

**CRITERIA FOR MEASURING RESILIENCE OF YOUTH-OWNED SMALL RETAIL  
BUSINESSES IN SELECTED RURAL AREAS OF VHEMBE DISTRICT, SOUTH AFRICA**

**By**

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Degree**



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## DECLARATION

I, Simbarashe Kativhu, hereby declare that this thesis for the Doctor of Philosophy in Rural Development degree (PHDRDV) submitted to the Institute for Rural Development at the University of Venda has not been submitted previously for any degree at this or another university. It is original in design and in execution, and all reference material contained therein has been duly acknowledged.

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## ABSTRACT

In South Africa, various government and private sector-led initiatives have been directed towards promoting youth involvement in small retail businesses. This was designed to counter the high unemployment and poverty rates among youth. However, high failure rates of the initiatives consistently frustrate these noble efforts. Even though this is the case, neither attributes of youth-run small retail business resilience nor the factors that predispose them to the high failure rates are well-known. This situation demands taking urgent action to foster resilience in the youth-run small retail business sector. Thus, the current study focused on identifying the major threats and strengths to business and determining a set of objective criteria and indices for use in measuring resilience. Potential resilience strategies were also sought. The study was conducted in Vhembe District of Limpopo Province in South Africa. An explorative mixed research approach was employed. Participants were selected using both snowball and cluster sampling procedures. Data were collected using semi-structured interview guides and questionnaires. Qualitative data were analysed using Atlas ti version 8 software techniques such as network diagrams and code primary document tables. For each objective, in-depth results were obtained, further interrogated in a survey and analysed using the Statistical Package for Social Sciences software (IBM SPSS; version 25) in the subsequent phase. The main statistical techniques utilised were Principal Component Analysis (PCA) and Kruskal-Wallis tests. Significance was determined at  $P < 0.5$ .

Results from PCA test reviewed three major threats to small retail business resilience that included poor infrastructure (28.54 %), financial infrastructure (20.97 %) and competition (14.94 %). The three factor structure accounted for a total variance of 64.46 %. Poor infrastructure and financial inadequacy threats did not vary with distance from the urban area ( $P > 0.05$ ) while competition significantly varied with distance from the urban area ( $P < 0.05$ ). With regard to strengths, PCA analysis produced a four factor structure that explained a total variance of 54.59 %. The four major strengths included marketing ability (16.97 %), good customer care (14.42 %), business knowledge (12.08 %) and commitment (11.13 %).

A six dimension criteria for measuring small retail business resilience was established using PCA. The six dimensions encompassed security measures (18.01 %), outsourcing abilities (13.70 %), marketing strategies (10.07), risk management (8.54 %), financial management (8.43 %) and innovation (7.89 %). The six factor structure explained a total variance of 66.67 %. These resilience pillars were related to threat detection, prevention and adaptation business mechanisms. Four resilience dimensions (security measures, marketing abilities, risk management and innovation) were similar across distance variations from the urban area ( $P > 0.05$ ). However, significant differences between urban and rural areas were observed in

two variables, that is, joining business alliances ( $P=0.012$ ) linked to outsourcing abilities and keeping money away from the business premise ( $P=0.034$ ) associated with financial management.

Resilience indices were further developed utilising the six building blocks of the criteria. The indices for measuring small retail business resilience were expressed in the formula:  $R_1 = f(SM_1, OA_1, MS_1, RM_1, FM_1, I_1, S_1) + e$  where SM=Security Measures; OA= Outsourcing Abilities; MS= Marketing Strategies; OM=Risk Management; FM= Financial Management; I= Innovation; S= Subjective resilience dimensions and  $_1$ = particular time; e= error. The assumption underpinning these indices was that, small retail business resilience is not observable and thus it can be measured through assessing each dimension separately at a particular time. The outcomes reflected that, measuring youth-owned small retail businesses resilience encompasses a clear understanding of area specific threats and the subsequent customised performance measures. Resilience dimensions may change with time due to socio-economic changes, government policies and local conditions. As such, it is crucial to constantly assess youth small retail businesses in order to determine their current status and changes in resilience components. Current strategies and potential interventions for promoting small business resilience were also reviewed. Small retailers were currently utilising strategies such as business collaboration, specialisation and stock diversification. To, address the weaknesses associated with presently utilised strategies, potential interventions that encompassed financial support, provision of cheap stands, need for financial assistance and provision of business training and infrastructure upgrades were proposed.

The present study provided a criteria and resilience indices that can be used by policy implementers, development agencies and funders to determine resilience drivers, monitor changes in resilience attributes over time and identify necessary interventions in the small retail sector. This assists decision makers to make pre-informed decisions before providing support to youth small retailers. The use of participatory research methods in the present study helped to ground the work in the youth small retail sector and thus, contributing to community engagement practices. The use of mixed study approaches has been consistently recommended in studies related to resilience measurement methods. As a result, the mixed research methods utilised in the present study provides directions for future replication in studies aimed at developing approaches for measuring resilience in the small business sector. Lastly, the simplicity of the criteria and indices make it easier for small retail business owners and other practitioners to use in future.

**Key words:** Criteria, Indices, performance measure, resilience, spaza, small retail businesses, youth

To my mother and father Mrs. Nesi Kativhu and Mr. Dennis Kativhu

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## RESEARCH PUBLICATIONS AND PRESENTATIONS

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## ABBREVIATIONS

ATCM	Association of Town and City Management
BRACED	Building Resilience and Adaptation to Climate Extremes and Disasters
DFID	Department for International Development
DRS	Data Response Security
DTI	Department of Trade industry
FAO	Food and Agriculture Organisation
HSRC	Human Sciences Research Council
IDP	Integrated Development Plans
IFC	International Finance Corporation
ILO	International Labour Organisation
IRD	Institute for Rural Development
KMO	Kaiser-Meyer-Olkin
LED	Local Economic Development
LEDA	Limpopo Enterprise Development Agency
LEDET	Limpopo Economic Development, Environment and Tourism
NRF	National Research Foundation
NYDA	National Youth Development Agency
OECD	Organization for Economic Cooperation and Development
ODI	Oversees Development Institute
PCA	Principal Component Analysis
RIMA	Resilience Index Measurement and Analysis Model
SEDA	Small Enterprise Development Agency
SME	Small and Medium Enterprises
SMME	Small, Medium and Micro Enterprises
SPSS	Statistical Package for Social Sciences
TANGO	Technical Assistance to Non-Governmental Organisations
UNDP	United Nations Development Programme

UNICEF	United Nations International Children’s Education Fund
UNISDR	United Nations Disaster Risk Reduction
UNIVEN	University of Venda
USAID	United States Agency for International Development
WYR	World Youth Report
YEDS	Youth Enterprise Development Strategy

## CHAPTER 1 INTRODUCTION

### 1.1 Background

The small retail business resilience concept is increasingly gaining recognition from development agencies and researchers. The development of frameworks for measuring business resilience is one of the key aspects requiring attention (Dalziel & McManus, 2004; Sanchis & Poler, 2014). The current turbulent environment in both world and local economies have, in general, enlightened the need for small business to be resilient. Despite this need, Sanchis & Poler (2014) laments the scarcity of literature on approaches to measuring resilience of small businesses in general. Donaldson (2012) also highlighted the limitation of research in the townships and informal settlements to address township specific issues. In particular, there is no specific and universal criteria for measuring small retail business resilience. As a result, Erol *et al.* (2010) recommends the need for building knowledge related to approaches for measuring small retail business resilience in particular. This is due to the fact that, small retail businesses has a greater potential to contribute to national economic growth and youth development. Conferring to this background, it becomes important to develop criteria for measuring youth small retail business resilience. This will be the first step towards enhancing the resilience in the sector.

In order to compete and become sustainably successful, small retail businesses in townships and rural areas must not only excel in their growth, but also become resilient (Maclean *et al.*, 2013; Agbenyegah *et al.*, 2013; Hua *et al.*, 2015). Achieving resilience status and growth is an impossible goal, without outlining frameworks for use in determining appropriate resilience drivers and targeted interventions. Many governments focus more on making policies and allocating financial resources for rural development, which includes promoting small retail businesses, but without really understanding the problem underlying the lack of growth (Hua *et al.*, 2015). In many cases, this jeopardise the success of noble intervention efforts. Therefore, there is need for developing approaches that can guide governments to understand context based resilience components particularly in the small retail sector. This will assist in determining appropriate building blocks of resilience and monitor progress in the long run.

Retail business resilience is broadly defined as the ability to adapt to changes, crisis or shocks that challenge equilibrium in order to normalise operations in a sustainable manner (Replacis, 2011). In this case, resilience is determined by the ability to reduce vulnerability to expected and unexpected risks. Flexibility to reorganise after a threat is also another common business resilience component (Gallopín, 2006). Contrastingly, in ecology, psychology and engineering sciences, resilience is commonly viewed as the ability of a system to retain equilibrium after

being exposed to disturbances (Erol *et al.*, 2009). In light of these complexity, Dolega & Janowicz (2015) emphasizes the need to clearly understand the entity whose resilience is being assessed when attempting to develop measurement approaches. Within the same line of thinking, Erol *et al.* (2010) recommends the need for new understanding and customisation of resilience measurement approaches in the small retail sector. Enlightened by this recommendations, the present study focused on developing a contextualised understanding of resilience measurement in the youth small retail business sector.

High failure rates among small retail businesses worldwide justifies the prioritisation of the small retail sector in this study. For instance village shops in most developing countries have either stalled or collapsed in the past years (ILO, 2006). Similarly, between 70 and 80% failure rates were reported in South Africa (Van Scheers, 2010). Charman (2012) adds that approximately 50 % of new spaza shop entrants collapse within 5 years. Strengthening resilience within the youth small retail business sector has become even more crucial given the high unemployment rates particularly in Africa. Nearly 89 % of young people seek jobs every year (United Nations International Children's Education Fund: UNICEF, 2012). In sub-Saharan Africa youth unemployment is approximately 12 % more than for adults (International Labour Organisation: ILO, 2014).

At a local level, South African small-scale businesses failure rate of 75 % is one of the highest in the world (Olawale and Garwe, 2010; Bisseker, 2014; Wagner, 2015). Most of the small businesses including those in the small retail sector do not grow beyond the survivalist stage. The Global Entrepreneurship Monitor (2014) also highlight that South Africa's entrepreneurial activity is generally low for a country with a promising economy. Even so, the South African government prioritise small business development for women and youth as a strategy for creating employment (Madzivhandila, 2014; Sanyal & Hisani, 2015). Rachidi (2014) reports that unemployment for the 15-24 age group is 50.7 % and 29.8 % for youth between the ages of 25 and 34 years. To counter this problem, the South African government particularly make efforts to promote small retail businesses in small towns and rural areas (Small Enterprise Development Agency: SEDA, 2007, Jones, 2013). Despite these concerted efforts, Jones (2013) report that government and private sector support for small businesses has been generally fruitless in South Africa. Lack of sustainability and resilience among small retail businesses has frustrated government's initiatives. This is due to the fact that most of the initiatives are implemented without a clear understanding of the local dynamics that influence resilience and growth. It is therefore critical to conduct an empirical study that sought to establish, vulnerability factors and customised resilience building blocks in the small retail sector.

Small retail businesses face various threats that impact on their resilience capacity. Intense global competition, rapid changes in technology, customer demands and economic uncertainty are some of the common threats to small retailers (Demmer *et al.*, 2011). Factors such as regulatory frameworks, global competition and access to finance are generally regarded as external threats while internal shocks mainly cover characteristics of the entrepreneur (Dess, 1996; St-Jean, 2008; Borros *et al.*, 2008 International Finance Corporation: IFC, 2013). In South Africa, Das Nair and Dube (2015) identified threats to small retail businesses such as limited finance, lack of business management skills and lack of operational capacity. Inadequate market research and advertising strategies also account for small retail business failure (Lekhanya 2010; Van Scheers, 2011). However, most studies are not specific to youth small retailers. More so, studies in South Africa commonly generalise threats to all small businesses without considering sectorial distinctions. The situation prompts the need for identifying sector specific threats. This will assist in determining customised interventions.

The United Nations Development Program (UNDP, 2013) suggests that tackling the socio-economic drivers of risk is a pre-requisite to building resilience among small retail businesses. This contribute to the identification of appropriate strategies for restoring resilience. Response strategies are normally diverse and categorical. Some studies highlight that efficient procurement and financial management enhances growth and sustainability of small retailers (Abbad & Pache, 2013). Others report that the location of a retailer in relation to the nearest urban area influences transport cost, delivery of goods as well as other logistical arrangements (Naude, 2014). Liedman *et al.* (2013) further suggests location and market related strategies for enhancing growth and sustainability. Given the above facts, it is apparent that location of a small retail business in relation to the urban area plays a vital role in determining the nature of resilience interventions required. Hence, the current study sought to determine if vulnerability factors and resilience drivers are indeed influenced by the location of small retail businesses.

The need for developing resilient youth-run small retail businesses is more apparent in the Limpopo Province of South Africa. A large proportion of small businesses in the Province are found in the retail sector (Limpopo Enterprise Development Agency: LEDA, 2013). However, approximately 60 % of small retail businesses owned by youth fail before reaching maturity in the same province (LEDA, 2013). This derails youth involvement in the sector and further hamper government hopes of creating jobs through the sector. The situation signals an urgent need to bolster resilience for youth-run small retail businesses. This will provide parameters for appropriate pro-active and reactive actions against threats as well as strategies to minimise

their effects. Furthermore, this could provide decision makers with a handbook for determining resilience pillars and targeted rather than generic interventions.

## 1.2 Statement of the Research Problem

Small retail businesses are critical for economic development particularly in Africa where the majority of countries are still developing and depend on small businesses. Ilegbinosa & Jumbo (2015) report that, small retailers contribute over 50% towards the Gross Domestic Product (GDP) in most developing countries. They further contribute towards poverty alleviation through job creation (Adebayo & Kavoos, 2016; Alaye-Organ, 2012). In South Africa, small independent retailers contribute between 36 % and 45 % towards the South African GDP and constitute 60 % of the labour force (Naidoo, 2016). As a result, Simons (2012) conclude that, small business development is the possible answer to the economic quagmire in Africa, South Africa included. Due to the benefits associated with small businesses, the South African government has prioritized the sector in order to reduce high unemployment (Oni & Fatoki, 2013).

Despite recent government and private sector interventions in South Africa to promote the involvement of youth in small retail businesses as a tool for addressing high unemployment and poverty rates, success in the sector remains a pipe dream. Fatoki (2014) highlight that, in South Africa, an estimated 70 % to 80 % SMEs fail to grow or collapse within the first years of inception. Owale & Garwe (2010) similarly state that, new SMEs have achieved limited growth in South Africa despite government support. Muller *et al.* (2003) reports that, small retails in rural areas generally have a higher possibility of failing than their urban counterparts' worldwide (Muller *et al.*, 2003). In Limpopo province, for example, it has been estimated that 60 % of retail businesses collapse before reaching maturity (LEDA, 2013).

The failure of small retail businesses across the South Africa coincides with a high youth unemployment, which is approximately 36% countrywide and 58% in the same province (Statistics South Africa: STATSSA, 2014). The failure trends witnessed in the province suggest that, there are unique local economic variations that threaten small retail business existence and growth. Yet, there is no clear understanding of the factors that pre-dispose youth owned small retail businesses to failure. Neither is there a specific criteria for determining appropriate resilience building blocks in the sector. Einsten (2015) also recently shared the same sentiments that, despite the fact that resilience has gained much attention in recent academic and political discussions, its application to specific sectors, such as retail, is rather limited. Specific studies on youth small retail business resilience are also generally scarce in South Africa and beyond. In most cases, this has led to regular failure of policies

and interventions meant for promoting youth small retail business development. This also curtail youth small retail business prospective job creation capacity particularly in rural areas of South Africa. The situation requires urgent action to enhance the resilience of small retail businesses owned by youth. The current study, therefore, focused on developing ideal criteria for measuring the resilience of youth-run small retail businesses with special focus on spaza shops. The resultant criteria provided a checklist for determining the most appropriate resilience attributes for youth-run small retail businesses at a particular time. Going forward, the criteria idealistically assists in tracking changes in resilience attributes over time and make appropriate adjustments.

### **1.3 Objectives**

The main objective of the present study was to develop criteria and indices for measuring the resilience of youth small retail business in small towns and rural areas. Vhembe District of South Africa was the case study area. In order to address this main objective, the following specific research objectives were used.

1. To identify the major threats to the resilience of youth-run small retail businesses;
2. To identify the major strengths of youth-owned small retail businesses;
3. To develop ideal criteria for use in determining the resilience of youth-run small retail businesses;
4. To ascertain current and potential strategies for enhancing resilience of youth-run small retail businesses.

### **1.4 Research Hypotheses**

The following hypotheses are for objectives 1-3 that were quantitatively investigated. Objective four was qualitatively investigated.

1.  $H_0$ : Threats to youth small retail businesses are not known;
2.  $H_0$ : The strengths of youth-owned small retail businesses are not known
3.  $H_0$ : The resilience dimensions of youth-owned small retail business are not known.

### **1.5 Theoretical Framework**

The process approach by Wreathal (2006) guided the development of the criteria for measuring small retail business resilience in this study. Central to the approach is the assumption that resilience is a continuous process that spans from pre-event to post-event recovery (Haines *et al.*, 2008). In the context of small retail businesses, pre-event tasks include threat detection and risk projection techniques. On the other hand prevention and

adaptation techniques are post-event attributes necessary for recovery. Based on this approach, the ability of a business to predict threats, find appropriate responsive actions to either prevent or reduce damage and adapt in order to recover are critical pillars of resilience. Wreathall (2006) further stipulate that performance measures of resilience are attained through a comprehensive analysis of the pre-event and post-event business tasks. Drawing lessons from the above mentioned theoretical foundations, the present study developed a criteria for measuring resilience based on identifying pre-event actions (threat detection and prevention techniques) and post event business actions (adaptation techniques).

Westrum (2006) further categorize disruptive events according to their potential to disrupt a system and their origin. Classification of threats enables businesses to take preventive actions and model response actions in case of that disruption. Therefore, a categorization of disruptive events and their consequences can be used to model and predict a resilience measure based on past events. Sheffi (2005) similarly suggest the use of vulnerability maps in order to categorize the relative likelihood of potential threats to an organization or business to such disruptions. Alternatively, a database of threats and their potential impact based on different scenarios can be a basis of resilience measurement. The approach can be useful for identifying threats of small retail businesses and classify them according to severity and frequency. However, there is need for considering context and geographical locations. This is due to the fact that, threat occurrence may depend on socio-economic factors that lead to variations based on business location.

The value tree method which is imbedded in the Multi-Attribute Utility Theory was also utilized in the current study. The value tree method enables one to disintegrate complex operational resilience into specific attributes. The attributes are recognized as performance measures that can be used to measure resilience (Stolker *et al.*, 2007). In the context of youth small retail businesses, the theory is utilized to categories detection, prevention and adaption attributes into performance measures that can be used to estimate resilience capacity. The theory further highlight the need to prioritize the attributes through assigning weights. The weighing process should be performed by stakeholders based on what they consider important to resilience. Prioritization and weighing supports decision making to address resilience problems in business. Worth noting is the fact that, weighing of performance measures differ with businesses based on stakeholder preference. However, when dealing with the resilience of small retail businesses as a group, it is vital to establish the main resilience performance measures based on common views.

The current study utilized a hybrid theoretical framework that was based on the theories discussed above. The continuous process approach was utilised to identify and categorise

business resilience actions into threat detection, prevention and adaption attributes. This is in line with Wreathall (2006) postulation that, resilience is a process that stretches from pre-event to post-event and recovery. Understanding the pre-event entailed identifying threats to youth-small retail businesses. The threats were, categorised according to their severity and potential to disrupt business following propositions by Westrum (2006) as discussed above. Due to the fact that, the study was centred on operational resilience, the value tree method was utilised to classify resilience attributes into three major categories (detection, prevention and adaption attributes) and related subgroups. The identified attributes were recognised as performance measures that can be used to estimate resilience abilities of youth-owned small retail businesses. The performance measures were weighed by youth small retailers based on their appropriateness for use in measuring resilience. Consequently, stakeholder perceptions of resilience attributes in relation to disruptive events shaped the criteria for measuring resilience developed in the present study.

## **1.6 Operational Definitions of Key Terms and Concepts**

*Criteria* refers to the standards of judging a particular aspect Bouyssou (1990). In the current study criteria was, as the standards by which resilience of youth-run small retail businesses may be judged. This include various attributes that constitute small retail business resilience.

*Measurement* is a means of supplying the information to allow for better decisions (Woods & Hollnagel, 2006). In the context of this study, measurement referred to the ways of determining resilience attributes.

*Small retail business* refers to all activities involving buying and selling in small quantities. It encompasses activities such as hawking, vendors, spaza shops and tuck shops (Woodward *et al.*, 2011). In the context of this study, the small retail business concept was used to refer to only spaza shops. Spaza shops are small, home-based retail stores that typically sell basic goods such as groceries, cigarettes and other basic necessities to nearby residents (Manna, 2009).

*Resilience* entails the ability of businesses to detect, prevent and adapt to disruptive challenges in order to grow (Sterling, 2011). This definition was adopted in this study to refer to small retail business resilience.

*Small and Medium businesses (SMMEs)* do not have unanimous definition. The definition is influenced by geography and specific legislation in which the business exists. The National Small Business Act 102 of 1996 (South Africa, 1996) amended by Act 29 of 2004 (South

Africa, 2004) categorizes small businesses into micro-enterprises, small enterprises and medium enterprises. They are mainly differentiated by the number of employees (Smit & Watkins, 2012). The current study utilized the above definition in identifying small retail businesses.

Rural areas are described as zones that are more sparsely populated and containing very few industries, while urban areas are areas with detailed town planning and tight network of streets and housing (Glesbygdsyerket, 2008). Although this definition of rural was adopted, elements of villages and distance from the urban area were added to suit the local context.

*Youth* definitions vary from country to country. The United Nations (UN, 2010) defines youth as young people between the ages of 15 to 24 years. However, in South Africa, youth are defined as individuals between the ages of 14 and 35 (South African National Youth Policy, 2009). In the context of this study youth referred to young people between the ages of 18 to 35 years. All youth who participated in this study were above 18 years old hence, the definition adopted the same minimum age.

## **1.7 Outline of the Thesis**

This thesis comprises seven chapters. In chapter one, the background, problem statement, and objectives of the study are articulated. The hypotheses tested in this study are stated. The theoretical framework that guided the study and key concepts are described. In Chapter two, the review of literature relating to resilience in the small retail business sector is presented. The main issues discussed are aligned to the study objectives. This provides theoretical perspectives and a deeper understanding of the study focus. Detailed review on existing frameworks used for measuring resilience is also provided. The study methodology is explained in chapter 3. The study design, study area, population, data collection processes and sampling procedures are presented in two phases. Data integration, analysis and research ethical considerations for the study are also covered in chapter three. In chapter 4, results relating to major threats and strength of youth small retail business are presented. Discussion on the two aspects is also included in the chapter. Chapter 5 comprises presentation of the criteria and indices for measuring resilience. Chapter 6 consists of current and potential strategies for enhancing youth small retail business resilience. Lastly general conclusion and recommendations aspects are provided in chapter 7.

## CHAPTER 2 REVIEW OF LITERATURE

### 2.1 Introduction

The first part of this chapter provides an overview of youth entrepreneurship throughout the world. A brief background of the economic situation that African youth have experienced over the years is then presented. This constitutes the preamble relating to why entrepreneurship is a crucial tool for youth development in South Africa and beyond. The resilience concept is explained in relation to small retail businesses. Approaches for measuring resilience are critically discussed. Thereafter, the threats to small retail businesses are reviewed together with drivers of resilience and strategies for enhancing it. Reviewing these aspects provides a multi-scholarly understanding of the past and current knowledge on this topic. The latter provided the direction that the current study took.

### 2.2 Global Overview of Youth Small Businesses

Expanding the level of entrepreneurial activity is a vital youth economic development goal world-wide. Literature shows that youth in developed countries are more involved in small businesses (Global Entrepreneurship Monitor, 2008). For instance, in the United Kingdom, a positive youth business culture is apparent (White & Kenyon, 2000). In Australia, Chigunta (2002) reports that in 2002 about 70 % of youth entrepreneurs were involved in the retail trade, property business and other related activities. This indicates that youth in most developed countries engage in small business that also include retailing.

In India more youth are likely to start new small businesses than adults (Manimala *et al.*, 2001). This trend is attributed to the worsening levels of unemployment coupled with the inculcation of a positive business culture (Venkatachalam & Waqif, 2005). Within the same developed region, a survey by Eurostats (2010) reports high youth involvement in small businesses including the retail sector in countries such as Italy, Greece, Czech Republic, Romania and Slovakia. The reasons accounting for youth involvement in small business in almost of these countries are centred on the economic culture of entrepreneurship (Shivani *et al.*, 2006). This attest to the fact that early business training, economic policies and supportive business cultures promote youth involvement in small retail businesses.

Worth noting is the fact that in most developed economies, market-oriented Small and Medium Enterprises (SMEs) tend to be more innovative and resilient (Salavou, 2004). This is due to the

distinct regulations, financial support and entrepreneurial resilience skills found in those countries. Distinctively, SMEs in most developing nations usually fail to cope with expected and unexpected shocks (Levenburg & Schwarz, 2006). The role of different entrepreneurial cultures, education, economic and political challenges are constantly suggested as possible justification for these variations (Levenburg & Schwarz, 2008). Morris & Schindeutte (2005) also concur that distinctions in the nature and magnitude of political and economic shocks is a possibly influence sustainability in developing countries. This attest to the fact that resilience is shaped by various contextual factors.

African youth have a distinct history which to some extent shaped their current economic situation. Providing this background helps readers to understand the current situation of youth-run retail businesses in the continent and South Africa, in particular. During the early 1970s, youth were not considered as a social problem. Thus, governments did not pay much attention to their marginalisation and unemployment status (Bennell, 2000). During the same period, researchers and policy makers were not primarily focusing on youth (de Waal, 2002). Consequently, youth challenges went unnoticed as countries swiftly made a transition to economic independence. However, after the mid-1970s, countries began to realise the socio-economic situation of youth particularly in the sub-Saharan Africa (de Waal, 2002). Youth unemployment was among the identified challenges in most African countries. Youth unemployment rates in the sub-Saharan region are approximately 12 %, twice that of adults (ILO, 2014). The problem is expected to continue increasing as nearly 89% of young people will be looking for work every year in the region (United Nations International Children's Education Fund: UNICEF, 2012). In the absence of solutions, frustrated youth will probably engage in risky behavior such as substance abuse, criminal activities and terror activities.

It is against the above mentioned adversities that policy makers are scaling-up the entrepreneurial acumen of youth through small retail businesses development. Most developing countries have also strongly supported youth entrepreneurship as a key development strategy. In rural communities, involving youth in small retail business helps to incorporate the previously marginalised cohort into the economic mainstream (Curtain, 2000). Through youth retail businesses, goods are also transferred to local communities that might not be adequately served by large retailers (OECD, 2001). This is a strong indication that youth retail entrepreneurship is critical for both social and economic development in Africa. Paradoxically, literature shows that youth in most African countries do not value involvement in small businesses (Okojie, 2003). However, youth in Eastern African countries such as Ethiopia and Somalia engage in small retail

enterprises both within their country and abroad (Okojie, 2003). It is therefore vital to understand the business principles of people from different nations from their own lens. This might enable information sharing and adoption between foreign and local youth retailers.

In most cases, scholars either make general assumptions about youth or just do not consider them. Studies have also scarcely explored resilience from a small retail perspective. Instead, studies normally take a broader perspective of small businesses without factoring in the sectorial multi-dimensions. In support of this observation, Damon & Lemer (2008) highlights that, the study of entrepreneurship remains in its infancy. This culminates to the scarcity of literature related to youth-run small retail business resilience. Therefore, it is crucial to build contemporary knowledge on small retail business resilience. The following sections 2.4 to 2.6 focus on reviewing context based resilience aspects across different continents.

### **2.3 Global overview of small retail businesses**

This section reviews literature from four major continents that include Europe, America, Asia and Africa. The section discusses importance of small retail businesses as well as small retail businesses in the sector within different continents. Threats and drivers of small retail businesses within the above mentioned continents are also elaborated. Atlas ti version 8 software was utilized to analyze literature from a minimum of 40 articles across the four continents. The purpose of using software was to categorize large volumes of diverse literature into categories that reflects the study focus. The network diagram analysis tool was utilized to illustrate the major themes, associated quotations and relationships among various pieces of literature within the same context. Key debates, relationships and knowledge trends from different scholars are also highlighted in the network diagrams. The section begins with discussions on the importance of small retail businesses in Europe.

### **2.4 Importants of small retail business in Europe**

Small retail businesses play a crucial role in the economy of European countries. They play an intermediary role between producers, manufactures and customers (Bobe & Dragomir, 2010). In general, small and medium enterprises (SMEs) are recognized as a vehicle for employment generation, economic growth and development in countries that have conducive investment climate (Fernandes & Chamsa, 2014). For instance SMEs contribute around one third of the Gross Domestic Product (GDP), over 50 % of the value added 99 % of the share of total registered companies and approximately 60 % of total employment in the Czech Republic (Osakwe *et al.*,

2015). In Turkey, small and independent businesses dominates the retail sector, and thus largely contribute to the country's economic growth. As such, small retail activities and consumption patterns influences spatial organization of contemporary urban planning (Erkip *et al.*, 2014). This attest to the fact that, small retail shops are strategically located and designed to attract attention and fascinate consumers. Despite the significance of small retail business in particular, their development will only be possible if there is a favorable internal and external environment (Osakwe *et al.*, 2015). Therefore, there is need for paying attention to the resilience of small retail businesses. Figure 2.1 is an extract from Atlas ti 8 that diagrammatically illustrate the above mentioned facts.

#### **2.4.1 Threats to small retail business resilience in Europe**

The potential of small business including those in the retail sector is derailed by diverse challenges in Europe. Figure 2.2 is a network extract from Atlas ti software that clearly illustrate the major challenges to small businesses including those in the retail sector. Brewton (2010) posits that natural disasters constantly disrupt small business routine and standards of operation in the continent. The scholar further highlight that, small businesses are obliged to comply with many regulations while they are recipients of few loans and grant programs. This limits their financial capacity to counteract crisis late alone grow. Ardic *et al.* (2012) similarly suggested that financial scarcity is a major hindrance to small business resilience and growth. However, countries have different policies and rules that regulate the provision of funding. As a result the severity of financial challenges differ with countries within the continent. For instance, developed countries are likely to be more supportive to small businesses than developing countries within the same continent.

The innovation capacities of small businesses is compromised by shortage of relevant skills and internal resources that also include financial capital (Cardoso & Ramos, 2016). Despite the limitations on innovation capacity, small businesses are less constrained by complex and rigid business structures. This provide an opportunity for small retail businesses to utilize low cost innovation opportunities in order to retain resilience prowess.

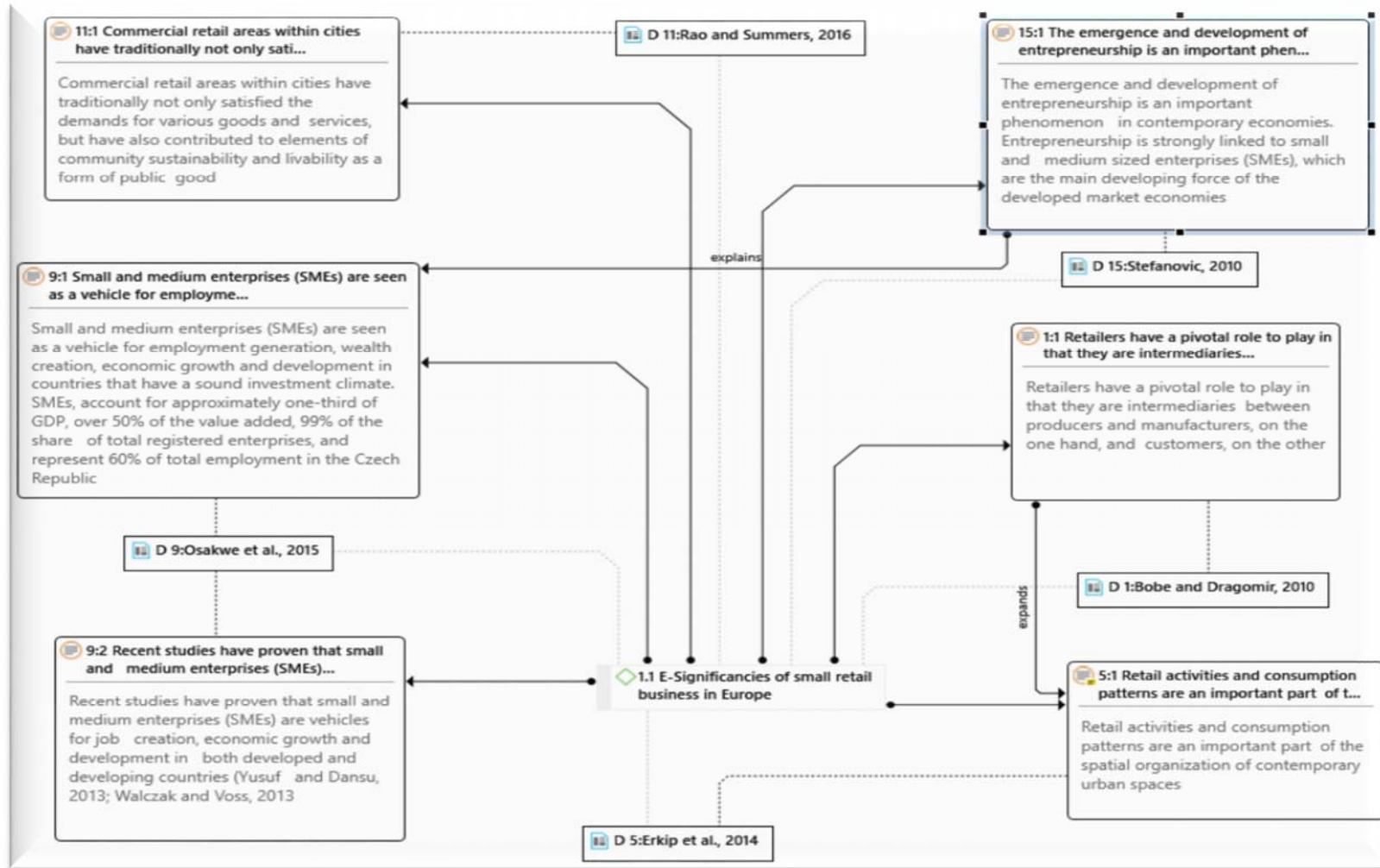


Figure 2.1 importance of small retail business in Europe

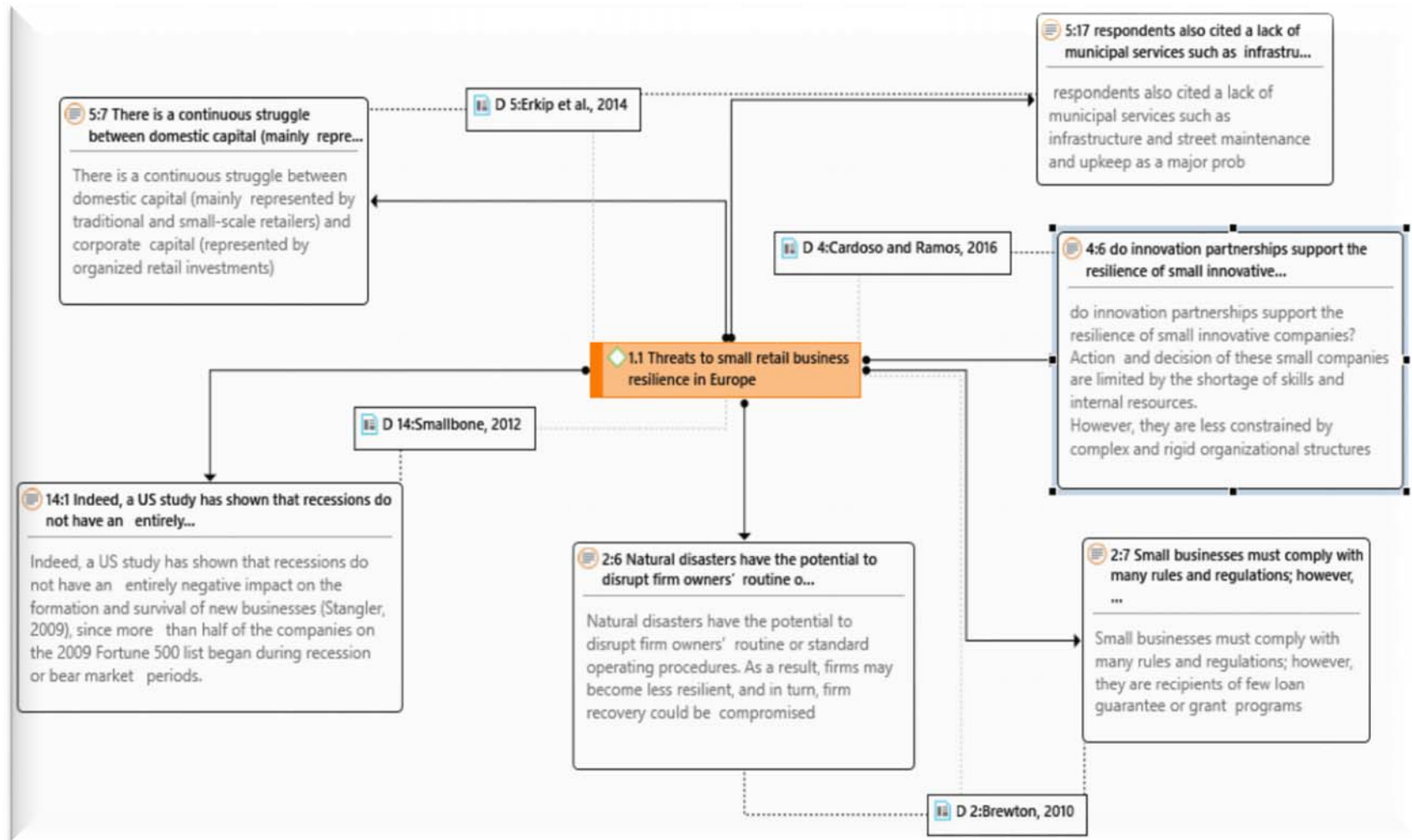


Figure 2.2 Major threats to small business resilience in Europe

Other threats such as technological advancement, geopolitical shocks, abrupt shifts in consumer tastes and an influx for non-traditional competitors have all posed serious challenges to small business continuity in the most developed countries (Demmer *et al.*, 2011). Consequently small retail businesses are compelled to focus on more than just improving their performance but to detect threats in time. The information provided in this section indicate that, small business threats is a well-researched area in Europe. However, the majority of the studies tend to provide generic threats to small businesses. This limit sectorial and contextual understanding of the resilience threats to small retail businesses.

#### **2.4.2 Small retail business failure trends in Europe**

The above mentioned threats to small retail businesses have contributed to high failure rates in the sector. Bobe & Dragomir (2010) purports that, high influx of large retailers in the European Union has led to a decline of small independent shops. More so, large retailer services such as delivery and long opening hours have reduced the relevance of independent shops. Fernandes & Chamsa (2014) also claim that, traditional small retail shops are on the decline the Europe. In some cases, policy developments and global economic chances have resulted in the reduction of small retailers. For instance policy developments coupled with other factors have contributed to a decline in small retail business in Czech Republic (Osakwe *et al.*, 2015).

Worryingly, the factors contributing to small retail business decline are not well documented (Erkip *et al.*, 2014). This is due of the fact that, most researches tend to focus on failure factors of small businesses rather than focusing on small retailers in particular. The fact that, the factors contributing to failure vary based on business climate of a country among other business investment aspects also calls for area based studies in order to understand the specific failure aspects. The following section highlight contextual drivers of resilience that are currently utilized to address the high failure rates among selected European countries.

#### **2.4.3 Drivers of small business resilience in Europe**

The failure rates of small business including those in the retail sector has prompted researchers to start focusing on sustainability and resilience in recent years. Studies in the past decade have documented diverse drivers of small business resilience in Europe as illustrated in Figure 2.3.



Before discussing the drivers, it is crucial to note that very few researches have focused on youth small retail businesses hence literature on small businesses in general is discussed in this section. Cardoso & Ramos (2016) reports that, education, innovation, risk management ability as well as detection prowess generally determine the resilience of small businesses in Europe. More so, social capitals such as networks are crucial determinants of resilience. However, Brewton (2010) highlight that social capital significantly contribute to business resilience in rural communities than in urban areas. This is due to the fact that social capital is generally more readily available in rural communities than urban areas.

On the other hand Erkip *et al.* (2014) hints that human perceptions, behavior, decision making, management and future prediction abilities significantly contribute to small business resilience. The scholar clearly emphasize subjective resilience attributes than objective features. Stefanovic (2010) similarly reports that psychological attributes that encompasses innovative orientation, attitude towards risk and a competitive mindset determine a business owner's implementation of resilience actions. This is a clear indication that, apart from objective resilience attributes such as financial capital, subjective resilience attributes are equally important in retaining small business resilience. In some cases, strategies such as collaborations, public subsidies and marketing abilities play a key role in enhancing small business resilience (Erkip, *et al.*, 2014). Business collaborations are normally used to bargain and obtain discounts during procurement while marketing helps to attract customers and increase revenue.

Improving sanitation, stock diversification and longer service hours in order to prevent competition from large stores are also common resilience strategies among street vendors. Worth noting is the fact that small retail businesses normally employ re-active resilience strategies while large retailers commonly utilize pro-active techniques. Thus, Erkip *et al.* (2014) comments that the drivers of resilience for small retail business and large retailers are different. Given this insight, it can be deduced that, the use of generic drives of resilience for different sectors of retail businesses is misleading.

Government support services, such as funding and training also have a positive impact on small business resilience. For instance, Muller *et al.* (2014) notes that government spending positively influence SME growth in the European Union member states. However, Osakwe *et al.* (2015) highlight the value of internally generated funds, factors of production and future growth opportunities as key drivers of business resilience. Beinzing *et al.* (2009) echoed that, resilience can be strengthened by environmental conditions such as satisfactory government support,

access to capital and family upkeep. Stefanovic *et al.* (2010) also reiterated the significances of state regulations among other attributes such as marketing, resource availability and socio-cultural structure of the population. Despite the availability of literature on reliance strategies in Europe, Herbane (2010) lament that there is very little information on crisis management and disaster recovery. More so, in a study of existing resilience indices, Rose & Krausmann (2013) found that most of the attributes in use are not pertinent to measuring resilience at the micro and macro-economic level. This limits the understanding of how small businesses including those in the retail sector can retain resilience in the event of shocks.

## **2.5 Small retail businesses in Asia**

### **2.5.1 Importance of small retail business in Asia**

As illustrated on figure 2.4, small businesses play a critical role in the economy of Asian countries. Cunningham and Rowley (2008) reports that, SME development in China mirrors the development of the country's economy. In particular, rural SMEs produced about one-third of China's GDP since 1996 and employed 130 million rural workers. Distinctively, urban SMEs produced approximately one-third of GDP and employed 115 million urban workers. This highlights the significance of SMEs to the sustained economic growth particularly in rural china. India possess the largest retail sector in the world (Dholakia *et al.*, 2018). The sector is the second largest employer accounting for 16% of GDP and 14% of total employment in the country (Lakatosi & Fukui, 2014). In Pakistan approximately 85 % of the population depends on entrepreneurship thus, indicating the sectors' significance to the county's economy (Jan *et al.*, 2013). Given the significance of SMEs including the retail sector it is paramount to pay attention to sustainability aspects in order to foster development agendas. Figure 2.4 is a schematic presentation of the various significances of small business development in selected Asian countries

### **2.5.2 Threats to small retail businesses in Asia**

Asian small businesses generally face unique threats due to the geographical location of the continent. Yu & Bell (2007) notes that, prior to developing any sustainability mechanism for SMEs, it is critical to thoroughly understand the characteristics and difficulties of SMEs, which are barriers to change towards resilience. Not only are SMEs different from larger enterprises, but they also differ even within the same sector.

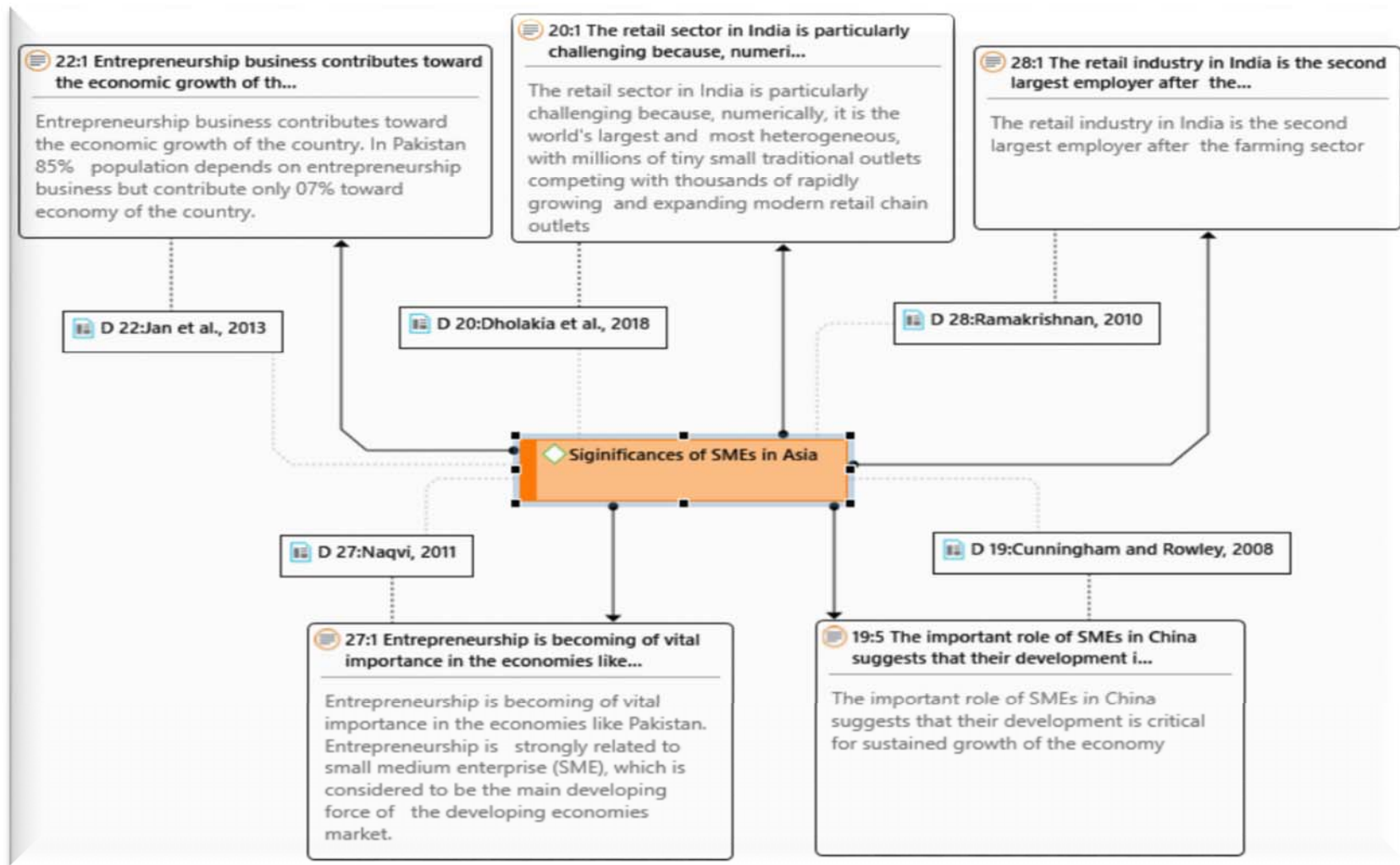


Figure 2.4 Importance of small businesses in Asia

In many cases, government and business organisations support efforts to promote sustainable practice of SMEs fail to achieve their original aims due to insufficient knowledge of this heterogeneous group. Kato & Charoenrat (2018) hints that, the Asian-Pacific region is the most disaster-prone region in the world. It experienced around 43 % of disasters that occurred globally between 2004 and 2013. As a result, businesses face an enormous threat from disasters. Furthermore, SMEs are more vulnerable to disasters due to their limited resources and resilience capacity. In China, SMEs are susceptible to intense market competition. This was worsened by the admittance of China to the World Trade Organisation (Cunningham and Rowley, 2008). Lack of legal guarantees and support have also exposed SMEs to development obstacles. These obstacles include difficulties in recruiting and retaining skilled workers, management and effective business networking opportunities (Cunningham & Rowley, 2008).

Unlike in most developed countries in Europe, unstable political and economic environment, complex taxation, corruption and poor law and order generally derail SME sustainability in the developing nations across Asia (Benzing *et al.* 2009). Kato & Charoenarat (2018) adds financial, human resource and technological deficiencies to the list of small business threats in the same continent. The financial situation is worsened by the fact that, most of the small businesses are not legible to obtain loans from formal financial institutions due to lack of collateral security (Jan *et al.*, 2013). As a result, (Yu & Bell (2007) comment that small businesses are usually more concerned about short-term survival operations rather long term resilience strategies. Figure 2.5 is a snapshot of the major hindrances to small business resilience in Asia. As illustrated above, most studies tend to generalize resilience threats to all small businesses. In doing so, sectorial distinctions and micro-geographical disparities are ignored. In some instances, this has led to the implementation of blanket policies that yield very little success in facilitating small retail business growth. This calls for separate studies that look at small retail businesses particularly those owned by the youth as they are the future.

### **2.5.3 Determinants of Small Business resilience in Asia**

Diverse challenges to small businesses including those in the retail sector has strengthened the need for more focus on resilience and sustainability studies. In Asia, small businesses have counteracted challenges to growth through various avenues that are either sustainable or short term. Benzing & colleagues (2009); Naqvi (2011) classified drivers of resilience into psychological, personal skills, training and external environment.

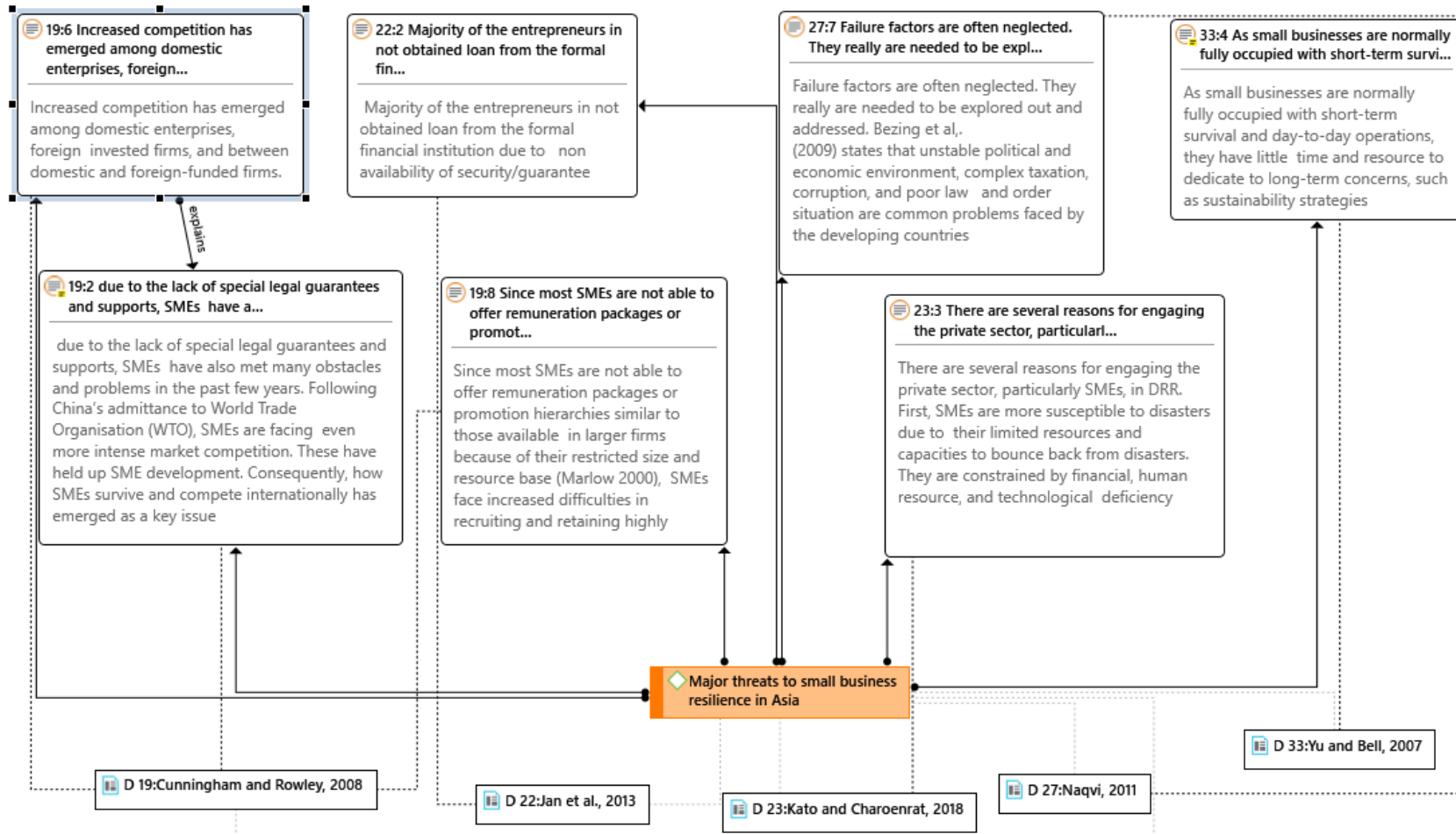


Figure 2.5 Threats to small businesses in Asia

Managerial skills encompasses the ability to manage work force and managing accounts while environmental conditions comprises sufficient government support, access to capital and support from family (Benzing *et al.*, 2009). However, proper use of available resources is critical for business success (Watjatrakul, 2005). As a result, it is critical to clearly understand how resources are utilized in order to characterize business resilience factors.

Distinctively, Chandan & Junejo (2009) highlights that, the ability to utilise opportunities, innovation, risk and resource management are key attributes of resilience for small businesses. Habib (2013) further explain that innovation require technology and high moral skilled human resources with creative ideas. Jan *et al.* (2013) considers risk taking attitude as a significant success component among small businesses particularly in the retail sector.

In countries like China, Pakistan and India, knowledge of the local market and experience are considered as critical small retail business success factors (Hussain & Windsperger, 2010). Similarly Jan *et al.* (2013) suggests that a clear understanding of the existing market and surrounding opportunities strengthens businesses resilience capacity. Perhaps, a clear understanding of the local market assist Asia small retailers to standout wherever they do business across the world. Owale & Garwe (2010) adds that technological advancement in information systems is also increasingly becoming key to SME development in the continent. Despite a few studies on resilience attributes, Yu & Bell (2007) cautions that the concept of sustainability is still largely unknown among SMEs including those in the small retail sector. Figure 2.6, illustrate the drivers of resilience in Asia. Approximately ten years down the line, Kato and Charoenrat (2018) still maintain that only a few relevant studies on business continuity have been conducted particularly in Thailand. This attest to the need for studies that focus on small business resilience with special focus on different sectors.

### **Small business in America**

Small businesses in general play a significant role in America. In the United States of America, youth engage in small business enterprises including the retail sector for occupation purposes (Chigunta, 2002).

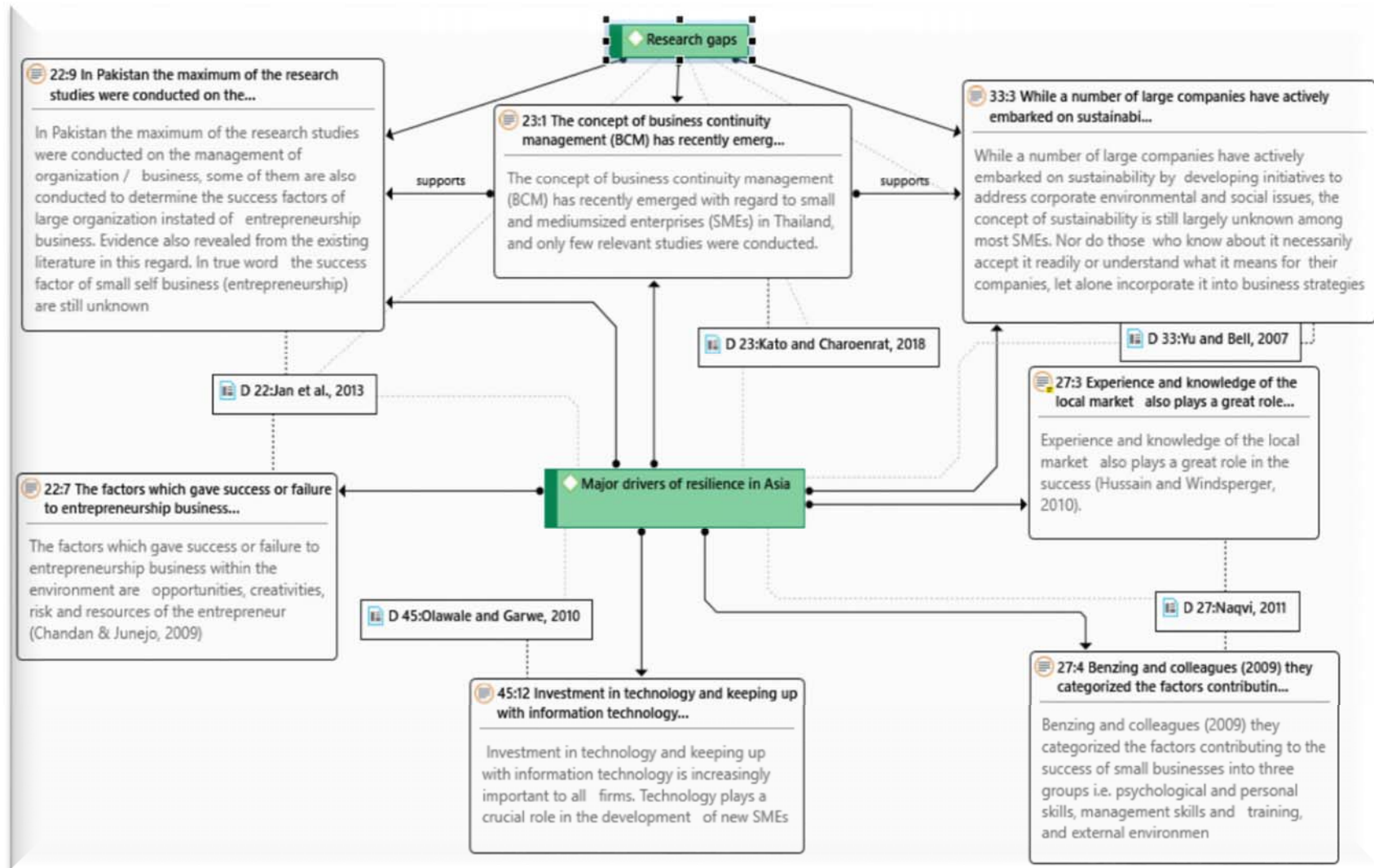


Figure 2.6 Drivers of resilience for small business in Asia

Youth are increasingly engaging in small retail businesses due to the continued uncertainty about the USA. In some cases, youth are motivated by family retail business backgrounds (Moore, 2008). Despite the involvement of youth in the small business sector, their adventures are hampered by various challenges. The past decade has been troubled with challenges and risks for small- and medium-sized enterprises in America. Intense global competition, increasingly demanding customer requirements, rapid changes in technology, economic uncertainty and financial challenges have combined to create one of the most difficult business climates particularly for small businesses in decades (William *et al.*, 2011). Grewal *et al.* (2006), adds that, businesses in America are faced with challenges such as deflation, lower consumer confidence, accounting irregularities and terrorism.

Despite these challenges, retailers are finding new ways of adapting. For instance retailers are responding to competition and management challenges through reducing prices, using sophisticated communication and information systems in order to manage their businesses (Grewal *et al.*, 2006). Retailers have also generally adopted innovative formats in order to give customers a great shopping experience. More so, retailers who provide great customer service distinguish themselves from their competitors, and therefore add significant value to their offering. However, this is only common among large retailers. In times of slow or no sales growth, rising expenses, and increased difficulty finding great locations, a managerial acumen toward supply chain management can generate significant profits straight to the bottom line (Levy *et al.*, 2004). The focus on the African small retail businesses resilience situation.

## **2.6 Small retail businesses in Africa**

### **2.6.1 Why focus on Small retail businesses in Africa?**

Small retail businesses are generally recognized as a source of wealth in Africa. They provide a foundation for developing the economies of countries. Ilegbinosa & Jumbo (2015) suggests that, small independent retailers play an important role internationally and further contribute over 50% towards the Gross Domestic Product (GDP) and thus, contribute towards the economies of many countries around the globe. They are also a source of employment (Adebayo & Kavoos, 2016; Alaye-Organ, 2012). Jasra *et al.* (2011) adds that SMEs are a vital tool for alleviating poverty across developing countries of Africa. Some countries also draw socio-economic benefits from SMEs such as social cohesion and networking. In Kenya, SMEs including the retail segment are critical for job creation, sustainable economic growth and equitable income (Fatoki, 2014). In South Africa, small independent retailers contribute between 36 % and 45 % towards the South

African GDP and constitute 60 % of the labour force (Naidoo, 2016). As a result, Simons (2012) conclude that small business development is the possible answer to economic quagmire in Africa. Due to the benefits associated with small businesses, the South African government has prioritized the sector in order to reduce high unemployment (Oni & Fatoki, 2013). The significance of small retail businesses justifies the need to focus on strengthening their resilience capacities as a step towards economic development in the continent.

### **2.6.2 Failure trends of small retail businesses in Africa**

Despite the significance and growing recognition of the informal sector in Africa, their success rate is limited. For instance, various studies report that, many small businesses are opened every year but a large number of them fail within the first year of operation in Nigeria (Adis *et al.*, 2014). Likewise, Bowen *et al.* (2009) Laments that three out of five businesses fail within the first few months of operation. A similar trend is apparent in South Africa where an estimated 70 % to 80 % SMEs fail to grow or collapse (Fatoki, 2014; Adeniran & Jonhston, 2011). Owale & Garwe (2010) also state that, new SMEs have achieved limited growth in South Africa despite government support. Inclusive of small retailers, rural small retail businesses have a higher possibility of failing than their urban counterparts' worldwide (Muller *et al.*, 2003). Economic conditions that are prevalent in rural communities indicated in the previous section are responsible for the distinctions. Although there are limited studies on youth owned small retail business failure rates, it is likely that they suffer in the same way as the rest of the small business sector as they are normally categorized in the same bracket by researchers. Based on these trends, Owale & Garwe (2010) comments that most of the businesses fail due to the fact that they are established as last resort rather than as opportunities. Figure 2.7 illustrate the failure trends of small retail businesses in Africa.

The failure of small businesses is a major setback to economic agendas given their potential to boost economic growth, alleviate poverty and create employment particularly among youth. Thus it is vital to foster resilience of small businesses in order to revive their economic development prowess. The current study focuses on youth-owned small retail business as an understudied sector. The following section elaborate on the threats to small retail businesses in Africa.

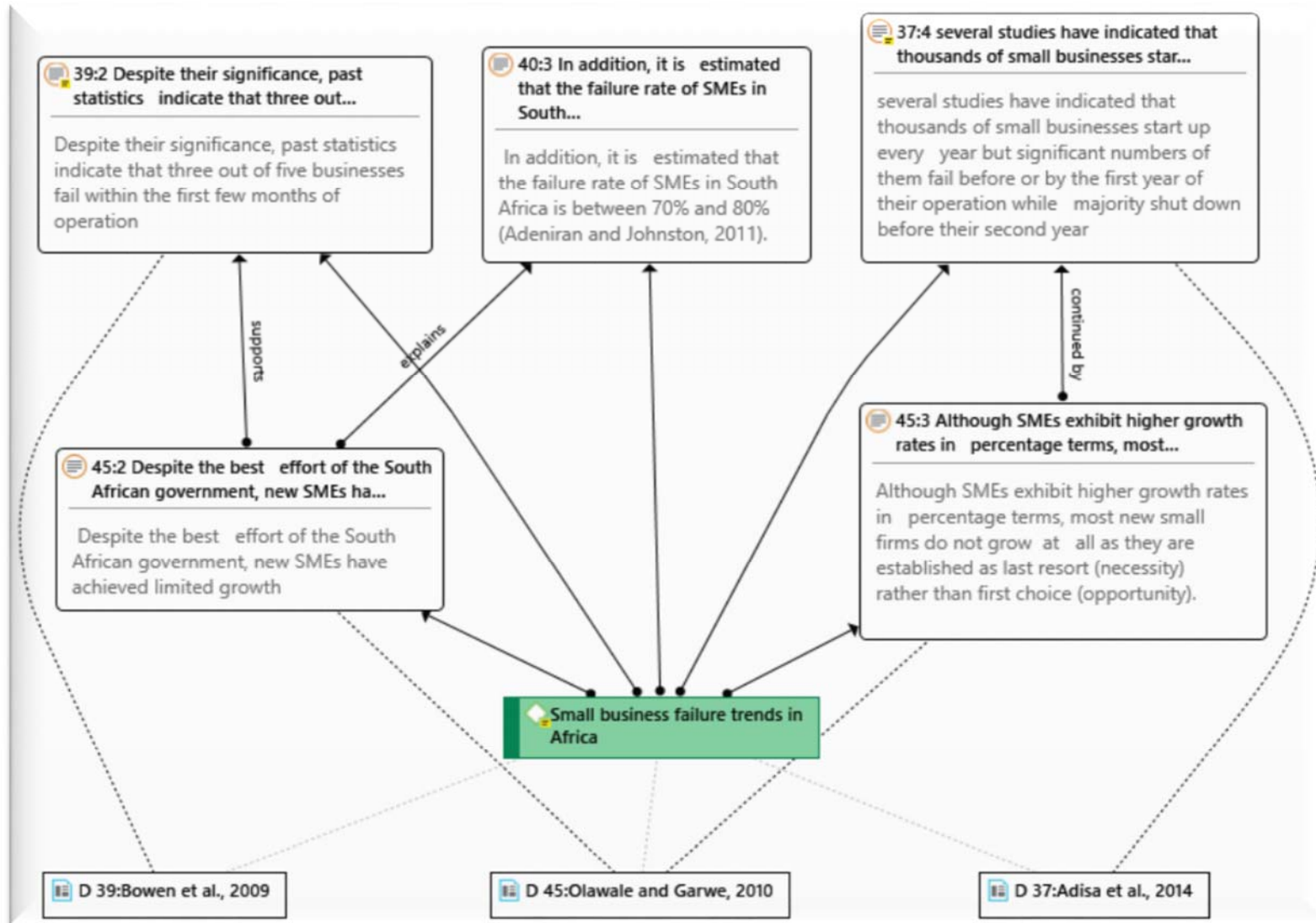


Figure 2.7 Small business failure trends in Africa

### **2.6.3 Threats to small business resilience in Africa**

Similar to Asia and Europe, African small businesses particularly in the retail sector do not have adequate finances and often suffer from poor management (Bowen *et al.*, 2009; Longenecker, *et al.*, 2006). Sharu *et al.* (2009) similarly found that youth businesses in Kenya face financial challenges to expand their businesses. This limits their business ability to bounce back in times of crisis. Martin (2008) also singled out the lack of managerial experience as a major hindrance to small business growth and sustainability in the continent.

Furthermore Bowen *et al.* (2009) found infrastructure challenges to small businesses such as provision of adequate water, access roads, sufficient power and telecommunication. These challenges are reflective of developing countries that often struggle to provide adequate services and a conducive environment for small businesses. Most of these service provision challenges are not apparent or at least minimal in the developed economies of Europe, America and Asia. This is a major challenge given Hiatt & Sine (2012) assertion that political institutions play a key role in providing stable and predictable environments for the growth of small businesses and small retailers in particular.

Small businesses also struggle to stay in a highly competitive market (Oni & Fatoki, 2013). This has been worsened by an influx of entrepreneurs from organised economies such as China and India who utilise sophisticated marketing strategies. Bowen *et al.* (2009) suggested that competition together with insecurity and debt collection commonly disturb business operation in Kenya. The threats discussed in this section are diagrammatically presented in figure 2.8

### **2.6.4 Drivers of small retail business resilience in Africa**

The existence of social capital also seemingly boost small retail businesses in times of crisis across Africa. Entrepreneur's social networks of trust and reciprocity may provide crucial support to business during times of desperation (Jones, 2005). This is in line with the African tradition of caring among members of the extended family as well as community togetherness. Thus, business owners without strong circles of support might struggle to survive during crisis. Crucial networks comprise the government, family, friends, community groups and partners within the same sector.

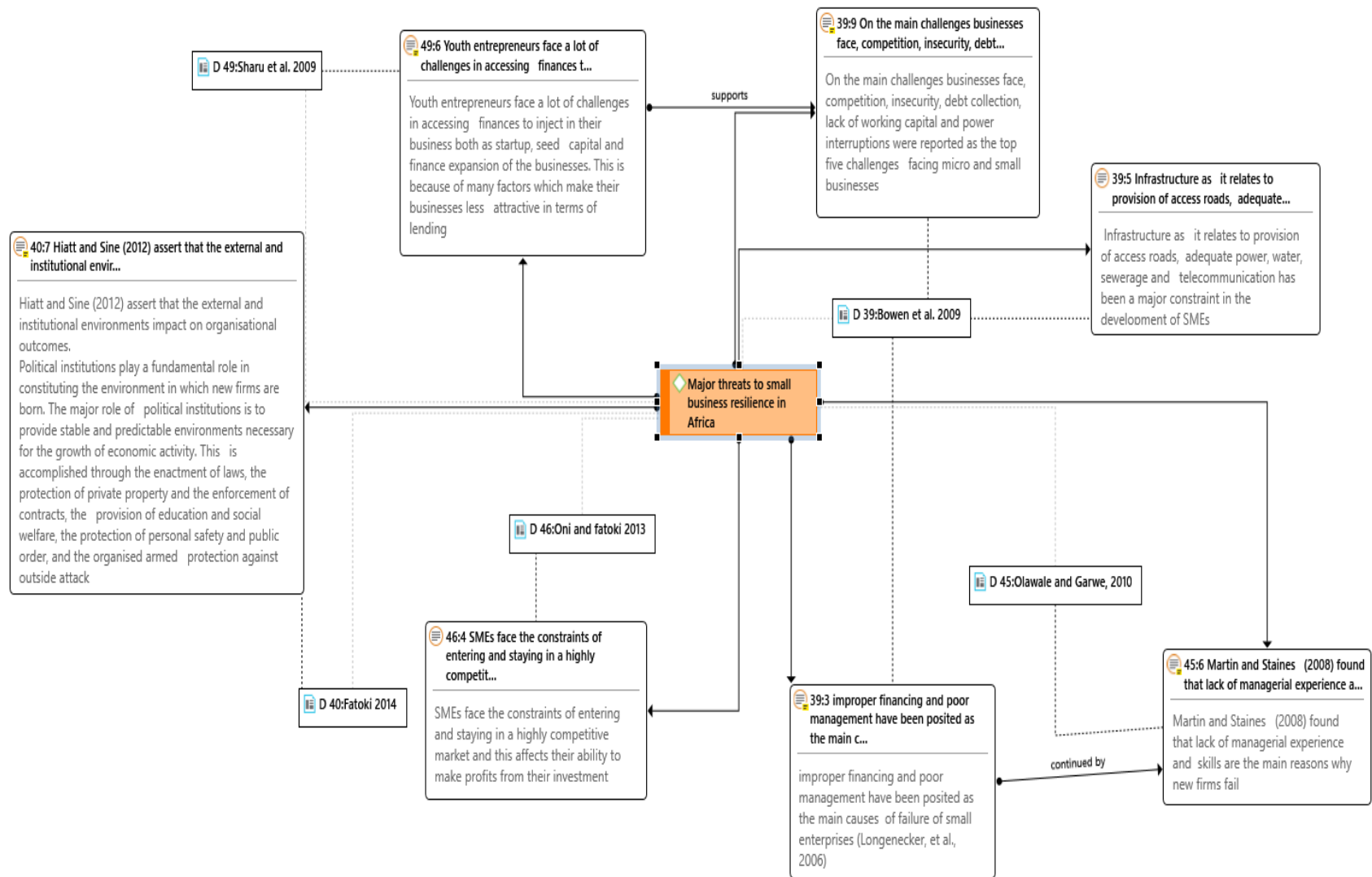


Figure 2.8 Threats to small businesses in Africa

Limited social networks affect the ability to deal with threats that require circles of support. The present study seek to provide insight into the value of social networks as a factor of resilience among youth owned small retail shops

Schiebold (2011) hints that norms and values reinforce business spirit and foster continuity strengths in Africa. Rose *et al.* (2006) adds that culture create personality traits and attitudes necessary for small business resilience. Consequently, small retail businesses in communities with various cultures are bound to possess different resilience strengths and strategies. The culture perceptive is crucial in heterogeneous communities like those found in South Africa where provinces are made up of different tribes governed by their respective cultural norms and values. In addition, given the fact that culture is dynamic, it will be interesting to probe determinants of resilience from the perspective of a youth generation that experienced cultural degeneration in the past decades.

Having presented literature on different continents, it is crucial to provide a brief synthesis of the overall trends particularly in threats and drivers of resilience among small retail businesses across the world. It was observed that, while some threats to small retail businesses are similar across continents (financial inadequacy, technological advancement, marketing inabilities and competition), others are differ with continents and countries (natural hazards, unstable political and economic environment, corruption and limited human capital). However, the documentation of generic threats to resilience has limited the understanding of micro- and macro sectorial variations. Furthermore, there is very little mention of threats to youth-run small retail businesses in existing literature across continents. This is a major concern, given that youth small retail businesses are considered vital for economic development, job creation and poverty alleviation among youth. The above mentioned knowledge gap gave the impetus for documenting area specific threats to youth-owned small retail businesses.

Studies on the drivers of youth-run small retail businesses are also very scarce across the globe. Existing drivers of resilience are either generally linked to small businesses or just small retail businesses without particular focus on youth. This has limited the understanding of resilience building blocks among youth-owned small retail businesses. In most cases this has led to the application of generic resilience attributes in the sector and thus leading to the failure of such initiatives. Given this weakness, the current study sought to document contextualised resilience drivers that are specific to youth small retail businesses in one of the rural communities of South Africa.

## 2.7 Factors Weakening Small Retail Businesses In South Africa

The economic crisis that threatened business stability in recent years increased the recognition of resilience in the retail sector in South Africa. Threats in the retail sector are generally categorized into unexpected and long term disturbances (Pendall *et al.*, 2010). Hassink (2010) focused on the influence of external shocks to retail resilience with reference to large businesses and regional economies. The common external shocks for large businesses encompasses, competition, globalization, supply chain challenges and policies. With reference to small retail businesses particularly in semi-urban and rural communities, these external shocks may only indirectly affect resilience (Hassink, 2010). Instead, local threats may be more detrimental to small retail businesses given their informal nature and their conformity to confined economic environment. As such, this study sought localized threats to youth small retail businesses.

Borrow (2007) generalised external threats such as access to finance, limited human resources and legal frameworks to all small businesses in South Africa. The International Finance Corporation (2013) reveals internal threats that encompasses owner characteristics, managerial capacity, marketing skills and technology. Inability to prepare business plans, lack of access to commercial land, lack of necessary training and poor infrastructure also negatively generally impact small businesses in South Africa (Hyder & Lussier, 2016, Chilya & Robrets-Lombard, 2012). Most of these challenges were generalised to all small businesses hence they should be treated with caution.

Challenges such as economic environment, markets, infrastructure, crime, corruption and labor were reported in selected rural areas of KwaZulu Natal (Lekhanya *et al.*, 2013). Van Scheers (2011) adds that small businesses including those in the retail sector lack understanding of the market and fail to effectively market their products. As a result they operate on a small profit margins. In most cases, external factors are relatively more damaging to business growth than internal factors (Delalic & Oruc, 2014). Threats that are particular to small retail businesses include high rentals, inability to market products, lack of business skills and government regulations (Makhitha, 2016). Lack of access to finance, Inability to manage business and limited retail capabilities also weaken resilience and growth (Das Nair & Dube, 2015). However, it is difficult to generalise these threats to all small retail businesses due to geographical influences.

Mustafa (2009) drew geographical location variations in the threats to small retail businesses. The site of a business determines its competitive advantage, target market size and running costs.

Wood & Reynolds (2012) also reiterate that there is a strong relationship between marketing geography and the challenges encountered by small retailers. For instance, urban centres have an advantage of easy transportation, serve a broader sphere of influence and attract customers. Distinctively small retail enterprises in rural communities may suffer lack of diverse customers, high transportation costs and inability to sell in bulky (Mustafa, 2009). However, very few studies draw these geographical distinctions in South Africa. The current study therefore focused on establishing the relationship between threats and distance variations from the urban area to the periphery.

Gender also seemingly influence variations in the challenges faced by small retail business (Hazudin *et al.*, 2015). For instance, corruption is arguably common in male than in female businesses. On the other hand, female entrepreneurs' success can be determined by family needs, support and the age of their children (Hazudin *et al.*, 2015). More so female entrepreneurs endure limited access to loans due to collateral obligation issues in most countries (Hazudin *et al.*, 2015). However, most studies concerning male and female performance in small business have emerged from developed countries. It is not clear if these results can apply to transitional economies where there are still large differences in the socialisation of men and women and their access to resources (Boohen *et al.*, 2008). Since South Africa is a transitional economy with gendered opportunity structures it is interesting to probe the gender dimension.

However, gender disparities in small retail success should not be exaggerated given the argument that the difference might be due to the use of inappropriate performance measures rather than clear distinctions in challenges businesses experience (Robb & Watson, 2012). For instance, female owned businesses are usually smaller than their male counterparts. This results in low business performance (Sabarwal & Terrell, 2008). The argument presumably points to the non-existence of gender disparities in the challenges of small retail business. The lack of consensus among scholars regarding the above matter prompts Bird & Sapp (2004) to recommend the need for new studies examining the relative success of female-owned and male-owned businesses in different community context. Apparently, past studies on small retail businesses did not focus on both youth and the gender distinction which might exist in that age category.

Small retail businesses are at a greater risk of collapsing in the face of threats (Ingirige *et al.*, 2008). The limited resources they normally rely on reduce their coping abilities. Runyan (2006) also laments the lack of studies regarding the way SMEs plan for and respond to shocks. Despite the frequency of studies regarding coping strategies of SMEs in times of crisis, little research has

been conducted to understand how youth-run small retail owners deal with various threats in various contexts. This is a missing link given that response approaches to threats vary with organizational factors. This study sought to address the identified gap empirically.

## **2.8 Factors Influencing Resilience of Small Retail Businesses**

While some youth-owned small retail businesses survive and grow others collapse even under the same threats. This is an indication that there are factors behind the variations in resilience capacity of these businesses. Age of a business is one of the main factors that influence resilience capacity. Bosman *et al.* (2004) highlights that small businesses including those in the retail sector commonly close down in the first year of their operation. Thus, the older the business the more chances of survival it has. This is due to the fact that new businesses face challenges such as gaining access to customers and acquiring financial and human capital (Hall & Williams, 2008). However, the view is not generic for all small businesses. Consequently there is need to determine if the resilience of small business vary with age of business.

External opportunities and threats are also critical determinants of small business resilience in rural areas (Delalic & Oruc, 2014). The ability of entrepreneurs to quickly identify opportunities and grab them does not only assist in maintaining business survival but also facilitates business adventure and diversity. Equally important is early diagnosis of business threats which assist in designing pro-active and reactive strategies for maintaining business existence and growth.

Legal frameworks are also key ingredients to resilience. These include tax control, land ownership and price regulations. In actual fact, these regulations mostly affect rural businesses as they are found in inaccessible areas, have a smaller market and generate little income to afford tax. In line with this view, Shirley (2008) reports that informal rules which are imbedded in cultural values control small retail business especially in rural communities. Given the above insight, it is crucial to understand how these factors similarly or distinctly determine the resilience of small retail businesses in a rural communities.

Accessibility is another common problem facing rural small retailers. For instance, in Kenya, Kirubi (2006) found that infrastructure development such as electricity, markets, communication networks and roads contributed to the growth and resilience of microbusinesses in rural areas. This is irrespective of the major challenges facing small business in those areas which include political instability and civil conflicts. Lack of roads and communication networks also hampered SME growth in the rural KwaZulu Natal area of South Africa. In Sri Lanka, Deinenger *et al.* (2007)

also found a negative influence of lack of infrastructure to SME growth. It is apparent that infrastructure development is vital to enhancing small retail business resilience. However, given the difficulties in developing infrastructure, the ability of entrepreneurs to source alternative ways of fostering resilience even in less accessible areas becomes vital. Given the limited infrastructure development in most rural communities of Vhembe District it is paramount to outline new ways of adaptation.

The ability to constantly seek appropriate markets also enhance small retail business resilience in rural communities. Dabson (2003) found that the capacity of rural SMEs to identify external markets and create a close relationship with the local market enriches resilience during competition from both large and small businesses. Even recently, Steiner & Cleary (2014) maintained that entrepreneurs that are capable of finding gaps and adapt to market changes survive and grow. The scholar further hint that rural small businesses are capable of quickly adapting to unfavourable economic environment which might threaten their existence. Quick adaptations are made possible by their flexibility and simple decision making systems. However, it is not clear whether the above mentioned fact also apply to youth-run small retail enterprises given SME sectorial distinctions. Establishing specific strengths for youth small retail business resilience is therefore paramount.

## **2.9 The Informal Sector in South Africa**

Similar to most developing economies, South Africa has a growing informal sector. In particular, spaza shops have become bigger and competitive in the sector. Stats SA (2010) defines informal trading as independent and unregistered businesses. In South Africa the sector include vending, productive service and trade activities in rural and urban areas, peri-urban and informal settlements (Makhitha, 2016). Although the sector is common, it is not well understood in South Africa owing to limited empirical researches (Hadebe, 2010). In particular, studies that address specific informal and township specific issues are generally limited in the informal sector. As such, there is need to conduct studies on various aspects that are related to particular activities in the informal sector. Resilience in the informal sector is one of the under-studied aspects that require attention.

High levels of unemployment pushed many people to resort to the informal sector in South Africa. This is common in townships and informal settlements where formal job opportunities are scarce (Nel, 2005). The influx of immigrants from rural areas and foreign countries have worsened the

situation. Basardien (2014) claims that, many foreign nationals such as Pakistanis, Chinese, Somalis and Zimbabweans are now participating in the South African informal sector. The foreign nationals possess superior business strategies and thus have outperformed locals. Charman *et al.* (2011) also notes that foreign-owned spaza shop owners predominantly Somalis have been steadily outwitting survivalist operators who make up the majority of all small enterprises.

Researchers, government and development practitioners recognise the need to understand and build sustainability in small retail sector due to its potential to create jobs (Mulugeta, 2008). In most cases, entrepreneurs in the sector are motivated by survival and necessity based aspirations than long term sustainability and investment especially in South Africa (Callaghan & Venter, 2011). This is due to the fact that, profits are low, security and stability is limited and operating conditions are challenging in the sector. Informal business is also commonly associated with minimal innovation in saturated markets resulting in stagnation and reduced growth (Basardien, 2009). In light of these challenges, developing frameworks that helps to determine appropriate resilience attributes may be a major step towards boosting entrepreneurial survival and growth.

Low barriers to entry lead to the influx of people in the small retail business sector. Hadebe (2010) reports that, spaza shops are now present in all townships, informal settlements and rural areas in South Africa. Basardien (2014) conceptualised spaza shops as business activity that specialise in selling limited variety of grocery products. They are commonly unregistered and operate in homesteads. Most of them are constructed with corrugated iron sheets decommissioned containers or bricks. This illustrate that spaza shops are characterised by poor infrastructure. Spaza shops are also normally managed by less than 3 owners.

The South African government tried to provide enabling policies that allow locals to own spaza shops in recent years. However, the influx of foreign nationals with diverse business strategies have jeopardised the existence of businesses owned by locals (Basardien, 2014). Bulk buying and aggressive pricing are some of the key strategies utilised by the foreigners to outmanoeuvre competitors (Liedman *et al.*, 2013). This often result in violent attacks against foreigners (Charman & Piper, 2011). However, key lessons can be learnt from foreign nationals with regard to business strategies. In this respect the current study encompasses all nationalities in order to understand nationality dynamics in small retail business operation.

## 2.10 Contextualising Small Retail Businesses in South Africa

The development of small retail businesses in particular spaza shops is part of the government's quest to build the economy in rural areas of South Africa (Small Enterprise Development Agency: SEDA, 2007). The initiative is in line with those found in other African countries where small businesses are increasingly recognised as key ingredients for economic development. Within the broader framework of enterprise development, the South African government identified women and youth businesses as key cohorts that require support (Madzivhandila, 2014; Sanyal & Hisani, 2015). High rates of unemployment and poverty among youth and women justifies government preference. For instance, youth unemployment rate is reportedly higher than the average in the country at 50.7 % for the 15 to 24 age group and 29.8 % for the 25 to 34 age group (Rachidi, 2014). To tackle this problem, desperate rural dwellers start their own small retail businesses.

The small retail business sector particularly spaza shop market is arguably the largest of all Small, Micro and Medium Enterprises (SMMEs) in South Africa. It covers up to 70 % of the activities in the sector (Rolfe *et al.*, 2010). It is therefore not surprising that the South African national development plan suggests that an estimated 70% jobs will be created in the small retail sector. It is due to this potential that the South African government pledges to give full support to small retail businesses especially for youth living in rural areas (Rachidi, 2014). As a sign of commitment to small business development, the government introduced the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (Department of Trade and Industry, 2012). Within the same lens, the Youth Enterprise Development Strategy 2013 – 2030, specifically spells out various strategic plans for boosting youth involvement and success in small enterprises (Rachidi, 2014). Such policies provides an enabling environment for youth to venture into small businesses including in the small retail enterprise sector. Despite the establishment of such initiatives, rural small businesses in South Africa still encounter more hardships as compared to their urban counterparts (Rogerson, 2001). This is true in the Limpopo Province as elaborated below.

Limpopo Province is one of the predominantly rural provinces in the country (Ladzani & Netswera, 2009; Statistics South Africa, 2011). Resultantly Limpopo's economy is relatively non-industrial (Aliber *et al.*, 2005). The Limpopo Economic Development Agency (LEDA) is mandated to promote a suitable SME sector through providing and facilitating business and investment opportunities (Limpopo Economic Development, Environment and Tourism: LEDET, 2006). A larger proportion of small business in the Province is in the small retail sector (LEDA, 2013).

Despite government pioneered interventions to bolster the sector in the province and countrywide, the level of youth involvement is not satisfactory (Cant & Wiid, 2013; Okurut & Ama, 2013). Ironically, those who are involved experience a high failure rate of approximately 60 % (LEDA, 2013). It is highly unlikely that more youth will be involved in small retailing if the failure rates are not adequately addressed. This prompts the need for designing measurement mechanisms for resilience in the sector in order to reinvigorate business success rates and enhance the willingness to engage in business among youth. In the following section the concept of resilience and how it will be applied in this study is discussed.

### **2.11 Understanding Resilience within the Context of Small Retail Businesses**

Business resilience is a new concept that has gained recognition as a strategy for survival and growth in the modern turbulent business climate. It has been contextualised differently in various disciplines. As a result, Dolega & Janowicz (2015) emphasize the need to clearly understand the entity whose resilience is being assessed when attempting to develop measurement approaches. In most fields such as ecology, psychology and engineering the meaning of resilience is centred on equilibrium and the ability of a system to respond and adapt to unexpected changes and disturbances (Erol *et al.*, 2009). However, there is very little literature on business resilience particularly small enterprises (Erol *et al.*, 2010). Urban retail system resilience is generally defined as the ability of different types of retailing to adapt to changes, crises or threats that challenge stability without failing to perform its functions in a sustainable manner (Replacis, 2011). Resilience studies in the sector either focus on all kinds of retail outlets such as small and independent shops, chain stores and large-scale retailing or a few types (Dolega & Janowicz, 2015). In each case the definition differ depending on the context.

The current study focused on youth owned small retail businesses. Clear definitions on small retail businesses are scarce, hence general business resilience definitions were adopted. Stelling, (2011) defined resilience as the ability of businesses to detect, prevent and handle disruptive challenges in a sustainable manner. In the same line of thinking, Gallopin (2006) describes business resilience as the ability to adapt, cope and recover after a disruption. Shelf & Rice (2005) advise that creating resilience is a strategic initiative that changes the operation of a business. It can be achieved through reducing vulnerability, increasing flexibility and implementing redundancy. Assessing key threats to business is, therefore, key to fostering business resilience. This can be achieved through understanding the interrelationships and interdependencies between business process, information and supporting activities (Goble *et al.*, 2002). Considering

the above mentioned definitions, the current study contextualised youth small retail business resilience as the ability to detect, prevent and adapt to threats that disturb growth and survival.

Business resilience can either be spontaneous or anticipated (Foster, 2007). Spontaneous resilience implies reactive strategies that individuals undertake in response to threats. Anticipated resilience is more comprehensive in that it entails the involvement of various concerned stakeholders in maintaining stability (Foster, 2007). The current study utilise theoretical perspectives of resilience in both ecological sciences and economic studies. Combining both perspectives assists in designing comprehensive criteria that measures high standard resilience reflecting on critical features of the two perspectives.

Retail resilience can be measured considering urban systems or taking a geographical perspective. When taking a geographical perspective, comparatives are made in terms of location of a business in relation to the central part of the urban area (Dolega & Janowicz, 2015). Urban retail resilience is often closely related to business ability to attract investments (Ravenscroft, 2000). However, rural retailing might lack the capacity to attract investments. Retail resilience in the town centres is also largely influenced by competitiveness as compared to rural retailing (Briston, 2010). A high share of retail chain stores increases vulnerability to external shocks thus compromising resilience in the urban area (Association of Town & City Management: ATCM, 2013). Given this distinction between urban and rural retail business resilience, the present study sought to determine the influence of distance from the urban centre on small retail resilience. The following section focuses on reviewing existing approaches to measuring resilience. This will assist in identify a guiding approach for developing a criteria for measuring youth small retail business resilience.

## **2.12 Overview of approaches to measuring resilience**

This section focuses on reviewing frameworks and approaches to measuring resilience and dimensions that underpin each framework. As indicated in Table 2.1 there are various resilience measurement frameworks. The frameworks differ in terms of scale, focus, method of analysis and purpose. Consequently, it is difficult to compare the frameworks or attempt to apply a one size fit all approach. However, there are similarities in some attributes. The following section reviewed nine frameworks with special focus on the resilience attributes and indicators underpinning the criteria for measuring resilience in each framework.

**Table 2.1 Existing frameworks/approaches to measuring resilience**

<b>Resilience measurement framework/ approach</b>	<b>Resilience attributes</b>
Department for International Development (DFID) Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) projects (DFID, 2011)	Anticipatory capacity, adaptive capacity, absorptive capacity and transformation (3 As)
Resilience Index Measurement and Analysis Model (RIMA) by FAO (The Food and Agriculture Organisation: FAO, 2012)	Physical dimensions: Income and Food Access; Access to Basic Services; Assets; Social Safety Nets; Enabling institutional environment; Natural environment; Agricultural practice/technology; Capacity dimensions: Adaptive capacity; Sensitivity
Oxfam Great Britain Multi-Dimensional Approach to Measuring Resilience (Oxfam GB, 2013)	Livelihood viability; Innovation potential; Contingency resources & support access; Integrity of natural & built environment; Social and institutional capability
United States Agency for International Development (USAID) Measurement Framework for Community Resilience (USAID, 2013)	Income and food access; Assets; Adaptive capacity; Social capital and safety nets; Governance; Nutrition and health
The systems approach to measuring resilience (Dalziell & McManus, 2004).	Interrelations organizational components and stakeholders; complex interactions
The continuous process approach (Wreathall, 2006; Haimes <i>et al.</i> , 2008)	Preventive, protective, adaptive and recovery functions and tasks.
Measuring resilience against the disruptive event (Westrum, 2006)	Threat detection, prevention and adaption attributes
Livelihoods Change Over Time Model (Vaitla <i>et al.</i> , 2012)	Policies and institutions, extending to measuring change in event of shocks/acute crises
3-D Resilience Framework (Bene <i>et al.</i> , 2012)	Absorptive, adaptive and transformative capacities

Critically examining the strengths and approaches such as the Food and Agriculture Organisation (FAO) Resilience Index Measurement and Analysis Model (RIMA) and the United States Agency for International Development (USAID) Measurement Framework for Community Resilience allow households and communities to define resilience and develop indicators themselves. Resilience attributes of these approaches are informed by local realities.

As a result the approaches can objectively assess the resilience level of communities and households on issues such as food security and livelihoods. While such approaches are participatory and inclusive, they have limitations. One of the limitations is that establishing contextualized characteristics requires in-depth engagement of communities (Hughes & Fuller, 2013). Thus, if in-depth engagement methodologies are not utilized, the reliability and objectivity of the outcomes is affected. For instance the FAO Resilience measurement index was mainly an outcome of quantitative approaches. This limits its ability to thoroughly understand community realities and subjective resilience elements. The UNDP (2014) also highlight that the specific nature of the approach makes it difficult to compare the resilience levels of different groups. The use of rigorous, mixed study approaches can help address these limitations.

The technical differences between the various approaches generally relate to the choice of indicators/ characteristics and the way they are weighted. Levine (2014) illustrate that most of the existing models choose generic characteristics of resilience based on judgment rather than empirical evidence or analysis of vulnerability. This is so because there is no evidence of longitudinal studies for determining those characteristics. Contrary to the generic use of objective indicators and characteristics of resilience, Bene *et al.* (2016) argues that resilience is determined by more than tangible factors such as assets, but also subjectively constructed elements. Thus, most reviewed frameworks fall short on comprehensively addressing subjective resilience dimensions. Subjective measures relate to individual self-assessment of their own household or business capacities to handle future events (Maxwell *et al.*, 2015). These include, individual risk perception, self-efficacy and aspirations. As such, subjective measures may provide a helpful bottom-up tool for capturing the voice of beneficiaries. Given these shortfalls in existing frameworks for measuring resilience, it is clear that their application to small retail businesses may not provide desired outcomes. Levine (2014) recognizes that no approach can ever meet resilience analytical needs in all fields. Therefore, there is need for developing conceptualized models that guide resilience measurement in specific aspects.

Apart from frameworks commonly applied in community, livelihoods and climate change resilience, approaches in organizational resilience are also gaining recognition. One of these

frameworks is the systems approach that takes a comprehensive view of the organisation weaknesses of the frameworks guide the current study to design a criteria for measuring resilience while covering existing gaps in current frameworks.

Characteristic based methods such as the Oxfam's Multi-dimensional Approach attempts to identify reliable determinants of household and community level resilience that can be assessed prior to shocks occurring (Hughes & Fuller, 2013; Oxfam GB, 2013; Sturgess, 2017). However, Frankenberger & Nelson (2013) argues that the approach fail to address whether the characteristics identified are actually relevant when a shock ultimately occurs. Furthermore, resilience is not static, hence its determinants are constantly changing as the social economic and environmental landscapes within which households and communities operate also change (Bene *et al.*, 2012). Furthermore, most of the character based approaches measure resilience against certain threshold, and in doing so reducing resilience into a single score. Against this practice, Levine (2014) argues that, resilience assessment approaches must leave space for differences of opinion about the available alternative strategies. For this reason, characteristic measures of resilience should be treated as predictors of likelihood rather than its constituents. This argument provides insight into why the above mentioned approach may not be applicable in measuring small retail business resilience.

The complex system approach emphasise the significance of a system rather than focusing on selected elements. It stipulates that organisations are highly complex (Dalziell & McManus, 2004). Hence, understanding resilience requires more than just identifying causes and effects. Dalziell & McManus (2004) further highlight that resilience is influenced by the different components and stakeholders in an organisation that are interconnected by complex interactions. It is, therefore, difficult to determine the impact of a particular decision on the overall organisation. Parallel to the aforementioned view is the fact that resilience is dynamic, hence its levels are bound to fluctuate depending on the severity of the threat and the level of organisations' preparedness to adapt and other related technicalities. In this regard the systems approach can arguably be useful in measuring resilience particularly in organisations where the internal and external environment is stable over longer periods.

Measuring small retail business resilience through the lenses of organisational resilience approaches may not be possible due to a number of reasons. Firstly small retail businesses are normally run by one owner and thus do not have complex structures. Instead, understanding the surrounding environment, community dynamics and individual perceptions of risk as well as self-efficacy is critical for assessing small retail business resilience. This is due to the fact that their main threats are resident in the local economic set up and the way

individuals or groups address daily challenges influence their resilience. Worth noting is the fact that some threats are covariate while others are idiosyncratic within the same locality. Therefore, measuring resilience of small retail enterprises require an in-depth understanding of the local economic landscape and the drivers of resilience in a particular geographical area. Levine (2014) concretise this argument by stating that measuring resilience must be underpinned by a clear understanding of the rationale of the people whose lives are being studied.

Resilience broadly apply to various fields. As such, measuring the concept requires a detailed understanding of what has to be measured. Yet, resilience frameworks are scarcely linked to attempts to measure localized resilience (Sturges, 2016). Furthermore, while there are efforts to quantify resilience in psychology, household level, communities and infrastructure, there are very few straightforward approaches to measuring business resilience. This makes it difficult to measure resilience particularly in the small retail sector. In most definitions, the adaptive capacity of a system, organization or business is singled out as a critical attribute of resilience. However, Levine (2014) argues that it is difficult to measure adaptive capacity as it comprises financial, technical, cultural and social components among other aspects. According to the Resilience African Network (Sturges, 2016) resilience must be placed in relation to a particular outcome. This implies that resilience must be specific to context, space and shocks. The argument nullifies the application of generic indicators and attributes of resilience.

Most of the frameworks for measuring resilience have also suggested approaches that require complex mathematical modelling and calculation of resilience. However, as much as these models are theoretically and practically useful in organisations, community resilience and other fields they cannot be easily applied to small retail businesses at a local level due to reasons raised above (Arianoutsou *et al.*, 2011; Zobell, 2011). Consequently, Sancis & Poler (2014) lament the scarcity of approaches that guide small businesses to measure and analyse their resilience capacity. Likewise, there are limited studies that stipulate objective criteria for measuring resilience of small retail businesses. Yet, Dalziel & McManus (2004) emphasise the significance of measurement approaches for achieving resilience within the small business sector. Equally important is the development of appropriate tools that can assist to estimate the resilience of small retail business. This would also allow for comparison and classification of resilience levels (Erol *et al.*, 2010).

The heterogeneity of the threats and responses in small retail businesses also trigger the need for target oriented approaches rather than one size fit all methods. To date there is no consensus on a comprehensive approach that can be utilised to measure resilience for small

retailers (Sancis & Poler, 2014). Paradoxically, small retail businesses especially in spatially developed communities are vulnerable to internal and external economic fluctuation forces while they possess little resources to respond to disruptions. This is in line with Ingiringe *et al.* (2008)'s suggestion that small businesses are directly and indirectly affected by threats yet they have few resources to plan and respond. It is, therefore, imperative to increase studies on resilience measurement in relation to local contexts. This would provide clarity on systematic objective criteria for assessing resilience in the small retail sector. Having discussed various approaches to resilience in various fields, the following section explains resilience theories/models in businesses.

## **2.13 Business resilience theories**

Resilience practice requires the development of tools and methodologies for analyzing, measuring and monitoring businesses in their operating environment. Furthermore, there is need to predict the short and long term effects of change operational management decisions on resilience (Woods & Hollnagel, 2006). Dalziell & McManus (2004) further comment that, measuring resilience is crucial to achieving resilience within an organization or business. The scholars identified three key requirements for achieving resilience. One of the requirements is the development of simple yet effective methodologies that businesses can use to evaluate their resilience. Developing common terminology to facilitate dialogue and debate within business/organization about resilience priorities and communication about common interdependencies in their resilience is also crucial for resilience development. The development of metrics for evaluating resilience is also paramount. Worth noting is the fact that, the metrics must be meaningful and directly relevant to the goals of the business.

### **2.13.1 Enterprise systems-oriented resilience perspective**

Gallopin (2006) define business resilience as an adaptive capacity and the capacity to recover after disruptions. This relates to how businesses can reduce the level of vulnerability to risks, organize itself in a changing environment and recover in the least possible time and cost. Adapting to risks can be facilitated through the management of business complexity of their infrastructures. Goble *et al.* (2002) also highlights that, assessing business vulnerabilities can be achieved through understanding the interrelationships and interdependencies between business, information and the supporting technology.

Distinctively, Sheffi & Rice (2005) focused on competitiveness as a key attribute for creating resilient businesses. They posits that, resilient businesses can be developed through facilitating redundancy, reducing vulnerability and increasing flexibility. Redundancy and flexibility is closely related to business abilities to bounce back from a shock. Sheffi & Rice

(2005) view resilience as an outcome of responsiveness to supply chain. The argument is based on the fact that, interdependencies between business and supply chain can be complex and thus result in new risks. Mcmanus *et al.* (2007) provides a slightly different view, citing the impact of environment to business resilience. As a result, resilience becomes a function of situation awareness, management of specific vulnerabilities and adaptive capacity in a complex environment. The above information highlight the diversity of opinions within proponents of the systems approach to resilience. However, suggestions about the significance of complex infrastructure and the supply chain in resilience may only appropriately apply to large and complex businesses. Youth small retail businesses are simple and do not follow complicated supply chain systems, thus their resilience may not largely rely on understanding the above mentioned aspects of their system.

### **2.13.2 Resilience as an emergent feature of the system**

In some cases, resilience is viewed as an emergent feature of a system (Haime *et al.*, 2008). Emergent properties of systems are defined as features that are not pre-designed, but evolve based on sequences of collected events that create responses for properties that resultantly emerge into a system. Given that, resilience is an emergent feature of a system, it cannot be directly measured but predicted. This implies that, accurate measurement of resilience cannot be presumed from the normal business operation. Precisely, business resilience is a function of attributes and abilities which eventually evolve in the case of disruptive events. Consequently it is critical to ascertain the inherent and adaptive attributes of business before attempting to measure resilience. Parie (2006) further discuss that larger systems may show different characteristics than its subsystems. The main strengths of the theory is that, it recognize the fact that resilience is difficult to measure objectively. As such it is crucial to use resilience performance measures as predictors rather than accurate measures.

### **2.13.3 Inherent and adaptive characteristics of resilience**

Unlike the proponents of the systems approaches, Rose & Liao (2005) developed a mathematical optimization model for measuring resilience based on inherent and adaptive business capacities. They defined adaptive resilience as the capacity to draw upon creativity and extra effort when disruption occur. Distinctively, inherent resilience is the ability to cope under normal circumstances. Due to lack of empirical data, the scholars utilized simulated data and various scenarios to define and measure adaptive resilience (Rose & Lioa, 2005). In this model, resilience encompasses post-disaster conditions which are distinguished from pre-disaster activities to reduce possible losses through mitigation. However, weakness of the approach include the fact that it requires, initial development of certain metrics and attributes of pre-disaster activities which are aimed at reducing potential loses. The approach also

require the development and analysis of post-disaster conditions and scenarios. The complications of the model limit its appropriateness in measuring youth-owned small retail businesses. More so the fact that the model did not use field data, means it does not comprehensively capture realities of concerned people.

#### **2.13.4 Resilience as a continuous process**

Business resilience can also be measured as a continuous and long term process that starts with pre-event strategies and extending to post-event recovery (Haimes *et al.*, 2008). The theory places emphasis on understanding threats that weaken business resilience. These include threat detection and prevention business techniques that evolve with time. Post event recovery events encompasses business adaptive capacities that assist it to adjust to threats. Wreathall (2006) further highlight that performance measures of resilience can be devised through comprehensive analysis of what has to be done and how it can be attained. As a result, established performance metrics can be used to measure the quality of outcome of activities which lead to business resilience.

#### **2.13.5 Measuring resilience based on the disruptive event**

Slightly similar to the process based approach is Westrum's model. The model recognize that resilience measurement should be based on the disruptive event. Westrum (2006) explain that, resilience actions are bound to occur proactively, concurrently or as a response to something that has already occurred. As a result resilience is the ability to prevent disruptive events, prevent consequences of that disruptive event becoming worse or the capacity to recover from a disruptive event that has occurred. Performance metrics can be produced for each category in order to gauge business resilience. The proposition of this theory are slightly similar to those made by Rose & Liao (2005) that, resilience can be measured as a failure probability, reduced consequences from failure and reduced recovery time. Westrum (2006) further categorize disruptive events according to their potential to disrupt a system and their origin. Classification of threats assist to take preventive actions and to model how a business will react in case of a particular disruption.

Walker & Myers (2004) advocated for a similar approach when creating threshold changes. Relying on past events, a categorization of disruptive events and their consequences can be used to model and predict a resilience measure. Sheffi (2005) similarly suggested the use of vulnerability maps which categorizes the relative likelihood of potential threats to an organization or business to such disruptions. Alternatively, a database of threats and their potential impact based on different scenarios can also be a basis of resilience measurement. The approach can be useful for small retail businesses because their threats can be

categorized and tracked. However, there is need for considering context and geographical locations. This is due to the fact that, threat occurrence may depend on socio-economic factors that lead to variations based on business location.

### **2.13.6 Measuring resilience using adaptive capacity and time dimension**

Dalziell & Mcmanus (2004) explained that adaptive capacity of a system cannot be relied on as the single measure of resilience. The scholar posits that metrics of adaptability is much more meaningful if resilience is regarded as a function of a system/business adaptive capacity within desired time frame. In this respect, adaptation time of a system is important. Woods & Hollnagel (2006) identified metrics of this approach such as the size of disruption that a system can absorb without breaking down, system's ability to restructure itself in response to disruptions and tolerance. Subject to the measurement model, adding a time dimension to resilience can provide meaningful measures of resilience. Although this model may be useful in comparing resilience time frames among large businesses, its complexity render it cumbersome for use by small retail businesses who might not have adequate resources for adaptation.

### **2.14 Methodological challenges in measuring resilience**

As indicated on table 2.2, most of the reviewed studies on threats and drivers of resilience in Europe, America, Asia and Africa commonly utilized quantitative and qualitative approaches. Secondary data approaches have also been utilized. Only a few applied mixed methods as indicate in table 2.2. More so approaches to resilience are normally limited to qualitative, quantitative and secondary research approaches. For instance, the Conceptual models approach to resilience (Gibson *et al.*, 2010) and models of measuring resilience were developed from secondary data (Erol *et al.*, 2010).

This has limited their understanding of the practical situation on the ground. The use of qualitative methods advantageously help to explore unknown threats and drivers of resilience particularly in situations where no information exists. However, the limited number of participants involved in qualitative studies limit reliability of the results (Demmer *et al.*, 2011; Jackson & Stoel, 2011). As such, it is difficult to generalize results from qualitative studies. More so, qualitative enquiries normally focus on the external validity of assessment thus risking drawing unfounded conclusions because of insufficient attention to internal validity.

On the other hand. Some studies on approaches to measuring resilience are more inclined towards quantitative methods due to their involvement of large samples and statistical value. However, quantitative methods exclude probing questions and interpretation based on

explanation, a fact that is important in understanding resilience (Levine, 2014). Therefore, Erol *et al.* (2010) caution that, to date, there are limitations in the methodologies applied in studies related to approaches for measuring resilience. Given this gap in methodological utilisation, Erol *et al.* (2010) and Levine (2014) recommended the use of more intensive methodologies (mixed studies) in order to develop dynamic measurement approaches of resilience. When used in combination, quantitative and qualitative methods complement each other and allow for a more robust analysis, taking advantage of the strengths of each (Miles & Huberman 1994; Green & Caracelli 1997). Drawing lessons from the weakness of each of these methods, the current study employs a mixed study approach that encompasses both approaches. This enables an in-depth understanding of local threats and resilience drivers while at the same time ensuring generalization of the results through a quantitative investigation.

### **2.15 Contextualizing small retail business resilience measurement approach**

Despite the usefulness of existing approaches to measuring resilience in various context, it is critical to find an appropriate approach that can effectively guide the measurement of youth small retail businesses resilience. For the purpose of this study, a combination of the process approach (Wreathall, 2006) and the approach that entails measuring resilience against the disruptive event (Westrum, 2006) was adopted to guide the development of resilience measurement metrics in the small retail business sector.

The process approach demonstrate that resilience is a function of business ability to detect disruptive threats, prevent consequences and adapt (Wreathall, 2006). This approach assumes that, resilience related actions can occur proactively, concurrently or as a response to a disruption that has already happened (Hollnagel *et al.*, 2006). In the context of small retail businesses, the ability to understand the past, present and future relationships between threats and their response enables effective assessment of resilience prowess. In the same line of thinking, Hamel & Valikangas (2003)'s suggests that businesses should focus on continuously anticipating and reacting to deep, secular trends that can permanently damage the earning ability of the core business. The approach advantageously consist of resilience capacities and characteristics (detection capacities, anticipatory, preventive and adaptive capacities) that are embedded in other frameworks such as DFID, the continuous process and the 3 Ds resilience frameworks.

The approach also emphasized the significance of classifying disruptive threats based on their predictability, potential to disrupt a business and whether the threat is internal or external. Identifying idiosyncratic and covariate threats in the broadly informal small retail business sector enables the development of target oriented preventive and response actions.

**Table 2.2 Methodologies utilised in past resilience related studies**

Continent	Common methods			
	Qualitative approach	Quantitative approach	Secondary data	Mixed approaches
Africa	4	5	3	0
Europe	5	4	2	1
Asia	6	3	2	2
America	5	2	1	0

In line with this view, Sancis & Poler (2014) echoed that it is necessary to understand, assess and analyse the factors that affect enterprise resilience before attempting to take resilience actions. Another major strength of the approach is that it emphasizes the need to include both objective and subjective resilience capacities in measurement tools. Assessing detection capacities of a business also allows for the understanding of area specific threats. Thereafter, customized preventive and adaptive capacities can be aligned to prevailing threats. Although the approach cannot be regarded as a perfect tool for use in measuring resilience in the small retail sector, it is a useful point of reference for designing a criteria for measuring youth small retail business resilience in this study.

### **2.15.1 Resilience indicators**

Resilience measurement is a new and rapidly developing area of research and practice (Bahudur *et al.*, 2015; Winderl, 2015). Indicators have been used a key component of measuring resilience across fields. However, as reflected by various scholars, there is no universal definition of indicators (Winderl, 2013; Mitchell, 2013). Thus, the interpretation of the concept and the best way to measure it is key in contemporary debates. Due to the need to be context-specific to be accurate and also rely on available data, universal indicators do not exist. Winderl (2014) notes that, the key to good indicators is credibility rather than volume of data or precision in resilience measurement. Rojon (2003) highlight that, quantitative observation is no more essentially objective than a qualitative observation. In fact the scholar suggest that, large volumes of data rather confuse than bringing focus. Therefore, it is more significant to have approximate answers to a few important questions than to have exact answers to many irrelevant questions and participants.

The above question raises questions of how many indicators are necessary to reliably measure resilience. Firstly the selection of indicators depends on assumptions about what is being measured (Lisa *et al.*, 2015). As a result, a contextual understanding of resilience in a particular field is vital for developing accurate indicators. Due to the fact that indicators can either be objective or subjective, some believe that resilience cannot be directly observed or measured. Instead resilience requires the identification of measurable proxies to present the ways in which resilience manifests (Hinkel, 2011). The proxies can be obtained from field studies or from assumptions about social, environmental, economic and political circumstances. However, caution should be taken when using assumptions because if the rationale behind the assumption is incorrect, the indicators will not accurately portray resilience. Given this weakness it is more advisable to utilize data-driven field studies to develop resilience attributes or indicators. Based on the above mentioned facts, the current study

sought to identify resilience measurement proxies that can be used to estimate youth-owned small retail businesses resilience capacity.

### **2.15.2 Measuring resilience over time**

Another critical aspect of developing indicators for measuring resilience is the dimension. Most of the frameworks in organization and business resilience measurement indicate the significance of the time-based dimension. For instance, Frankenberger & Nelson (2013) illustrated the importance of measurements of resilience based on time series. FAO's RIMA is also based on the assessment of resilience at regular intervals over time, against a baseline (FAO, 2014). Conostas *et al.* (2015) also recently emphasized that data on resilience capacity, shocks and stressors should be informed by knowledge of expected rates of change associated with a specific scale of measurement of resilience capacity. Still on the same point, Clutter *et al.* (2008) in the Disaster Resilience of Place model argues that, there is need for careful consideration of time scales of disturbances to which resilience is being built. For instance a community might be deemed resilient to disaster at one point due to mitigation measures that have been adopted at a particular time but fail in the event of long-term disaster. Therefore, Lisa *et al.* (2015) comments that measuring resilience at various time scales is vital for capturing data over longer time periods. Based on this insight, the current study develops time based resilience indicators that are liable to change as time changes. The following section expatiate on the types of approaches for measuring resilience. This is critical because various approaches postulate different views on the development of resilience indicators

### **2.16 Functions of Approaches for Measuring Resilience**

Most of the reviewed approaches are either diagnostic or evaluative in nature (Oversees Development Institute: ODI, 2016). Diagnostic frameworks measure the degree to which a system such as a community or business is resilient to diverse shocks. Evaluative frameworks determine the degree to which resilience initiatives and projects are successful in achieving their objectives through assessing impact. Conceptual frameworks can be tested, while applied frameworks have conceptual or theoretical underpinnings (ODI, 2016). Given the distinctions, it is vital to specify the anticipated function of a framework.

#### **2.16.1 Evaluation function**

Some frameworks are designed to evaluate the success of initiatives to build resilience in delivering the intended outcomes. The Technical Assistance to Non-Governmental Organisations (TANGO) International framework is one of the evaluative oriented frameworks (Smith *et al.*, 2014). It focuses on tracking changes in resilience capacity, development outcomes, magnitude and levels of exposure to disturbances (Smith *et al.*, 2014, Mercy Corps,

2015). The approach assumes that, improved resilience capacities due to specific interventions, and consequential improvements in development outcomes despite increasing shocks and stresses indicates a success in an intervention. Another example is the Tulane University Framework that was developed to gauge the impact of humanitarian assistance in the aftermath of Haitian earthquake of 2010. The framework is more specific to shocks. It is based on seven dimensions that include coping behaviors, human capital, community networks, wealth, debt and credit, protection and security and psychosocial. The framework critically presents the conceptual approach to resilience that was adopted, sampling methods, data collection approaches and statistical methodologies for ascertaining attribution and contribution. Therefore the framework contributed to the board of knowledge both methodologically and conceptually.

### **2.16.2 Diagnostic function**

The United Nations Disaster Resilience Score Card is one of the diagnostic frameworks. It is aimed at diagnosing the resilience of a city using United Nations Disaster Risk Reduction (UNISDR) ten elements to assess urban resilience to natural hazards (UNISDR, 2014). The framework provides a checklist for government to determine a city's current level of resilience to hazards. This helps to mainstream disaster resilience into policies and plans. The Torrens Resilience Institute also contain a score card of 22 questions across four categories of vulnerability, connectedness, procedure and resources (Arbon, 2012). The questions are rated on a scale ranging from one to five. The results from such scorecards assist in categorizing resilience into different resilience zones. Another example of a diagnostic framework is the Mercy Corps Stress approach. It applies a resilience lens to a contextual analysis in order to inform strategy development. The Speranza *et al.* (2014) framework is distinctively more conceptual. It provides illustrative indicators for guiding the development of a similar framework that is shock diagnostic in nature.

Given the above mentioned variations, it is vital to specify the purpose of a framework, as some of them are usually better suited for one purpose or another. For instance, The UNISDR scorecard can be used to conduct baseline assessment and then use it periodically during the implementation of interventions to building city resilience (UNISDR, 2014). Diagnostic resilience measurement approaches can be used initially to develop a baseline assessment of levels of resilience and later on applied to measure changes in these levels in the context of a resilience-building intervention (ODI, 2016). Given the above mentioned insights, the conceptualized criteria for measuring resilience that was developed in this study was diagnostic in nature. The criteria focused on providing the key pillars of resilience. From the

criteria dimensions, resilience indices were developed in order to diagnose resilience levels of youth small retail businesses at a specific time and continuously monitors progress over time.

### **2.17 Arguments for Building Resilience in Retail Businesses in Rural Areas**

The development of small businesses in rural areas generally promote national productivity, generate employment and strengthen social capabilities (Sama, 2014; Gutha, 2015). Emeti (2014) highlights that Small businesses including the retail sector are crucial for activating economic growth and equitable development in developing economies. They provide services in an efficient manner particularly to the rural and less accessible areas of any country. More so, SMEs offer a means of survival for the poor and uplift the socio-economic status of the marginalised communities (Mazumdar & Ahmed, 2015). Besides, SMEs empower rural youth and expose them to innovative entrepreneurship. This helps to reduce the scourges of poverty in rural societies.

With the challenges facing large rural sectors in most countries, small businesses can help to create jobs and income in these areas (European Rural Review, 2011). Johari (2012) claimed that SMEs have created more jobs in recent years, thus elevating their significance in the economy. In South Africa, the sector plays a significant role in economic development as it constitute a major part of the industry (Pandya, 2012). Given these insights, Building resilience capacity among youth small retailers in rural communities is critical for enhancing local economic development. Unique local factors influence the performance of youth small retail businesses in rural areas. (Mishra, 2005). For instance, transport costs from the suppliers are high and infrastructure in most rural areas is limited (Diochon, 2003). In addition, the local population including youth may have limited key skills and qualifications to run small retail business (Kalantaridis & Bika, 2006). Unless precautionary measures are taken to counteract the effects posed by rural socio-economic environments, operating small retail businesses can be in vain especially for the largely inexperienced youth entrepreneurs.

There are distinctions between urban and rural urban resilience. Dolega & Janowicz (2015) illustrated that assessment of retail resilience in the city, requires consideration of context specific issues and circumstances. For instance, the retail sector in the city is well developed in terms of quality, diversity and brands than in other small urban and rural areas. Due to the fact that diversified economic structures are perceived as more resilient, a variety of stores prefer higher resilience. However, stronger links with the global market expose the city retail sector more vulnerable to external shocks. The lack of stronger links with global markets seemingly reduce the vulnerability of small retail businesses in rural communities (Dolega & Janowicz, 2015). As a result the resilience of small retail businesses in rural and small towns

may not necessarily be influenced by global threats and economic recession but rather by unknown internal and localised disturbances that require customised resilience dimensions.

Unique situations in rural areas culminate to a decline of small retail shops in most parts of the world. This is confirmed by the decline and subsequent closure of many village shops in United Kingdom (UK) (Countryside Agency, 2005). The same failure patterns were reported in Finland (Home, 2002). Worth noting is the fact that countries noted here record an overall success rate of small retail enterprise than developing nations. This is due to the fact that most studies normally cover both rural and urban areas thus blurring the real situation in rural communities. In light of this situation, Smith (2006) recommends that attempts to foster enterprise development should consider contextual differences. The current study therefore focused on small retail spaza shops.

Available literature demonstrates that there are gaps in rural researches focusing on small retailing. Dawson (2000) laments in adequacy in rural retail knowledge. Hill (2003) also expressed dissatisfaction with the quality of rural statistics and data regarding retail enterprises. Research on the issue is also still limited in South African rural communities. Taking into consideration that rural areas are highly populated by unemployed youth, small retail business is their likely income generating activity. Yet, knowledge regarding retail enterprise is still scarce in those areas. As a result, Lekhanya *et al.* (2014) recommends the extension of empirical studies to rural areas of South Africa. Following this recommendation, the current study focuses on building resilience knowledge for youth-owned small retail businesses. This is due to the fact that resilience is core to success in the modern turbulent economic environment.

## **2.18 Strategies for Enhancing Small Retail Enterprise Resilience**

The capacity to formulate and implement effective strategies influence growth or failure of small retailers. Supplier selection directly influence the financial performance of a small retailer. Particular attention to the purchase of products improves profitability of small retailers (Abbad & Paché, 2013). The location of a small retailer relative to suppliers also impact on the transportation, timeous delivery of goods, and frequency of delivery as well as logistical costs (Naude, 2014). In this regard, small retailers who are accessible and in close proximity with suppliers experience a relatively cost effective supply chain.

Choosing the right supplier also give retailers a competitive advantage. Consider marketing financial cost and logistical issues when selecting suppliers improves financial results for food small retailers (Agarwal *et al.*, 2011; Abbad & Paché, 2013). Competitive marketing strategies

further increase profitability and growth (Van Scheers, 2011). Gaining customized marketing skills therefor enable retailers to successfully compete in the market. The provision of customized training programs that enhance marketing skills is there for paramount. Liedman *et al.* (2013) also claim that foreign small retail owners use price as a strategy to capture the market from existing shops. As a result South African owners who cannot employ similar strategies remain survivalist retailers. This reflects to the need for strategic transformation and sharing among small retailers.

## **2.19 Summary of Literature Review**

Available literature reveals that small retail businesses help youth to develop. Most developed countries have relatively succeeded in fostering entrepreneurial culture. In contrast, there is partial success in youth entrepreneurial development in developing countries. Small enterprises including those in the retail sector normally fail in most developing African countries. Globalisation and technological advancement have exposed small retail businesses to threats they are traditionally not accustomed to. Yet they do not possess the capacity to appropriately respond and recover. In this respect resilience capacities are compromised. Although threats that weaken resilience have been explored in various fields, little is known in the youth-owned small retail business sector. Understanding these threats is a pre-requisite to conceptualising drivers of resilience in the sector.

Literature have consistently shown that small retail businesses are on the decline in most parts of the world and South Africa. The increasing threats caused by globalisation, technological advancement coupled with localised challenges have increased the vulnerability of small retail businesses. The situation is worse in small towns and rural areas where retailers have little resources to deal with diverse threats. Threats to small retail businesses also mainly differ between urban and rural area owing to environmental factors and the level of economic development in those areas. Therefore, the current study sought to test if threats to youth run small businesses differ as distance increase from the urban centre to the periphery. Although challenges to small businesses are well documented in South Africa, very few studies focused on youth small retail businesses particularly in rural areas. This prompted the present study to focus on the local small towns and rural areas. Studies on the factors that strengthen small retail business resilience also scarcely focus on youth ventures. Resultantly, government initiatives to promote youth small retail businesses have experienced a circle of failure in South Africa. Owing to this reason, the current study sought to provide local solutions for strengthening resilience using a bottom up approach.

Literature approaches to measuring resilience consistently show that there is no consensus on a comprehensive approach for measuring resilience across fields. Existing approaches vary in scale, characteristics, dimensions and measurement parameters. Methodologies used to develop approaches in developing resilience approaches also differ. The complexity of the concept make it difficult to develop universal performance indicators. In this respect resilience approaches in all fields are developed based on contextualised understanding of the concept. To date resilience for youth-owned small retail businesses is partially defined and understood. Furthermore, no literature is directly linked to criteria for measuring resilience in the sector. This makes it difficult to estimate the resilience capacity of retail shops and simultaneously provide customised solutions. The current study focused on providing a conceptual understanding of resilience and provide criteria for measuring the concept in the small retail sector. Common aspects of business resilience definitions including the ability to predict, prevent and adapt in order to recover were used to guide this study.

Various strategies for enhancing the success of small retail business were also discussed. It was observed that literature on strategies to enhance resilience is scarce. Worth noting is the fact that success and resilience factors should not be used interchangeably. A successful business with low resilience capacity might collapse easily if there are no inherent features that help it to respond effectively to external shocks. Resilience is a critical component of success. In this regard, it is crucial to understand specific resilience strategies for small retail businesses. This would assist youth small retailers to utilise targeted solutions that enhance long term sustainability.

## **CHAPTER 3 RESEARCH METHODOLOGY**

### **3.1 Introduction**

In this chapter, the road map followed when conducting the study is outlined. First, the description of the study area is presented. Ontological considerations, research design, population and sampling procedures are explained in detail. Data collection methods, analysis, expected outcomes and ethical considerations are elaborated. The research methodology is covered in two phases.

### **3.2 Description of the Study Area**

The study was conducted in Thulamela Municipality of Vhembe District. The District is situated in the northern part of Limpopo Province which also borders South Africa and Zimbabwe. The District is made up of Thulamela, Makhado, Musina and LIM345 Municipalities. The municipality was selected due to its unique characteristics in terms of youth unemployment, failure trends of small retail businesses and a larger rural population. Approximately 47% of the entire Vhembe district's population lives in Thulamela Local Municipality. The Municipality has 40 Wards (Statistics South Africa, 2011). Most of the Wards are situated in rural communities far away from Thohoyandou which is the main business centre of the Municipality. Youth unemployment rate in the Municipality is approximately 58% (Statistics South Africa, 2011). Business and trade sectors are the major employers in the Municipality. Approximately between 2 100 people are employed in the trade and business sector, respectively (Thulamela Local Municipality report, 2016). However, out of the given figures, the proportion of youth who are employed in the two sectors is not known. This is due to the lack of detailed statistics from the Municipality and other state business agencies such as LEDA and SEDA. Due to the fact that the roadmap for the study was defined before the new demarcations of Municipalities, the study covered all parts of Malamulele which initially fell under Thulamela Municipality (Figure 3.1).

### **3.3 Ontological Considerations**

An objective ontological approach was applied in the current study. Ontology considers social constructs and how they may influence the perceptions of the researcher (Croryman & Bell, 2011). Objectivism and constructivism are the two common ontological positions in social sciences. Objectivism is an ontological position whereby the researcher is minimally influenced by the subject phenomena (Croryman & Bell, 2011).

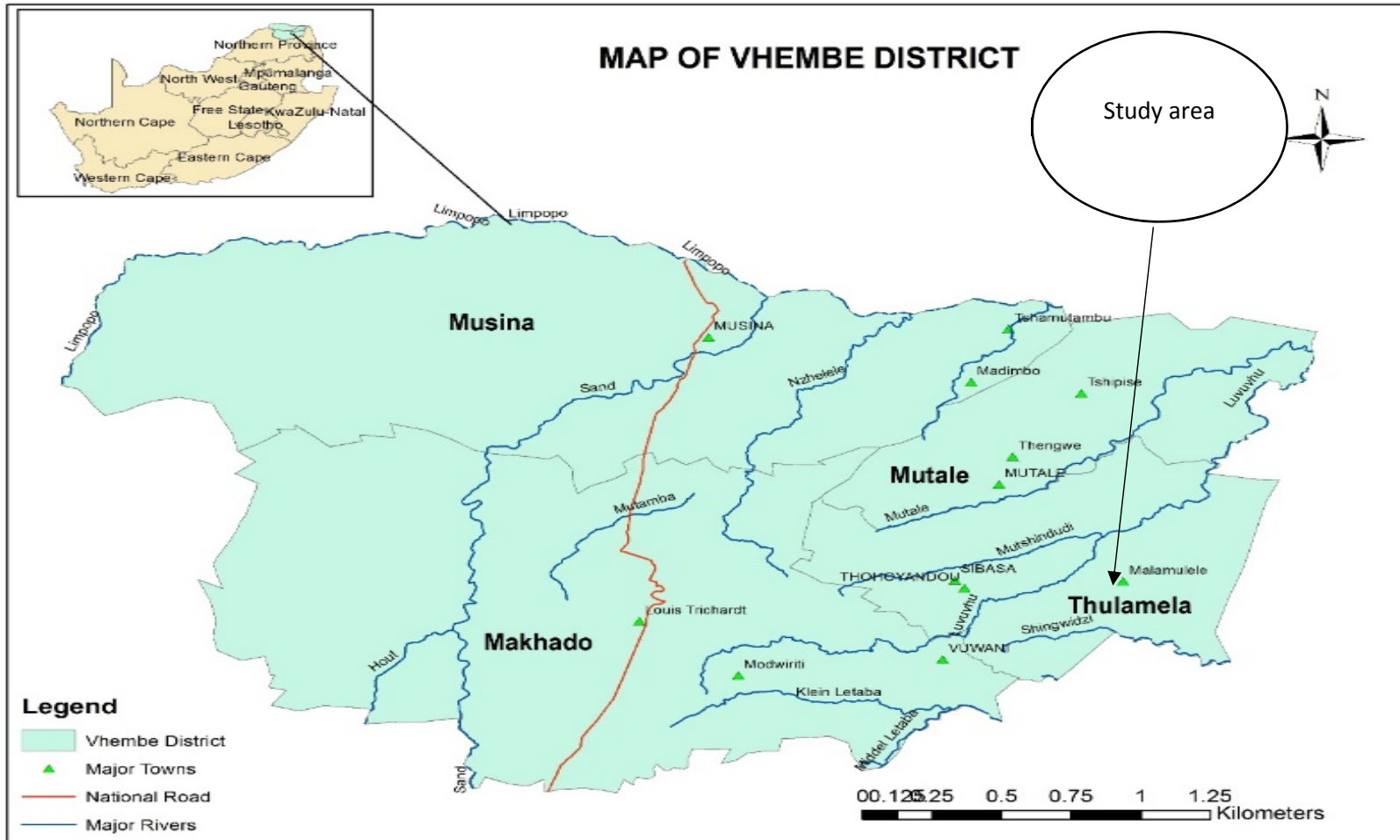


Figure 3.1 Map of the study area (Thulamela Local Municipality in Vhembe District)

Constructivism entails a situation wherein the subject phenomena are preordained and hence the researcher has no incentive to influence or be influenced by the subject. The subject phenomena was approached with an objective ontological position. The lack of directive and set structures weakens the possibility of constructivism approach in the present study. Objectivism was therefore, ideal because the researcher was not previously involved with the research group, the sector or the scope of the research before.

### **3.4 Research Approaches**

A sequentially integrated mixed approach was employed in this study Figure 3.2. Mixed methods research approaches have scientific assumptions as well as procedures of inquiry (Creswell & Plano Clark, 2007). The approach involves scientific assumptions that guide the way of collecting and analysing data and the mixture of qualitative and quantitative data in a single study. The combined use of quantitative and qualitative approaches provides a better understanding of a research problem that either approach alone cannot provide (Creswell & Plano Clark, 2007). For this reason the mixed approach was ideal for understanding resilience threats, strengths and criteria for measuring the construct that were initially not well known. In the past most studies on resilience frameworks mostly utilised single methodologies (Gibson *et al.* 2010; Demmer *et al.*, 2011; Jackson & Stoel, 2011). The use of single methods has been criticised based on the lack of rigorous engagement of respondents. This negatively influenced the accuracy of measurement approaches developed from such methods. Consequently, Erol *et al.* (2010) and Levine (2014) recommended the use of more thorough mixed methods when developing resilience measurement approaches. The application of mixed methods in this study increases respondents' engagement rigour, thus facilitating a clear understanding of multi-dimensional resilience facets that were of interest from the concerned people's viewpoint.

There are three commonly used mixed research approaches that include, sequential explanatory, sequential exploratory and convergent methods (Creswell *et al.*, 2003). The approaches differ mainly in nature and timing of application of qualitative and quantitative methods and data integration. In a sequential explanatory design, the qualitative approach is utilised to explain quantitative results while in a sequential explorative design, qualitative approach informs the subsequent quantitative research. The convergent approach entails applying both qualitative and quantitative approaches and then compare the results (Creswell *et al.*, 2003).

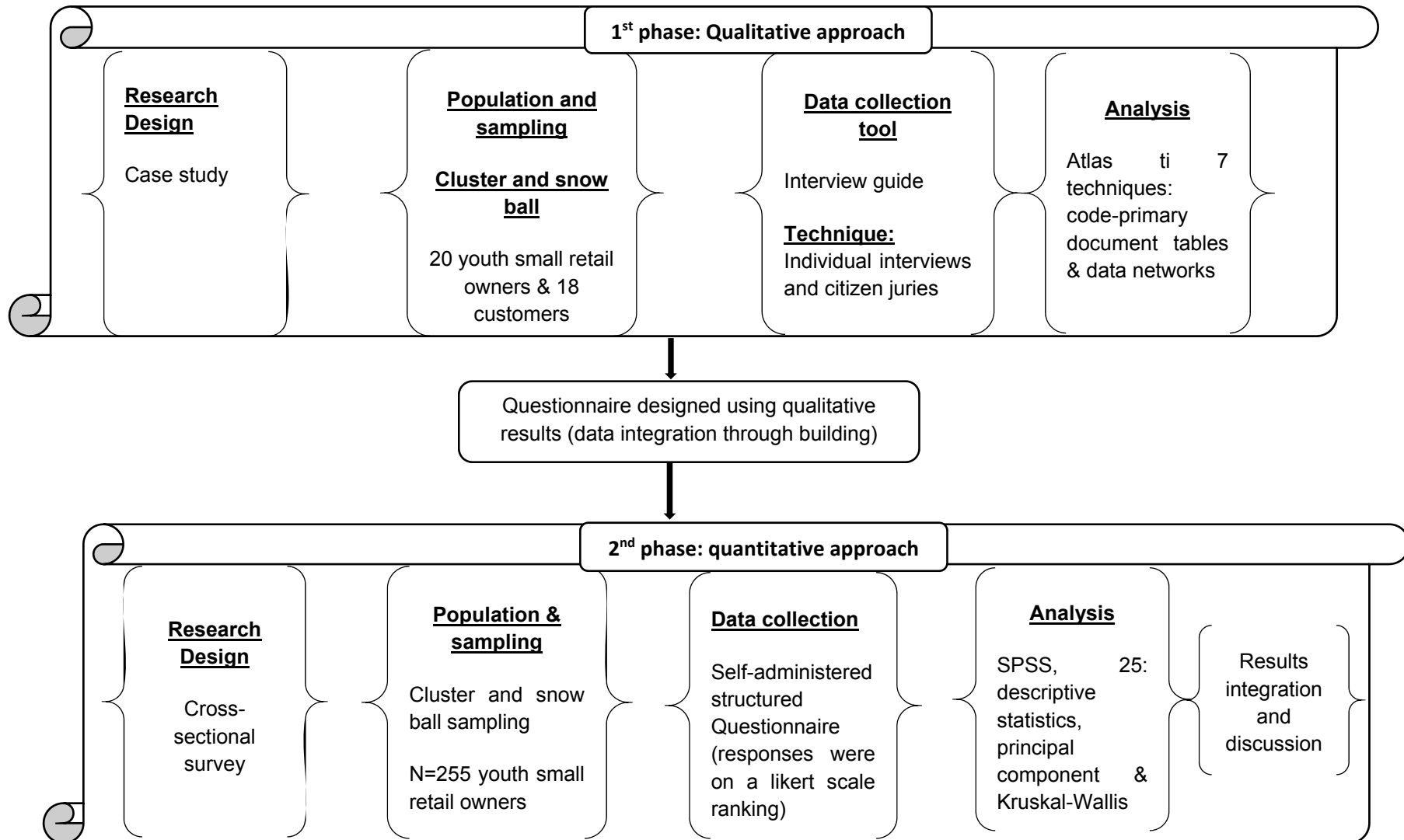


Figure 3.2 Schematic diagram of the exploratory mixed research approach utilised in the study

An exploratory mixed approach was preferred in this study. Applying the qualitative method in the first stage was ideal for in-depth exploration of unknown resilience threats, strengths and drivers in the informal youth-run small retail sector. An in-depth examination of the resilience strategies was also facilitated by this method. This enabled a clear understanding of individual and group perceptions of the above mentioned aspects. The fact that there is no existing information regarding the topic under study also necessitated the need for an initial in-depth investigation. The qualitative results informed the tool that was applied in the subsequent quantitative approach. As illustrated by Andrew & Halcomb (2006), applying both qualitative and quantitative methods, assists in extracting the strengths and diminish the weaknesses in both approaches within a single study. As illustrated on Table 3.1, the sequential exploratory approach was utilized to obtain results presented in chapter 4 and 5 while results presented in chapter 6 were obtained from the qualitative approach only.

### **3.4.1 Phase 1 Qualitative research**

#### ***Case study designing***

An exploratory case study design was utilised to explore the major threats to youth small retail businesses strengths, attributes of resilience, and strategies for improving resilience. A case study design is ideal for conducting holistic and in-depth investigations (Creswell & Plano Clark, 2007). Case studies tend to be selective, focusing on one or two issues that are fundamental to understanding the system being examined (Babbie & Mouton, 2010). The three main types of case studies encompass exploratory, explanatory and descriptive (Creswell & Plano Clark, 2007). The design was desirable due to its strength in uncovering unknown aspects of a phenomena. Additionally, a case study was preferable since it often resonates experientially with a broad cross section of readers, thereby facilitating a greater understanding of the phenomenon (Creswell & Plano Clark, 2007). In the current study, scarcity of information necessitated the need for in-depth exploration of youth small retail owners and their regular customers. This facilitated the gathering of area and sector specific perceptions regarding threats, strengths, resilience attributes and strategies for growth. Involving both youth retail owners and customers enabled data triangulation and reducing bias that is often associated with involving respondents who share the same characteristics. The application of data set and sample triangulation helps to ensure accuracy and alternative explanations in case studies (Stake, 1995; Babbie & Mouton, 2010). Yin (1994) adds that using multiple sources of evidence helps to ensure construct validity.

**Table 3.1 Objectives and methods applied in the study**

Objective	Research methods
To identify the major threats to the resilience of youth-run small retail businesses;	Sequential explanatory mixed approach (qualitative and quantitative methods)
To identify the major strengths of youth-owned small retail businesses	Sequential explanatory mixed approach (qualitative and quantitative methods)
To develop ideal criteria for use in determining the resilience of youth-run small retail businesses	Sequential explanatory mixed approach (qualitative and quantitative methods)
To ascertain current and potential strategies for enhancing resilience of youth-run small retail businesses	Qualitative approach

Case studies design are mainly criticised on the basis that, results are not widely applicable in real life and thus difficult to generalise (Tellis, 1997; Babbie & Mouton, 2010). For this reason, the case study was followed by a broader cross-sectional survey design in the second phase. The outcome variables from the case study were further interrogated using a larger sample in the second phase.

### **3.4.2 Community entry procedures**

Ethical clearance certificate was sought from the University of Venda Higher Degrees Committee prior to community entry. Thereafter, a meeting was held with the municipal Local Economic Development (LED) officer responsible for small business development in Thulamela Municipality. The purpose of the meeting was to introduce the project to the municipal officer and obtain information regarding small retail businesses in the area. Consequently, the municipality pledged its support prior to the engagement of youth retailers. Afterwards a few youth businesses were visited in order to introduce the project and create rapport. Thereafter, the data collection process commenced.

### **3.4.3 Population and sampling procedures**

The population comprised youth small retail owners and their respective customers. Both male and female owners as well as customers participated in the study. A target population refers to all the members who meet the particular criterion specified for a research investigation (Babbie & Mouton, 2010). A multistage sampling technique involving cluster and snowball sampling techniques was utilized to select 20 youth small retail business owners and 18 customers. Cluster sampling is ideal when the elements of population are spread over a wide geographical area and the population is divided into sub-groups on the basis of their geographical location (Babbie & Mouton, 2010). The technique was, therefore, desirable for dividing the respondents according to geographical location in relation to the main urban areas (Thohoyandou and Malamulele towns). Snow ball sampling is based on chain referral system wherein one element of the population is approached at a time and then is asked to refer the investigator to the other elements of the population. The technique is useful in approaching populations that are not readily available or not known (Dragan & Isaic-Maniu, 2013). In the case of this study, there was no clear data base to guide the identification of youth small retailers due to the informal nature of the sector. As a result, snowballing was the most appropriate technique to identify respondents across the Municipality. Only spaza shops were chosen in order to narrow down the study to a fewer researchable businesses. Divisions according to distance were necessary in order to determine how threats and resilience drivers differ between businesses situated in urban and rural areas.

Firstly, the research project and aims were introduced to four potential respondents. They were then requested to identify a minimum of two other potential participants operating in different communities using the referral system (Appendix 1). The process continued until 20 youth retailers were identified. Ten youth business owners were selected from areas situated within approximately 15 km of Thohoyandou and ten from the urban periphery (15 km to 60 km). Estimations of the local boundaries between the town area and rural villages were used to decide the distance cut off points of 15km radius (urban area) and approximately 15 to 60km (urban periphery). Participants were drawn from eight villages. Eighteen customer respondents were also drawn from the same area through the referral system. In order to avoid bias in the selection of participant's identification process, interviewees were requested to provide businesses which were either competitors or neutrals. In some instances, passer-by customers were requested to provide youth retail businesses in their area.

#### **3.4.4 Pre-testing data collection instrument**

The semi-structured interview guide was administered to three respondents separately. The purpose of the exercises was to pre-test the instrument. Pre-testing refers to a range of testing techniques aimed at identifying non-sample errors and to suggest ways to improve or minimise the occurrence of these errors (Presser & Blair, 1994). This assists in determining the simplicity and applicability of the instrument. Given the fact that the education level of the participants was not known, simplifying the guide was desirable in order to obtain the intended results. Another reason for pre-testing was to check if there was any need to adjust the interview guide. After pre-testing, the questions were further simplified through restructuring their wording. This also minimized the amount of time which was required to respond to the questions.

#### **3.4.5 Data collection methods and techniques**

##### ***Individual interviews***

A semi-structured interview guide was used during data collection (Appendix 2). Semi-structured interviews are in-depth, personal and intimate encounters in which open, direct, verbal questions are used to prompt detailed narratives and perceptions (Babbie & Mouton, 2010). De Vos *et al.* (2005) notes that semi-structured interviews guide the researcher as dictated by the schedule. More so, participants may share ideas more closely in the direction the interview takes, and new ideas of utmost importance to the research can be introduced. Semi-structured interviews also allow the researcher to get explanations, opinions as well as descriptions and feelings of the respondents. Therefore, the tool was ideal for eliciting in-depth

information regarding the research questions. The tool was administered to individual youth retail owners. Face to face interviews were all conducted in the owners' shops because business owners were very busy.

### ***Citizen juries***

The referral forms mentioned above were also used to identify the main customers for the interviewed businesses. The purpose of this exercise was to further explore the same questions and understand the perspectives of customers who were normally in close interaction with the shop owners. The aim was to obtain neutral views from customers who normally observe how the shops are operated. This facilitated respondents and data triangulation and thus increasing rigor. Eighteen customers from the same areas as the youth retailers were interviewed in groups. Three groups comprised three members while the remaining comprised four and five members respectively. The groups were divided into youth and adults. Most of the participants were youth. A set of semi-structured questions were administered. While in their groups, respondents were interviewed using the citizen jury technique. A citizen jury is a process in which a representative groups of citizens/interest groups are brought together to discuss issues that are of importance to them. A researcher first explains the topic to the respondents then facilitate debate and guide discussions. In the end recommendations are made based on decisions by the respondents (Henderson *et al.*, 2013). The technique enabled further understanding of the four aspects of interest (threats, strengths, resilience attributes, and strategies) from a different and neutral perspective. This permitted the researcher to identify discrepancies and similarities in the responses.

### **3.4.6 Limitations**

Various challenges were encountered in the qualitative data collection process. The majority of the owners could not agree to be tap recorded and for their locations to be recorded using Global Positioning System (GPS) coordinates. The main concern was that confidential information could end up being used for criminal activities. This was an indication of the insecurities in the area. As a result, the privacy ethical consideration was respected and none of the aforementioned tools were used. Most of the business owners were also sceptical about providing their customer contact details. This was due to the fear of losing the customers to competitors. More so they indicated that they had no consent to share their contact numbers. As a result a few regular customers were provided.

### **3.4.7 Data analysis**

Qualitative data was analysed using the thematic analysis approach. The Atlas ti version 8 software was utilised to apply the thematic approach. Atlas ti is a powerful workbench for qualitative data analysis, mainly for large sections of text, visual and audio data. The software is ideal for text analysis and interpretation using coding and annotation techniques. The network-building feature in the software allows one to visually connect selected texts and codes by means of diagrams (Smit, 2002). To conduct the analysis, data were cleaned and entered into excel sheets. Data formatting was performed prior to importation into the software. Necessary symbols were also inserted in order for the software to correctly separate data variables. Primary families consisted of variables such as gender, nationality of the owner, location of the business, age of the owner. Data were then imported into the Atlas ti software. The data was categorised into different concepts through open coding. Open coding refers to categorising phenomena into discrete concepts and categories through close examination of the data set (Smit, 2002). The codes were mainly created using the main themes related to the study objectives. Codes were further classified into code families using the code manager tool. This allowed for categorisation of codes in relation to objectives/interview questions.

The codes-primary document table and network diagram tools were used to analyse data. The network diagram tool assisted in creating networks in order to show linkages in the outcomes. The codes-primary document table technique was ideal for linking codes to respondent's biographical information.

## **3.5 Phase 2: Quantitative Research**

### **3.5.1 Study area**

The study was conducted in the same area described in the first phase in Section 3.2.

### **3.5.2 Research design**

Research design refers to a strategy which transcends the research approach and underlying philosophical assumptions to specify the selection of respondents, data gathering techniques and data analysis that will be employed (Nieuwenhuis, 2007). A cross-sectional survey was employed. It was a follow up to the case study executed in the first phase. In the first phase in-depth data was collected regarding attributes of resilience, resilience threats, strengths and strategies for enhancing resilience. Secondary data search was also conducted to add to the variables that were obtained from qualitative results. The purpose of the survey was to increase the sample size, triangulate data, and apply statistical analysis tools in order to make

inferences and establish correlations of the already established variables among other statistical tests. The triangulation allowed for increasing reliability and validity of the results.

### **3.5.3 Population and sampling techniques**

The population comprised youth small retail business owners only. The age groups of participants was between 18-35 years. The population was delineated from South Africa definition of youth which is between 14 and 35 years (South African National Youth Policy, 2009). Due to the fact that the ages of all participants in the study were above 18 years, it was logical to provide an adjusted definition of youth for the study.

Respondents were selected using snowball and cluster sampling techniques. The technique is normally used to find and recruit hidden populations (Dragan & Isaic-Maniu, 2013). Youth small retailers are often not registered and operate informally, thus they could not be easily traced from any data base. Lack of registration of youth small retail shops also made it difficult to determine the extent of the population. Approximately 25 registered youth small retail businesses were obtained from the Municipal database. The rest of the respondents were identified using the chain referral system. The chain referral system was repeated up until referrals were repeatedly linked back to previously interviewed respondents across the study area. Respondents who participated in the case study also participated in the survey. Ultimately, the total population for the survey was (N=255). The limited number of youth-owned small retail shops coupled with lack of data-base to track them made it difficult and impossible to raise a larger sample size. The sample was drawn from the town centres to the urban periphery, approximately 60 km away. Businesses in both urban and peripheral were selected in order to compare perceptions regarding the resilience threats, strengths and attributes in those areas. Including respondents from the initial case study and increasing the sample size in the survey facilitated sampling rigor. The way followed also facilitated an in-depth understanding of the local dimensions regarding factors hindering and promoting resilience as well as the building blocks of the criteria for measuring resilience.

### **3.5.4 Data collection techniques**

Questionnaires comprising items from previous results and secondary data were utilised to collect data (Appendix 3). Obtaining the variable items in the questionnaire from both qualitative results and secondary data was ideal for increasing the diversity of questions, hence attaining objectivity and thoroughness. Studies that utilised PCA commonly use likert-scale type response formats as a data collection technique (Jakobsson, 2004). More so, ordinal data collected using likert-scale questions is compatible with PCA analysis. For this

reason, the questionnaire utilised in this study consisted of likert-scale questions ranging from 1-5. Two research assistants administered the questionnaires to 255 respondents in Thulamela Municipality.

### **3.5.5 Data analysis**

Data was analysed using IBM-SPSS version 25. Principal Component Analysis (PCA), Kruskal-Wallis and descriptive statistics (Means, frequencies and standard deviation) tests were performed. Descriptive tests were mainly performed for demographic variables such as the number of employees, nationality, distance from the urban area and age of the business. The statistical tests used are described in the following sub-sections.

#### ***Conducting Principal Component Analysis***

Factor analysis and Principal Component analysis are common methods for developing resilience measurement frameworks (Melecký & Staníčková, 2015). For instance, RIMA, FAO, University of Florence Food Resilience frameworks were developed using factor analysis and PCA techniques (Ciani & Romano, 2011). PCA is ideal for reducing many variables to a manageable number, thereby allowing for the description of variables using a few factors (Drost, 2011). For this reason it became the most ideal analysis technique for reducing many items into a few variable that informed the criteria for measuring resilience in this study.

The sample size was determined using the minimum sample size to conduct meaningful data analysis for PCA, number of variables, nature of the target population and resource constraints. Sample size determination for PCA remains a bone of contention among scholars across different fields. There are different guiding rules of thumb in literature regarding the adequate sample size required to perform PCA (Tabachnick & Fidell 2001; Hogarty *et al.*, 2005; Tabachnick, 2007). In the absence of empirical evidence, various heuristics were developed (Gaskin & Happell, 2014). These distinct sample size recommendations have confused researchers (Hogarty *et al.*, 2005). More so, almost all studies conducted to test the different guides for sample size determination have not been conclusive (MacCallum *et al.*, 1999; Hogarty *et al.*, 2005). As a result, determining the sample size required for PCA in this study was challenging.

MacCallum *et al.* (1999) argues that a sample size of at least 100 is adequate for PCA when there are relatively few variables. Hair, *et al.* (1995) also highlight that a sample size of 100 respondents or greater is adequate for conducting PCA regardless of the number of variables. MacCallum *et al.* (1999) and Henson & Roberts (2006) further illustrated that when communalities are high, greater than 0.60 and each factor is defined by several items, sample

sizes can be relatively small. Sapnas & Zeller (2002) argued that even 50 cases may be adequate for factor analysis. This reflects the lack of consensus on the absolute sample size required to effectively perform PCA.

The use of subject to item ratio has also been suggested instead of sample size. In a study of approximately 300 articles that utilised Principal Component Analysis, Costello & Osborne (2005) reported that about 22.7 % utilised a 5:1 ratio while a few articles considered a 2:1 proportion. Treiblmaier & Filzmoser, (2010) highlight that, larger samples generally outperform smaller samples due to the reduction in the probability of errors, more accurate population estimates and better generalizability of the results. Although a larger sample is recommended for eliminating errors and increasing accuracy of results, it should be noted that even at relatively large sample sizes, PCA is an error-prone procedure (Costello & Osborne, 2005). Due to the lack of consensus on sample size determination, the rules regarding sample size for factor analysis have almost disappeared (Costello & Osborne, 2005). Hogarty *et al.* (2005) concluded that, there was no minimum level of sample or sample to variable ratios to achieve good factor recovery across conditions examined. Given the lack of consensus on minimum sample size required to conduct PCA, a sample size of 255 was considered adequate for conducting PCA in the current study. The fact that the respondents could not be easily identified as typified by the use of snowball sampling also contributed to the use of a relatively small sample in this study. It should however be noted that, a larger population will be desirable in future studies especially if the target population is easily accessible.

The number of variables to consider for PCA was determined following the exploratory approach. The approach involves experimenting with different variables until a satisfactory solution is found (Tabachnick & Fidell, 2007). The Kaiser-Meyer-Olkin measure (KMO) and Bartlett's test of sphericity were used to test both sampling adequacy and whether the variables were appropriate for factor analysis. To be considered appropriate for PCA, the KMO should record values of between 0.5 and 1.0 and the Bartlett's test of Sphericity should be significant ( $p < 0.05$ ) (Malhotra & Birks, 2007). Hair *et al.* (1998) and Halim *et al.* (2014) also maintained that the minimum acceptable value of KMO is 0.50 and above. For this study, The KMO observed in the analysis was above 0.60 and the data was considered appropriate for PCA analysis. Community values were observed.

The Eigenvalue technique was used to decide the number of factors to consider for extraction. Only factors with Eigen values  $>1$  were extracted. The eigenvalue for each principal component indicates the percentage of variation in the total data explained (Vyas & Kumaranayake, 2006). The scree plot diagram was also simultaneously used to retain factors

that were above the elbow. Extracted variables were observed in the rotated component matrix.

### ***Indices development using PCA***

Resilience is considered to be a latent variable as it is not observable. As a result, to measure resilience, it is vital to separately estimate its dimensions which are also themselves latent variables because they cannot be observed directly in a survey (FAO, 2012). In this regard, it is not easy to measure resilience as a dummy variable. The commonly preferred techniques in the latent variable literature include PCA, factor analysis and structural equation models. Through the use of these techniques, variables that can be used as a proxy for each dimension of resilience are selected (Alinovi *et al.*, 2008).

There is no universal method for constructing indices. The choice of technique is based on the type of data, particular application and knowledge expert (Matteo & Pareto, 2013). Most of the resilience index were developed using the PCA (Gwatkin *et al.*, 2000, Mckenzie, 2003, FAO, 2012; RIMA, 2012). This is due to the simplicity and ability of the PCA technique to reduce variables into a few factors and provide factor scores. The current study utilised PCA to develop indices for measuring small retail business resilience. The indices were developed using the weighted scores from PCA. The output from PCA was a table of factor scores or weights for each variable or subcomponent of the resilience pillars. A variable with a positive and high factor score was associated with a high small retail resilience status while a variable with negative or lower factor score was associated with a lower resilience status. Vyas & Kumaranayake (2006) also used the same weighted score technique to construct socio-economic status indices.

In a study on household resilience, Mckenzie (2003) highlighted that PCA works well when variables are correlated and when the distribution of variables varies across cases. As such, variables that are more unequally distributed between cases are given more weight in PCA. On the other hand, variables with low standard deviations carry a low weight in PCA. It is, therefore, important to test how items correlate with each other within the same construct (Malhotra & Birks, 2011). In the context of this study, descriptive analyses for all the variables particularly means and standard deviation was performed to check the distribution of variables across cases and presented in the outcome resilience indices.

### ***Kruskal-Wallis test***

The Kruskal-Wallis Test was performed to test the hypotheses. The technique is ideal for measuring differences between more than two variables when the dependent variable is not normally distributed. It is suitable for testing non-parametric data (Field, 2013). In the current study, there were more than two variables that were being measured (namely distance intervals from the urban area versus threats and distance intervals from the urban area versus the pillars of the criteria). In this respect, the Kruskal-Wallis H Test was the ideal technique for testing the hypotheses. The technique uses rank value and not its location relative to the median (Malhotra & Birks, 2007). The rank value, Chi-square and P values were used to interpret the significance of differences among the groups. Where  $P < 0.05$ , the null hypothesis ( $H_0$ ) was rejected.

### **3.5.6 Data integration**

Integration is conceptualised to occur through linking the methods of data collection and analysis (Creswell *et al.*, 2011). Linking occurs through connection, building, merging and embedding. Connecting transpires when one type of data set links with the other through the sampling framework. Merging emerges when two data sets are brought together for analysis and comparison. A conducive plan for collecting both forms of data is developed at the design phase (Castro *et al.*, 2010). In the context of this study, data were integrated through building. Integration through building occurs when results from one data collection procedure informs data collection approach of the other procedure (Creswell *et al.*, 2011). Building on this understanding, items included in the survey were built upon previously collected qualitative data as indicated in Figure 3.2. Measured constructs and hypotheses were generated from the qualitative results. Perceptions relating to business threats, strengths and attributes of resilience informed the items that were included in the questionnaire.

The items derived from qualitative results were used to design a questionnaire which had a likert scale of 1-5 ranking. In this regard, qualitative results were presented first followed by quantitative outcomes. While the qualitative analysis gave detailed explanations, the survey results quantified the variables.

### **3.6 Ethical Considerations**

Permission to conduct the study was sought from the University of Venda Research Ethics Committee. In adherence with informed consent, permission to collect data was also requested from the LED officer and local traditional leaders in the specific study areas. This enabled the researcher to conduct research in the area ethically.

A letter confirming informed consent was also issued to the participants before the commencement of the data collection process (Appendix 4). This was done to ensure that respondents participated in the study out of their free will and with a clear understanding of the research project. A detailed explanation of the research purpose, processes and the rights of participants was also provided in the local languages to enable understanding.

Participants were not linked to the information. This was done through excluding their names from the questionnaire and response sheets. Data was also kept safely and away from public viewing in order to maintain confidentiality.

The use of cameras and audio recorder was also abandoned on the request of respondents to avoid harm. Participants also disallowed the recording of GPS coordinates due to security reasons. Thus, the researcher complied with the request in order to adhere to ethical considerations.

## CHAPTER 4 THE MAJOR THREATS AND STRENGTHS OF YOUTH SMALL RETAIL BUSINESSES

### Abstract

Youth-owned small retail businesses consistently struggle to survive and grow into large firms in South Africa. Even though this is the case, neither the threats that predispose youth retailers to failure nor their strengths factors are well known. The situation demands taking urgent action to identify the both threats to youth-owned small retail businesses and strengths factors. Thus, the current chapter focused on identifying threats that weaken youth-owned small retail business resilience. The strengths of youth small retailers are also discussed. An explorative mixed study approach involving qualitative and quantitative methods was followed. Respondents were selected using both snowball and cluster sampling procedures. Semi-structured interview guides were utilised to collect data followed by structured questionnaires. Code-primary document tables and network diagram techniques of the Atlas ti version 7 software were utilised to analyse qualitative data. Quantitative data were analysed using the Statistical Package for the Social Sciences (IBM SPSS) version 25 tools (Principal Component Analysis, Kruskal-Wallis and descriptive statistics).

Qualitative results reviewed major threat categories related to criminal activities, customer concerns, limited resources, financial challenges, and infrastructure underdevelopment. A subsequent PCA analysis that explained a total variance of 64.46 % extracted three major threats to youth-run small retail businesses. The major threats were poor infrastructure, (28.54 %), competition (20.97 %) and financial inadequacy (14.94 %). Poor infrastructure and financial inadequacy threats did not vary with distance from the urban area ( $P > 0.05$ ) while competition significantly varied with distance from the urban area ( $P < 0.05$ ). This highlighted the need to distinguish interventions for addressing small retail business threats in urban and rural areas. With regard to resilience strengths, qualitative results reviewed several factors that included customer care, location, strong family background, passion, large customer base and business mentorship. In the second phase, PCA analysis that explained a total variance of 54.59 % yielded four major strengths. The major strengths of youth small retail businesses were marketing ability (16.97 %), good customer care (14.42 %), business knowledge (12.08 %) and commitment (11.13 %). The local and sector specific threats identified here provided a foundation for the development of customised resilience drivers.

**Key words:** Major threats, resilience, small retail business, strengths, youth

## 4.1 Introduction

Small retail shops in small towns and rural areas have the potential to contribute to future development of local and regional economies across the world. Researchers and practitioners content that rural shops serve a vital social and economic community function by providing services to specific customers (Broadbridge & Calderwood, 2002, Makhitha, 2016). However, the resilience of rural shops is often hampered by various internal and external threats (; Bryon *et al.*, 2003; Paddison & Calderwood, 2007, Lekhanya, 2010; Hyder & Lussier, 2016,). In Europe the major challenges of small rural shops are related to downturns in consumer spending, increased competition and population decline (Paddison & Calderwood, 2007). In some areas of South Africa, generic challenges of small businesses include lack of markets, poor infrastructure, crime, corruption and the unfavourable economic environment (Chiliya & Robrets-Lombard, 2012; Lekhanya *et al.*, 2013). Challenges such as lack of capital seem to be generic across regions while others are contextualised. As a result, resilience should be built upon contextualised threats rather than generic threats.

Resilience threats are broadly categorised into idiosyncratic and covariate factors. Idiosyncratic threats affect individual businesses only while covariate threats affect many businesses (Hartnack & Liedeman, 2016). Some of the covariate threats to small retail businesses are largely attributed to the influx of new shopping malls, especially in the previously disadvantaged areas (Liedman *et al.*, 2014). In most cases, small retailers face direct competition from large retailers and wholesalers which provide the same line of products (Basker & Noel, 2013). Small retailers struggle to cope with the competition due to insufficient resources. Lack of access to finance, regulatory barriers and lack of business management skills also negatively impact small retailers (Das Nair & Dube, 2015). More so, small retailers do not have viable platforms to market their products hence they fail to either retain or acquire customers (Chiloya *et al.*, 2014). However, the challenges of small retail businesses seem to be influenced by location, resources and other micro local based factors. For instance, Naude (2014) highlight that transportation costs are influenced by distance between the supplier and buyers. As a result the current study was mainly aimed at exploring the threats in relation to distance from the town. Considering the distance variable was critical in determining the distinctions in resilience threats between rural and urban areas. From a rural development perspective, understanding the variations in the challenges to small retail business assist decision makers to apply the appropriate interventions.

## **4.2. Methodology**

The explorative mixed study that was used is described in Chapter 3.

## **4.3 Results**

### **4.3.1 Participants' biographical Information**

Thirty eight respondents participated in the case study (first phase). Table 4.1 shows that 20 respondents were youth small retail owners while 18 were frequent customers for the same businesses. Out of the 20 owners, 10 were from four villages situated near the urban area (0-15 km) and the rest were from four villages that were beyond 15 km of Thohoyandou town. In terms of business age, four were below one year old, six were between one-two years and the remaining 10 were three years and above. Eight shop owners were between the ages of 18-25 years while 12 fell between the ages of 26-35 years of age. Only five participants were female, the rest were male.

## **4.4 Major Threats to Youth Small Retail Businesses**

This section comprises qualitative results on the threats to youth-owned small retail businesses. The threats were classified into limited resources, constant robbery and theft, customer concerns, financial instability, procurement barriers and poor infrastructure. A summary of the identified threats and their consequences to youth small retail businesses is displayed in Table 4.2. A comprehensive presentation of all threats that were identified is provided in the form of a network diagram (Figure 4.1)

### **4.4.1 Limited resources**

Scarcity of resources required to efficiently operate business emerged as one of the critical threats to youth small retail businesses. Most of the owners (nine) did not have their own transport to facilitate smooth procurement of stock from wholesalers. The view was reiterated by two groups of customers. Alternatively, public transport was utilized. As much as public transport assisted, the majority of youth retailers (18) bemoaned the expenses incurred in the process. Transportation was more expensive for youth small retailers situated far from the urban area.

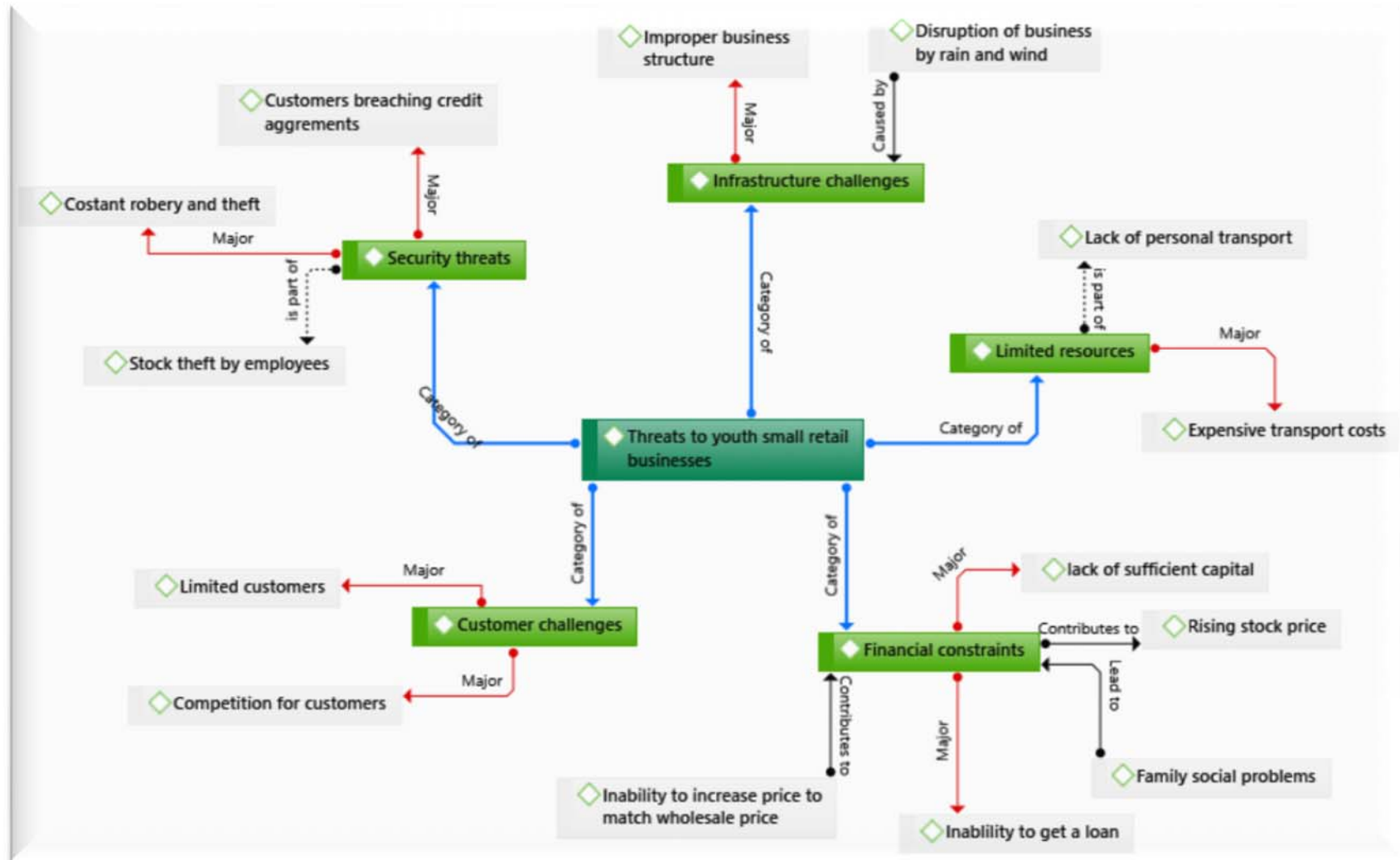
**Table 4.1 Participant biographical information**

	<b>Participant</b>	<b>Frequency</b>
	<b>Youth Retail owners</b>	20
<b>Distance</b>	0-15 km	10
	16 and beyond	10
<b>Business age</b>	<1 year	4
	1-2 years	6
	3 years and above	10
<b>Owners' Age</b>	18-25 years	8
	26-35 years	12
<b>Gender</b>	Female	5
	Male	15
	<b>Customers</b>	18

**Table 4.2 Summary of threats to youth owned small retail business resilience**

<b>Threats</b>	<b>Causes</b>	<b>Consequences for resilience</b>
<b>Limited resources</b>	Lack of personal transport;	Reduced business returns;
	Loss of money due to family social problems;	Inability to grow business;
	Strict municipal regulations	Breaching municipal regulations leading to heavy punishments
<b>Customer concerns</b>	Limited customers;	Low profit returns;
	Losing customers to large retail stores;	Products taking long on shelves and expire;
	Customers breaching credit agreements	Inability to match competition from established shops slowed growth;
<b>Financial instability</b>	Lack of sufficient capital;	Inability to expand business;
	Inability to obtain loans;	Inability to buy in bulk
	Rising stock price	
<b>Insecurity</b>	Constant robbery and/ theft;	Unexpected loss of money and stock leading to losses;
	Stock theft by employees;	
	Lack of police action	Insecurity force owners to close shops early and lose loyal customers who need flexible shopping hours that are traditionally provided by small retailers
<b>Poor infrastructure</b>	Improper business structures;	Business constantly distracted by rain and wind;
	Expensive rentals;	Unhygienic environment deterred customers;
	Poor road networks	Poor roads limit accessibility of business
<b>Rising stock price</b>	Low bargaining power when buying alone;	Charging high prices;
		Low profits;
	No discounts from wholesales	Inability to expand business

Figure 4.1 Network diagram of the major threats to youth small retail businesses



The gravity of the matter was magnified by the reasonably lower prices that shops were charging in order to attract more customers. Consequently, most of the youth owned shops accrued small profit returns. The threat affected both local and foreign youth small retail owners. However, views varied as distance increased from the nearest urban area. In support of the above views, one South African youth retailer said the following words.

*“I do not have my own vehicle so I am struggling to pay the expensive tax cost every time I order my stock from Thohoyandou. I sometimes don’t buy heavy stock when I don’t have more money, I want to expand the shop but I can’t without transport”.*

*(Youth small retail owner)*

Family socio-economic and personal problems such as illness and deaths further constrained financial resources. Two groups of customers added that breadwinner shop owners were likely to support their families with business income. Hence, the distinction between business revenue and personal money was non-existent. This resulted in detrimental survivalist trends.

Similarly, complying with municipal business requirements was also draining the limited business financial capital. Paying license renewal fees, bribing and paying for penalties after breaching municipal requirements were most of the burdens that youth small retailers had to shoulder. For instance, operating an unlicensed shop in an undesignated area was reportedly punishable by hefty fines. Consequently, some of the business owners were spending more money on either complying or bribing municipal officials. Either way, this constrained financial resources.

#### **4.4.2 Constant robbery and theft**

Theft and robbery was common on youth small retail business premises. Shoplifting by employees was also reported by both youth small retailers (14) and the majority of their customers. Considering the limited sizes of small retailers, losing stock to criminals was a stumbling block to survival let alone growth. The challenge was even more threatening for more established businesses that kept large amounts of cash in store during the day. Businesses near the urban area were reportedly more prone to criminal activities as compared to those in the outskirts. High criminal activities in urban areas generally accounted for the aforementioned distinctions. Limited arrest incidences also precipitated criminal activities on small retail businesses. Below are the words of one participant who articulated this opinion:

*“Sometimes I lose stock and money when criminals break in, even now I do not feel safe because my phone was stolen last night on my way home so I keep my money at home to reduce the loss”*

*(Somali Youth retail owner)*

*“There are many thieves these days in our community, they steal from the local retailer and most of the time he suspects some of the unemployed youth who are always at the shop during the day. We feel so helpless to help him”*

*(Customer group five)*

#### **4.4.3 Customer concerns**

Stiff competition for customers among youth small retailers and large retail shops was reported. The expansion of malls into semi-rural communities in recent years reportedly provided attractive options for rural dwellers who previously relied on spaza shops for their basic needs. Furthermore, the provision of delivery services recently introduced by large retail shops such as Choppies threatened the relevance of small retail businesses that have little acumen and resources to cope. The above mentioned dimensions collectively reduced customers available to youth small retailers. Below are verbatim words that illustrate the presented view:

*“Nowadays it’s easier for us to buy from town, big shops offer a variety of goods so we prefer shopping there rather than buying from our local shop. We normally just buy things like bread and salt from the local shop”*

*(Customer group one)*

Additionally, eight respondents indicated that some customers were refusing to pay debts due to lack of formal credit agreements. As a result, losses were incurred by shop owners. Customers were also reportedly adamant to accept price hikes, thus retailers were sometimes compelled to charge low prices in order to suit the needs of inherently low income communities.

#### **4.4.4 Financial instability**

Four respondents illustrated the scarcity of sufficient financial capital. Most of the business operational challenges were emanating from financial inadequacy. Youth retailers could not afford

to buy their own cars for business use, pay municipal requirements and buy in bulk due to lack of capital. Constructing proper business infrastructure was also difficult owing to the same financial reasons. This in turn reduced their capacity to adopt modern business strategies. Failure to address challenges led to eventual business stagnation or collapse. Responses were similar regardless of distance from the nearest urban area.

In addition to inadequate capital, access to loans from public and private financial institutions was difficult for youth small retailers as indicated by four responses. This was so because most of them did not have collateral security, which was a pre-requisite for obtaining loans. Apart from that, the informal nature of youth small retailers curtail the confidence of loan providers. Alternatively, youth small retailers relied on borrowing small financial resources from friends, family and to some extent illegal loan providers. However, failure to settle debts with illegal loan providers was tantamount to losing business property. The situation limited growth prospects and jeopardized long term business resilience.

#### **4.4.5 Procurement complications**

Rising stock prices also presented an operational challenge for youth small retailers. Both retail owners (three) and customer groups (two) alluded to the fact that unpredictable fuel price hikes were causing parallel increase in stock wholesale prices. Inability to concurrently increase retail prices to match stock and transport costs worsened the situation. Most of them were operating in rural villages where the majority of customers had low income levels to afford high prices. Consequently, the profit margins were small. The challenge was more serious to local South African business owners who were not involved in cooperative procurement and transportation arrangements which was apparently a domain for foreign nationals.

#### **4.4.6 Poor infrastructure**

Results revealed that poor roads and improper business structures were also derailing small retail resilience as illustrated by six retail owners and two groups of customers. Some of the premises were constructed from cabins, plastics, wood and metal while others were not properly roofed to prevent stock damage. As a result the stock was vulnerable to destruction by heavy rains and wind as well as accessible to thieves. This view was regardless of business location. Other youth retailers consequently resorted to renting inappropriate business structures. Nonetheless, rentals were particularly expensive in areas surrounding urban areas. This further drained financial resources that could be channelled towards business expansion.

Although it was established that some of the threats such as crime, transport and poor infrastructure seemed to vary with distance variations from the urban area, it was difficult to establish the significance of the difference using qualitative techniques. Consequently, quantitative techniques were applied to test the assumptions as will be presented later in this chapter.

#### **4.5 Youth Small Retail Business Strengths**

The main purpose of this section was to outline the identified strength that were possessed by youth small retail businesses. This would help to determine if the businesses had enough acumen to deal with the common threats discussed above. Outcomes revealed that the strength were mainly related to the owners' attributes, business knowledge and customer relations (Figure 4.2).

##### **4.5.1 Customer and community relations**

All responses (20) reflected that, good relationships with customers was a key strengths for attaining growth. The view was also backed by three groups of customers. Provision of credit and free gifts to loyal customers were the major strategies that were used to cement relationships with customers. Community acceptance was also fostered through attending community events such as funerals and celebrations. As a result, most of the youth retailers earned community sympathy and support. Building customer relations was also a tool for gaining competitive advantage. Furthermore, some of the responses indicated that there was a large customer base especially in busy areas. The above mentioned view was well articulated by one group of customers in the following quotation:

*“Our nearby spaza shop owner treats us well, he even give our children free sweets and jiggies when they buy. For this reason we must always support his business because we don't want to lose him”.*

*(Customer group four)*

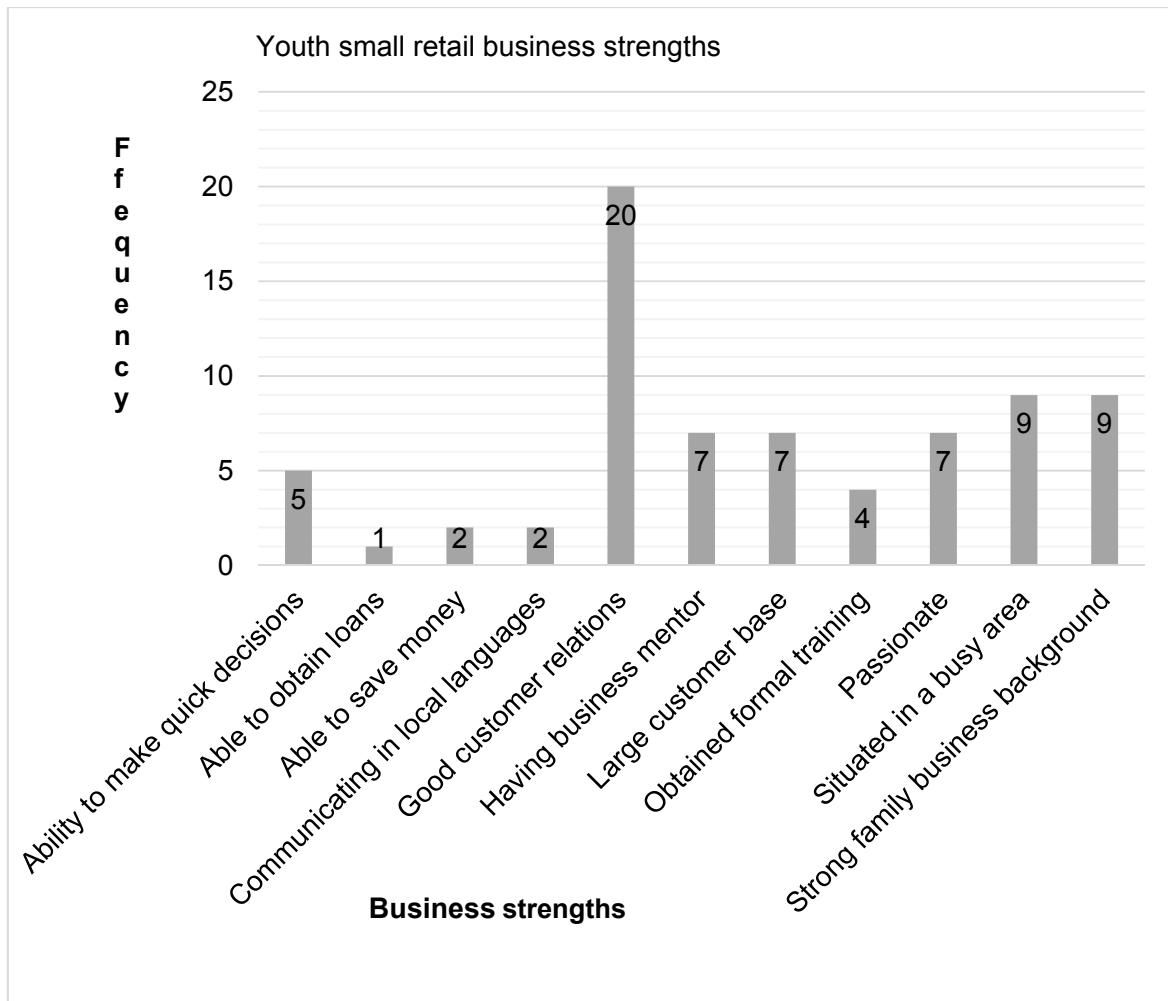


Figure 4.2 Strengths of youth small retail businesses

#### 4.5.2 Owner's attributes

The main strengths of youth small retail businesses was mainly resident in the owner's personal attributes. Seven responses (youth retailers) and two groups of customers showed that passionate businesses facilitated commitment and perseverance. Commitment was observantly distinguished goal oriented youth retailers from opportunists. The view was distinctively common among businesses older than three years.

Some of the respondents revealed that the ability to make quick decisions was crucial for survival in the informal retail sector. Decision making was mostly quick among youth small retail businesses as they were owner managed. This was unlike large retailers who followed complicated decision making channels. This unique strength was critical for small retail shop operation, who relied on reactive business strategies.

A minority of respondents (two) highlighted the significance of fluency in local languages, saving money and the use of alternative power sources such as solar. Mastering local languages was particularly crucial for foreign nationals to efficiently operate in the villages dominated by Venda and Tsonga speaking people. Even results from the group discussions illustrated the significance of speaking local languages. The use of solar power was regarded as cost effective as compared to electric power. The ability to save money was a vital financial management tool for small retailers who were predominantly operating on small profit margins.

#### 4.5.3 Business knowledge

The acquisition of business knowledge was also paramount among youth retailers. Results from group discussions indicated the need for youth retailers to acquire relevant business knowledge. However, some youth retailers indicated that they had vast practical business operation knowledge. Two respondents had obtained formal training from private trainers and nine had acquired business experience from their families. The majority of them were among the Ethiopian and Somali nationals. Foreign nationals, mainly relied on experiential knowledge while locals were more interested in formal training. Business experience was regarded as a pre-requisite for good decision making among small retail businesses that operated under uncertain circumstances. There were no notable differences in relation to distance.

*"You see my friend, most of the training I witnessed are not relevant to how we run spaza shops. I use the experience I gained from running this business from my father when I was growing up, it helps".*

(Youth small retailer)

All the above mentioned threats to youth small retailers and strengths were further subjected to quantitative techniques. This was done in order to triangulate, deepen understanding as well as confirming the results using quantitative methods. Results of the follow up survey are presented in the following Section.

## 4.6 Cross-Sectional Survey Results

### 4.6.1 Respondents biographical information

As presented in Table 4.3, approximately 85 % of the respondents were male while the remaining were female. Around 29 % of the shops were in operation for one year and below, 30 % operated for about 2-3 years and approximately 41 % were over three years old. As a result the majority of the businesses were relatively matured. About 29 % of the shops did not have an employee while 30 % had one employee and the rest had two employees.

Five nationalities participated in the survey. Ethiopians contributed (30 %), 29 % were Somalis, 28 % were South Africans while Zimbabweans and Asians contributed about 9 and 4 %, respectively. Distinctions in the general population of the respective nationalities involved in small retail business accounted for the variations presented. About 31 % of the respondents were situated within 10 km radius of the two main urban areas (*Thohoyandou and Malamulele*), 21 % accounted for businesses situated between 11 and 20 km, another 18 % for business in the 21-30 km range. Respondents located further outwards, 31-40 km away from the urban area were 13 %. Lastly approximately 9 % and 8 % of the respondents were in distance ranges of 41-50 and 51-60 km. Therefore, a large number of small retail businesses were concentrated in areas around the main towns.

**Table 4.3 Respondents biographical information**

<b>Demographic profile of respondents</b>		<b>Frequency</b>	<b>Proportion %</b>
Gender	Male	218	85
	Female	37	15
Age of business in years	0-1	74	29
	2-3	77	30
	>3	104	41
Distance from urban area	0-10	78	31
	11-20	54	21
	21-30	45	18
	31-40	33	13
	41-50	24	9
	51-60	21	8
Number of employees	0	74	29
	1	77	30
	2	104	41
Nationality	South Africans	71	28
	Somalis	75	29
	Ethiopians	76	30
	Zimbabweans	10	4
	Asians	23	9

#### 4.6.2 Threats to youth small retail business

Principal Component Analysis yielded a three-factor solution with a simple structure (factor loadings  $>0.40$ ). The Kaiser Normalisation method was utilised to extract factors. The structure accounted for 64.46 % of the variance as shown in Table 4.4. The first factor was labelled poor infrastructure due to high loadings by the following items; irregular business operation hours, improper infrastructure and disruption of business by rain or wind. The factor explained the highest variance of 28.54 %. The second factor was categorized as competition. Two items that loaded on this factor were competition for customers and very few customers. The variance explained by this factor was 20.97 %.

The third factor was named financial inadequacy due to high loadings by two items that were charging low prices to suit community needs and increase in stock price. The factor had the lowest variance of 14.94 %. Therefore, the major threats to resilience were poor infrastructure, competition and financial inadequacy. The extracted factors were also illustrated in the scree plot diagram, Figure 4.3. The KMO was (0.6), Bartlett's test of Sphericity (235.667), significance (0.00) thus PCA was appropriate for analysing the variables. Communalities of the variables included were all above 0.6. This reflected that the factors extracted a large variance.

The aim of the first hypothesis was to test if threats to small retail business vary between the main town centres and the surrounding rural communities. This was ideal for determining if there were significant differences in vulnerability between businesses situated in the urban area and those in the rural areas. Kruskal-Wallis tests were performed for all variables extracted using PCA against distance variations (Table 4.5). Results indicated that, poor infrastructure and financial management threats did not significantly vary with distance increase from the urban area ( $P > 0.05$ ). Distinctively, competition for customers ( $P < 0.00$ ) varied significantly with distance from the urban area. There was more competition in areas around the urban area than in rural peripheral areas. High concentration of small retail businesses and malls in the urban centre accounted for the stiff competition.

**Table 4.4 Factor loadings and communalities based on a Principal Component Analysis with Varimax rotation (N = 255)**

<b>Variable</b>	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>	<b>Communalities</b>
	<b>Poor Infrastructure</b>	<b>Competition</b>	<b>Financial inadequacy</b>	
Irregular business operation hours	0.851			0.775
Improper business infrastructure	0.822			0.692
Rain and wind disrupt business	0.681			0.600
Competition for customers		0.827		0.685
Very few customers		0.791		0.630
Charging low prices to suit community needs			0.808	0.665
Increase in stock price			0.652	0.665
<b>Eigen values</b>	1.998	1.468	1.046	(Total)
<b>% of Variance</b>	28.54	20.97	14.94	64.46

Factor loadings < 0.40 were suppressed

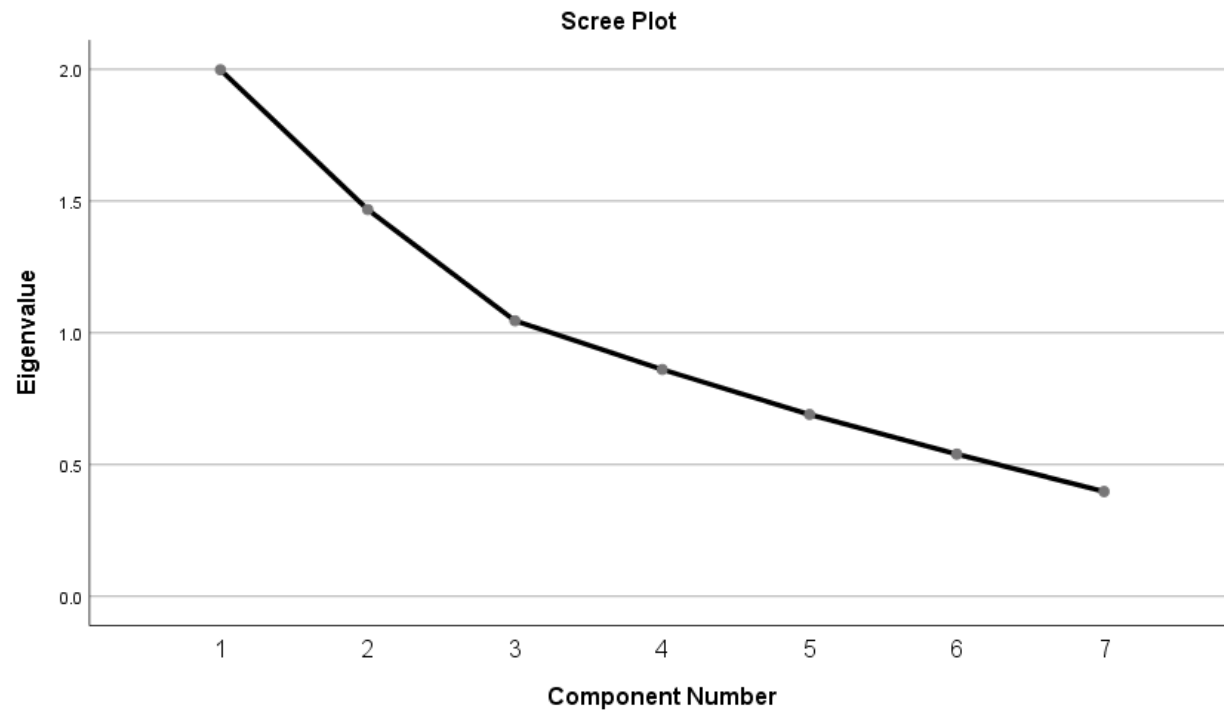


Figure 4.3 scree plot diagram for three factors extracted (poor infrastructure, competition and financial inadequacy)

**Table 4.5 Kruskal Wallis Test Distance from urban area mean ranks (N=255)**

Distance		Distance from the urban area (km)						X <sup>2</sup>	P
		0-10	11-20	21-30	31-40	41-50	51-60		
Poor	Irregular business operation hours	129.77	123.47	123.27	113.42	139.90	152.52	5.228	0.389
Infrastructure	Improper business infrastructure	137.06	138.91	128.20	99.97	119.79	119.29	8.781	0.118
	Rain and wind disrupt business	124.48	130.05	136.26	100.14	134.00	155.05	9.162	0.103
Competition	Competition for customers	101.83	112.09	140.32	158.20	147.02	170.52	31.606	0.000
	Very few customers	124.44	140.72	121.24	121.52	122.54	139.43	3.325	0.650
Financial inadequacy	Charging low prices to suit community needs	121.35	125.83	126.67	128.68	140.19	146.14	3.333	0.649
	Increase in stock price	120.06	132.60	130.26	137.02	126.98	127.83	1.875	0.866

### 4.6.3 Youth small retail business strengths

A principal component analysis (PCA) with Varimax rotation 0.4 yielded a four factor structure that explained a total variance of 54.59 % (Table 4.6). The first factor was labelled marketing ability due to high loadings by the following items, the ability to communicate in the local languages and having a large pool of frequent customers. The factor explained a total variance of 16.97 %. The second factor was named good customer care and it explained a variance of 14.42 %. The factor was related to good customer relations and the ability to make quick decisions. The third factor explained 12.08 % of the total variance and was labelled business knowledge due to loadings by Having business mentor, Strong business knowledge/ background and Rich social networks variables. The last factor was labelled commitment. Three items that included ability to save money, being passionate about business, Opening business every day were associated with the factor. The factor explained the lowest variance of 11.13 %. The strengths of youth small retail businesses were the same ( $P > 0.05$ ).

The KMO for the factor structure was (0.526), Bartlett's Test of Sphericity (264.853) and significance ( $P < 0.00$ ). The KMO was above the minimum of 0.5, and thus PCA was considered appropriate for the selected variables. The scree plot diagram showing the four extracted factors is presented in Figure 4.4.

## 4.7 Discussion of Results

### 4.7.1 Threats to youth small retail resilience

The aim of this section was to identify the major resilience threats that weaken youth-owned small retail business resilience. Poor infrastructure was one of the major threats to youth retailers. This was in line with findings by Kirubi (2006) that poor infrastructure threats such as communication networks and roads were disrupting small business growth in rural Kenya. Lack of infrastructure was also a major hindrance to small business growth in Sri Lank (Deineger *et al.*, 2007). In rural areas of Kwazulu Natal, the main infrastructure challenges were related to lack of roads and communication networks (Lekhanya *et al.*, 2013). Distinctively, the current study established infrastructure threats related to improper business structures. This increased vulnerability to destruction by heavy rains, winds and even criminal activities.

**Table 4.6 Factor loadings and communalities based on a Principle Component Analysis with Varimax rotation (N = 255)**

Description of variable	Factor 1	Factor 2	Factor 3	Factors 4	Communalities
	Marketing capacity	Customer care	Business knowledge	Commitment	
Ability to communicate in the local languages	0.737				0.575
Having a large pool of customers who buy frequently	0.653				0.448
Rich social networks			0.502		0.634
Good customer relations		0.685			0.583
Ability to make quick decisions timely		0.618			0.588
Situated in a busy area					0.379
Having business mentor			0.737		0.589
Strong business knowledge/background			0.726		0.595
Ability to save money				0.679	0.466
Being passionate about the business				0.669	0.631
Opening business every day				0.501	0.517
Eigen values	1.866	1.586	1.329	1.224	Total
% of variance	16.97	14.42	12.08	11.13	54.59

Factor loadings < 0.40 were suppressed

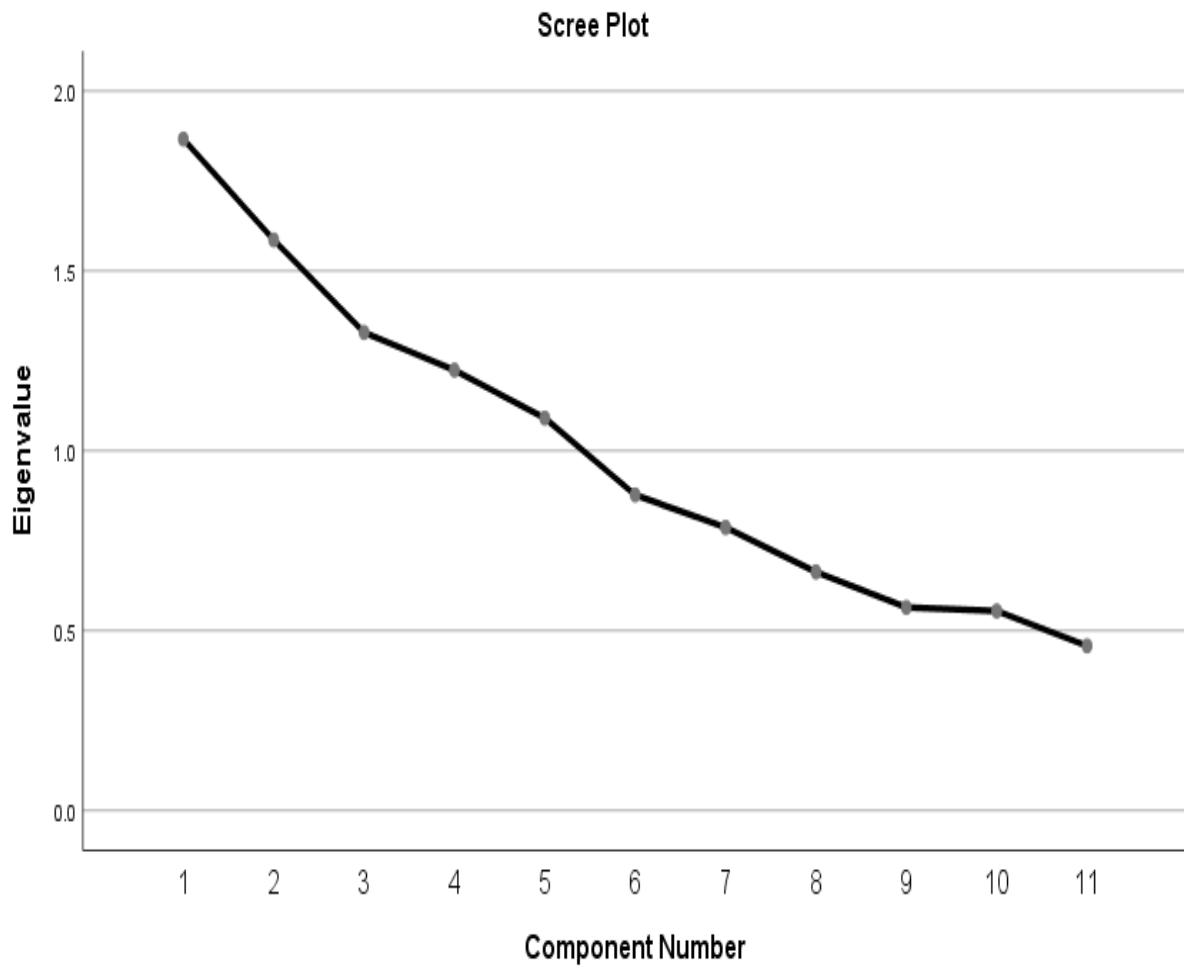


Figure 4.4 scree plot diagram for four factors extracted (marketing capacity, customer care, business knowledge and commitment)

In line with Ahmam & Xavier (2012) findings, lack of financial resources also posed a serious threat to survival and growth in Vhembe District. Furthermore, Hussain *et al.* (2010) laments the impact of inadequate finances to small retail business success especially in developing communities. In the case of youth small retail businesses, lack of access to financial credit, low profitability, poor financial management and paying for municipal obligations were the major sources of financial instability. Charman (2012) correspondingly highlighted that spaza shops do not implement basic financial practices such as keeping records. Financial information enables the owner to understand growth trajectories and invest wisely. Thus, youth small retail businesses may continue to fail if remedial measures that enable efficient and effective financial management are not sought.

There was stiff competition in areas within 10 km of the urban centre as compared to rural areas. Schmidt *et al.* (2007) and Coca-Stefaniak *et al.* (2010) similarly reported a decline of retail SMMEs both in Europe and the USA due to increased competition from larger retailers. The encroachment of large retailers into niche areas that were traditionally served by small retailers account for the increased competition (Schmidt *et al.*, 2007). The combined effect of changing customer preferences, increased disposable income and mobility allow customers to shop away from their neighbourhood, hence limiting small retail business to the poorer consumers (Schmidt *et al.*, 2007). According to UNDP (2007), Competition in the informal sector is extremely hostile and driven by aggressive pricing strategies. In the study area, competition was mainly caused by the overcrowding of many small shops offering the same line of products in one location. However, competition for customers was low in areas situated beyond 10 km of the urban areas. This was a result of the low concentration of retail shops in most rural communities of the District. Distinctions in the identified threats confirms propositions by Hartnack & Liedman (2016) that retail businesses experience either covariate or idiosyncratic challenges.

Poor infrastructure and financial inadequacy were homogeneous in both rural and urban areas. This partially confirms findings by Fatoki & Garwe, (2010); Cristina *et al.* (2014) and SEDA (2016) that financial inadequacy collectively threaten small business survival and growth in South Africa. Although Mustafa (2009) and Wood & Reynolds (2012) illustrated major distinctions between some challenges faced by small business in urban and rural areas, this study established that financial and infrastructure challenges are the same particularly in small towns. However, the fact that the comparisons were made between small urban areas and rural communities might account for the distinctions in the findings. Therefore, it can be concluded that small retail businesses in both rural and small towns are similarly vulnerable to financial and poor infrastructure threats.

#### 4.7.2 Composition of small retail ownership

The majority of small retail businesses in Vhembe District were owned by foreign nationals particularly, Somalis and Ethiopians. Basardien *et al.* (2014) similarly highlighted that many operators of small retailing business in South Africa are from foreign countries such as Somalia and Ethiopia who seemingly have superior business strategies than the locals. Basardien (2014) also emphasised that the informal economy is dominated by foreign nationals such as Pakistanis, Chinese, Somalis and Zimbabweans. Charman *et al.* (2011) adds that foreign-owned spaza shop owners particularly Somalis are more resilient while locals are mainly survivalist operators. The large number of foreign nationals in the small retail sector reflected their business superiority as compared to locals. It was also apparent that, while foreign youth small retailers considered business as a viable source of income, most locals regarded it a means of survival while they wait for a formal job. This might illustrate why few local youth venture into small retail businesses.

It was also observed that only few young women were involved in small retail businesses as compared to men. This confirms propositions by Hazudin *et al.* (2015) that the challenges for small retail businesses are influenced by gender distinctions. Women involvement in small retail business is often determined by family needs and child support (Hazudin *et al.*, 2015). In the context of the present study women involvement in business was hampered by patriarchal beliefs that reinforces the domination of men in business operation. In most cases, women were mainly involved in small scale hawking and road side trading of fruits than in spaza shop operation.

#### 4.8 Youth Small Retail Business Strengths

Four main strengths of youth-owned small retail businesses were identified. The major strength was marketing prowess. To this effect, strategic locations in busy areas and eloquent communication in local languages were some of the marketing strategies utilised by youth small retailers. Proximity and close interactions facilitated strong relationships between small retail owners and their customers. Dabson (2003) also hint that the resilience of small retail businesses in rural communities largely depends on the ability to persistently seek suitable markets. More so creating a close relationship with the local market provides a competitive advantage. Consequently, entrepreneurs that are capable of finding gaps and adapt to market changes tend to be more resilient (Steiner & Cleary, 2014).

Customer care was a key component of success for youth small retail businesses. In support of this view, Grewal *et al.* (2010) notes that the ability to retain customers indicate the

responsiveness of a retailer to market dynamics. For youth retailers, customer relations were built through providing credit, reducing prices and supporting local events. This facilitated the development mutual trust and reciprocity.

Business knowledge was also singled out as a critical component for attaining sustainability. Heartnack & Leademan (2016) reports a close relationship between small business success and business knowledge in Delft South. The main sources of knowledge for youth retailers included strong business background, rich social networks and business mentorship as opposed to traditional formal training. Strong business background inculcated practical experience required to operate business with little available resources. Jones (2005) suggests that extensive social networks boost reciprocity and support for business during crisis. Ethiopians and Somalis were seemingly more experienced and connected than local retail owners. This enabled them to cooperatively operate their business at a low cost through associations. Likewise, Liedeman (2013) suggest that foreign nationals' small businesses thrived due to their effective social networks as compared to South African owned businesses.

#### **4.9 Conclusions**

The aim of this chapter was to identify the major threats to youth-owned small retail business resilience as well as strengths. Three major threats that included poor infrastructure, competition and financial inadequacy were established. As a result, any initiatives for strengthening youth small retail business resilience should address the three threats in Vhembe District. Homogeneity in the severity of poor infrastructure and financial inadequacy was observed across the District. As such, attempts to deal with these challenges should not consider geographical differences within the study area. However, competition varied significantly with distance from the urban area. The variation is most likely to influence resilience response mechanisms in either urban or rural areas. The identified threats were mainly localised and reflected imbalances in business support to small towns and rural communities. This reflected that, small retail support agents should be guided by a clear understanding of local threats if their efforts are to bear any fruits

Despite the existence of threats, youth small retailers possessed distinct strengths. The main strengths included marketing ability, good customer care, business knowledge and commitment. Conclusively, youth small retail business strengths were closely aligned to the nature of their business. Further strengthening of the identified aspects is necessary for enhancing resilience in the sector. The threats for small retail businesses identified in this chapter informed the

development of the contextualised criteria that consisted of building blocks for measuring resilience as illustrated in the next chapter.

## CHAPTER 5 CRITERIA FOR MEASURING THE RESILIENCE OF YOUTH SMALL RETAIL BUSINESSES

### Abstract

High failure rates among youth small retail businesses has prompted the need for strengthening resilience in the sector. This facilitate a shift from just identifying business challenges to finding appropriate ways of measuring the ability of businesses to withstand threats. To date, there are no clear frameworks that provides the pillars to consider when measuring small retail business resilience. Thus, the current study was aimed at developing criteria for use in determining youth small retail business resilience. An exploratory mixed study approach was followed (qualitative and quantitative methods). Snowball and cluster sampling procedures were utilised to select respondents. Data were collected using semi-structured interview guides and close ended questionnaires. Qualitative data was analysed using the Atlas ti version 8 software network techniques while SPSS version 25 techniques were utilised to generate quantitative results (descriptive statistics, Principal Component Analysis and Kruskal-Walis test).

Qualitative results demonstrated attributes that were related to threat detection (monitoring changes in transport cost and monitoring changes in demand), threat prevention (reinforcing premises with burglar bars and safekeeping money) and threat adaptation techniques (marketing strategies, outsourcing techniques and innovation strategies). The attributes were further subjected to a broader quantitative investigation in order to develop a criteria for measuring youth small retail business resilience. Principal Component Analysis outcomes revealed a six factor structure that explained a total variance of 66.67 %. As a result the criteria for measuring resilience comprised six components that included security measures (18.01 %), outsourcing abilities (13.70 %), marketing strategies (10.07 %), risk management (8.43 %) and innovation (7.89 %). The six pillars of the criteria were utilised to further develop time specific indices that were expressed in the following formula:  $R_1 = f(SM_1, OA_1, MS_1, RM_1, FM_1, I_1, S_1) + e$ . Therefore, the resilience of youth-small retail businesses can be assessed based on the six pillars on the right side of the equation and other subjective attributes ( $S_1$ ) at a particular time. The current study provided a framework that can be used to determine key resilience building blocks of youth small retail business at a particular time. The framework can assist small retail business development agencies to ascertain appropriate resilience attributes and track changes in the long run.

**Key words:** Criteria, indices, measuring, resilience, small retail business, spaza shop, youth

## 5.1 Introduction

The small retail business resilience concept is on course from a scientific niche to wide operational application. The current turbulent environment in both world and local economies has increasingly prompted the need for research on business resilience (Sanchis & Poler, 2014). Against this background, measuring resilience has progressively become a key component of small retail business development. However, generic approaches for measuring business resilience are non-existent (Erol *et al.*, 2010; Sanchis & Poler, 2014). Neither is there criteria for measuring small retail business resilience. Yet, Dalziel & McManus (2004) argues that measuring resilience is a critical requirement for achieving sustainability within the business sector. Existing approaches for measuring resilience in business and other fields seem to be sectorial based. As a result developing tools that measure resilience in specific local areas rather than applying umbrella criteria is important. This is due to the heterogeneity of threats and local drivers of resilience. Contextualised criteria for measuring resilience allows for comparisons and classification of resilience in different sectors and localities (Erol *et al.*, 2010). The aforesaid facts prompted the need for developing criteria for measuring resilience primarily focusing on youth-run small retail businesses in Vhembe District.

Broad key approaches to measuring resilience in reviewed literature include, but are not limited to, measuring resilience against the disruptive event (Hollnagel *et al.*, 2006); the systems view (Dalziel & McManus, 2004); measuring resilience as a continuous process (Wreathall, 2006) and measuring resilience using adaptive capacity and time dimension (Woods & Hollnagel, 2006). Worth noting is the fact that, these approaches were primarily designed to guide resilience studies for large businesses and organisations, thus their application to small retail businesses is questionable. Firstly, they assumed that there are generic elements of resilience that can be used for all businesses without factoring in the heterogeneity in size and capacity. Secondly, almost none of them have reference to small retail businesses situated in remote and marginalized communities. The geographic location of businesses influences both the nature of threats and adaptation capacities. In this regard adaptation strategies for businesses in urban developed economies may vary from those that are appropriate in remote and resource constrained areas. As a result the current study sought to establish resilience pillars in small urban areas and rural communities.

The process approach proposed by Wreathall (2006) is more relevant to studies on small retail business resilience. The approach illustrate that resilience is a process that span from pre-event

to post events. Therefore, understanding the threat detection, prevention and adaptation techniques is critical in formulating resilience performance measures. Westrum (2006) further categorize disruptive events based on their predictability, potential to disrupt a system and whether the disruption is internal or external. This approach is comprehensive in that it assumed that resilience related actions can occur proactively, concurrently or as a response to a disruption that has already happened (Hollnagel *et al.*, 2006). Likewise, the ability to understand the past, present and future relationships between the threats and their responds can enable small retail businesses to determine the required resilience attributes. This is in line with Hamel & Valikangas (2003) suggestion that businesses should focus on continuously anticipating and reacting to deep, secular trends that can permanently damage the earning prowess of the core enterprise. Sancis & Poler (2014) also emphasised the significance of understanding, assessing and analysing the factors that affect enterprise resilience.

The value tree method of the multi-attribute utility theory was also adopted in this study. The value tree enables the dissection of complex objects of operational resilience into attributes. In this case, various tasks performed by small retail businesses in order to maintain resilience are regarded as the attributes. The method assumes that attributes measures resilience performance. This way resilience can be measured using attributes as the performance measures (Stolker *et al.*, 2008). Assigning weights to attributes allows for prioritization. Resource allocation in youth small retail businesses can, therefore, be based on priorities of attributes that contribute most to resilience. These views necessitated the development of resilience indices in this chapter.

## **5.2 Results**

### **5.2.1 Respondents biographical information**

The biographical information of respondents were described in Chapter four (Section 4.2.1; Table 4.1)

### **5.2.2 Attributes of Resilience**

This section provide a detailed presentation of resilience attributes that were obtained through qualitatively methods. The attributes were categorised into three major business resilience capacities that encompassed detection, prevention and adaptation mechanisms. Figure 5.1 shows threat detection and prevention techniques reviewed by respondents.

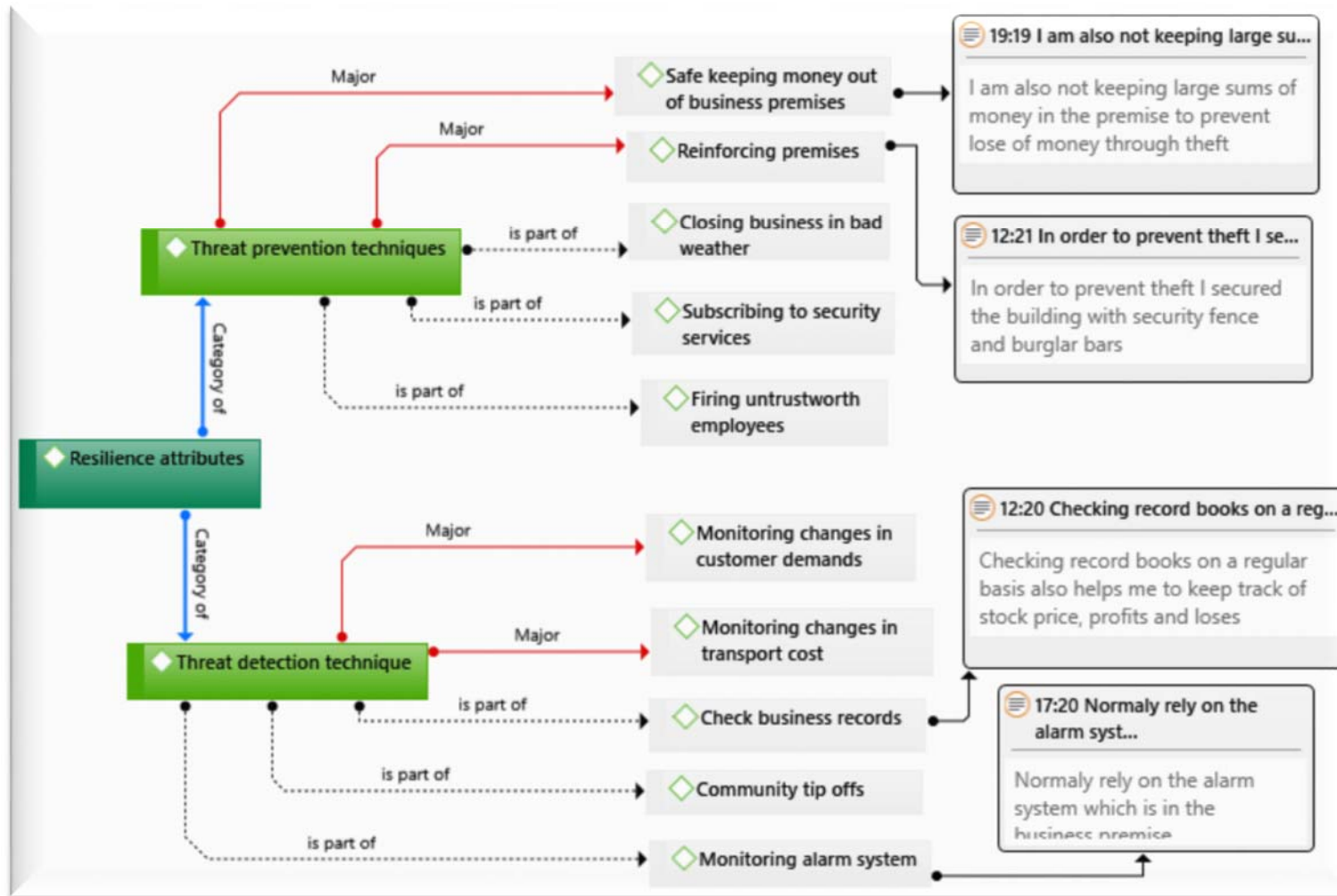


Figure 5.1 Network diagram showing threat detection and prevention resilience attributes of youth small retail businesses

The distinct attributes of resilience were discussed under each capacity in the following sub-sections.

### **5.2.3 Threat detection techniques**

#### ***Monitoring changes in customer demand***

Results revealed five major threat detection techniques that were utilized by youth small retailers. Figure 5.1 shows that the majority of participants (13) relied on monitoring changes in customer demand. This was done through informal customer surveys and observations. Consequently, changes in any of the trends would prompt simultaneous action in order to avoid losses. Results also indicated a preference for monitoring changes in transport price hikes. This simultaneously informed product pricing. The technique was cost effective and relevant to the local business dynamics. Below are some of the verbatim words by selected participants who articulated the above facts:

*“You see when I want to see what customers like, I just talk to them especially youth when they are buying. That way they will tell me the truth as a brother.”*

*(Ethiopian youth retailer)*

*“They normally ask us what we want and they try to stock according to our needs, for example nowadays our local retailer sales ice cream and cold drinks because it’s hot and people want those things”.*

*(Customer group four)*

#### ***Monitoring business records***

It was also indicated that youth small retail businesses detected financial related threats through checking business records. This assisted in identifying anomalies such as loss, internal theft by employees and shoplifting. Records were also critical for tracking the past as well as enabling future business projections. However, only a minority were keeping records. This was reportedly due to either lack of knowledge or interest.

Alternatively other (five) youth small retailers relied on community tip offs in order to detect issues such as the prevalence of criminal activities and customer dissatisfaction and loss of customers to other retailers. There were no clear distinctions among businesses in both town areas and

peripheral areas. However, retailers utilized different techniques based on the availability of financial resources as well as necessity.

### ***Monitoring security alarms***

High risks of theft in the area necessitated the need for taking security measures in order to detect related threats. This included securing premises with burglar bars and installing functional alarm systems. The technique was noted mainly by Ethiopian and Somalian retailers who were in business for more than two years.

*“I am always living in fear here my brother, these criminals sometimes come and clear all the shelves at night since the building is not so secured and isolated from other buildings. I had to put an alarm in order to know if there is something suspicious on the premise”.*

*(Somali youth retailer)*

### **5.2.4 Threat Prevention Techniques**

Threat prevention methods that were utilized by youth small retailers are presented in this subsection. As shown in Figure 5.1 the common preventive measures were related to combating crime. Seven youth retail owners illustrated that reinforcing premises with burglar bars helped to reduce theft. Others (seven) highlighted that depositing cash in based provided financial security against theft. Three groups of customers also suggested the need for safeguarding business premises in order to prevent crime. The presented view is well articulated in the following statement.

*“I recently put some burglar bars and fence on my business premise because it was so easy for criminals to break in. Ever since the break in problem is better”.*

*(Zimbabwean youth retailer)*

Subscription to security services such as Data Response Security (DRS) was also viewed by some as an effective way of guarding premises against criminal activities. The technique was reportedly useful in areas that were near the urban area where these security services were based. In cases where employees were perpetrators of criminal activities, some (two) youth retailers resorted to dismissal as punishment and remedy to avoid further loses. Though dismissal of employees would temporarily eliminate the problem, keeping reliable records was a more reliable preventive measure to theft by employees.

A minority of the owners preferred hiring security guards to look after the premise especially at night. However, in some instances security guards were collaborating with criminals and facilitate theft on the premises they guard. This deterred most businesses from hiring security guards. Below are verbatim words of one of the participants in articulation of the above view:

*“Because thieves were breaking in I just had to put a security fence and strong burglar bars in order to make it difficult for them to break in. sometimes it helps sometimes they find a way”.*

*(South African youth retailer)*

### **5.2.5 Adaptation Techniques**

#### ***Marketing related techniques***

Figure 5.6 illustrate the adaptation resilience techniques utilised by youth small retail businesses. The majority of youth retail owners (18) recognised the significance of meeting customer demands as a strategy to create a competitive advantage against large retail shops. This was achieved through provision of seasonal products and variety. For instance, during harvest time items such as mealie-meal were reportedly not in demand. It was, therefore, not necessary to stock such items. Competition was also addressed through aggressive price reduction strategies. The affordability of products attracted more customers and thus, enabling quick returns. Price reduction techniques were normally practised by Somalians and Ethiopians. Bulk buying permitted these nationalities to reduce price and still gain profits. One of the participants said the following:

*“If you want to survive the competition around this place you need to provide what customers need, for example I started selling sugar in very small sachets because customers could not afford buying packed 2 kg”.*

*(Somali youth retailer)*

All respondents anonymously revealed that building and maintaining good customer relations was a vital ingredient for enhancing small retail business resilience. Results from citizen juries also demonstrated the same views. The provision of credit to honest customers was also vital for retaining loyal customers. However, building customer relations was presumably more valued in the urban peripheral areas.

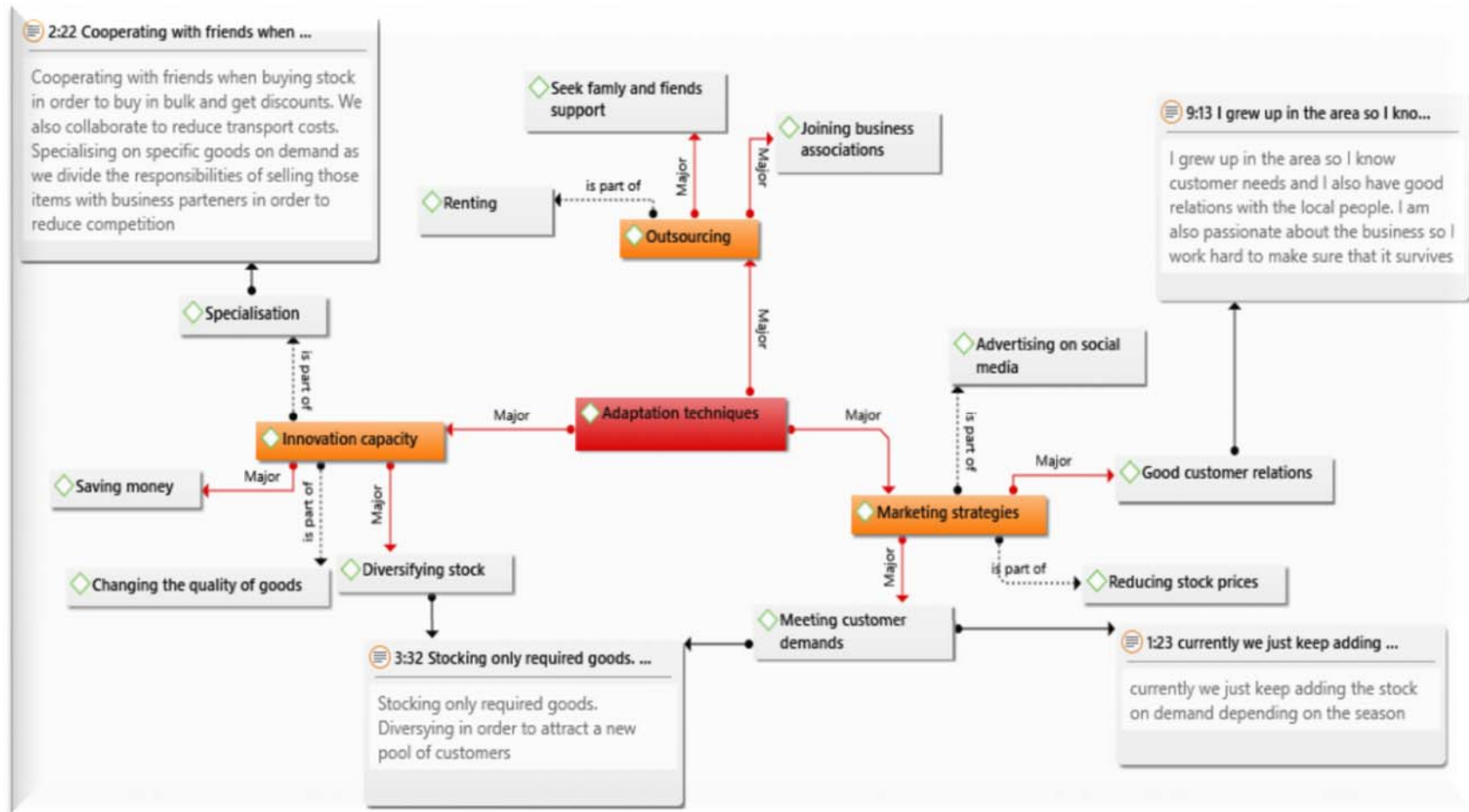


Figure 5.2 Network diagram of adaptation resilience drivers of youth small retailers

Societies in the peripheral areas were normally driven by the sense of togetherness as typified by the notion of extended families, while this was not so common in urban areas. Below are selected quotations that supported the presented facts:

*“Customers are our bosses so in order to attract more customers we need to please them through various ways”.*

*(Ethiopian youth retailer)*

*“We have a very good bond with our local retailers, they sometimes give us credit, and even when there are funerals they sometimes attend so we are one family”.*

*(Customer group four)*

### ***Innovation techniques***

Small retail businesses also applied innovative techniques to enhance their resilience. Specialization was a common form of innovation among foreign nationals. It entailed sharing responsibilities to sale key products as sale boosters. For instance among three businesses in an area, while one stocking sugar another one would sell cooking oil. Each would then stock all other items and the key product to attract customers and increase sales. This was a method of reducing competition among businesses in the same area. The use of alternative power sources such as gas and solar power was also paramount for reducing electricity bills. Two groups of customers and four retail owners illustrated the significance of utilizing alternative power sources.

Provision of stock diversity was another innovative initiative noted by eight retailers. Four groups of customers also echoed the same sentiments. Diversification of stock was informed by customer requests. For instance, some businesses had introduced catering in order to provide hot food stuffs for their customers upon request. In addition, changing the quality of products was also recommendable for attracting customers in a highly competitive environment. The above noted facts are illustrated in the quotation below:

*“You need to stock various stock because people nowadays prefer different items and if you don’t have them you will lose customers”.*

*(South African retailer)*

## **Outsourcing**

Results revealed five main outsourcing techniques. These included, joining informal associations, renting business premise, borrowing money from colleagues and buying in bulk. The majority (17) of interviewed owners and three groups indicated that joining business associations was a multi-dimensional adaptation technique. Associations were utilized to buy in bulk, share ideas as well as a platform for borrowing money in the event of financial problems. The informal arrangements also led to the formation of lasting business networks. It was apparent that Somalian and Ethiopian retailers were relying much on collaborations in order to be resilient than other interviewed youth small retailers. In support of this view, one participant said the following words:

*“Because we come from the same country and face the same financial challenges, we rely on collaborations in order to survive in business. Besides I was taught by my uncle who also helped me to establish a shop in South Africa”.*

*(Ethiopian youth retailer)*

Borrowing colleagues' vehicles and public transport were also vital ways of managing the transportation challenge. However, constant increase of transport costs were reducing the profitability of business, thus rendering the adaptation technique less effective. This view mainly emanated from businesses that were far from the urban area.

*“These youth normally help each other with bakkies when they are going for orders in town, we don't know if it's expensive”.*

*(Customer group two)*

Due to lack of personal business premises, most of the youth small retailers were renting. The majority of participants who cited this fact were foreign nationals who did not have any land. As a result they had to rent existing premises in order to operate their businesses. However, high rentals were hampering business growth and resilience especially in areas near the urban areas. This forced some of the owners to move to the urban peripheral areas where rentals were affordable. In this respect, infrastructural improvements may increase resilience of youth retailers.

### **5.3 Cross-sectional survey results**

#### **5.3.1 Respondents biographical information**

The survey consisted of the same respondents presented in section 4.6.1

### **5.4 Criteria for Measuring Resilience**

The main aim of the study was to develop a criteria for measuring the resilience of youth-owned small retail businesses. Principal Component Analysis yielded a six-factor solution with a simple structure when items with loadings  $>0.40$  were extracted. As indicated in Table 5.1, the structure accounted for 66.67 % of the total variance. The scree plot diagram showing the six extracted factors is illustrated in Figure 5.2. The first factor was labelled security measures due to high loadings by three items (functional alarm systems, introducing anti-theft measures and procuring stock in bulk). The factor explained the highest variance of 18.01 %. The second factor explained a variance of 13.70 %. It was named outsourcing abilities due to high loadings by two items (Renting business premise and joining business associations).

The third factor was named marketing strategies because of high loadings by items such as carrying out customer satisfaction surveys and careful business planning. Marketing strategies explained a variance of 10.07 %. The fourth factor was categorised as risk management and it explained a variance of 8.54 %. The items that loaded on the factor included reducing stock price and closing business when it is raining.

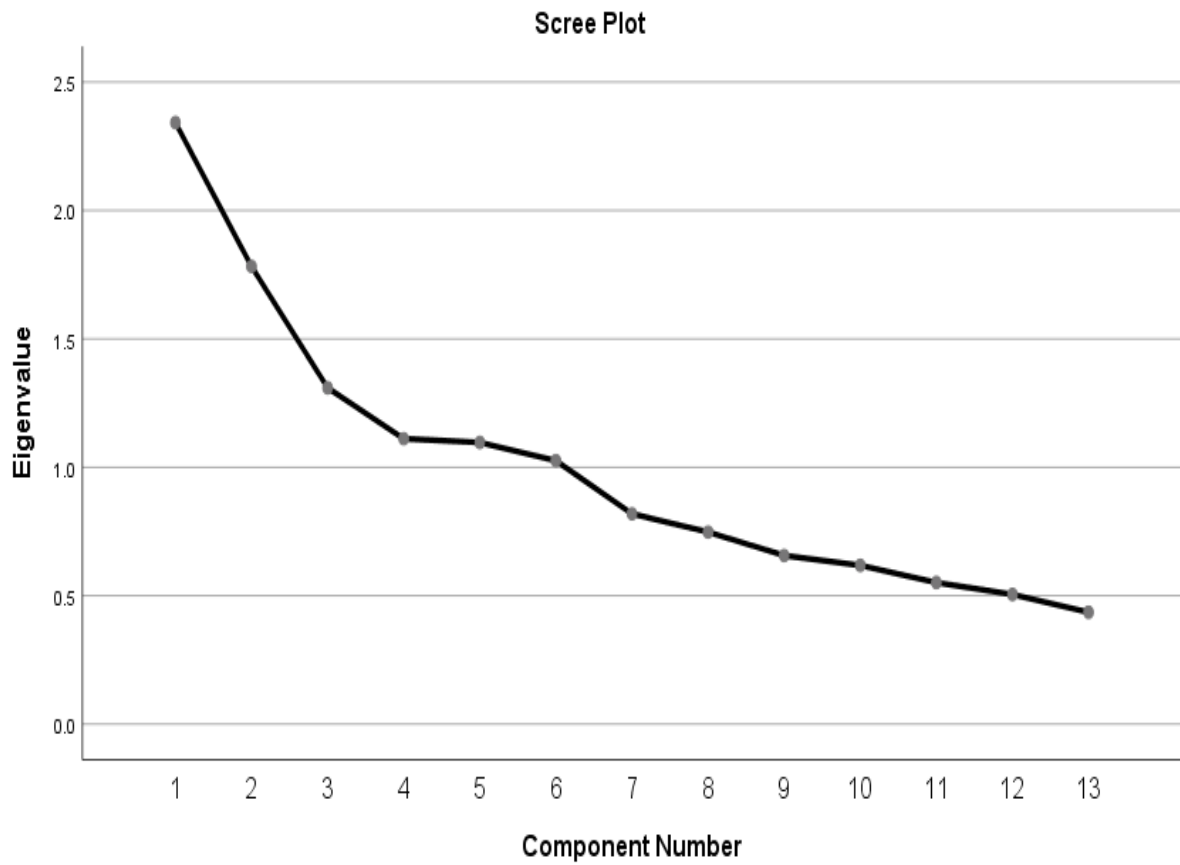
The fifth factor was named financial management due to loadings by two items (keeping money away from business premise and maintaining health relationships with customers). The factor explained a variance of 8.43 %. The last factor explained the least variance of 7.89 % and was considered innovation due to loadings by two items (diversifying stock, improvising ways of tracking changes in stock price). Resilience is, therefore, a function of six attributes (security measures, outsourcing abilities, marketing strategies, financial management skills, operational management and innovation). The resilience elements were related to threat detection, prevention and adaptation attributes of business operations.

As indicated in Figure 5.2, The Kaiser-Meyer-Olkin of sampling adequacy for the PCA test was 619; Bartlett's test of sphericity approximately (393.47) significance (0.00). In this regard PCA was considered appropriate for the variables tested.

**Table 5.1 Factor loadings and communalities based on a Principal Component Analysis with Varimax rotation (N = 255)**

Items	Factor 1 Security measures	Factor 2 Outsourcing abilities	Factor 3 Marketing strategies	Factor 4 Risk management	Factor 5 Financial management	Factor 6 Innovation	Communities
Functional Alarm system	0.773						0.632
Introducing anti-theft measures	0.764						0.602
Procuring stock in bulk	0.659						0.548
Renting business premise		0.838					0.763
Joining business associations		0.713					0.653
Careful business planning			0.810				0.750
Carrying out customer satisfaction surveys			0.677				0.619
Reducing stock prices				0.781			0.767
Closing business during rain and heavy winds				0.719			0.709
Keeping money away from the business premise					0.837		0.709
Maintaining health relationships with customers					0.558		0.519
Diversifying stock						0.849	0.769
Improvising ways of tracking changes in stock price						0.640	0.626
Eigen values	2.342	1.782	1.309	1.111	1.097	1.026	(Total)
% variance	18.01	13.70	10.07	8.54	8.43	7.89	66.67

Factor loadings < 0.40 were suppressed



**Figure 5.2 Scree plot diagram showing the six extracted factors (security measures, outsourcing abilities, marketing strategies, risk management, financial management and innovation)**

**Table 5.2 KMO and Bartlett's Test results**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.619
Bartlett's Test of Sphericity	Approx. Chi-Square	393.478
	Df	78
	Sig.	.000

Communalities for the items were also relatively high with the lowest being 0.519 (maintaining health relations with customers). Higher communalities indicated that the variables chosen for analysis were strongly related to each other.

### **5.5 Indices for measuring youth small retail business resilience**

The indices developed in this study were an extension of the criteria for measuring resilience. The indices were developed from the six components of the criteria and related variables.

The indices provided the values/scores of each sub-component in relation to separate resilience building blocks in the criteria. This provided a foundation for prioritisation of the subcomponents based on their value when determining the resilience of small retail businesses. The resilience indices were developed using weighted/factor scores from PCA. The variance explained by the six resilience components in the criteria was used to determine the indices sequence of order. Table 5.3 illustrate the indices for measuring small retail resilience and the factor scores for each sub-component.

Variables with high and positive factor scores in relation to any of the six resilience components were associated with high small retail business resilience status. Contrastingly, variable with negative or low scores were associated with low resilience status. In this regard, variables with positive scores in one dimension were negatively associated or had very low scores in other dimensions and each subcomponent was only associated with one resilience component. With regard to security measures, businesses that had a functional alarm system (0.773) and anti-theft parameters (0.764) like fence and burglar bars were regarded as more secure. Procuring stock in bulk (0.659) was also linked to procurement security measures. Generally, youth small retailers who undertook all the three security measures were regarded as more resilient in relation to security.

With regard to outsourcing abilities, renting business premise (0.838) and joining business collaborations (0.713) were the key subcomponents for determining small retail business resilience capacities. Joining business associations was associated with high social networks, high probability of obtaining assistance in times of crisis and idealistic diffusion. This provided youth small retailers with viable locally based external support networks. Renting business was also feasible for small retailers than purchasing own premise given their limited capital.

**Table 5.3 Indices for measuring small retail business resilience**

<b>Resilience dimension</b>	<b>Factor loadings</b>	<b>Factor scores</b>	<b>Proportion of variance (%)</b>
<b>Security measures</b>	Functional Alarm system	0.773	18.01 %
	Introducing other anti-theft measures	0.764	
	Procuring stock in bulk	0.659	
<b>Outsourcing abilities</b>	Renting business premise	0.838	13.70 %
	Joining business associations	0.713	
<b>Marketing strategies</b>	Careful business planning	0.810	10.07 %
	Carrying out customer satisfaction surveys	0.677	
<b>Risk management</b>	Reducing stock prices	0.781	8.54 %
	Closing business during rain and heavy winds	0.719	
<b>Financial management</b>	Keeping money away from the business premise	0.837	8.43 %
	Maintaining health relationships with customers	0.558	
<b>Innovation</b>	Diversifying stock	0.849	7.89 %
	Improvising ways of tracking changes in stock price	0.640	

Careful business planning (0.810) followed by carrying out customer satisfaction surveys (0.677) were the main components associated with marketing resilience. Careful business planning encompassed strategic business location, customer satisfaction, increasing customer sphere of influence and adaptation to customer needs. Customer satisfaction surveys that were critical to youth small retail businesses included informal observations, conversations with customers and community tip-offs.

Stock price reduction (0.718) and closing business during rain and winds (0.719) were the main sub-components associated with risk management. Reducing stock prices helped to fend off competition, increase sales and thus improving business resilience in the long run. As such, small retailers who embraced stock price reduction strategies gained competitive advantage and were more likely to be resilient. Closing business during heavy rains and wind helped to prevent damage to stock. This was a key risk management technique given the fact that, most of the small retailers were operating from poorly constructed structures.

With regard to the financial management dimension of resilience, two performance measures were critical. Safekeeping money away from the business premise (0.837) was highly associated with small retail business resilience. This sub-component entailed the adoption of financial safety measures such as banking, investment and record keeping. Youth retail owners who kept keep finances away from premise were, therefore, possessed high resilience potential. Maintaining health relationships with customers (0.558), was lowly associated with financial management. However, maintaining customer relations enabled businesses to increase sales and financial income. As a result it can be determine the financial resilience of youth-owned small retail businesses.

Innovation abilities can also determine the resilience of youth small retailers. Results indicated that diversifying stock (0.849) scored high with regard to innovative capacities. Retailers who provide a range of stock in terms of quantity and quality were more likely to be resilient than those who provided one line of product. Besides stock innovations, Improvising ways of tracking changes in stock price (0.640) was also relatively associated with resilience capacity. Tracking changes in stock prices informed procurement decisions and price negotiations thus influencing profits. Innovation also encompass, technological advancement and advertisement creativity. Overall, the more dimensions a youth small retail business have the more resilient it becomes at a particular time. Note that, some of the elements of resilience from the qualitative outcomes did not constitute the indices. The fact that they reflected individual perceptions rather than wide

views of youth small retailers accounted for this. However, these subjective resilience elements are critical as they determine the adoption of resilience actions for individual businesses from time to time.

Based on the six objective dimensions of resilience presented above and the potential subjective elements, small retail business resilience indices can be illustrated in the following formula:

$$R_t = f(SM_t, OA_t, MS_t, RM_t, FM_t, I_t, S_t) + e$$

Where R is resilience,  $f$  is the function; SM, Security Measures; OA, Outsourcing Abilities, MS Marketing Strategies; FM, Financial Management skills; OM, Risk Management, I; Innovation, S= Subjective dimensions,  $t$ = particular time. The assumption is that, small retail resilience is not observable and its dimensions are also latent variables. As such, small retail business resilience can be determined by assessing a single dimension at a particular time.

## 5.6 Comparison of Resilience Dimensions Based on Distance from the Urban Area

The purpose of this section was to test if variables of the six resilience dimensions of the criteria were the same across distance variations from the urban area. The aim was to determine rural-urban distinctions among the six pillars of resilience. As indicated in Table 5.4, results from Kruskal Wallis test indicated that four resilience dimensions (security measures, marketing abilities, operational management and innovation) were similar across distance variations from the urban area ( $P > 0.05$ ). The mean rank values ( $X^2$ ) for these variables were also relatively within the same range suggesting no significant differences. However, significant differences across distance were reflected in two variables, that is, joining business alliances ( $P=0.012$ ) linked to the outsourcing abilities dimension and keeping money away from the business premise ( $P=0.034$ ) which was associated with the financial management dimension. Joining business associations was common in rural communities owing to the fact that the practice was a reserve for foreign nationals such as Somalians who operated in the urban outskirts. The need for ensuring financial safety was also more valuable in areas around urban areas where criminal activities were rife as compared to rural communities.

**Table 5.4 Mean ranks for distance categories**

Common theme	Variable description	Distance from urban area (km)						X <sup>2</sup>	P
		0-10	11-20	21-30	31-40	41-50	51-60		
Security measures	Functional Alarm system	115.83	134.64	135.50	137.48	139.52	111.98	5.846	0.321
	Introducing anti-theft measures	113.71	124.70	131.81	139.95	147.77	140.02	7.680	0.175
	Procuring stock in bulk	123.01	142.03	123.89	131.12	123.85	119.12	3.387	0.641
Outsourcing abilities	Renting business premise	124.65	121.46	146.84	121.64	126.65	128.43	5.549	0.353
	Joining business associations	136.33	105.00	123.50	141.70	156.02	112.31	13.224	0.021
Marketing strategies	Careful business planning	120.24	142.84	130.52	120.88	105.19	150.50	9.055	0.107
	Carrying out customer satisfaction surveys	136.87	134.08	117.61	109.12	117.21	143.47	7.348	0.196
Risk management	Reducing stock prices	135.28	125.89	125.06	127.18	113.29	130.81	2.258	0.812
	Closing business during rain and heavy winds	142.06	123.54	116.94	125.18	119.73	124.83	4.996	0.416
Financial management	Keeping money away from the business premise	120.60	139.75	130.18	102.06	132.54	156.19	12.053	0.034
	Maintaining health relationships with customers	122.99	145.06	132.50	108.45	112.00	142.07	9.867	0.079
Innovation	Diversifying stock	120.44	119.68	131.66	136.11	143.83	138.81	4.467	0.484
	Improvising ways of tracking changes in stock price	122.51	121.41	136.02	143.24	117.21	136.52	4.768	0.445

## 5.7 Discussion of Results

### 5.7.1 Contextualised criteria for measuring small retail business resilience

The main objective of the study was to develop a criteria for determining the resilience of youth-run small retail businesses. The established criteria consisted of six resilience building blocks of that included security measures, outsourcing abilities, marketing strategies, risk management, financial management and innovation. Establishing resilience pillars fulfilled recommendations by Erol *et al.* (2010) that measuring resilience requires identification of the essential attributes of a business that contribute to its resilience.

The components that constituted the criteria from measuring youth small retail business resilience were distinct from other fields. For instance, the sustainable livelihood framework consists of six assets (financial, human, natural, physical, political, and social capital assets); Oxfam GB Multi-Dimensional Approach to Measuring Resilience (Oxfam GB, 2013) encompasses items such as Livelihood viability; Innovation potential; Contingency resources & support access; Integrity of natural & built environment; Social and institutional capability. The DFID Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) projects (DFID, 2011) consist of 3 “A”s (Anticipatory capacity, adaptive capacity, absorptive capacity and transformation) and The Retail Resilience Criteria Framework consist of adaptation capacities (Einstein, 2015). Distinctively, the criteria for measuring small retail business resilience developed in this study consisted of detection, prevention and adaptation capacities. This attest to the fact that, resilience building blocks are context based (FAO, 2012). Lisa *et al.* (2015) also add that the selection of indicators of resilience depends on what is being measured. This explains why there is no consensus on universal resilience measurement frameworks within and across fields.

The six pillars of the criteria are bound to change. Over time, business resilience can change either abruptly or gradually due to the existence of new or serious threats. In this case, a system can fail leading to major changes in performance with regard to some or all resilience performance measures (Melecký & Staníčková, 2015). Bene & Colleagues (2012) also highlights that the dynamism of resilience is influenced by socio-economic and environmental changes. Owing to this reason, regular assessment of youth small retail businesses is required in order to detect changes in resilience performance measures and make appropriate adjustments. However, the three fundamental capacities (detection, prevention and adaption) that constitute the criteria for measuring small retail business resilience does not change. This is in line with Westrum (2006) assumptions that small retail business resilience can be understood through assessing the

vulnerabilities and business response actions that allow for continuity without compromising normal operations. In the same line of thinking, Hamel & Valikangas (2003) suggests that businesses should focus on continuously anticipating and reacting to deep, secular trends that can permanently damage their earning ability. The six resilience pillars that constituted the conceptualised criteria for measuring small retail business resilience are discussed in the section that follows.

### **5.7.2 Six pillars of the criteria for measuring resilience**

Security measures constituted the first dimension of the criteria for measuring small retail business resilience. The component included adopting anti-theft measures such as alarm systems and effective community crime reaction strategies in order to timely detect crime. This was a responds to rampant criminal activities in the area. Lightelm (2011) simultaneously suggest that spaza shops should install burglar bars, alarm systems and surveillance cameras in order to minimize crime.

The second resilience attribute on the criteria was the outsourcing ability of businesses. Renting business premise and joining business alliances were the key outsourcing strategies for youth small retailers. Foreign youth small retailers utilised business alliances as they had more business networks than locals. In this respect, South African youth small retailers may adopt the same outsourcing abilities in order to strengthen their resilience prowess. they had strong outsourcing capacity Ghisi *et al.* (2008); Hernandez-Espallardo & Navarro-Bailon (2009) similiary highlights that retailers have sought to overcome resource challenges through joining strategic alliances. The alliances served as buying groups in order to reduce procurement and transportation cost as well as managing pricing in the same area. The choice of marketing strategies was also critical for achieving resilience. Marketing helped to increase customer base and sales in a competitive environment. Reijonen (2008) similarly emphasizes the need for small retailers to find innovative ways of marketing their products in order to remain relevant. Gunasekaran *et al.* (2011) also reiterates that small retail businesses generally require knowledge retention through strategic managerial thinking. Hence, small retail business resilience can be determined by the ability to develop external networks of support.

Financial management was also a critical pillar for small retail business resilience. It entailed developing saving techniques, financial access strategies, cash flow management as well as financial accountability parameters. A study on small businesses discovered that generating capital was one of the important determinants of sustainability for small businesses in general

(Beck & Demircuc-Kunt, 2006). Adoption of competitive pricing and promotion strategies as well as efficient future predictions mechanisms were also found to be relevant resilience mechanisms. The last building block of youth-owned small retail business resilience was Innovation. It which encompassed creative thinking in diversifying stock and supply chain creativity. Inventiveness enabled businesses to be unique, minimize cost, gain competitive advantage and utilize contemporary technology through utilising available resources. A separate study on rural small retailers also revealed that creative retailers revise their business to encompass multi-purpose retailing services in order to suit modern trends (Jones & Smith, 2000). This provides assurance for survival and elevate the relevance of small retailers to the community as a source of more than one necessity.

### 5.7.3 Resilience indices

The criteria discussed above informed indices for measuring youth small retail business resilience. The indices were developed using the weighted scores technique. Based on the six dimensions of resilience in the conceptualised criteria, the indices were expressed in the following equation:  $R_1 = f(SM_1, OA_1, MS_1, OM_1, FM_1, I_1, S_1) + e$ . Similar to suggestions by Vyas & Kumaranayake (2006), the indices were based on the premise that, small retail business resilience is not observable per se, and is considered a latent variable depending on the terms on the right-hand side of the equation. Therefore, to estimate R, it is necessary to approximate SM, OA, MS, RM, FM and I separately, which are themselves latent variables because they cannot be directly observed in a given survey, but it is possible to estimate them through multivariate techniques such as PCA. In this regard, youth small retail resilience cannot be measured as a single score. Bene & Colleagues (2012) criticised most character based most approaches for reducing resilience into a single score. Instead, Levine (2014) suggest the need for resilience measurement approaches to consider variations in opinion about the available alternative dimensions. The indices developed in the current study allows for consideration of alternative subjective and objective components based on prevailing conditions.

The resilience components and subcomponents contained in the indices are bound to change over time depending on the threats and respond options available to small retail businesses at a particular time. As such, it is critical to measure  $R_1$  in relation to a specific time frame. The fact that the pillars of resilience can change from time to time is in line with assumptions from The Food and Agriculture Organization of the United Nations' (FAO) resilience index and FAO's Resilience Index Measurement and Analysis (RIMA) (Alinovi *et al.*, 2010; FAO, 2012). However,

the distinction between FAO resilience index and those developed in this study was primarily on the proposed resilience capacities and dimensions. The FAO resilience index is based on physical dimensions that include income and food access; access to basic services; assets; social safety nets; climate change; and enabling institutional environment and capacity features (Alinovi *et al.*, 2010). Distinctively, the indices for measuring youth small retail businesses resilience were centred on threat detection dimensions (security measures); prevention capacities (financial management) and adaptation capacities (Outsourcing abilities, marketing strategies, risk management and innovation). Some of the dimensions can however, overlap and fit into any of the three categories of resilience capacities (threat detection, prevention and adaptation capacities).

The indices also encompassed subjective resilience dimensions ( $S_1$ ). Subjective resilience is related to dimensions that allow individuals to evaluate their own business capacities to handle future events (Maxwell *et al.*, 2015). These dimensions relate to personal perceptions about risk, motivations and personal aspirations with regard to resilience responses. The strength of the developed indices is that it recognized the significance of individual perceptions (subjective dimensions) that determine how individual businesses apply resilience actions. This fulfils Bene *et al.* (2016) recommendations that resilience should encompass both objective and subjective elements. Within the same line of thinking, Levine (2014) emphasizes the need for resilience assessment approaches to consider subjective resilience. In this respect, the developed indices were comprehensive in nature.

## 5.8 Conclusions

Results indicated that the resilience of youth owned small retail businesses is a function of six pillars (security measures, outsourcing abilities, marketing strategies, operational management, financial management and innovation). The elements encompassed in the criteria for measuring resilience were also closely linked to the prevailing threats. Therefore, the criteria for measuring small retail business resilience builds capacity in dealing with threats. The context based resilience building blocks in the criteria enhances the capacity of small retailers to manage risk over time, minimise vulnerability and the failure of interventions when future threats occur.

The criteria also built upon a clear understanding of sectorial and local based resilience dynamics. As such, it reflected on the reality on the ground regarding youth small retail business resilience drivers. Likewise, the developed indices reflected context based resilience components. As a

result, the criteria and indices best apply to youth small retail businesses particularly in rural areas and small towns. Based on these findings, adoption of resilience measurement approaches from other fields into the youth retail small business discipline may be misleading. Significant differences in opinions regarding resilience dimensions were identified for variables such as joining business associations and safekeeping of financial resources. The distinctions highlighted the need for considering the location of a business in relation to the nearest town when assessing resilience using the current criteria. Have presented a criteria for measuring resilience and indices, the following chapter contains currently applied and potential interventions for promoting resilience.

## **CHAPTER 6 CURRENT AND POTENTIAL STRATEGIES FOR ENHANCING THE RESILIENCE OF YOUTH-RUN SMALL RETAIL BUSINESSES**

### **Abstract**

Government and private sector generic interventions for promoting resilience in the small retail sector have experienced partial success. The high failure rates experienced by youth small retail businesses reflect the need for target oriented strategies that address sector and area specific challenges. The present chapter, therefore, focused on ascertaining current and potential interventions for addressing the threats identified in chapter 4. A qualitative approach was employed. Participants' were drawn from Thulamela municipality using both snow ball and cluster sampling techniques. Data were collected using semi-structured interview guides from individuals and citizen juries. Atlas ti version 7 software techniques (code primary document tables and networks) were utilised to analyse data. Results revealed current strategies that included business associations, specialisation, stock diversification and market research. Suggested interventions encompassed financial assistance, provision of cheap stands, provision of training and infrastructure upgrades. Therefore, government and private sector initiatives should be provided according to individual needs. This can only be achieved through the use of bottom up approaches that aim to understand area specific needs.

**Key words:** Current strategies, potential, resilience, small retail, youth,

## 6.1 Introduction

The South African developing economy has a fast growing informal sector. A recognizable part of the sector comprises home based grocery shops that provide basic foodstuffs that can only be found in distant supermarkets (Charman *et al.*, 2012). Pressure on jobs and inward migration of people from other countries have caused a sudden growth in the number of spaza shops in the country. It is estimated that spaza shops account for 2.7 % of retail trade, which is equivalent to approximately R8 billion per year (Charman *et al.*, 2012). Thus, spaza shops have a greater potential to create employment and reduce poverty in South Africa (Mulugeta, 2008). Due to this potential, academics public and private sectors are interested in building sustainability in the sector (Callaghan & Venter, 2011). The potential of small retail businesses also led to the establishment of government initiatives such as the Small Enterprise Development Strategy in South Africa (LEDA, 2013). The strategy mirrors one of the top-down government initiated strategies that yielded very little success on the ground. Generic application of the strategy without proper understanding of sector specific strategies nullifies its effectiveness. This prompts the need for contextualised strategies that are specific to youth small retail businesses.

Large entrance of people into the spaza shop business necessitates the need for owners to utilize unique strategies that promote resilience capacity (Hadebe, 2010). There is need for youth small retailers to strike a balance between remaining resilient and efficiently utilize limited available resources particularly in rural communities. To date, various strategies for small retail success have been suggested. Chebelyon-Dalizu *et al.* (2011) and Charman *et al.* (2012) indicate that spaza shops with good financial management practices such as record-keeping, cash books and inventory management were more likely to be sustainable in Khayelitsha, South Africa. Keeping financial records helps to monitor cash flow. Although this is the case, it is not clear whether youth small retailers embrace these strategies or utilize alternative practices. This prompted the need to search for financial management techniques that are utilised by youth spaza shop operators.

Business knowledge is also an important attribute for the success of spaza shops. Callager & Venter (2011) suggests that education levels directly impact decision making and innovation among spaza shop operators and entrepreneurs in general. Charman *et al.* (2012) adds that innovation enables shop owners to develop new ideas in various aspects such as marketing, technology and management. This implies that shop operators with business knowledge have the capacity to find ways of survival and sustainability. However, business training might not necessarily provide customized and simple knowledge that is required by the informal sector.

Understanding area specific knowledge sources from the lens of youth small retailers is therefore critical.

Some small retailers have resorted to forming strategic alliances in order to gain bargaining power during procurement (Ghisi *et al*, 2008). Sheikh (2014) also recognise that ethnical distinctions influence strategies for enhancing resilience. For instance, Somalians possess strong business models, good cost control and cost effective labour recruitment strategies. While local South Africans mainly focus on location and close relationships with customers in the close environment (Charman *et al.*, 2012). The use of different business ethos variably determine the resilience prowess of spaza shops. For that reason, understanding the strategies utilised by both locals and foreigners informs the development of comprehensive resilience strategies that enhances growth.

Although various strategies for small retail business success have been documented, it is crucial to find area specific strategies. This is due to the fact that most of the strategies are a direct response to localised challenges. Hence, response mechanism are bound to vary relatively. Chebelyon-Dalizu *et al.* (2010) supports that strategies for enhancing the resilience of spaza shops are relative to prevalent challenges. Given this insight, the present study sought strategies that were relative to the identified threats.

## **6.2 Methodology**

A case study design was utilised to obtain results for this chapter. The design was discussed in Chapter three Section 3.4.1.

## **6.3 Results**

### **6.4 Current Strategies for Enhancing Resilience**

#### **6.4.1 Bulk buying**

Results revealed various strategies that were employed by youth small retailers (Figure 6.1). Approximately, 15 owner respondents and two customer groups expressed that bulk buying was a popular practice among youth small retailers. This enabled them to gain negotiation power for discounts when both purchasing stock from wholesalers and transporting it. The approach was common among Somalis and Ethiopians who were mainly involved in business alliances. Nevertheless, even locals and some nationalities who had enough capital were also involved in bulk buying.

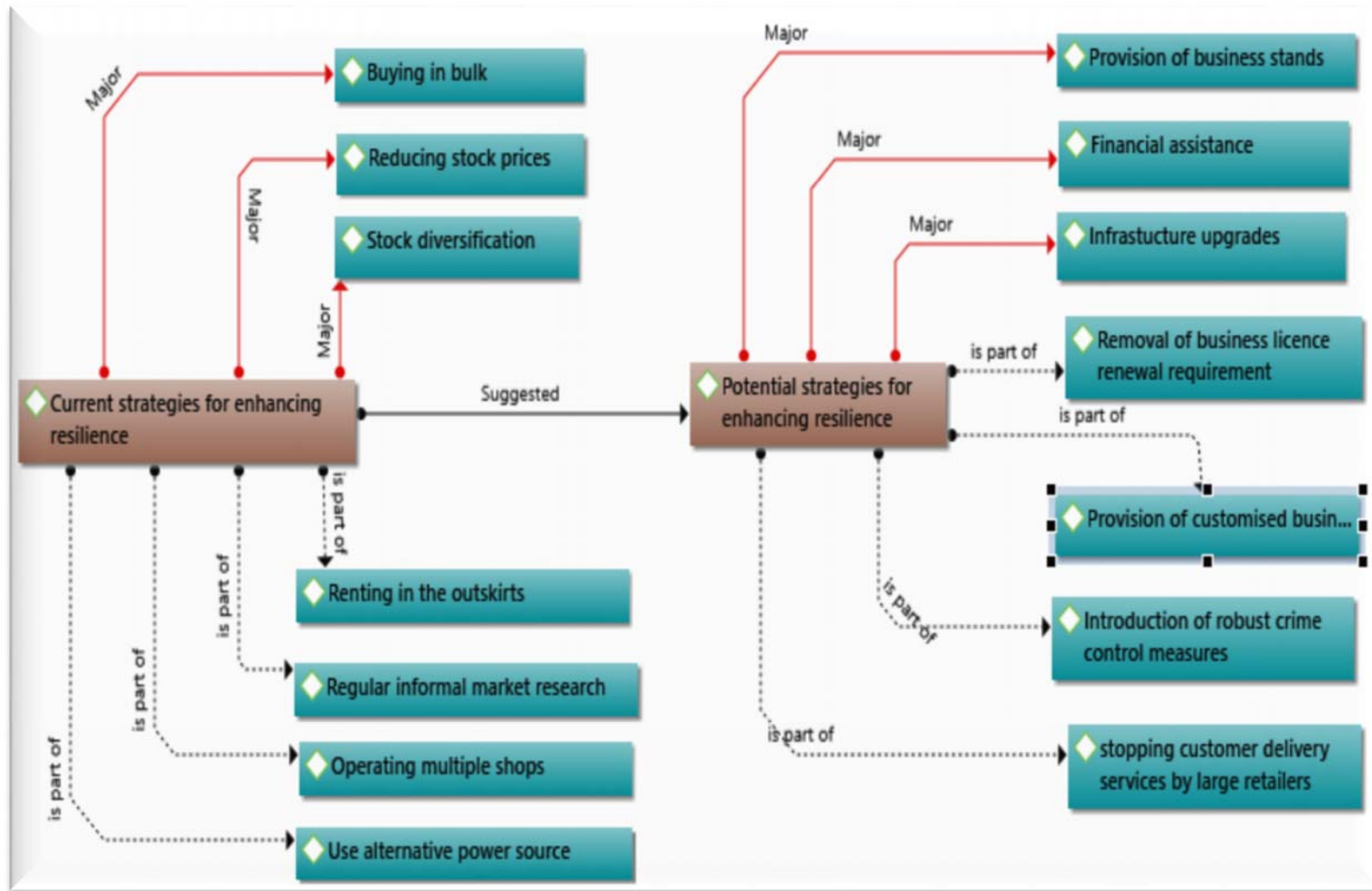


Figure 6.1 Current and potential strategies for enhancing resilience in relation to threats

### **6.4.2 Reducing stock price**

Price reduction strategies were an effective way of attracting more customers and thus fend off competitors. This was common in low income residential areas where customers could not afford high prices. More so, the strategy was useful in reducing competition among youth small retailers as well as increasing sales in order to avoid the expiry of products on shelves. Prices were normally reduced on short-life basic commodities such as bread, meal-mealie, tinned stuff and other essentials. However, price reduction simultaneously restricted profits. Consequently, the strategy at most enabled short term survival rather than resilience. Foreign nationals were also the common proponents of this practice.

*“Community people always complain about prices so I have to reduce prices even if it means suffering loses”*

*(South African youth retailer)*

### **6.4.3 Stock diversification**

In most cases, youth small retailers were increasing stock diversity. This entailed providing variety and large items that were traditionally provided by large retailers such as fertilizers, building materials and electronic gadgets. This increased convenience to customers and simultaneously maintained the traditional significance of small retailers as intermediaries between the suppliers and customers in rural communities.

Diversification was also relevant for staying operational when certain goods were not in demand. For instance, a sudden cold spell in summer would reportedly stall the trading of cold drinks, thus alternatives were immediately required to keep business afoot. There were no significant distinctions regarding this factor as distance increased from the urban area thus showing its universality.

### **6.4.4 Specialization**

Besides diversification, division of responsibility in selling basic commodities was a common practice. Through specialization, owners would agree to take responsibility for stocking one major basic commodity per individual. The approach was necessary for keeping everyone competitive and relevant to the local customers. Although useful, the strategy required common understanding among the concerned retailers. As a result it was reportedly practiced by a few Somali and Ethiopian owners who had mutual understanding.

### 6.4.5 Regular market research

It was also discovered that youth small retailers were involved in market research as illustrated by four owners and three customer groups. This was done through observations of customer needs and conversations with customers. As a result, owners would understand customer needs and stock accordingly. In some cases market researches resulted in owners establishing other shop outlets in potentially high profit areas. The operation of multiple spaza shops was viewed as a backup plan in cases where one shop fails. Again the view was not influenced by nationality of the owner and distance from the urban area.

## 6.5 Potential Strategies for Enhancing Resilience

### 6.5.1. Provision of business stands

As shown in Table 6.1, respondents proposed various strategies for enhancing the resilience. The potential strategies presented here are also well illustrated on figure 6.1. Most respondents (10) as well as three groups of customers suggested the need for cheap/free business stands to youth small retailers. Insufficient capital, limited most of the youth retailers from buying business stands. Hence, business was operated from home, illegally occupied land or rented premises. While operating businesses from home reduced access to market, illegal land occupiers were normally penalised by the municipal officials. All this had far reaching implications for business resilience. The need for land was universal regardless of distance variations from the urban area, hence showing the seriousness of the matter. Below are the exact words of two groups that proposed the above strategy:

*“The municipality or chiefs need to provide cheap business land for our children who want to run spaza shops in our areas because paying rent is very difficult for them”.*

*(Customer group three)*

*“Most of the youth are operating spaza shops in poorly constructed buildings or from their homes, this is because they cannot afford the stands. You see if the municipality can assist with affordable stands where youth business personnel can pay back with instalments they can develop into large retailers”.*

*(Customer group five)*

**Table 6.1 Potential strategies for enhancing youth small retail business resilience**

Potential strategy	Frequency
Provision of business stands	10
Financial assistance	7
Shop infrastructure upgrade	4
Regular police patrols	3
Infrastructure upgrading	2
Removal of business licence renewal requirement	2
Removal of government red tapes	2
Require business training	2
Reducing constant criminal activities	2
Stopping customer delivery services by large retailers	1
Utilize alternative power sources	1

### 6.5.2 Provision of funding

In chapter four, inadequate finance emerged as one of the major threats to the resilience of small retail shops owned by youth. As a result, it was suggested that public and private agencies should assist with funding in order to promote business growth. Gaining financial capital would also assist businesses to appropriately perform the attributes of resilience which include detecting, preventing and adapting to threats. Most of the foreign nationals who had refugee status lamented their ineligibility to be funded by government. One of the quotations by participants was articulated below:

*“We do not have access to finance both from banks and government funding schemes, government keep saying that they are providing funding for youth but we do not see anything. The money should be distributed to us so that we can grow our businesses or else we will collapse”.*

*(South Africa youth retail owner)*

### 6.5.3 Provision of business training

Some of the interviewed youth retail owners indicated that they lacked business operation knowledge. As a result they were not making the right decisions that would enhance their resilience ability. They therefore, feared collapsing in the long run. The need for small retail business related training workshops was thus desirable. This improves business resilience in relation to financial management, planning and other techniques.

### 6.5.4 Review of government red tape

A minority of the participants indicated that, obtaining financial assistance from government was complicated due to the numerous requirements by the funding agencies. For instance, most of the small retail businesses neither kept formal business records nor were capable of developing high standard funding proposals. It was, therefore, impossible to secure funding. Reviewing and reducing red tapes was in this case desirable. Regarding these views, there were no major distinctions with regard to various variables. Below is what one respondent said:

*“My friend I work hard to keep this business running, as a foreigner the government does not give me any funding. Even for South Africans I heard they require a lot of formal documents for one to obtain funding, which is impossible given the informality of our business”.*

(Somali youth small retailer)

### **6.5.5 Infrastructure upgrades**

Only two respondents suggested the need for upgrading the poorly developed road networks in rural areas. The responsibility for improving road infrastructure was given to the local municipality. This view was common in urban peripheral areas where most of the gravel roads were dilapidated due to rain.

### **6.5.6 Regular police patrols**

Constant criminal activities on small retail shops prompted respondents to suggest regular police patrols especially during the night. This would help to either scare away criminals or catch them. Responses also showed that criminal activities could also be stopped through community cooperation and tipoffs. This was due to the fact that most of the suspects were believed to be residing in the local communities.

### **6.5.7 Utilizing alternative power sources**

The use of alternative power sources was proposed by one participant. Suggested alternative power sources included, solar and battery power as well as gas. These power sources were reportedly more economic than expensive electricity power. Power was required for operating fridges, lights and other small gadgets in the premise.

## **6.6 Discussion of Results**

### **6.6.1 Current strategies for enhancing resilience**

Youth small retailers were applying customised strategies to address existing threats in the area. Business alliances emerged as the commonly utilised strategy. The approach facilitated bulk buying, specialization, rationalise transportation costs and increased social networking horizons. Ghisi *et al.* (2008) concurrently discovered that, the business alliance ideology was common among Somali shop owners. Even in the current study, strategies such as bulk buying, price reduction and specialization were commonly utilized by Somalis and Ethiopians. Chamarn *et al.* (2012) also highlights that, foreigners shop owners were collectivist in nature while locals were more individualistic. This allowed foreign owners to procure stock in groups and earn discounts from bulk buying. Contrary to this finding, Gastrow & Roni (2013) revealed that Somalis and Ethiopians do not collectively buy in bulk to reduce cost due to the complications in logistics. This

was a clear indication that the strategies for resilience were based on the prevailing business situation in the locality, thus, they cannot be universally applied.

Innovations such as diversification, changing quality of goods and ideological transfer were also in use. Grewal *et al.* (2010) similarly emphasize the necessity of innovation particularly to enhance customer service. This enabled small retailers to provide better customer value than their competitors. Other strategies such as renting in the outskirts and operating multiple shops appeared to be signs of desperation rather than effective ways of enhancing resilience. For instance, the operation cost for running multiple small shops was reportedly high. Likewise, as much as renting in the outskirts was reportedly cheaper, the cost of transport would cancel out the advantage. It was clear that most of the strategies that were in use were more of survival strategies rather than sustainable.

It was discovered that, most of the shops were not practicing proper financial management practice such as record keeping and inventory management. This resultantly limited youth retail owners' understanding of cash flow as well as making accurate future financial projections. Instead, most of them were utilizing observations. Contrary to this practice, Chebelyon-Dalizu *et al.* (2011) and Charman *et al.* (2012) emphasizes the significance of financial management practices such as record-keeping and inventory management to the success and sustainability of spaza shops. Lack of good financial administration. Therefore, derailed youth small retail business resilience in the study area.

### **6.6.2 Potential strategies**

Prospective strategies mainly included infrastructural upgrading, innovation, financial assistance and crime reduction. Poor infrastructure was one of the serious threats for youth small retail businesses. It was, therefore, desirable for retail owners to be provided with business stands. The current diverse challenges related to marketing, technological advancement and competition also required innovative ideas such as localized marketing strategies in order to boost sales. Charman *et al.* (2012) similarly highlight that innovation allows creativeness in terms of marketing strategies, management as well as embracing new technology. Therefore, creative small retail owners had a better chance of growing their businesses.

Small retailers also required relevant business knowledge. This included customised practical training and mentorship rather than generic formal training that was usually provided. This contrasts with Callager & Venter (2011) suggestion that formal training is critical for small

business owners. This is due to the fact that, the informal sector relied on customised and rather simple business principles as opposed to traditional ideologies utilised by large enterprises.

Despite government efforts to finance youth businesses, respondents unanimously indicated that they had not benefited from any funding scheme. This exposed the flaws in the funding criteria which currently exist. As a result there was need for policy review in order to limit the red taps that restricted youth small retailers from accessing government funds. The prevalence of crime in the area also prompted business owners to suggest more police patrols in order to protect enterprises.

## **6.7 Conclusion**

Current and potential strategies for promoting youth small retail business resilience were determined. The current strategies were a direct response to existing threats. The strategies mainly varied with nationality. To this effect, business alliances, specialization and bulk buying were evidently a preserve for Ethiopian and Somalian nationals. While locals strived on strengthening local relationships to attract customers. Innovations such as diversification sharing of ideas and improving the quality of goods were universal across ethnic and nationality variations. These distinctions were a result of business ideological discrepancies across nationalities. Nevertheless, similarities in some strategies reflected gradual ideological diffusion among nationalities through information sharing. It was apparent that while some of the strategies were ideal for enhancing resilience (business alliances, bulk buying and diversification) others (price reduction and operating multiple shops) were detrimental to resilience in the long run. Strengthening the positive identified strategies was, therefore, crucial for attaining resilience. The inappropriateness of some of the currently utilised response strategies prompted the need for effective strategies. Therefore, major potential interventions included, provision of finance and stands, tightening of security and infrastructure upgrades. The results presented and discussed in chapter 4, 5 and 6 are synthesised in the following chapter. The chapter provides general conclusions, highlighting the major findings, strengths and weaknesses of the developed criteria for measuring resilience, contributions to scholarship and recommendations.

## CHAPTER 7 SYNTHESIS AND RECOMMENDATIONS

### 7.1 Introduction

Despite government support for youth small retail business in South Africa, success in the sector is not satisfactory. Thus, the potential of small retail businesses to create jobs for youth and alleviate poverty, particularly in rural communities is not yet realised. Dzansi (2016) illustrate that small rural businesses in general, have not been contributing to a satisfactory level because they do not grow in terms of production or employment capacity. Even though this is the case, the factors that pre-dispose youth small retail businesses to failure are not clearly known. Moreover, neither criteria for determining resilience attributes nor frameworks for tracking changes in resilience progress exist. Therefore, the current study was undertaken to develop a set of criteria to use when determining the key building blocks of youth-owned small retail business resilience. Thulamela Municipality in Vhembe District Municipality of South Africa was the case study area. Explorative mixed methods were used to conduct the study. The main aim of the study was to develop criteria for determining the resilience of youth-owned small retail business resilience in selected rural areas of Vhembe District. This was fulfilled through the following specific objectives:

1. to determine the major resilience threats to the resilience of youth-run small retail businesses;
2. to identify the major strengths of youth-owned small retail businesses;
3. to develop ideal criteria for use in determining the resilience of youth-run small retail businesses and
4. to ascertain current and potential strategies for enhancing resilience of youth-run small retail businesses.

This chapter focuses on restating and discussing how the above mentioned objectives were realised. Strengths and weaknesses of the developed criteria are outlined. The contributions of the study, recommendations for policy, practice and further research are also discussed. The current study provided a ground breaking contextualised criteria for measuring the resilience of youth-owned small retail businesses. The criteria provided the components and sub-components of resilience that are fundamental for assessing youth-owned small retail businesses resilience. Therefore, it is a key framework for determining contextualised resilience building blocks, track changes in resilience components over time and make appropriate adjustments. The criteria and

associated indices provided scholars, development agents and practitioners with a checklist for use in determining resilience drivers and required intervention actions at a particular time.

## **7.2 Realisation of Study Objectives**

### **7.2.1 Conceptualised criteria for measuring youth small retail business resilience**

The main objective of the study was to develop a set of criteria for use in measuring the resilience of youth-owned small retail businesses. Principal Component Analysis outcomes revealed a six factor structure that explained a total variance of 66.67 %. The components were, security measures (18.01 %), outsourcing abilities (13.70 %), marketing strategies (10.07 %), risk management (8.43 %) and innovation (7.89 %). The resultant criteria consisted of six resilience pillars (security measures, outsourcing abilities, marketing strategies, risk management, financial management, and innovation). As noted by DFID (1999), the identification of appropriate indicators to measure resilience raises key debates among practitioners and scholars in the area of resilience building. Reviewed frameworks in food, organisational and business resilience differ in terms of scale, focus, method of analysis and purpose. More so, most resilience approaches, tools and methods proposed in literature reflect the diversity of disciplines and sectors that have appropriated the term (Bene, 2013). Consequently, resilience analytical requirements cannot be met by universal approaches (Levine, 2014). For this reason, the capacity based criteria for measuring youth small retail business resilience developed here reflected sector and local specific dimensions. It is best suited for use in assessing youth small retail businesses. However, the criteria can be used as a point of reference in small business resilience studies as some threats and resilience drivers in the field are similar in South Africa and beyond.

As illustrated in Figure 7.1, the criteria comprises three main attributes (detection, prevention and adaptation) as proposed in the process approach (Wreathall, 2006). It also reflects the imperatives of measuring resilience against the disruptive events as proposed by Westrum (2006). The value tree approach was utilised to develop the resilience performance measures in the criteria. The criteria was based on three major assumptions. Firstly, contextualised capacities support the understanding of how key local drivers of resilience change and affect overall small retail business resilience levels. Secondly, a clear understanding of local threats informs the development of customised resilience pillars.

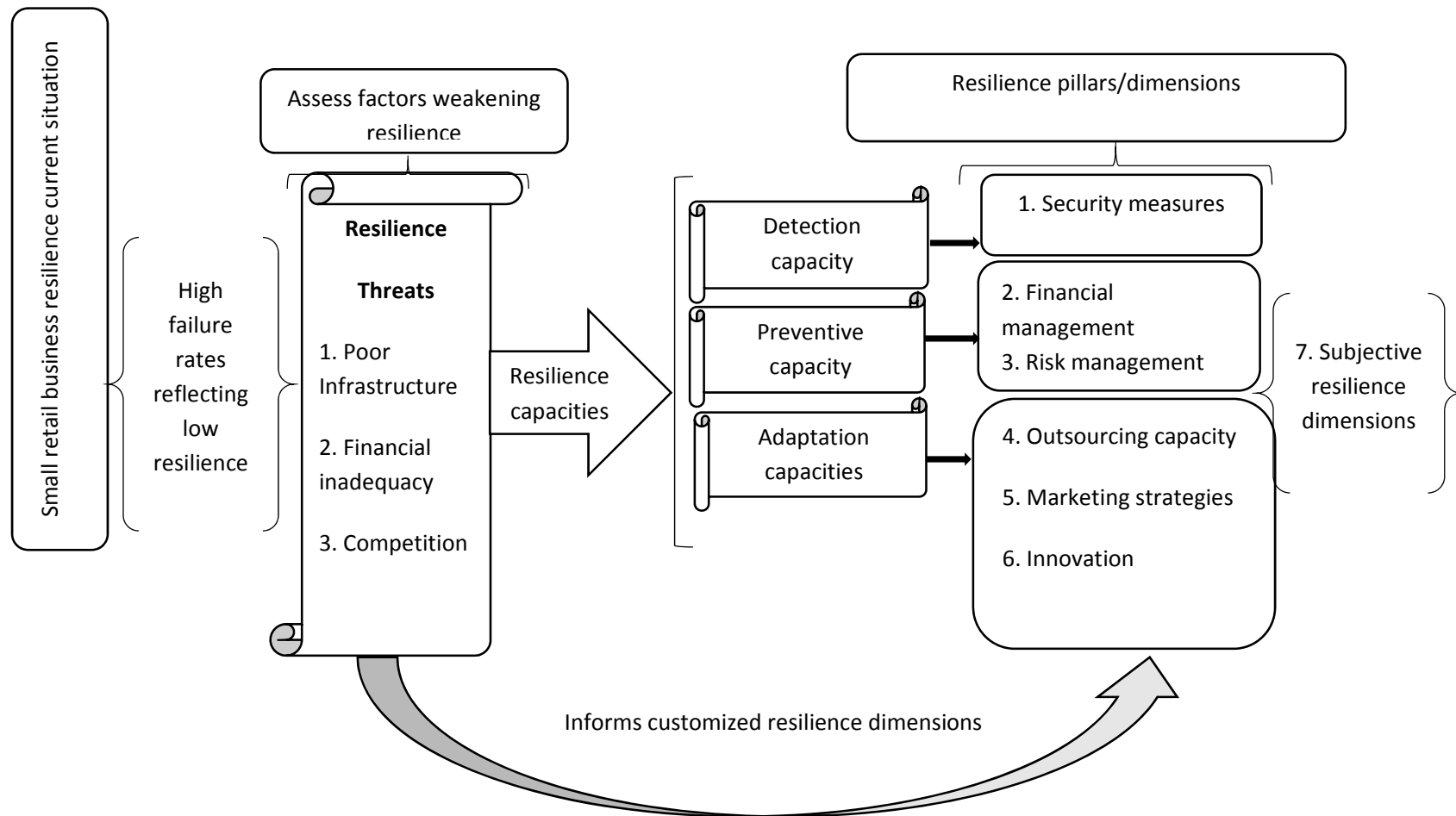


Figure 7.1 Conceptualized criteria for measuring youth-owned small retail business resilience (S6)

The third assumption was that, youth small retail business resilience at a particular time depend on the options available to that business within the six major pillars (security measures, outsourcing abilities, marketing strategies, risk management, financial management and innovation). These options represent a pre-condition for small retail business response mechanisms in relation to specific threats. However, as noted by Bene *et al.* (2012), resilience is not static and thus, the six pillars of resilience established in the present study can change with time as conditions change.

This necessitate the need for regular assessment of business resilience in order to detect changes in performance measures and make appropriate adjustments thereof. To this effect measuring small retail business resilience is a process that span from understanding vulnerability factors to respond actions and how they change over time.

Results also illustrated that, the six dimensions/pillars of resilience described above allow business to perform threat detection, prevention and adaptation actions in order to retain stability and growth. In this regard, the techniques utilised by youth small retail business to detect, prevent and adapt to immediate and long term threats at a particular time determine resilience levels. In the event that, the six resilience dimensions change, the three capacities can be used to generate new dimensions based on current situations.

The six components of resilience in the criteria were utilised to further develop resilience indices. It should be noted that the indices illustrated the value of each subcomponent in relation to one of the six resilience components based on factor scores. This provided a benchmark upon which users can estimate and prioritise resilience drivers. When determining youth small retail business resilience, each resilience dimension/component should be estimated separately at a particular time. The combined six attributes observed at a particular time then reflect the level of resilience of a youth-owned small retail business with regard to different dimensions. The indices for measuring youth small retail business resilience were expressed in the formula,  $R_1 = f(SM_1, OA_1, MS_1, RM_1, FM_1, I_1, S_1) + e$ , Where R = resilience; SM= Security measures; OA= Outsourcing abilities; MS= Marketing Strategies; RM= Risk Management; FM= financial Management; I= Innovation; S= Subjective resilience elements, <sub>1</sub>= specific time, e=error. In support of such indices, Alinovi (2008) demonstrate that when dimensions are latent, variables are selected that can be used as a proxy for single resilience dimensions. The assumptions are congruent with those made by FAO (2012). In this respect, the resilience dimensions become predictors rather than absolute determinants of resilience. The current indices are therefore, useful for predicting appropriate

resilience components for strengthening resilience within the youth small retail business sector at a given time.

The developed criteria and indices were diagnostic in nature. As such they are appropriate for assessing youth small retail businesses resilience drivers and identify changes in components over time. A number of frameworks deliberately attempt to diagnose the resilience of an entire system to better plan for resilience-building interventions, while others are geared more towards evaluating the degree to which resilience-building projects can achieve impact. Frameworks that explicitly lend themselves to both diagnostic and evaluative functions seem to do a better job of diagnosing the resilience of a system and the factors that need attention to enhance resilience, as opposed to proposing a fine-tuned approach to measuring the impact of resilience programs (ODI, 2014). Therefore, the criteria is a guideline for determine resilience drivers, monitor changes over time and recommend required intervention actions in the youth small retail sector. This assists development practitioners and policy makers to make informed decisions about resilience actions.

### **7.2.2 Strengths of the criteria**

The conceptualised criteria was based on practical understanding of the threats and resilience drivers which were identified through the lenses of youth small retailers and their customers. As such, it reflects practical local and sector specific resilience elements. This fulfilled Levine (2014) recommendations that measuring resilience should be guided by a strong understanding of perceptions of the group of people under study. While a universal measure of resilience is very useful for comparison across businesses, this type of measure does not provide important information on how a given business reaches a resilient status and the types of resilience capacity that allow them to reach this status within the unique local conditions. Context specific indicators of resilience enables a clear understanding of how key local drivers of resilience are changing and affecting overall resilience levels (DFID, 1999). For this reason, the criteria and indices captured context based realities.

The current criteria also considered both objective and subjective resilience dimensions. Subjective resilience dimensions that include personal perceptions influence how individual businesses apply resilience response actions. As a result, understanding subjective resilience elements assist to estimate how individual businesses perception influence their response actions when faced with threats. Another strength was that, the subsequent indices did not reduce resilience into a single score but rather allowed for estimation based on current dimensions. The

criteria was also flexible as it recognised that, the six dimensions of resilience may change over time. Resilience dimensions may change based on socio-economic changes, legal frameworks, political or policy transformations. In this case, new dimensions should be sought following the guidelines provided by the criteria presented. This addressed Levine (2014) argument that most of the existing models are not flexible in that they comprise universal characteristics of resilience.

### **7.2.3 Weaknesses of the criteria**

One of the weaknesses of the current indices was that they were developed using a once of survey. As illustrated in the Community-Based Resilience Analysis (CoBRA) Conceptual Framework (2014), resilience indices are best developed by performing repeated assessments in order to monitor not only trends in business priorities regarding the attributes of resilience, but also progress in attaining resilience characteristics over time. For this reason, the indices require repeated tests over time in order to increase their accuracy and reliability. The present conceptualised criteria and resilience indices provided a basis for performing repeated assessments in order to develop a more comprehensive index for measuring youth small retail business resilience.

### **7.3 Major Threats to Youth Small Retail Business Resilience**

Another study objective entailed identifying resilience threats. Qualitative results revealed several threats to youth small retail businesses. After further quantitative test, a PCA structure that explained a total variance of 64.6 % produced three major threats that included poor infrastructure (28.4 %), competition (20.97 %), financial in adequacy (14.94 %). The prevailing threats informed the criteria for measuring resilience. Sancis & Poler (2014) similarly highlighted the significance of understanding the vulnerability factors of business before attempting to take resilience actions. The diversity of threats identified using qualitative methods demonstrated that youth small retailers experience both individual and covariate threats. The threats are also bound to change or evolve with time. For this reason, it is crucial to consistently monitor changes in threats in order to inform resilience drivers. Youth small retail business strategic planning, therefore, need to encompass initiatives to anticipate, avoid and acclimatize to inevitable threats. It was observed that while competition varied comparatively between urban and rural areas, poor infrastructure and financial inadequacy threats were homogeneous in both locations. Attempts at addressing threats must therefore understand potential geographical variations in order to provide customised interventions.

#### **7.4 Youth Small retail business strengths**

Results revealed that youth small retailers may utilise four key strengths to reduce their vulnerability to threats. Four key threats were obtained from PCA outcomes. The total variance explained by the PCA structure was 54.59 %. Marketing abilities explained the highest variance of 16.97 %, good customer care (14.42 %), business knowledge (12.08 %) and commitment (11.13 %). Utilising local aggressive marketing strategies such as price reduction gave shop owners competitive advantage particularly near the urban area. Unlike large shops, small retailers enjoyed a close relationship with their customers due to the daily personal interactions in the community. In this regard they were able to develop a network of loyal customers to support business. It was also revealed that, owners who had a strong business background such as Somalis and Ethiopians fared better in terms of operation and dealing with threats as compared to those who obtained formal training. The generic nature of most formal training courses reduce their relevance when dealing with practical local realities. Lastly, commitment was vital for operating in the informal retail sector that had so many challenges. Embracing the aforementioned strengths was key to reducing the occurrence of local threats. However, the identified threats were not universally utilised by all youth-owned small retail businesses due to lack of resource scarcity. As a result, development agents should make efforts to equitably strengthen youth small retailers based on the already existing characteristics.

#### **7.5 Strategies for enhancing small retail business resilience**

Results revealed various strategies for enhancing youth-run small retail businesses. These included bulk buying, price reduction, stock diversification, and specialisation renting and operating multiple shops. Most of the strategies were survivalist in nature rather than long term resilience interventions. The use of short term relief strategies often culminated in business failure in the long run. Financial inadequacy accounted for limited utilization of appropriate strategies for enhancing long term resilience. For this reason, potential interventions were suggested. The proposed interventions encompassed improvement of business infrastructure, effective crime prevention actions, financial assistance and innovations. Most of the potential strategies were apparently related to the creation of a conducive business environment through efficient small business policy and legal framework implementation. This attest to the fact that development agents must understand the needs of youth small retailers in order to provide necessary support. Local and national small business development policies should also be informed by local realities rather than generic business needs.

## **7.6 Contributions to Scholarship**

Research at Doctoral level is expected to significantly contribute to scholarship. Boyer (1990) highlights that scholarship encompass four main categories that include scholarship of discovery, integration, application and teaching. Therefore research contributions should be broadly judged based on these categories. The contribution of this research project to each of the above mentioned facets of scholarship are discussed in the following section.

### **7.6 1 Contribution to discovery**

The scholarship of discovery entails contribution to human knowledge and intellectual climate of a university. In its broader sense, discovery contribute to the advancement of knowledge (Boyer, 1990). The major outcome of this study was a criteria consisting of unique building blocks that can be utilized to determine youth small retail business resilience. Indices were also develop to assist in the prioritization of the resilience components. The building blocks that constituted the criteria and indices were distinct from those found in existing frameworks across fields. Review of literature consistently highlighted the scarcity of frameworks for use in determining the resilience of youth-owned small retail businesses. Therefore, the current criteria was a new discovery that advances resilience measurement knowledge in the youth small retail sector. The process followed in developing the criteria will also be a blueprint for future studies in the field.

### **7.6.2 Contribution to integration**

The scholarship of integration relates to making connections across the disciplines, placing the specialists in larger context and educating non-specialists (Boyer 1990). This is critical because specialization without understanding the broader context risk thoroughness. In the context of the current study, efforts were made to understand the meaning of resilience and approaches to measuring resilience in diverse fields such as ecology, psychology, organization and business science. Methodological challenges in measuring resilience in different fields were also sought prior to deciding a suitable approach for use in the current study. This provided a broader picture regarding the contextual and methodological gaps in the studies aimed at developing frameworks for measuring resilience. Drawing lessons from the challenges associated with developing universal approaches for measuring resilience, the current study developed a contextualized approach that reflected area and sector specific resilience drivers. The current study however borrowed resilience understanding and theories from other fields. Incorporating aspects such as

the broader resilience meaning and capacities from Wreathal (2006) helped to integrate existing theory and current practical realities in the youth-owned small retail sector.

### **7.6.3 Contribution to Practice**

The scholarship of practice relates to how knowledge can be responsibly applied to consequential problems and the ways to make it helpful to individuals as well as institutions (Boyers, 1990). The criteria for measuring resilience and the subsequent indices developed in the present study are well connected to the imperatives of the Sustainable Development Goals (SDGs). In particular goal number 8 which precisely states the need to promote sustained, inclusive and sustainable economic growth and productive employment. This is broadly achieved through providing access to financial services in order to formalise and promote growth of micro-small and medium sized enterprises. Besides financial assistance, this study provided local and customised resilience drivers such as upgrading security measures and putting in place proper financial management parameters among others. The criteria, therefore, becomes a vital tool for guiding the implementation of SDGs at a local level.

At a national level, South African policies and programs on small business development generally emphasize the need to create sustainability and growth. Examples of such policies and programmes include the broad National Framework for LED of 2006, NDP Vision 2030 launched in 2012 and the Youth Enterprise Development strategy 2013-2023. However, there is limited understanding of the attributes of resilience and sustainability at local levels. Brand *et al.*, (2013) argues that there is no sustainable business model for SMEs in South Africa. As a result South African policy makers and small business development practitioners are not equipped with tools for transforming small retail business into sustainable firms. Given this situation, the developed criteria provided government and private small business development agencies with a checklist for use in determining key resilience drivers of small retail business and required intervention thereof. Consistent application of the criteria does not only help to determine changes in resilience drivers, but also provides policy directions on specific areas that require support. This is the first step towards operationalizing policy imperatives in the small retail sector using bottom up approaches.

Threats such as poor infrastructure were a result of imbalances in the economic development of the country. To address poor infrastructure, the National Development Plan (NDP) of South Africa suggests that a strong network of economic infrastructure is required in order to achieve sustainable and inclusive growth by 2030. However, in practice it is difficult to see how this can

be achieved particularly in spaces occupied by informal small retail business. This is due to the fact that local policy implementers such as the Municipality scarcely know the location and extent of infrastructural concerns. Outcomes from the current study provided solid evidence of the major challenges facing youth small retailers as well as possible solutions for promoting resilience.

#### **7.6.4 Contribution to community engagement**

The present study contributed to community engagement in a number of ways. The use of individual in-depth interviews, citizen juries and repeated interviews in a survey were meant to actively involve interest groups/beneficiaries in the development of a resilience measurement criteria that benefits them. The use of these participatory methods reflected community engagement practices that are currently recommended for researchers at higher learning institutions. According to McCallie *et al.* (2009) science refers to activities or interactions characterized by mutual learning, using a dialogue approach rather than a one-way transmission from experts to public communities. More so public engagement allow people to join the dialogue about a problem, and provides them with tools to do so productively (Public Agenda, 2008). Given these insights, the current study provided direction on how to actively engage the public particularly on small retail business resilience. Therefore, criteria for measuring the resilience of youth small retail business resilience reflects practical realities. The active participation of youth retailers and customers in the development of the criteria instilled a sense of ownership and understanding of its use.

#### **7.6.5 Methodological contributions**

The use of mixed methods is common in other studies but it is scarcely utilized in studies aimed at developing frameworks for determining resilience in the small retail sector. The current study provided a clear step by step road map on how to apply explorative mixed methods approach in developing a criteria for determining youth-run small retail business resilience (see figure 3.2). The lack of understanding regarding vulnerability factors and resilience determinants in the inherently informal youth small retail sector gave the impetus for an explorative in-depth qualitative approach in the first phase of the study. This was done through triangulating individual interviews and citizen juries using semi-structured interview guides. Collecting data from multiple respondents using various techniques facilitated an unbiased in-depth exploration of practical local resilience threats and drivers in the small retail sector. More so, as illustrated by Maxwell *et al.* (2015), resilience is subjectively constructed. As such, understanding individual perceptions

with regard to vulnerability and resilience drivers was critical. However, qualitative results could not allow for statistical inferences and broader understanding of the construct given the limited samples involved.

In order to address the weaknesses associated with qualitative results, quantitative methods were subsequently employed in the form of a cross-sectional survey. The survey was aimed at attaining both sampling and data rigor through increasing sample size, further interrogating qualitative outcomes, make statistical inferences and establish generalizable outcomes. To achieve this goal, a questionnaire comprising variables from the qualitative outcomes and secondary data was administered to 255 youth retail owners. Note that, respondents from the qualitative phase also participated in the subsequent survey thus ensuring thoroughness. This further deepened the understanding of resilience dimensions as well as threats and strengths of youth retailers. Statistical analyses were then utilized to distil the main components of the criteria for measuring resilience and the subsequent indices. The methodological rigor that involved qualitative methods, secondary data and quantitative methods, ensured that the criteria was informed by practical realities and the components selected were accurate.

The use of two research methods also eliminated the bias in each of them and thus addressing validity and reliability issues. This fulfilled recommendations that rigorous mixed studies are required in the development of approaches to measure resilience (Erol *et al.*, 2010; Levine, 2014). Miles & Huberman (1994) also emphasized that the use of qualitative and quantitative methods in a single study increases robustness. Therefore, the current study provided a blueprint of rigorous methodological procedures that can be followed when developing approaches for measuring resilience in the youth small retail sector.

## **7.7 Recommendations**

### **7.7.1 Policy recommendations**

Financial assistance is critical for small retail businesses as it influences the operationalization of all resilience pillars. Hence, there is need to operationalize national policies and strategies such as The National Youth Policy and The Integrated Small Business Strategy based on specific local small retail business situations. Policy makers also need to reduce red tapes that hinder informal small retailers from securing funds. Business support institutions such as LEDA, SEDA and NYDA should create an equitable environment that allows for effective provision of support to all small businesses including those in the youth retail sector based on merit. To this effect, provision of

support should be informed by area and sector specific needs such as those provided by this study. Through this avenue, customised rather than generic support for enabling resilience can be provided.

Most of the government and private sector efforts to promote resilience in the youth small retail sector have been in vain. This is due to the fact that interventions were normally not informed by a clear understanding of key resilience drivers in the area. To this effect, the criteria provided by this study highlighted the key components of resilience that require attention. The diagnostic nature of the criteria and resilience indices provided by this study also assist policy implementers to continuously assess resilience drivers, monitor changes and provide necessary interventions. This facilitate growth in the small retail sector and probably activate youth interest to join the sector.

### **7.7.2 Implications for youth retailers**

The established threats, strengths and more significantly criteria for measuring resilience provided guidelines for building small retail business resilience particularly in rural communities. Feedback reports will promote information diffusion among youth small retailers who rarely converge to discuss resilience issues. In particular, the objective criteria and indices, allows for self-assessment and reinvention in line with appropriate resilience enabling components. The simplicity of the resilience indices make it easy for retail owners to perform self-assessment.

### **7.7.3 Theoretical implications**

As stipulated in Chapter 2, universal criteria for measuring resilience do not exist in the small retail business sector. Additionally, approaches to measuring resilience in the small retail business sector are evidently limited. The current criteria and resilience indices provided a theoretical framework that guides small retail business resilience measurement in future studies. The road map followed in designing the criteria that included methodological approaches and analytical techniques also provided direction for future replication in related studies.

### **7.7.4 Recommendations for practice**

Historical marginalisation of grassroots communities continue to impact on small retail business development in those areas. For instance poor infrastructure and imbalances in financial distribution reflects on the marginalisation of rural areas and small towns. Addressing these economic imbalances is necessary in order to facilitate clear business expansion agendas in

developing communities. Recent development trajectories that facilitated an influx of large retail malls into rural communities that used to be a reserve for small retailers adversely affected growth and resilience. Municipal personnel and other responsible departments should, therefore, cautiously plan retail business development in order to create a conducive competitive environment for small retail operation. The criteria distils critical components of resilience that can be easily applied by anyone rather than complicated mathematical models. As such, it can be a useful tool for unlocking the potential of youth run small retail businesses in Vhembe District and other areas with relatively similar conditions. The resilience indices are a crucial toolkit for facilitating rural economic development within the youth small retail sector.

There is need for government to strengthen the resilience of youth-owned small retail business resilience through providing customised support based on the resilience drivers provided in the current study. Interventions must also be prioritised based on the importance of the difference resilience drivers. Strengthening small retail businesses resilience may activate youth interest in small retail business.

#### **.7.5 Recommendations for further research**

The current study developed contextualised criteria for measuring resilience of youth-run small retail businesses. Customised resilience indices were further developed as an extension of the criteria. However, future researches should focus on testing the indices using longitudinal studies in order to develop a comprehensive index that can be used to gauge the resilience levels of small retail businesses. More so, studies aimed at developing a resilience index in the small retail sector must also consider incorporating different geographical areas. This will help to incorporate diverse resilience performance measures. For instance comparative studies on resilience drivers between major cities and remote rural areas can provide a clear picture on resilience dynamics in the small retail sector. Future researchers who will utilise PCA to develop resilience measurement frameworks should also consider larger samples so as to minimise errors associated with small samples.

## 8. REFERENCES

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## Appendix 2 Semi-Structured Interview Guide used to collect qualitative data

Dear Prospective Research Participant

My name is **Simbarashe Kativhu**. I am a PhD candidate at the University of Venda. My study focus is on; **Designing a criteria for measuring resilience of youth small retail businesses in selected rural areas of Vhembe District, South Africa.**

### Instructions to respondents

The following questions are meant to understand issues relating to business threats you are facing, strengths, resilience components of your business as well as strategies that will help in designing a criteria for measuring resilience. I therefore request you to kindly complete all the questions as honestly as possible.

### Section A: Biographical information of respondents

1.1 Age of the owner:	
1.2 Business age	
1.2 location	
1.3 Distance from Thohoyandou	
1.4 Nationality	
1.5 Gender	

### Section B: Major threats to the survival of youth-run small retail businesses

2. What threatens the survival of your business?

3. What are the strengths of your business?

4. In the context of this study, resilience entails the ability of a business to detect, prevent and adapt to challenges in order to survive or improve in a sustainable manner. How does your business perform the following elements of resilience?

(a) Detect threats

(b) Prevent threats

(c) Adapt to threats

Section D: **The currently applied and potential strategies for enhancing resilience of youth-run small retail businesses**

5. What strategies do you utilise in order to enhance your business resilience?

(a) Current strategies

(b) Potential strategies

**Thank you**

### Appendix 3 Questionnaire utilized to collect quantitative data

#### Instructions to respondents

The following questions are meant to understand issues relating to threats to your business, factors of resilience and criteria for measuring resilience. Therefore, I request you to kindly complete all the questions as honestly as possible. Feel free and comfortable to give your honest opinions. Note that there are no right or wrong answers.

Section A: Participants biographic information	Response
1.2 Gender	
1.3 Distance from Thohoyandou	
1.4 Age of business	
1.5 Number of employees	
1.6 Nationality	
1.8 Location	

SECTION B	
2. Major threats to youth owned small retail businesses	
<i>Please rank the following threats on the following scale, 1 is the most serious threat, 2 serious 3 Moderately serious, 4 Slightly serious, 5 not serious at all</i>	
Threats to businesses	Rank
2.1 Constant theft	
2.2 High transport costs	
2.3 Very few customers	
2.4 Competition for customers	
2.5 Not having own vehicle to transport goods	
2.6 Customers not paying back debts	
2.7 Improper business infrastructure	
2.8 Irregular business operation hours	
2.9 Rain and wind disrupt business	
2.10 Charging low prices to suit community needs	
2.11 Family or social problems	
2.12 Inadequate capital	

2.13 Inability to secure loans due to lack of collateral security	
2.14 Increase in stock price	
2.15 Employees steal stock	

### SECTION C

#### 3. Strengths of youth owned small retail businesses

*Please rank the strengths of your business using the scale of 1 very important, 2 important, 3 moderately important, 4 somewhat important, 5 not important at all.*

3. Strength	Rank
3.1 Good customer relations	
3.2 Situated in a busy area frequented by potential customers	
3.3 passion for business	
3.4 Having a large pool of customers who buy frequently	
3.5 Rich social networks	
3.6 Ability to make quick decisions timely	
3.7 Opening business every day	
3.8 Ability to save money	
3.9 Ability to communicate in local languages (Tshivenda and Xitsonga)	
3.10 Having formal training in business management	
3.11 Strong business background/experience	
3.12 Having a business mentor	

### SECTION D

#### 4. Criteria for measuring resilience of youth owned small retail businesses

*In the context of this study, resilience refer to the ability of a business to detect, prevent and adapt to challenges which enable it to survive or improve. Are the following ways of detecting, preventing and adapting to threats appropriate? Use the following scale when answering, 1 is most appropriate, 2 appropriate 3 moderately appropriate, 4 may be inappropriate, 5 not appropriate at all*

4a. Ways of detecting threats to business	Rank
4a.1 Monitoring changes in customer demand	
4a. 2 Monitoring changes in transport costs	

4a. 3 Tracking changes in the prices of stock	
4a. 4 introducing anti-theft measures	
4a. 5 Functional alarm systems	
4a. 6 Community-supported crime reporting mechanisms	

<b>4b. Ways of preventing threats</b>	<b>Rank</b>
4b.1 Keeping money away from the business premises	
4b. 2 Monitoring business records effectively	
4b. 3 Hiring security services	
4b. 4 Reinforcing premise with burglar bars	
4b. 5 Dismissing untrustworthy employees	
4b. 6 Careful business planning	

<b>4c. Threats adaption techniques</b>	<b>Rank</b>
4c.1 Maintaining healthy relations with customers	
4c. 2 Carrying out customer satisfaction surveys	
4c. 3 Adopting strategies that meet customer demands	
4c. 4 Joining business associations	
4c. 5 Procuring stock in bulk	
4c. 6 Saving business profits for future use	
4c. 7 Borrowing money from colleagues	
4c. 8 Reducing stock prices	
4c. 9 Diversifying stock	
4c. 10 Seeking family members' support in running the business	
4c.11 Borrowing vehicles from colleagues	
4c.12 Advertising on social networks(watsapp & Facebook)	
4c.13 Closing business during rain and Heavy winds	
4c.14 Specializing on products that are not commonly found	
4c.15 Renting building for business	
4c.16 Joining stockvels in order to increase capital	
4c.17 using alternative power sources (solar and gas power)	


**Thank you**

#### **Appendix 4 Letter of informed consent**

My name is **Simbarashe Kativhu**. I am a PhD student at the University of Venda registered for the Doctor of Philosophy in Rural Development Degree (PhDRDV). My research focuses on **Designing a Criteria for Measuring Resilience of Youth Small Retail Businesses in Selected Rural Areas of Vhembe District, South Africa**. I am inviting you to participate in this study. Please note that any information you will provide will be treated as confidential and therefore will not be divulged to anyone without your consent. Note that your participation is voluntary, meaning to say you are free to pull out at any time should you feel uncomfortable during the course of the study.

Signature of researcher..... Date.....

I have read and understood the contents and terms of this invitation to participate in this study. I hereby declare that I am voluntarily participating in this research.

Respondent signature..... Date.....