

Scene report¹

Scene Title: **Approaching the Oracle...NOT** (Our first Liaison Interview)

Author(s): Spaza team– Myra and Jack authors, Natalie and Andy reviewers

Setting (where, when): Worcester, September 14, 2010

Backstory

Our sponsor, the Triple Trust Organization, an NGO established 1988 to help make “markets work for the poor” (www.tto.org.za) has been collaborating with Spaza shop owners in the Cape Town area for seven years to help them develop business skills and overcome constraints in the supply and distribution of goods from wholesalers to spaza shops. The TTO tries to establish horizontal linkages among spaza shop owners through creating business cooperative networks and vertical linkages among the networks and wholesale suppliers. The TTO wants to establish such a network in MWP.

Cast of Characters:

Sponsor: TTO, Donovan Pedro and Stanley Hendricks

Spaza shop owners in MWP: We don't know

MWP Wholesalers: We don't know

Spaza shop owner collaboratives in Cape Town: We don't know

Scene:

a) Connecting

None of us are marketing or business majors and so much of the substance of our project is unfamiliar to us. After a few weeks of background reading, however, we have some understanding of TTO's mission, its terminology (horizontal and vertical linkages, business cooperatives) and what the TTO has done in other informal settlements to encourage the development of spaza shops. But there is much we don't know and want to straighten out. We believed our initial conversation with Donovan and Stanley, our sponsors, could help us align our preparation to what the sponsors want. As we explain below, **the scene didn't quite turn out like we expected.**

b) Planning

In the run up to the interview we reviewed the TTO website, discussed the following articles and reports we identified in our background reading (links to our annotated bibliographies are available at:

<http://wp.wpi.edu/capetown/homepage/projects/p2010/spaza/annotatedbiblio>

- Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 39
- McKeever, M. (2006). *Fall back of spring forward?: Labor market transition and the informal economy in South Africa. Research in Social Stratification and Mobility*, 24(1), September 3, 2010-73-87.
- Bradford, W. D. (2007). *Distinguishing economically from legally formal firms: Targeting business support to entrepreneurs in South Africa's townships. Journal of Small Business Management*, 45(1), 94-115
- Gulyani, S., & Talukdar, D. (2010). *Inside informality: The links between poverty, microenterprises, and living conditions in Nairobi's slums*. World Development.
- Haan, H. C. (2006). *Training for work in the informal micro-enterprise sector: Fresh evidence from sub-sahara Africa*. Kluwer Academic Pub.

¹ This is a fictional scene that borrows from the excellent work by the 2010 CTPC “Spaza” team.

To prepare for the interview, we each read teammates' annotated bibliographies and if we found a particularly good article we all read it. To help us synthesize the material, we created a matrix that identified critical issues, what various authors had to say about these issues, and noted patterns of agreement and discrepancies (see matrix at http://wp.wpi.edu/capetown/homepage/projects/p2010/spaza/sponint_matrix)

Through our reading and discussion we identified the following themes and developed questions for each theme.

Project definition and boundaries

- What are TTO's priorities for the project?
- How does TTO see our role within MWP?
- How much training of spaza shop owners in business skills will we be doing?
- What deliverables would be most useful?

TTO's Prior work

- What has TTO learned from its work in other informal settlements about developing a spaza network?
- How can these insights be applied to MWP?

Challenges

- What difficulties have arisen with the implementation of the shop net program?
- How have spaza shop owners responded to TTO's incentives to develop a shop net program?
- How should we deal with xenophobia in relation to Somali and other foreign operators of Spaza shops.

Conducting the interview---Following Berg's notion of the dramaturgical interview, we wanted not simply to dive straight into the questions, but also create a good working relationship with our sponsor. So we planned to have a few opening ice breakers, what Berg calls "softball" questions in which we ask Donovan and Stanley to tell us about their roles in the TTO before we get to the main substance. We also wanted to show them through the interview that we are capable, prepared, hard-working and have done enough research to appreciate the complexity of the project. We skyped the sponsors at a mutually agreed upon time. Natalie volunteered to conduct the interview, while the others planned to take notes and chime in from time to time.

c) Action

The interview, via Skype, lasted 45 minutes. Donovan and Stanley were very cooperative, engaging, and wanted to know more about us, our backgrounds, and what we wanted to gain from the project.

Key observations:

- **Trying to apply the lessons from one informal settlement to another is not straightforward and can be wrongheaded:** the TTO have not worked in MWP before, and so are very interested in learning more about the challenges MWP spaza shop owners face, the attitudes of spaza shop owners toward training, their willingness or lack thereof of creating an association. The answers to these questions, according to S&D, are often very place specific: proximity of spaza shops to larger competitors, the site specific politics of xenophobia, the strength of savings association

and other micro-lending opportunities (church groups, people from same village in Eastern Cape, etc), individual initiative/talent, extent of crime/community vigilance, etc.

- **TTO only engages with spaza shop owners when spaza shop owners ask them for assistance and so TTO does not want us to promote their work but rather give them a better handle on the attitudes of spaza shop owners in MWP:** D&S described the challenges spaza shop owners in general face: lack of capital to invest in the shop, lack of training in business skills (accounting, marketing, inventory control), crime, poor cash flow, no access to distribution network, cost of transporting goods from wholesalers to shop, insufficient bargaining power to negotiate discounts from wholesalers/suppliers, fewer products and higher prices than foreign owned shops that rely on a network of family/relations to buy in bulk, etc. Training programs can be devised to address some of these challenges but TTO sees its services as demand led, it has to be invited to give trainings.
- **Spaza shop owners are likely to be skeptical of outside assistance:** spaza shop owners often have a survivalist approach to their business. This means they don't often make adequate plans to expand their business or make it more profitable. For the majority of spaza shop owners, it's simply a way of making a small amount of money, until a job or some other venture comes along, and hence there is no long term commitment to create value in the operation, pass it on to family members, etc.
- **The relationships we establish with shop owners will have a big impact on what we learn.** D&S told us that how we approach spaza shop owners and others in the community will largely determine the success of the project. We have to also be very transparent about what we're doing--being consistent, having community meetings if necessary to ward off rumors. Given the legacy of apartheid, and more recent attempts to raze informal settlements by local officials, a group of white people (us!) walking around informal settlements with clip boards and cameras can lead to a great deal of suspicion and false rumors.

Reflection

We got off to a very good start with Donovan and Stanley who were very level and straight with us. What we thought was going to be an interview with our sponsor to clarify project objectives became more of a conversation about the difficulties, complexities, and rewards in working with spaza shop owners in informal settlements. D&S did want us to survey spaza shop owners in MWP as well as map the locations of spaza shops through a GPS and put locational data into a GIS. How can we reconcile that approach (cameras and clipboards at the ready) with the need to establish more trusting relationships with spaza shop owners? While we learned more about the TTO and the work they do in other informal settlements, we're feeling a bit overwhelmed at the moment about what we can do to work collaboratively in the informal settlements with spaza shop owners who don't see the need to take on the services the TTO is promoting.

Questions to mull over:

- How can we work with co-researchers to learn more about self-presentation when we meet spaza shop owners? What should we say in Xhosa and English to create a context for discussion?

- Do we buy stuff from spaza shop owners as a way to show goodwill. Can the CTPC subsidize this? Can the sponsor?
- What can we learn from foreign spaza shop owners operating in informal settlements? They seem to do alright despite no outside training?
- If we relay to TTO the information that spaza shop owners are interested in training, what do we then do to move the process forward? Will we be involved in developing training? What would that training consist of?