A majority of the vendors interviewed reveal that they possess no business rule nor codes of conduct. This inability can be classified as a lack of proper business training and skills from the side of these informal traders. However, the investigation also revealed that street vendors engage in fair competitive practices. The study also revealed the working relationship that street vendors have with their counterparts who are also in the same market. The investigation found a coalition between street vendors who sell similar

products. This coalition is evidenced in the findings of the study discussed in the previous chapter. Based on the findings of the investigation the study can draw the conclusion that street vendors have failed to meet the objective requirements. The objective is only partially met with regards to fair and competitive practices.

### **6.2.3 Research Objective 3: To investigate if the collective trust is found between informal traders and their customers as highlighted in the principles of Ubuntu management.**

The third objective was to identify if collective trust is found between street vendors and their customers. The investigation identified that collective trust exists between street vendors and their customers; this trust goes beyond customers and also to the community as well. The study also revealed that street vendors act in a socially responsible manner and this responsible manner is translated into the deeds that these traders do for the community. The fact that these social responsible actions are not pre-planned nor budgeted for, indicate the street vendor's commitment towards the community. However, the study also revealed that street vendors often violate social norms and ethics when selling goods and services. This violation can be found in the preparation of street food and the selling of cigarettes to minors, but their customers still procure goods and services from these informal traders. Based on the findings of the investigation the study can draw the conclusion that collective trust exists between street vendors and their customers.

### **6.2.4 Objective 4: To ascertain the customer relations practised employed by Umlazi Township street vendors as applied by Ubuntu management strategies.**

The final objective was to ascertain the customer relations practices employed by Umlazi township street vendors. The investigation was based on three elements that were identified in the principles of Ubuntu management strategy. These elements were customer satisfaction, reputation and finally quality goods and services. Based on the findings on the investigation street vendors that the measures taken by street vendors to ensure quality is compromised especially for street vendors who sell street food; the customers also gave testament to those measures. The investigation also found that the customers of street vendors were generally satisfied with the level of service offered to them by street vendors. The study also found that street vendors have



a good reputation in the community. Based on the findings of the investigation the study can draw the conclusion that street vendors employ customer relations practices as found in the principles of Ubuntu management strategy.

### **6.3 Study Recommendations**

The study highlighted a number of factors which have a direct impact on the management strategy employed by street vendors. The study found that due to the nature of street vending Ubuntu management strategy can be a viable option for informal and indigenous entrepreneurship. In light of the findings of the study challenges still exist in the application and implementation of Ubuntu management strategy; therefore the researcher makes the following recommendations:

- As part of government initiatives to drive up indigenous entrepreneurship in South African townships, Ubuntu management strategy should be introduced as an option for management style to indigenous entrepreneurs.
- Informal business owners should be trained to differentiate between personal values and business values. The inability to differentiate hinders the potential for growth for informal businesses and business professionalism.
- Street vendors should also take preventative measures especially when preparing street food. These measures should ensure quality and will likely ensure a greater market share for street vendors in the township economy.

### **6.4 Recommendations for Further Research**

The study focused on the application of Ubuntu management strategy in the informal sector in relation to street vendors. However, future researchers could expand the sample to more than street vendors but also to other informal businesses such as Spaza shops, Shebeens and Shisa Nyamas. Also further research could be conducted on the perception regarding indigenous businesses implementing Ubuntu as a primary management strategy. Lastly, a quantitative study

could be done with a larger sample size in order to understand the perception that the street vendors have on applying Ubuntu management style as a business.

### **6.5 Limitations of the Study**

- The data was collected in unfavourable working conditions, as interruptions occurred during the data collection process.
- Interviews were conducted in IsiZulu and translated into English which is a limitation for the study because some words cannot be translated properly.
- The sample of this study was drawn only in the township of Umlazi, Durban. Therefore, this study does not represent the entire population of street vendors in Durban.
- Finally, the actual population that street vendors represent and their customers was unknown, which was one of the limitations of the study.

### **6.6 Conclusion**

This study discovered that most of the elements of Ubuntu are already being implemented by street vendors in Umlazi. Even though some of the principles of Ubuntu were not properly met by street vendors this study shows the link between Ubuntu and indigenous businesses in South Africa. This link can be derived from the fact that most of the vendors interviewed showed adherence to Ubuntu principles even though most of them did not formally practise this management strategy. In conclusion this exploratory study showed that indigenous businesses can employ Ubuntu as a management strategy to their main business operations.

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# **Appendix I**

## **Audit trail**

### **Data Collection Process**

#### **Step one:**

Secondary Data was collected using books, journals, videos and internet articles. Which was used to construct the literature review.

#### **Step two:**

The secondary data was then used to formulate interviews questions to be asked the participants in the study and constructed interview schedule.

#### **Step three:**

The interview questions were also audited to ensure that they correspond to the study research questions and will fulfill the study objectives.

#### **Step Four:**

The interviews conducted on this study were done face to face and consisted of 12 questions. These questions were followed properly in order to ensure that the objectives of the study were fulfilled. The interviews were also recorded for the data analysis process.

### **Data Analysis Process**

#### **Step five:**

The data collected and recorded through the data collection process were examined and interpreted through thematic analysis. Then the themes were developed in order to give the study direction and clarity.

#### **Step six:**

The findings were then formulated and used to compile a discussion for the study.

### **Data Interpretation**

#### **Step seven:**

The data collected was interpreted through thematic analysis and literature review. Different author's findings were compared to the findings the finding of the study.

#### **Step eight:**

The findings of the study were then interpreted to answer every one of the research questions and fulfill the study research objectives.

**Step nine:**

The researcher then constructed a conclusion and recommendations based on the findings of the study.

**End of Audit Trail**



## **Appendix II**

### **Interview Schedules**

#### **UBUNTU MANAGEMENT STRATEGY IN THE INFORMAL SECTOR: CASE OF UMLAZI TOWNSHIP STREET VENDORS**

By  
**Skhumbuzo Machi**

#### **Interview Schedule for Street Vendors**

##### **Section A: Demographics**

1.Name and Surname	2.Ethnic group	3.Age
4.Languages	5.Position	6.Type of products sold

##### **Section B: Stakeholders Respect**

1. Does your business treat its stakeholders and resources with honesty and Integrity? If yes state how.

-----

-----

2. What strategy is used to manage expectations and resources effectively?

-----

-----

3. How does your business build long term relationships with its stakeholders?

-----

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##### **Responsible and Fair business practices**

4. Does your business possess any codes of conduct? If so what are there?

-----

-----  
5. Is your business way of engaging your competition fair and responsible?

-----  
6. What are your business values and are there integrated into your daily business goals?  
-----  
-----  
-----

### **Collective trust**

8. Does the business adhere to social norms and ethics, and are these ethics integrated into the business?  
-----  
-----

9. Is there any social responsibility taken by your business? If so state what it is.  
-----  
-----  
-----

### **Customer Relations**

10. What are the measures and strategies taken to ensure that your business supplies quality product and services?  
-----

11. Are your customers satisfied with the level of service that your business is currently supplying?  
-----  
-----

12. What kind of reputation does your business poses and does the reputation of affect the way your business operate and how you deal with customers?  
-----

## Interview Schedule for Customers

### Section A: Demographics

1.Name and Surname	2.Ethnic group	3.Age
4.Languages	5.Position	6.Type of products sold

### Section B: Stakeholders Respect

1. Do you think street vendors treat you with honesty and Integrity when you procure items from them? If yes state how.

-----

-----

2. Have street vendors managed your expectations effectively?

-----

-----

3. Do you currently have a long does term relationships with any street vendors?

-----

---

### Responsible and Fair business practices

4. Do you think street vendors possess any codes of conduct?

-----

-----

5. Do you think street vendors engage in fair competitive practices?

-----

-----

6. Do you think street vendors possess good business values and in your view are these values integrated into the business?

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### **Collective trust**

8. Do you think street vendors adhere to social norms and ethics?

---

---

9. Is there any social responsibility taken by street vendors in your neighbourhood? If so state what it is.

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### **Customer Relations**

10. Do you think street vendors take measures to the goods that they are supplying you are of good quality?

---

---

11. Are you currently satisfied with the level of service offered by street vendors in the township?

---

---

12. What kind of reputation do street vendors possess and why do you say that they have that reputation?

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## **Appendix III**

### **Consent Forms**

#### **UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)**

#### **APPLICATION FOR ETHICS APPROVAL**

**For research with human participants**

#### **Ifomu ne Mvume yokwenza ucwaningo**

Greetings

Igama lami ngingu Skhumbuzo waka Machi and ngenza Masters of Commerce (Entrepreneurship) ngingu mfundi was Nyuvesi yakwa Zulu-Natal Westville Campus. Ungangithinta mina or supervisor kulolu cingo noma kule email:

**Skhumbuzo Machi : 082 505 6901 [210552108@stu.ukzn.ac.za](mailto:210552108@stu.ukzn.ac.za)**

**Ms. Lindiwe Kunene (Supervisor) :031-260 8805 [kunene13@ukzn.ac.za](mailto:kunene13@ukzn.ac.za).**

Siyakwamukela ukuthi ube nesandla kucwaningo elisenzayo ngama bhizinisi asemancane asebenze ngeziqu zobuntu uma esebenza igama locwaningo lethu limizwa Ubuntu management principles in the informal sector. Inhloso yalo cwaningo ukuthothola amacebo asebenzisa abadayisi amadayidisi base mgwaqeni uma bedayisa nangedlela abafaka ngayo Ubuntu ezihlelweni zabo zama bhizinisi. Locwaningo lizobheka ukuthi labadayisi bawaphatha kanjani ama bhizinisi abo uma ngaphandle kokuqeqeshwa ngezama bhizinisi. Lo cwaningo ngeke lithatha isikhathi sakho esidlula imizuzu ewu 5 kuya kwimizuzu ewu 8.

Locwaningo selibhekwe futhi lwavunywa Inyuvesi yakwa Zulu-Natal Humanities and Social Sciences Research Ethics Committee.

Locwaningo selibhekwe futhi lwavunywa Inyuvesi yakwa Zulu-Natal uma kukhona izikinga nebibuzo , ungathinta omunye waba cwaningi ababhalwe phezulu noma uthinte UKZN Humanities & Social Sciences Research Ethics Committee, imininingwane ibhalwe ngezansi:

#### **HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

Research Office, Westville Campus  
Govan Mbeki Building  
Private, Bag

X54001

Durban 4000 KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Ukuba ingxenye yalo cwaningo kulele kuwena ungayeka noma inini uma uthanda,futhi unika umcwaningi invume yokusebenzisa izimpendulo omunika zona. Uma uthanda ungaqaba noma uyeke noma inin kulo cwaningo noma ingasiphi isikhathi. Ayikho into ezotholwa ngokuba ingxenye yalo cwaningo. Imininingwane yakho izogcinwa umcwaningi ne the School of Management, I.T. & Governance futhi izimpendulo zakho ngeke zisebenziswe ngaphandle yalolu cwaningo.

Yonke imininingwane etholakale kulolu cwaningo uzobekwa electronic and hard copy,lapho ezohlala iphelile ngesikhathi kusenziwa ucwaningo lapho ezohlala khona iminyaka engu 5. Emuva kwalesikhathi izobulala yonke lemininingwane .

Uma kukhona imibuzo ekhona ngokuba ingxenye yalo cwaningo thinta mina noma uthinte supervisor wami izinombolo ezibhalwe lapha ngapezulu.

Ngokuzithoba,

Skhumbuzo Machi

---

**UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE  
(HSSREC)**

**APPLICATION FOR ETHICS APPROVAL**

**For research with human participants**

**Information Sheet and Consent to Participate in Research**

Greetings

My name is Skhumbuzo Machi and I am a Masters of Commerce (Entrepreneurship) student at the University of KwaZulu-Natal, Westville Campus. You may contact us or our supervisor via telephone or email at the following:

**Skhumbuzo Machi** : 082 505 6901 [210552108@stu.ukzn.ac.za](mailto:210552108@stu.ukzn.ac.za)

**Ms. Lindiwe Kunene (Supervisor)** :031-260 8805 [kunene13@ukzn.ac.za](mailto:kunene13@ukzn.ac.za).

You are being invited to consider participating in a study that involves research pertaining to Ubuntu management principles in the informal sector. The purpose of this research is to uncover the role of Ubuntu management strategy. In addition, how street vendors employ this indigenous humanitarian strategy in order to ensure their success and survival. It will also look at how street vendors who many of them possess no formal training adapt their strategies in order to cope with densely populated markets and unstable currency. It will look at the short and long-term goals set by street vendors and the initiatives taken to achieve those objectives and goals. The duration of your participation if you choose to participate and remain in the study is expected to be approximately 5-10 minutes.

This research acquire knowledge about the process of strategic planning employed by street vendors currently operating in the informal sector , with the aim of passing the knowledge to current small business owners and potential small businesses owners both in the formal and informal sector. This study will provide an opportunity to gain insight on how street vendor views and deals with customer satisfaction. This research will identify the contribution made by strategic planning in the daily activities of street vendors.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee .

In the event of any problems or concerns/questions, you may contact the researcher at the abovementioned contact details or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

### **HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

Research Office, Westville Campus  
Govan Mbeki Building  
Private, Bag

X54001

Durban 4000 KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Your participation in the study is voluntary and by participating, you are granting the researcher permission to use your responses. You may refuse to participate or withdraw from the study at any time with no negative consequence. There will be no monetary gain from participating in the study. Your anonymity will be maintained by the researcher and the School of Management, I.T. & Governance and your responses will not be used for any purposes outside of this study.

All data, both electronic and hard copy, will be securely stored during the study and archived for 5 years. After this time, all data will be destroyed.

If you have any questions or concerns about participating in the study, please contact us or my research supervisor at the numbers listed above.

Sincerely,

Skhumbuzo Machi

---



## Appendix V

### Gatekeepers Letter



**SUSTAINABLE DEVELOPMENT & CITY ENTERPRISE  
BUSINESS SUPPORT MARKET AND  
DURBAN TOURISM UNIT**

Suite 1101, 11<sup>th</sup> Floor  
75 Dr. Langalibalele Dube (Winder) Streets  
Durban, 4000  
Tel: 031 311 4500, Fax: 031 332 6408  
[www.durban.gov.za](http://www.durban.gov.za)

---

Enquiries: Justice

031 902 9172

27 September 2017

Dear Sir / Madam

#### **Confirmation Letter**

This letter serves to confirm that Praise God Machi ID student No: 210552108 a student at UKZN Westville Campus has been granted permission to conduct research on Informal Economy by eThekweni Municipality office that deals direct with the sector activities.

For more information do not hesitate to call the writer.

Yours faithfully

Justice Dlamini  
Area Manager - South  
031 9029172  
083 577 3932

## Appendix VI

### Turnitin Report

SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS
11%	5%	1%	8%
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Submission title: thesis final draft Final Draft  
File Thesis.docx  
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size: Page 91  
count: Word 22,759  
count: 131,554  
Character count: 17 - Nov- 2017 01:15PM (UTC+0200)  
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# Appendix VII

## Ethical Clearance



Mr Praisegod Skhumbuzo Machi (210552108)  
School of Management, IT & Governance  
Westville Campus

02 November 2017

Dear Mr Machi,

**Protocol reference number: HSS/1956/017M**

**Project title: Ubuntu Management Strategy in the Informal Sector: A case of Umlazi Township Street Vendors**

### **Approval Notification – Expedited Approval**

In response to your application received on 18 October 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

**Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.**

**PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.**

**The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.**

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....  
**Dr Shamila Naidoo (Deputy Chair)**

/ms

Cc Supervisor: Ms Lindiwe Kunene  
Cc Academic Leader Research: Professor Isabel Martins  
Cc School Administrator: Ms Angela Pearce

## DECLARATION

I, Skhumbuzo Praise-God Machi declares that:

1. I declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where states otherwise by reference or acknowledgment, the work presented is entirely my own.

2. I confirm that this thesis presented for the degree of Master of Commerce in Entrepreneurship:

(i) Has been composed entirely by myself.

(ii) The conclusion the study came to is solely the result of my own work.

3. Furthermore, I took reasonable care to ensure that the work is original, and, to the best of my knowledge, does not breach copyright law, and has not been taken from other sources except where such work has been cited and acknowledged within the text.

4. I acknowledge that I have also been advised by academic staff about standards for good academic conduct and how to avoid plagiarism and other assessment irregularities.

Signature:  .....

Date: 06 September 2018