Are cooperative relationships a viable option for accessing resources for female informal traders in South Africa?

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Female-owned business, informal trade, cooperative relationships, social capital, business sustainability

Abstract  
Even though the number of female-owned businesses is rising at a fast rate, in emerging and developing markets they tend to operate in the informal sector concentrated in less attractive survivalist businesses. This study investigates the use of cooperative relationships (CRs) to improve the sustainability of female-owned informal retail businesses. It is important because women account for about 70% of the world’s poor and yet are more likely to use a higher proportion of their income on the wellbeing of their families. To investigate the use of and the factors that influence CRs amongst female informal traders, a convenience sample of 173 informal female traders was surveyed. Data analysis was done using Pearson Product-moment correlation. The findings show that CRs of most female informal traders focused on financial security, social and spiritual wellbeing of the respondents and their families. CRs with family and other traders were common but the latter were more widespread and perceived to be more beneficial to the business than the former in facilitating access to diverse business resources. The study concluded that the implementation of formal support for traders’ CRs could contribute to business sustainability through improved access to resources.

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1. Introduction  
1.1 Women’s economic participation in the informal sector  
Women account for about half of the population in many countries. According to a World Bank report, in 2014 they accounted for 50.9% of the population in South Africa. Women also constitute 70% of the world’s poor (World Bank, 2017). Gender inequalities primarily stemming from prevailing sociocultural norms and practices have contributed significantly to women’s limited access to resources and opportunities thus inhibiting their ability to lift themselves out of poverty (Wrigley-Asante, 2013). However, there is an increasing awareness of the impact of development policies on women, their empowerment and meaningful involvement in economic activities. Efforts to enhance the well-being of women are critical for reasons of economic development especially since they play an important role in the welfare of their families (Mathew, 2010). Studies in various countries including China, Bangladesh, Brazil, India and the United Kingdom have found that a higher level of domestic autonomy, domestic involvement in decision-making, education, financial autonomy and access to start-up capital among women are positively correlated to the well-being of their families (World Bank, 2017). Other studies indicate that women are more likely to spend a higher proportion of their income on their families than men (Hanson, 2009).
Brush, de Bruin and Welter (2009) suggest that female entrepreneurship is growing at a faster rate than male entrepreneurship as more women are starting their own businesses (Chant & Pedwell, 2008; Jere, 2014). However, proportionately there are still fewer female-owned businesses compared to male-owned ones (Chen, Tan & Tu, 2015). In most countries, particularly less developed ones, most female-owned businesses are in the informal sector. It is estimated that between 30% and 50% of all informal businesses are owned and/or operated by women and provide the only source of support for their families (Chant & Pedwell, 2008; Hanson, 2009). Almost 70% of the women in India and Mali are reported to work in the informal sector (Chant & Pedwell, 2008). The informal sector in South Africa reflects similar characteristics to the global trend and is a significant part of the national economy contributing an estimated 28% towards the country’s GDP. An estimated 79% of the South African informal sector consists of retail trade (Siqwana-Ndulo, 2013).

Male-owned and female-owned businesses are different in many ways including size, the number of employees, revenue and profits, as well as slow growth rate in favour of the former (Magidimisha & Gordon, 2015). Most women are involved in less lucrative activities and operate survivalist businesses. These differences have been amplified by rising unemployment which pushes more men into the higher income earning informal business activities consequently relegating most female informal sector operators to the lower ranks of the sector (Chant & Pedwell, 2008). Market trading, street vending and provision of services are among the most common activities among women (Magidimisha & Gordon, 2015; Hanson, 2009). The informal sector is attractive due to low entry barriers including low skills and start-up capital requirements. The flexibility that self-employment offers to women who need to combine their productive and reproductive roles makes the informal sector particularly attractive to women (Wrigley-Asante, 2013). Additionally, despite the meagre revenue generated from informal trading, it supports the family care burden of women because it provides a regular income stream to meet the daily family needs (Wrigley-Asante, 2013). To increase the chances of success and move their businesses beyond survivalist status, the use of cooperative relationships by women is suggested.

1.2 Research context

The study was conducted in Khayelitsha, a township established in 1983 in Cape Town. It is the newest and fastest growing township in South Africa (South African History Online, 2013). According to the 2011 census, females make up 52% of the population in this township. At 38%, the unemployment rate in the township was higher than the national average of 29.8% in 2011 (Clarke, 2015; Statssa, 2011). With rising unemployment in the country, this situation is unlikely to have changed apart from change in the specific figures. Khayelitsha is said to have the largest concentration of informal settlements with their attendant challenges of high unemployment, poverty, crime and gender violence (Seekings, 2013).

1.3 Cooperative relationships

Research shows that cooperative relationships (CRs) and action amongst individuals help communities to achieve their goals better than when individuals work alone. CRs are important because individuals as economic agents operate in imperfect markets where not everybody has access to the same market information. CRs help to distribute resources such as information, financial, material and emotional support to members. Collectively these resources are alternately referred to as social capital (SC). SC is “the ability to secure benefits through membership in networks and other social structures” (Portes, 1998:8). It can also be viewed as the sum of resources that are available and can be mobilised through one’s formal and/or informal social networks and relationships (Aldrich & Meyer, 2015; Kim & Sherraden 2014). These benefits or resources can lead to economic efficiency in general. CRs are part of social networks that form the context within which SC exists and can be mobilised (Kim & Sherraden, 2014). SC is shaped by social institutions such as family, church and schools. Evidence shows that there is a linkage between SC and positive collective outcomes in society, hence the contention that cooperative relationships can be beneficial for the members and their community (Fukuyama, 1995).

Strong civic engagements or networks enable social capital by encouraging cooperation amongst individuals (Putnam, 1996). Therefore, memberships to associations such as church, trader associations and stokvels are important for building social capital. This is particularly so in the context of the informal
sector where in the absence of formal contracts, CRs help to reduce the risks associated with business transactions as network members impose sanctions on non-compliant and reward compliant members. The benefits of network membership include, for example, extension of credit to and delivery prioritisation for members (Macchiavello & Morjaria, 2012). In addition to network membership, factors such as entrepreneurial orientation (Dickson & Weaver, 1997), inter-personal trust (Brehm & Rahn, 1997), business outlook, and business growth may influence informal business sustainability.

1.4 Research objectives

Based on the foregoing, this paper argues that CRs through which social capital flows can propel informal female retail businesses to sustainability because they provide access to important resources. As traders in the informal sector are generally not well resourced, it is argued that the use of CRs can increase their chances of success and sustainability. This study therefore sought to investigate the extent to which CRs exist amongst female-owned informal retail businesses in Khayelitsha (Cape Town) and the potential of CRs to contribute to business sustainability. More specifically, the study sought to:

a) Describe the nature of CRs;
b) Describe the extent to which CRs are used by female entrepreneurs;
c) Describe the type of support received and sought from CRs by female entrepreneurs; and
d) Examine the relationships between influencing factors and the sustainability of female owned retail businesses in the informal sector.

2. Literature review

2.1 Women’s CRs

Considerable research links social relationships and enterprise performance, e.g., Sheng and Mendez-Da-Silva (2014) on Guanxi, a common type of networks in some Confucius societies and Rooks, Klyver and Sserwaga (2016) on social capital in Uganda. However, research focusing on women in the informal sector is limited despite the evidence that women predominate in the sector (Chant & Pedwell, 2008; Hanson, 2009) and are more relational oriented than men (McGowan, Cooper, Durkin & O’Kane, 2015). Women view their businesses as a collection of relationships while men perceive theirs more as commercial undertakings (Loscocco & Bird, 2012).

Women’s networks have been characterised as smaller, comprising of more family and kin ties compared to those of their male counterparts (Chen, Tan & Tu, 2015; Kim & Sherraden, 2014). Gender segregated roles that assign family care responsibilities to women encourage them to nurture social networks that revolve around family and are characterised by strong ties (Granovetter, 1973). Women with young children face time constraints and potential isolation as they balance childcare and other family responsibilities (Chen, Tan & Tu, 2015). Consequently, family and kinship-based networks are more significant for female small business owners than their male counterparts (Chen, Tan & Tu, 2015). While small networks and those comprising a high proportion of kin members provide access to readily available resources they have also been shown to provide access to redundant resources thereby delivering less benefit to members and their economic activities (Chen, Tan & Tu, 2015). Weak ties (Granovetter, 1973), linking agents to contacts beyond their primary network have been found to provide access to more varied resources supporting business competitiveness (Fafchamps & Minten, 2002).

2.2 CRs and business performance

In emerging markets, the use of CRs and other informal institutions is particularly important due to differing levels of “uncertainty and instability, weak formal contractual enforcement and insecure property rights” (Ghani & Reed, 2015:3). In their study of agricultural traders in Madagascar, Fafchamps and Minten (2002) found that SC made it possible for traders to trust each other and therefore extend credit to each other, exchange price information and economise on quality inspections. Therefore, trader productivity was enhanced due to reduced transaction costs. Consequently, SC had a strong positive effect on trader performance. The effect of SC on performance was stronger than that of human capital factors such as years of schooling, years of experience as a trader and the ability to speak more than one language. These findings suggest that SC may be equally and, in some cases, more important than human capital (Fafchamps & Minten, 2001).
Different types of CRs are used in South Africa with research undertaken highlighting the positive impact of the relationships in society generally and on business performance. In their study of spaza shops in Delft township in Cape Town, Charman, Petersen and Piper (2012) established that spaza shop owners who failed to cooperate in aspects of their business operations did not do well. On the other hand, other spaza shop owners, mostly of Somali origin who cooperated largely in stock procurement operated successful businesses. Chebelyon-Dalizu et al. (2010) made similar findings in Monwabisi Park in Cape Town. Stokvels are another ubiquitous form of CR in South Africa. Stokvels have been found to be supportive of employment creation and micro-entrepreneurship. Other South African CRs include traders’ associations and burial societies. Since traders’ associations and stokvels comprise links connecting agents with contacts beyond their immediate family and close friends, they are sources of bridging social capital. This type of social capital has been found to provide access to diverse and unique resources which support business performance (Aldrich & Meyer, 2015). Due to their capability to mobilise, social groupings such as traders’ associations can promote access to linking social capital which enables agents to mobilise resources through structures with vertical dimensions such as governmental and non-governmental organisations and hierarchically based relationships (Baruah, 2004)

2.3 Theoretical framework

At business or firm level, transaction cost theory (TCT) and resource dependency theory (RDT) are known to influence the use of CRs. TCT and RDT are rational choice theories that assume that decisions are primarily driven by the search for economic efficiency (Dickson & Weaver, 1997). TCT suggests that inter-firm cooperation is sought to maximise economic and psychological benefits while RDT holds that the primary motive for inter-firm cooperation is the access to resources it provides the participants with; which in turn leads to competitive advantages in the market (Pfeffer & Salamak, 1978). These inter-firm relationships are however affected by individual-level factors since it is the individuals that run businesses and enter relationships on behalf of the firms. These individual level factors include Entrepreneurial Orientation (EO) (Dickson & Weaver, 1997) and inter-personal trust (Brehm & Rahn, 1997). This paper investigates these factors at the level of individual female entrepreneurs because they are important determinants of business sustainability.

2.4 Entrepreneurship, business performance and CRs

Entrepreneurship is essential for both start-ups and existing businesses because it drives economic growth. Entrepreneurial orientation (EO) refers to “the process, practices, and decision-making activities that lead to new entry” (Lumpkin & Dess, 1996:136). Its key dimensions are innovativeness, proactiveness and risk taking. EO is a major predictor of success, but how the three dimensions predict successful new entry is influenced by environmental and organisational factors. Some studies have found that EO is strongly and positively related to business performance (Wiklund & Shepherd, 2005), even though it does not guarantee success. EO has been known to drive business growth (Lumpkin & Dess, 1996) and other business performance indicators such as sales (Green, Covin & Slevin, 2008).

CRs in business are important because they create access to resources and support the realisation of business goals (Quintana-Garcia & Benavides-Velasco, 2004). Since CRs require working with other people and businesses, it is important for their success that there is inter-personal trust between the parties involved. Trust is “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer, Davis, & Schoorman, 1995:712). It is an important condition for the success of CRs irrespective of whether the CRs are based on formal (contractual) or informal (non-contractual) arrangements. Hadjielias and Poutziouris (2015) argue that it is the informal norms such as trust that form the glue that holds CRs together. Trust is an important determinant of behaviour in CRs as people are more likely to enter CRs with people they can trust. Though trust is a non-contractual element of CRs, it is known to impact on the success of CRs because it influences the partners’ willingness to share resources (Hadjielias & Poutziouris, 2015).
3. Methodology
3.1 Participants and procedures
The study adopted a quantitative approach with survey questionnaire being used to collect data. Due to lack of a sampling frame, a convenience sample of 186 female-owned informal businesses were selected to participate in the study of which 173 resulted in usable questionnaires. All participants were informed about the purpose of the study and the fact that participation was voluntary. In all instances, the researcher was responsible for asking the questions and completing the questionnaire. This was deemed necessary because of the expected lower levels of education amongst the respondents. Data collection took place at places where the businesses were operated. Prior to the commencement of the study, ethical clearance was sought from and granted by the Cape Peninsula University of Technology’s Research Ethics Committee (Clearance Certificate No: 2015FBREC331).

3.2 Measures (measurement strategy)
Data was collected on the following variables of interest: CRs, EO, business sustainability (years in business), business growth, business outlook and interpersonal trust. In addition to identifying specific types of civic and other groups that they belonged to, respondents were asked to indicate the number of both CRs with both family and friends (strong ties) and CRs with other informal business people (weak ties). For EO, the 8-item questionnaire by Covin and Slevin (1989) was employed for the study. Business sustainability, business growth and business outlook were estimated by determining the number of years the business had been in operation, the respondents’ perceptions of business growth over the preceding 12 months and the respondents’ perceptions of the likelihood of the business being in operation in the next 12 months respectively. Interpersonal trust was measured by using three items adapted from Putnam (2000). In addition to the foregoing, the respondents were asked the type of resources they received and sought from both family and friends’ networks and from their informal business networks. Finally, the respondents were asked about demographic data relating to age, education, and marital status. Prior to data analysis using descriptive statistics and Pearson product-moment correlations to determine the relationship between variables, we accounted for construct validity by ensuring that the variables and measurements employed are grounded in theory and have been validated in prior studies.

4. Findings
4.1 Profile of respondents
The total number of usable questionnaires in the study was 173. Over 53% of the respondents were aged between 30 and 49 years old with only 10.4% being under 30 years old. About 51% were married. In terms of education, the majority (45.7%) had not completed their high school education (matriculation) and just about 3% reported having a degree level education.

4.2 Business and owner characteristics
4.2.1 Business sustainability: Over half (52%) of the respondents indicated that their businesses had been operating for over 5 years at the time of the study. In the data analysis, business sustainability was dichotomised into 1-5 years and over 5 years.

4.2.2 Business growth: To assess whether the informal businesses were growing or not, respondents were asked to indicate their sale trends over the preceding 12 months using the question “on a scale of 1 (False) to 5 (True), are you selling more now than you did twelve months ago?” Only 20.3% answered ‘true’ while 50.9% answered ‘false’ (Mean=2.7, SD=1.036).

4.2.3 Outlook for next 12 months: The respondents were also asked to share their outlook for their businesses for the 12 months ahead using the question “On a scale of 1 (Very unlikely) to 5 (Very likely), how likely is it that you will still be running this business in the next 12 months?” The overwhelming majority were very positive about the outlook with 92.5% indicating that they were likely to be running the business in the next 12 months (Mean=4.5, SD=.635).

4.2.4 Entrepreneurial orientation: The respondents’ EO was assessed as described in the methodology section and determined to just above average on a scale of 1 to 5 (Mean=3.25, SD=.457).
4.2.5 Interpersonal trust: The levels of interpersonal trust amongst the respondents were way above average (Mean=3.81, SD=.642).

4.3 The nature of cooperative relationships amongst women
The most popular social networks (civic organisation memberships) that the respondents participated in were stokvels (79.8%) and church affiliated groups (55.5%) (See Table 1). Only 3.5% of the respondents reported belonging to a business association while 52.6% reported being members of various localised associations such as funeral societies. Most of the memberships were non-business related but more focused on personal and family financial security (stokvels) and social/spiritual wellbeing (church affiliated groups).

<table>
<thead>
<tr>
<th>Civic organisation membership</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Church affiliated groups</td>
<td>96</td>
<td>55.5</td>
</tr>
<tr>
<td>Parent-teacher associations</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Stokvels</td>
<td>138</td>
<td>79.8</td>
</tr>
<tr>
<td>Sports groups</td>
<td>7</td>
<td>4.0</td>
</tr>
<tr>
<td>Business association</td>
<td>6</td>
<td>3.5</td>
</tr>
<tr>
<td>Other groups</td>
<td>91</td>
<td>52.6</td>
</tr>
<tr>
<td>Do not belong to any</td>
<td>16</td>
<td>9.2</td>
</tr>
</tbody>
</table>

4.4 The extent of use of cooperative relationships and types of support

4.4.1 Family cooperative relationships
A total of 130 (75.2%) of the respondents reported receiving assistance from a close family member or friend in the preceding 12 months. The number of family members and friends that provided assistance ranged from 0 to 16 people (Mean=2.8, SD=2.7) while the most frequently cited number (i.e., the mode) was 3 people (reported by 48 respondents representing 27.7%). On a scale of 1 (Not at all) to 5 (Very much), the respondents rated the extent to which family and friend relationships helped in the achievement of business goals as being above average (Mean=3.7, SD=.967).

The type of resources that were received the most from family members and friends were finance (48.6%) and free labour (48.0%). The others included supplies (7.5%) and tools and machinery (5.8%). On the other hand, the resources sought the most were reported as premises (19.1%), supplies and stock (15.6%) and tools and machinery (14.5%).

4.4.2 Trader cooperative relationships
A total of 154 (89%) of the respondents reported receiving assistance from other traders in the 12 months prior to the study. The average number of traders that provided assistance ranged from 0 to 30 (Mean=5.1, SD=4.00). The most reported number of traders that provided assistance (i.e., the mode) was 3 (24.3%) while the majority (45.1%) of the respondents reported receiving assistance from 5 or more other traders as highlighted in Table 2. On a scale of 1(Not at all) to 5 (Very much), the respondents rated the extent to which relationships with other traders helped in the achievement of business goals as being above average (Mean=3.7, SD=.997). In addition to the current cooperative relationships, the traders identified other traders they could potentially establish CRs with, the most frequent of which was 3 traders (44.5%) (Table 2). On the same 5-point scale, the respondents agreed (Mean=3.6, SD=.994) that cooperative relationships with other traders are more beneficial than those with family members.

<table>
<thead>
<tr>
<th>Number of traders</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Frequency</th>
<th>Percentage</th>
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<tr>
<td>0</td>
<td>8</td>
<td>4.6</td>
<td>6</td>
<td>3.5</td>
</tr>
<tr>
<td>1</td>
<td>7</td>
<td>4.0</td>
<td>15</td>
<td>8.7</td>
</tr>
<tr>
<td>2</td>
<td>27</td>
<td>15.6</td>
<td>44</td>
<td>25.4</td>
</tr>
<tr>
<td>3</td>
<td>42</td>
<td>24.3</td>
<td>77</td>
<td>44.5</td>
</tr>
</tbody>
</table>
The types of resources received most from other traders were finance (60.7%), supplies (stock) (46.8%), and free labour (16.2%). On the other hand, the types of resources most sought from other traders were premises (28.3%), free labour (19.7%), and finance (14.5%).

4.5 Using cooperative relationships for business support

To understand how the factors, influence the sustainability of female-owned informal businesses, the relationships between sustainability (measured by years in business) and the influencing factors namely EO, interpersonal trust, business growth and business outlook were explored. Pearson product-moment correlation coefficients (r) were determined as presented in Table 3 and used in the analysis. Four of the possible 10 bivariate correlations were positive and statistically significant; namely Outlook-Growth, EO-Growth, EO-Outlook and Sustainability-Outlook. Respondents that experienced sales growth (Growth) in the 12 months before the interviews were more positive about their business (Outlook) still being operational in the next 12 months (r=.213, n=173, p<.01). EO was positively associated with both Growth (r=.271, n=173, p<.01) and Outlook (r=.183, n=173, p<.05). Finally, Sustainability (Years in business) was positively associated with the respondents Outlook (r=.215, n=172, p<.01). According to guidelines, the correlations between the four variables are small despite their statistical significance. To sum up, the only factor that has a statistically significant positive relationship, albeit small according to Cohen (1988), with Sustainability is Outlook.

<table>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Growth***</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outlook ***</td>
<td></td>
<td>.213**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial orientation (EO) ***</td>
<td>.271**</td>
<td>.183*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust ****</td>
<td></td>
<td>-.058</td>
<td>-.045</td>
<td>.055</td>
<td>1</td>
</tr>
<tr>
<td>Years in business (Sustainability) (≤5 years or &gt;5 years)</td>
<td>.033</td>
<td>.215**</td>
<td>.123</td>
<td>.023</td>
<td>1</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).
*** N=173
**** N=172

To estimate the percentage of shared variance between the variables in each of the four sets of statistically significant correlations, the coefficients of determination (i.e., r squared as a percentage) were calculated. The coefficients of determination were 4.5% for Outlook-Growth, 7.3% for EO-Growth, 3.3% for EO-Outlook, and 4.6% for Sustainability (Years in business)-Outlook.

5. Discussion, conclusion and recommendations
5.1 The respondents

Findings show that almost 90% of the respondents were 29 and above years old with more than half of them being married or widowed. These characteristics suggest that the respondents most likely had family responsibilities. Taken together with their relatively lower levels of education, it is evident that formal employment was not a feasible option for most of them, hence their participation in these mainly survivalist informal business.

5.2 Business and owner characteristics

Contrary to the expectation that most of the business will have been operating for only a few years, more than half of the businesses whose owners were interviewed had been in operation for over five years at the time of the study. Given that business sustainability was measured by the numbers of years that a business has been in operation, it is reasonable based on the findings to conclude that most of the informal business are sustainable; and could be more sustainable with appropriate support.
To assess business growth, self-reported scores were employed to overcome the expected absence of and reluctance to share financial records. Only 20% of the respondents agreed that their businesses were selling more at the time of the interview than they did 12 months prior. On the other hand, the business owners’ business outlook showed great optimism with 92.5% indicating that they expected their business to be still operational in the following 12 months. Considering the respondents’ disagreement that they were selling more now than they did 12 months before, one explanation for the observed optimism or “positive outlook” could be that being survivalist, the business women had no option but to continue their business operations to support themselves and their families.

Individual level characteristics, namely EO and interpersonal trust were measured and found to be just above average for EO and high for trust. It is not surprising that the measurement for EO is not higher given the argument that some informal traders were in business out of necessity. The high measurement for trust was not unexpected considering women entrepreneurs’ tendency to nurture social networks involving family and close friends supporting. This is in line with the findings of other studies (Chen, Tan & Tu, 2015; Loscocco & Bird, 2012).

5.3 The nature of cooperative relationships

The most popular social networks that the respondents belonged to were stokvels (79.8%) and church affiliated groups (55.5%). The others included various groups such as funeral societies. Most of these networks are non-business related and focused on the financial, social and spiritual wellbeing of the members. Further, these reflect weaker ties to the extent that they deal with contacts outside the family and close friends. This suggests an understanding amongst the respondents that to obtain some resources, they must transcend family and friend networks. These CRs are a source of bridging social capital which is more diverse and has potential for business competitiveness (Aldrich & Meyer, 2015). There is clearly a gap for formalised business focussed CRs to enhance bridging social capital that would offer access to a more diverse resource pool. Formalised CRs would also facilitate mobilisation of the women informal traders opening the door for easier access to linking social capital available through government and NGO agencies (Baruah, 2004). Given the respondents’ experiences with existing CRs, these would not be a completely novel idea to introduce.

5.4 The extent and use of cooperative relationships

There was indication of extensive use of both family and friends CRs (strong ties) and traders CRs (weak ties) to obtain resources in the 12 months preceding the study. These CRs were both highly rated by the respondents although the traders CRs were perceived to be more significant for meeting business goals. Compared to those who obtained resources from family and friends, the percentages of respondents who obtained resources from other traders was higher for finance, tools and machinery, supplies (stock) and premises; underlining the extent of use and importance of CRs with other traders for business operations. This suggests that the need for traders CRs is an important gap. It is also in line with extant literature which highlights that although both strong and weak ties are useful for resources weak ties provide access to more diverse and unique resources (Aldrich & Meyer, 2015; Chen, Tan & Tu, 2015).

5.5 Type of support received and sought through CRs

Resources accessed through the CRs included finances, free labour, supplies/stock and premises in that order of importance. It appears that family and traders CRs are used to access resources differentially as 60.7% compared to only 48.2% of the respondents obtained finances from traders compared to family CRs respectively. Inversely 16.2% compared to 48% obtained free labour from traders compared to family CRs. This finding supports the suggestion by Aldrich and Meyer (2015) that different networks or CRs, and related intensity of ties, serve to provide different types of resources.

That the women use CRs extensively to access resources points to a need for more resources in the course of running their business. It also suggests that they may be facing challenges obtaining the resources from other sources, confirming findings from other studies (Chen, Tan & Tu, 2015; Magidimisha, & Gordon, 2015).
5.6 Effect of CRs on business sustainability

Business sustainability measured by the number of years in business operation, was evident for 52% of the businesses. It was also found that CRs were extensively used by the respondents to obtain resources, primarily finances, labour and supplies (75.2% family CRs and 89% traders CRs). Respondents rated the contribution of family and traders CRs towards achievement of business goals above average. Considering these findings, it is proposed that the resources accessed through CRs do contribute to female owned informal business sustainability. Of significance is the flow of a variety of resources facilitated by the CRs which would otherwise be unavailable to the respondents and without which business operations might be near impossible.

6. Conclusions and recommendations

The study concluded that CRs related to family and friends and other traders were commonly used by the respondents. Though both were deemed very significant for business operations, CRs with other traders were more valued. Both types of CRs were widely used with finance, free labour and supplies being the most common resources obtained. Thus, it is concluded that CRs contribute to sustainability of informal retail businesses in the study area as they facilitate access to resources which might otherwise not be available to the business owners.

Flowing from the discussion above the recommendations below are made with emphasis on interventions that must recognise the challenges faced by women. These challenges include time constraints due to women’s combined productive and reproductive roles.

The first recommendation is that stakeholders such as relevant local and national government departments and NGOs engage in activities aimed at supporting the creation as well as extension of existing CRs among female informal retail business owners. Supporting existing and/or creating formal CRs such as traders’ associations and business focused stokvels would extend the traders current networks and possible CRs. This could contribute to improving not only the depth but variety of traders’ sources of resources and potential income. While CRs with family and friends cannot be formalised, improved earnings may enable them to be better able to reciprocate. This could enhance their chances to benefit more from these CRs. Formalised CRs would also help to build capacity amongst the traders and improve not only business sustainability, but profitability as well.

It is also recommended that these stakeholders provide business and skills training to female informal retailers to enhance efficient and effective resource utilisation. The importance of this suggestion becomes more apparent when the low levels of education and EO are considered. As mentioned above, such an initiative needs to be deliberately and carefully designed to address women specific limitations including timing and place of delivery to encourage maximum participation.

7. Limitations

A limitation of this study is that it was a cross sectional as opposed to a longitudinal examination of the women’s CRs. Consequently, it may not give a nuanced understanding of the dynamics within the CRs. This is a gap for further research including an examination of the circumstances in which women informal traders use specific types of CRs for resource mobilisation.

References


