

# A case study of the Adoption of Electronic Payment Methods by Spaza Shop owners in Mkhuhlu Township in South Africa

Hluphi Constance Mafuwane<sup>1\*</sup>, Mammo Muchie<sup>2</sup>

<sup>1\*</sup>Post Doctor Fellow, University of Technology Business school, South Africa; <sup>2</sup>Professor, University of Technology Business school, South Africa.

Email: <sup>1\*</sup> mafuwanehc@tut.ac.za, <sup>2</sup>muchiem@tut.ac.za

**Keywords:** Electronic Payments, SMME, Technology, Spaza, Language, Mpumalanga.

## Article History

Received on 14<sup>th</sup> September 2022

Accepted on 31<sup>st</sup> October 2022

Published on 23<sup>rd</sup> November 2022

## Cite this article

Mafuwane, H. C., & Muchie, M. (2022).

A case study of the Adoption of

Electronic Payment Methods by Spaza

Shop owners in Mkhuhlu Township in

South Africa. *International Journal of*

*Management, Innovation &*

*Entrepreneurial Research*, 8(2), 01-09.

<https://doi.org/10.18510/ijmier.2022.821>

Copyright © Author

## Publishing License

This work is licensed under a [Creative](#)

[Commons Attribution-Share Alike 4.0](#)

[International License](#)



## Abstract

**Purpose:** This study aims to investigate the usage of mobile technologies by spaza shop (tuck shop) owners in South Africa. It also evaluates opportunities created using mobile communication.

**Methodology:** Interviews were conducted with 110 small, micro, and medium enterprises (SMMEs) operating spaza business shops in Mkhuhlu and Calcutt in the Bushbuckridge Municipality in Mpumalanga, South Africa. Police officers, South Africans, Somalians, and Indians were interviewed. Data was collected through self-completion questionnaires. Interviews were conducted in English as most participants needed help understanding African languages.

**Main Findings:** Technological skills are needed for the township business owners. Safety and security must support SMMEs in townships by protecting their owners and resources against criminals. Spaza shop owners must invest in training to advance their business skills and advance in technology to do business.

**Implications:** Aligned to the Native-owned spaza shops in the selected townships, informal traders, related businesses, other townships, academics, and policymakers may draw vital lessons from this study

**Novelty:** First time this kind of study is being conducted at Bushbuckridge Municipality with spaza shop owners.

## INTRODUCTION

South Africa has various supermarket concepts, namely chain supermarkets (e.g., Shoprite, Checkers, Pick 'n Pay, and Spar) and sole individual supermarkets such as Spaza shops, also known as tuck shops. Chain supermarkets are traditional supermarkets in shopping malls and complexes, whereas spaza shops are mainly located within townships and villages (van Scheers, 2013).

Local and regional communities defined a spaza shop (also known as a tuckshop) as a small informal grocery shop that operates from residential premises in townships (Ligthelm, 2010). According to a study conducted by (Chairman, Petersen, and Piper, 2012), the word spaza was taken from the word *Isizulu* meaning "hidden." Internationally the spaza shops are known to be kiosks. Deployment of spaza shops in township provides convenient services to their customers in a better and more satisfaction manner (Shahid Iqbal et al., 2017).

Township is a peculiarly South African phenomenon and manipulation of urban planning cities regarding race. Ninety percent of the spaza is owned by Indians and Somalians, while South Africans own ten percent (Tengeh & Mukwarami, 2017). It has been noted that most South Africans are unskilled in running a business compared to their Somalians and Indian counterparts. Most South African spaza shop owners need better record-keeping skills, often leading to business failure. Effectively managing a spaza shop requires applying management and technical skills, including using smartphones and computers. The implementation of simple systems can assist spaza shop owners in managing their businesses in a profitable, productive, effective, and successful way.

Using mobile technology by small businesses improves how the company performs and increases its likelihood of success (Tengeh, 2016). The study is significant and worth investigating as it forms part of the socio-economic impact on communities as spaza shops alone contribute millions of Rands to the national treasure.

Since Covid 19 pandemic South Africa's unemployment rate has increased to 32.5 percent. (South African Township Market, 2021). This informal supermarket relies heavily on the cash payment method. Cash attracts criminals and leads to more death rate and crime in South Africa (Tengeh et al., 2016). The shootings and killings have increased in townships because the spaza shop owners still use the cash payment system instead of switching to electronic payment methods. They avoid bank charges, interest rates, buying data, and airtime. They also feel that they might lose customers due to electricity challenges experienced in South Africa that affect their business operations as they rely solely on residents for business productivity (Tengeh et al., 2016).

A study by (Herrington et al., 2016) mentioned that more work must be done to ensure that small-medium enterprises are capacitated to be successful. When comparing South Africa with other African countries, the country has a small weak

business sector. This might be because of several factors: lack of support from government entities by not providing business skills affects the performance of the small and medium enterprises (SMMEs), debts, lack of financial management skills, lack of skills to use technology, and knowledge to run a business. One of the central policies that the South African government adopted is economic policies which is one of the drivers of employment creation and poverty mitigation (National Department of Economic Development, 2010). Policymakers are to promote business to ensure that it contributes to the growth of local and South African economies.

According to research ([Matlala, 2014](#); [Mason, 2013](#)), eight out of ten small-medium enterprise businesses in South Africa fail. The current paper examines how the use of mobile technology can improve and sustain the daily operations of spaza shops and explore the role played by technology in the success of small businesses in South Africa and the shift from the traditional way of doing business.

Lack of technological use decreases the chances of vendor business growth in the township, streets, Fruit and Vegetable shops, and taverns. Most people now opt for mobile electronic payment as their best payment method due to the high rate of crime ([Liedeman et al., 2013](#)). Such a device will assist the spaza shop owners run a business successfully and eliminate crime and hostility. Regardless of limited systematic studies in this area, the current changing environment, especially in the business sector industry, requires spaza shop owners to advance their business with technology as it plays a crucial role. Therefore, the study investigates the challenges that hinder the tuckshop owner from adopting card machine mobile communication technologies.

According to a study by Perks (2010), a suitable location, a good marketing strategy, and a robust management system could turn a simple tuck shop into a lucrative business. It is vital to ensure that as a business owner, one must set up the right tools and licenses that govern such company and that business owners know the ins and outs of running a business. Spaza shops are a fantastic way to start a business and enter the world of entrepreneurship ([Basardien et al., 2014](#)). This study will use the questionnaire to investigate why spaza shop owners are not switching to the electronic payment method.

The informal supermarket (spaza shops) in Mkhuhlu Bushbuckridge municipality can be seen as an example of entrepreneurial activity offering an entry point to many excluded from mainstream economic activities. The majority of spaza shops in Bushbuckridge municipality were revived in 2010 after the world cup hosted in South Africa

The study will investigate whether small business owners in South Africa can access an electronic payment method to run their businesses. Does mobile technology use positively contribute to small businesses' potential success? Lastly, the study will assess if all spaza shop owners know electronic payment methods.

Spaza shops form the cornerstone of many township communities. This was noticed during the pandemic when shops were closed, and the government was promoting and encouraging people to buy convenient groceries from spaza shops. Many authors conducted studies about spaza shops in South Africa, but no recent literature was found about locally switching from a cash payment system to an electronic payment method.

A spaza shop is one of the biggest township business trends ([Mkoka, 2012](#); [Liedeman et al., 2013](#)). They are a significant part of any township economy by providing essential goods to township residents. These township shops also form substantial employment and income opportunities within townships. Small and medium enterprise businesses are critically important because they have the potential to unlock growth ([Fatoki, 2014](#)). According to the most recent data, in 2013, 1.5 million people were running informal businesses in South Africa, Statistics South Africa ([Stats SA](#)).

Spaza shops are generally convenient due to their flexibility to consumers in their areas. Since spaza shops usually operate until late into the evening, this enables local consumers to do their shopping at their convenient times. ([Moloi, 2014](#)) states that spaza shops were started based on the segregation laws that Black South African shop owners were subjected to under the apartheid government. The author further argues that their exploitation and the fact that Black people were deprived of equal opportunities are compared to their white counterparts.

According to a study conducted ([Mini & Thankappana, 2017](#)), spaza shops in South Africa were estimated to be 100,000 by 2012. This figure includes formal and informal spaza shops, and the number has risen from 2012 to 2022 due to the high rate of unemployment ([Stats SA, 2020](#)). Spaza shops are expanding while some are closing due to a lack of government support for small businesses and local people. Local people and government must support the spaza shops as they reduce the country's high unemployment rate.

Successful spaza shops are primarily from people from other countries like India, Nigeria, Zimbabwe, etc. However, the xenophobic attack affected their business, and the spazas eventually collapsed. The rising xenophobic attacks occur whenever there are changes in business setups, as seen in Gauteng, Kwa-Zulu Natal, and Cape Town in the last decade ([Moloi & Nkahlé 2014](#)). However, Moloi marvels at the magnitude of the positive impact that a collaboration of spaza shop ownership between South Africans and the existing business owners can have. Cape Town is also one of the provinces where the xenophobic attack is on the rise in the township spaza. It is crucial to ensure that, as black, we show the spirit of Ubuntu to all African people and avoid killing one another. Business is all about competition, and every entrepreneur must understand that. Running a business successfully requires dedication and discipline for it to grow.

Keeping cash in a shop tempt people to commit a crime, and sometimes people are killed by thugs who are looking for money. It is, therefore, important for spaza shop owners to ensure they advance their business with technology running

their business. Most people who were killed or robbed were Somalians and Indians. The study concludes with a proposal of recommendations for how the spaza owners can improve and get more opportunities, implement best business practices, and minimize robbery and murder.

## LITERATURE REVIEW

The literature was reviewed under the following headings: The regulations that governed informal business, South Africa skills development program, research gaps, programs initiated to assist the township business, cash payment method, electronic payment method, and the challenges faced by spaza shop entrepreneurs in townships of Bushbuckridge municipality.

The spaza shop is well defined as a small grocery store that is not formally registered and does not conform to any law set by the local, provincial, and national law government. According to the study conducted by ([Liedeman et al., 2013](#)), these shops are working as a core incubator of entrepreneurship for many families in the township. They have been passed from one generation to another for many years.

A spaza shop may also be defined as a small to medium informal and semi-formal shop selling food and household goods in the townships. They usually operate at home and form part of the residential dwelling. In many cases, they are not attached to the main house of the family ([Marivate, 2014](#)).

### Skills Development (Mentoring, coaching, and technology)

Department of Economic Development, banks, and other agencies like the Small Enterprise Development Agency, SEFA, and other entities that deal with business initiative programs must support and guide the Spaza shop owners on how to use technology to run their business. For example, using an electronic payment system rather than a cash payment system and giving business skills to run a small business. The growth of the South African economy is from the support of the informal and formal firms run in townships. It is the responsibility of the ruling party African National Congress (ANC), together with the department of small business that they support SMMEs in the country. Mentoring will increase the growth, profit, business skills, and marketing of a business; it is the responsibility of every shop owner to ensure skills impacted are practically used to revive the business

### Department of small business development in South Africa

South Africa's government has the initiative to support Township and Rural Entrepreneurship (TREP). The program aims to create a platform that provides business support infrastructure to township business owners and an environment where entrepreneurs can grow their businesses. The second aim of the TREP is to change and integrate opportunities in townships and rural areas into productive ventures. The main goal of TREP is to support township business infrastructure and regulatory environment to grow the entrepreneur's business. This program is run by the Department of Small Business Development, TREP, Small Enterprise Development Agency (SEDA), and Small Enterprise Finance Agency (SEFA), which are meant to support small enterprises.

There are gaps within the TREP, SEDA, and SEFA:

- The program is not supporting all small enterprises, or there is a lack of information dissemination to the rural township. Most black spaza shops fail because of a lack of resources and infrastructure.
- Inconsistency of pricing of products is still a severe challenge in most of the township spaza shops—regulations not adhered to by spaza shop owners.
- People are still queuing in townships because owners ask for a change from the customer due to using the cash payment method. ([Tengeh, 2017](#)).

Various authors ([Fatoki & Rungani, 2015](#)) argued the lack of entrepreneurial skills, wrong planning location for business, business skills, and financial management skills are essential factors for the failure of the growth of spaza shops. Crime and lack of technology are the most contributing factors affecting the booming spaza shops business in the townships. Stock theft and robbery are top of the list of crime stats for South Africa for 2021/22. This report shows that some of the incidents were affected by the Traditional method of payments in spaza shops in Townships.

This reason raises concern because the Department of Police has a significant role in ensuring that spaza shops are protected from running their small businesses effectively and efficiently without interruptions. Community forums and Police must work together to ensure the safety of all small enterprises in townships. Not every spaza shop owner knows how to switch from cash to electronic payment. There are small business owners with less knowledge about the funding or grants to grow their business.

### Technology and Business Skills training

The range of training that includes all those skills required for a small business should be offered. This could be provided outside of business hours to SMMEs willing to attend. Completion of these courses would count towards the performance of spaza shops. By working closely with government departments and local educational service providers, training can be linked to business courses offered by further education and training colleges and other business institutions. According to the study ([Rolfe, Ligthelm & Guimaraes, 2011](#)), many spaza shop owners lack the necessary

business skills and experience to be competitive. The lack of skills and expertise forces most spaza shop owners to close their businesses because they do not know how to run the business. Bad location, poor customer service, and financial and business management contribute to the closing of township businesses.

It has been found in several studies that many spaza shop owners do not possess the necessary business skills or entrepreneurial expertise to be competitive (Cant & Wiid, 2013). This lack of skills seems to be quite a diverse issue, including the non-existence of business planning, terrible choice of the business location, poor customer service, lack of market analysis, non-existence of marketing, and a complete absence of financial management (Khoza & Kalitanyi, 2014). Furthermore, a study in the Nelson Mandela Metropolitan Municipality identified gaps in the management of 60 spaza shops, with purchasing, financial, and information management functions as the worst areas (Tengeh, 2016).

### **Cash payment vs. electronic method payments**

Technology has made life easier for everyone, including business owners. However, spaza shop owners still opt for cash payment methods regardless of the consequences like crime they face. Since 2000 formal businesses like big supermarkets have used technology to run and market their business without any hassle except in rural areas and townships of Bushbuckridge, where the crime rate is high. What is interesting is that spaza shop owners prefer to buy data to watch –Tik Tok videos and any other videos that do not add value to the business rather than converting the data to market the business owners. Recently applications from the play store on any android device were introduced for customers to buy and pay online. (van Scheers, 2010; Tengeh, 2016)

Business owners use mobile devices to execute their business with their customers and increase their existing customer networks. This study has not touched on the issue of other challenges that business owners might face if they do not switch to electronic payment. Therefore with this research, such challenges as crime and the long queue will be added as gaps. The study will promote using electronic payment systems to reduce crime, customer loss, and declining small enterprises in townships.

A business that uses a mobile device for payment increases satisfaction and lessens complaints from their clients, improving customer service. Township owners who are married to cash payment must divorce the traditional cash payment system and get matched to a new electronic payment method to improve the running of their business.

### **Productivity**

According to a study (Kosempel, 2007), capital productivity is improved by understanding technology. Only businesses that are supported by technology prove to be successful and sustainable. A company is successful when the owner with a vision runs it. Three out of five spaza shops begged with technology show signs of growth in townships. Productivity must be motivated by the salary earned, and skills received to perform the business. The study conducted by (Rolfe et al., 2010) emphasized that the growth of informal shops was eight times the development of formal shops in South Africa

### **The role played by culture in business**

Culture stabilizes disparate efforts across the business, balancing out the thousands of daily behaviors across your organization into one directive group effort. Culture delivers your brand promise. Spaza shops in local townships are desperate due to culture.

### **Packaging of groceries in local spaza**

There is a severe challenge concerning the packaging store. Shop owners must package their products the way they will attract customers. Most local spazas are not hygienically clean; some sell expired food. Stock must be registered in a computer, which will assist the owner if he is at a loss or making a profit if the record is being kept.

### **Products**

The product stands for what you have to offer to the customer, and there are several things about the product you must evaluate for a product to be best positioned for the target market. Adopt a market orientation rather than a product orientation. It is critical to be able to describe the product clearly and concisely and to list how it fits in with current product usage and customer activity. Spaza shop owners must ensure that the products are barcoded like any other shop, which can be done using technology.

### **Policy for spaza shops in the township**

Thirdly if spaza shops are significant in the South African economic platform, there is a need for clear policy guidelines to promote them. Both local and national governments should develop specific guidelines that consider the requirements, nature, location, and challenges faced by spaza owners. Infrastructural concerns should be addressed to facilitate clear developmental agendas in communities with spaza shops.

The existence of a parallel container industry should be encouraged as a mechanism for standardizing and managing security concerns for spaza shops. Finally, the entire education system in South Africa, from primary to tertiary institutions, except for a few papers, negates the spaza shop phenomenon. Significantly few research articles on their operations can be seen in journals. Primary education and tertiary institutions do not teach these as business forms yet estimates indicate that there are more than 100000 spaza shops in the country.

Living in informal settlements, rural areas, and townships while other people have the privilege of residing in urban areas has shaped most gave lessons of most South African, particularly Africans (Blacks). There are good and bad things to learn from apartheid. One example is tuckshops which were formed during the apartheid era. This has caused most people to start the spaza shops in their township as a convenient shop to buy urgent food closer to home rather than traveling to town. Hence many will continue to live in such environments.

To date, no study has been conducted to measure the current effects of spaza shops on the families of owners and other community members. Such studies are essential as they provide persuasive arguments to policymakers and educators about the role played by Spaza shops and the informal economy.

### TECHNOLOGICAL FRAMEWORK

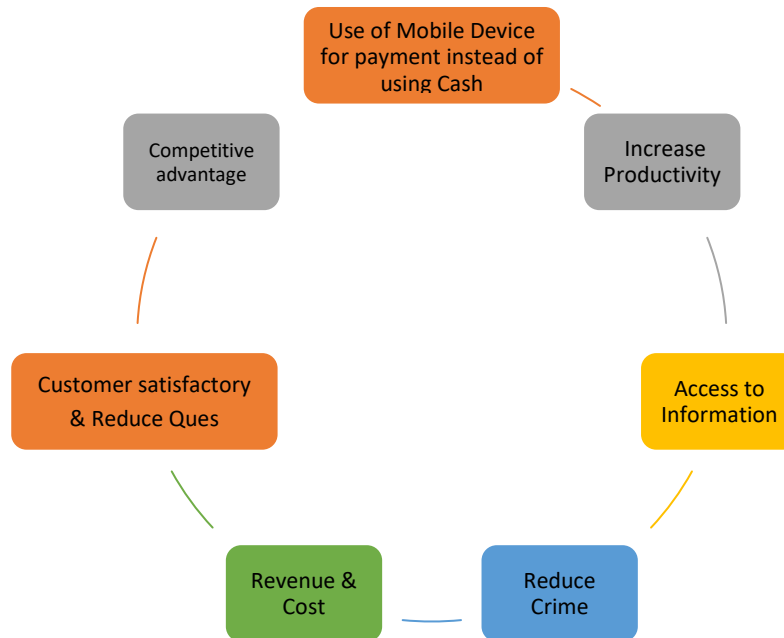


Figure 1: Technological Conceptual Model

### Attributes that contribute towards township business failure

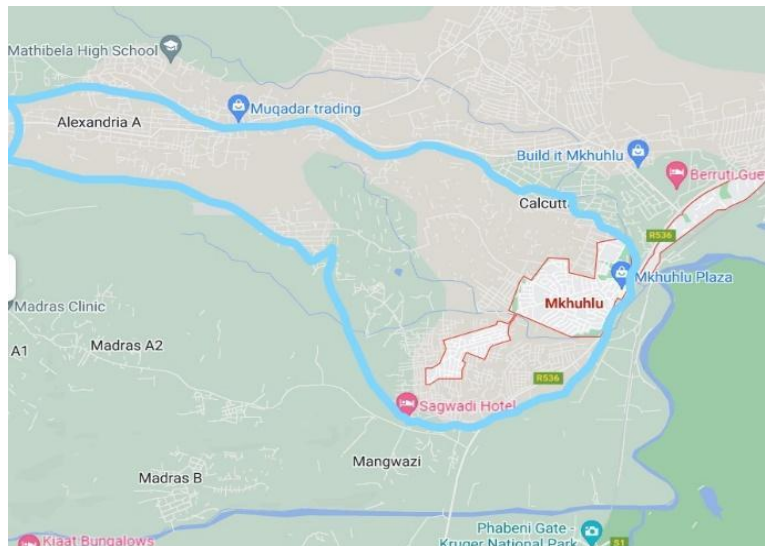
Lack of technology to run businesses, crime, load shedding, limited infrastructure, and marketing contribute to the high failure rate of township businesses. (Bear, M., Tladi, S. & Pedro, D. 2004). Most spazas operate in a one-room rented place, and this challenge affects the business's expansion and the thinking capacity of the business owner. According to Webb, 2013 rubber stamping, external factors contribute to the high failure rate of business, including electricity, crime, and lack of infrastructure. In conclusion, for spaza to operate effectively and maximize the company's profit and productivity, township business owners must switch from cash payment to electronic payment. Therefore, the issue of crime long queues will be minimized. (Webb, et al., 2013)

### METHODOLOGY

#### Study Area

The study was conducted at Mkhuhlu Township and Calcutt, GPS coordinates **Latitude-24.9777° or 24° 58' 40" south**. Mkhuhlu is a township situated on the banks of the Sabie River on the lands of Chief Mhaule. Mkhuhlu is a thriving, fast-growing town just outside the Kruger National Park. It has a population size of 35,864. An estimated fifty-five (55) spaza shops and one shopping complex outside the township. Most successful spaza shops are owned by Indians, Somalians, and Ethiopians who rent buildings from community members to conduct business. The crime rate at Mkhuhlu township has been high lately due to the alarming unemployment rate and illegal drug users. The high rate of crime affects the economy of the country.

The focus of this study was to establish an approach that will encourage the spaza shop owners in the townships to convert from cash payment methods to electronic payment methods in their businesses to reduce the impact of crime and long queues. A survey was conducted amongst spaza shop owners in the Mkhuhlu, Calcutt, and Part of Marite in Bushbuckridge Municipality in the City of Mbombela in the Mpumalanga province, South Africa. Cash payment methods need to be faced out as it increases the crime impact in spaza shops business entities. The study method applied the qualitative approach. In this light, spaza shop owners will be distributed with a questionnaire completed in English and Xitsonga.



**Figure 2:** Mkhuhlu Township and Calcutt

### Study Design

The study is descriptive and involves a cross-sectional design (Hair, Black, Babin & Anderson, 2013). Data were collected once during the survey from a stratified random sample of 110 respondents living in Mkhuhlu Township Bushbuckridge and Mbombela in Mpumalanga Province. Qualitative methods of data collection and analysis were used in the study. The key purpose of the study was the adoption of swiping machine mobile communication technologies in South Africa Municipality Townships: Spaza shops case study.

### Sampling Technique

According to a census conducted by Statistics South Africa in 2011 (Statistics South Africa, 2012), the population size of Bushbuckridge was equal to 572,027. The population size of Mbombela was equal to 588,794. There are 110 spaza shops around Mkhuhlu & Calcutt. For this study, all available samples of spaza shop owners in Mkhuhlu and Calcutt were chosen from the township area in Bushbuckridge Municipality. For this study, 110 questionnaires were received, and all were completed, some in English and some in the Xitsonga language, by business entrepreneurs interviewed. A stratified random sample of size 110 was selected for the study. Stratified random samples of size ten each were chosen from Bushbuckridge and Mbombela to collect data from a total of 110 residents of Mkhuhlu Township and surrounding

## RESULTS AND DISCUSSION

This section deals with the interpretation of results guided by the positivist approach. Three sections will be presented: access to internet and network coverage, trading hours, the demographic of business owners surveyed, number of years business operating, and lastly, the use of mobile technology.

### Demographic Overview (Race)

Most spaza shop owners who participated in the survey are males, with 70% and 30%. This gap indicates that there is a need for intervention by the government and other entities to empower women in entrepreneurship. Most of the race who owns spaza shops in Bushbuckridge is Indian, with 55% and 45% Africans (South Africans, Somalians, Nigerians, and Zimbabweans).

### Number of spaza shop owners in Mkhuhlu Bushbuckridge Municipality

Most small business owners who participated in the survey are males, with 56% and 44% females. 70% of shops are owned by Indians, 24% by South Africans, 4% by Somalians and 1% by Nigerians, and 1% by Zimbabweans. According to statistics in Africa, the largest group of immigrants are Indians, followed by Somalians, Pakistanis, Ethiopians, and Zimbabweans.

### Access to Internet

The respondent reported network coverage (MTN, Vodacom, Cell C, and Telkom) in the area where they operate their spaza shops. Ninety percent report (90%) of spaza owners highlighted that data is expensive and eliminated them from switching to electronic payment. In contrast, the other 10% of spaza owners highlighted that data is not an issue in adopting the electronic payment method. They stressed that the network is challenging when there is no electricity, and the business will be implicated. In other areas like Calcutt, the network is covering become a problem. Table 1 comprises local and foreign spaza shops owner relative to age, number of employees, start-up capital, and age of the business.

**Table 1:** Number of years Spaza shops in Operations and security

Items	Foreign shop entrepreneurs mean	South African shop entrepreneurs mean
Start-up capital	R1000-15000	R500-00-R600.00
Age of business owner	40 -45 years	35-50 years
Employees	One person	Four people
Number of shops with alarm systems and Insurance	40 % with alarm systems and insurance	All spaza shops have no arm response and Insurance cover for spazas
Trading Hours	7h00	5h30
Number of years spaza shop operating	Three years	Ten years

Foreign spaza shops are likely to appoint more employees. They prefer working as a family, unlike South African spaza shops. Foreign spaza shop owners employ local people to work with; most appoint females to assist in cleaning, cooking, and interpreting the dominant African language. Foreigners have more start-up capital not because they have money but the loan from other business owners and pay back the loan when the business is up and running. Foreigners can appoint more personnel for the long term than local people.

### Number of Spaza shops using cash and number of shops switching to electronic payment methods

About 96% of spaza shops owned by Indians use electronic swiping machines, and only 4% of Africans use the electronic payment method. During the interviews, most shops using the swiping device sales have increased by 2% compared to the cash payment method. The financial reports are accurate, and the bank charges are R49 per month.

### Awareness of business Technology

Respondents reported that Ninety percent (90%) of spaza shop owners are aware of mobile technology. Still, they are scared to use it because it is unsafe, while 10% of respondents reported that they are uneducated and, therefore, cannot use technology and prefer using the cash method. During the survey, he observed that Ninety percent (90%) of people who knows technology are Indians, Somalians, Ethiopians, Zimbabweans, and South Africans Since all have used smartphones. The 10% reported that they could not use technology on their phone or swipe machines and use a smartphone without the internet to communicate with their friends and family.

### FINDINGS

From the findings, people who normally buy at spazas are unemployed, school children, pensioners, and hospital visitors. They support spaza shop businesses by buying food using a cash payment system. Furthermore, respondents stated that when they use cash, there are no implications of interest charges, unlike when they use the machine. In contrast, some of the respondents reported that the reason why they still cater cash is that people are not using cards.

Some respondents reported that they are considering switching to swiping machine, and some prefer transfers to their account or cash sent. However, there are implications that people will reverse their money after receiving the goods, and they are untraceable. Some respondents reported that their businesses are insured and closed at seven. There are some spaza shop owners whose businesses are not guaranteed and trade till late, depending on customers.

Respondents from spaza owners highlighted that data is expensive to do online business, while the other 10 % said data is not an issue. The network is not an issue because there is Vodacom and MTN coverage. Load shedding and electricity hike also affect their business operations if they switch on to swiping machines.

### Barriers to implementing the technological electronic payment system

The load-shedding issue seriously impacts small businesses using electronic payment—a lack of support from the government that supports small businesses and access to information about technology. Lack of business and technical skills is also a barrier. The only way to solve the problem of the cash payment method will be to ensure small entrepreneurs receive information about the goods of using electronic payment, which will increase their productivity and reduce time and loss of customers and increase revenue. The study encourages township spaza shop owners to switch to using electronic payment technology to minimize crime in South African municipality townships.

### CONCLUSION AND RECOMMENDATIONS

This study has demonstrated that spaza shop owners are being robbed and kept hostile because most owners are still using the old pay system rather than adopting the technological ways of using mobile apps to do their business in townships. An electronic payment system can also give access to cash for those in need at the charge of one percent (1%). There is a need for training on electronic payment applications on how it works on the phone, as some of the spaza shop owners are clueless. For spaza shops to operate formally, the government must support the small-medium business with funding so that the owners must increase employment in south Africa and crime will be reduced. Spaza shop owners must move away from the old way of using cash in their business, as this increases crime, robbery, and the killing of innocent people. The government must collaborate with network providers to subsidise the spaza shop owners with data and training so they can use mobile technology to run their businesses safely.

Spaza shop owners must also install security devices and insurance to protect their businesses. It is also advisable that the spaza shop owners legalize their informal business so they can receive proper support from government entities.

Government entities must capacitate the spaza shop on how to run their business using mobile applications. Mpumalanga is a tourist area, and most internationals use cards to pay their bills. Therefore, there is a need for all spaza shops to practice their businesses using an electronic payment system if they need support from tourists. There must be continuous patrol by Police to ensure that spaza shops and owners are protected against crime and robbery at night and during the day.

## REFERENCES

1. Asah, F., Fatoki, O.O. and Rungani, E. (2015). The impact of motivations, personal values, and management skills on the performance of SMEs in South Africa. *African Journal of Economic and Management Studies*. <https://doi.org/10.1108/AJEMS-01-2013-0009>
2. Basardien, F., Parker, H., Bayat, M., Friedrich, C. and Appoles, S. (2014). Entrepreneurial orientation of spaza shop entrepreneurs' evidence from a study of South African and Somali-owned spaza shop entrepreneurs in Khayelitsha. *Singaporean Journal of Business Economics and Management Studies*, 2(10), 45-61. <https://doi.org/10.12816/0006774>
3. Bear, M., Tladi, S. & Pedro, D. (2004). The "what if..." service concept test: Tripple Trust Organization's market research tool to test microenterprise interest in new business ideas. *PLP Technical Notes*, no:1. The SEEP Network.
4. Cant, M.C. and Wiid, J.A. (2013). Establishing the challenges affecting South African SMEs. *International Business & Economics Research Journal*, 12(6), 707-716. <https://doi.org/10.19030/iber.v12i6.7869>
5. Franco, M. and Haase, H. (2010). Failure factors in small and medium-sized enterprises: a qualitative study from an attributional perspective. *International Entrepreneurship and Management Journal*, 6(4),503-521 <https://doi.org/10.1007/s11365-009-0124-5>
6. Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E. (2013). *Multivariate Data Analysis. Always Learning*. Newyork: Pearson.
7. Liedeman, R., Charman, A., Piper, L. & Petersen, L. (2013). Why are foreign-run spaza shops more successful? The rapidly changing spaza sector in South Africa.
8. Kelley, D., Singer, S., and Herrington, M., (2016). 2015/2016 global report. GEM Global Entrepreneurship Monitor.
9. Khoza, R.M. and Kalitanyi, V. (2014). Challenges in operating micro-enterprises by African foreign entrepreneurs in Cape Town, South Africa. *Mediterranean journal of social sciences*, 5(10), pp.205-205. <https://doi.org/10.5901/mjss.2014.v5n10p205>
10. Kosempel, S. (2007). Interaction between knowledge and technology: a contribution to the theory of development. *Canadian Journal of Economics/Revue canadienne d'économique*, 40(4), 1237-1260. <https://doi.org/10.1111/j.1365-2966.2007.00450.x>
11. Mason, K. (2013). Research on small businesses [Online]. Available from: <http://www.moyak.com/papers/small-business-statistics.html>
12. Mkoka, S. (2012). Towards integrated youth development. *My Youth My Future Journal*, 1 (1), pp. 2-103,
13. Matlala, R.S. (2014). *The use of mobile devices by micro-entrepreneurs in Hammanskraal. M.Tech Entrepreneurship*. Dissertation. Tshwane University of Technology.
14. Matlala, R., Shambare, R. and Lebambo, M. (2014). How South African Spaza Shop owners utilise mobile communication technologies to run their businesses. *European Scientific Journal*, 10(25).
15. Moloi, K.C. and Nkhahle, M.A. (2014). Perceived success of entrepreneurs in the Vaal region of South Africa with special reference to fashion entrepreneurs. *Mediterranean Journal of Social Sciences*, 5(1), 225. <https://doi.org/10.5901/mjss.2014.v5n1p225>
16. Mthimkhulu, A.M. and Aziakpono, M.J. (2015). What impedes micro, small, and medium firms' growth the most in South Africa? Evidence from World Bank Enterprise Surveys. *South African Journal of Business Management*, 46(2), 15-27. <https://doi.org/10.4102/sajbm.v46i2.88>
17. Marivate, S.P. (2014). The impact of entrepreneurial skills on the viability and long-term survival of small businesses: a case of the city of Tshwane, South Africa. *European Journal of Business, Economics, and Accountancy*, 2(2), 53-72.
18. Mini, G.K. and Thankappan, K.R. (2017). Pattern correlates, and implications of non-communicable disease multimorbidity among older adults in selected Indian states: a cross-sectional study. *BMJ open*, 7(3), p.e013529. <https://doi.org/10.1136/bmjopen-2016-013529>
19. Rolfe, R., Woodward, D., Ligthelm, A., & Guimaraes, P. (2010). *The viability of informal micro-enterprise in South Africa*. Proceedings from the "Entrepreneurship in Africa Conference, April 1, 2010, Syracuse University, New York.
20. Shahid Iqbal, M., Ul Hassan, M. and Habibah, U. (2017). Impact of self-service technology (SST) service quality on customer loyalty and behavioral intention: The mediating role of customer satisfaction. *Cogent Business & Management*, 5(1), 1. <https://doi.org/10.1080/23311975.2018.1423770>
21. Stats, South Africa, 2012 at <https://www.statssa.gov.za/publications/SAStatistics/SAStatistics2012.pdf>





22. Tengeh R.K & Mukwarami. J. (2017). The Growth Challenges of Native-owned Spaza Shops in Selected Townships in South Africa. *International Journal of Applied Business and Economic Research*, ISSN: 0972-7302.
23. Tengeh, R.K. & Nkem, L. (2017). The role of Stokvels in Financing Immigrant-owned Businesses in South Africa. *Sustainability*, 9(8), 1396-1412. <https://doi.org/10.3390/su9081396>
24. Tengeh, R.K. (2016). Entrepreneurial Resilience: The case of Somali grocery shop owners in a South African township. *Problems and Perspectives in Management*, 14(4-1), 73-81. [https://doi.org/10.21511/ppm.14\(4-1\).2016.09](https://doi.org/10.21511/ppm.14(4-1).2016.09)
25. Timmons, E. & Spinelli, S. (2003). Entrepreneurship for the 21st century. *New Venture Creation*, 3, 249-256.
26. Webb, J.W., Morris, M.H. and Pillay, R. (2013). Microenterprise growth at the base of the pyramid: A resource-based perspective. *Journal of Developmental Entrepreneurship*, 18(04), 1350026. <https://doi.org/10.1142/S108494671350026X>
27. Van Scheers, L. (2016). Determine Small and Medium Enterprise (SME) Internet Marketing Usage in the Tshwane Area, South Africa. *Acta Universitatis Danubius economica*, 12(1).
28. Woodward, D., Rolfe, R., Ligthelm, A., and Guimaraes, P., 2011. The viability of informal microenterprise in South Africa. *Journal of Developmental Entrepreneurship*, 16(01), 65-86. <https://doi.org/10.1142/S1084946711001719>