



**PERCEPTIONS OF INFORMAL LOCAL TRADERS ON THE INFLUENCE OF
EMERGING MARKETS: UMLAZI AND KWA-MASHU TOWNSHIPS**

By

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DECLARATION

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ABSTRACT

Mall development in South African townships has increased in recent times as large chains strive to increase their profitability. The emergence of township malls and suppliers' expansion into the townships has the potential to create jobs and improve the quality of goods and services. However, it is important to note that these developments could negatively affect informal township traders. While the expansion of mainstream retailers into South African townships offers business opportunities and more choice to consumers, it also threatens to displace traditional local informal traders. Informal local traders are individuals who act as distribution channels that focus on moving products at a small scale, while formal retailers are large chain stores that provide a wide variety of goods and products in bulk and breaking bulk. Emerging markets are characterized by an increase in personal disposable income among previously disadvantaged groups. This study therefore, explored the effects of value-creating supply chain distribution systems and the perceptions of informal local traders in emerging markets in the two largest townships in KwaZulu-Natal province, Umlazi and Kwa-Mashu.

Four key objectives underpinned this study: to explore informal township traders' perceptions of the effects of value-creation supply chain distribution systems in emerging markets; to assess the influence of emerging markets on the optimal structured cost of the distribution model and propensity to improve product availability; to establish the extent of the transformation of informal retail enterprise development by formalized large scale chains through a configured supply chain; and, finally to evaluate the extent of the displacement of informal local traders as a result of the entry of both large scale suppliers and retailers into township markets. The study employed various univariate, bivariate and multivariate statistical techniques to analyse the data collected from 291 respondents.

The study found that, while informal local traders appreciate the transformation and development of the townships brought about by mall development, their businesses have been somewhat or completely displaced by the emergence of township malls.

Key Words: Emerging markets, informal local traders, displacement effect, supply chain value creating, distribution systems, cost of distribution,

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Chapter One

Introduction to the study

1.1 Introduction

This study focused on the challenges associated with township development ranging from informal local trading, to distribution systems and emerging markets. The distribution systems that are used to provide goods to township residents via local traders are interlinked with the main stakeholders, including the supplier, the intermediary, the retailer and the consumer. Mokgabudi (2011:2) notes that the development of township malls and suppliers' expansion into the townships will lead to jobs creation and improving the quality of goods and services. However, such developments could negatively affect informal township traders. Thus, this study sought to gain an understanding of informal local traders' perceptions of the influence of emerging markets. For the purpose of this study, the terms emerging markets and township malls are used interchangeably in the context of township development.

1.2 Background of the study

According to Strydom (2011: 164) traditionally, suppliers used intermediaries to distribute their products. However, in recent times, they have started using distributors who deliver directly to the consumer. Large chain stores are expanding into newly-developed malls in South African townships (Strydom, 2011: 164; Hauke and Kossowski, 2011). These markets present both benefits and challenges to the consumer, retailer and supplier. While chain stores are tapping into increased consumer disposable income, informal traders have experienced a shrinking market as a result of their operations (Hauke and Kossowski, 2011). The study focused on the challenges presented by these emerging markets by examining the shift from traditional distribution channels to the new value-creation supply chain distribution channels. Strydom (2011: 168) observes that, the retail trade in South Africa's townships has been largely serviced by small informal local traders. However, at the top end of the retail chain, traditional retail markets are becoming saturated; formal retailers are thus focusing on market expansion strategies in order to grow their share and remain competitive (Strydom, 2011: 154).

The expansion of mainstream retailers into townships could pose challenges. While they offer business opportunities and more choice for consumers, these retailers also threaten to displace traditional local informal traders. Retailers' proximity to the final consumer through innovative supply chain distribution systems could result in more affordable prices for local consumers, improved living standards and competition in these emerging markets (Tustin and Strydom, 2006: 49). However, informal local traders could find it difficult to compete with large, formal suppliers and retailers who benefit from economies of scale, leading to their displacement and loss of income. This study thus explored the effects of value-creation supply chain distribution systems and the perceptions of informal local traders in emerging markets in the two largest townships in KwaZulu-Natal (KZN) province. It focused on Kwa-Mashu with a population of 175 663 spread over 21.47 km² and three major shopping complexes (Bridge City, K-station and L-complex), and Umlazi, with a population of 404 811 spread over 47.46 km² and three major shopping malls (Mega City, Spar Philani Shopping Complex and Kwa-Mnyandu Shopping Mall) (Frith, 2014: 44).

1.3 Research problem

The study focussed on the perceived challenges of township development through supply chain distribution systems and emerging markets. The main stakeholders are the supplier, the intermediary, the retailer and the consumer. While the emergence of township malls and suppliers' expansion into the townships has the possibility of creating jobs and improving the quality of goods and services, it is equally important to note that these developments could negatively affect informal township traders. A large number of local informal traders have been displaced due to the emergence of large chain stores activities in local townships (Strydom, 2011: 155). Informal local traders are individuals who act as distribution channels that move products at a small scale, while formal retailers are large chain stores that provide a wide variety of goods and products in bulk and breaking bulk. Emerging markets are characterised by an increase in personal disposable income among previously disadvantaged groups.

1.4 Research questions

The research questions underpinning this study are:

- What are local informal traders' perceptions of township emerging markets and value creating supply chain distribution systems?
- In bringing products and goods closer to local areas, what effect do emerging markets have on costs to local retailers, intermediaries and consumers?
- What challenges do contemporary value-creating supply chain distribution systems present to local township transformation and informal local enterprises?
- What is the magnitude of the displacement effect on informal local traders presented by formal retail chains expanding into traditional markets?

1.5 Research objectives

- To explore informal township traders' perceptions of the effects of value-creation supply chain distribution systems in emerging markets.
- To assess the influence of emerging markets on the optimal structured cost of the distribution model and propensity to improve product availability.
- To establish the extent of transformation in informal retail enterprise development brought about by formalised large scale chains through a configured supply chain.
- To evaluate the extent of the displacement of informal local traders brought about by the entry of both large scale suppliers and retailers into township markets.

1.6 Significance of this study

Strydom (2006:48) notes that the retail trade sector in South African emerging markets has been dominated by small informal trade for quite some time. However, following the political transition, many African consumers upgraded into the middle-income group, and left township life for urban residential areas. These changes in economic power/emancipation benefited formal traders as consumers could now buy in bulk due to increased disposable income. However, transformation resulted in formal retailers implementing market expansions into new economies. Mokgabudi (2011:2) observes that many members of the middle class township dwellers still reside in South African townships, presents an untapped emerging market with

new challenges to large chain stores. Large chains eventually became aware of the potential opportunity to broaden their operations. Township transformation could pose challenges, create new opportunities, improve choices for consumers, offer more affordable prices to local consumers and revitalise emerging markets. However, it could also present challenges to informal local traders, which may lead to loss of income as they find it difficult to compete with formal, large-scale suppliers who exploit economies of scale (Tustin and Strydom, 2006:48).

1.7 The Formal Sector

The formal sector generally refers to businesses that are formally registered as tax payers. Influential large chains in the Fast Moving Consumer Goods (FMCG) sector are Shoprite Checkers, Pick 'n Pay, Woolworths, Spar, Walmart (Makro) and Metro Cash & Carry (Metcash) (Ligthelm and Masuku, 2003). These retailers exert competitive pressure on small retailers in townships or informal markets. Some chain stores perform both retail and wholesale functions (Radovic, 2013: 17) due to the entry into the market of new foreign and domestic companies, large formal chains targeted townships as part of their sustainable growth strategy; hence the number of malls being developed in townships across South Africa.

1.8 The Informal Sector

According to Ligthelm and Masuku (2003), the informal sector does not conform to the legal procedures that the formal sector complies with. The informal sector creates jobs through the various distribution channels it brings to the fore. In developing countries, Spaza shops and fast-food stands are the main points of sale (Ligthelm and Masuku 2003).

1.9 Emerging Markets

Tustin and Strydom (2006:53) observes that emerging markets involve investment by existing retailers using current retail formats and targeting prospective clients. Retailers, usually large chain stores, aim to attract new customers with no previous history of shopping at their outlets.

According to Benjamin and Mbaye (2012: 6) a second format would be to drive existing consumers to frequent stores more often by catering for their needs. Typical approaches include attracting new customers by opening more stores, staying open for longer and the strategic display of products to increase impulse buying Benjamin and Mbaye (2012: 9). Expansion strategies involve expanding the existing retail format to emerging markets. In other words, retailers enter a new geographical market using their current retail strategy (Jackson, 2012: 55).

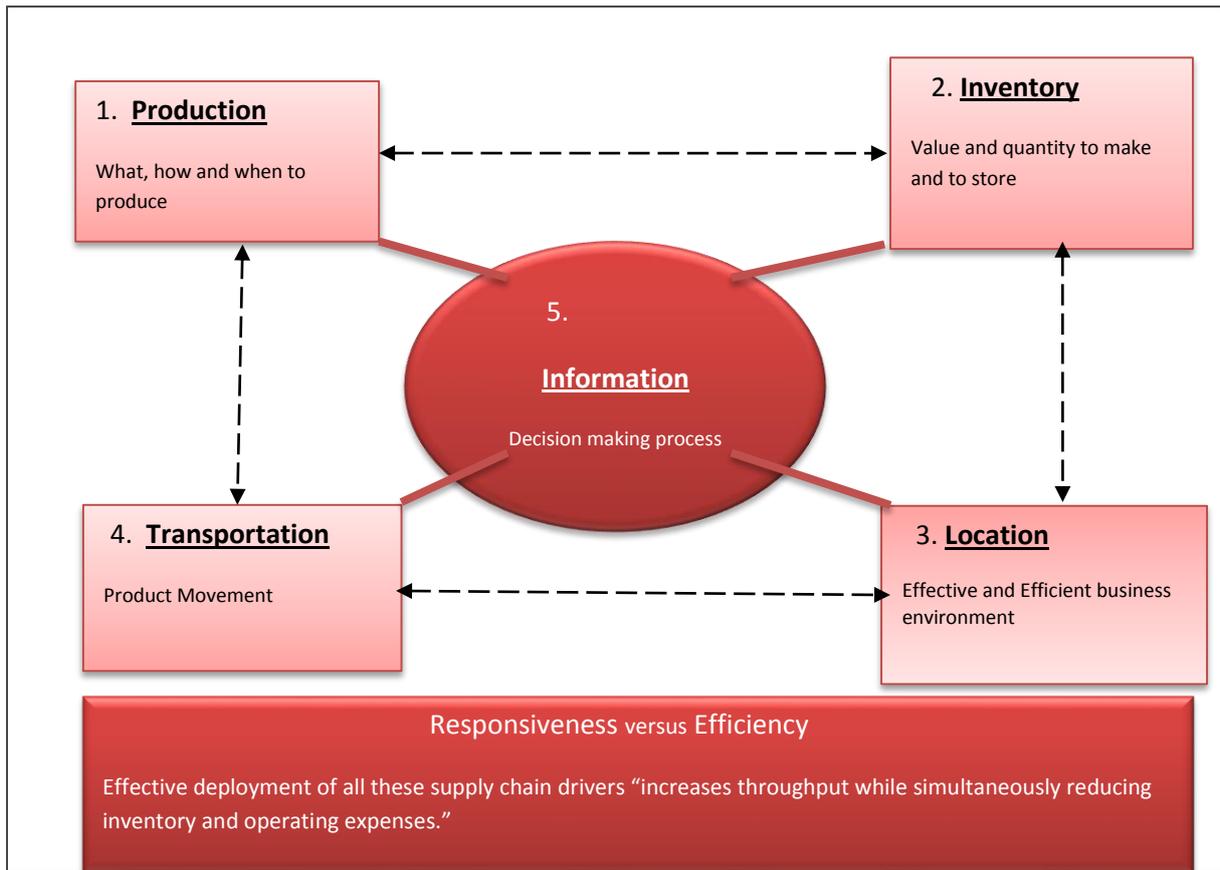
1.10 Supply chain distribution models

According to Hugos (2011: 5), supply chain management is founded on fundamentals of simultaneous improvements in customer services and efficiencies in operations within the supply chain. It calls for stakeholders to consistently exceed order-fulfilment rates, improve timely deliveries while achieving a low rate of product returns. The efficiency of organisations within the supply chain dictates that these organisations achieve a higher rate of return on their investment and implement processes to reduce their running costs. Hugos (2011: 5) and Callaghan (2014: 333) add that the major difference between old and new supply chains is that old supply chains were slow-moving, industrial markets, whereas new supply chains are fragmented, fast-moving markets. In the modern business environment, companies tend to specialise in their core business and outsource other functions to enable them to become more flexible and responsive (Callaghan, 2014: 333).

1.11 The Five Major Supply Chain Drivers

Information flow is critical for an effective supply chain model; it is the basis for decisions regarding the other drivers, which are Production, Inventory, Location and Transportation (Hugos, 2011).

Figure 1.1: The Five Major Supply Chain Drivers

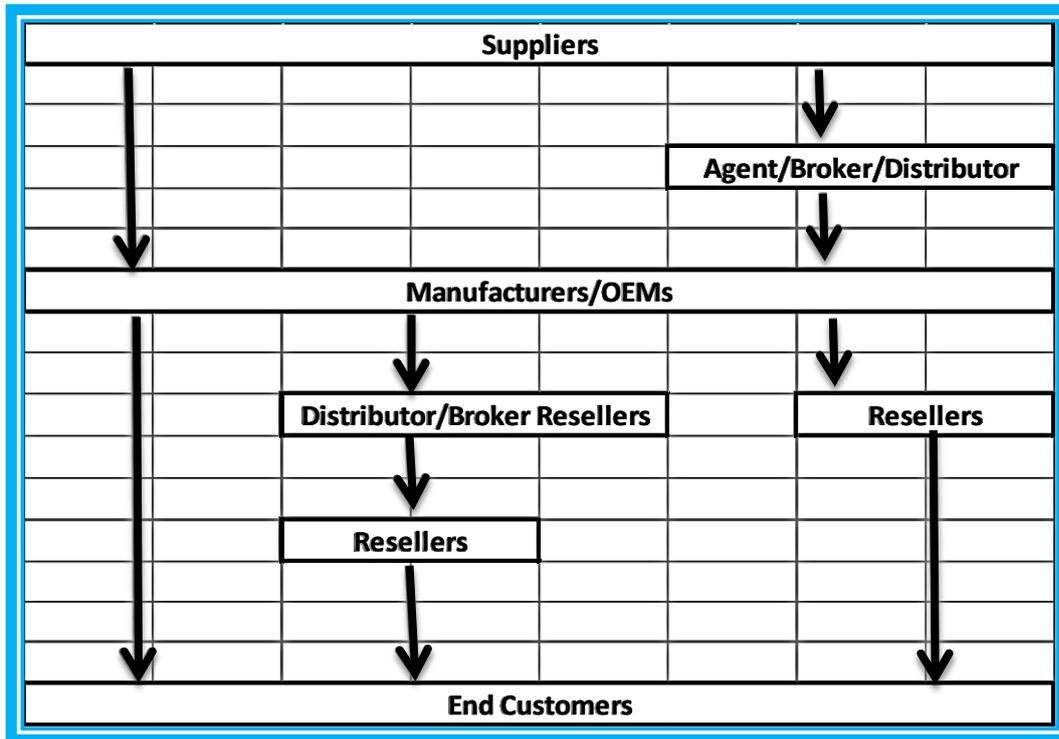


Source: Hugos, M.H. (2011)

1.12 Distribution Channels

Distribution models represent the different firms and stakeholders in the flow of a goods and services from producer to consumer and are an essential aspect of the chain. Suppliers need to manage the flow of their product between production and consumption along with relationships along all stages. Figure 1.2 below shows the supply chain and distribution options for products. The channels include functional areas such as inventory, transportation, order processing, warehousing, and materials handling as well as activities to model distribution channel relationship (Coughlan, Anderson, Louis and Stern 2006b).

Figure 1.2: Various supply chain and distribution options



Source: Coughlan, Anderson, and Stern, (2006a).

The figure sets out the various options available to suppliers for an effective supply chain and distribution system. Suppliers would then choose to distribute their products using either direct or indirect channels, with some using a combination of the two. Ancarani, Frels, Miller, Saibene and Barberio (2014:46) call this a hybrid distribution channel. A **direct** distribution channel/structure is when a supplier sells directly to customers, whereas, in an **indirect** structure, the supplier uses intermediaries as a route to the market, i.e., to sell and deliver products to customers. South African Breweries is a typical example of a hybrid distribution structure (Coughlan et al. 2006: 546). Coughlan et al. (2006a: 547) observe that distribution channels may have conflicting objectives and might not be able to solve joint problems. Effective supply chains allow organisations to eliminate redundancies within the system, develop strong relations with key stakeholders and improve customer service levels (Ancarani et al., 2014: 46). Some functions may perform their responsibilities more efficiently and effectively than others; a well-developed supply model exceeds customers' expectations (Coughlan et al., 2006b: 547).

1.12.2 Hybrid

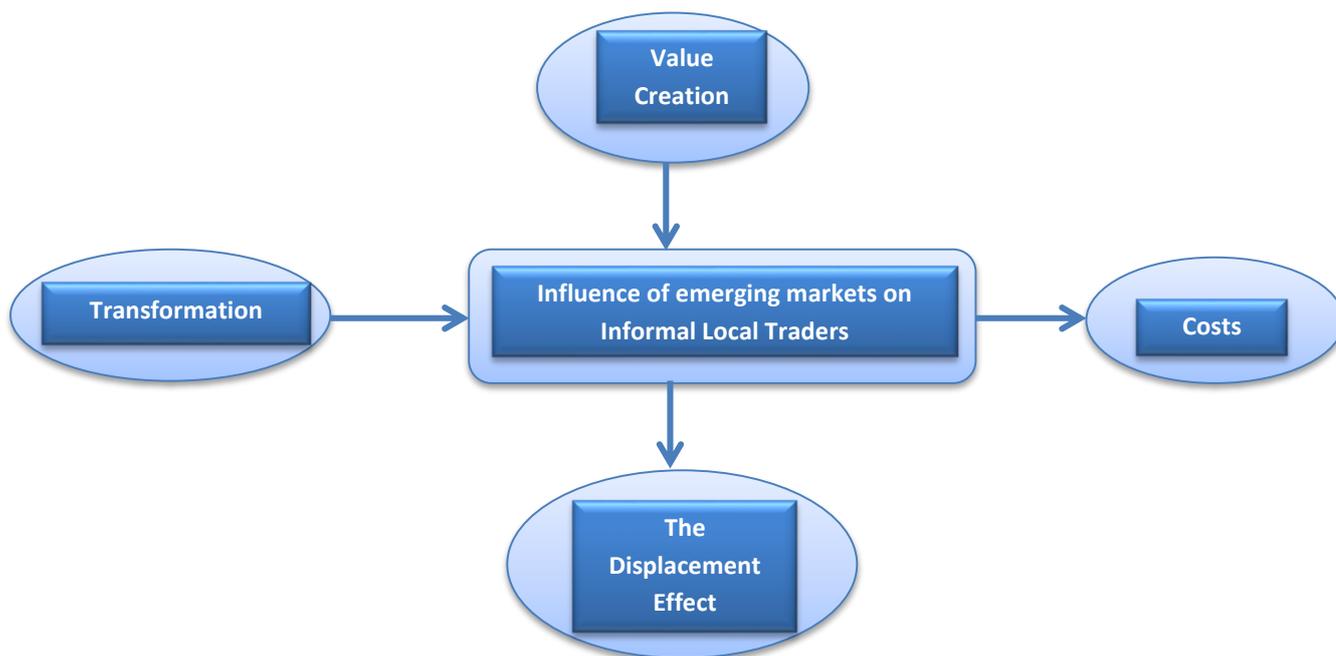
Farahani, Rezopour, Denzner and Fallah (2014: 3) note that some activities in both direct and indirect channels are mutually exclusive; however, most diverse suppliers and stores, such as department stores and major production companies are hybrids, meaning that they produce but also own and sell their products. Research has shown that most firms use both direct and indirect channels to reach the final consumer, thus, no single distribution system is recommended; suppliers employ the one that is most applicable and cost-effective for their operations (Farahani et al. 2014: 3). The hybrid system is popular in the South African market mainly due to the terrain and the distances that must be traversed to access the majority of South African consumers (Farahani et al., 2014: 3).

1.13 Conceptual Framework

Prahalad and Ramaswamy (2013:3) observe that the new value creation space is competitive and underpinned by the personalised co-creation of experiences through interaction between the consumer and the retailer. Through these interactions new opportunities are created. To achieve sustainable value creation, retailers need to remain relevant by establishing strong relations with consumers (Prahalad and Ramaswamy, 2013:3). This study examined value creation by informal local traders in emerging markets in order to stay competitive. Jackson (2012: 2) argues that the informal sector eventually loses ground due to multinationals' expansion into new economies. There are both winners and losers in new markets. This study sought to measure the magnitude of the costs suffered by local informal traders due to emerging markets in the South African context.

Wedan (2006: 3) notes that, in order to leverage opportunities in emerging markets, retailers must transition from serving a limited number of customers to catering for a broader market in an efficient and responsive manner that reduces the cost of sourcing goods and services. There are benefits associated with the transformation of businesses' logistical strategy. The study thus sought to understand the transformation of informal retail enterprise development by formalised large scale chains through a configured supply chain. Toomey (1998: 13) observes that growth supported by labour savings and technology may lead to increased inequality and discourage fair competition in the market. This study evaluated the magnitude of the displacement of informal local traders as a result of the entry of both large scale suppliers and retailers into township markets (Toomey, 1998:13).

Figure 1.3: The Conceptual Framework



Source: Created by researcher from the conceptual framework of this study

1.14 Research Methodology

1.14.1 Research Approaches

There are three broad research methodologies; namely **quantitative**, **mixed methods** and **qualitative**. Patton (2005: 2) notes that quantitative research provides numerical analysis, percentages and trends. It helps the researcher to answer questions such as how many, how often, and so forth. This study used a quantitative research methodology to achieve the research objectives through the completion of questionnaires. This method was appropriate due to its rigorous approach to understanding, describing and producing detailed explanations of a phenomenon. Sekaran and Bougie (2010: 385) note that, triangulation is often linked to reliability and validity in qualitative research.

1.14.2 Study Site

The study site was the Durban region with a focus on Umlazi Township and Kwa-Mashu Township which are part of the greater Durban and eThekweni Metropolitan Municipality (Frith, 2014:12). Kwa-Mashu and Umlazi are the two biggest townships in the region. Kwa-Mashu is home to 175 663 people spread over 21.47 km² while Umlazi has a population of 404 811 spread over 47.46 km² (Frith, 2014:12).

1.14.3 Target Population

Charmaz (2011: 359) defines the target population as the total population of respondents in a survey. The target population should be defined in terms of geographical and time lines (Sekaran and Bougie, 2010: 267). The target population for this study was informal market participants in Umlazi and Kwa-Mashu Townships. A study conducted by the eThekweni Economic Development and Investment Promotion Unit in September 2012 found that there were 750 informal local traders in Umlazi Township and 420 in Kwa-Mashu Township (Abrahams and Pogue, 2012: 62).

1.14.4 The Sample

The sample is a subset or subgroup of the population (Sekaran and Bougie, 2010: 444). Adopting Sekeran and Bougie's (2010: 276) sampling method, of the total 1 170 multiple outlet owners in Umlazi and Kwa-Mashu Townships, questionnaires were distributed to 291 informal traders.

1.14.5 Sampling Method

Sampling is defined as the selection of items from a population study in order to generalise the characteristics of the population being studied. Convenience sampling was used as it is quick, convenient and less expensive and targets easily accessible members of the population under study. Sekaran and Bougie (2010: 276) describe convenience sampling as the collection of information from members of the population who are conveniently available to provide the information, while Charmaz (2011: 362) describes this type of sampling as the researcher studying members of the population who are easily available. Sekaran and Bougie (2010: 276) note that, in purposive sampling, information is obtained from specific target groups who can provide the required information, or conform to parameters set by the researcher.

1.14.6 Sample Size

Sampling is a process that involves selecting a small portion of the population to represent the entire target population, whereas the sample size is the total number of units or people selected to participate in the study (Yin, 2013: 98). For the purpose of this research study, the units were informal business owners (1 170 outlets), population size. The sample size was the 291 multiple outlet owners in Umlazi and Kwa-Mashu Townships.

1.14.7 Limitations

The limitation of this study was that it was conducted in one region, the Durban region; however, the researcher addressed this limitation by targeting high activity informal business geographical locations, the two main townships of Umlazi and Kwa-Mashu.

1.14.8 Data Collection Instruments

Data is the information collected in the process of a research study using tools while data collection instruments refer to the actual devices used to collect data (Rubin and Chisnell, 2008: 43). The researcher used questionnaires to collect quantitative data. Qualitative data is described by Sekaran and Bougie (2010: 444) as data that are not immediately quantifiable, unless they are categorised in some way, whereas quantitative data is generally gathered through structured questions. A questionnaire is a form of written communication in which the researcher communicates with the respondent. Questionnaires are a widely accepted tool for gathering information (Bird, 2009: 07).

1.14.9 Data Analysis

The data was analysed using quantitative approaches. Charmaz (2011: 367) describes data analysis as the process of examining something in order to determine what it is and how it works. Analysis involves a process where a researcher interprets events. Univariate techniques were used to test frequency distribution for this research study; Sekaran and Bougie (2010: 338) describes univariate techniques as testing a hypothesis on a single mean. The Anova analysis technique was used to test the differences between the multiple outlet owners' responses. Inferential statistics were used to test correlation and cross-tabulation among the responses. Manova is described by Sekaran and Bougie (2010: 358) as a technique that tests mean differences among groups across several dependent variables simultaneously, by using

sums of squares and cross-product matrices. This study examined the difference or relationship between supply chain distribution methods. Sekaran and Bougie (2010: 161) describe factor analysis as a multivariate technique that confirms the dimensions of the concept that have been operationally defined, also indicating which of the items are most appropriate for each dimension.

1.15 Ethical considerations

According to Olsen, Wilson, Michel, Gibberd, Vincent, El-Assaday, Rasslan, Qsous, Macharia and Sahel (2012: 87) the ethical clearance process normally starts with the researcher or examiner noting which parts of the ethical clearance guidelines apply to a specific research study. Ethical approval was obtained from the University of KwaZulu-Natal's Ethics Committee and a gatekeeper's letter was obtained from the Office of the Registrar at the University. To protect human dignity, respondents were required to provide informed consent. They were provided with adequate information about the study in order for them to decide whether or not to participate. Confidentiality and privacy were upheld by informing the respondents of their right to withhold certain personal information (Olsen et al., 2012: 87).

1.16 Conclusion

This research study sought to assess the influence of emerging markets on the optimal structured cost of the distribution model and propensity to improve product availability in order for informal local traders to remain competitive. The emergence of township malls and chain stores is likely to create increased competition while improving the sustainable development of local infrastructure. The study sought to understand the transformation of informal retail enterprise development by formalised large-scale chains through a configured supply chain while also measuring the magnitude of the displacement effect on informal local traders as a result of the entry of both large scale suppliers and retailers into township markets.

Chapter Two

Literature Review

2.1 Introduction

According to Mokgabudi (2011: 8) from a global perspective, emerging markets are developing countries that offer an opportunity for global investors to improve infrastructure and create job

opportunities in populations largely dominated by communities at the lower levels of the income pyramid. Mokgabudi (2011:8) notes that some previously disadvantaged South Africans now have more disposable income that they are willing to spend on products that are perceived to add value. This suggests that township consumers constitute a profitable market for large chain stores. Indeed, these stores have developed shopping complexes and township malls in order to increase profitability. This study investigated the impact of township malls on local informal traders.

The main purpose of this study was to gather data to analyse the possible effects and influences township malls have on local informal traders in South African townships. The terms township malls and emerging markets are used interchangeably in this study. Prahalad and Ramaswamy (2013:3) note that the value creation environment is highly competitive and underpinned by tailor-made co-creation of customer experiences through interaction between the relevant stakeholders. To achieve sustainable value creation, retailers have to remain relevant by establishing strong relations with consumers. Verick (2004: 2) argues that the informal sector eventually loses out due to multinationals' expansion into new economies. Research shows that increased competition could lead to some market players exiting the market or re-designing their business model (Wedan, 2006:3). The researcher sought to determine local traders' perceptions of how the emergence of township malls has influenced the way in which business is now conducted in South African townships. The study also sought to evaluate the magnitude of the displacement of informal local traders as a result of the entry of both large scale suppliers and retailers into township markets.

Over the years, South African townships have been penetrated by national retailers and companies as part of their growth strategies as these townships are regarded as new markets (Mokgabudi, 2011:4). This resulted in the development of township malls across South Africa. Perceived challenges confronting township development through supply chain distribution systems and emerging markets may become a reality during this process (Toomey, 1998:13). These systems of getting goods to the township via local traders were analysed by examining the extended supply chain partners and the structural costs of distribution in these contemporary markets. Mokgabudi (2011:2) notes that, while the emergence of township malls and suppliers' expansion into the townships has the possibility of creating jobs and improve the quality of goods and services, it is equally important to note that these developments could negatively

affect informal township traders. Strydom and Klerk (2006:48) observes that the retail sector in South African emerging markets has been dominated by small informal trade for quite some time.

2.2 Emerging Markets

Hull and McGroarty (2014: 35) describe emerging markets as investment by existing retailers using current retail formats and targeting prospective clients. Retailers, usually large chain stores, aim to attract new customers with no previous history of shopping at their outlets. A second format would be to drive existing consumers to frequent stores more often by catering for their needs. Typical approaches include attracting new customers by opening more stores, staying open for longer and the strategic display of products to increase impulse buying.

The notion that expansion strategies involve the existing retail format in emerging markets is consistent with Hull and McGroarty (2014: 56) and Strydom and de Klerk (2006: 27) argument that a retailer enters a new geographical market using its current retail strategy. Growth strategy is largely influenced by saturation in the market and changes in consumer disposable income trends that offer chains stores opportunities to adopt a long-term strategic view that devotes more time and resources to non-traditional township markets. For the purpose of this research, the discussion of centres on retail business operations, mainly food, clothing and other fast moving consumer goods. This is because the majority of informal traders in local townships mainly trade in food, clothing and other fast moving consumer goods of minimum to low value ((Strydom and de Klerk, 2006: 28); (Qian and Soopramanien, 2014: 112)).

These products are similar to those that national retailers and chain stores offer in township malls. The emergence of these national retailers in the township business sphere will definitely result in increased competition. The biggest challenge confronting local informal traders is that they will have to compete with established national retailers who exploit economies of scale and assert their dominance in the formal sector (Strydom and de Klerk, 2006: 28). Sheth (2011: 168) identifies five key dimensions that distinguish emerging markets from developed or formalised markets.

2.2.1 Market Heterogeneity

Sheth (2011:168) argues that emerging markets are characterised by very large variance across most products and services, which is consistent with Fernie and Sparks (2014: 116) assertion that emerging markets are local markets that are fragmented, low-scale and largely served by local informal owners. Sheth (2011:168) notes that emerging markets have yet to be industrialised and reflect the same characteristics of market heterogeneity as an agricultural economic system. Furthermore, emerging markets serve the 4th Tier of consumers, who live below the official poverty level. Tsai and Yang (2013: 1288) notes that Tier 4 consumers have no access to electricity, clean, running water, financial institutions, or a modern and reliable transport system. Until recently, consumers in this segment had no access to telecommunications or television. The majority still lack formal education and qualifications, implying high levels of illiteracy. Sheth (2011:168) adds that, more importantly, the heterogeneity of emerging markets is not driven by local consumers' diverse needs and wants, but primarily by scarce resources. Such a market is characterised by inequalities in income distribution. On the other hand, urban markets are characterised by diversity and a wide range of products and services (Fernie and Sparks, 2014: 168).

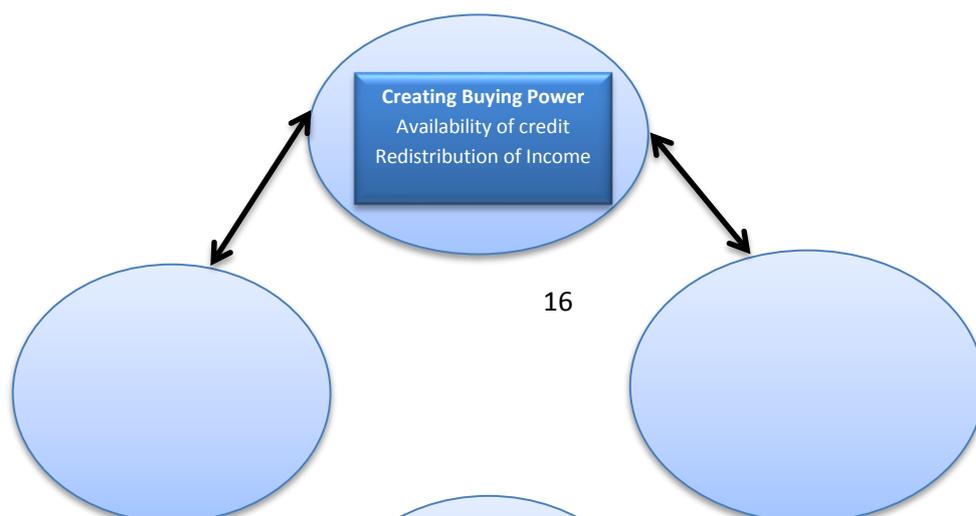
2.2.2 Unbranded Competition

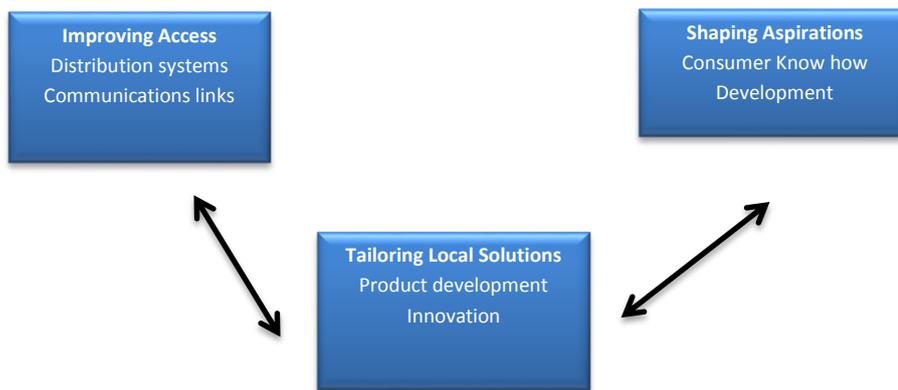
According to Tsai and Yang (2013:122) and Sheth (2011:169), most products and services consumed in emerging markets are unbranded. In the first place, this is largely due to accessibility challenges and a lack of established routes to market branded products. A product needs time to establish itself in a new market. A second and probably more important reason is that consumers not only play a consumption role but also act as a production unit. The value add in such markets is only realised by retailers who produce locally using local raw materials and employing local consumers. Tsai and Yang (2013:121) notes that such a system will create a fluid supply and demand market. In an unbranded market, used products tend to become direct competition for any retailer investing in the market as products tend to have a prolonged life cycle that goes beyond ownership. Duplication and black market products are far more prevalent in an emerging market due to lack of regulation, compliance and law enforcement. Barter becomes an important means of trade as consumers are less exposed to financial power and independence (Tsai and Yang, 2013: 1279).

2.2.3 Chronic Shortage of Resources

Qian (2014: 698) notes that emerging markets lack mineral resources, production capabilities, and exchange and consumption. Power shortages and a lack of competitively priced raw materials and productive, skilled labour affect production, resulting in inconsistency and low productivity. With low productivity levels, economies of scale are more difficult to achieve. Furthermore, the lack of sound financial institutions increases the cost of local products and subsequently the cost of living. Tsai and Yang (2013:1294) observes that consumption tends to be constrained in relation to time and location due to the lack of a power supply, running water and land. Resource improvisation may be part of the solution for product development and innovation, physical distribution and product utilisation. Therefore, current market strategies may need to be supplemented by resource improvisation advantages, that is, introducing cost effective, affordable products and services that are also user friendly and manageable in alternating access and exchange ((Qian, 2014: 1226); (Tsai and Yang, 2013: 1286); and (Vanderstraeten and Matthyssens, 2012: 108)). It is therefore of the utmost importance that retailers conduct extensive research and development before investing heavily in a new product in a completely new market.

Figure 2.1: The Commercial Infrastructure at the bottom of the Pyramid





Source: Prahalad and Hammond. (2002).

Figure 2.1 illustrates a model, which demonstrates a commercial infrastructure approach designed to address the lack of infrastructure and inequalities in emerging markets (Prahalad and Hammond, 2002: 53). The majority of consumers survive below the poverty line on a day to day basis (Agnihotri, 2012: 26). A power supply, clean running water, technological developments and trading hubs are huge opportunities in emerging markets, government institutions, financial institutions and non-governmental institutions, creating purchasing power, shaping future aspirations in the community and offering endless opportunities. Each of these models requires accelerated technological innovation (De Silva and McComb, 2012). Strydom (2006:55) and Giamporcaro (2011: 126) state that market leaders need to invest in leadership that is willing to experiment, collaborate with local small business owners, invest in and empower local community members, and establish business models that encourage competitive advantage wealth creation. Distribution channels and technological developments are costly and require extensive research; in emerging markets, very few local business owners have the ability to create and sustain such infrastructure (Giamporcaro (2011: 128).

Table 2.1 Characteristics of Emerging Markets

1. Investment in township retail development starts from the Presidential Renewal Programmes, exciting investors to partake in infrastructural development in rural areas.

- 2. Business interest in recent years has focused towards the African consumer market. This focus stems from the increase in the spending power of African consumers over the past decade.**
- 3. The townships represent an untapped emerging market potential as residents have few shopping alternatives.**
- 4. The emerging market in townships and rural areas further suggests development potential for large retail chains. The informal food market alone is valued at between R20 and R30 million per year.**
- 5. Macro-economic developments such as low interest rates have encouraged retail property developments to tap into the township retail market.**

Source: Strydom (2011).

Giamporcaro (2011: 121) notes that Shoprite is the largest food retailer in South Africa. This is the result of its expansion over the past two decades. Shoprite displaced the previously “invincible” Pick ‘n Pay as the leading food retailer in the South African market. Guided by an entrepreneurial executive management team, Shoprite has successfully penetrated emerging consumer markets in South Africa. Strydom (2011) states that Shoprite leveraged off this successful performance by expanding its operations into the rest of Africa, a region with years of growth in the formal retail sector ahead of it, which is also seen as an opportunity for growth by the rest of the world’s big players (Giamporcaro, 2011: 121).

Prahalad and Hammond (2002: 48) further note that multinationals re-evaluate pricing and distribution strategies for the products and services offered. This is essential in order to be able to transform market understanding of scale and improve the capacity and capability to operate in scattered, small-scale operations. The poorest markets therefore present huge opportunities for growth and profitability. However, multinationals will be challenged to invest heavily in new management that is fit and capable of selling to the poor and distributing products and services in culturally sensitive markets (Schwartz and Hornych, 2010: 488).

Table 2.2: New Strategies for Bottom of the Pyramid

New Strategies for Bottom of the Pyramid	
Price Performance	Views of Quality
1. Product development 2. Manufacturing	1. New delivery formats

3. Distribution	2. Creation of robust products for harsh conditions (heat, dust, etc.)
Sustainability	Profitability
1.Reduction in resource intensity 2. Recyclability 3. Renewable energy	1. Investment intensity 2. Margins 3. Volume

Source: Prahalad and Ramswamy (2013).

Mainstream retailers' expansion into townships poses new challenges to township development. While, on the one hand, it offers business opportunities and more choice for consumers, it also threatens to displace traditional traders. Retailers' proximity to the final consumer through innovative supply chain distribution systems could result in more affordable prices for local consumers, improved living standards and fair competition in these emerging markets (Tustin and Strydom, 2006:49). However, informal local traders could find it difficult to compete with large, formal suppliers and retailers who benefit from economies of scale, leading to their displacement and loss of income. This study explored the effects of value-creation supply chain distribution systems and the perceptions of informal local traders in emerging markets in the two largest townships in KZN (Tustin and Strydom, 2006:49). Ligthelm and Masuku (2003: 3) describe informal local traders as individuals who act as distribution channels that are focused on all the functions used to move products at a small scale, while formal retailers are large chain stores that provide a wide variety of goods and products in bulk and breaking bulk. These township business participants are explored in the context of supply chain distribution systems in emerging markets.

Tustin and Strydom (2006: 51) note that emerging markets are characterised by an increase in personal disposable income among previously disadvantaged groups. In examining the new value-adding supply chain distribution systems, this study focused on KZN's two largest townships which will provide substance to the research study.

2.2.4 Retail Chain Expansion; Suppliers and Emerging Markets

Beneke, Curran, Forsyth and Lamb (2011: 94) and Williams and Nadin (2012: 897) observe that large chain stores have recognised the growth opportunities that exist in South African townships. However, informal local traders could suffer loss of income as they may find it difficult to compete with formal large-scale suppliers who exploit economies of scale. The emergence of township malls and suppliers' expansion into township operations has the potential to create jobs and improve the quality of goods and services offered; however, it is equally important to observe that it could negatively affect informal township traders. Williams and Nadin (2012: 903) observe that even though new economic activities in undeveloped areas may create wealth and employment, they can also result in job losses and consequently social injustice. In the event that the effect of job losses substantially exceeds the local economy's capacity to offer new employment, unrest and disruptions are likely ((Beneke et al., 2011: 96) and (Chaffey, Ellis-Chadwick, Mayer and Johnston., 2009:44)) .

A study by Chaffey et al. (2009: 44) found that the expansion of large chain stores to new economies adversely affects local informal traders. Lower-income consumers prefer the benefits offered by large chains despite the convenience offered by township corner stores. Ligthelm (2006: 33) notes that the development of township malls heightened competition, with the risk of informal local businesses losing consumer spending to large chains in the new malls.

2.3.1 Expansion of Formal Retail Chains into South African Townships

According to Tustin and Strydom (2006:53), the South African retail trade sector is dominated by the food retail industry with the big players being SPAR, Pick 'n Pay and Shoprite Checkers. The majority of large mall developments in South African townships are driven and controlled by national grocery retailers that offer perishables and fresh produce combined with convenience food items, traditionally sold to high and middle-income consumers. These products and items are similar to the products sold by small, local, informal retailers in the townships. The emergence of supermarkets in South African townships will definitely cause increased competition in the food retail sector for local informal traders. The biggest question

is if these small local informal traders will survive the intensified competition brought by large organisations who exploit economies of scale and are supported by huge investment in human capital and technology (Kenny, 2011: 22).

Tustin and Strydom (2006:54) note that, taken together, Pick ‘n Pay, Shoprite Checkers and SPAR control more than 90% of the fast moving consumer goods and foods retail market in South African market. This demonstrates the dominance of these retail giants that also have outlets across the country. Ouma, Mwangi, and Oduk (2013: 33) “Shoprite Holdings Ltd, through its OK franchise division, also serves emerging markets through its Sentra and Value stores, as well as its 8 ‘Till late outlets. In particular, the franchise system allows for rapid expansion and adds the marketing advantage of local families undertaking the entrepreneurship of expansion”. Ouma et al. (2013: 33) notes that the competitive nature of the food retail industry is underlined by major supermarket chains’ expansion into Africa. Shoprite has supermarkets in Namibia, Lesotho, Swaziland, Zimbabwe, Botswana, Zambia and Mozambique. Pick ‘n Pay is profiled as one of Africa’s largest and most successful food retailers. “Apart from expanding into mainly urban areas of Africa, small supermarkets have also started to operate in poor township areas of South Africa. Pick ‘n Pay, SPAR and Checkers are at the forefront of such expansions” (Tustin and Strydom, 2006:54).

2.4 The Informal Sector

Cantens (2012: 3) notes that the term “informal sector” is defined in different ways, but is generally used based on a quantitative concept associated with small scale: limited finances, minimal-volume, low-value trade, limited financial sources and minimal human resources. This is due to the fact that the targeted consumers are generally poor and are on Tier 4 of the income pyramid, or there are restrictions and/or lack of variety to choose from. Hart (1973: 66) argues that because local traders cannot access formal structures, they are left with no choice but to find informal strategies to boost their revenue and growth. Cantens (2012: 2) observes that the difference between informal and formal is no longer that clear due to the fact that economic policies tend to push to formalise the informal trade zone and this seems to have been successful. Cantens (2012: 3) adds that individuals who have been retrenched from formal jobs or cannot break into the formal sector due to high unemployment rates resort to joining the informal economy. According to Lighthelm and Masuku (2003:43), the informal sector does not conform to the legal procedures that the formal sector complies with. The informal

sector creates jobs through the various distribution channels it brings to the fore. In developing countries, Spaza shops and fast-food stands are the main points of sale. The informal sector in South Africa comprises of the following small business models:

Table 2.3: Informal Sector Business Models

Township General Dealers	Flea Markets	Local Shebeens and Liquor Stores	Spaza Shops
<ul style="list-style-type: none"> * Stand-alone businesses. Usually permanent structures built with bricks in business zoned areas * Convenient to local residents offering a wider variety of goods than a Spaza shop would offer 	<ul style="list-style-type: none"> * Offer handmade arts and crafts * Operate in high traffic centres like taxi ranks 	<ul style="list-style-type: none"> * Mainly in structures traditionally used for residential purposes * Specialise in selling alcoholic beverages 	<ul style="list-style-type: none"> * Small businesses operating in residential sections * Mainly in structures traditionally used for residential purposes

Source: Ligthem and Masuku. (2003).

While recent data on the informal economy is hard to come by, Abrahams and Pogue (2012: 62) notes that research conducted by the eThekweni Economic Development and Investment Promotion Unit in September 2012 found that informal businesses generated approximately R36 629 500 in monthly revenue. Ninety eight per cent of these retailers employed between one and three employees and 49% sold food items, while 46% sold non-food items. Ninety three per cent did not belong to a business association, mainly because they were not aware of such associations. Services offered ranged from personal to building, entertainment and transportation services (Abrahams and Pogue, 2012: 12).

Penetrating township markets and understanding the local shopper are challenges that are high on the agenda of most retailers and suppliers in the FMCG sector. Retailers need to conduct thorough research in order to formulate a winning business strategy in such areas (Gonzalez and Waley, 2013: 966). Using formal retail and wholesale tactics to penetrate emerging markets does not necessarily guarantee success. The majority of consumers in these townships are on Tier 4 of the income pyramid and earn less than R5 000 per month. Public transport is the most common mode of transportation and the close proximity of retail hubs is an important aspect of decision making. Thus, retailers should establish a route to market which is in proximity to

informal retail businesses (Kenny, 2011:56). Organisations that have successfully penetrated the emerging market have used route to market as an important aspect of their expansion strategy, SAB, Brand-house, Unilever and P&G are examples (Gonzalez and Waley, 2013: 973). These organisations did not bypass established local wholesalers but made them an important aspect of their strategy (Ouma, 2013:51).

Tustin and Strydom (2006:61) acknowledge that the local informal township trading landscape is dynamic and changes over time mainly due to the fact that many businesses are owned by foreigners who have substantial business knowledge. The majority of local Spaza shops are well-managed with sound record keeping and technological devices such as credit card facilities for consumers and stay open for longer hours seven days a week. These foreign business owners buy in groups and shop around for deals to benefit from bulk buying discounts which enable them to adopt a competitive strategy. Retailers that seek to expand into the townships could form long-term relationships with local owners and make them an important aspect of their route to market or distribution strategy (Humphrey, 2007: 52).

Cantens (2012: 3) notes that globalisation and migration have led to increased informal trade such as that witnessed in northern and southern Africa. Goods are exchanged between relatives in different countries and commuters carry large quantities of goods and products for resale. Networks of money exchangers and authorised exporters have been established. Verick (2004: 2) observes that contrary to the expectations of early development practitioners and researchers, the informal sector has grown in developing countries, with Africa showing substantial growth in this sector chiefly because it dominates most economies in terms of both output and job creation. This growth has occurred side by side with the increase in globalisation and emerging markets. Empirical evidence suggests that this produces winners and losers in all economies (Cantens, 2012: 3). The ultimate objective of all African governments is sustainable job creation and poverty alleviation, and this can be achieved by stimulating the economy through encouraging an entrepreneurial culture among locals in townships and rural markets and also by encouraging fair competitive trade (Cantens, 2012: 3).

Radovic (2013: 17) describes the informal sector as all economic activities that are not regulated by law and are not taxed but do contribute to the government's productivity levels, unlike the formal sector. However, the informal sector differs from economy to economy and

can be defined in different terms depending on the particular economy. Ouma et al. (2013: 78) further notes that there are huge differences between economies or countries in terms of profiling and categorising what constitutes their informal sector. The table below shows the characteristics of the informal economy that have been broadly applied in recent times.

Table 2.4 Characteristics of the informal economy – The new view

Characteristics of the informal economy – The new view
“The informal economy is ‘here to stay’ and expanding with modern, industrial growth.
It is a major provider of employment, goods and services for lower-income groups.
It contributes a significant share of GDP.
It is linked to the formal economy — it produces for, trades with, distributes for and provides services to the formal economy.
Much of the recent rise in informal employment is due to the decline in formal employment or to the informalisation of previously formal employment relationships.
It is made up of a wide range of informal occupations — both ‘resilient old forms’ such as casual day labour in construction and agriculture as well as ‘emerging new ones’ such as temporary and part-time jobs as well as homework for high tech industries.
It is made up of non-standard wage workers as well as entrepreneurs and self-employed persons producing legal goods and services, albeit through irregular or unregulated means. Most entrepreneurs and the self-employed are amenable to, and would welcome, efforts to reduce barriers to registration and related transaction costs and to increase the benefits of regulation; and most informal wage workers would welcome more stable jobs and rights.
Informal enterprises include not only survival activities but stable enterprises and dynamic, growing businesses; and informal employment includes not only self-employment but wage employment. All forms of informal employment are affected by most (if not all) economic policies”.

Source: Markovic MR. (2009).

Callaghan (2014: 333) notes that the informal sector is made up of two different groups. The first is influenced by coping behaviours due to scarce resources or limited earning opportunities in their environment, while the second makes a deliberate, informed decision to become entrepreneurs or desires to move away from structures that are state regulated (Markovic, 2009: 18).

2.4.1 The Size of the Informal Sector

The official estimates by the World Bank are that the informal economy in developing countries generates 40% of Gross Domestic Product (GDP) (Beneke et al., 2011: 92). Small informal local traders are a core source of income and means of survival in developing countries. South Africa is no exception in this regard and informal retail activities are common. Woodward et al. (2011: 37) observe that multiple methods are used to measure and estimate the extent of the informal sector; these can be divided into direct and indirect approaches. It is worth noting that it is a challenge to measure the informal economy due to its nature and the difficulty of monitoring and regulating it through formal structures. However, there is general consensus that the informal economy contributes immensely to economies due to its substantial scale. It is also believed that the informal economy will continue to grow in years to come as witnessed in both developing and developed countries.

Woodward, Rolfe, Ligthelm and Guimaraes (2011: 37) note that the direct approach has been utilised in quite a number of countries, often for micro-oriented purposes because they cover very small areas. The disadvantages of the direct approach include the fact that it only operates at micro scale and that respondents may be unwilling to participate or supply information. The advantages are that the informal sector can be accessed directly and the fact that this method provides more specific details in terms of the dynamics, nature and composition of the informal sector (Woodward et al., 2011: 37).

Table 2.5 Methods of measuring and estimating the informal sector

Method	Characteristics
Discrepancy method	This method aims to establish the discrepancy between GDP estimates with regard to expenditure and income. If the spend is more than the income, the difference is attributed to the extent of the informal sector not accounted for on the income side.
Labour discrepancy method	This method looks at the differences between what is termed the “official” and “actual” labour force which may account for employment in the informal sector. In a situation where there is a decline in labour force participation while the unemployment rate is also declining, it can be concluded that there is an increase in informal economy activity.

Transactions method	This method assumes that the relationship between the number of transitions and GDP stays constant. Therefore, any changes in the ratio are believed to be caused by the informal economy. However, this method requires the exact amount of the total size of transactions to give a reliable estimate of the informal economy.
Global indicator method	This indicator predominantly applies the electricity consumption approach, where it is assumed that power consumption is the only reliable indicator of GDP growth. It looks at the relationship between electricity consumption and output as a stable relationship. In the event that there is a change in the ratio, it is attributed to informal sector activities. This method has been challenged in some circles on the grounds that most tuck shops and street hawkers require limited or no electricity to run their operations or use gas and solar energy.
Currency demand method	This method states that transactions in the informal economy are processed on a cash payment basis in order to avoid leaving a paper trail for the authorities to trace. The assumption is that when the size of informal local economy increases its activities, it will positively improve the demand for currency and this is used as a measure of the size of the informal local economy. However, this method's accuracy is undermined by the fact that not all transactions in the informal economy are processed on a cash payment basis.
Cash to deposit ratio method	This method looks at the ratio between cash and transferable money. It is believed that changes in taxation and government regulations influence the way in which people make payments. This is mainly due to the fact that individuals would try to avoid conducting business officially in order to avoid paying tax. This method uses these hidden activities to measure the size of the informal economy.
Latent variable method	The above methods confine the estimation of the size of the informal economy to one or small number of determinants. The latent variable method utilises a combination of a wide range of variables, including tax burden, tax morality, unemployment rate and per capita income and/or other factors that may impact the size of the informal economy. However, some question this method's reliability on the grounds that it requires data that are often unreliable or not easy to access.

Source: Woodward, Rolfe, Ligthelm, and Guimaraes. (2011).

Beneke et al. (2011: 96) notes that the dual nature of the informal economy in South Africa – as survivalist businesses or operations which are established to escape poverty or due to unemployment in the formal sector, as well as business operations established to avoid tax and compliance with government regulations – renders the use of direct approaches appropriate in estimating the size of this sector.

2.5 Transformation

McGaffin, Napier and Gavera (2014: 376) note that there has been a significant increase in township mall developments in emerging markets in South Africa. In South Africa's biggest

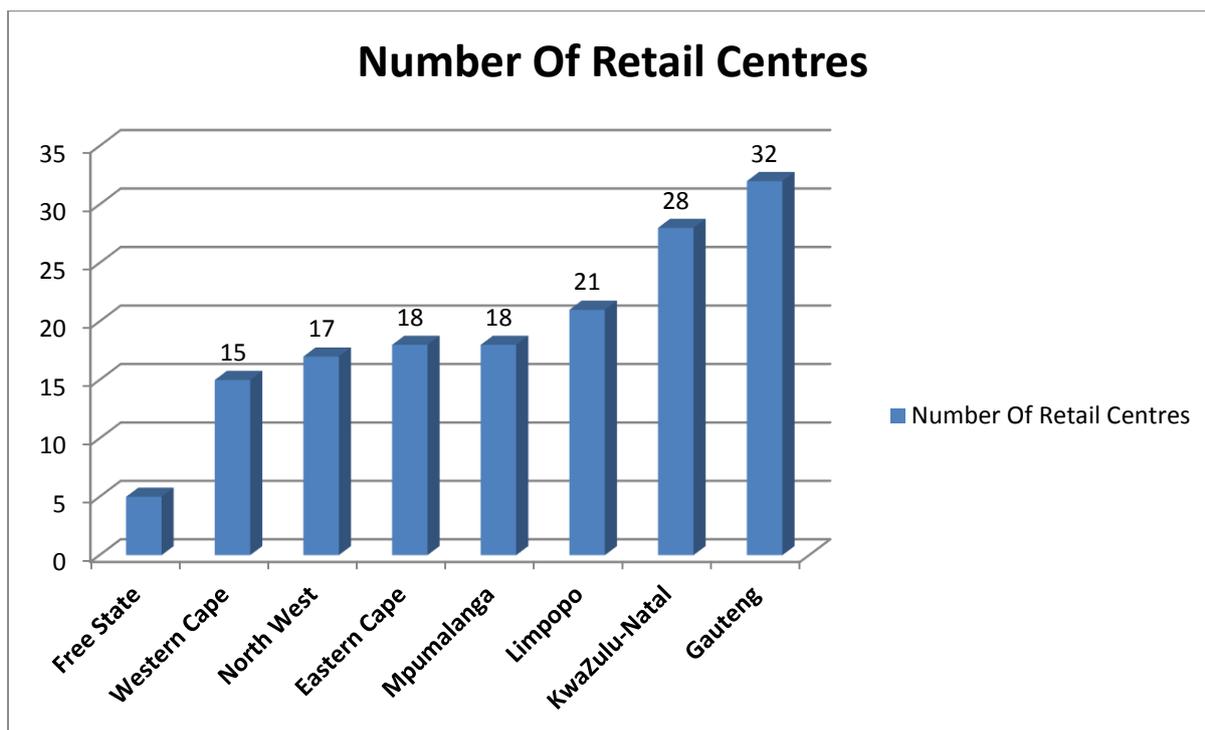
township, Soweto, a minimum of six malls have opened their doors since 2005, including, among others, Maponya Mall, Jabulani Mall and the Bara Mall (McGaffin et al., 2014: 376). In Cape Town townships, local residents are able to shop at malls. In Durban, malls have been developed in Umlazi (Mega City and KwaMnyandu Mall) while the Bridge City Mall was constructed in Kwa-Mashu. These malls have changed the face of retail trading for township consumers and local informal retailers who for many years provided township residents' needs (Beneke et al. (2011: 94).

Township malls are seen as creating development and growth in previously disadvantaged areas. However, they have sparked mixed reactions. Supported arguments among others are that these developments have an adverse effect on local informal business as they displace informal traders due to increased competition. Others are of the opinion that the malls widen the range of goods and services to local consumers at competitive prices, and reduce travel costs as well as substantially decrease the total cost of ownership of goods (Klemz, Boshoff, & Mazibuko, 2006: 593). Some commentators regard the development of township malls as the positive transformation of trading activities in township areas that encourages further investment and improves the standard of living in townships. It is clear that township malls are an ever-growing reality that is part of the market changes in South African emerging markets (Klemz et al., 2006: 593).

2.5.1 National development in emerging markets' retail centres

Figure 2.2 below shows the total number of retail centres by province, with Gauteng having the largest number, closely followed by KZN. The first retail centre was developed in KZN in 1962, followed by the Western Cape in 1978 and Gauteng in 1984. An increase in the average size of a retail centre is believed to be an indication of increased demand among local consumers and the fact that consumers are starting to look for a wide variety of products as their preferences change proportional to an increase in purchasing power (McGaffin and Gavera, 2011: 15).

Figure 2.2 Total number of retail centers by province



Source: McGaffin, R., and Gavera, L. (2011).

Kenny (2011:43) and McGaffin and Gavera (2011:16) point out that each retail centre has an anchor business. Dominant anchors include Spar Supermarkets, Shoprite Checkers, Ithala Bank, Pep Stores, Rhino Cash & Carry, Standard Bank, First National Bank, Boxer stores, Score and Pick ‘n Pay stores. In KZN, the dominant anchors are Spar Supermarkets and Pick ‘n Pay, followed by Ithala Bank. Retailers in township malls have recorded substantial growth year on year (McGaffin and Gavera, 2011: 16). In Umlazi Mega City retailers achieved high turnover even during times of interest rate hikes and well into 2008 despite the economic meltdown and the promulgation of the new South African National Credit Act in June 2007 (Kenny, 2011:53). Local businesses also grew as shown by the fact that the local taxi association formally requested the extension of the taxi rank (Kenny, 2011: 54). However, retailers trading in homeware and other non-essential goods such as furniture did not record high returns and took strain. Retail centres are also appreciating in value. The returns on retail property are much higher in emerging markets when compared to property in suburban areas (Kenny, 2011:56).

Table 2.6 Retail centre performance 2006 – 2007

Umlazi Mega City, Umlazi, Durban 35 000 m ²	17% growth in retail sales between end-2006 and end-2007
	Retailers achieved trading densities > R20 000 / m ² per year
Maponya Mall Soweto, Johannesburg 66 000 m ²	R80 million turnover / month
	R930 million gross turnover for 1 st year of operation – only 3% below target
Vangate Mall Athlone, Cape Town 33 000 m ²	Average trading density of R27 000 / m ² per year; the industry average is R20 000 – R22 000 / m ² per year

Source: McGaffin, R. and Gavera, L. (2011).

McGaffin and Gavera (2011:18) note that the 2 600 m² Super Spar at Philani Mall in Umlazi achieved a new national trading record for Spar group outlets on its first day of operation, outperforming the record set by Elim Spar in the Hubyeni Shopping Centre. Moreover, the Spar at Umlazi Mega City recorded sales turnover of R850 000 on the day it opened its doors. This Spar achieved an average trading density of R23 000 / m² from day one of trading, which is substantially higher than the trading densities normally recorded by similar traders in more affluent neighborhoods (McGaffin and Gavera, 2011: 18).

Jürgens and Donaldson (2012: 78) acknowledge that the use of the “traditional” model in the retail sector has yielded positive returns for the majority of stakeholders in township mall development. However, the question is whether alternative models could be considered. In penetrating emerging markets where much remains to be done, developers could look at other options in order to create sustainable economic growth (Khanna and Palepu, 2013: 232). For example, small and highly compact retail centres could be established on township streets; these are a combination of informal and formal business models that would enable local informal retailers to realise immediate returns (Khanna and Palepu, 2013: 232).

Table 2.7 Retailers and Consumer Feedback

Test	Feedback
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Consumers' average monthly spending	Consumers' monthly spending at formal retail centers increased compared to before the mall development. This was due to the fact that consumers now had more to spend as they could save on transport costs.
Perceived impact of the shopping malls on local small businesses	Customers believed that support for local informal traders was negatively affected by the emergence of township malls.
Impact of the centre on consumer behavior	Township mall development is believed to have had a positive effect on local consumers as they said that they did not shop anywhere else after the development and shopped outside their area less frequently.
Consumers' perceptions of the impact of the centre on local businesses	The majority of consumers believed that mall developments had no effect on small businesses. However, about 25% of those interviewed stated that there was a huge decline in local small trader businesses.

Source: McGaffin, R., and Gavera, L. (2011).

McGaffin and Gavera (2011:33) interviewed consumers after the development of the Jabulani Mall in Soweto, Gauteng. They found that average monthly spending per household decreased substantially due to savings on transport and other related costs. Some consumers believed that the development of the Jabulani Mall had an adverse effect on local informal businesses. Asked about their perceptions of the effect of the development of the Jabulani Mall on informal local businesses, about 76% of the respondents stated that the development had no effect whatsoever on informal local business, while 25% said that it led to a decline in the informal local business sector (McGaffin and Gavera, 2011:33).

Table 2.8 Key Business Performance Indicators

	Increased	Decreased	Stayed the same
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Competition	48%	35%	17%
Access to banking	41%	9%	50%
Safety and security	32%	14%	54%
Accessibility	40%	15%	45%
Visibility	41%	20%	39%
Proximity to larger businesses	45%	15%	40%
Proximity to public facilities and transport	51%	13%	36%
Levels of foot traffic	48%	23%	30%

Source: McGaffin, R., and Gavera, L. (2011).

Retailers were asked to provide feedback on key business performance indicators. The majority reported that profit, employment levels, monthly turnover, product range and stock movement were not affected by the development of township malls. It is estimated that about R2.4 billion in taxes has been generated by emerging markets since 1980. The five retail centres in Soweto are estimated to account for about R18 million per annum in rates and taxes to the City of Johannesburg.

Table 2.9 Key Business Performance Indicators

	Increased	Decreased	Stayed the same
Employment	14%	11%	64%
Profits	31%	16%	40%
Monthly turnover	29%	17%	42%
Product range	20%	17%	51%
Stock movement	24%	18%	52%
Consumer volumes	31%	18%	37%

Source: McGaffin, R., and Gavera, L. (2011).

2.6 Value Creation

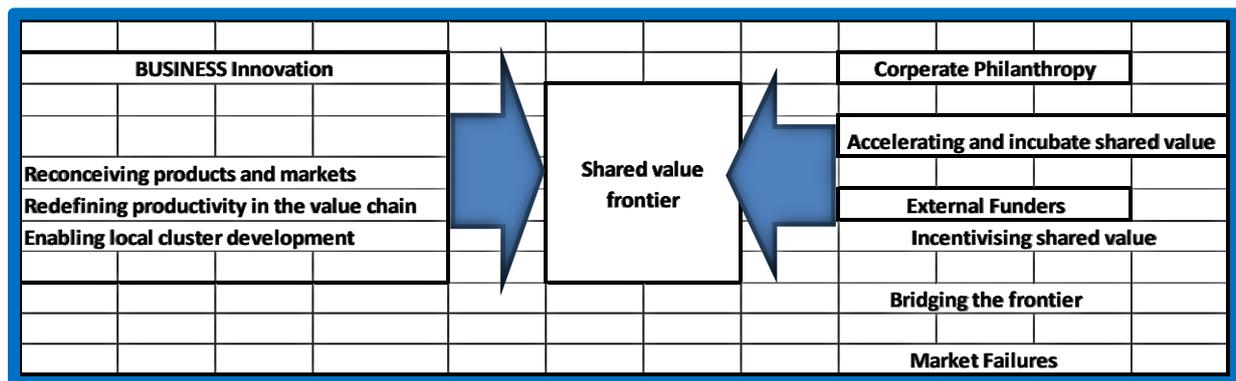
Value creation occurs when multinational corporations invest in under-serviced communities, which may have both indirect and direct impacts. It could lead to employment opportunities, the delivery of goods and services that were not readily available prior to the investment and/or indirect impacts where multinationals collaborate with local and small business enterprises. Leth and Hems (2013: 26) suggest that multinationals are in a strong and privileged position to leverage on their size and address social imbalances by investing in under-serviced

communities and creating shared value while focussing on their core businesses to create economic value and at the same time address social issues (Prahalad and Ramaswamy, 2013).

There is more than one way of creating value in such communities (Hills, Russell, Borgonovi, Doty and Iyer, 2012:9). The means include: (i) Improved access to products and services that largely cater for pressing social needs; multinationals would create new markets and new selling opportunities, (ii) Enhancing productivity within the value chain and upgrading company operations to drive continuous improvement in quality; improve efficiency while addressing social imbalances and (iii) establishing business clusters and a framework guided by conditions that aim to improve the targeted markets, promote business and alleviate social problems (Thompson and MacMillan, 2010: 298) and (Hills et al., 2012: 9).

Thompson and MacMillan (2010:304) note that multinationals could create shared value by investing heavily in the communities where they are located and by conducting extensive market research and offering insight and expertise to local business owners which in turn improves standards in the local business sector. Companies can also create value by establishing incentive schemes for local businesses and investing heavily in training and developing local business owners who have not been previously exposed to business training (Hills, Russell, Borgonovi, Doty and Iyer, 2012:6).

Figure 2.3 Shared Value Creation



Source: Hills, G., Russell, P., Borgonovi, V., Doty, A., and Lyer, L. (2012). *Shared Value In Emerging Markets: How Multi-National Corporations Are Redefining Business Strategies to reach poor or vulnerable populations*. FSG.

Hills et al. (2012: 5) note that government and philanthropists can be of great value to local businesses as they provide access to sources of capital and other business essentials. Such investors can help create competition within the market as they both provide zero or low interest funding. Government structures assist with research and development, especially in previously disadvantaged communities where business needs to be developed to improve living standards. Thompson and MacMillan (2010:296) note that multinational retailers have a huge role to play in this regard as they can collaborate with local small businesses to access new business ventures or innovations, with small businesses acting as distributors and/or suppliers while increasing their scale (Agnihotri, 2012: 1). Customers not only gain value by being able to purchase a wider range of goods and services but also from interacting with more diverse firms and other consumers in a broader space. Customers derive value from satisfying their personal preferences through interacting with firms and consumers that present different opportunities. Therefore, the new value-creation zone is a competitive zone that is underpinned by deliberate interaction between the consumer, multinationals and the wider community (Prahalad and Ramaswamy, 2004:1).

Table 2.10 Four building blocks of co-creation

Dialogue	Encourages knowledge sharing and new levels of understanding among suppliers and consumers. It also allows consumers to interject their views of value into the value creation process.
Access challenges	The notion that consumers can experience value only through ownership. By focusing access to experiences at multiple points of interaction, as opposed to simply ownership of products, companies can broaden their business opportunities.
Risk assessment	Assumes that if consumers become co-creators of value with companies, they will demand more information about the potential risks of goods and services — but they may also bear more responsibility for dealing with these risks.
Transparency of information	Is necessary to create trust between institutions and individuals. Companies have traditionally benefited from an information advantage in the marketplace, but asymmetry between the firm and the consumer is rapidly disappearing.

Source: Prahalad, C. K. and Ramswamy, V. (2013).

Crush and Frayne (2011: 785) and Moingeon and Lehmann-Ortega (2010: 309) observe that the biggest challenge in multinationals' expansion to South African townships is to manage the relationship between formal and informal activities in a way that ensures win-win interaction. One way to do this is for multinationals to act as a consumer pull for local small businesses, which can result in their growth and sustainability. The second most important result of a win-win interaction between formal and informal activities is that investors would be attracted to invest heavily and by so doing create value that is not only enjoyed by local businesses but by consumers and the community at large (McGaffin and Gavera, 2011: 5). Local government will most likely invest in nodal developments and neighborhood infrastructure development. Value creation can be achieved in South African townships when the local municipality is able to collect and generate revenue which enables it to apply for loans and funding. Flexibility in expenditure can be achieved and the municipality could qualify for government subsidies for developmental purposes (McGaffin and Gavera, 2011: 6). The biggest opportunities for value creation in townships lie in the effective management of formal and informal interaction (Thompson and MacMillan, 2010:293).

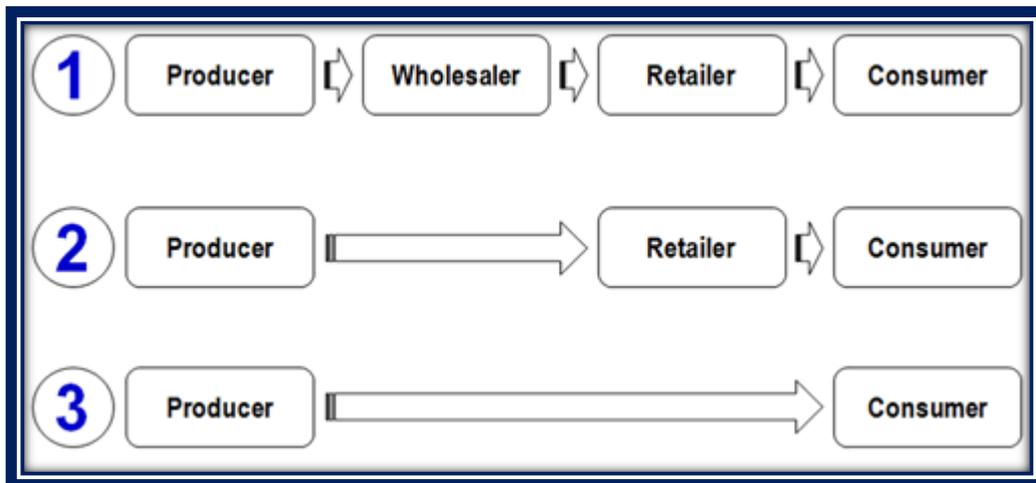
Khanna and Palepu (2000: 271) note that increased competition may add value to local consumers as it may result in competitive pricing strategies and a wide range of quality goods and services as well as improved service. To take Chile as an example, in 1981 there was no active regulation of the market and it was open to global companies. The economy collapsed and the state adopted intervention measures from 1981-1983. As part of the recovery strategy, the government privatised most companies and firms and there was strict regulation. As time went by, there was less regulation of primary markets in order to attract investment in less developed markets (Yunus, Moingeon and Lehmann, 2010: 311).

2.7 Distribution Channels/Models

Coughlan et al. (2006a: 56) and Ancarani et al. (2014: 32) argue that, distribution models are important part of the chain of firms and stakeholders in the flow of a product from producer to consumer. Firms that have succeeded in emerging markets applied innovative and unconventional distribution approaches that are sufficiently flexible to achieve success

(Ancarani et al., 2014: 32). Suppliers need to manage the flow of their product between production and consumption together with relationships along all the stages. Distribution involves a number of categories that a product needs to flow through (Yunus et al., 2010: 315). These include the producer, wholesaler, the retailer, which is the market itself and finally, the consumer which is the last channel. The figure below shows available supply chains and distribution options for products (Ancarani et al., 2014:32).

Figure 2.4 Supply Chains and Distribution Channel Options



Source: Created by the Researcher from the conceptual framework of this study

Ancarani et al. (2014: 36) note that suppliers choose to distribute their products using either direct or indirect channels, with some using a combination of the two. This is known as a hybrid distribution channel. A direct distribution structure occurs when a supplier sells directly to customers, whereas in an indirect structure, the supplier uses intermediaries as a route to the market, which sells and delivers products to customers. South African Breweries is a typical example of a hybrid distribution structure (Ancarani et al. 2014: 36). Coughlan et al. (2006a: 77) observe that distribution channels may have conflicting objectives and are not always designed to solve joint problems. Effective supply chains allow organisations to eliminate redundancies within the system, develop strong relations with key stakeholders and improve customer satisfaction. Some stakeholders may perform their individual responsibilities more effectively and efficiently when compared to others; a good supply model exceeds customer expectations (Coughlan et al., 2006a: 89).

2.7.2 Hybrid

Wedan (2006:3) highlights that some activities in both direct and indirect channels are mutually exclusive; however, most diverse suppliers and stores, such as department stores and major production companies are hybrids, meaning that they produce but also own and sell their products. Research has shown that most firms utilise direct and indirect channels to reach the final consumer. Wedan (2006:3) notes that to leverage opportunities in emerging markets, retailers must transition from operating with a limited number of customers to catering for a wider market in an efficient and responsive manner that lowers the cost of sourcing goods and services. Coughlan et al. (2006a: 65) note that there are benefits associated with the transformation of businesses' logistical strategy. Recent studies have shown that distribution channels evolve over time and change as role players seek to take advantage of constant change by creating value for their consumers. Small businesses in South African townships present an added channel in the distribution of products. Although they came into being to provide supplies for identified demand, small businesses soon discover that the channel or services rendered have long been provided (Mukherjee, Cuthbertson and Banerjee, 2013: 86).

The role of the middle-man is described by Wedan (2006:3) as a series of activities involving searching out buyers and sellers and persuading buyers to buy a preferred product through personal selling and promotional activities. A middle-man also monitors the process of distribution where required while providing quality feedback to the supplier in the form of market intelligence and what the market thinks of the suppliers' goods and/or products (Mukherjee et al., 2013: 87).

However, some suppliers prefer to by-pass the middleman (Ancarani et al., 2014:44; Mukherjee et al. (2013: 55) in order to control and maintain consumer prices. At times, there are too many middle-men between the supplier and consumer and each adds their own mark-up which increases prices, causing the supplier to lose their edge over competitors or substitute goods. If a supplier has established an effective supply chain for product flow, eliminating the middle-man would be ideal as middle-men often cause unnecessary delays in the supply chain.

Mukherjee et al. (2013: 131) observe that eliminating the middle-man results in an uninterrupted and time effective flow of products. The role of the wholesaler is to buy in bulk from the supplier and break bulk into smaller quantities for the retailer. The wholesaler also plays a forecasting role for retailers in buying and distributing the correct quantities. Storage,

packing, sales promotions, financing and risk-taking are some of the functions and activities a wholesaler offers to the supplier (Coughlan et al., 2006a: 56). When a supplier is choosing a distribution channel, the nature and type of the product has a huge influence in deciding which channel to consider. The nature and size of the market to be served also influences the choice of channel.

Mukherjee et al. (2013: 99); Gorczynski and Kooijman (2015: 7) note that one of the primary aims of an effective distribution channel is to reduce inventory levels in order to implement a smooth product flow that reaches the final consumer as fast as possible. It involves the reduction of turn-around-times and more frequent delivery of smaller order quantities both internally and externally. In South Africa, most suppliers have employed the hybrid system of product distribution, which involves both primary and secondary distribution. Wedan (2006:75) notes that the supply chain has become demand driven; the customer has more power and influence on how retailers and suppliers conduct their business. Suppliers implement distribution channels that reduce unnecessary inventory and focus on their core capabilities while outsourcing non-core activities.

Porter and Kramer (2011: 65) state that reaching markets far and wide requires the implementation and optimisation of dynamic distribution channels. Due to fragmentation, access to some outlets in emerging markets may prove to be one of the biggest challenges for any organisation. The cost of distribution may be high in emerging markets; this hinders companies from supplying affordable, available and appealing products and services. Therefore, for companies to reach outlets far and wide they need to implement an extensive distribution network system (Saksena, Saksena, Jain and Parveen, 2013:279). The role of the wholesaler and the distributor is to provide value added services that are aligned with the product's mission and the direction taken by the brand principal. Distributors need to be assisted during the planning phase in terms of the delivery routes strategy, inventory management, frequency of calling plans and stock management principles at warehouse level to manage product quality (Rogerson, 2013: 135).

2.7.3 Centralised and De-Centralised Distribution Systems

Some national retail chains own their own outbound warehouses in order to achieve operational excellence. This enables them to exploit economies of scale through bulk discount benefits, which can be re-invested in the business. It also offers companies the opportunity to control

the entire supply chain in support of the company's key objectives (Fernie and Sparks, 2014: 121). This approach reduces the total cost of ownership of goods and services to the final consumer. Emerging markets are quite price sensitive, especially on price elastic goods and a solid pricing strategy is essential for a company to succeed in emerging markets (Mbhele, 2012: 142). Distribution centers are a link between retailers and suppliers that ensures that the correct orders are received and dispatched on time and in full without any defects. Fast moving distribution centers are a true reflection of a company's customer service strategy and demonstrate how a company values its customers from a customer service strategy point of view. Implementing Just-in-time systems in warehouse optimization processes goes a long way in reducing distribution costs which boosts the company's financial position (Saksena et al., 2013: 285).

2.8 Distribution Networks

Neuwirth (2012: 6) observes that when a company decides to penetrate emerging markets, one of the key decisions is the design of a feasible distribution network. A poorly researched distribution network will negatively affect the company's net earnings. In order to succeed in emerging markets, companies should bear three main considerations in mind: (i) the distribution model needs to be appropriate for the distribution of the company's goods and services, (ii) the company needs distribution centers where all demand driven inventory is stored as a central point in order to minimize transportation and inventory handling costs and (iii) The company needs to collaborate and form partnerships with local enterprises who have the ability and expertise to access remote areas (Neuwirth, 2012:6).

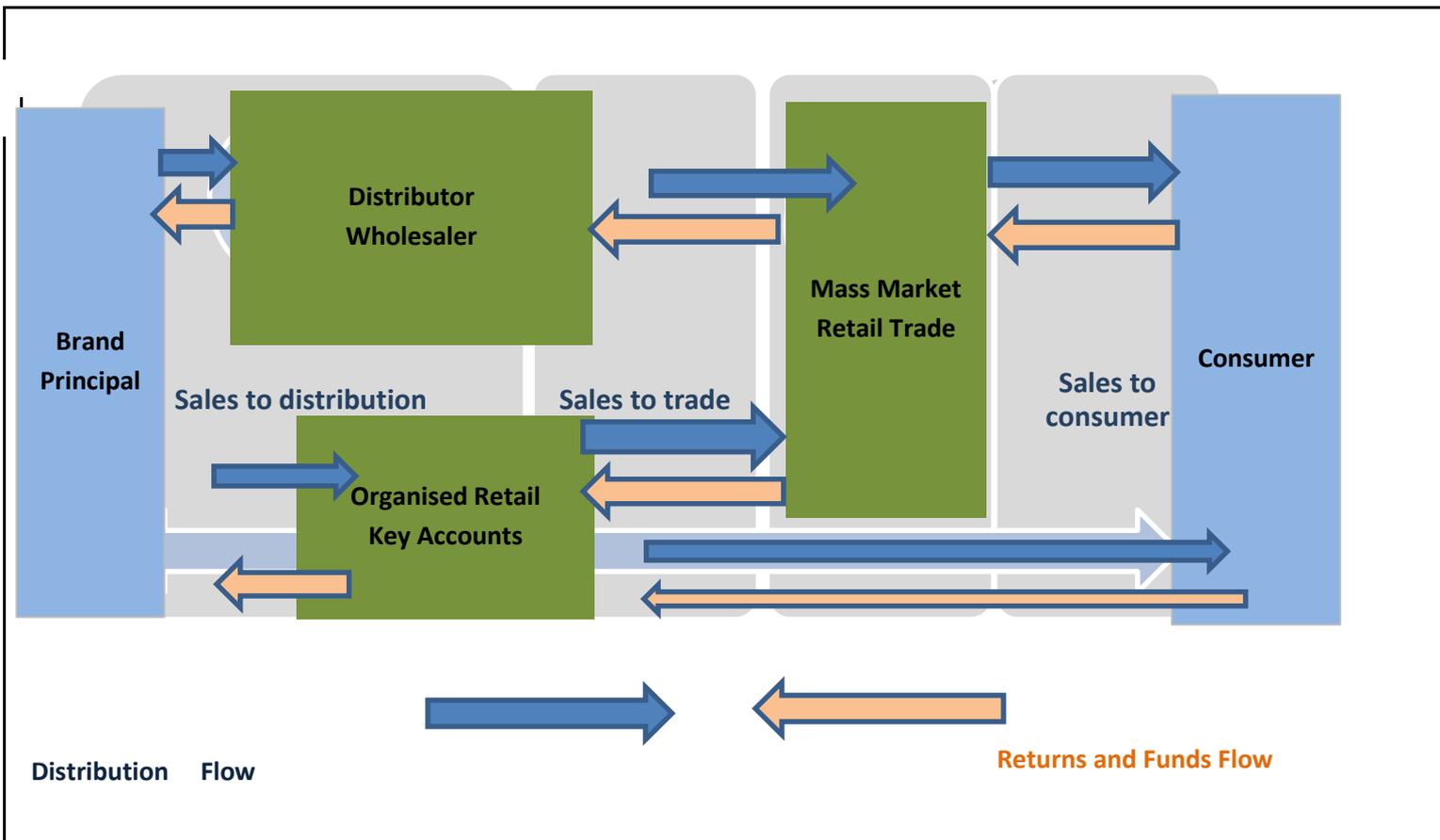
Perks, Dr Phani, Chikweche and Fletcher (2014:410) note that fast response times are important for consumers in the FMCG industry. When a consumer wants to buy lunch, it is important that the company is ready to provide the required quantities in a short time. Implementing a new distribution network does not come cheap and easy; time and significant financial investment are required to implement an effective network. Newirth (2012:7) suggests that one other method companies can adopt is to partner with a company that has an established distribution network. Companies need to clearly understand consumers' buying patterns and income variations in order to introduce products or goods that are relevant to local needs and imbalances. Breaking bulk and re-designing products into smaller and cheaper packs may assist (Perks et al., 2014: 414).

Sodhi and Tang (2014: 1490) further note that retail becomes a key touch point where a basic transaction needs to be converted into the availability of products that are visible to the consumer and that engage the consumer such that the company's products prevail over competitor brands. The South African retail landscape can be split into five (5) categories, namely, Key Accounts, General Trade, Informal Trade, Cash & Carry and Wholesale. Therefore, for companies to reach outlets far and wide they need to implement an extensive distribution network system. A lack of roads, poor maintenance of roads and generally poor infrastructure over long distances hamper such efforts (Rogerson, 2013: 133). Companies entering new and emerging markets are also likely to confront challenges such as a lack of education, which may hinder or distort information sharing. Companies should gather information from consumers on their level of understanding of their brands and design tailor-made education initiatives to assist consumers to know the brands or products better. They could also consider partnering with local community organizations in order to spread product awareness and knowledge.

Sodhi and Tang (2014:1489) and Newirth (2012:24) suggest that local community organizations are essential partners as they are able to gather large groups of people together in one area and brand trust is easier to achieve when presented by local and credible organizations. The objective is always to bring the market what it wants; in the form it wants it through convenient outlets at a sustainable cost. One approach that has been deployed by most FMCG companies is to apply two different distribution channels; one that focuses on existing and established key accounts and the other focusing on informal and fragmented outlets. For this to be a success requires consistent support for sales and a market relevant product mix at the point of sale as well as a dynamic supply chain system (Geldard, Wilding, Waller, Rossi, Mayhew, Cigolini, and Metcalfe, 2010: 8).

To achieve mass reach in emerging markets, companies need to address three critical areas: 1) Future-proofing distribution models, 2) Re-engineering traditional channels and 3) Building a triple-A rated supply chain (Geldard et al., 2010: 8).

Figure 2.5 Today's Distribution Channels Structure



Source: Geldard, Waller, Mayhew, Cigolini, and Metcalfe. (2010).

2.8.1 Re-engineering Traditional Channels

Stock, Boyer and Harmon (2010: 144) suggest that, in order to achieve optimal performance of the channel, the approach to sales implementation needs to be re-engineered by investing in improved sales-force efficiency and product replenishment. A re-engineered supply channel will focus on a number of key performance indicators which are monitored and measured on an on-going basis in order drive high performance standards. The company will therefore focus on implementing a relevant product mix that caters for the needs of consumers in that particular emerging market (Stock et al., 2010: 144).

2.8.2 Developing a Triple-A Rated Supply Chain

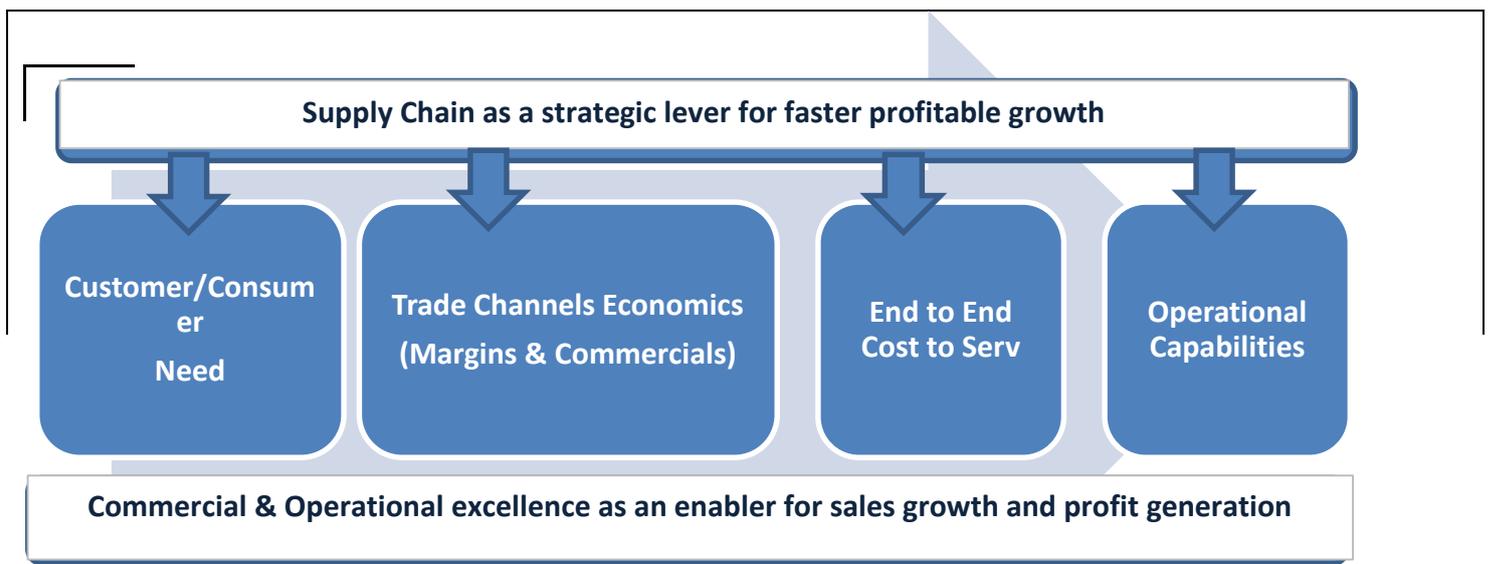
Geldard (2013:11) notes that in order to implement an effective supply chain that is reliable, and delivers products on time that are available at all times at an affordable price and that are appealing to the consumer there are specific pre-requisites for success. A demand driven customer service plan that caters for the needs and requirements of a consumer in emerging

markets needs to be developed and implemented in order to drive product growth and profitability. This not only involves establishing effective distribution channels but partnering with local and small business enterprises that have been working in the tough and dynamic conditions of the emerging market (Saab, Correa and Bowers, 2008:125).

Saab Jr et al. (2008: 127) in FMCG companies, profitability is not achieved through driving sales volumes; by implementing an effective supply channel system companies can reduce distribution costs and prices due to improved economies of scale. Sodhi and Tang (2014:1485) note that collaborations and strategic partnerships with distributors and suppliers improve a company’s efficiency and reduce wastage. A fundamental change in supply approach may include changing the package size of a product or product range, adopting a merchandising plan that reflects local consumer needs and a complete change in logistical approach (Hao, Bo Li, Zeng, and Tang, 2014: 48)

Figure 2.6 below shows a maximised triple-A approach that is aimed at maximizing both distribution networks and supply channels in emerging markets; it illustrates a supply chain approach that closes the loop, demonstrating inbound and outbound flows within the supply chain process. Anderson and Billou (2007: 16) observe that change is constant in emerging markets and companies need to drive and enhance continuous improvement in order to achieve excellence and leverage opportunities (Hao et al., 2014: 85).

Figure 2.6 Maximised Triple-A approach



A

Appeal

A

Affordable/Profitable

A

Available

Source: Geldard, Waller, Mayhew, Cigolini, and Metcalfe. (2010).

2.9 The Displacement Effect

Strydom (2006:48) observes that African consumers upgraded into the middle-income group, and left township life for urban residential areas. These changes in economic power/emancipation benefited formal trade. However, transformation in retail markets resulted in formal retailers expanding into new economies. Mokgabudi (2011: 2) observes that many members of the previously disadvantaged middle class still reside in townships, presenting untapped markets with their own dynamics to formal traders. Large chains have recognized the potential to broaden their operations.

Verick (2004: 2) argues that the informal sector eventually loses due to the expansion of new economies. There are both winners and losers in new markets. Donaldson and Du Plessis (2013: 27) further note that the distance between the retailer and the mall, combined with superior customer service may lead to the ultimate survival of small and local businesses. The emergence of retailers in township markets may result in increased competition, where local small businesses are competing against national retailers with a competitive advantage. Multinationals are in a strong position to adopt an aggressive pricing strategy, which could

prove to be too much of a challenge for the small local retailer who may be eventually be priced out of the market (Donaldson and Du Plessis, 2013: 23).

Donaldson and Du Plessis (2013: 25) suggest that mall enterprises could compete with multinationals by re-designing their marketing strategies. Small businesses may need to diversify their portfolio, consider new products and/or invest in consumer engagement rather than trying to compete by reducing their prices which may not necessarily make commercial sense for the retailer in the short to medium term. Mathenjwa (2010: 25) notes that the majority of small businesses interviewed in Soweto’s Jabulani Mall said that the development of the mall had negatively affected their business. Average monthly sales turnover decreased for small business enterprises as soon as the mall opened.

Table 2.11 Small Business Sustainability in Soweto, 2007-2008

SMALL BUSINESS SUSTAINABILITY IN SOWETO, 2007-2008	
	Number/%
Small business panel, 2007	350 businesses
Businesses traced in 2008	56.90%
Businesses relocated to other premises	13.40%
Businesses closed down	29.70%

Source: Ligthelm A. (2006: 2).

The table shows that only 56.9% of businesses were still operating in the same premises, 29.7% had closed their doors due to increased competition brought about by the mall development and 13.4% were forced to move to new premises in order to survive (Ligthelm, 2006: 2).

According to Ligthelm (2014: 2), there were striking differences between businesses who survived the competition and those that did not survive. The survivors were businesses that had existed long before the mall was developed and were established due to entrepreneurial reasons other than unemployment issues. These businesses were still managed by their owners that were fully involved in all business operations on a permanent basis. Harrison and Todes (2010: 26) argues that a number of factors other than the development of a new mall determine business success or failure. Economic conditions and business skills are the key factors which may lead to a business being successful or not and only small businesses within a 5km radius from the mall can be considered (Harrison and Todes, 2010: 26).

Recent research has shown that the influence of new mall developments in emerging markets cannot only be attributed to increased competition due to its complex nature. A survey conducted by Harrison and Todes (2010: 28) produced a mixed bag of perceptions among small enterprises on the emergence of township malls. Retailers who were located between 0 and 2 kilometres from the mall were largely happy and benefitted positively from the development as it created increased foot traffic and easy access to financial institutions that were previously not available in township areas. During the initial stages of the development of the mall, some local retailers were incorporated and established partnerships in order to establish a win-win situation. This exposed the development to knowledge on how local community needs could be incorporated into the new development.

2.10 Costs

According to Blanco (2009: 2), a company requires five key supply chain capabilities to effectively service emerging markets while achieving profitability. Emerging markets are characterised by poor infrastructure, poor visibility of stock, political instability, and high population density with minimum spending power, corruption, cultural diversity, congestion and fragmented markets. Therefore, it is critical that companies that intend to penetrate emerging markets have a solid customer service plan that encompasses market segmentation, a supply chain distribution plan, tailored service packages, and products that are designed to be fit and cater for specific market needs (Anderson and Billou, 2007: 16). To exploit opportunities in emerging markets, retailers must transition from operating with a limited number of customers to catering for a wider market in an efficient and responsive manner that lowers the cost of sourcing goods and services. Wedan (2006:3) identifies the benefits associated with the transformation of businesses' logistical strategy. Catering for a broader market requires substantial investment in human capacity and development, as well as investment in processes that place the company in a strong position to meet demand. However, Anderson and Billou (2007: 19) argue that substantial investment should not result in the final product costing more as the masses in emerging markets have limited disposable income.

2.11 Conclusion

The detailed discussion in this chapter offered insight into the effects of township mall developments and the critical factors responsible for the growth or decline of informal local

traders in townships. Mokgabudi (2011:2) observes that the emergence of township malls will definitely result in increased competition which improves service levels and the quality of goods offered. However, it is important to note that local informal traders would have to re-arrange their strategy in order to remain relevant or suffer the consequence of being displaced. This is because the majority of local informal traders in townships mainly trade in food, clothing and/or other accessories with minimum to low value costs (Strydom, 2006:28; Qian and Soopramanien, 2014:112). Emerging markets present opportunities for growth to multinationals and also serve as a transformation vehicle for the local community. Fan (2008: 354) notes that multinationals expand their operations into townships for a number of internal and external reasons, the most common being market saturation in the formal market.

The informal market thus presents opportunities for growth in market share and profits. However, Strydom (2006:34) suggests that multinationals should expand into townships in order to improve the standard of living through transformation and infrastructure development in conjunction with local business stakeholders.

The following chapter discusses the research methodology employed to address the study's research objectives and questions.

Chapter Three

Research Methodology

3.1 Introduction

This chapter outlines the research design used for this study. It details the research methodology, the different research techniques and their advantages and disadvantages. It also discusses the research methods adopted for this study and the reasons for selecting them. The study setting is described, and the sample selection and size, data collection and analysis, and validity and reliability of the collected data are highlighted. Having presented the literature

review, this chapter focuses on the research methodology employed to address the problem statement: To explore and analyse the perceived challenges confronting township development through supply chain distribution systems and emerging markets. These systems of getting goods to the township via local traders were analysed by examining the extended supply chain partners and the structural costs of distribution in these contemporary markets. While the emergence of township malls and suppliers' expansion into the townships has the potential to create jobs and improve the quality of goods and services, it is important to note that these developments could negatively affect informal township traders.

3.2 Objectives of the study

1. To explore local informal township traders' perceptions of the effects of value-creating supply chain distribution systems in emerging markets.
2. To evaluate the extent to which emerging markets optimize the costs of the distribution system and their propensity to improve product availability.
3. To examine the extent of transformation and development of townships and their effect on local informal traders within formalised large scale supply chain configurations.
4. To assess the effects of the displacement of informal local traders as the emerging township economy creates entry for both large scale suppliers and retailers into township markets.

3.3 Research Questions

The research questions underpinning this study are:

1. What are local informal traders' perceptions of the effects of value creating supply chain distribution systems in emerging markets?
2. In optimising the costs of distribution systems and the propensity to improve product availability, what effect do emerging markets have on costs to local informal traders, intermediaries and consumers?
3. What effects do infrastructural development, township transformation and value creating supply chain systems have on local informal traders?

4. What is the magnitude of the displacement effect on informal local traders presented by the entry of both large scale suppliers and retailers into township markets?

3.4 Research Design

The research design is a strategic framework for action that serves as a link between the research questions and the execution of the research (Patton, 2005: 6). In developing a research design for this study, the researcher took the following into account: the objectives of the study, the theoretical framework guiding the study, the context within which the study was carried out, and the research methods to be used to collect and analyse the data (Sekaran and Bougie, 2010: 385). The objectives of this study reflect the types of conclusions the researcher intended to draw. This study adopted a cross-sectional time horizon. Wooldridge (2012: 17) defines a cross-sectional time horizon as data sets involving a time dimension such as time series and panel data which requires special treatment because of the correlation across time. Other issues such as trends and seasonality arise in the analysis of the series data. In most cases, hypotheses in the social sciences are *ceteris paribus* in nature and all other relevant factors must remain fixed when studying the relationships between two variables (Wooldridge, 2012: 17).

There are three broad research approaches, namely, quantitative, qualitative and mixed method. Patton (2005: 2) notes that quantitative research provides numerical analysis, percentages and trends. It helps the researcher to answer questions such as how many and how often. On the other hand, qualitative research is an investigative method that uses naturalistic or participant observer research (Denzin and Lincoln, 2011: 1). Qualitative research looks at variables in their natural setting (Sekaran and Bougie, 2010: 385). Mixed methods are defined as the use of both qualitative and quantitative approaches. Researchers draw liberally on both quantitative and qualitative assumptions in order to provide the best understanding of a research problem (Hesse-Biber, 2010: 3). This study employed quantitative research methods to achieve its objectives through the completion of questionnaires. This method was appropriate due to its rigorous approach to understanding, describing and producing detailed explanations of a phenomenon (Creswell, 2013: 155) . This assisted in understanding and unpacking in detail the impact of emerging township economic development on informal local traders and the displacement effects.

This study employed quantitative research methods to achieve the objectives set in two parts; the first part was a detailed literature review used as an instrument to design a guide for data collection. The second part was data collection from local informal traders in Umlazi and Kwa-Mashu Townships through completion of questionnaires. The analysis explored a number of substantial issues in relation to the impact of township mall development on local informal traders.

3.5 Research Approaches

Research approaches are divided into quantitative, qualitative and mixed approaches (Venkatesh, Brown and Bala, 2013: 21). A quantitative research design can be categorized as experiments, surveys and content analysis. This can be further broken down into three spheres, experimental, quasi-experimental and non-experimental research (Venkatesh et al., 2013: 21). The approach that was relevant to this study is a non-experimental research design, which makes use of correlation design, criterion-group design, and cross-sectional designs, which involve measures at a single time (Welman, Kruger and Mitchell, 2005: 64).

Qualitative research examines variables in their natural setting (Welman et al., 2005: 66). Charmaz (2011: 368) further notes that the qualitative research method enables the researcher to implement the system that is most suited for the study using a case study, participant observation, focus groups and/or in-depth interviews.

Nykiel (2007: 60) notes that, in quantitative research, the researcher is more objective in relation to the findings of the study since the relationship between the variables is studied in detail. In contrast, a qualitative approach allows the researcher to produce more in-depth, comprehensive information or visual evidence such as photographs. Quantitative research allows the researcher to measure and analyse data; hence, the results are statistically reliable, while qualitative research uses subjective information and participant observation to describe the context or natural setting (Charmaz (2011: 372).

Venkatesh et al. (2013: 21) note that the results of a quantitative study are projectable to the population and can be used to test a hypothesis in experiments due to the ability to measure data using statistics. A qualitative approach does not need a strictly designed plan from the outset (Maxwell, 2012: 29).

Creswell (2013: 15) notes that the disadvantages of quantitative research are that it does not study things in a natural setting, it ignores the context of the study completely and it also involves studying a large population sample in order to produce reliable results. The disadvantages of the qualitative research approach are that the inquiry is subjective, which leads to difficulties in establishing the reliability of the information, and in-depth and comprehensive data collection limits the scope and also makes it difficult to prevent induced bias by the researcher since the researcher interprets data according to their own view (Bernard and Bernard, 2012: 392).

3.6 Analytical Method

This study used the statistical techniques available in the Statistical Package for the Social Sciences (SPSS) to explore the relationships among variables as discussed in detail and listed below. The techniques are based on correlation, which is often used by researchers in non-experimental research designs. These techniques are used to explore the relationships between variables and to predict scores on one variable from scores on another variable (bivariate regression). Furthermore, they are used to predict scores on dependent variables from the scores of a number of independent variables (multiple regression). Moreover, the structure underlying a group of related variables can be identified (factor analysis). All these techniques are used to assess the reliability and validity of scales in analysing and interpreting the findings (Green and Salkind, 2010: 27).

3.6.1 Univariate Data Analysis

There are two types of univariate analysis which involves observing one variable at a time by comparing the variance between different groups with the variability within each of the groups (Gnanadesikan, 2011: 20). In this study, univariate analysis comprised frequency tables displaying the number of informal traders and the percentage relevant to each variable in question, which allowed for ease of understanding of whether there are significant differences in the mean scores on the dependent variables across the data analysed.

3.6.1.1 Frequency Distribution

Benjamin and Cornell (2014: 695) define frequency distribution as the useful graphical presentation of data by calculating the successive partial sums of frequencies up to each interval. Diagrams such as bar charts, tables and/or graphs were used to present the quantitative data for ease of interpretation (Cooper, Schindler and Sun, 2006: 444).

3.6.1.2 Descriptive Statistics

Descriptive statistics quantify the attributes of the data in terms of its distribution. Where applicable, means and standard deviations are applied to analyse and interpret data (Dytham, 2011: 5). It is important to note that distribution is the description of how frequently individual values occur. Cooper et al. (2006: 457) note that the distribution of variables can be described in terms of its relative symmetry and skewness, a useful way of summarising cross-sectional data represented using a frequency histogram. Vogt and Johnson (2011: 226) describe the mean as the central tendency that has the desirable mathematical property of minimizing the variance; the median is the value found in the middle of the sample when all sample values are arranged in ascending or descending order and the mode is the most common or frequent value in a sample. All three measures help to provide an indication of the skewness of the distribution when compared. The standard deviation shows the variability of responses; it is a measure of the average number of responses in a distribution that deviate from the mean. When the standard deviation is large, it implies that the responses are widely spread out (Vogt and Johnson, 2011: 375).

Descriptive statistics techniques were used to evaluate the variables in section A of the questionnaire, which examined customer responses. The results were evaluated against the bivariate and multivariate data analysis techniques to confirm the results using other forms of analysing and evaluating data.

3.6.1.3 Bivariate Data Analysis

Bivariate data analysis is analysis using just two variables which seeks to identify the association between them (Vogt and Johnson, 2011: 32). These techniques can be performed

in both qualitative and quantitative data analysis. To identify the association, relationships and correlation between variables the following tools are applied: The Pearson correlation, simple regression, Chi-square and Wilcoxon Signed Ranks, among others (Jobson, 2012: 12).

3.6.1.4 Chi-square

There are two types of chi-square tests, both involving categorical data. The chi-square goodness-of-fit-test explores the proportion of cases that fall into the various categories of a single variable. The chi-square test for independence is used to determine whether two categorical variables are related (Rosner, 2010: 401). It compares the frequency of the cases found in the various categories of one variable across the different categories of another variable (Satorra and Bentler, 2010: 243).

The chi-square goodness-of-fit-test is a bivariate test used on a categorical variable to test whether any of the response options are selected significantly more or less often than the others. Among other tests, it was used to test if informal traders are benefiting from township mall development or not (Satorra and Bentler, 2010: 245). Under the null hypothesis, it is assumed that all responses are equally selected. Descriptive statistics quantify the attributes of the data in terms of its distribution and central tendency, testing how frequently a particular value occurs.

Correlation is used when one wants to describe the strength and direction of a relationship between two variables or when one of the variables is dichotomous and the statistics obtained is Pearson's product-moment correlation (Cohen, West, Aiken and Leona, 2013: 1). The chi-square goodness-of-fit test was applied to determine whether any of the response options were selected significantly more often than others while the paired test was applied to establish whether informal business traders' income before the development of township malls was significantly different from the income generated after the development of the malls.

3.6.1.5 Pearson Product-Moment Correlation

Pearson Product-Moment Correlation was formulated by Karl Pearson whose thinking is the foundation of many mathematical and statistical methods commonly employed in quantitative

fields, one being the Pearson Product-Moment Correlation Coefficient and its relationship with linear regression (Hauke and Kossowski, 2011: 88).

Pearson Product-Moment Correlation Coefficient is designed for interval level variables and is also used if there is one continuous variable and one dichotomous variable. The Pearson correlation coefficient (r) can only take on values from -1 to +1 (Hauke and Kossowski, 2011: 89). The sign in the front indicates whether there is a positive correlation (as one variable increases, so too does the other), or a negative correlation (as one variable increases, the other decreases). The size of the absolute value provides an indication of the strength of the relationship. A perfect correlation of 1 or -1 indicates that the value of one variable can be determined exactly by knowing the value of the other variable (Mukaka, 2012: 69).

(Mukaka, 2012: 70) further notes, that a number of issues are associated with the use of correlation. These include the effect of the non-linear relationship, outliers, restrictions of range, correlation versus casualty and statistical versus practical significance. Hence, when using Pearson r the cause and effect relationship cannot be determined but one can infer that the two variables are associated with each other which is why the results are presented with both the strength and the direction of the relationship (Cohen et al., 2013: 350).

The Pearson correlation omnibus test of model co-efficient was applied to variables in order to test the effects of township mall development on local informal traders.

3.6.1.6 Wilcoxon Signed Ranks

Wilcoxon Signed Ranks test is a non-parametric test used in this study to test whether the average value is significantly different from the value of 3, the central score (Natrella, 2013: 16). In this study, it was applied to Likert scale questions to determine value creation by township mall development and to compare the distribution of two variables (Natrella, 2013: 16).

Interpretation of the output from Wilcoxon Signed Ranks test is focussed on two main values, the Z value and the associated significance levels, presented as Asymp. Sig. (2-tailed). If the significance level is equal to or less than .05, one can conclude that the difference between the

two scores is statistically significant. In this study for example, the Wilcoxon Signed Ranks Test tested for changes or no changes in informal local traders' income before and after the township mall was developed. Together with the Wilcoxon Signed Ranks Test, cross-tabulation is another method used for data analysis (Pratt and Gibbons, 2012: 147).

3.6.1.7 Cross-Tabulation

Cross-tabulation is used to compare categorical data from demographic variables and the study's target variables using tables with rows and columns (Anselin and Getis, 2010: 16). This is done to establish the relationship between the two variables presented in two-dimensional frequency tables. In the event that the variables give different output values and cannot be meaningfully cross-tabulated, graphs and summary statistics are used to describe the extent of the relationship between the compared variables. For example, in this study the relationship was cross-tabulated between the effects on local informal traders' income based on the number of years in business before and after the development of the mall. The binomial test used on a dichotomous variable to test whether the proportion of a response is significantly different from 0.5. Chi-square test of independence is used on cross-tabulation to establish whether a significant relationship exists between the two variables represented in the cross-tabulation. When conditions are not met, Fisher's exact test is used (Anselin and Getis, 2010: 16).

When some of the variables in the questionnaire were cross-tabulated, they provided relative outputs for the following:

- a) Township traders' perceptions of the effects of value-creating supply chain distribution systems in emerging markets.
- b) The influence of emerging markets on the optimal structured cost of the distribution model and proximity to improve product availability.
- c) The transformation of informal retail enterprise development by formalised large-scale chains through a configured supply chain.
- d) The magnitude of the displacement of informal local traders as a result of the entry of both large-scale suppliers and retailers into township markets.

In conjunction with cross-tabulation, regression analysis is a common method of data analysis (Hair, 2010: 75).

Hypothesis

H₁: There is a relationship between the type of business and distance from the mall

H_{1A}: There is no relationship between the type of business and distance from the mall

H₂: There is a relationship between the performance of traders' businesses and the existence of the mall

H_{2A}: There is no relationship between the performance of traders' businesses and the existence of the mall

H₃: There is a relationship between the type of business and start time of operation

H_{3A}: There is no relationship between the type of business and start time of operation

H₄: There is a relationship between the type of business and income generated before the mall opened

H_{4A}: There is no relationship between the type of business and income generated before the mall opened

H₅: There is a relationship between the type of business and income generated after the mall opened

H_{5A}: There is no relationship between the type of business and income generated after the mall opened

H₆: There is a relationship between the existence of the mall and township infrastructural development

H_{6A}: There is no relationship between the existence of the mall and township infrastructural development

3.6.2 Multivariate Data Analysis

There are several methods to examine three or more variables at the same time, usually two or more independent variables and one dependent variable. Multivariate analysis allows researchers to examine the relationship between two variables while simultaneously controlling for other variables (Vogt and Johnson, 2011: 245). Examples include factor analysis, multiple regression analysis, Kruskal Wallis Test, correlations and discriminant analysis. Variables are seen as dependent or independent in this technique. A dependent variable is what is being affected and measured in the study while an independent variable cannot be controlled or affected; the independent variable influences the dependent variable (Vogt and Johnson, 2011: 103). Although it is possible to examine the relationship between two variables at a time, there

are serious disadvantages to restricting oneself to a single approach (Bryman and Cramer, 2002: 197).

3.6.2.1 Regression analysis

Regression analysis uses the presence of an association between two variables to predict the values of the dependent variable from the independent variable (Kinnear and Gray, 1993: 145). In regression, the purpose is to estimate or predict some characteristics from a knowledge of others by constructing a regression equation (Bryman and Cramer, 2002: 202). A logistic regression was performed to ascertain the effects of township mall development on the likelihood that business would be negatively affected (Kinnear and Gray, 1993: 145).

3.6.2.2 Multiple Regression

According to Pallant (2013: 114), multiple regression enables the prediction of a single dependent continuous variable from a group of independent variables and assesses the relative contribution of each individual variable. On the other hand, logistic regression is used when the dependant variable is categorical. Logistic regression tests the predictive power of a set of variables and assesses the relative contribution of each individual variable. Regression analysis: Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predicts the value of the dependent variable. Multi-collinearity occurs when there is a correlation between three or more variables (Hair, 2010: 78). When multiple-collinearity exists in the model, the value for the estimated regression coefficient can fluctuate drastically, making it difficult to interpret the coefficients as an indicator of the importance of the predictor variables (Cooper and Schindler, 2006: 549).

Correlation provides an indication that there is a relationship between two variables; it does not, however, indicate that one variable causes the other. The correlation between variables A and B could be that A causes B or B causes A, and/or there could be a third variable C that causes A and B. The possibility of a third variable that influences both observed variables should always be considered. This third possible variable could influence the study (Cooper et al., 2006: 549). A logistic regression was performed to ascertain the effect of the emergence of township malls on local informal traders' businesses, with the likelihood that these businesses were negatively affected.

The main difference between logistic regression analysis and multiple regression analysis is the natural form of the dependent variable. The dependent variable is consistent in multiple regression, while in logistic regression the dependent variable is categorical. Logistic regression allows the researcher to predict the outcomes of two or more categories (Bryman and Cramer, 2002: 203).

3.6.2.3 Kruskal Wallis Test

The Kruskal Wallis Test is the non-parametric equivalent of ANOVA (McKight and Najab, 2010: 24). It allows a researcher to compare several independent samples that compare two or more groups of cases in one variable. It is similar in nature to the Mann Whitney U Test, the non-parametric equivalent of the independent samples t-test (Nordstokke et al., 2011: 7). Scores are converted into ranks and the mean rank for each group is compared. For example, in the group analysis, different outlet owners had to be in each of the different groups of outlet owners. A logistic regression was performed to test the likelihood of informal traders' businesses being influenced by the emergence of township malls (McKight and Najab, 2010: 24).

3.7 Binomial Test

The binomial test is used to compare the frequency of cases found in the two categories of dichotomous variables with those which are expected on some basis (Agresti and Kateri, 2011: 2). In this study, there were frequency tables for all questions and a binomial test was applied to each question to determine whether the proportion of YES responses was equal to the proportion of NO responses. Under the null hypothesis, we assume that the proportion of YES = prop of NO = 0.5 (Agresti and Kateri, 2011: 2). As shown in the following chapter, a binomial test was used to test whether a significantly larger proportion of the informal traders responded YES when compared against the frequencies of relevant variables.

3.8 Reliability

Bryman and Cramer (2002: 62) state that the reliability of a measure refers to its consistency. There are two separate aspects of reliability, external and internal reliability (Meeker and Escobar, 2014: 8). External reliability is the more commonly used and refers to the degree of consistency of a measure over time. External reliability is administered by running a test on two occasions on the same group of subjects, test-retest reliability. The disadvantage of re-running such tests is that the outcome might be inconsistent. However, test-retest is one of the many ways to test external reliability (Meeker and Escobar, 2014: 8).

Internal reliability is particularly important in connection with multiple variable scales as it measures whether each variable scale measures a single idea and hence, whether the items that make up the scale are internally consistent (Gelman, Carlin, Stern and Rubin, 2014: 22). Consistency of outcomes was used as a measure of reliability in this study and chi-square goodness-of-fit-test was used to test whether any of the response options were selected significantly more or less often than others (Gelman et al., 2014: 22).

3.9 Validity

According to Jobson (2012: 160), validity measures the extent to which a measure measures the concept it purports to measure. This basically refers to the set of questions posed in order to understand a concept. Validity is categorised into two main categories, construct validity and face validity. Construct validity measures the degree to which the scale measures the underlying theme it intends to measure. In this study, the correlation tools of data analysis techniques were used to achieve data validity (Jobson, 2012: 163).

3.10 Study Site

The study site was the Durban region with a focus on Umlazi Township and Kwa-Mashu Township which are part of the greater Durban and Ethekwini Metropolitan Municipality (Frith, 2014: 12). Kwa-Mashu and Umlazi are the two biggest townships in the region. Kwa-Mashu is home to 175 663 people spread over 21.47 km² while Umlazi has a population of 404 811 spread over 47.46 km² (Frith, 2011:12). These two townships were chosen because they

are the biggest in KZN and they were among the first townships to be targeted for township mall development.

3.11 Target Population

Charmaz (2011: 372) defines the target population as the total population of respondents in a survey. The target population should be defined along geographical and time lines (Sekaran and Bougie, 2010: 267). The target population for this study was informal market participants in Umlazi and Kwa-Mashu Townships. A study conducted by the eThekweni Economic Development and Investment Promotion Unit in September 2012 found that there were 750 informal local traders in Umlazi Township and 420 in Kwa-Mashu Township.

3.12 The Sample

Data was collected from the target group of individuals in their geographic locations. Inferences and conclusions were made based on the responses collected by means of questionnaires. The sample is a subset or subgroup of the population (Sekaran and Bougie, 2010: 444). Adopting Sekeran and Bougie's (2010: 276) sampling method, the researcher looked at a population of 1 170 multiple outlet owners in Umlazi and Kwa-Mashu Townships, and drew a sample study group of 291 informal outlets owners to whom questionnaires were distributed.

3.13 Sampling Method

Sampling is the process of selecting items from the population so that the sample characteristics can be generalized to the population. Convenience sampling was used as it is quick, convenient and less expensive and targets easily accessible members of the population under study. Sekaran and Bougie (2010:276) describe convenience sampling as the collection of information from members of the population who are conveniently available to provide it, while Charmaz (2011: 375) describes this type of sampling as the time when the researcher studies members of the population who are easily available. Sekaran and Bougie (2010:276) note that, in purposive sampling, information is obtained from specific target groups who can provide the required information, or conform to parameters set by the researcher. It is important that the

sample is representative of the population. Thus, the results can be generalized to the larger population through inferential statistics (Levy and Lemeshow, 2013: 43).

3.14 Sample Size

Sampling is a process that involves selecting a small portion of the population to represent the entire target population, whereas the sample size is the total number of units or people selected to participate in the study (Yin, 2013: 98). For the purpose of this research study, the population size were informal business owners (1 170 outlets), population size. The sample size for this study was therefore the 291 multiple outlet owners in Umlazi and Kwa-Mashu Townships.

3.15 Limitations

The limitation of this study was that it was conducted in one region, the Durban region. However, the researcher addressed this limitation by targeting high activity informal business locations, which were the two main townships in this region, Umlazi and Kwa-Mashu.

3.16 Data Collection Instruments

Data is information collected during the course of the research study using tools while data collection instruments refer to the actual devices used to collect data (Rubin and Chisnell, 2008: 43). The researcher used questionnaires to collect quantitative data. Qualitative data is described by Sekaran and Bougie (2010:444) as data that are not immediately quantifiable, unless they are categorised in some way, whereas quantitative data is generally gathered through structured questions (Levy and Lemeshow, 2013: 108). A questionnaire is a form of written communication in which the researcher communicates with the respondent. Questionnaires are a widely accepted tool for gathering information (Bird, 2009: 07).

3.17 Construction of the Instrument

The instrument was designed to address the quantitative aspects of the research on informal township traders' perceptions of the effects of value-creation supply chain distribution systems in emerging markets. Perceptions influence whether people reap benefits from the emergence of township malls or are discouraged from trading. Therefore, a good measure of perception would be the number of retailers that continued trading because they saw an opportunity and the number that were displaced from trading due to increased competition. The questionnaire construction was done in such a way as to enable the study to achieve the objectives outlined earlier.

The questionnaire is divided into four (4) different dimensions;

- Part one covered biographical data and organizational profile to profile respondents according to gender, age; size of the business and the model of business trading; this was captured in questions 1 to 11. Questions 9 and 10 specifically tested the financial impact of the township malls on each local trader, which was then used to categorize respondents who benefitted or suffered losses due to the emergence of township malls.
- Part two posed dichotomous questions that required a “yes” or “no” answer based on respondents' experience, perceptions and knowledge with regard to the perceived impact of township malls on them as individual local traders; this was captured in questions 12 to 30. The aim was to distinguish winners and losers in terms of the impact of township mall development.
- Part three covered value creating supply chain distribution systems. It sought to obtain information on the various supply chain distribution systems used to transport goods to retailers. This was captured in questions 31 to 38 with “yes” or “no” answers.
- Part four dealt with value creation and development in townships. It tapped into the study's objective to investigate value creation and township development due to the emergence of township malls. All answers were on a five-point Likert scale that ranged from 1 to 5 with 1 being strongly disagree and 5 being strongly agree. This section was covered by questions 39 to 47.

3.18 Administration of the Questionnaire

The self-administered questionnaire was distributed to township retailers in both Umlazi and Kwa-Mashu who voluntarily completed the questionnaire, based on their knowledge,

experience and perceptions with the guidance of the researcher or nominated research assistant. This was done in a space of two months between December 2014 and January 2015.

3.19 Data Analysis

The data was analysed using the SPSS. The responses were converted from categorical data to nominal data in order to enable the data to be partitioned into mutually exclusive and collectively exhaustive categories. The data was then captured into the SPSS data editor window to enable analysis. All the data was hand captured into a pre-formulated excel worksheet aligned to the questionnaire.

The analysis involved the use of quantitative approaches. Carver and Nash (2011: 14) describe data analysis as the process of examining something in order to determine what it is and how it works. Analysis involves a process where a researcher interprets events. Univariate techniques were used to test frequency distribution. Sekaran and Bougie (2010:338) describe univariate techniques as testing a hypothesis on a single mean. The Anova analysis technique was used to test the differences between the multiple outlet owners' responses. Inferential statistics were employed to test correlation and cross tabulation among the responses. This study examined the difference or relationship between supply chain distribution methods. Carver and Nash (2011: 27) describe factor analysis as a multivariate technique that confirms the dimensions of the concept that has been operationally defined, also indicating which of the items are most appropriate for each dimension.

3.20 Ethical considerations

According to Olsen, Wilson, Michel, Gibberd, Vincent, El-Assady, Rasslan, Qsous and Macharia, (2012: 832) the ethical clearance process normally starts with the researcher or examiner noting which parts of the ethical clearance guidelines apply to a specific research study. Ethical approval was obtained from the University of KwaZulu-Natal's Ethics Committee. To uphold human dignity, the researcher provided adequate information on the study in order for respondents to make a decision on whether or not to participate. All respondents signed informed consent forms. The respondents' confidentiality and privacy were

protected by informing them of their right to withhold certain personal information (Olsen et al., 2012: 832).

3.21 Conclusion

This chapter presented the research methodology used in this study. It included an in-depth discussion of qualitative and quantitative research methods and their advantages and disadvantages. The researcher chose a quantitative research design for this study so as to provide a reliable and verified analysis of the data collected from respondents. The study setting was Umlazi and Kwa-Mashu Townships and convenience sampling was used. Data collection was conducted using questionnaires, which were distributed to 301 respondents. After the questionnaires were completed and collected, the data were analysed using the various techniques discussed in this chapter to test the differences between the multiple outlet owners' responses. Inferential statistics were used to test correlation and cross-tabulation among the responses. The reliability and validity of the research instrument and the study's limitations were also highlighted.

The following chapter presents the study's findings.

Chapter Four

Data Analysis and Interpretation

4.1 Introduction

This chapter reports on the results of the study by analysing the responses to the survey. The responses to the questionnaires were analysed using the SPSS. Section A responses were analysed using frequency distribution tables in order to determine the pattern of distribution of the responses. Data analysis and interpretation transformed the data into information that was used to analyse and describe the relationships between variables. Three methods of data analysis were used to analyse the data: univariate, bivariate and multivariate analysis. The analysis in this chapter deals with quantitative data relevant to the research objectives. The objectives of the study were built into the questions that were subject to analysis. Together with the secondary data accumulated through the distribution of the questionnaire, this chapter forms a basis for the discussion that follows in chapter five where the results are discussed further.

4.2 Frequency Distribution

The frequency distribution tables define frequency distribution from questions 1 to 11. The main aim was to analyse the pattern of responses collected from respondents between variables. The variables were interpreted against each other to test the relationships between two or more variables.

4.2.1 Trader Demographics

This section deals with the biographical data and organizational profile of all respondents according to gender, age; size of the business and the business model.

Figure 4.1: Gender, Age and Years Running Business

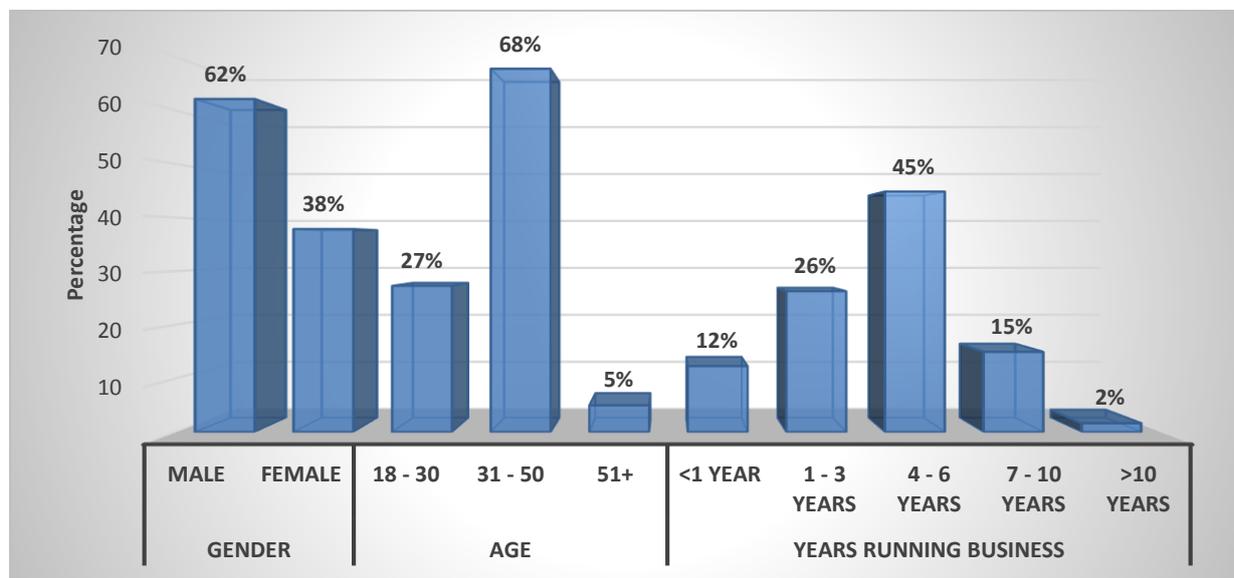


Figure 4.1 shows the distribution of gender and age of all the respondents as well as years in business. Of the 301 respondents, 62.1% were male and 37.9% were female with a large percentage, 67.8%, between the ages of 31 and 50. The mean average years in business was 4

to 6 years followed by 26.2% of the respondents who had been in business for between 1 and 3 years. A small percentage (15%) had been in business for more than 10 years.

Figure 4.2: Distance from Mall and Effect of Mall

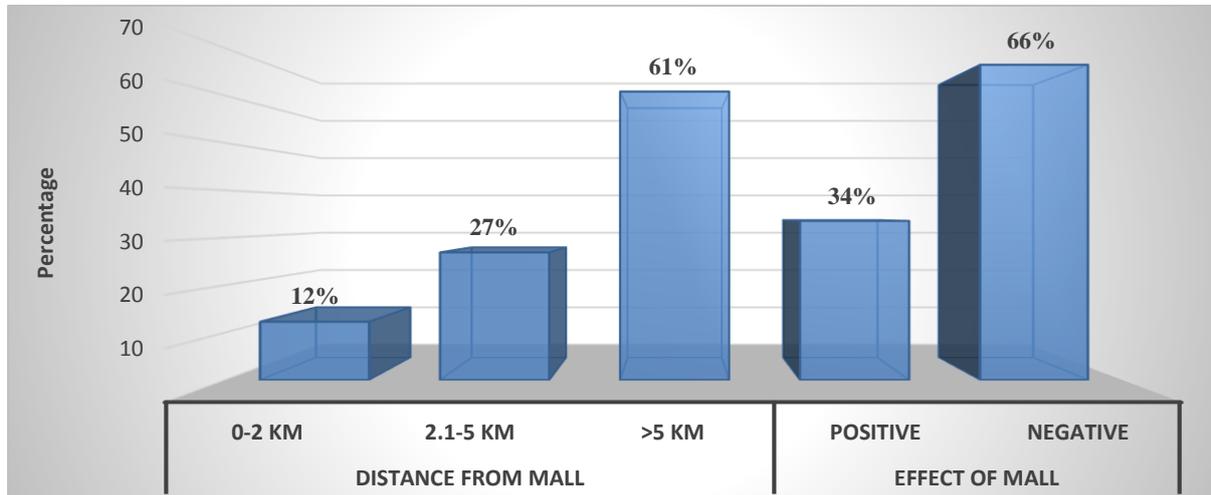


Figure 4.2 indicates that a large percentage, 60.8% of the respondents are located more than 5km from the mall. In terms of the effect of the mall’s existence on local traders, an overwhelming majority of the respondents (66.45%) stated that they were negatively affected, with only 33.6% realizing positive effects due to the existence of the malls. Outlets situated 5km or more from the mall, which made up the biggest percentage of the sample, might be less affected by the existence of the mall than the 27% of the respondents who are located between 2.1 and 5km from the mall and are more likely to experience its effects, as well as the 12% of respondents who are between 0 and 2km from the mall.

Figure 4.3: Staff Size, Type of Business, Started Operating and Reason for Operating Business

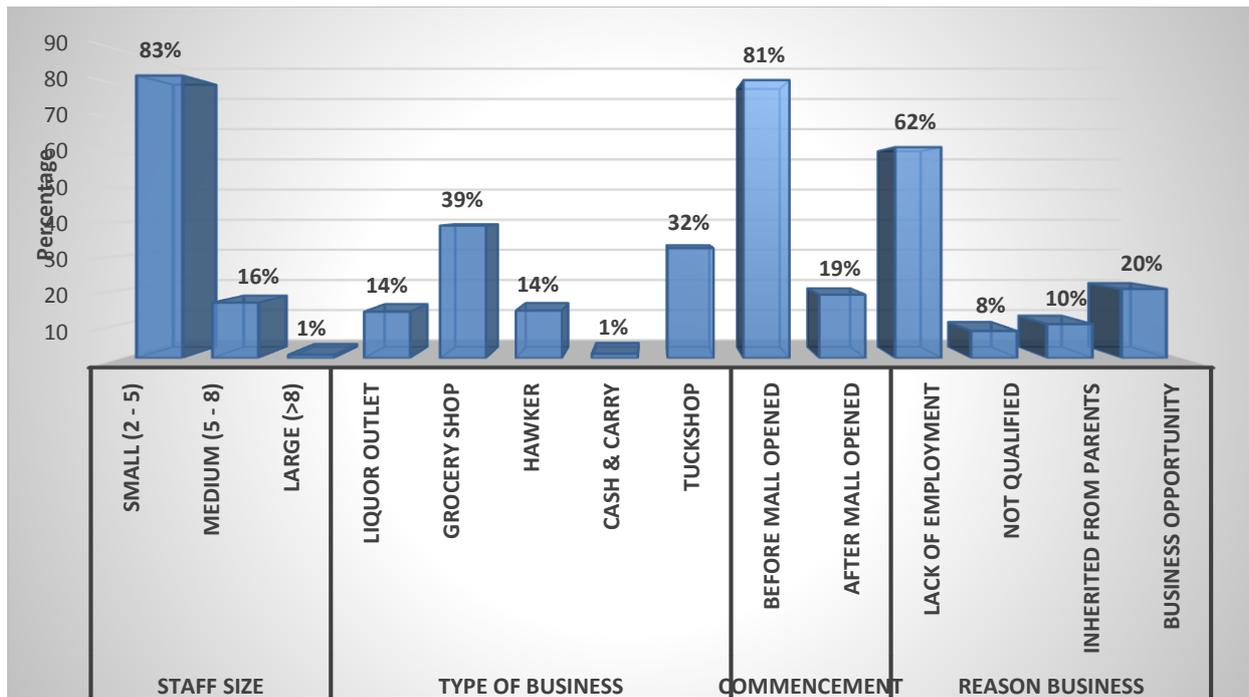


Figure 4.3 shows that a significant number of businesses are small with between 2 and 5 employees. Thirty nine per cent of the respondents are running a grocery shop, closely followed by tuck-shops (32%). The figure shows that 81% of the businesses started operating before the malls opened and lack of employment was the reason why 62% of the respondents started their own business. Thus, the results generated in this study are mainly applicable to local informal traders who largely rely on income generated from their businesses to meet their financial needs.

Figure 4.4 Income Before and After

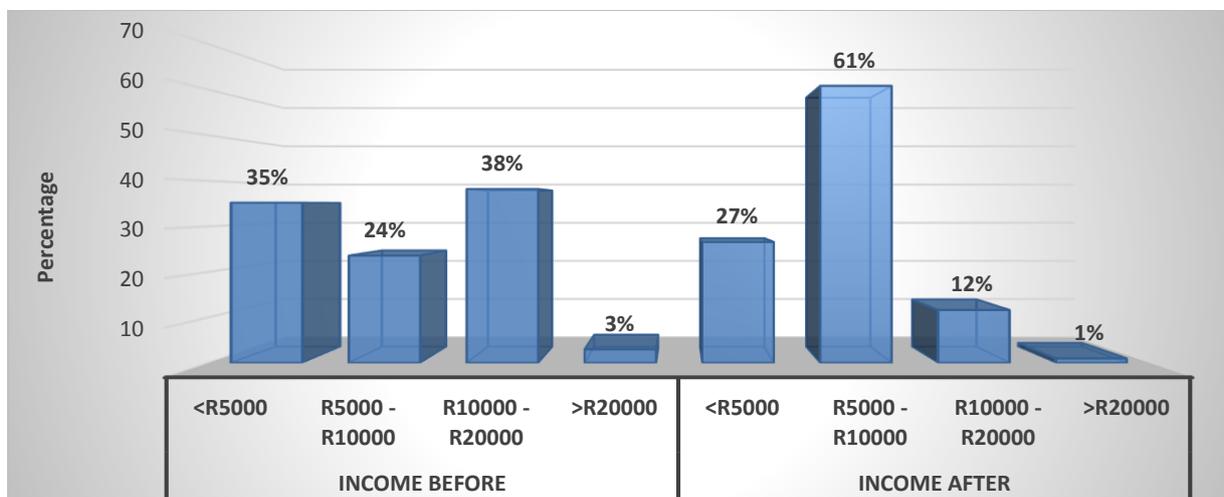
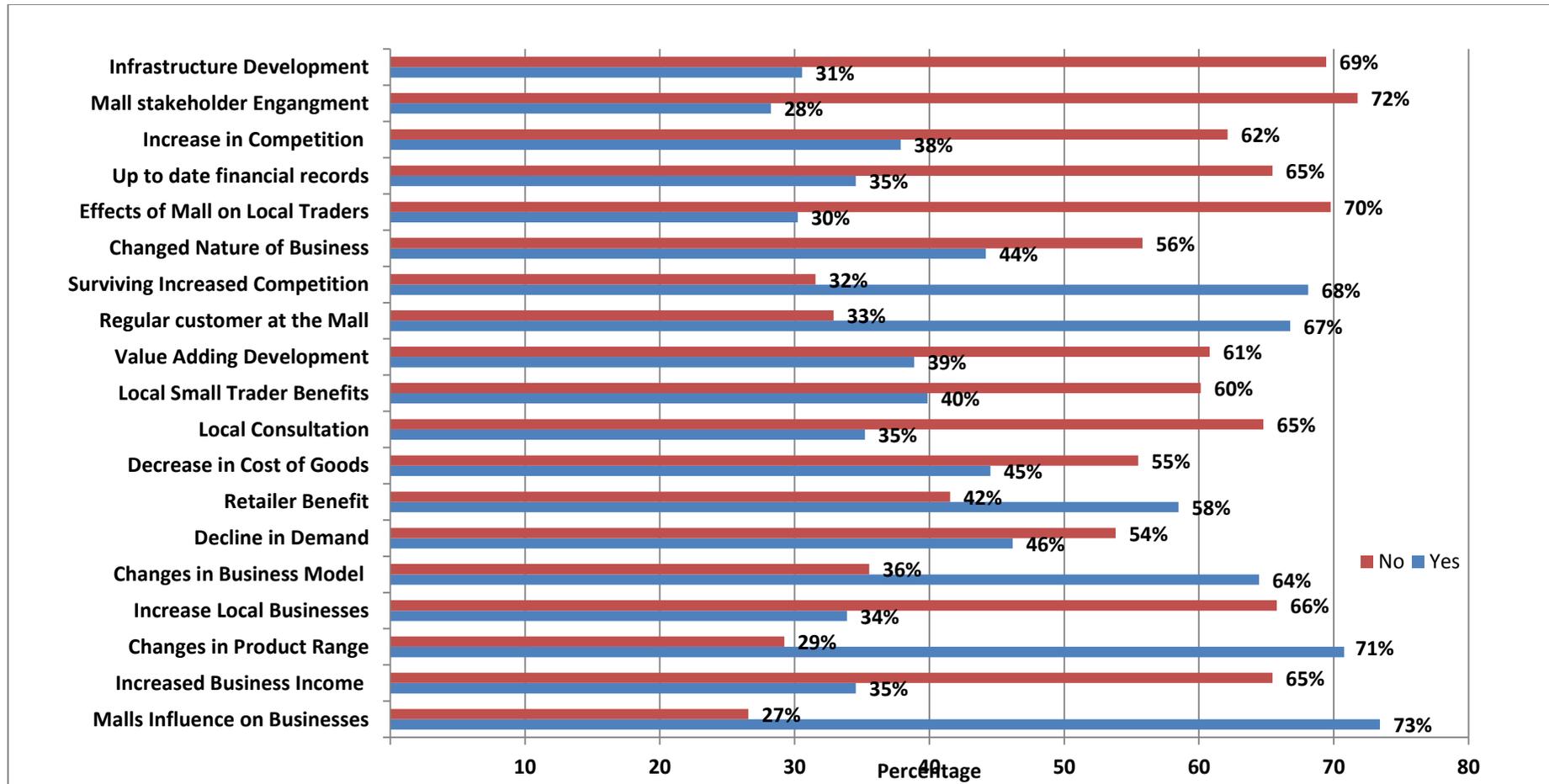


Figure 4.4 shows the financial impact of township malls on local traders in the form of income before and after the malls opened. It reveals that the mean income 'before' is significantly higher than the mean income 'after'. The overwhelming majority of the respondents generated between R10 000 and R20 000 before the mall opened and this decreased to between R5 000 and R10 000 after the opening of the mall.

Figure 4.5 Experiences, Perceptions and Knowledge of Respondents

This figure presents the dichotomous questions on the respondents' experiences, perceptions and general knowledge in questions 12 to 30 in section B of the questionnaire.



4.3 Dichotomous Questions

The dichotomous questions required a Yes or No answer based on the respondents' experience, perceptions and knowledge with regard to the impact of township malls on local traders. The aim was to show a clear distinction between winners and losers due to the impact of township mall development as demonstrated in figure 4.5. The figure shows that a significantly larger proportion of the sample responded Yes (73%) when asked about the influence township malls have on local traders' businesses, while a significantly larger proportion responded No (65%) when asked if they had generated more monthly income after the mall opened.

Furthermore, the figure shows that a significantly larger proportion (71%) of the sample responded positively (Yes) when asked if their product range changed due to the existence of the mall, while a significantly larger proportion (66%) responded negatively (No) when asked if there was an increase in the number of stores around the mall after it opened.

Figure 4.5 also shows that 65% of the informal township traders had to change their business model in order to remain competitive. Fairly evenly distributed responses were received when the respondents were asked if demand for some products declined after the mall started operating; 46% responded Yes and 53.8% No.

Similarly, Figure 4.5 shows that there is a generally mixed response from the respondents on the question of whether there was a retail benefit from the malls opening in local townships, with 58% responding Yes and 42% No. Asked if the cost of buying goods decreased after the malls opened, 45% of the respondents answered in the affirmative and 55% in the negative.

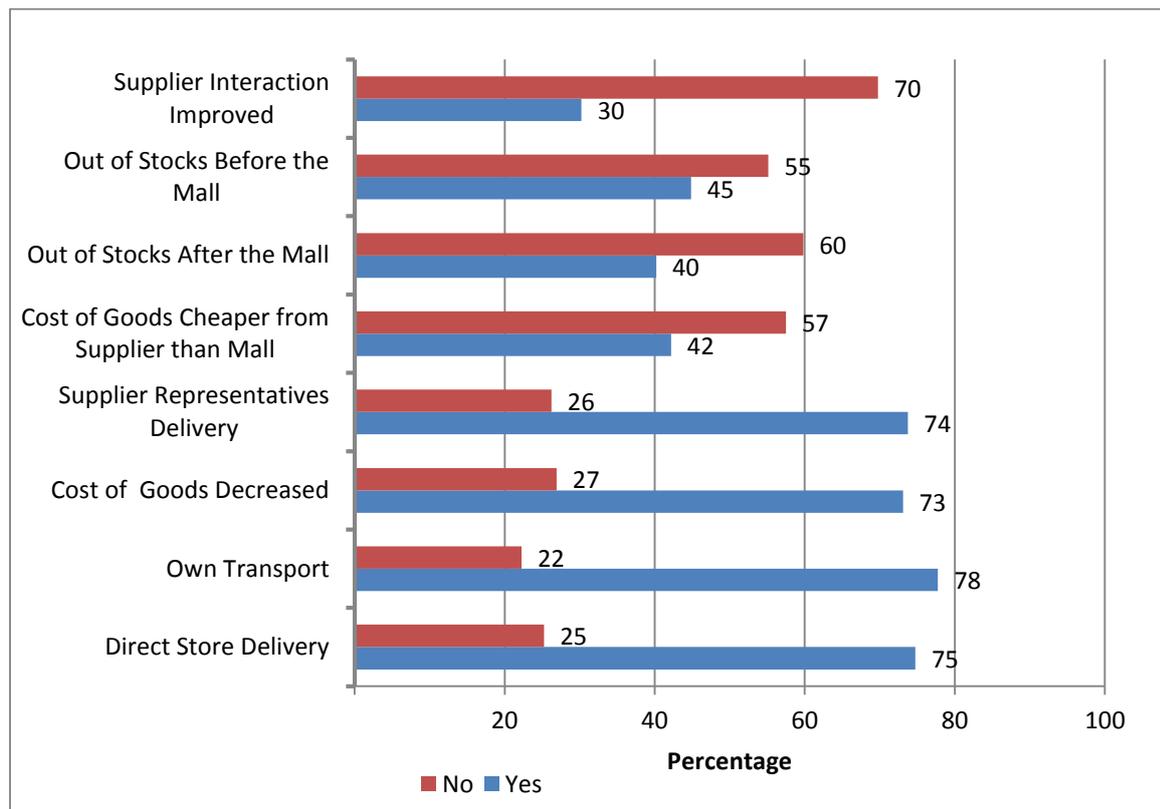
In terms of whether local traders were consulted and involved before the mall opened, a significantly larger proportion of respondents responded No (65%). Similarly, a larger proportion (60%) of the respondents responded in the negative when asked if local small traders benefit from the development of malls in townships.

A larger proportion of the respondents (61%) felt that the development of the mall did not add any value to their individual businesses while 67% said that they were regular customers at the mall for purchasing purposes. Figure 4.5 indicates that a significantly larger proportion of the sample (68%) responded Yes when asked if some local traders stopped operating after the mall opened, as they could not survive the increased competition. The majority of the respondents (56%) noted that the nature of their business had to change due to the emergence of the mall.

Moreover, the binomial test showed that a significantly larger proportion of the respondents (70%) felt that the construction of the mall had no effect on their individual businesses and the majority (65%) indicated a lack of financial competency in keeping up to date financial records in managing their businesses. A significantly larger proportion (70%) of respondents felt that the mall had no effect on their businesses and that competition had not increased (62%) since the mall opened.

Finally, 69% of the respondents strongly believed that there was no improvement in local infrastructure in the form of water and electricity supply and better roads as a result of the development of township malls with 70% responding in the negative. Seventy two per cent of the respondents felt that investors and mall management teams did not constantly engage local retailers in decision making and did not incorporate traders into the mall.

Figure 4.6 Value Creating Supply Chain Distribution Systems



This section offers insight on value creating supply chain distribution systems for local retailers and local communities. Based on figure 4.6, the Binomial test shows that a larger proportion of the sample (75%) agreed that local retailers received their products on delivery from suppliers with 25% stating that they did not get direct store delivery from suppliers. Seventy eight per cent of the respondents used their own transport to fetch goods for resale while 22% did not.

A significantly larger proportion of the sample (73%) agreed that the cost of obtaining goods had decreased since the malls opened, while 27% felt that this was not the case. Similarly a significantly larger proportion of the respondents (74%) stated that they received goods for resale from supplier representatives, while only 26% did not.

Furthermore, figure 4.6 shows that a fairly large proportion of the sample (58%) agreed that the cost of goods was cheaper from the supplier than in chain stores at the mall, while 42% felt that this was not the case. Sixty per cent of the respondents said that they did not run out of stock even after the mall opened, while 40% did run out of stock even after the mall opened. In contrast, 55% of the respondents did not run out of stock prior to the mall opening while 45% did experience stock out prior to the mall opening. Finally, 70% of the respondents felt that supplier interaction did not improve after the mall opened with 30% experiencing improvement in supplier interaction after the opening of the malls.

Figure 4.7: Value Creation and Local Development

This figure presents data from questions 39 to 47 on value creation, transformation and development in local townships.

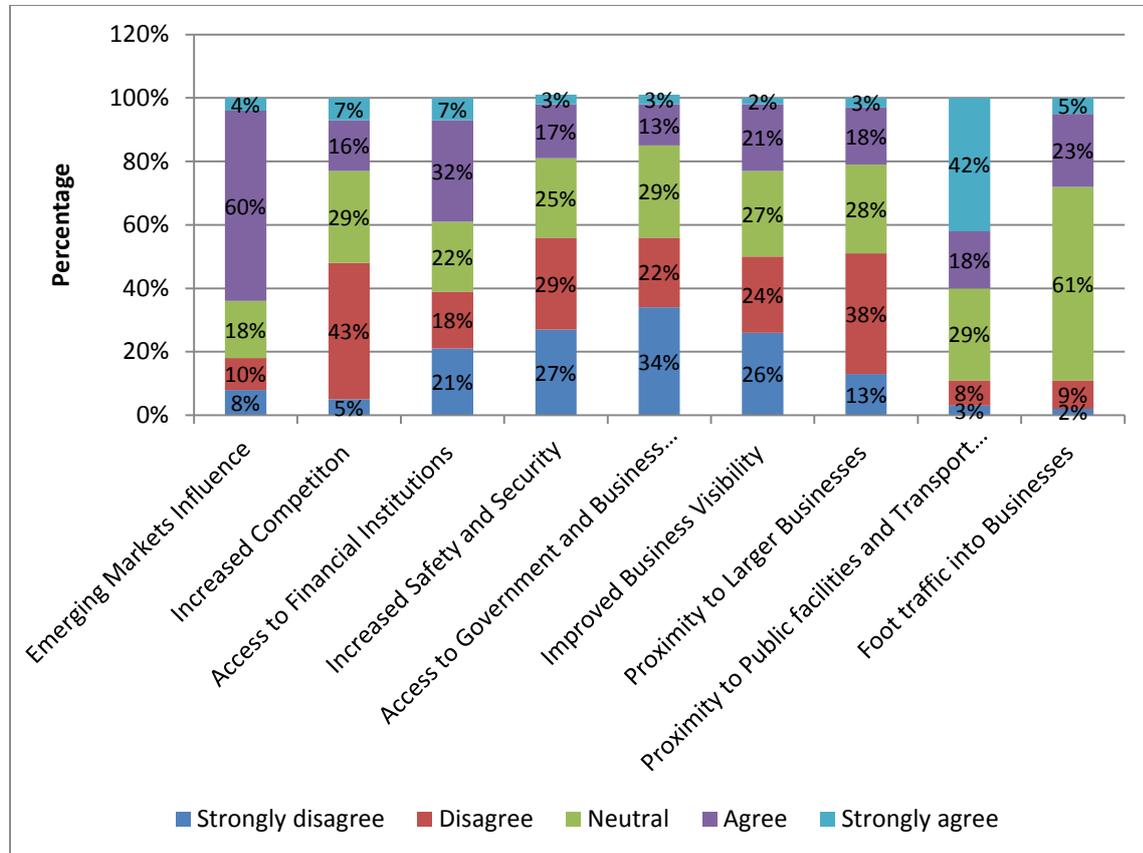


Figure 4.7 indicates combined agreement of 60%, while a very small percentage (11%) disagreed that proximity to public facilities and transport hubs has improved since the malls opened in these townships. However, 29% of the respondents remained neutral. Combined disagreement of (28%) was reported and only 18% of the respondents remained neutral in relation to the statement that local informal traders are influenced by emerging markets. Furthermore, a small group of respondents (10%) disagreed that retailers were influenced by the emergence of township malls, while only 8% strongly disagreed with this statement and 4% strongly agreed.

A large percentage of the respondents (43%) disagreed that the emergence of township malls brought about increased competition, with 29% remaining neutral. Only 16% of respondents agreed that there was increased competition while 7% of respondents strongly agreed with this statement and 5% strongly disagreed. A combined majority of 39% of the respondents agreed

that access to financial institutions improved with the construction of township malls while a combined 39% also disagreed with this statement and 22% were neutral.

A combined 56% of respondents disagreed that safety and security increased after the malls opened while 20% agreed and 25% were neutral. According to 56% of the respondents, there was no improved access to government and business institutions; however, 29% of the respondents were neutral. Only 16% agreed that there was improved access to government and business institutions after the malls opened. There was combined disagreement of 50% that there was improved visibility of traders' businesses due to the emergence of township malls and only 23% of the respondents felt that their businesses became more visible due to the emergence of malls while 27% were neutral.

A combined 51% of the respondents disagreed that that mall development resulted in proximity to larger businesses while 28% remained neutral and only 21% agreed with this statement. Finally, a large proportion (61%) of the respondents remained neutral on the question of whether mall development had led to an increase in foot traffic into their individual businesses while 11% disagreed and 28% agreed.

4.4 Descriptive Statistics

Descriptive statistics are used to illustrate the essential attributes of the data in this study, largely relating to value creation and development in local townships brought about by emerging markets. All answers are in a five-point Likert scale that ranges from 1 to 5 with 1 being strongly disagree and 5 being strongly agree (Vogt and Johnson, 2011: 226).

Table 4.1: Descriptive Statistics on Value Creation and Development

	N	Mean	Std. Deviation	Std. Error Mean
Proximity to larger businesses	301	3.86	1.148	0.066
Local informal traders are influenced	301	3.4	1.01	0.058
Levels of foot traffic increased	301	3.2	0.754	.043
Access to banking and financial institutions improved	301	2.86	1.262	0.073
Competition has increased	301	2.75	1.004	0.058
Proximity to larger businesses improved	301	2.61	1.036	0.06
Visibility of my business has improved	299	2.48	1.139	0.066
Safety and security has increased	301	2.41	1.135	0.065
Improved acces to Gov & Buss institutions	301	2.31	1.161	0.067

Figure 4.8: Descriptive Statistics on Value Creation and Development

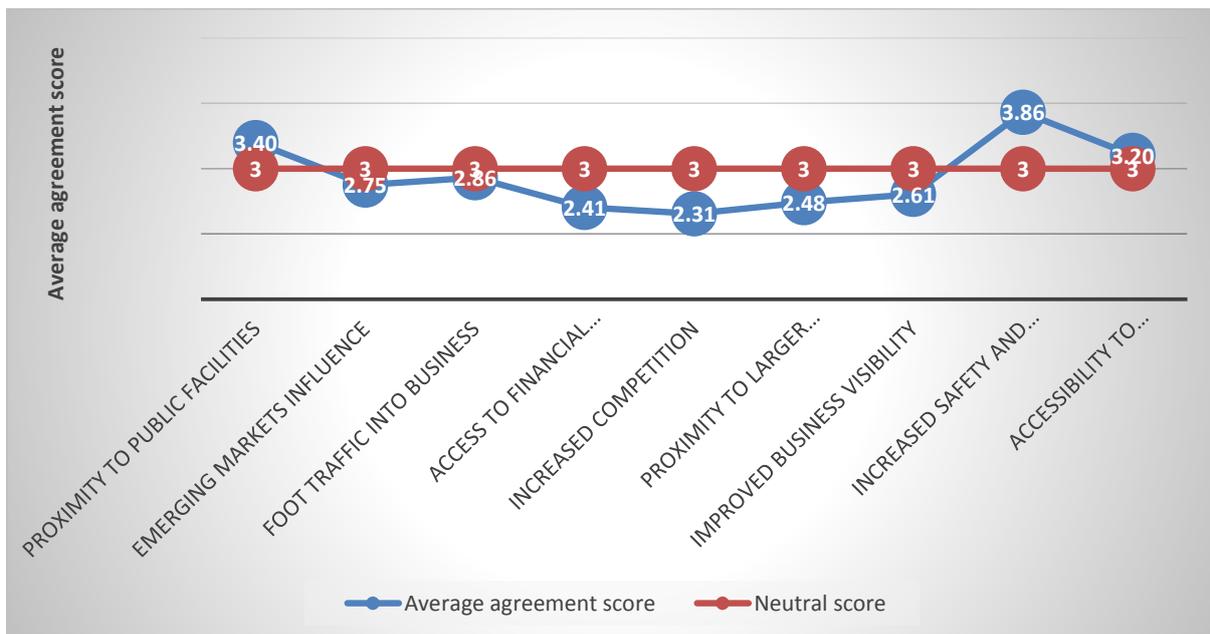


Table 4.1 shows that proximity to public facilities and transportation hubs has improved with the opening of the malls (Mean = 3.86, Std Deviation=1.148). Figure 4.7 illustrates that there was significant agreement of 60% that local informal traders are influenced by emerging markets in townships (Mean = 3.4, Std Deviation = 1.010). The table further reveals strong neutral feedback from respondents, (61% in figure 4.7) in response to the question of whether

or not foot traffic into retail businesses has increased since the emergence of malls (Mean = 3.20, Std Deviation = 0.754). Twenty three per cent of the respondents agreed with the statement that foot traffic increased due to the emergence of malls while only 9% disagreed and 5% strongly agreed.

Figures 4.7 and 4.8 with Table 4.1 illustrate fairly evenly distributed responses on the question of whether access to banking and financial institutions has improved since the malls opened, with 21% of respondents strongly disagreeing with the statement, and 32% feeling that access to these institutions has improved. (Mean = 2.86, Std Deviation = 1.262) However, since the mean average responses result is <3 , it can be concluded that there is significant disagreement that access to banking and financial institutions has improved.

There is significant disagreement that competition has increased since the mall opened (Mean = 2.75, Std Deviation = 1.004). The majority of respondents (43%) disagreed with this statement, while 29% were neutral. However, 16% of the respondents felt that competition had increased due to the emergence of township malls. A small portion (7%) strongly agreed with the statement while only 5% strongly disagreed.

There was also significant disagreement that proximity to larger businesses has improved due to the emergence of township malls (Mean = 2.61, Std Deviation = 1.036) with 38% of the respondents disagreeing with this statement and 28% remaining neutral. Furthermore, 13% of the respondents strongly agreed with the statement, 18% agreed, and a small group of 3% strongly disagreed.

Figures 4.7 and 4.8 illustrate that there is a significant disagreement among the respondents (Mean = 2.48, Std Deviation = 1.139) that visibility of retail business improved due to the emergence of township malls with a combined score of 50% against this notion while 27% of the respondents remained neutral. However, 21% of the respondents felt that the visibility of retail businesses improved due to the emergence of township malls and 2% strongly agreed with this statement.

Figures 4.7 and 4.8 further indicate that there is a significant disagreement that safety and security has increased since the malls opened (Mean = 2.41, Std Deviation = 1.135), with 27% of the respondents strongly disagreeing and 29% disagreeing. Furthermore, 25% of the respondents remained neutral and a combined 20% agreed with the statement.

Finally, figures 4.7 and 4.8 indicate significant disagreement that access to government and business development institutions has improved as shown by a mean average response of less than three (Mean = 2.31. Std Deviation = 1.161) with 34% of the respondents strongly disagreeing with the statement. Moreover, 22% of respondents disagreed with the statement and 29% remained neutral. A small group of respondents (13%) agreed that access to government and business institutions had improved with the opening of the malls, while 3% strongly agreed.

4.5 Bivariate Approach

4.5.1 Cross-tabulation

Cross-tabulation is used to establish a relationship between two variables represented in frequency distribution tables. For analysis in which both variables are categorical, the chi-square test of independence is applied. Table 4.2 examines whether a relationship exists between the type of business and the distance to the mall.

Table 4.2 Influence of Malls on Informal trader businesses

Cross tabulation: informal trader business and distance to the mall			Distance to the Mall			Total
			0 – 2 km	2.1 – 5 km	>5km	
5 Types of businesses	Liquor outlet	Count % within types of businesses	6 14.6%	16 39.00%	19 46.30%	41 100%
	Grocery shop	Count % within types of businesses	10 8.50%	50 42.70%	19 48.70%	117 100%
	Hawker	Count % within types of businesses	20 47.60%	11 26.20%	11 26.20%	42 100%
	Cash & carry	Count % within types of businesses	0 0.00%	1 25.00%	3 75.00%	4 100%
	Tuck-shop	Count % within types of businesses	1 1.00%	3 3.10%	93 95.90%	97 100%
Total		Count % within types of businesses	37 12.30%	81 26.90%	183 60.80%	301 100.0%
Chi-Square Tests						
Test	Value	Degree of Freedom	Asymp. Significance (2 – sided)			
Pearson Chi-square	120.499	8	.000			
Likelihood Ratio	120.384	8	.000			
Linea-by-Linear Association	39.164	1	.000			
N of Valid Cases	301					

a. 3 cells (20%) have expected count less than 5. The minimum expected count is .49.

H₁: There is a relationship between the type of business and distance from the mall

H_{1A}: There is no relationship between the type of business and distance from the mall

Table 4.2 shows that there is a significant relationship between the type of business and distance from the mall. Liquor outlets that are situated between 2.1 and 5 km from the mall are most influenced by the existence of the mall, followed by grocery shops situated between 2.1 and 5 km away. Hawkers between 0 and 2 km from the mall showed a strong relationship and finally, tuck-shops 5 km and more from the mall showed a strong 96% effect of the malls on their existence. An important point to note is that local traders who are trading in goods that are mainly sold in township malls showed the most consistent relationship regardless of distance from the mall. We can therefore, with a significance value of 95% significance level accept that there is a strong relationship between informal trader businesses and distance from the mall.

Table 4.3 Effect of Malls on Informal Trader Businesses

Cross tabulation: informal trader business and effect of mall			Effect of mall		Total
			Positive	Negative	
5 Types of businesses	Liquor outlet	Count % within types of businesses	20 48.80%	21 51.20%	41 100%
	Grocery shop	Count % within types of businesses	56 47.90%	61 52.10%	117 100%
	Hawker	Count % within types of businesses	22 52.40%	20 47.60%	42 100%
	Cash & carry	Count % within types of businesses	1 25.00%	3 75.00%	4 100%
	Tuck-shop	Count % within types of businesses	2 2.10%	95 97.90%	97 100%
Total		Count % within types of businesses	101 33.60%	200 66.40%	301 100.00%
Chi-Square Tests					
Test	Value	Degree of Freedom	Asymp. Significance (2 – sided)		
Pearson Chi-square	64.964	4	.000		
Likelihood Ratio	83.19	4	.000		
Linea-by-Linear Association	54.601	1	.000		
N of Valid Cases	301				

a. 2 cells (20.00%) have expected count less than 5. The minimum expected count is 1.34.

H₂: There is a relationship between the performance of traders’ businesses and the existence of the mall

H_{2A}: There is no relationship between the performance of traders’ businesses and the existence of the mall

Table 4.3 above shows that there is a significant relationship between the performance of local informal businesses and the existence of the mall ($\chi^2 (8, N=301) = 120.499, p<.0005$). More than the expected number of local informal traders’ businesses suffered negative effects due to the existence of the malls. Tuck-shop traders showed a higher propensity of a negative effect.

Table 4.4 Informal Trader Business and Start-up of Operation

Cross tabulation: informal trader business and Start-up of operation			Operating		Total
			Before Mall Opened	After Mall Opened	
5 Types of businesses	Liquor outlet	Count % within types of businesses	32 78.00%	9 22.00%	41 100%
	Grocery shop	Count % within types of businesses	84 71.80%	33 28.20%	117 100%
	Hawker	Count % within types of businesses	34 81.00%	8 19.00%	42 100%
	Cash & carry	Count % within types of businesses	4 100.00%	0 0.00%	4 100%
	Tuck-shop	Count % within types of businesses	91 93.80%	6 6.20%	97 100%
Total		Count % within types of businesses	245 81.40%	56 18.60%	301 100.00%
Chi-Square Tests					
Test	Value	Degree of Freedom	Asymp. Significance (2 – sided)		
Pearson Chi-square	18.223	4	.001		
Likelihood Ratio	20.95	4	.000		
Linea-by-Linear Association	14.733	1	.000		
N of Valid Cases	301				

a. 2 cells (20.00%) have expected count less than 5. The minimum expected count is .74.

H₃: There is a relationship between the type of business and start time of operation

H_{3A}: There is no relationship between the type of business and start time of operation

Table 4.4 examines the potential relationship between the type of business and whether it started operating before or after the mall opened. It shows that there is not a significantly strong relationship between the types of businesses that started operating before the mall opened and those that started afterwards. Generally, there is no clear indication that a large number of businesses opened after the malls opened ($\chi^2(4, N=301) = 18.223, p < .0005$). The majority of all business types started operating long before the malls were developed. We can therefore, with a significance value of 95% significance level reject that there is a relationship between the existence of township malls and the start-up time of local informal retailers.

Table 4.5 Income before Mall

Cross tabulation: informal trader business and income before mall opened			Income Before Mall				Total
			< R5000	R5000 - R10000	R10000 – R20000	>R20000	
5 Types of businesses	Liquor outlet	Count % within types of businesses	14 34.10%	19 46.30%	2 4.90%	6 14.60%	41 100%
	Grocery shop	Count % within types of businesses	49 41.90%	42 35.90%	23 19.70%	3 2.60%	117 100%
	Hawker	Count % within types of businesses	38 90.50%	2 4.80%	2 4.80%	0 0.00%	42 100%
	Cash & carry	Count % within types of businesses	3 75.00%	1 25.00%	0 0.00%	0 0.00%	4 100%
	Tuck-shop	Count % within types of businesses	2 2.10%	7 7.20%	88 90.70%	0 0.00%	97 100%
Total		Count % within types of businesses	106 35.20%	71 23.60%	115 38.20%	9 3.00%	301 100.00%
Chi-Square Tests							
Test		Value	Degree of Freedom		Asymp. Significance (2 – sided)		
Pearson Chi-square		233.070	12		.000		
Likelihood Ratio		242.299	12		.000		
Linea-by-Linear Association		62.607	1		.000		
N of Valid Cases		301					

a. 10 cells (50.00%) have expected count less than 5. The minimum expected count is .04.

H₄: There is a relationship between the type of business and income generated before the mall opened

H_{4A}: There is no relationship between the type of business and income generated before the mall opened

Table 4.6 Income after Mall

Cross tabulation: informal trader business and income after mall opened			Income After Mall				Total
			< R5000	R5000 - R10000	R10000 – R20000	>R20000	
5 Types of businesses	Liquor outlet	Count % within types of businesses	4 9.80%	28 68.30%	6 14.60%	3 7.30%	41 100%
	Grocery shop	Count % within types of businesses	36 30.80%	65 55.60%	16 13.70%	0 0.00%	117 100%
	Hawker	Count % within types of businesses	36 85.70%	4 9.50%	2 4.80%	0 0.00%	42 100%
	Cash & carry	Count % within types of businesses	3 75.00%	1 25.00%	0 0.00%	0 0.00%	4 100%
	Tuck-shop	Count % within types of businesses	1 1.00%	85 87.60%	11 11.30%	0 0.00%	97 100%
Total		Count % within types of businesses	80 26.60%	183 60.80%	35 11.60%	3 1.00%	301 100.00%
Chi-Square Tests							
Test		Value	Degree of Freedom		Asymp. Significance (2 – sided)		
Pearson Chi-square		141.088	12		.000		
Likelihood Ratio		142.674	12		.000		
Linea-by-Linear Association		1.592	1		.207		
N of Valid Cases		301					

a. 10 cells (50.00%) have expected count less than 5. The minimum expected count is .04.

Hypothesis 5

H₅: There is a relationship between informal trader businesses and income generated after the mall opened

H_{5A}: There is no relationship between informal trader businesses and income generated after the mall opened

Tables 4.5 and 4.6 examine the potential relationship between income generated by business types before and after the malls opened. They show that there is a significant relationship between the Rand value income generated by local traders before the existence of the mall and the Rand value income generated after the malls opened. It is clear that the majority of local trader businesses suffered a decrease in monthly income after the malls opened. The total effect is that the income of outlets that made on average less than R5 000 a month before the malls started operating decreased from 35% to 27% after the mall started operating, while those that made on average between R5 000 and R10 000 before the mall opened increased their income

from 24% to 61% after it opened. Furthermore, the income of owners who made on average between R10 000 and R20 000 per month decreased from 38% to 12% after the malls started operating. Finally, the income of business owners who made on average more than R20 000 a month before the mall started operating decreased from 3% to 1%.

Therefore, we can accept that there is a strong relationship between the income generated by local informal trader businesses before and/or after the township malls were developed with a significance value of 95%.

Since all five hypotheses have a significance value of 95% confidence level, it is concluded that each assumption is statistically significant. Therefore, the researcher can accept the initial hypothesis and conclude that there is a relationship between the variables of hypotheses 1, 2, 4, and 5. However, we can conclude that there is no relationship between the existence of township malls and when local informal businesses started operating; therefore, this hypothesis is conclusively rejected.

4.6 Group Statistics

4.6.1 Independent t-test

The independent t-test tests whether the mean agreement is the same for the categories tested and/or if a significant difference exists.

Table 4.7 Independent Sample Test

Independent Samples Test

		Levene's Test for Equality of Variances		T –Test for Equality of Means						
								95% Confidence Interval of the Difference		
		F	Sig.	t	df	Sig. (2tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Levels of foot traffic increased after the mall opened	Equal variances assumed	0.639	0.425	-2.44	299	0.015	-0.221	0.091	-0.4	-0.043
	Equal variances not assumed			-2.3	176.9	0.023	-0.221	0.096	-0.412	-0.031
Monthly Income Increased after the mall opened		N	Mean	Std Deviation	Std. Error Mean					
YES		104	3.06	0.846	0.083					
NO		197	3.28	0.691	0.049					

Table 4.7 above tests whether the mean agreement is the same for both categories of increase in foot traffic into retailer businesses due to the emergence of township malls and any changes in monthly income generated before and after the malls opened. Monthly income and levels of foot traffic are dependent variables while the emergence of the malls is the independent variable. The Levene's test for equality of variance was carried out to test whether there is a mean agreement in that both income generated after the malls opened and foot traffic into retail businesses increased. The test shows that the average agreement for those local informal retailers whose income did NOT increase (M = 3.28, SD = .691) is higher than for those who did experience an increase in income (M = 3.06, SD = .846), $t(299) = -2.443$, $p=.015$.

4.6.2 Regression Analysis

Logistic regression

Logistic regression tests the predictive power of a set of variables and assesses the relative contribution of each individual variable. Regression analysis: Linear regression estimates the coefficients of the linear equation involving one or more independent variables that best predict the value of the dependent variable.

A logistic regression was performed to ascertain whether there was an average increase in the monthly income generated by retailers as a dependent variable together with testing if there was any improvement in local infrastructure due to the emergence of township malls on the likelihood that business was negatively affected.

Table 4.8 Effect of Malls on Infrastructural Development

Classification Table

Observed			Predicted		
			Traders are influenced by emerging markets		Correct Percentage
			YES	NO	
Step 1	Traders are influenced by emerging markets	YES	193	23	89.4%
		NO	34	39	53.4%
Overall Percentage					80.3%
Observed			Predicted		Correct Percentage
			Effect Of Mall		
			Positive	Negative	
Step 1	Effect of mall	Positive	52	38	57.8%
		Negative	25	170	87.2%
Overall Percentage					77.9%
a. The cut is 5.00					
Monthly income increased after the mall opened		N	Mean	Std. Deviation	Std Error Mean
Foot traffic increased since the mall opened	YES	104	3.06	0.846	0.083
	NO	197	3.28	0.691	0.049

H₆: There is a relationship between the existence of the mall and township infrastructural development

H_{6A}: There is no relationship between the existence of the mall and township infrastructural development

The logistic regression model presented in Table 4.8 above shows a statistically significant relationship between the effects of township malls on retailer income generated on a monthly

basis together with changes in foot traffic (Mean = 3.06, Std Deviation = 0.846), $\chi^2(18) = 120.474$, $p < .0005$. The model explained 48.4% (Nagelkerke R^2) of the variance in effect on business and correctly classified 77.9% of cases. Those who responded 'yes' to an increase in monthly income after the mall opened, those respondents who had to change their business model in order to survive competition and those who changed their business completely were less likely to experience a negative effect on their businesses. However, respondents who experienced a decline in demand for some of their products realised some benefits due to the emergence of township malls and those who had to stop trading after the malls operating were more likely to experience a negative effect. The proportion of traders that experienced a positive effect from the mall was lower than those who had a negative experience (78% of the respondents).

The dependant variable, infrastructural development was influenced by the dependent variable, existence of township malls. We can therefore accept the hypothesis in that there is a significantly strong relationship between the existence of township malls and infrastructural development such as roads and water supply.

Table 4.9 Variables in Equation

Variables in the Equation

	B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1 ^a q13(1)	-1.699	.458	13.771	1	.000	.183
q14(1)	-1.622	.421	14.857	1	.000	.198
q15(1)	1.287	.427	9.095	1	.003	3.620
q16(1)	-.579	.379	2.337	1	.126	.560
q17(1)	-.471	.395	1.424	1	.233	.624
q18(1)	-2.230	.441	25.578	1	.000	.108
q19(1)	1.258	.387	10.577	1	.001	3.519
q20(1)	.254	.445	.324	1	.569	1.289
q21(1)	-.115	.462	.062	1	.803	.891
q22(1)	.217	.394	.303	1	.582	1.242
q23(1)	-.891	.391	5.186	1	.023	.410
q24(1)	.137	.399	.118	1	.731	1.147
q25(1)	-.603	.422	2.044	1	.153	.547
q26(1)	.056	.430	.017	1	.897	1.057
q27(1)	.250	.447	.312	1	.576	1.284
q28(1)	-.367	.466	.621	1	.431	.693
q29(1)	.593	.492	1.455	1	.228	1.809
q30(1)	.823	.435	3.577	1	.059	2.277
Constant	1.081	.603	3.208	1	.073	2.947

a. Variable(s) entered on step 1: q13, q14, q15, q16, q17, q18, q19, q20, q21, q22, q23, q24, q25, q26, q27, q28, q29, q30.

A logistic regression was performed to ascertain the effects on Q13 to Q30 as dependent variables on the likelihood that local traders are influenced by emerging markets and shopping malls as the independent variable. The logistic regression model was statistically significant, $\chi^2(18) = 119.532, p < .0005$. The model explained 50% (Nagelkerke R^2) of the variance in the effect on local traders and correctly classified 80.3% of cases. Those who responded ‘yes’ to the questions on an increase in business income after the mall, a change in the business product range after the mall opened, that some benefits were realised due to the mall’s existence and

that local retailers are regular customers at the mall were less likely to respond 'no' to local businesses are negatively influenced by township malls.

4.4 Conclusion

This chapter analysed the study's results using the research techniques presented in chapter three. The four research questions were presented and answered based on the data collected. Significantly strong relationships were analysed and established between six key hypotheses. The main aim of the study was achieved by answering all four research questions. The structure and process of analysis was guided by the theoretical framework presented in chapter two. Chapter four forms the basis for the discussion in relation to the theoretical framework.

The following chapter discusses the results presented in this chapter.

Chapter Five

Discussion of Results

5.1 Introduction

This chapter discusses the results analysed in chapter four. The study's objectives guide the discussion and presentation of conclusions. The main goal is to provide detailed answers to the research questions presented in chapter one, which are:

1. What are local informal traders' perceptions of the effects of value creating supply chain distribution systems in emerging markets?
2. In optimising the costs of distribution systems and the propensity to improve product availability, what effect do emerging markets have on costs to local informal traders, intermediaries and consumers?
3. What effects do infrastructural development, township transformation and value creating supply chain systems have on local informal traders?
4. What is the magnitude of the displacement effect on informal local traders presented by the entry of both large scale suppliers and retailers into township markets?

The discussion begins by addressing the biographical results, followed by the first two objectives which explored informal township traders' perceptions of the effects of value-creation supply chain distribution systems in emerging markets and the influence of emerging markets on the optimal structured cost of distribution models to improve product availability. Objectives three and four were set to establish the extent of transformation of informal retail enterprise development brought about by formalised, large scale chains and to evaluate the extent of the displacement of informal traders as a result of the entry of large scale retailers and suppliers into township markets. The last two objectives are discussed by comparing the responses to different questions through testing for any significant relationship between dependent and independent variables. The conceptual framework presented in chapter two is the basis of the discussion, supported by the literature review in the same chapter.

5.2 Section A – Demographics

Of the 301 respondents, 62% were male and 38% female. From an age perspective, 68% of the respondents were between the ages of 31 and 50 while 27% were aged 18 to 30 and only 5%

of the respondents were over the age of 51. The mean average years of being in business was 4 to 6 years (45%) followed closely by those who had been in business for between 1 and 3 years (26%). There were more business owners with little experience; only 15% of the respondents had been in business for between 7 and 10 years and only 2% had owned their businesses for more than 10 years.

Business location is one of the factors to consider when one starts a business and may go a long way in determining its success or failure. Sixty one per cent of the respondents were located 5 km or more from a township mall while (27%) were located between 2.1 and 5 km from the mall and only 12% were between 0 and 2 km from the mall.

The data collected on staff size, type of business, when the business start operating and the main reason for starting the business provided the researcher with in-depth understanding to achieve the four set objectives. An overwhelming majority of the respondents' businesses (83%) were small, with a staff complement of between 2 and 5 employees. Medium size businesses were the next largest category, with 16% of respondents having a staff complement of between 5 and 8 employees. Finally, only 1% of the businesses were classified as large businesses with a staff complement of more than 8 employees at any given time.

Respondents were also asked to state the type of business they were running, and grocery shops had the highest share (39%), followed closely by tuck-shops (32%), while liquor stores and hawkers were at 14% and cash & carry businesses at only 1%.

It was also important to establish whether the business started operating before or after the mall opened and the main reason for the respondents deciding to run a business. Township businesses existed long before the emergence of township malls. Eighty one per cent of the respondents started operating before township malls opened, with only 19% having started their businesses after the mall opened.

There were four main reasons why respondents decided to run their own business. Sixty two per cent stated that they did so due to a lack of employment, while 20% identified an opportunity to provide a service in their respective areas and 10% inherited their businesses from their parents. Only 8% started their own business due to not being qualified or illiteracy.

The above analysis shows that the majority of informal retailers largely rely on income generated by their businesses to meet their financial needs. Informal businesses are regarded as job creators that stimulate the economy as non-employable individuals have the opportunity to become financially independent in order to survive and improve their position in life.

5.3 Discussion Relating to Research Objectives

5.3.1 To explore local informal township traders' perceptions of the effects of value-creating supply chain distribution systems in emerging markets.

According to Leth and Hems (2013: 26), value creation occurs when large chains invest in under-served communities which may result in both direct and indirect impacts. Positive impacts could include job creation, improved delivery of goods and services, local development and business enterprise development. On the other hand, negative impacts could occur when improved supply chain distribution systems are implemented. Previously un-accessible goods and services could become easily accessible, taking business opportunities away from local informal traders.

The effects experienced by the different respondents would differ based on the distance from the malls, the type of business and the owners' skills and ability. Based on the demographic data analysis, 66% of the respondents indicated that they were negatively affected by the existence of the mall. The effects could include, among other things, a loss or decline in return on sales, increased competition and/or being displaced. Business opportunities could be lost to large chain stores that enter the township market through the development of township malls.

Only 34% of the respondents indicated that they enjoyed positive effects from the existence of township malls. These could include, among other factors, increased income, increase foot traffic which leads to business awareness, and being closer to transport hubs, and government and financial institutions. Township development and improved infrastructure such as roads and water supply could also result, as well as improved safety and security and closer proximity to public facilities.

The above analysis is largely based on business owners' perceptions and experiences of how the emerging markets have affected local retail businesses.

Sixty five per cent of the respondents stated that their monthly income did not increase after the malls opened, suggesting that their income decreased, while 35% indicated that their monthly income increased.

Local informal traders largely trade in breaking bulk, keeping stock which enable consumers to purchase as and when they require goods. They offer an assortment of products based on local demand and largely informed by convenience for the local township consumer. Township malls include large chain stores such as the SPAR group, Pick' n Pay, Woolworths and Shoprite Checkers, among others that sell products similar to those stocked by local informal traders ((Soopramanien and Qian, 2014) and (Strydom and de Klerk, 2006)). This will definitely lead to increased competition. These large chains have already asserted themselves in grocery trading and are supported by strong financial muscle. These findings are supported by McGaffin and Gavera (2011); Leth and Hems (2013) and Agnihotri (2012). Sixty nine per cent of the respondents agreed that the emergence of township malls resulted in increased competition for local informal traders, with only 31% disagreeing with this statement. Therefore, informal local traders' overall perception of the emergence of township malls is a negative one. Sixty six per cent of the respondents noted that some local informal traders had to close their doors/stop trading after the malls opened as they could not survive the competition and those that survived had to change their business model (64%).

Furthermore, 60% of the respondents felt that local traders did not benefit from the opening of township malls. Seventy two per cent felt that, at the very least, the mall owners and authorities should engage with local traders in order to establish relationships that will benefit the community at large. Similarly, 65% of the respondents did not agree with the statement that local informal traders were consulted before the development of township malls. Consultation could enable the broader community to participate meaningfully in local development.

An overwhelming majority (69%) of the respondents strongly believed that no infrastructural improvement was brought about by the development of township malls. While it could be assumed that mall development would deliver improved road infrastructure, water supply and a better transportation system, the study respondents did not believe that this was the case.

The descriptive statistics confirm the generally negative impact of township mall development on local informal traders; 70% of the respondents stated that their businesses did not benefit from the development of the malls, and only 30% felt that there were some benefits. The reason could be a decrease in monthly income, increased competition, a decrease in the number of informal traders in and around the malls, changes in product range, a decrease in foot traffic for local traders and an overall decrease in demand.

5.3.2 Value Creating Supply Chains

The emergence of township malls could be expected to reduce the cost of goods and services, minimise or eradicate out of stocks at retail level, improve supplier interactions in the form of supplier representatives being more accessible and improve direct store delivery from suppliers.

A large proportion of the respondents (75%) agreed that local informal retailers' goods were delivered directly by suppliers, while only 25% disagreed. Direct store delivery implies that improved supply chain distribution systems are in place, enhancing convenience and reducing prices and order lead times for local informal retailers. Hills, Russell, Borgonovi, Doty and Iyer (2012) concur that value creating supply chains improve access to products and services that largely cater for social needs.

Value creating distribution supply chains further address and alleviate social imbalances through job creation, crime reduction and improved standards of living among township communities. Established multinationals create value through becoming involved with the communities where they operate.

Improved supply chain distribution systems create value for local retailers. Seventy three per cent of the respondents agreed that the cost of goods decreased after the mall opened, with only 27% disagreeing. Reduced costs could be achieved due to the fact that some suppliers could set up camp within the township malls, thus reducing travelling time and delivery costs. If local informal retailers are able to purchase goods and services at cheaper rates, they are better able to compete with large chain stores.

Figure 4.6 shows that 73% of the respondents agreed that the cost of sourcing goods decreased after the malls opened. However, 70% did not agree that interaction with suppliers improved when the malls opened, with only 30% agreeing with this statement. Crush and Frayne (2011) note that improved interaction between formal and informal businesses could lead to value creation as large chains act as a consumer pull for informal retailers and attract investors such as government institutions.

Furthermore, 58% of the respondents agreed it was cheaper to source goods from a supplier than from chain stores at the mall and 42% felt that suppliers did not necessarily offer cheaper goods than the chain stores at the malls. It was also noted that 60% of the respondents did not run out of stock even after the mall opened, while 40% did.

Inventory management is key in supply chain distribution value creating systems; therefore, this can be seen as a value add, that was improved by the emergence of township malls. Effective supply chain distribution systems enable retailers to purchase once in a cycle and reduce the number of delivery trips without running out of stock. This is supported by Geldard et al. (2010).

Figure 4.8 presents interesting results, showing greater significance and the highest means that are above the neutral score for proximity to public facilities such as taxi ranks and financial institutions, increased safety and security and improved access to government and business institutions since the malls opened. These findings suggest that the emergence of township malls has improved the economy at township level.

5.3.3 To evaluate the influence of emerging markets on the costs of the distribution system and propensity to improve product availability. To examine the extent of the transformation and development of townships and their effects on local informal traders within formalised, large scale supply chain configurations.

The second and third objectives were set to determine the influence of emerging markets on the costs of distribution systems and the propensity to improve product availability, as well as to examine the transformation and development of townships and the effects on local informal traders.

The study found that emerging markets improved proximity to public facilities and transportation hubs; as discussed in the literature review, this notion is supported by Prahalad and Ramswamy (2013). Sixty per cent of the respondents agreed with this statement, with 29% remaining neutral and 11% disagreeing.

Tustin and Strydom (2011) and De Silva and McComb (2012) observe that, while emerging markets offer business opportunities and improved choices for consumers, they also threaten to displace local informal traders. Informal traders could find it hard to compete with established large chain stores. Sixty per cent of the respondents confirmed that local informal trader businesses are influenced by emerging markets.

Furthermore, Mokgabudi (2011) notes that emerging markets offer an opportunity for investors to improve infrastructure and create job opportunities in communities largely dominated by populations in the lower segment of the income pyramid.

The study further found that 61% of the respondents remained neutral when asked if there had been increased foot traffic into retail businesses since the mall opened. Only 28% agreed that foot traffic had increased and 9% disagreed with this statement. Therefore, local informal retailers' overall perception of township mall development was that no value was added to their individual businesses in terms of creating awareness.

There has been a significant increase in the number of township mall developments in emerging markets which has led to growth and transformation in previously disadvantaged areas (Beneke et al., 2011). Safety and security is expected to improve with the emergence of these malls. However, 27% of the respondents strongly disagreed that this was not the case and 20% concurred with this statement.

It could be expected that, with the emergence of township malls, informal retailers in and around these malls would realise immediate benefits in terms of increased foot traffic and improved sales. However, the cross-tabulation test conducted to measure the performance of informal traders after the mall opened revealed a significant relationship between the performance of local informal businesses and the existence of the mall. Table 4.2 shows that the majority of the respondents' businesses suffered due to the construction of township malls.

Table 4.2 presents a significant negative total effect of 66.4% when cross-tabulating the relationship between the effects of township mall development and local informal traders. Tuck-shops and cash & carries were the most affected with a negative response of 98% and 75%, respectively.

5.3.4 To assess the effects of the displacement of informal local traders as the emerging township economy creates entry for both large scale suppliers and retailers into township markets.

The final objective was to assess the effects of the displacement of informal local traders as the emerging township economy creates entry for both large scale suppliers and retailers into township markets. It was expected that township malls would provide stiff competition for local informal traders as large chains can source goods and services at lower cost than these traders. Mokgabudi (2011) and Donaldson and Du Plessis (2013) note that township mall development could lead to challenges for informal traders.

Tables 4.4 and 4.5 show that the Rand value income generated by local traders prior to the existence of the mall decreased drastically when after the malls opened. On average, the outlets that made between R5 000 and R10 000 per month before the mall opened increased their income from 24% to 61%. However, those that made a monthly income of between R10 000 and R20 000 decreased their income from 38% to 12%, a huge drop. Furthermore, the income of outlets that previously made more than R20 000 per month decreased from 3% to 1% after the mall opened.

Liquors stores suffered a loss of income from more than R20 000 and between R10 000 and R20 000 per month to between R5 000 and R10 000. Tuck-shops, grocery shops and hawkers showed a similar trend with cash & carries retaining the same level of income. This suggests that some local informal traders were displaced completely due to the loss of income caused by the emergence of township malls.

Figure 4.4 shows the Rand value income generated before and after the malls opened. The number of traders making between R10 000 and R20 000 per month decreased from 38% to 12% after the malls opened.

The decrease in monthly income is the result of increased competition; this is supported by Strydom (2011), Ligthelm (2006) and Mathenjwa (2010) findings. Township mall development will undoubtedly lead to increased competition in the fast consumer goods market. In order to grow their monthly turnover and remain competitive, informal retailers will have to change their business model and even consider reconfiguring the range of goods they offer.

Table 4.1 also shows that local informal traders who experienced a decrease in monthly income did not witness an increase in foot traffic into their respective businesses due to the emergence of township malls.

Cost effective means of sourcing goods and services will have to be adopted in order to save costs to gain margins and ensure a competitive pricing strategy. The changes in monthly income were relative to or in correlation with the changes in foot traffic into informal retailers. The regression analysis shows that a decrease in foot traffic into informal retail businesses accompanied the decrease in monthly income.

The results also indicate a strong relationship between the type of business owned by local informal traders and distance from the mall. The majority of township malls include large chain stores such as Shoprite Checkers, OK stores, SPAR supermarkets, and Pick 'n Pay and Woolworths' stores that largely deal in breaking bulk of groceries and beverages.

The results show that liquor outlets that are situated between 2.1 and 5 km from the malls were largely negatively influenced by the malls (51.2%), closely followed by grocery shops situated between 2.1 and 5 km from the malls (52%). Tuck-shops that are more than 5 km from the mall were the most negatively affected (98%). Some outlets experienced no effects or change to their businesses. The mixed positive and negative effects on local retailers imply that township mall development can have a relatively positive impact on local trader businesses based on the data collected.

Moreover, there was no significant evidence that more businesses or outlets started trading after the malls opened. It could be assumed that due to township mall development, entrepreneurs would seize the opportunity to open new stores in order to cater for the influx of

consumers visiting the mall. In contrast, this study found that some owners closed up shop as they could not survive the increased competition.

Leth and Hems (2013) note that township mall development is intended to create value through investing in under-serviced communities which may result in both indirect and direct impacts. Investors are expected to collaborate with local and small business enterprises. However, when the respondents were asked whether there was consultation and involvement of local retailers before the mall was constructed 65% said that they were not consulted, while only 35% confirmed that they were engaged by investors before the construction of the malls.

The development of township malls did not result in infrastructural improvements in local townships; 69% of the respondents stated that there was no improvement or transformation in local infrastructure. Only 31% cited such benefits. Furthermore, it is expected that the development of township malls would alleviate and address social imbalances through social cooperative investment and community inclusive programs. Tsai and Yang (2013) adds that increased competition could lead to some market players exiting the market or re-designing their business model. The market is based on the survival of the fittest and local informal traders would likely find it costly and demanding to compete with large chains that exploit economies of scale and are supported by a highly qualified management team.

Markovic (2009) characterises the informal market as one that is made up of non-standard wage workers as well as entrepreneurs and self-employed individuals in an unregulated environment. It engages in survival activities by managing and operating growing businesses. Therefore, economic policies that seek to grow informal economies affect the growth and existence of the informal market. Hence, the majority (66%) of the respondents stated that they were negatively affected by the development of township malls in more ways than one, with only 34% realising positive benefits.

5.4 Conclusion

Emerging markets have resulted in substantial growth in retail infrastructure and facilities in townships, expanding the distribution and availability of goods and services to the immediate consumer. This has also resulted in the cheaper provision of quality goods and services for the final consumer. In the process, retail infrastructural development in township markets has

improved the standard of living by creating job opportunities. However, on the other hand, transformation and development in South African townships results in increased competition and the displacement of local informal traders. Informal retail businesses experience a decline in sales as a result of large chains entering the townships, followed by cyclical economic patterns that pose a risk to sales growth for local informal traders who compete with stores with superior financial muscle.

This study has shown that if a win-win situation is created, local informal traders will not be displaced. Local traders offer convenience shopping and tailor made products for their specific market; therefore, strong collaboration between the formal and informal sectors will create and maintain a process that is beneficial not only to the large chains and their investors, but the entire community. The government will be required to manage and guide this process by providing technical and financial support to local informal traders.

Chapter Six

Recommendations and Conclusions

This study aimed to unpack the perceived challenges associated with the effects of township mall development on local informal traders. The results discussed in the previous chapter were critically compared with the research literature in the field of supply chain management. Township mall development in South African townships has mushroomed in an alarming rate as discussed in previous chapters of this study. More often than not, township mall

development will be received positively for the benefits of improved choice for consumers, affordable quality services and infrastructural development. However, less attention has been paid to the effects township mall development has on local informal businesses. Small businesses are seen as a vehicle to stimulate growth in South African economic landscape, therefore, township mall development in essence represent a threat in displacing local informal trader businesses. This chapter presents the study's recommendations and conclusions.

6.1 The Influence of Emerging Markets on Informal Local Traders

In the past few years there has been an increase in township mall development, which has completely changed the township retail landscape. Traditionally, informal local traders dominated township retailing, providing convenient shopping for consumers. After the change in the political dispensation in South Africa in 1994, many township residents' disposable income had increased, leading to increased spending power. Thus, South African townships emerged as an opportunity for large chain stores to increase their profitability through township mall development. The development of township malls has decreased the cost of goods and services for local consumers whilst also offering a wider variety of better quality goods and services. Amongst other positive aspects, township infrastructural development has occurred due to township mall development. Consequently, the economic trading landscape in South African townships had to change and meant that it cannot be business as usual for local informal traders due to the emergence of township malls. The influence of township mall development has produced a mixed bag of results for local informal traders. Some have been completely displaced by the emergence of township malls while other informal traders have realised improved benefits in the process. The desired outcome however remains to be able to create and establish a strong beneficial balance between local consumer benefits and local informal trader benefits.

The current South African government has made it a key strategic thrust to stimulate small business participation in order to achieve economic growth more especially in previously disadvantaged communities like townships (Ligthelm, 2014:59). The study has shown that a majority of respondents experienced a decrease in income generated due to the emergence of township malls. The study found that some of the local informal traders were displaced completely from trading while those who survived the increased competition have had to rearrange their processes and product portfolio.

6.1.1 Benefits of Township Mall Developments

The emergence of township mall development has resulted to a number of benefits for local communities amongst others being: improved wider choice of better quality goods and services, decreased the cost of goods and services, local infrastructural development, improved supply chains and logistical systems. The presence of large chain stores resulted in increased competition for all businesses which would result in lower prices, improved quality of service by local informal traders in order to survive the increased competition. The emergence of township malls meant that a larger proportion of township expenditure by locals was now circulating within local community businesses while stimulating the local economy. Prior to township mall development local residents spent their earnings in the main city shopping malls which involved a lot of costly travelling. Further, township malls provide a safe and convenient shopping environment for the local community which also allows ease of socialising.

6.1.2 Local Development and Value Creation

The emergence of township malls has resulted in improved infrastructural development and has raised the standard of living in communities through job creation. However, this study found that safety and security did not increase due to the development of township malls; ideally, the opposite would have been expected. However, there was a significantly positive response to improved proximity to public facilities and transport hubs which were developed due to the existence of the malls.

The development of the malls also presents an opportunity for local informal retailers to become partners in the development as well as become tenants in the mall. Informal local retailers can also open new premises closer to the mall to capitalize on increased consumer traffic. Some traders have had to operate longer hours in order to generate extra income.

Due to the emergence of township malls, the cost of sourcing goods decreased for local informal traders. This could be due to a number of reasons, including increased competition which meant that local retailers had a wider variety of suppliers who themselves compete by offering the best price. Secondly, the emergence of township malls improved local infrastructural development such as transportation facilities and public enterprises. Finally, suppliers started to deliver directly to townships due to improved road infrastructure and

improvements in safety and security. The financial savings realised from the decrease in the cost of purchases could be re-invested into the business which enable local retailers to become more competitive.

Furthermore, supplier representatives started to visit local informal retailers more often for delivery and business development purposes. Suppliers started investing heavily in managing their individual brands' presence and distribution by outlet, and in price management, merchandising outlets to improve the look and feel of retailers' businesses and most importantly, running local promotions to create excitement around their brands which would lead to improved profitability for local informal traders.

6.1.3 Disadvantages of Township Mall Developments and Displacement Effects

However, the development of township malls has not been entirely beneficial for local informal traders. Due to increased price competition and the wider variety of goods and services offered by large chain stores, local retailers have experienced decreased income. Indeed, some have been entirely displaced and those that survived have had to implement improved customer service processes and re-arrange their product mix.

Many factors influence the success or failure of a business such as current economic conditions, business management skills and the nature of the business. Therefore, it cannot be concluded that the decline in local informal traders' business is solely due to the emergence of township malls. Further research is required on this issue. As discussed in the previous chapter, some local retailers who survived the increased competition had to change their product range in order to remain relevant and competitive. Therefore, the effect of the township malls will be contextual, in that it is largely influenced by the capacity and capability of local retailers to adapt to and survive new competition. Even though township malls may lead to increased local expenditure by local residents, the benefits of such is unlikely to benefit local communities directly as the monetary benefits are transferred directly to owners of large chain stores. While it is clear and well documented that township mall development has resulted in reducing the cost of goods and services while increasing competition, it is important to note that local informal businesses have been negatively affected in some sectors. The effects have also affected entrepreneurs who are survivalists while in the process leading to negative effects on the South African economic growth and employment.

The emergence of township malls to some extent resulted into a decline in employment within local informal traders. This was attributed to the increased competition and cheaper goods and services by large chain stores. Further, local informal traders could not compete with wage offers and benefits offered by the large chains to their best employees who were taken over. However, local communities realised new job opportunities due to the emergence of township malls. Unemployment rate was given a shot in the arm by the job opportunities created by the mall tenants.

It is thus concluded that the effects of township mall development on local informal retailers cannot be solely attributed to the increased competition brought about by large chain stores. The development of such malls also reduces transport costs for local traders, while improving their access to financial and government institutions.

The key findings of this study are that, while the emergence of township malls benefits local consumers by reducing the cost of goods and offers a wider variety of quality goods and services, increased competition resulted in decreased profits for local informal traders, with some being completely displaced.

In order for township malls to offer social, economic and environmental benefits to all stakeholders, a number of sectors need to fully support the development and to be fully engaged at all stages, from as early as planning. This will require government to take the lead and act as a co-ordinator. A number of stakeholders have a key role to play in ensuring that local informal retailers benefit from the development of township malls. Local government bodies, local societies, taxi operators and social groups from the local community need to work with the large chains and investors to create a win-win situation. Investors and chain stores would need to invest heavily in research and consultation with local communities and make it their priority to involve the community at all stages. This will not only benefit communities, but investors as well.

The government should facilitate a process where investors consult local business organizations and social groups in order for them to be part of the process. Local informal retailers need to be given the opportunity to rent space in the new malls. As part of the lease

agreement, large chains could invest in corporate social investment projects to benefit and uplift the communities they serve.

In order to ensure that township malls are fully functional over an extended period of time, investors need to ensure that the mall and surrounding infrastructure are maintained at all times. The local municipality needs to ensure that services such as water and electricity are provided in order to attract consumers whose spending will boost profits.

As part of corporate social investment, investors in township malls should support local businesses and launch initiatives to uplift the local community. Buy-in from local community members will result in support for the malls. This can be achieved by investing in initiatives such as basic business training for local informal traders and supporting sports and social initiatives, especially at grass-roots level.

Therefore, based on the findings of this study and analysis, it is highly advisable that policies and processes be implemented in order to protect local informal traders in South African townships from negative influences brought about by the emergence of township malls. The policies need to establish the opportunity cost of displacing local informal businesses realised from the reduction of consumer costs. The option of local cooperatives ownership of township malls remains a huge opportunity in redressing the imbalances that have been created by the emergence of township malls who are dominated by large chains and outside investors. This will encourage local expenditure of income realised from the township malls, stimulate the economy while reducing the high un-employment rate in South Africa.

6.2 Future Research

This research study focussed on local informal traders' perceptions of the development of township malls. Future research could examine consumers and the large chains' perceptions of this phenomenon. It would be interesting to examine how the development of township malls has affected large chain stores' participation in the chain. It would also be interesting to gain insight into how the emergence of township malls has affected consumer behaviour in deciding whether to buy from an informal local trader or a large chain store at the mall.

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Appendix A
Questionnaire

Section A: Biographical Data and Organisational Profile

This section relates to the **biographical details** of the respondent and the company. All answers you provide are based on your experience, perceptions and knowledge. **Please tick (✓) or circle the appropriate box.**

1. Gender

Male		Female	
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2. **What is your current age?**

18 - 30 years old		31 - 50 years old		51+ years old	
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3. **How many years have you been running the business?**

Less than 1		1-3		4-6		7-10		Over 10	
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4. **What is the size of the staff complement?**

Small (2-5 employees)		Medium (5 – 8 employees)		Large (more than 8 employees)	
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5. **What type of business are you running?**

Liquor Outlet		Grocery Shop		Hawker		Cash & Carry		Distributor	
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Other, please specify -----

6. **What is the distance from the shopping mall or complex to your business?**

0 - 2 Km		2.1 - 5 Km		5+ Km	
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7. **How has the existence of the mall affected your business?**

Positively		Negatively	
------------	--	------------	--

8. **I started my business**

Before the mall opened		After the mall opened	
------------------------	--	-----------------------	--

9. **Indicate your average monthly income before the mall opened**

Less than R5 000		R5 000 - R10 000		R10 000 - R20 000		R20 000 and above	
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10. **Indicate your average monthly income since the mall opened**

Less than R5 000		R5 000 - R10 000		R10 000 - R20 000		R20 000 and above	
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11. **The business was opened because of:**

Lack of employment		Not qualified		Inherited from parents		Business opportunity	
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Section B: Dichotomous Questions

This section relates to the **objectives** of the study. The questions require a “Yes” or “No” answer on the **perceived impact of township malls/emerging markets on local traders**. All answers you provide are based on your experience, perceptions and knowledge. **Please tick (✓) or circle the appropriate box.**

Impact of township malls/ emerging markets on local traders			
12	Township local informal traders are influenced by emerging markets and shopping malls	Yes	No
13	My business' monthly income increased after the mall opened	Yes	No
14	My business' product range changed after the mall opened	Yes	No
15	The number of stores around the mall have increased since the mall opened	Yes	No
16	My business model changed in order to compete with stores in the mall	Yes	No
17	There has been a decline in demand for some products since the mall opened	Yes	No
18	Retailers have benefitted from the mall opening in the township	Yes	No
19	The cost of goods has decreased since the mall opened	Yes	No
20	Local retailers were consulted before the mall was constructed	Yes	No
21	Local small traders do benefit from the development of the mall	Yes	No
22	The development of the mall has added value to my business	Yes	No
23	Local retailers are regular customers at the mall	Yes	No
24	Some local traders stopped trading after the mall opened as they could not survive the competition	Yes	No
25	The nature of my business had to change after the mall opened	Yes	No
26	The mall had no effect on my business	Yes	No
27	My business keeps up-to-date financial records	Yes	No
28	Competition has increased since the mall opened	Yes	No
29	The investors and mall management team constantly engage local retailers in order to support growth	Yes	No
30	Local roads, and the water and electricity supply has improved since the development of the mall	Yes	No

Section C: This section relates to **value creating supply chain distribution systems**. It aims to obtain information on the various supply chain distribution systems used to transport goods to the retailers. All the answers you provide are based on your experience, perceptions and knowledge. **Please tick (✓) or circle the appropriate box.**

Value creating supply chain distribution systems			
31	Do you receive your products on delivery from the supplier?	Yes	No
32	Do you use your own transport to fetch goods to sell?	Yes	No
33	The cost of obtaining goods has decreased since the mall opened	Yes	No
34	Do you receive goods for reselling from supplier representatives?	Yes	No
35	The cost price of goods is cheaper from the supplier than in a chain store	Yes	No
36	Have you run out of stock since the mall opened?	Yes	No
37	Did you run out of stock before the mall opened?	Yes	No
38	Supplier interaction has improved since the mall opened	Yes	No

Section D: This section relates to **value creation and development**. It taps into the study's objectives. All the answers you provide are based on your experience, perceptions and knowledge. **Please tick (✓) or circle the appropriate box.**

Select the number you find most appropriate relative to the question

5 = strongly agree; 4 = agree; 3 = neutral; 2 = disagree; 1 = strongly disagree

Value creation and development

39	Local informal traders are influenced by emerging markets in townships	5	4	3	2	1
40	Competition has increased since the mall opened	5	4	3	2	1
41	Access to banking and financial institutions has improved since the mall opened	5	4	3	2	1
42	Safety and security has increased since the mall opened	5	4	3	2	1
43	Accessibility to government and business development institutions has improved	5	4	3	2	1
44	The visibility of my business has improved since the mall opened	5	4	3	2	1
45	Proximity to larger businesses has improved since the mall opened	5	4	3	2	1
46	Proximity to public facilities and transport hubs has improved since the mall opened	5	4	3	2	1
47	Levels of foot traffic into my business have increased since the mall opened	5	4	3	2	1

End of the Questionnaire

Thank you for taking the time to complete the questionnaire.

Appendix B: Ethical Clearance Letter



28 October 2014

Mr Machawe Victor Dlamini (202522561)
School of Management, IT & Governance
Westville Campus

Protocol reference number: HSS/1382/014M

Project title: Perceptions of Informal Local Traders on the influence of Emerging Markets: Kwa-Mashu and Umlazi Townships

Dear Mr Dlamini,

Full Approval – Expedited Application

In response to your application received on 14 October 2014, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have 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 Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr TP Mbhele
Cc Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee

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Franshburg/Guisevics ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

Appendix C: Editor's Certificate

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Income tax number: 0526066204

5 November 2015

This is to confirm that I have edited the dissertation, "Perceptions of Informal Local Traders on the influence of Emerging Markets: Umlazi and Kwa-Mashu Townships", by Machawe Victor Dlamini, student number 202 522 561.

Yours sincerely,



(Ms) Deanne Collins (MA)
Professional Editor

Appendix D: Frequency Distribution Tables

SECTION A – Demographics

Local Informal Traders' Gender Distribution

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	187	62.1	62.1	62.1
	Female	114	37.9	37.9	100.0
	Total	301	100.0	100.0	

Local Informal Traders' Age Distribution

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 30	82	27.2	27.2	27.2
	31 - 50	204	67.8	67.8	95.0
	51+	15	5.0	5.0	100.0
	Total	301	100.0	100.0	

Years running business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1 year	37	12.3	12.3	12.3
	1 - 3 years	79	26.2	26.2	38.5
	4 - 6 years	135	44.9	44.9	83.4
	7 - 10 years	45	15.0	15.0	98.3
	>10 years	5	1.7	1.7	100.0
	Total	301	100.0	100.0	

Staff

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Small (2 - 5)	249	82.7	82.7	82.7
	Medium (5 - 8)	49	16.3	16.3	99.0
	Large (>8)	3	1.0	1.0	100.0
	Total	301	100.0	100.0	

Type of business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Liquor outlet	41	13.6	13.6	13.6
	Grocery shop	117	38.9	38.9	52.5
	Hawker	42	14.0	14.0	66.4
	Cash & carry	4	1.3	1.3	67.8
	Tuck-shop	97	32.2	32.2	100.0
	Total	301	100.0	100.0	

Operating

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Before mall opened	245	81.4	81.4	81.4
	After mall opened	56	18.6	18.6	100.0
	Total	301	100.0	100.0	

Reason for business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of employment	186	61.8	61.8	61.8
	Not qualified	24	8.0	8.0	69.8
	Inherited from parents	30	10.0	10.0	79.7
	Business opportunity	61	20.3	20.3	100.0
	Total	301	100.0	100.0	

Distance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-2 km	37	12.3	12.3	12.3
	2.1-5 km	81	26.9	26.9	39.2
	>5 km	183	60.8	60.8	100.0
	Total	301	100.0	100.0	

Effect of mall

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Positive	101	33.6	33.6	33.6
	Negative	200	66.4	66.4	100.0
	Total	301	100.0	100.0	

Income before

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<R5000	106	35.2	35.2	35.2
	R5000 - R10000	71	23.6	23.6	58.8
	R10000 - R20000	115	38.2	38.2	97.0
	>R20000	9	3.0	3.0	100.0
	Total	301	100.0	100.0	

Income after

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <R5000	80	26.6	26.6	26.6
R5000 - R10000	183	60.8	60.8	87.4
R10000 - R20000	35	11.6	11.6	99.0
>R20000	3	1.0	1.0	100.0
Total	301	100.0	100.0	

Chi-Square Goodness-of-fit test

Staff

	Observed N	Expected N	Residual
Small (2 - 5)	249	100.3	148.7
Medium (5 - 8)	49	100.3	-51.3
Large (>8)	3	100.3	-97.3
Total	301		

Type of business

	Observed N	Expected N	Residual
Liquor outlet	41	60.2	-19.2
Grocery shop	117	60.2	56.8
Hawker	42	60.2	-18.2
Cash & carry	4	60.2	-56.2
Tuck-shop	97	60.2	36.8
Total	301		

Distance

	Observed N	Expected N	Residual
0-2 km	37	100.3	-63.3
2.1-5 km	81	100.3	-19.3
>5 km	183	100.3	82.7
Total	301		

Effect of mall

	Observed N	Expected N	Residual
Positive	101	150.5	-49.5
Negative	200	150.5	49.5
Total	301		

Operating

	Observed N	Expected N	Residual
Before mall opened	245	150.5	94.5
After mall opened	56	150.5	-94.5
Total	301		

Income before

	Observed N	Expected N	Residual
<R5000	106	75.3	30.8
R5000 - R10000	71	75.3	-4.3
R10000 - R20000	115	75.3	39.8
>R20000	9	75.3	-66.3
Total	301		

Income after

	Observed N	Expected N	Residual
<R5000	80	75.3	4.8
R5000 - R10000	183	75.3	107.8
R10000 - R20000	35	75.3	-40.3
>R20000	3	75.3	-72.3
Total	301		

Reason for business

	Observed N	Expected N	Residual
Lack of employment	186	75.3	110.8
Not qualified	24	75.3	-51.3
Inherited from parents	30	75.3	-45.3
Business opportunity	61	75.3	-14.3
Total	301		

Test Statistics

	Staff	Type of business	Distance	Effect of mall	Operating	Income before	Income after	Reason for business
Chi-Square	340.970 ^a	140.179 ^b	111.814 ^a	32.561 ^c	118.674 ^c	92.130 ^d	245.485 ^d	227.811 ^d
Df	2	4	2	1	1	3	3	3
Asymp. Sig.	.000	.000	.000	.000	.000	.000	.000	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 100.3.

b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 60.2.

c. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 150.5.

d. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 75.3.

Wilcoxon Signed Ranks Test

Ranks

		N	Mean Rank	Sum of Ranks
Income after and Income before	Negative Ranks	105 ^a	74.73	7846.50
	Positive Ranks	43 ^b	73.94	3179.50
	Ties	153 ^c		
	Total	301		

a. Income after < Income before

b. Income after > Income before

c. Income after = Income before

Test Statistics

		Income after and Income before
Z		-5.024 ^a
Asymp. Sig. (2-tailed)		.000

a. Based on positive ranks.

b. Wilcoxon Signed Ranks Test

Section B

Binomial Test

Township local informal traders are influenced by emerging markets and shopping malls

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	221	73.4	73.4	73.4
	No	80	26.6	26.6	100.0
	Total	301	100.0	100.0	

The monthly business income increased after the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	104	34.6	34.6	34.6
	No	197	65.4	65.4	100.0
	Total	301	100.0	100.0	

The business product range changed after the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	213	70.8	70.8	70.8
	No	88	29.2	29.2	100.0
	Total	301	100.0	100.0	

The number of stores around the mall has increased since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	102	33.9	34.0	34.0
	No	198	65.8	66.0	100.0
	Total	300	99.7	100.0	
Missing	System	1	.3		
Total		301	100.0		

The business model changed in order to compete against stores in the mall

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	194	64.5	64.5	64.5
	No	107	35.5	35.5	100.0
	Total	301	100.0	100.0	

Demand for some products has declined since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	139	46.2	46.2	46.2
	No	162	53.8	53.8	100.0
	Total	301	100.0	100.0	

Since the mall opened in the township there are benefits to retailers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	176	58.5	58.5	58.5
	No	125	41.5	41.5	100.0
	Total	301	100.0	100.0	

The cost of buying goods has decreased since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	134	44.5	44.5	44.5
	No	167	55.5	55.5	100.0
	Total	301	100.0	100.0	

Local retailers were consulted and involved before the mall was constructed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	106	35.2	35.2	35.2
	No	195	64.8	64.8	100.0
	Total	301	100.0	100.0	

Local small traders do benefit from the development of the mall

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	120	39.9	39.9	39.9
	No	181	60.1	60.1	100.0
	Total	301	100.0	100.0	

The development of the mall has added value to my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	117	38.9	39.0	39.0
	No	183	60.8	61.0	100.0
	Total	300	99.7	100.0	
Missing	System	1	.3		
Total		301	100.0		

Local retailers are regular customers at the mall

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	201	66.8	67.0	67.0
	No	99	32.9	33.0	100.0
	Total	300	99.7	100.0	
Missing	System	1	.3		
Total		301	100.0		

Some local traders stopped trading after the mall opened as they could not survive the competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	205	68.1	68.3	68.3
	No	95	31.6	31.7	100.0
	Total	300	99.7	100.0	
Missing	System	1	.3		
Total		301	100.0		

The nature of my business had to change after the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	133	44.2	44.2	44.2
	No	168	55.8	55.8	100.0
	Total	301	100.0	100.0	

The mall had no effect on my business

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	91	30.2	30.2	30.2
No	210	69.8	69.8	100.0
Total	301	100.0	100.0	

Up to date financial records are kept for the business

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	104	34.6	34.6	34.6
No	197	65.4	65.4	100.0
Total	301	100.0	100.0	

The investors and mall management team constantly engage local retailers in order to support growth

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	85	28.2	28.2	28.2
No	216	71.8	71.8	100.0
Total	301	100.0	100.0	

Competition has increased since the mall opened

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	114	37.9	37.9	37.9
No	187	62.1	62.1	100.0
Total	301	100.0	100.0	

Local roads, water and electricity supply have improved since the development of the mall

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	92	30.6	30.6	30.6
No	209	69.4	69.4	100.0
Total	301	100.0	100.0	

Binomial Test Results

		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Township local informal traders are influenced by emerging markets and shopping malls	Group 1	Yes	221	.73	.50	.000 ^a
	Group 2	No	80	.27		
	Total		301	1.00		
The monthly business income increased after the mall opened	Group 1	No	197	.65	.50	.000 ^a
	Group 2	Yes	104	.35		
	Total		301	1.00		
The business product range changed after the mall opened	Group 1	Yes	213	.71	.50	.000 ^a
	Group 2	No	88	.29		
	Total		301	1.00		
The number of stores around the mall has increased since the mall opened	Group 1	No	198	.66	.50	.000 ^a
	Group 2	Yes	102	.34		
	Total		300	1.00		
The business model changed in order to compete against stores in the mall	Group 1	Yes	194	.64	.50	.000 ^a
	Group 2	No	107	.36		
	Total		301	1.00		
Demand for some products has declined since the mall opened	Group 1	Yes	139	.46	.50	.205 ^a
	Group 2	No	162	.54		
	Total		301	1.00		
Since the mall opened in the township there have been benefits to retailers	Group 1	No	125	.42	.50	.004 ^a
	Group 2	Yes	176	.58		
	Total		301	1.00		
The cost of buying goods has decreased since the mall opened	Group 1	Yes	134	.45	.50	.065 ^a
	Group 2	No	167	.55		
	Total		301	1.00		
Local retailers were consulted and involved before the mall was constructed	Group 1	No	195	.65	.50	.000 ^a
	Group 2	Yes	106	.35		
	Total		301	1.00		

Local small traders do benefit from the development of the mall	Group 1	No	181	.60	.50	.001 ^a
	Group 2	Yes	120	.40		
	Total		301	1.00		
The development of the mall has added value to my business	Group 1	No	183	.61	.50	.000 ^a
	Group 2	Yes	117	.39		
	Total		300	1.00		
Local retailers are regular customers at the mall	Group 1	Yes	201	.67	.50	.000 ^a
	Group 2	No	99	.33		
	Total		300	1.00		
Some local traders stopped trading after the mall opened as they could not survive the competition	Group 1	Yes	205	.68	.50	.000 ^a
	Group 2	No	95	.32		
	Total		300	1.00		
The nature of my business had to change after the mall opened	Group 1	Yes	133	.44	.50	.050 ^a
	Group 2	No	168	.56		
	Total		301	1.00		
The mall had no effect on my business	Group 1	No	210	.70	.50	.000 ^a
	Group 2	Yes	91	.30		
	Total		301	1.00		
Up to date financial records are kept for the business	Group 1	Yes	104	.35	.50	.000 ^a
	Group 2	No	197	.65		
	Total		301	1.00		
Competition has increased since the mall opened	Group 1	Yes	114	.38	.50	.000 ^a
	Group 2	No	187	.62		
	Total		301	1.00		
The investors and mall management team constantly engage local retailers in order to support growth	Group 1	No	216	.72	.50	.000 ^a
	Group 2	Yes	85	.28		
	Total		301	1.00		
Local roads, water and electricity supply have	Group 1	No	209	.69	.50	.000 ^a
	Group 2	Yes	92	.31		
	Total		301	1.00		

improved since the development of the mall	Total		301	1.00		
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a. Based on Z Approximation.

Section C

Do you receive your products on delivery from the supplier?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	225	74.8	74.8	74.8
No	76	25.2	25.2	100.0
Total	301	100.0	100.0	

Do you use your own transport to fetch goods for selling?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	234	77.7	77.7	77.7
No	67	22.3	22.3	100.0
Total	301	100.0	100.0	

The cost of obtaining goods decreased since the mall opened

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	220	73.1	73.1	73.1
No	81	26.9	26.9	100.0
Total	301	100.0	100.0	

Do you receive goods for reselling from supplier representatives?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	222	73.8	73.8	73.8
	No	79	26.2	26.2	100.0
	Total	301	100.0	100.0	

The cost price of goods is cheaper from the supplier than in a chain store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	127	42.2	42.3	42.3
	No	173	57.5	57.7	100.0
	Total	300	99.7	100.0	
Missing	System	1	.3		
	Total	301	100.0		

Do you run out of stock since the mall opened?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	121	40.2	40.2	40.2
	No	180	59.8	59.8	100.0
	Total	301	100.0	100.0	

Did you run out of stock before the mall opened?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	135	44.9	44.9	44.9
	No	166	55.1	55.1	100.0
	Total	301	100.0	100.0	

Supplier interaction has improved since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	91	30.2	30.2	30.2
	No	210	69.8	69.8	100.0
	Total	301	100.0	100.0	

Binomial Test

		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Do you receive your products on delivery from the supplier?	Group 1	No	76	.25	.50	.000 ^a
	Group 2	Yes	225	.75		
	Total		301	1.00		
Do you use your own transport to fetch goods for selling?	Group 1	Yes	234	.78	.50	.000 ^a
	Group 2	No	67	.22		
	Total		301	1.00		
The cost of obtaining goods has decreased since the mall opened	Group 1	No	81	.27	.50	.000 ^a
	Group 2	Yes	220	.73		
	Total		301	1.00		
Do you receive goods for reselling from supplier representatives?	Group 1	No	79	.26	.50	.000 ^a
	Group 2	Yes	222	.74		
	Total		301	1.00		
The cost price of goods is cheaper from the supplier than in a chain store	Group 1	No	173	.58	.50	.009 ^a
	Group 2	Yes	127	.42		
	Total		300	1.00		
Do you run out of stock since the mall opened?	Group 1	No	180	.60	.50	.001 ^a
	Group 2	Yes	121	.40		
	Total		301	1.00		
Did you run out of stock before the mall opened?	Group 1	Yes	135	.45	.50	.084 ^a
	Group 2	No	166	.55		
	Total		301	1.00		
Supplier interaction has improved since the mall opened	Group 1	No	210	.70	.50	.000 ^a
	Group 2	Yes	91	.30		
	Total		301	1.00		

a. Based on Z Approximation.

Section D

One Simple T-test

Local informal traders are influenced by emerging markets in townships

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	25	8.3	8.3	8.3
	Disagree	31	10.3	10.3	18.6
	Neutral	55	18.3	18.3	36.9
	Agree	179	59.5	59.5	96.3
	Strongly agree	11	3.7	3.7	100.0
	Total	301	100.0	100.0	

Competition has increased since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	5.3	5.3	5.3
	Disagree	130	43.2	43.2	48.5
	Neutral	88	29.2	29.2	77.7
	Agree	47	15.6	15.6	93.4
	Strongly agree	20	6.6	6.6	100.0
	Total	301	100.0	100.0	

Access to banking and financial institutions has improved since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	62	20.6	20.6	20.6
	Disagree	55	18.3	18.3	38.9
	Neutral	67	22.3	22.3	61.1
	Agree	96	31.9	31.9	93.0
	Strongly agree	21	7.0	7.0	100.0
	Total	301	100.0	100.0	

Safety and security has increased since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	80	26.6	26.6	26.6
	Disagree	86	28.6	28.6	55.1
	Neutral	76	25.2	25.2	80.4
	Agree	50	16.6	16.6	97.0
	Strongly agree	9	3.0	3.0	100.0
	Total	301	100.0	100.0	

Access to government and business development institutions has improved

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	101	33.6	33.6	33.6
	Disagree	65	21.6	21.6	55.1
	Neutral	86	28.6	28.6	83.7
	Agree	39	13.0	13.0	96.7
	Strongly agree	10	3.3	3.3	100.0
	Total	301	100.0	100.0	

Visibility of my business has improved since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	78	25.9	26.1	26.1
	Disagree	72	23.9	24.1	50.2

	Neutral	81	26.9	27.1	77.3
	Agree	63	20.9	21.1	98.3
	Strongly agree	5	1.7	1.7	100.0
	Total	299	99.3	100.0	
Missing	System	2	.7		
Total		301	100.0		

Proximity to larger businesses has improved since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	40	13.3	13.3	13.3
	Disagree	113	37.5	37.5	50.8
	Neutral	83	27.6	27.6	78.4
	Agree	55	18.3	18.3	96.7
	Strongly agree	10	3.3	3.3	100.0
	Total	301	100.0	100.0	

Proximity to public facilities and transport hubs has improved since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	10	3.3	3.3	3.3
	Disagree	25	8.3	8.3	11.6
	Neutral	86	28.6	28.6	40.2
	Agree	55	18.3	18.3	58.5
	Strongly agree	125	41.5	41.5	100.0
	Total	301	100.0	100.0	

Foot traffic into my business has increased since the mall opened

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	2.0	2.0	2.0
	Disagree	27	9.0	9.0	11.0
	Neutral	184	61.1	61.1	72.1
	Agree	68	22.6	22.6	94.7
	Strongly agree	16	5.3	5.3	100.0
	Total	301	100.0	100.0	

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Local informal traders are influenced by emerging markets in townships	301	3.40	1.010	.058
Competition has increased since the mall opened	301	2.75	1.004	.058
Access to banking and financial institutions has improved since the mall opened	301	2.86	1.262	.073
Safety and security has increased since the mall opened	301	2.41	1.135	.065
Access to government and business development institutions has improved	301	2.31	1.161	.067
Visibility of my business has improved since the mall opened	299	2.48	1.139	.066
Proximity to larger businesses has improved since the mall opened	301	2.61	1.036	.060
Proximity to public facilities and transport hubs has improved since the mall opened	301	3.86	1.148	.066
Foot traffic into my business has increased since the mall opened	301	3.20	.754	.043

One-Sample Test

	Test Value = 3					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Local informal traders are influenced by emerging markets in townships	6.847	300	.000	.399	.28	.51
Competition has increased since the mall opened	-4.306	300	.000	-.249	-.36	-.14
Access to banking and financial institutions has improved since the mall opened	-1.873	300	.062	-.136	-.28	.01
Safety and security has increased since the mall opened	-9.036	300	.000	-.591	-.72	-.46
Access to government and business development institutions has improved	-10.328	300	.000	-.691	-.82	-.56
Visibility of my business has improved since the mall opened	-7.869	298	.000	-.518	-.65	-.39
Proximity to larger businesses has improved since the mall opened	-6.568	300	.000	-.392	-.51	-.27
Proximity to public facilities and transport hubs has improved since the mall opened	13.053	300	.000	.864	.73	.99
Foot traffic into my business has increased since the mall opened	4.662	300	.000	.203	.12	.29

Regression Analysis

Logistic Regression

Omnibus Tests of Model Coefficients

	Chi-square	Df	Sig.
Step 1 Step	120.474	18	.000
Block	120.474	18	.000
Model	120.474	18	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	235.009 ^a	.345	.484

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Classification Table^a

Observed		Predicted			
		Effect of mall		Percentage Correct	
		Positive	Negative		
Step 1	Effect of mall	Positive	52	38	57.8
		Negative	25	170	87.2
	Overall Percentage				77.9

a. The cut value is .500

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	207.135 ^a	.339	.500

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a q13(1)	-1.482	.384	14.909	1	.000	.227
q14(1)	-.176	.370	.227	1	.633	.838
q15(1)	-.191	.382	.249	1	.618	.826
q16(1)	-1.246	.387	10.339	1	.001	.288
q17(1)	.946	.376	6.314	1	.012	2.574
q18(1)	.771	.359	4.610	1	.032	2.163
q19(1)	-.316	.370	.731	1	.393	.729
q20(1)	-.641	.402	2.542	1	.111	.527
q21(1)	-.711	.431	2.728	1	.099	.491
q22(1)	.055	.380	.021	1	.885	1.057
q23(1)	.373	.385	.937	1	.333	1.452
q24(1)	1.167	.390	8.961	1	.003	3.213
q25(1)	-1.093	.410	7.109	1	.008	.335
q26(1)	-.489	.367	1.773	1	.183	.613
q27(1)	.347	.391	.789	1	.374	1.415
q28(1)	-.574	.403	2.026	1	.155	.563
q29(1)	-.002	.423	.000	1	.996	.998
q30(1)	-.641	.382	2.820	1	.093	.527
Constant	2.545	.538	22.420	1	.000	12.746

a. Variable(s) entered on step 1: q13, q14, q15, q16, q17, q18, q19, q20, q21, q22, q23, q24, q25, q26, q27, q28, q29, q30.

Omnibus Tests of Model Coefficients

	Chi-square	Df	Sig.
Step 1 Step	119.532	18	.000
Block	119.532	18	.000
Model	119.532	18	.000

Classification Table

Observed			Predicted		
			Township local informal traders are influenced by emerging markets and shopping malls		Percentage Correct
			Yes	No	
Step 1	Township local informal traders are influenced by emerging markets and shopping malls	Yes	193	23	89.4
		No	34	39	53.4
	Overall Percentage				80.3

a. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a						
q13(1)	-1.699	.458	13.771	1	.000	.183
q14(1)	-1.622	.421	14.857	1	.000	.198
q15(1)	1.287	.427	9.095	1	.003	3.620
q16(1)	-.579	.379	2.337	1	.126	.560
q17(1)	-.471	.395	1.424	1	.233	.624
q18(1)	-2.230	.441	25.578	1	.000	.108
q19(1)	1.258	.387	10.577	1	.001	3.519
q20(1)	.254	.445	.324	1	.569	1.289
q21(1)	-.115	.462	.062	1	.803	.891
q22(1)	.217	.394	.303	1	.582	1.242
q23(1)	-.891	.391	5.186	1	.023	.410
q24(1)	.137	.399	.118	1	.731	1.147
q25(1)	-.603	.422	2.044	1	.153	.547
q26(1)	.056	.430	.017	1	.897	1.057
q27(1)	.250	.447	.312	1	.576	1.284
q28(1)	-.367	.466	.621	1	.431	.693
q29(1)	.593	.492	1.455	1	.228	1.809
q30(1)	.823	.435	3.577	1	.059	2.277
Constant	1.081	.603	3.208	1	.073	2.947

a. Variable(s) entered on step 1: q13, q14, q15, q16, q17, q18, q19, q20, q21, q22, q23, q24, q25, q26, q27, q28, q29, q30.