

Wholesale & Retail

LEADERSHIP CHAIR



Cape Peninsula
University of Technology



*"Collaboration opens the window
to a world of opportunities."*

**Cooperative relationships: A channel for
sustainable female-owned informal retail
businesses in Khayelitsha (Cape Town)?**

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Wholesale & Retail Leadership Chair**

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APPLIED RESEARCH
LEADERSHIP DEVELOPMENT
SERVICE TO RETAIL COMMUNITY

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Abstract

Even though the number of female-owned business is rising at a fast rate, in emerging and developing markets they tend to operate in the informal sector and focus on less attractive survivalist businesses. This study investigates the use of cooperative relationships to improve the sustainability of female-owned 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. A convenience sample of 173 informal female traders was surveyed. The findings show that female informal traders are predominantly under-educated with 45.7% of them having no secondary school education and only 3% having a degree level education. The most popular cooperative relationships they had were non-business related with *stokvels* and church-affiliated groups accounting for 79.8% and 55.5% respectively. Of these cooperative relationships, 75.2% and 89% were with family and friends and other traders respectively. The main resources obtained from the cooperative relationships were finance, free labour, and supplies. The traders' outlook explained a small but statistically significant variance in business sustainability. The study concluded that the implementation of formal cooperative relationships could contribute to business sustainability by providing access to resources including appropriate business skills development.

Key words: female-owned business, informal trade, cooperative relationships, social capital, business sustainability

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, 2001). Gender inequalities primarily stemming from prevailing socio-cultural 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 (Chant, 2008; DTI, 2011). Efforts to enhance the wellbeing of women are critical for economic development especially since they also play an important role in the welfare of their families (Roomi, Harrison & Beaumont-Kerridge, 2009; 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 wellbeing of their families (World Bank, 2001). Other studies indicate that women are more likely to spend a higher proportion of their income on their families than men (Hanson, 2009; Roomi et al., 2009; DTI, 2011).

Brush, de Bruin and Welter (2009) suggest that female-owned businesses are increasing at the fastest rate amongst entrepreneurial populations in the world because more and more women are starting their own businesses (Akinboade, 2005; Chant & Pedwell, 2008; Hans, 2009). However, proportionately there are still fewer female-owned businesses compared to male-owned ones (Chen, Tan & Tu, 2015). In Canada for example, only 17% of the small businesses in that country are female-owned (Zubi, 2013; Chen, Tan & Tu, 2015). 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 (Akinboade, 2005; Chant & Pedwell, 2008; Hanson, 2009; Wube, 2010). 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 trends and is a significant part of the national economy contributing approximately 28% towards the country's GDP, 79% of which is in retail trade (Finmarks 2010; Rolfe, Woodward, Siqwana-Ndulo, 2013).

Male-owned and female-owned businesses are different in many ways including size, number of employees, revenue and profits, as well as slow growth rate in favour of the former (World Bank, 2012; Magidimisha & Gordon, 2015). These differences have been amplified by rising unemployment which pushes more men into the higher income earning informal business activities and consequently relegates 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 (Hanson, 2009; Yusuff, 2011; Magidimisha & Gordon, 2015). In addition to the flexibility and low start-up resource requirements, and despite the revenue generated from informal economic activities being meagre, trading supports the family care burden of women because it provides a regular income stream to meet the daily family needs (Wrigley-Asante, 2013). Further, the flexibility self-employment offers to women who need to combine their productive and reproductive responsibilities particularly makes the informal sector attractive to women (Chant, 2008; Alam, Jani & Omar, 2011; Yusuff, 2011; Wrigley-Asante, 2013). To increase the chances of success and move their business beyond survivalist status, the use of cooperative relationships by women is suggested.

1.2 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 information and other resources such as financial, material, and emotional support to members. An important concept that is used to study CRs and cooperative action is social capital (SC) (Fukuyama, 1995); defined as “the ability to secure benefits through membership in networks and other social structures” (Portes, 1998:8) or the sum of resources that are available or can be mobilised through one’s formal and/or informal social networks and relationships (Longest & Aldrich, 2013; Kim & Sherraden 2014; Aldrich & Meyer, 2015). SC suggests that members of a social network benefit from knowing other people in the network and that the many network benefits which accrue to members of a network lead to economic efficiency in general. Social networks represent relationships amongst individuals through which social capital flows (Kim & Sherraden, 2014). SC is shaped by many social institutions such as family, church, and schools. Evidence shows that there is a linkage between social capital and positive collective outcomes in society, hence the contention that cooperative relationships can be beneficial for the members and their community. It is argued that high levels of social capital are associated with economic development and lower incidences of social problems in communities (Fukuyama, 1995; Hagan et al., 1995). SC is therefore desirable for individuals and communities. 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 members and reward compliant members. The benefits of network membership include, for example, extension of credit to and delivery prioritisation for members (Macchiavello & Morjaria, 2012; Antras & Folley, 2014).

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). According to research, SC resides in the community and therefore those communities that have more of it are more likely to avoid coercive solutions to problems (Putnam, 1993). 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 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).

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 (Williamson, 1991/1985) 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 into relationships on behalf of the firms. These individual level factors include entrepreneurial orientation (Dickson & Weaver, 1997) and interpersonal trust

(Brehm & Rahn, 1997). This paper investigates these factors at the level of individual female entrepreneurs because they are important determinants business sustainability.

In an analytical and integrative review of the small business literature relating to external relationships, Street and Cameron (2007) found that the outcomes sought by firms that enter into external relationships were organisational development, competition and competitive advantage, and performance, i.e., success. The antecedents to the external relationship process were identified as individual characteristics, organisational characteristics, relationship characteristics, and environmental characteristics. The external relationship process itself involved two process categories namely strategy development and planning and relationship management. The use of CRs to facilitate the realisation of business outcomes has been reported by other researchers (e.g., Chin, 1999; Chaston, 2000). Since success may be defined as the achievement of goals and sustainability is one of these goals, this study will employ years in business (firm age) as a measure of sustainability.

1.3 Research objectives

This paper argues that social capital can propel informal female entrepreneurs to sustainability because it provides 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) Identify the potential of CRs as a basis for providing business support to female entrepreneurs in the informal sector.

2. Literature review

2.1 Social networks and social capital

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; Rooks, Klyver and Sserwaga (2016) on social capital in Uganda; Batjargal (2003) in Russia; and Ekpe, Mat, Al-Mamun and Nik-Mahdi (2015) in Malaysia. However, research focusing on women in the informal sector is limited in spite of the evidence that women predominate in the sector (Chant & Pedwell, 2008; Hanson, 2009; Wube, 2010) 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).

Three common approaches to understanding social capital are the social network structure, network relations, and network resources. These approaches focus on the network configuration, relationships, and resources embedded in the network respectively. The social network structure approach addresses the manner in which relationships within and between network clusters are converted into economic benefits (Kim & Sherraden, 2014; Rooks et al., 2016; Kent, Sommerfeldt & Saffer, 2016). The relationships or ties linking individual actors vary in strength. According to Granovetter (1973:1361) “...the strength of a tie is a... combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie.” Strong ties such as those existing among family and close relatives and friends constitute a significant and reliable source of support based on trust, obligation, and commitment (Fong and Chen, 2007; Hanlon & Saunders, 2007; Chen, Tan & Tu, 2015; Rooks, et al. 2016). They form a smaller proportion of social networks and are characterised by homogeneity amongst network members. Social

networks comprising of kin and kith play a significant role in entrepreneurship (Teoh and Chong, 2007; Hanson, 2009; Chen, Tan & Tu, 2015). Such networks have been found very useful for purposes of information and experience exchange, advice and mentorship as well as peer financing (Teoh & Chong, 2007). While such networks have the advantage of strong ties (Chen & Fong, 2007; Aldrich & Meyer, 2014) availing more readily accessible resources, the network size and homogeneity are disadvantageous due to their potential to insulate the entrepreneur from novel ideas and from outside the network (Granovetter, 1973; Fong & Chen, 2007; Kim & Sherraden, 2014; Chen, Tan & Tu, 2015; Rooks, et al., 2016). Weak ties on the other hand are characterised by less intensity in shared time and emotions amongst network members. They comprise a larger proportion of one's networks and are characterised by heterogeneity ties (Fong & Chen, 2007; Rooks et al., 2016). Due to their heterogeneity, weak ties are more beneficial as they facilitate access to a greater diversity of resources and opportunities (Granovetter, 1973; Kim & Sherraden, 2014; Rooks et al., 2016), hence the 'strength of weak ties' (Granovetter, 1973). Professional, civic, voluntary and similar groupings and associations are some of networks which facilitate formation of weak ties. Different networks serve different purposes and therefore their value to an individual will depend on their being in alignment with the resource needs of the individual (Kim, Longest & Aldrich, 2013; Rooks et al., 2016).

The second approach to understanding social capital is social network relations which focuses on the value of the resources that network contacts are able to provide. This is measured in terms of the level of confidence or trust that network contacts have in each other which would motivate them to support each other (Fornoni, Arribas & Villa, 2011). The third and last approach is the social network resource approach which focuses on the nature and amount of resources embedded in the network and accessible to network members (Kim & Sherraden, 2014; Rooks et al., 2016). The social position of network members determines the type and quality of resources available and accessible to them (Fornoni, Arribas & Villa, 2011; Kim & Sherraden, 2014).

Three types of social capital have been identified namely; bonding, bridging, and linking social capital (Aldrich, 2012; Aldrich & Meyer, 2015). Bonding social capital, the most common form of social capital, is characterised by homogeneity based on demographics, attitudes, and available information and resources (McPherson, Smith-Lovin, & Cook, 2001; Aldrich & Meyer, 2015). Bonding social capital exists among individuals sharing close emotional connections such as family and close friends (McPherson, Smith-Lovin, & Cook, 2001; Aldrich & Meyer, 2015). Such close connections enable a group to access resources within itself (Williams & Durrance, 2008). William and Durrance (2008) emphasise the role of bonding capital in not only facilitating access to but also retention of resources within the network cluster; thus enhancing network wealth. Bridging social capital on the other hand refers to connections amongst acquaintances or individuals who are loosely connected across class, race, and other social characteristics. Consequently, bridging social capital is characterised by more demographic, informational, and other resource diversity. Bridging social capital is nurtured through involvement in civic and political institutions, parent-teacher associations, and various types of clubs along with educational and religious groups which enable a network to access resources outside of itself (Williams & Durrance, 2008). It is more useful for temporary resources. Finally, linking capital arises in a network whose relationships link ordinary citizens with those in positions of authority. Interaction amongst network members is based on formal, institutionalised power or authority differentiation (Aldrich & Meyer, 2015).

2.2 Women's social networks

Women's social networks have been characterised as smaller, comprising of more family and kin ties and therefore dense and homophilous (Chen, Tan & Tu, 2015; Kim & Sherraden, 2014) and limited in the number of low and high-status contacts (Chen, Tan &

Tu, 2015). Gender segregated roles that assign family care responsibilities to women encourage them to nurture social networks that revolve around family. Women with young children face time constraints and potential isolation as they balance child care and other family responsibilities (Chen, Tan & Tu, 2015). Consequently family and kinship networks are more significant for female small businesses owners than their male counterparts (Jennings & Brush, 2013; Chen, et al., 2015). Compartmentalisation of network contacts into female members for affective support and male members for information and advice is another characteristic of women's networks (Loscocco, Monnat, Moore, & Lauber, 2009; Chen, Tan & Tu, 2015). Female informal business owners at the bottom of the pyramid with not only limited resources and limited chances to network with others who are unlike themselves tend to rely on strong ties for support (Williams & Durrance, 2008).

Some studies have found a negative relationship between women's strong network ties and business performance (Renzulli, Aldrich, & Moody, 2000). This finding is explained by the argument that women's strong network ties limit access to diverse resources available in sparse heterophilous networks characterised by weak ties (Granovetter, 1973; Kim & Sherraden, 2014; Chen, Tan & Tu, 2015). It is argued that "Homophily limits people's social worlds in a way that has powerful implications for the information they receive, the attitudes they form, and the interactions they experience" (McPherson, Smith-Lovin & Cook, 2001: 415). Kim and Sherraden (2014) have argued that even when women belong to heterophilous networks, such networks tend to be peripheral and may not deliver economic benefit as they are more aligned to domestic and community activities. Other studies have found that strong ties support business performance (Chowdhury & Amin, 2011) with the bigger impact being in the start-up stage when resources are limited (Kim, 2014: 413). Most studies however, point to women having fewer dense networks which are not beneficial to business performance (Kim & Sherraden, 2014).

2.3 Individual level factors: entrepreneurial orientation and interpersonal trust

CRs amongst business people are influenced by individual-level factors including entrepreneurial orientation (Dickson & Weaver, 1997) and interpersonal trust (Brehm & Rahn, 1997). Entrepreneurship is essential for both start-ups and existing businesses because it drives economic growth. It is defined as new entry or the act of launching a new venture. Entrepreneurial orientation (EO) on the other hand refers to how new entry is implemented and is defined as "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 (Wikland & Shepherd, 2005), even though it does not guarantee success (Bhide, 2000). 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 (Benavides-Velasco, 2004). Since CRs require working with other people and businesses, it is important for their success that there be interpersonal 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 (McAlister, 1995) as people are more likely to enter into CRs with people they can trust (Oliver, 1990). Though trust is a non-contractual element of

CRs, it is known to impact on the success of CRs (Kroegeer, 2011) because it influences the partners' willingness to share resources (Dogsons, 1993; Hadjielias and Poutziouris, 2015).

It has been suggested that 70-80% of small business start-ups cease to operate within the first year of their operation (Nobel, 2011; Ligthelm & Cant, 2003). This implies that one way to measure small business performance is to determine the number of years a business has been operating; it indicates how long it has been sustainable. Financial measures and growth can also be employed to measure business performance (e.g., Chandler & Hanks, 1993), but in this paper, years the informal business' years in business is used to gauge business performance.

3. Methodology

3.1 Participants and procedures

Due to the lack of a sampling frame, a convenience sample of 186 female-owned informal business 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 in the field at places where the businesses were operated. Prior to the commencing the study, ethical clearance was sought from and granted by the Cape Peninsula University of Technology Research Ethics Committee (Clearance Certificate No: 2015FBREC331).

3.2 Measures (measurement strategy)

Data was collected on the following variables of interest: CR, EO, business sustainability (years in business), business growth, business outlook, and IT. To measure CR, 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 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 likelihood of the business being in operation in the next 12 months, respectively. Interpersonal trust was measured by using three items adapted from the (Putnam, 2000, p. 91). 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. The data collection instrument is attached in Appendix 1.

3.3 Data analysis, validity and reliability

Descriptive statistics were employed to summarise the data while Person product-moment correlation was employed to explore the relationships between the key study variables. We accounted for construct validity by ensuring that the variables and measurements used in the study are grounded in theory and have been validated in prior studies. We also assessed the nomological validity of data collection instrument using correlation coefficients (r); a measure of the relationship between two variables that is also used to assess validity. Validity is established when the variables correlated in the expected way. Although Cohen (1988) defines small, medium, and large effects as those with $r = .1$, $r = .3$, and $r = .5$ respectively, he also observes that many effects in social research are likely to be small. Because of the small number of items in the instrument, using Cronbach alpha to assess reliability would have been inappropriate and resulted in lower value. We therefore reported the inter-variable correlations. Most of the statistically significant inter-variable correlations were in the .2 to .4 range recommended by Briggs and Cheek (1986).

4. Findings

4.1 Profile of respondents

The total number of usable questionnaires in the study was 173. The key characteristics of the respondents are summarised in Table 1. 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.

Table 1: Demographic profile of respondents

Age	Frequency	Percentage
<18 years old	0	0.0
18-29 years old	18	10.4
30-49 years old	92	53.2
50-64 years old	62	35.8
≥65 years old	1	0.6
Total	173	100.0
Marital status		
Single	69	39.9
Married	88	50.9
Widowed	12	6.9
Other	3	1.7
Undisclosed	1	0.6
Total	173	100.0
Education		
No matric	79	45.7
Matric	58	33.5
National diploma	31	17.9
Degree	3	1.7
Postgraduate degree	2	1.2
Total	173	100.0
Years in business		
≤1 year	12	6.9
2-3 years	34	19.7
4-5 years	37	21.4
≥5 years	90	52.0
Total	173	100.0

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 (coded 1) and over 5 years (coded 2).

4.2.2 Business growth: To assess whether the informal businesses were growing or not, respondents were asked to indicate their sales 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% agreed while 50.9% disagreed (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% of them 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 be 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 was 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 2). Only 3.5% of the respondents reported belonging to the business association (NAFCOC) while 52.6% reported being members of various localised associations such as funeral societies. Based on the evidence, 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 2: Civic organisation memberships

Civic organisation membership	Frequency	Percentage
Church affiliated groups	96	55.5
Parent-teacher associations	0	0.0
Stokvels	138	79.8
Sports groups	7	4.0
NAFCOC	6	3.5
Other groups	91	52.6
Do not belong to any	16	9.2

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%) as highlighted in Table 3. 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 above average (Mean=3.7, SD=.967).

Table 3: Number of family members that assist in the business

Number of family members that assist in the business	Frequency	Percentage
0	28	16.2
1	23	13.3
2	40	23.1
3	48	27.7
4	8	4.6
≥5	26	15.0
Total	173	100.0

The type of resources that were received the most from family members and friends were finance (48.6%) and free labour (48.0%) (Table 4). 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%).

Table 4: Type of resources received and sought from family members

Type of resources	<i>Received</i>		<i>Sought</i>	
	<i>Frequency</i>	<i>Percentage</i>	<i>Frequency</i>	<i>Percentage</i>
Finance	84	48.6	20	11.6
Tools and machinery	10	5.8	25	14.5
Supplies (stock)	13	7.5	27	15.6
Free labour	83	48.0	12	6.9
Premises	5	2.9	33	19.1
Other	90	52.0	110	63.6

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 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 5. 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 above average (Mean=3.7, SD=.997). In addition to the current cooperative relationships, the traders identified other traders they could potentially enter into relationships with, the most frequent of which was 3 traders (44.5%) (Table 5). 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 5: Number of other traders that assist in the business

Number of traders	<i>Current</i>		<i>Potential</i>	
	<i>Frequency</i>	<i>Percentage</i>	<i>Frequency</i>	<i>Percentage</i>
0	8	4.6	6	3.5
1	7	4.0	15	8.7
2	27	15.6	44	25.4
3	42	24.3	77	44.5
4	11	6.4	8	4.6
≥5	76	45.1	22	12.8
Total	173	100.0	173	100.0

The type 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 type of resources most sought from other traders were premises (28.3%), free labour (19.7%), and finance (14.5%) (See Table 6).

Table 6: Type of resources received and sought from other traders

<i>Type of resources</i>	<i>Received</i>		<i>Sought</i>	
	<i>Frequency</i>	<i>Percentage</i>	<i>Frequency</i>	<i>Percentage</i>
Finance	105	60.7	25	14.5
Tools and machinery	27	15.6	23	13.3
Supplies (stock)	81	46.8	10	5.8
Free labour	28	16.2	34	19.7
Premises	11	6.4	49	28.3
Other	112	64.7	92	53.2

4.5 Potential to use 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 7 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 was ($r=.215$, $n=172$, $p<.01$). According to Cohen's (1988) guidelines, the correlations between the four variables are small despite their statistical significance. To sum up, the only factor that has statistically significant positive relationship with Sustainability is Outlook.

Table 7: Pearson product-moment correlations between variables

	1	2	3	4	5
Growth***	1				
Outlook ***	.213**	1			
Entrepreneurial orientation (EO) ***	.271**	.183*	1		
Trust ****	-.058	-.045	.055	1	
Years in business (≤5 years or >5 years)	.033	.215**	.123	.023	1

*. 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

In this section, we discuss the respondent and business characteristics in sub-sections 5.1 and 5.2. Thereafter, each of the four research objectives are addressed in sub-sections 5.3 to 5.5.

5.5 The respondents

Almost 90% of the respondents were aged above 29 years old with almost 57% of them being married or widowed. These characteristics suggest that the respondents most likely

had family responsibilities, hence their involvement in informal business. Taken together with their lower levels of education (47.5% had no matriculation and only 2.9% had a degree), 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 we measured business sustainability by the numbers of years that a business has been in operation, it is reasonable based on our findings to conclude that most of the informal business are sustainable; and could be more sustainable with appropriate support that takes into consideration their characteristics as explained in section 5.1.

To assess business growth, self-reported scores were employed to overcome the expected absence and reluctance to share financial records. Only 20% of the respondents agreed that their business were selling more at the time of the interview than they did 12 months prior (Mean=2.7, SD=1.036), i.e., there was overall disagreement. 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 next 12 months (Mean=4.5, SD=.635). In light of 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 operating their businesses to support themselves.

Individual level characteristics namely EO and interpersonal trust were measured and found to just above average for EO (Mean=3.25, SD=.457) and high for trust (Mean=3.81, SD=.642). It is not surprising that the measurement for EO is not higher given the argument that some informal traders are forced into business to make a living out of necessity. Similarly, the high measurement for trust was not unexpected in light of women entrepreneurs' tendency to nurture social networks involving family and close friends.

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 were non-business related and focused on the financial, social, and spiritual wellbeing of the members. Further, these reflect weaker ties (sparse networks) 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 have to transcend family and friend networks (These CRs are therefore a source of bridging social capital). There is clearly a gap for formalised business focussed CRs to enhance both bridging and social capital that would offer access to a more diverse resource pool. 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 and types of support

There was a lot use of strong tie (dense network) CRs as demonstrated by 75.2% of the respondents indicating that they had received assistance from a family member or friend in the last 12 months. These CRs were highly rated by the respondents (Mean=3.7, SD=.967) and provided mainly finance (48.6%) and free labour (48.0%), presumably because of the presence of interpersonal trust in these close relationships. But evidence of a strong association between business sustainability and trust was found. In addition to the resources provided by family CRs, the respondents still sought more resources namely premises (19.1%), supplies (stock) (15.6%), and tools and machinery (14.5%). This suggests the need

for more resources by the respondents. Typically, each trader received assistance from 3 family members (the range was from 0 to 16), suggesting a need for assistance in the course of running the business.

There were a lot more CRs with other traders (89%) compared with CRs with family members and friends (75.2%). This finding is consistent with the argument that work ties provide more and diverse resources to members. As was the case with family CRs, CRs with other traders were also highly rated by the respondents (Mean=3.7, SD=.967). The importance of CRs with other traders was confirmed by the respondents who indicated that CRs with other traders were more beneficial than those with family members (Mean=3.6, SD=.994). The main resources obtained from these trader networks were finance (60.7%) and supplies (stock) (46.8%). 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. Even so, the most sought resources from other traders were included premises, free labour, and finance. This suggests that the need for traders CRs is an important gap. To conclude, informal traders use CRs to obtain various resources ranging from finance to free labour. Both family CRs and CRs with other traders are used, but the use of the latter was more widespread than the former.

5.5 Potential to use cooperative relationships for business support

The only factors that was found to have a positive and statistically significant association with business sustainability was the traders' outlook or optimism regarding their business being operational in the next 12 months. This suggests that attempts to increase business sustainability for female-owned informal businesses should target improving their outlook (i.e., how positive they are about their businesses' future), though other factors will clearly contribute. The positive and significant association between sales growth over the previous 12 months and the traders' outlook was not unexpected as past performance builds confidence and contributes to a more positive outlook and optimism.

6 Recommendations

While CRs with family and friends cannot be formalised, it is suggested that providing institutionalised and formal CRs to support traders would help to build capacity amongst the traders and improve not only business sustainability, but profitability as well. The importance of this suggestion becomes more apparent when the low levels of education and EO are taken into account. Further, despite their self-reported positive outlook; the majority of the respondents indicated that their businesses were generating less sales compared to 12 months prior to this study. This could be a sign of business in distress and in need of assistance. This support needs to consider both the family obligations and levels of education. The types of support include:

- Marketing and merchandising skills in light of the declining sales (Only 20% of the respondents agreed that their business were selling more at the time of the interview than they did 12 months prior).
- Entrepreneurial skills in light of low EO scores. This could cover important areas such as business environmental analysis, competitor analysis, innovativeness, proactiveness, and risk taking and management.

Given the high levels of interpersonal trust score, it is expected that implementation of CRs would be building on an already existing culture of working with others and therefore receive support. But the additional benefit of these facilitated CRs is that they could make the circle of network members bigger to transcend family and friend networks (i.e., existing CRs like localised *stokvels*).

Measures to increase business sustainability for female-owned informal businesses should also target improving their outlook (i.e., how positive they are about their businesses' future). Introducing formalised CRs can contribute to improving the traders' outlook by providing access to resources required for business sustainability and growth (e.g., information, finance, premises, and supplies). Most importantly for these traders, business skills development appropriate to their lower levels of education would be empowering and important for business sustainability and growth.

This study's main limitation was include the use of English as the medium of communication. Although most of the respondents understand English, a few of them were not proficient and had to rely on the Xhosa speaking research assistant to interpret and explain the questions. Future studies could consider using questionnaires in both English and isiXhosa.

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Appendix 1: Data collection instrument

Cooperative relationships: A channel for sustainable female owned informal retail businesses in Khayelitsha

Dear Sir/Madam,

My name is Mlenga Jere. I am doing research on how women entrepreneurs use cooperative relationships in their businesses. This research has been approved by the Cape Peninsula University of Technology (Research Ethics Committee FOBREC331). Your participation is voluntary; therefore you may opt out at any point. Your anonymity is also guaranteed; so whatever you say will not be traceable to you. If you need to confirm anything to do with this study, you may call my supervisor Prof Roger Mason at 0214603973.

Thank you for your participation.

Mlenga Jere (084 701 4714)

Section 1: Individual characteristics

1. Which ones of the following civic organizations do you belong to?
 - a) Church affiliated groups
 - b) Parent-teacher associations
 - c) Stokvels
 - d) Sports groups
 - e) NAFCOC
 - f) Other groups (please specify)_____
 - g) Do not belong to any civic organization
2. On a scale of 1 (False) to 5 (True), please indicate to what extent the following statements are true for you as a business woman:
 - a) My business produces or sells many new or different products/services
False 1____2____3____4____5____ **True**
 - b) In general, my business is very often the first to introduce new products/services
False 1____2____3____4____5____ **True**

- c) Facing competition, my business normally engages in aggressive actions against the competitors

False 1_____2_____3_____4_____5_____ **True**

- d) In general, my business adopts a very competitive posture to beat the competitors

False 1_____2_____3_____4_____5_____ **True**

- e) The changes in new product/services in my business are quite dramatic

False 1_____2_____3_____4_____5_____ **True**

- f) In general, my business has a strong emphasis on high risk projects with uncertain returns

False 1_____2_____3_____4_____5_____ **True**

- g) In order to achieve my business objectives, the business environment encourages my business to adopt strong and fearless measures

False 1_____2_____3_____4_____5_____ **True**

- h) In the case of uncertain decision-making situations, my business adopts a fearless and aggressive position to increase the chance of exploiting potential opportunities

False 1_____2_____3_____4_____5_____ **True**

- i) My business has a strong emphasis on research and development and innovation, instead of focusing on marketing of current products/services

False 1_____2_____3_____4_____5_____ **True**

Section 2: Business sustainability (performance)

3. How many years have you been in this business?

- a) Less than 1 year
- b) 2-3 years
- c) 4-5 years
- d) More than 5 years

4. On a scale of 1 (False) to 5 (True), are you selling more now than you did twelve months ago?

False 1_____2_____3_____4_____5_____ **True**

5. 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?

Very unlikely 1_____2_____3_____4_____5_____ **Very likely**

Section 3: Cooperative relationships and access to resources

6. Please indicate the number of your family members and friends that provide assistance for your business.

○ _____

7. In the last 12 months, have you had any assistance provided by a family member or friend for your business?

- a) Yes
- b) No

8. From the list below, please tick every applicable type of resource that your family members or friends provide to assist your business?

- a) Finance
- b) Tools and machinery
- c) Supplies (stock)
- d) Free labor
- e) Premises
- f) Other (please specify)_____

9. From the list below, please tick every applicable type of resource that your family members or friends *do not* provide but you would like to get to assist your business?

- a) Finance
- b) Tools and machinery
- c) Supplies (stock)
- d) Free labor
- e) Premises
- f) Other (please specify)_____

10. On a scale of 1 (Not at all) to 5 (Very much), can you rate the extent to which the family relationships have helped you achieve your business goals?

Not at all 1_____2_____3_____4_____5_____ **Very much**

11. Please indicate the number of other traders that you know and cooperate with that provide assistance for your business.

○ _____

12. In the last 12 months, have you had any assistance provided by other traders for your business?

- a) Yes
- b) No

13. From the list below, please tick every applicable type of resource that other traders provide to assist your business?

- a) Finance
- b) Tools and machinery
- c) Supplies (stock)
- d) Free labor
- e) Premises
- f) Other (please specify)_____

14. From the list below, may you please tick every applicable type of resource that other traders *do not* provide but you would like to get to assist your business?

- a) Finance
- b) Tools and machinery
- c) Supplies (stock)
- d) Free labor
- e) Premises
- f) Other (please specify)_____

15. On a scale of 1 (Not at all) to 5 (Very much), can you rate the extent to which other traders have helped you achieve your business goals?

Not at all 1_____2_____3_____4_____5_____ **Very much**

16. Please indicate the number of other traders that you know and could *potentially* cooperate with

○ _____

17. On a scale of 1 (False) to 5 (True), do you agree that cooperative relationships with other traders are more beneficial than cooperative relationships with family members?

False 1_____2_____3_____4_____5_____ **True**

Section 4: Interpersonal trust

18. On a scale of 1 (False) to 5 (True), do you think most people would try to take advantage of you if they had a chance?

False 1_____2_____3_____4_____5_____ **True**

19. On a scale of 1 (False) to 5 (True), do you think most of the time people try to be helpful?

False 1_____2_____3_____4_____5_____ **True**

20. On a scale of 1 (False) to 5 (True), do you think that most people can be trusted?

False 1_____2_____3_____4_____5_____ **True**

Section 5: Demographics

Will you please answer the following questions?

21. What is your age? _____

- a) Under 18 years old
- b) 18-29 years old
- c) 30-49 years old
- d) 50-64 years old
- e) 65 years and over

22. What is your marital status?

- a) Single
- b) Married
- c) Widowed
- d) Other

23. What is your highest level of education?

- a) No Matric Certification
- b) Matric
- c) National Diploma
- d) Degree
- e) Postgraduate degree

Thank for your participation!

Appendix 2: Data collection instrument



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Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS
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At a meeting of the Research Ethics Committee on 03 December 2015, Ethics Approval was granted to DR MLENGA JERE for research activities Related to the:


WRLC (Wholesale & Retail Leadership Chair) within the RETAIL BUSINESS MANAGEMENT DEPARTMENT, Business Faculty at the

Cape Peninsula University of Technology

Title of Project:	Cooperative relationships: a channel for sustainable women owned informal retail businesses in Khayelitsha Supervisor: Prof R Mason
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Comments:

Decision: **APPROVED**

 <hr/> Signed: Chairperson: Research Ethics Committee	<hr/> 03 December 2015 <hr/> Date
<hr/> Signed: Chairperson: Faculty Research Committee	<hr/> <hr/> Date

Clearance Certificate No | 2015FBREC331