

**UNIVERSITY OF CAPE TOWN**



**DEPARTMENT OF SOCIAL DEVELOPMENT**

**An exploration of the experiences and business-related aspirations of youth running their own informal hair salon businesses in Gugulethu, Cape Town**

**Ramafikeng Likenkeng Adelinah**

**RMFLIK001**

A minor dissertation submitted in partial fulfilment of the requirements for the award of the degree of Master of Social Science in Social Development

Faculty of Humanities

[FEBRUARY 2016]

Supervised by: Dr Margaret Booyens

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

**UNIVERSITY OF CAPE TOWN**



---

**Department of Social Development**

**Declaration**

1. I know that plagiarism is wrong. Plagiarism is to use another's work and pretend that it is one's own.
2. I have used the ...Harvard..... convention for citation and referencing. Each contribution to, and quotation in, this report from the work(s) of other people has been attributed, and has been cited and referenced.
3. This...research..... is my own work.
4. I have not allowed, and will not allow, anyone to copy my work with the intention of passing it off as his or her own work.
5. I acknowledge that copying someone else's assignment or essay, or part of it, is wrong, and declare that this is my own work.

Signature:

Signed by candidate

Date: February 2016

## ACKNOWLEDGEMENTS

First and foremost, I would like to thank Almighty God, my never ending source of support, strength and motivation. The journey of writing a thesis is a challenging one which requires patience and determination. Every time I felt like I could not carry on, I would always rise up because of His love for me and my outmost trust in Him.

My supervisor, Dr. Margaret Booyens for her guidance and contribution so that this report is what it looks like today. I did not make it easy for her with some mistakes here and there but she was always patient with me. For this I am very grateful and honoured to have been given a chance to work with her as my supervisor.

I acknowledge the fifteen young hairdressers, who allowed me time to interview and talk to them. Without their contribution this study would not have been successful.

I would like to sincerely express my gratitude to my family for their support during this trying time. I had to travel back and forth from Cape Town to Lesotho and they always made sure financially and emotionally I do not suffer. Without them I do not know what would have become of me this year.

I will like to say great thank you to Thembani Mdlambuzi, my good friend who was always with me during my visits to Gugulethu from the time I had to scout for participants till my last interview. I am very blessed to have you as a friend and brother. And also to all my friends who assisted with accommodation and emotionally supported me.

Lastly, special thank you to the Department of Social Development for financial support. Without all their support, I would not have compiled this report.

## ABSTRACT

Youth are able to respond to their needs for an income through entrepreneurship. However, some who operate informal businesses face challenges that may hinder the progress of their businesses and ultimately their income generation. In the light of this, there are support initiatives by the government and non-governmental organisations (NGOs) for small businesses to address some of the challenges they may meet.

The question remains whether young people have knowledge of these initiatives and whether they benefit from them. The current study explored the experiences as well as business aspirations of young people running their own informal businesses in Gugulethu. There were fifteen (15) salon owners who participated. These participants were identified using purposive and snowball sampling. Semi-structured interviews were used to collect data as part of a qualitative, explorative approach.

The findings revealed that participants face a number of challenges during the start-up and the running stage of their salons. These challenges differed in nature; but there was a common challenge of the lack of financial support by the government. Those that had no financial problems were those who received financial and emotional support from family and friends. Even though young people were faced with these challenges, they came up with strategies to deal with each identified challenge. These showed how determined these hairdressers were to see their businesses succeed and grow. There are indeed policies, programmes and organizations aimed at ensuring the smooth running of informal businesses. Despite this, most young people were not aware of any association, programmes or service that they as hairdressers could benefit from. The findings also revealed that in spite of their struggles, young hairdressers aspired to expand their businesses, but to do this they required both financial and emotional support.

Recommendations by the researcher and participants for the government, salon owners and the business sector include:

- The government should avail financial assistance for informal businesses, especially hair salons.
- Organisations which offer support to small businesses should be strengthened.
- Municipalities should create a conducive area for business for informal businesses, especially those in townships.
- Salon owners should become part of business related associations.
- There should be collaborations between the government, salon owners and the business sector.

## Table of Contents

ACKNOWLEDGEMENTS .....	III
ABSTRACT .....	IV
<b>CHAPTER ONE: INTRODUCTION TO THE STUDY .....</b>	<b>1</b>
1.1 INTRODUCTION .....	1
1.2 SIGNIFICANCE OF STUDY .....	3
1.3 PROBLEM STATEMENT.....	5
1.4 RESEARCH QUESTIONS .....	5
1.5 RESEARCH GOAL .....	6
1.6 RESEARCH OBJECTIVES.....	6
1.7 CLARIFICATION OF CONCEPTS .....	6
1.7.1 Youth.....	6
1.7.2 Informal Businesses.....	7
1.7.3 Micro Businesses.....	7
1.7.4 Resources.....	8
1.7.5 Experiences.....	8
1.8 ETHICAL CONSIDERATIONS .....	9
1.8.1 No Deception.....	9
1.8.2 Voluntary Participation.....	9
1.8.3 Informed Consent from the Participants.....	9
1.8.4 Anonymity and Confidentiality .....	10
1.9 REFLEXIVITY .....	10
1.10 STRUCTURE OF THE REPORT .....	10
<b>CHAPTER TWO: LITERATURE REVIEW .....</b>	<b>12</b>
2.1 INTRODUCTION .....	12

2.2 YOUTH.....	12
2.3 YOUTH ENTREPRENEURSHIP .....	13
2.4 THEORETICAL FRAMEWORK.....	15
2.4.1 Social Inclusion Approach.....	15
2.4.2 Capabilities Approach .....	17
2.4.3 Network Theory.....	18
2.5 INFORMAL SECTOR OPERATIONS .....	20
2.5.1 Benefits and Constraints.....	21
2.5.2 Stages of a Business Lifecycle .....	22
2.5.2.1 Stage 1: Existence/ Start up .....	23
2.5.2.2 Stage 2: Survival/ Growth.....	23
2.5.3 Hair Salon Businesses .....	24
2.5.4 Associations and Institutions .....	26
2.6 CHALLENGES FACING INFORMAL HAIR SALON BUSINESSES.....	28
2.6.1 Limited Access to Finance .....	28
2.6.2 Lack of Proper Infrastructure and Premises .....	29
2.6.3 High Rates of Crime and Lack of Security.....	30
2.6.4 Market Opportunities.....	31
2.7 POLICIES PERTAINING TO THE RESEARCH.....	32
2.7.1 The National Youth Policy (NYP) 2009 – 2014 (2009).....	33
2.7.2 The National Small Business Amendment Act 29 of 2004.....	34
2.8 INITIATIVES TO SUPPORT SMALL BUSINESSES.....	34
2.8.1 Small Enterprise Development Agency (SEDA) .....	35
2.8.2 South African Micro-Finance Apex Fund (SAMFAF) .....	35
2.8.3 National Empowerment Fund (NEF).....	36
2.9 YOUNG PEOPLE’S KNOWLEDGE OF AVAILABLE SUPPORTING INITIATIVES .....	37
2.10 SUMMARY .....	39
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>40</b>

3.1 INTRODUCTION .....	40
3.2 STUDY SETTING .....	40
3.3 RESEARCH METHODOLOGY .....	41
3.4 RESEARCH TYPE .....	41
3.5 RESEARCH DESIGN.....	42
3.6 SAMPLING.....	44
3.6.1 Choosing Desired Sample .....	44
3.6.1.1 Selection Process.....	45
3.6.2 Data Collection.....	46
3.6.2.1 Data collection method .....	46
3.6.2.2 Data collection instruments.....	46
3.6.2.3 Data collection apparatus .....	47
3.6.3 Pilot Study .....	48
3.6.4 Data Analysis.....	48
3.6.5 Trustworthiness and Credibility of the Data.....	49
3.7 LIMITATIONS OF THE RESEARCH.....	51
3.7.1 Research design.....	51
3.7.2 Sampling.....	51
3.7.3 Data collection method and instrument .....	52
3.7.4 Data analysis strategy .....	52
3.7.5 Researcher .....	52
3.7 SUMMARY .....	53
<b>CHAPTER FOUR: DISCUSSION OF FINDINGS.....</b>	<b>54</b>
4.1 INTRODUCTION .....	54
4.2 PROFILE OF THE PARTICIPANTS .....	54
4.3 FRAMEWORK FOR THE DISCUSSION OF FINDINGS .....	55
4.4 CHALLENGING EXPERIENCES.....	57

4.4.1 Start-Up Phase .....	57
4.4.1.1 Lack of start-up capital.....	57
4.4.1.2 Need for support.....	58
4.4.2 Survival Phase .....	59
4.4.2.1 Business is seasonal (Seasonal and Weather Changes.....	59
4.4.2.2 Scarcity of Customers .....	60
4.4.2.3 Competition killing business through pricing .....	61
4.4.2.4 Being relocated often .....	62
4.4.2.5 Lack of Proper Infrastructure .....	63
4.4.2.6 Crime threatens business survival.....	64
4.5 STRATEGIES FOR RESOLVING CHALLENGES.....	66
4.5.1 Start-up Phase.....	66
4.5.1.1 Receiving Training .....	66
4.5.2 Survival Phase .....	67
4.5.2.1 Securing Finances.....	67
4.5.2.2 Support Received from Family and Friends .....	68
4.5.2.3 Dealing with Seasonal and Weather Changes .....	69
4.5.2.4 Customer Care .....	69
4.5.2.5 Competition and Pricing .....	70
4.5.2.6 Infrastructure Temporary Solutions.....	73
4.5.2.7 Temporary ways of dealing with Crime .....	73
4.6 KNOWLEDGE AND EXPERIENCE.....	74
4.6.1 Importance of Associations .....	75
4.6.2 Knowledge about support services .....	76
4.6.3 Ways Support can be improved.....	76
4.6.3.1 Government.....	77
4.6.3.2 Business Sector .....	78
4.7 FUTURE ASPIRATIONS.....	78
4.7.1 Ambitions .....	78
4.7.2 Resources and Support Needed .....	79
4.8 CONCLUSION .....	80

<b>CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS</b> .....	81
5.1 INTRODUCTION .....	81
5.2 CONCLUSIONS .....	81
5.3 RECOMMENDATIONS .....	84
6.0 REFERENCES .....	87
<b>APPENDICES</b> .....	<b>109</b>
Appendix A: Consent Letter .....	110
Appendix B: Interview Schedule.....	113
Appendix C: Participants Demographic Profile .....	116

### **LIST OF FIGURES**

Figure 1: Six Degrees of Separation Illustration.....	19
Figure 2: Stages of Small Business Growth.....	24
Figure 3: Gugulethu Area marked by purple shading on the Map.....	41

### **LIST OF TABLES**

Table 1: Example of Youth Entrepreneurship Policy and Programme Mix.....	38
Table 2: Profile of Participants.....	55
Table 3: Framework for Discussion of the Findings.....	56

### **LIST OF IMAGES**

Image 1 and 2: Hair Salon Businesses in Gugulethu.....	30
Image 3 and 4: Infrastructure Conditions of Informal Salon Businesses in Gugulethu.....	63
Image 5: Salon where the owner was stabbed during the day.....	65

Image 6: Braiding Hairstyle.....71

Image 7: A Picture of American Artist Trey Songs with Cornrows.....71

Image 8: Twist Hairstyle.....72

Image 9: Dreadlocks or Dreads.....72

## CHAPTER ONE: INTRODUCTION TO THE STUDY

### 1.1 Introduction

Individuals who were previously economically excluded are able to respond to their various needs through informal businesses. According to Ligthelm (2013:59), informal businesses are unregistered in nature and mostly operate on the streets or from residential areas. Informal businesses experience several challenges commencing from the start-up of the business, to marketing the business, through to the operation of the business (African Trade Policy Centre (ATPC, 2010:3). Challenges faced by informal businesses may differ in nature and context. The problems may hinder the ultimate desired progress for the businesses.

There are policies and support programmes enacted by the government to assist micro businesses in South Africa as well as other countries. These programmes and policies may not, however, reach and benefit all businesses, especially those operating within the informal sector, as tracking informal businesses is seemingly challenging. Africa (2014:1) quoted a Labour Market Analyst, Loane Sharp, who indicated that: “unfortunately, we don’t know how many people, particularly youth, are involved in activities that are not reported to the authorities, such as child-minding, micro-brewing, transport of commuters and goods, beauty and personal care and other activities that occur in South African townships”. Sharp’s statement should not be the case since the informal sector is growing, so should the research pertaining to their activities and participants involved.

Mpye (2013:9) clarifies that operating within the informal economy is of great importance as participation allows economic support for the poor and previously unemployed. Informal businesses equip participants with the opportunity to generate income so they can provide for their families. Starting up an informal business speaks to the optimistic assessment held by Council of European Union (2014:3) of how entrepreneurship can allow young people to address the environmental, social and economic circumstances they find themselves in. The informal economy can be seen as a way to enable participants to respond to their dire needs for income as well as other personal needs.

Dees (1998:1) conveys that informal businesses can be seen as part of entrepreneurship as they may be a method for addressing social problems; they both address societal issues. It is highly probable, however, that with limited guidance, mentorship and support, these young people may struggle to achieve their desired outcomes of generating income. Turton and Herrington (2012:59) suggest that there should be measures taken that shed light on the actions to be taken in order to support and promote young entrepreneurs. Studies such as this one are a start, given that it also explored participants' notions on how support for their businesses could be improved.

What constitutes the informal sector, as well as businesses that operate within this sector, may differ depending on a country/continent. Informal businesses in Latin America, a developing country, for instance, are identified by the Ghersi (1997:102) as main drivers for economic growth in the region. According to the World Bank (2008:5) in Latin America, the sector accounts for over 60% of all employees. Using an economic pyramid, they recognised that large numbers of people who start informal businesses fall at the base of the pyramid; the poor (Bais, 2008:1). These informal businesses are then used by the previously unemployed as channels into a life with a minimum income for survival for the participants.

In Kyrgyzstan, the second poorest country in Central Asia, the economy is dependent on informal players. These informal operators commonly utilize informal sources of financial supplies and services which are less stable (Kapalova, 2014:5). The informal sources can either help generate growth or cause some businesses to remain stagnant. Kapalova (2014:6) points out that the majority of the informal businesses fall within the 'peripheral businesses' group. These are commonly referred to as necessity-driven businesses with less growth anticipated. The focus of the study is on necessity-driven informal hairdressing businesses, those started because the owner could not find a suitable job (Mohammad, 2009:8).

Trading within the informal sector is one of the key activities for job creation for large populations on the African continent (ATPC, 2010:1). These types of jobs are dominated mostly by street vending or trading. A case study that examined business or environmental street vending constraints was conducted in cities of six African countries: Kenya, Cote

D'Ivoire, Ghana, Zimbabwe, Uganda and South Africa. The study revealed that street vending contributes largely to both the urban and the national economy of countries as it enables employment not just for the lower social groups, but for any interested individual (Mitullah, 2003:2-4). As a result of street vending and other forms of operations within the informal sector, the number of economically excluded individuals may be reduced. The ATPC (2010:1) helps us understand that informal trade is responsible for approximately 20 per cent to 75 per cent of total employment, with South Africa at about 12 per cent. This calls for strengthening of support for informal businesses to allow growth and expansion of both the business sector and the national economy in the country.

Mitullah (2003:4) shows that unfortunately those working within the informal sector work in environments that are neither safe nor regulated. Such restricting environments may consequently affect the overall performance of the business. Moreover, ATPC (2010:2) suggests that in some countries only approximately 60 per cent of informal trading activities are well known and recorded. Mitullah notes that there is a scarcity of statistics that cover the informal sector due to the lack of understanding by people of operations within the sector. Hence, the motivation for this study is to shed light on the lived experiences of youths who are operating informal hair salon businesses in Gugulethu, Cape Town.

## **1.2 Significance of Study**

The hair industry is growing rapidly and so should the literature on the various aspects of this form of trade. A walk through most towns and townships show large numbers of hairdressers. Aggarwal, Hofman and Phiri (2010:6) succinctly state that the growth within this sector is intensified mainly by the growing urban population. Yet, despite the growth, informal hair salon businesses may continue to face some challenges for as long as support for this industry is not strengthened and widened in scope. The Department of Trade and Industry (DTI, 2008: I) add that attention and resources should be dedicated to the informal sector because of the growth within this sector. One important way to obtain knowledge of this sector is through the lived experiences of the individuals that experience the phenomenon within it.

The intent of this qualitative phenomenological study was to explore the challenges that youth face in running their informal hair salon businesses in Gugulethu. The focus was on the lived experiences of young owners of hair salon, the challenges they face as well as the strategies they have employed to address them. The study also looks into the future business-related aspirations of the young hairdressers.

Although the role of the researcher was not necessarily that of an educator, the study helped to raise awareness on issues participants had no knowledge of. Furthermore, the Development Bank of Southern Africa (2011:4) argues that not enough is done, through programmes and institutions to create a 'pathway' for new labour market entrants in the enterprise world. This could be due to the scarcity of literature on informal traders and their needs. It is envisaged that the findings of the research may provide policy makers and programme developers with a range of challenges faced by participating youth who run informal hair salon business.

Promoting informal business development may allow the absorption of some of the large number of unemployed youth. At the same time becoming a major employment strategy (Rolfe, Woodward, Lighthelm & Guimaraes, 2011:1), in the Western Cape and South Africa as a whole. The existence and promotion of informal businesses can propel the possibility of economic growth and the reduction of unemployment rates. Todaro and Smith (2011) substantiate that the promotion of the informal sector would ensure that the benefits of development are increased and benefit everyone, especially the poor who are concentrated mainly in this sector. The demand for hair salon businesses shows great potential for this industry expanding further. Studies like this one that look into the lived experiences of hairdressers of running informal businesses in their specific context are important. A contextual study allows support that meets the specific needs of the people in that context.

### **1.3 Problem Statement**

Challenges that are faced by informal businesses may be exacerbated by a number of issues and circumstances. The DTI (2008:24) reports that a difficulty has been that during the period from 1994-2003, government support was aimed at existing businesses rather than

emerging micro and small businesses. Therefore, it may take time until the expected support is implemented for emerging businesses as per the set policies and programmes on businesses. Central to this view is the importance of being cognisant of all the emerging businesses in the country, as this might help track activity and enable appropriate support to be offered to the informal sector.

The need for this study was brought about by the limited empirical research or literature that looks into the lived experiences of hairdressers in Gugulethu. Studies have been undertaken that look into either hair salons or informal businesses, but in a different geographical context. Hence the need for this phenomenological study that explores the experiences and challenges faced by youth in running informal hair salon businesses. The bulk of the research on informal businesses across Latin America, Asia and Africa clusters all the informal businesses together without paying detailed attention to the different types of businesses such as hair salons. Hair salons as well as any type of businesses enable freedom as well as liberation from poverty since they render one self-sufficient and enable personal growth and education (Fleischman, 2006:2). Businesses, whether formal or informal can transform the lives of young people. This study which explores experiences is intended to build on to the knowledge previously generated by other scholars in informal traders.

#### **1.4 Research Questions**

The main question is: What are the experiences and business-related aspirations of youths running their own informal hair salon businesses in Gugulethu? Arising from this are the following sub-questions:

1. What are the challenges faced by youth in running an informal hair salon in Gugulethu?
2. What are the strategies employed by these young people to deal with the identified challenges?
3. What knowledge and experiences do the participating young people have regarding initiatives that support informal micro businesses?

4. What are the business-related aspirations of the participating young people?

### **1.5 Research Goal**

The goal of this study is to explore experiences and business-related aspirations of youth in running their own informal hair salon businesses in Gugulethu, Cape Town.

### **1.6 Research Objectives**

The detailed objectives formulated from the research questions of this study are as follows:

1. To explore the challenges faced by youth in running an informal hair salon in Gugulethu.
2. To identify the strategies employed by these young people to deal with identified challenges.
3. To identify the knowledge and experiences the participating young people have regarding initiatives that support informal micro businesses.
4. To explore the business-related aspirations of the participating young people.

### **1.7 Clarification of Concepts**

In the world of social sciences terms differ in meaning in accordance to different scholars or settings. Various definitions key terms are explored, eventually a synthesis was done to one definition used in the study.

#### **1.7.1 Youth**

There are various definitions and understandings of the term “youth”. These are conceptualised in three frameworks: transition to adulthood, age stratification and being referred to as a generation (Klimova, no date:1-2). La Cava & Michael (2006: ix) shows that youth are an important asset for the economic and social development of their communities. This requires a holistic approach to youth inclusion for them to transition to adulthood. A holistic approach focuses on the entire young person and their needs. According to UNICEF (2012:1), youth is best understood as a period of transition from

childhood (dependence) and adulthood (awareness of independence). They go on to say that “age is the easiest way to define this group, particularly in relation to education and employment” (UNICEF, 2012:1). In South Africa, youth are defined using two age stratifications; 14-24 years and 25-35 years. The first is the United Nations definition of youth, which classifies youth as those between the ages of 14 and 24 years (United Nations General Assembly, 2001:2). This definition refers only to young adults, yet on its own is not inclusive to those falling beyond this age limit being those more likely to start businesses. The South African National Youth Policy (2009:12) defines youth as those falling between the ages of 14 and 35 years. The African Youth Charter (2006:3) refers to youth as “every person between the ages of 15 and 35 years”. The study will however be limited to young people between the ages of 24 and 35 years who run informal hair salon businesses in Gugulethu.

### **1.7.2 Informal Businesses**

Businesses are those enterprising entities or organizations that are involved in either professional, commercial or industrial activities (Investopedia, 2014:1). An enterprising entity or organization is referred to as informal when it operates without registering with or being regulated by the government (Bruhn, 2012:1). These unregulated activities may mostly be commercial rather than professional or industrial. Informal businesses fall within a larger spectrum of the informal economy which has, for many years, been an important part of developing economies through its support for the poor and unskilled (Mpye, 2013:9). Bruhn’s definition will be used for this study when referring to informal businesses, as the focus of the study is on unregistered hair salon businesses in Gugulethu.

### **1.7.3 Micro Businesses**

Micro businesses are essentially small and often involve one owner and five or less employees who are generally family members (DTI, 2003:4). A majority of hair salon businesses in the townships is micro. According to Coetzer (2001:6), “a micro-sized enterprise is a small business, which is independently owned and operated, with close control over operations and decisions held by the owner”. Furthermore, DTI (2003:8) discloses that micro businesses mostly lack formality when it comes to operating premises, licensing and registering. The study adopted the definition by DTI that identifies micro

businesses as small businesses with five or less employees, which lack formality in terms of registration and licensing. The focus of the study was on unregistered micro hair salon businesses.

#### **1.7.4 Resources**

The Business Dictionary (2013:1) stipulates that a resource is, “an economic or productive factor required to accomplish an activity, or as a means to undertake an enterprise and achieve desired outcomes. Three most basic resources are land, labour, and capital; other resources include energy, entrepreneurship, information, expertise, management, and time”. Land, capital and energy are some of the few essential resources needed for people operating businesses, whether formal or informal, especially hairdressers. This definition was appropriate for this research because it captured the basic necessities hairdressers need to expand their capabilities and thereby reach their business-related goals and aspirations.

#### **1.7.5 Experiences**

A phenomenological understanding of experiences is used to guide understanding of what young hairdressers in Gugulethu face. Experiences occur as a result of the basic relationship people have with the world, “experiences is a reality that results from the openness of human awareness to the world, and it cannot be reduced to either the sphere of the mental or the physical” (Valle & Halling, 1989:42). It is through such interactions that people learn and attach meaning to encounters. The emphasis of a phenomenology research is on the ‘lived experiences’ (phenomena) of the participants (Creswell, 2014:49). Experiences “includes not only the relatively passive experiences of sensory perception but imagination, thought, emotion, desire, volition and action. It includes everything that we live through or perform” (Longhofer, Floersch & Hoy, 2013:40).

#### **1.8 Ethical Considerations**

Creswell (2014:92) identifies that during a research process, ethical considerations should be anticipated and at the same time addressed as they related to different stages of inquiry (prior to research, beginning the study, collecting data, analysing data and sharing the data). This section discusses the ethical considerations adopted by the researcher to ensure that no harm was brought to the participants or the researcher.

### **1.8.1 No Deception**

The first step that was taken by the researcher once participants were identified at the study site was to brief them about the true nature, focus and intention of the study (see section 3.6.1). At the start of each face-to-face interview, participants were once again reminded about the purpose of the research, and that the study was strictly for academic purposes (Creswell, 2014:98). The purpose of the study was not concealed, thereby counteracting the problem of deceiving participants (Creswell, 2014:98). By stating clearly the true nature of the research, the participants were in a position to give their informed consent.

### **1.8.2 Voluntary Participation**

Trochim (2006:1) indicates that voluntary participation requires that people should not be forced into participating in research. The researcher went to Gugulethu to identify potential participants. Upon identifying young people who ran informal hair salon businesses, the researcher confirmed with participants that they were free to either accept or decline the request to participate. When an agreement to participate was reached, the consent forms were signed. These forms are discussed below (see Appendix A).

### **1.8.3 Informed Consent from the Participants**

Babbie (2004:64) shows that informed consent is reached when the participants voluntarily participate in a study with full understanding of the possible risks that are involved. Prior to collecting data, a consent form was issued to each young person running an informal hair salon business who fitted the criteria of research before taking part in the interview. This form plainly set out the objectives of the study and how they as participants could assist in providing information needed. Additionally, the form clearly stated that if participants felt like they could no longer participate in the study, they should feel free to terminate their participation. Participants then signed the consent form as an illustration that they were agreeing to the provisions of the study before providing data (Creswell, 2014:96). Information about the researcher, the institution of the study and the level of the study were disclosed to provide a platform for better understanding of the research. Once the participants signed the consent forms, they were entitled to confidentiality and anonymity.

#### **1.8.4 Anonymity and Confidentiality**

To ensure anonymity, the study refrained from using the identities of participants or any information that would make participants identifiable. The data was presented using the pseudonyms decided upon by the researcher for young people that participated, instead of their real names and addresses (Creswell, 2014:99). In addition, the recordings of the interviews and transcriptions were kept in a secure place and the researcher and supervisor were the only ones with access to them. Mouton (2001:243) argues that participants have a right to remain anonymous, and the right should be respected throughout the entire research process. Confidentiality was maintained regarding the data that was provided by the participants (Wiles, Crow, Heath and Charles, 2006:1).

#### **1.9 Reflexivity**

To deal with the issue of being biased, reflexivity was then used. Creswell (2014:186) illustrates that reflexivity shows how the role of the researcher as well as experience is bound to shape interpretations as well as meanings ascribed to the data. This being my second research study enabled me to approach the study with more experience than the first I had during my Honours research. Reading about informal businesses may have influenced the types of questions that I asked without first going to the geographical area of study. Yet looking at literature, the current study was of the same importance because of its focus on salons operated by youth.

Moreover, I should have read more about the different key development players within the area of Gugulethu, to have an idea of who is responsible for what. The interview schedule could have covered these, especially on the part of improvements. During the interviews, while probing, I had to constantly stop myself to avoid probing for certain responses. Therefore, my probing skills need to be sharpened. Also, at some point during the interviews I had to rush while asking the questions because of constant distractions. For example, one lady was not comfortable that I was taking a long time talking to her husband, so she would walk in time and again. In another instance, a customer would walk in and I would have to rush the interview. The worst distraction that may have affected the interviews was the noise around where the interviews were held.

#### **1.10 Structure of the Report**

The report is divided into five chapters. The structure of the report is as follows:

## **Chapter One: Introduction**

This chapter looks into the introduction to the study, the reasons the study is significant, the research questions and objectives, clarification of terms used in the research and the ethical considerations of the research. The chapter include a reflexivity section.

## **Chapter Two: Literature Review**

This chapter discusses the available literature on youth entrepreneurship as well as its importance. The theories that inform aspects of the experiences of youth in running informal hair salon businesses are then presented. The next section of the chapter presents literature on young people, the informal sector, the range of challenges faced by informal traders including hairdressers and the available support for businesses. Lastly the policies pertaining to the research are then discussed.

## **Chapter Three: Research Methodology**

The chapter starts off with the demographics of Gugulethu, the study site. The research methods are then discussed. This is followed by unpacking sampling methods and the selection process. Face to face interviews that were used for data collection, how the data was analysed and verified is discussed. Lastly, the limitations of the research are detailed.

## **Chapter Four: Presentation and discussion of findings**

This chapter presents a discussion on the findings and the analysis and discussion of the findings. The findings reveal the challenges that are faced by young people operating their own informal hair salons in Gugulethu. The explored challenges include, among others, the lack of capital, the competition and crime, all of which inhibit them from running their salons as desired.

## **Chapter Five: Conclusions and recommendations**

The chapter discusses the conclusions of the research guided by the research objectives. Recommendations are offered by the researcher and the participants.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

According to Ndabeni and Maharajh (2013:16), the size of the informal sector is estimated to be around R157bn. An estimated 300 000 people in community and social services (including hairdressers) work within this sector in Latin America. There is an argument that people often opt for running informal businesses as, unlike for the formal businesses, the high level of skills is not a requirement (Hutchinson, 2013:19). The International Labour office (2002:36) shows that training does not however create jobs nor raise productivity for the business. Both the informal and formal economy present participants with the opportunity to transform their lives, and ensure the overall growth of the entire economy. Ndabeni and Maharajh (2013:22) conclude that for this transformation and improvement to occur, policies should include the development of skills and training. Training and access to credit are the most essential resources required during the start-up and the operating stages of the business. Starting a business is a process that requires a combination of few factors: land, capital, labour and market need (Tengeh, no date:3). Without proper planning for this stage, one may experience several challenges.

This chapter starts by discussing the importance of youth entrepreneurial businesses, then discusses theoretical views on the existence and challenges of small businesses in informal settlements and lastly their contribution to individual and national economic well-being. Thereafter, the chapter explores measures employed by state and non-state actors to help small businesses overcome challenges. Finally the chapter ends with a summary.

### 2.2 Youth

Broadly Delaney (2011:3) indicates that the concept 'youth' is generally understood as a transition period between childhood and adulthood. This period is about the stages that have to take place in a young person's life to ensure full growth and functionality. Consequently, the Development Bank of Southern Africa (2011:4) note that in South Africa few young people are able to go through these required stages due to the culture of unemployment in South Africa. Young people are therefore unable to transition from

school to work. Informal businesses may make the transition possible for young people. Yet, when their economic activities are unrecorded and unknown the transition may be impossible. With the lack of resources and available support it may be difficult for young people to transition smoothly, more especially from school to work.

Cieslik and Simpson (2013:9) emphasise that the 'school-to-work' transition is very important for young people. When their experiences of this transition are known, proper assistance can be provided to ensure that the young people do transition. Moreover, the disadvantage of not being able to transition from school to workplace may inhibit the progress of the young people in the long run (Belfield, Levin & Rosen, 2012:4). Youth entrepreneurship can guarantee a transition from school to work, when this transition is accompanied by easy access to available types of support.

### **2.3 Youth Entrepreneurship**

In South Africa as well as other countries, youth entrepreneurship is becoming a growing alternative to the devastating rates of unemployment within youth (Schoof, 2006:1). Youth entrepreneurship can enable young people to move beyond poverty to better lives. Ligthelm (2008:367) adds that small, medium and micro enterprises (SMMEs) are believed to have the potential to relieve and reduce the high levels of unemployment. Evidently, as a result of unemployment, the growth of SMMEs is becoming a target and new project for both developing and developed countries. Schwab (2009:6) notes that entrepreneurship not only fuels employment generation, but with it comes innovation and economic growth. Therefore, entrepreneurship may enable the inclusion of economically excluded young people as well as expand their capabilities.

According to the United Nations (2013:5), African policymakers realise that youth entrepreneurship is a vital economic development tool for ensuring job creation, growth as well as poverty alleviation. Yet, experts believe that in South Africa, as well as other African countries, the number of people who want to start a business in the next three years is low, currently at the rate of 14 percent as compared to 43 percent of Chileans, 36 percent of Brazilians, 20 percent of Chinese and 19 percent of Thais (Timm, 2013:2). If the rate is this low, it may mean that not enough knowledge is passed on of the importance of

entrepreneurship. Entrepreneurship education is important because it equips entrants with entrepreneurial skills, attitudes and behaviour required for economic growth (Volkman et al., 2009:9).

Fleischmann (2006:5), using the case of poor women in Bangladesh as a historical example, illustrates how lives were transformed through the start-up of small businesses. He shows that entrepreneurship enables liberation from powerlessness, poverty and unemployment for individuals who practice it. As a result of small businesses, young women and their families were able to get jobs and therefore break out of poverty. Vandenberg (2006: vii) illustrates that small enterprise development can reduce poverty if through it, employment is created by new businesses or the expansion of existing ones.

Therefore, targeting the main barriers for youth entrepreneurship may ensure that large numbers of young people are equipped with the ability to escape poverty. Shaffer (2008:1) suggests that a way to attend practically to the barriers to development and reducing poverty is to adopt three basic strategies: promoting opportunity, facilitating empowerment and enhancing security by reducing vulnerability. These strategies should however be aimed at the poor.

In summary, youth entrepreneurship can ultimately result in the growth of the economy (Kew, 2013:33), where such growth equals opportunity to create more job opportunities for young people. Additionally, the United Nations (2013:1) in support shows that for a large number of unemployed and discouraged youth in Africa, entrepreneurship allows them an opportunity to become an economically active part of a society and enables a sustainable livelihood for them. This is the reason why many countries have adopted programmes and opened institutions to assist young people to transition smoothly to the working environment, particularly self-employment. Kew (2013:33) notes that “entrepreneurs create new businesses, drive and shape innovation, speed up structural changes in the economy and introduce new competition – thereby contributing to productivity”. Young people with the desire to have businesses should be met half way with their needed resources to provide a chance for them to benefit from entrepreneurship.

Therefore, close attention should be directed to the experiences of both young people who aspire to and those who run businesses.

## **2.4 Theoretical Framework**

The theoretical framework provides insight into the informal economy and theoretical views about the behaviour in and out of the informal economy. Saunders (2005:43) points out that a theoretical framework clarifies the link between the phenomenon being explored and the acquired data. Furthermore, a theoretical framework informs the different aspects of a study, from the problem statement to the suggestions concluding the research (Creswell, 2014:248). The theories that guided this study are the social inclusion approach, the capability approach and network theory. Varian (1989:3) illustrates that theories are vital because they allow researchers to distinguish what is observed from what is not observed.

### **2.4.1 Social Inclusion Approach**

Social inclusion refers to improving terms of individuals' and groups' ways of living so that they are empowered to participate and contribute within their societies (World Bank, 2013:1). Through social inclusion, individuals are enabled to participate in decision-making both locally and politically, and are empowered in the process. The World Bank (2013:1) additionally shares that social inclusion allows the poor and marginalised to take advantage of available opportunities and have a voice in decision-making where their lives are concerned. The main aim of social inclusion is thus to ensure that everyone who was previously excluded from benefiting from development does benefit. Most importantly, Steyn (2011:14) argues that inclusion would be meaningless if the structures of exclusion are not addressed.

According to Rawal (2008:163), social inclusion in the South (Europe) was adopted as a way of reducing as well as understanding what poverty constituted. Those living in poverty and young people became the main focus for programmes and policy makers. Sommers (2007:21) maintains that in Africa young people have limited access to any youth development programming and few of them enrol and complete secondary school. This

may be because of the limited budget for their education. Basically, young peoples' lives remain threatened if access to programmes that benefit them is limited.

The reason why focusing on young people is important, as UNDP (2010:1) shows, is that youth as a resource are simultaneously untapped and under-supported. Youth have the potential for becoming change agents in their communities. The centrality of this view is on availing resources to young people so that they can function to their maximum potential. Rawal (2008:178) claims that the social inclusion concept was incorporated by development discourse and agencies after the First World Summit on Social Development in Copenhagen in 1995. Yet, with limited access to resources, young people remain excluded. They should be consulted concerning their ambitions and aspirations to ensure development.

The United Nations Development Programme (2013:5) maintains that:

“the poor fringes of society struggle to voice their concerns, and governments do not always ensure that services actually reach everyone. Social policy has to promote inclusion, ensuring non-discrimination and equal treatment is critical for political and social stability, and provide basic social services that can underpin long-term economic growth by supporting the emergence of a healthy, educated labour force”.

Human development is not possible for excluded people. People should be included and given a chance to participate in decision-making on matters that affect them.

The core principles of the social inclusion approach are participation and empowerment. According to Ghai and Vivian (1995: XIII), experience reveals that youth transition from school to work as well as sustainable development is unlikely to be achieved without the full support of the communities as well as the participation of ordinary, grassroots people. Participation and empowerment are defined by Woodwall, Booth-Warwick and Cross (2012:742) as approaches that redistribute power to the powerless. Otherwise social exclusion of the vulnerable shall persist, since “social exclusion, relates not simply to a lack of material resources, but also to matters like inadequate social participation, lack of cultural and educational capital, inadequate access to services and lack of power”

(Muddiman, 1999:2). Resources are vital for young business owners, as it is only when young people have the required resources that they are able to increase and embrace their capabilities.

#### **2.4.2 Capabilities Approach**

The capabilities approach is mainly about expanding the real freedoms that people enjoy. Clark (2005:2) identifies that the capability approach emerged in the 1980s as a leading framework for generally thinking about power, inequality and human development. The main theorists of the capabilities approach are Amartya Sen, Martha Nussbaum, Adam Smith and Karl Marx (Internet Encyclopaedia of Philosophy, 2012:2). Paramount to this approach is the freedom and resources that expand possibilities for creativity and functioning. Todaro and Smith (2011:16), following Sen's work, define capabilities as the freedoms individuals have over their personal lives and commodities. Functionings refer to what individuals can do with the resources they possess. Capabilities and functionings are therefore connected.

According to the Stanford Encyclopaedia of Philosophy (2011:1), the capabilities approach is a theoretical framework based on two core claims. Firstly, the freedom to well-being is vital and secondly, the freedom to well-being should be understood in terms of capabilities; freedom to do and be what one values. Through expanded capabilities and social inclusion, young hairdressers' would be in a better position to expand their businesses and therefore create employment for other unemployed young people.

Producing capabilities relies heavily on institutional support and government action (Nussbaum, 2011:19). The government support can also be coupled with the appreciation of rights; "understood as entitlements to capabilities" (Nussbaum, no date: 5). These rights can be accomplished or made possible through strengthened government support for businesses, especially informal businesses. The expansion of capabilities requires all the necessary support. According to the Stanford Encyclopaedia of Philosophy (2011:3), the capabilities approach can also be used by policy makers and institutions as a framework for evaluating and designing development policies.

Most state policies unfortunately are unable to attain their desired goal because they lack accountability and transparency. McGee and Gaventa (2010:5) illustrate that “in the development context, the argument is that through greater accountability, ‘leaky pipes’ of corruption and inefficiency will be repaired, aid will be channelled more effectively, and in turn initiatives will produce greater and more feasible results”. Capabilities approach can be used as a framework for each development policy specifically for youth policies to ensure total functioning. If ‘total functioning’ of individuals is a goal of public policy, it will guide government transparency and prevent the violation of rights and mistreatment of the choices of citizens (Nussbaum, 1997:273). Expanding people’s choices should be an ultimate goal for any policy.

Clark (2005:2) shows that a capability approach unlike a basic needs approach is concerned mostly with well-being rather than the analysis of poverty and deprivation. Additionally, Clark (2005:5), illustrates that Sen’s capabilities approach has been praised among other things for refocusing people as the ends and means in themselves. Moreover, Sen maintains that instead of development concentrating primarily on income, concentration should rather be on the freedoms available for people for leading lives that they value. These include valuable work, reading, political participation and being healthy (Robeyns, 2003:61-62). A measurement of development that includes income and freedom stimulates better results and the engenderment of participation. Freedom and availability of resources can ensure a lucrative working environment for young hairdressers, thus allowing them to deal better with the challenges they may meet.

### **2.4.3 Network Theory**

The network theory for this study focuses on the networks that business owner have also to those that already exist that a business owner can use. The viability of hair salon businesses (and other businesses) is dependent on capabilities as well as on the networks. Networks are defined as connected objects that are continuously changing, which in the long run affect individual behaviour and that of a society or system as a whole (Findlay, 2010:3-5). Through these connections (market connections, family connections and peer connections), hairdressers are able to make use of the economic and social advantages around them. The Network Theory is interested in the analysis of how these social

structures around a person influence their life, behaviour and beliefs (University of Twente, 2014:1).

This study used the network theory to explore the connections that young people running informal hair salon businesses in Gugulethu can tap into and which they are member of, which contributed to the success of their informal businesses thus far. According to Breslin (2007:29-34), we all live in a social network of friends, family, family work mates, peers, acquaintances. The theory assumes that anybody is connected to everybody else (on average) by no more than six degrees of separation. Figure 1 below illustrates the six degrees of separation that the network theory assumes.



**Figure 1: Six Degrees of Separation Illustration**

A study on hair salon businesses by the Sustainable Livelihoods Foundation (2011:9) identified that the greatest challenge facing informal businesses is the limitation of access to resources. Resources include information, finance, infrastructure and support needed by business owners. Through the networks individuals can have access to different types of support. Findlay (2010:5) argues that, according to the network theory, individuals do not exist independently, their lives are affected and stirred by components around them which may be both physical and conceptual (social connections). Therefore, the challenges that

young people running informal hair salon businesses face may arise as a result of the absence or existence of the components that Findlay identifies. Networks with parents or family members is imperative because of the support, guidance and advice they offer (Walstad & Kourilsky, 1997:12).

One or more people running a business can be found to rely on someone for advice and or decision-making. Applying the network theory to explain micro-entrepreneurial success in Mexico, Castillo (2009:15) identified that entrepreneurs relied on social structures (families, professional experts and friends) for decision-making. These social structures can also become essential for accessing information required by business owners.

According to Bhagavatula (2010:10) the benefits of networks in entrepreneurship include among others access to information and advice, problem solving and access to resources. Therefore business owners' should invest time in building, maintaining and strengthening their social networks (Dana, 2011:105). Through social networks, youth-led informal hair salon businesses may be able to access new clients, advice and expertise from larger hair salon businesses and find out more ways about overcoming challenges.

However, Castillo (2009:15) maintains that there are circumstances when networks can bear different results, benefiting some while bringing about negative results for others. For instance, if these networks are with peers who have little experience with running businesses, they may lack proven to work strategies and advices. Yet, youth running hair salon businesses as well as other young people in other sections of the informal sector, need market networks and active role models as per the benefits of networks shared by Bhagavatula (2010:10).

## **2.5 Informal Sector Operations**

Losby, Kingslow and Else (2003:6) illustrate that people operate informal economic activities for a number of reasons, either due to a necessity or because it is a best option to attaining personal fulfilment. Yet, the immediate and desperate need for income may be

the leading drive for people starting informal businesses. A study that focused on the potential role of informal micro businesses and entrepreneurs in the Eastern Cape, revealed that about 7.3% of those who participated started their informal businesses because they had no alternative source of income. Unemployment of 64% and lack of income remained the two highest motivations (Kavese, 2015:21).

### **2.5.1 Benefits and Constraints**

There are pros and cons of operating an informal business that young traders may be faced with. An advantage of operating within the informal economy is the fact that there are fewer regulations and restrictions from the government. Garcia-Bolivar (2006:4) shows that informal traders have the ability to comply with some regulations and not others. However, a study on the estimates of the informal economy in South Africa revealed that, individuals running informal businesses are unable to take advantage of government services such as lending and financial security organisations (Saunders, 2005:33). This may be a reason why many informal businesses are unlikely to access loans for growing their businesses. Furthermore, informal businesses are at a disadvantage of not being able to receive social security and other types of security offered by the government (Garcia-Bolivar, 2006:12; ILO, 2009:41). All businesses whether formal or informal should have access to all services. Having access to all services may remedy the financial crisis many informal may face.

Losby et al. (2003:6) show that the reasons people prefer running informal businesses include: the desire for undocumented income, an inability to secure formal employment, and or less satisfaction with formal employment. These reasons may be similar to those of young people who run their own informal hair salon businesses in townships. Additionally, there is the added advantage of having flexible working hours and the freedom to run businesses according to individual satisfaction (Gurtoo & Williams, 2009:3). For hairdressers, flexible hours might be an important factor as it may allow individuals to assist clients from their own homes or the salon. Gerxhani (2004:13) illustrates that the informal sector as a whole enables individuals' flexibility.

However, Garcia-Bolivar (2006:11) maintains that with lack of access to finance and modern technology, informal businesses might forever remain small. This may mean that even with the flexible hours, with lack of finance, informal businesses may remain small. Furthermore, Rudzuna (2014:1) argues that informal sector businesses have a reputation of not being able to keep their records like formal businesses and this process may be worsened by the lack of technical expertise and equipment. Nonetheless, technology may not be important for some, mainly when the business is very small, or when there is lack of awareness of this importance. A greater disadvantage for people in the informal sector is having limited access to larger markets and sophisticated technology (Garcial-Bolivar, 2006:9, 12).

Through informal businesses, people, mostly the previously unemployed, may be able to meet their basic needs. This is accompanied by the freedom and opportunity to become creative (Gerxhani, 2004:13). However this is not to say creativity is any less for those who run formal businesses. Additionally, there is nothing as important as autonomy and ownership for informal entrepreneurs (Williams & Youssef, 2013:5). Nevertheless, Losby et al. (2003:7) argue that people in the informal sector are unable to enjoy their employment benefits as well as economic security. If their businesses were to close for any reason, despite savings, there would be no financial security remaining for the owner. Furthermore, Forson (2013:470) demonstrates that operating in the informal sector may mean the absence of mechanisms such as maternity leave for females and this can pose as a great challenge, mostly for female owners. Although the benefits of operating an informal business out-weigh the constraints (Saunders, 2005:35), the disadvantages may however, bring about challenges during the different stages of a business lifecycle.

### **2.5.2 Stages of a Business Lifecycle**

According to the Canada Business Network (2015:1), one needs to know where and what one wants to achieve before even getting there. This can be ensured through creating a solid business plan which is vital to the success of the business. There are stages or phases that a business goes through which ultimately can guarantee business growth and development. The five stages are existence, survival, success, take-off and resource maturity (Churchill & Lewis, 1983:1). See figure 2 below. Small businesses vary in nature, characteristics, size

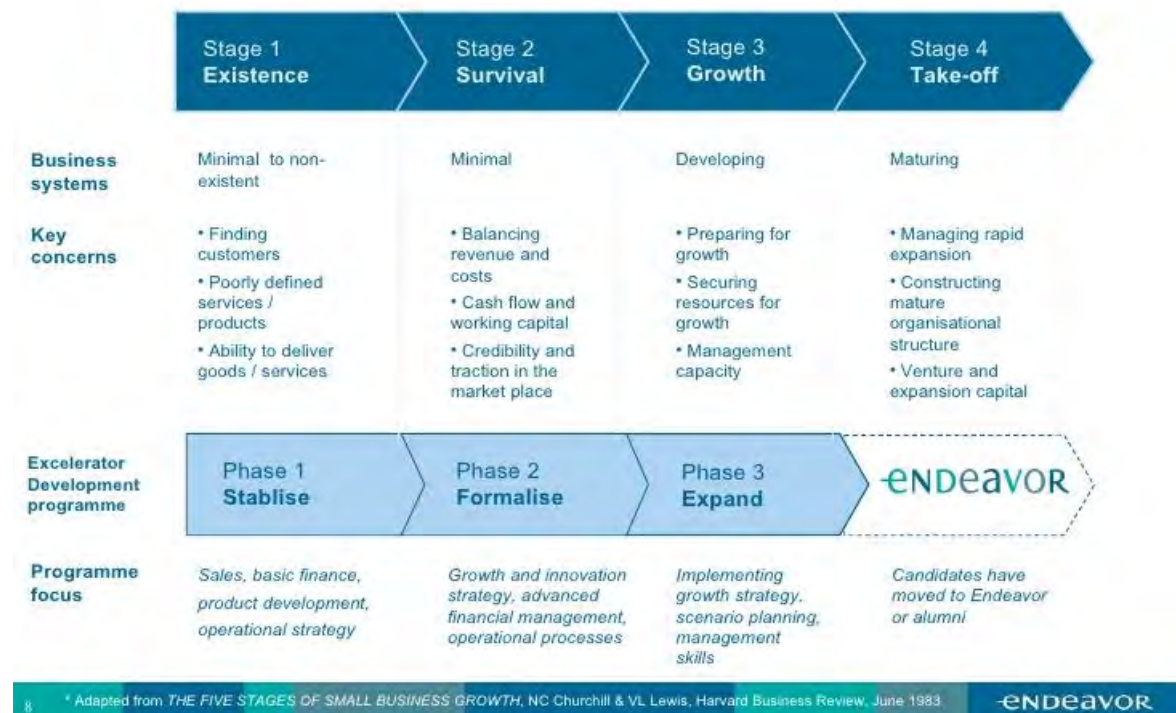
and growth, but scholars reveal that with close analysis, small businesses face similar challenges arising at similar stages (Churchill & Lewis, 1983:1). This study focuses on two stages of a small business: existence and survival. This is because of the assumption that most informal hairdressing businesses may have gone through the two stages of business development.

#### **2.5.2.1 Stage 1: Existence/ Start up**

This is the start-up phase of a business where main worries are obtaining customers and ensuring that there is enough cash to deal with cash demands that arise (Churchill & Lewis, 1983:1). The existence stage is an important stage where the business start-up, is marketed and customers are obtained. Even though some businesses may not progress beyond this stage, there is potential for others to do so. Chen (2014:1) illustrate that it is at this stage that owners begin to market their services or products and improve their services as per the feedback and comments from their first customers. Challenges that business owners may experience during this stage include limited access to finance and gaining market acceptance (Chen, 2014:1). Informal hairdressers at the existence stage open their salons with the hope of attracting customers and it is by providing good services that they can increase their clientele and income.

#### **2.5.2.2 Stage 2: Survival/ Growth**

Increased number of customers and finances may warrant that businesses move into the survival or growth stage. At this stage a business has demonstrated that it is a “workable business entity” with enough customers and a limited number of employees (Churchill & Lewis, 1983:1). Business owners have to work on increasing the number of customers as well as their revenue. When businesses are doing well they are able to attract new entrants or customers (Scott & Bruce, 1987:49; Chen, 2014:1). As a business grows, the need for more income or finance grows. Churchill and Lewis (1983:1) show that the goal within this stage is survival. Perceived challenges at this stage are market competition and dealing with an increase in revenue and customers (Chen, 2014:1).



**Figure 2: Stages of Small Business Growth (Churchill & Lewis, 1983:1).**

Figure 2 above shows the four stages of growth a business goes through. It is important to understand these different stages as this knowledge can allow one to prepare for obstacles as well as anticipating the essential requirements at various stages to guarantee success (Churchill & Lewis, 1983:1). Prior to starting businesses, traders should plan their businesses. This includes learning about the market, choosing unique name for business, deciding on a business structure, knowing how to access funds and managing finances through bookkeeping and budgeting (Canada Business Network, 2015:1). Looking at the current research, young hairdressers may be able to address challenges they meet if they properly prepare for each stage of growth. These stages of business development published in the Harvard Review may be applicable to small businesses in Gugulethu including hair salons.

### 2.5.3 Hair Salon Businesses

The focus of the study was exclusively on the hair salons that operate within the informal sector. The Sustainable Livelihoods Foundation (2011:1) observes that in South Africa,

informal hair salon businesses are operated by both South African and non-South African men and women (including young people). The focus of the study was on South African youth, as the objective was to explore their experiences alongside the available entrepreneurial support programmes. Within the informal economy of South Africa there are more black females than males (Saunders, 2005). There is high likelihood of finding more women than men (Hussmanns, 2004:1). This is supported by a study conducted by Forson (2013:464) in London that revealed that the total number of female staff in the black hair salon business was approximately 74 per cent (where women employed other women) with the remaining percentage males.

Seemingly, in most areas both urban and rural there may be more women than men in the informal hair salon businesses. The reason may perhaps be because hairdressing is amongst the two most popular types of young female employment and entrepreneurship trades in Sub-Saharan Africa (Langevang & Gough, 2012:243). Tang (no date: 1) points out that as compared to other institutions (churches etc.), informal hair salon businesses allows women to bond with other women as well as their stylists. Hair salons are not just about hair-do, but are an integral part of society for women (Tang, no date: 1-3). Salons allow women especially single mothers to get support and at some point advice from other women. Evidently, research and studies like the current one which target informal hair salon businesses are imperative, as they may add to the information on the forms of assistance such businesses may need.

Thompson (2009:4) verifies that for young Africans hair is more than the looks but how they feel about themselves and the way others treat them; the power embedded within. Salons thus become a 'safe haven'. Reflecting back to the 19<sup>th</sup> Century, hair "spoke to racial identity, politics as well as bonding between African American women" (Thompson, 2009:4). Moreover "hair salons can offer women a sanctuary to re-evaluate their roles in the family and community" (Tang, no date: 3).

According to United Nations Industrial Development Organization (2013:4), starting a hair salon is one of the key income-generating services black women are involved in. This may be the reason more women than men own hair salon business as a way of generating

income. Tang (no date: 2) goes on to show that for neighbourhoods that are rife with crime, hair salon businesses can become a temporary hideout from violence. Young girls who have parents that own hair salon business may, instead of roaming the streets, help out in the salon. This way, more money is generated and the safety of the child is guaranteed. Most informal businesses operate within premises where safety might be a challenge.

The Small Enterprise Development Agency (SEDA) (2008:10) maintains that informal trading normally takes place along the streets and at the back of the residential home. The majority of informal hair salon businesses operate from shacks, containers (identified as mobile trading) and even at transport interchanges and sites (Sustainable Livelihoods Foundation, 2011; SEDA, 2008:10). This may be because traders in such areas do not require much for start-up. Operating within the informal sector can be made easier if traders become part of associations and align themselves with institutions that offer assistance to businesses.

#### **2.5.4 Associations and Institutions**

This section covers the available sources of support for hair salon business support in the Western Cape, focusing on associations and institutions. These initiatives are crucial for the survival of hair salon businesses and the entire hair industry. Forson (2013:474) acknowledges that the following are very critical from a policy point: support addressing the diversified needs of black women, specific sector support for their businesses, strengthened social networks support and providing support for single mothers. Associations may provide young people with the needed networks as well as assistance with their various needs. Yet, the municipalities can also ensure that there is an enabling environment for informal traders.

It is the responsibility of municipalities as the closest body to the communities to ensure that informal businesses are knowledgeable of all the support services and programmes available to them. However, the SEDA (2008:7) acknowledges that the main challenge that municipalities face is the lack of guidance from policies on how to create and ensure an enabling environment for informal/street traders. The starting point could be ensuring easy

access to and knowledge about associations and the importance of social networks. Although, as far as the spreading of information goes, the network among hairdressers may be a more effective transmitter of information from one hairdresser to the next.

Teece (1987) believes that social networks are very vital at the founding stage for an entrepreneur as resources needed to start the business can be attained through such networks. Therefore, starting a business requires knowledge and resources. However, many young people who start informal businesses and who require financial resources may lack the knowledge of how to attain the required resources. In order to acquire the resources, there must be knowledge of where the required resources are available. Social connections are the main mode of such knowledge transfer (Greve, 2003:4). The lack of knowledge about how to acquire available resources can pose a challenge for informal businesses, including hair salons. According to Mitullah (2003:12), "in South Africa, associations provide business services for members, such as bulk purchase, storage, marketing, training, negotiation and advocacy".

Associations like the Afro Hair Salon and Beauty Employees Association for Southern Africa (AHBEASA) can provide support to hairdressers, to ensure easy access to resources and networks. AHBEASA is identified as the largest hair salon association in the country and was formed to attend to the concerns and aspirations of black-owned hair salon businesses (Simply Links. 2014:1). Associations can work as mediators between the government and non-governmental bodies; also as a proper channel for addressing the concerns of salon owners and helping them to acquire resources. Therefore, associations can become one pivotal channel for young people running informal hair salon businesses. Furthermore, apart from representing the interests of youth to the government, business networks and associations can help young people with learning opportunities and business contacts (Oyelola, Igwe, Ajibashin & Peluola, 2014:155). Being members of business-related associations is imperative for informal traders especially hair salons, for the needed support to deal with challenges which may arise.

## **2.6 Challenges Facing Informal Hair Salon Businesses**

Todaro and Smith (2005) illustrate that not much is discussed in the literature on how the informal sector is promoted by the government. The one objective of the current study is to explore the range of challenges that are faced by youth-led informal hair salon businesses. The SA DTI (2013:10) acknowledge that “it is critical that we understand this context [context of youth-led business] so that our programmatic responses to encourage youth enterprise development are sensitive to the challenges we face as a country”.

Herrington et al. (2010:13) maintain that the lack of information on some businesses prevents governmental and non-governmental agencies from putting in place the appropriate assistance to businesses in the small, medium and micro arenas. According to SEDA (2008:16), decent work should be promoted through the elimination of negativity that surrounds informality as well as the protection of further entrepreneurship opportunities. The starting point of correcting this could be research on the phenomenon of running a business and the challenges presented for businesses in the informal sector. The challenges faced by businesses in South Africa include: a lack and limited availability of finance, lack of proper infrastructure, limited government support for small business, high rates of crime and tight market opportunities (Herrington et al., 2010:45-49).

### **2.6.1 Limited Access to Finance**

Kira and He (2012:109) show that "financing is required for SME's to set up and enlarge their business operations, new product development, human resource development and acquirement of up-to-date production equipment and technology". Capital is one of the vital resources essential during the start-up phase of a business, as limited access might inhibit some from even starting a business. Madzivhandila and Dlamini (2015:606) helps us understand that the challenge of having limited access to finance is experienced mostly by women and young people. This is perhaps why most young people who open informal hair salon businesses like other informal businesses, rely on family financial support rather than loans or credit from the bank or companies.

Herrington et al. (2010:90) convey that the lack of financial support has been the main problem facing entrepreneurs in South Africa. With the lack of financial support most

businesses may suffer, especially hairdressing businesses. As they will not be able to afford to purchase the required equipment. Indeed Beck and Demircuc-Kunt (2006:2934) recognise that limited access to finance is a major constraint to business growth despite their savings. Policies and support programmes for small businesses can ensure that youth traders have easy access to finance for the facilitation of growth of their businesses. Moreover, the majority of households in rural areas in South Africa do not have access to credit (Rolfe, Woodward, Ligthelm, & Guimarães, 2011:21). Unfortunately, limited access to finance may hinder the transition of businesses from informal to formal (Deen-Swarray, Moyo & Stork, 2013:53). Easy access to finance is important.

A hair salon business functioning informally would require access to finance as the lack of finance can impact negatively of the quality of equipment the owner can afford. A study by Rogerson (2006:77) on the experiences of SMME in the Free State, discovered that the lack of finance impacts negatively on the quality of equipment purchased, machinery and the service that is offered by SMMEs. It is likely that this notion would be supported by those hair salon owners using washing basins instead of a proper sink due to the lack of capital or finance. Bowen, Morara and Mureithi (2009:17) points out that lack of capital and credit is a major hindrance to business development. Also this challenge can cause salons to operate using poor infrastructure.

### **2.6.2 Lack of Proper Infrastructure and Premises**

The majority of informal retail and service businesses including hair salons are either found on streets, in backyards of homes or in containers. In some cases such arrangements may cause congestion, as the businesses will be located in areas where there is accessibility to the markets. Todaro and Smith (2011) observe that providing infrastructure to businesses could alleviate this problem of congestion. Providing stalls or areas for such businesses keeps the environment clean and more appealing to the eye.

According to the Sustainable Livelihoods Foundation (2011:9), the main hindrance of growth of the informal hair salon businesses market, is the opportunity to be located in areas where there is high access to the market. They show that this situation is exacerbated

by municipal restrictions on “the use of containers and sites where they may be situated [therefore they] do not recognise business needs and market opportunities” of hair salon businesses (Sustainable Livelihoods Foundation, 2011:9). Not being able to afford a preferred premise in the hair industry may limit the chances of success of such a business.

Rogerson (2006:77) illustrates that the challenge of businesses not being able to afford proper premises is exacerbated by limited access to finance. This view is centred on the notion that limited access to finance is a major obstacle for enterprises, more especially SMMEs. Without proper infrastructure SMMEs’ development will be hindered (Bowen et al., 2009:17). Municipalities are supposed to ensure that the government arranges proper infrastructure for township businesses, including hair salon businesses. However, the majority of them have unsatisfactory infrastructure (Thulo, 2015:4). Poor and unsatisfactory infrastructure may leave businesses open to the risk of crime and lack of security.



**Images 1 and 2: Hair Salon Businesses in Gugulethu.**

### **2.6.3 High Rates of Crime and lack of Security**

Todaro and Smith (2011) maintain that workers in the informal sector cannot afford security measures like those in the formal sector. Even though crime is a problem, hiring a

security guard for an informal hair salon business as well other micro businesses may be an unaffordable expense. South Africa has one of the highest crime rates in the world. Crime causes stress on emerging markets as most robberies target micro business premises (Fakoti & Chindoga, 2011:163). Community members could unite and safeguard their neighbourhoods, because businesses are meant to benefit the entire community.

Rogerson (2006:77) supports that theft and burglary on business premises is the most pressing issue faced by people in the service sector, both formal and informal. This challenge may be aggravated by the fact that most people in the informal economy cannot afford to occupy premises which can guarantee security. Sustainable Livelihoods Foundation (2011:9) contends that a barber in the Delft area (Cape Town) survived an attempted kidnapping which was organised by a rival business as a result of competition. Associations could remind business owners of the importance of working together and not against one another.

Turton and Herrington (2012:80) show that crime affects all businesses from small businesses to large enterprises. This may be a reason some hair salons resort to operating in containers which are strong and secure (Sustainable Livelihoods Foundation, 2011:9). These crimes include: robbery, vandalism, break-ins, and employees being injured and traumatised (Mboyani & Ladzan, 2010:553). The government can work together with other crime fighting parties to prevent the attacks facing informal businesses. Mitullah (2003:18) shows that “as a result of crime, some traders have formed voluntary associations to fight crime, while the police are often viewed as collaborators since they do not arrest some known criminals”.

#### **2.6.4 Market Opportunities**

Gonzales (2010:1) confirms that recession is tough for hair salon owners in South Africa. The effects of recession may generate competition among informal hair salon businesses for survival. The lack of customers, increasing competition and the rising cost of supplies are felt most acutely by micro-enterprises (Economic Development Department, 2003:6). MacLachlan (2012:2) elucidates that, in Grahamstown, new salons that are referred to as

‘fierce’ become big competitors for customers and as a result pose a big threat to older salons. The implication is that competition may either be between new micro businesses and/or between old and new micro businesses.

Additionally, CashierLive (2014:1) reveals that the way to survive and remain competitive is by improving all the time and staying in touch with the latest trends in hair care and beauty salons. This is the way they would be able to stay competitive. Competition is bound to happen for traders operating the same type of businesses. Creativity is at the heart of the survival of hair salon businesses both formal and informal. Existing businesses could inspire young people to have their own businesses and ensure that young people have conducive working environments. This can be ensured through stronger networks with large businesses.

In summary, entrepreneurship is important for assisting the young people that were previously economically excluded and unemployed. Through youth entrepreneurship social inclusion is enabled, capabilities may be expanded and young people are able to respond to their need for income. However, due to the lack of networks and proper access to information, young people may not be able to acquire their needed resources for business development. This can therefore result in many challenges for these informal businesses. The main challenges that are faced by young people that operate informal business are that of limited access to finances, inability to operate on proper premises and devastating rates of crime targeting businesses. This research explored the various experiences that young people running hair salon businesses in Gugulethu face in relation to the available support services and programmes in the Western Cape. An assumption was that some of the participating young people may not be aware that there are programmes that support them. Their knowledge of sources of support was thus also explored.

## **2.7 Policies Pertaining to the Research**

There are policies that were adopted in South Africa by the government specifically to answer to the entrepreneurial needs of people, including young people. Mitullah (2003:9) shows that policies are tools that are used in the provision of goods and services for the public. Post-1994, the alarming rates of unemployment among young people remained a challenge. Therefore, policies were adopted to enable youth development and investment

in their futures (Bogenschneider, 1996:127). The National Youth Policy 2009-2014 and the National Small Business Amendment Act 29 of 2004 will be covered in this section. The reason for choosing the three is because they cover the required fields of this study: young people, small businesses regulation and enterprise strategies. The researcher was aware of the new National Youth Policy (2014), but at the time of the study, it had not been passed through parliament.

### **2.7.1 The National Youth Policy (NYP) 2009 – 2014 (2009)**

The NYP is aimed at addressing the challenges faced by young people as well as recommending new strategies to aid youth development. The NYP (2009:7) maintains that youth that were previously disadvantaged should be empowered and offered support so as to allow them a second chance in the education, social and economic mainstream. Informal youth-led and youth-run businesses face challenges that disadvantage them. It is through policies such as this that such challenges can be explored jointly by all key development players and addressed, mainly through financial support and mentorship.

The objectives of the NYP (2009:8) include, among others:

- “To strengthen the capacity of key youth development institutions and ensure integration and coordination in the delivery of youth services”;
- “To strengthen the capacities of young people to enable them to take charge of their own well-being through building their assets and ultimately realising their potential to the fullest”.

The selected objectives cover most of the aforementioned challenges that are faced by micro businesses, mainly informal businesses. A study like the current which explores the experiences of young people operating informal hair salon businesses is important as it may shed light on where support for hairdressers could be strengthened. Research on youth owned and run informal hair salon businesses in South Africa is limited. Walther and Filipiak (2007:196) illustrate that in every country, donors, NGOs, national public or private partners and innovative enterprises through action and aid programmes should assist youth-led businesses. Additionally, when the experiences of young people are known, policy makers can identify whether or not they were able to reach desired outcomes.

### **2.7.2 The National Small Business Amendment Act 29 of 2004**

The National Small Business Amended Act was adopted to amend the National Small Business Act, 1996. The act was adopted

“to provide for the establishment of the Small Enterprise Development Agency; to make provision for the incorporation of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre and any other designated institution into the Agency to be established; to provide for the necessary transitional arrangements to this effect; and to provide for matters connected therewith”

(National Small Business Amended Act 29 of 2004).

The act clarifies that the Small Enterprise Development Agency should:

- “(a) Design and implement development support programmes;
- (b) Promote a service delivery network that increases the contribution of small enterprises to the South African economy, and promotes economic growth, job creation and equity; and
- (c) Generally, strengthen the capacity of:
  - (i) Service providers to support small enterprises; and
  - (ii) Small enterprises to compete successfully domestically and internationally”,

(National Small Business Act, 2004:5).

However, despite the existence of this act, Booyens (2011:76) shows that, for SMMEs in South Africa, the lack of access to finance remains a major constraint for growth. This yet again calls for a joint effort and shared responsibility between the government, private sector and civil society (DTI, 2012:7). A joint effort can guarantee that initiatives that are aimed at supporting emergent youth traders are in line with the National Youth Policy and that the goals of the policy are met through small institutions and programmes.

### **2.8 Initiatives to support small businesses**

In as far as support for street trade goes, Mitullah (2003:19) identified South African constitutional policy supportive compared to restrictive policies in other countries. Government institutions that offer support to small businesses include the following: Small Enterprise Development Agency (SEDA), South African Micro-Finance Apex Fund (SAMAF) and the National Empowerment Fund (NEF) (Herrington et al., 2012:134).

These three were selected because they cover three aspects relevant for business survival: improving business networks, access to finance and loans.

### **2.8.1 Small Enterprise Development Agency (SEDA)**

The first important aspect in ensuring the survival and growth of informal hair salon businesses is to improve social and service networks. SEDA was the result of an integration of Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre (Namac) and the Community Public Private Partnership Programme (CPPP). The Godisa Trust and the Technology Programmes were integrated into SEDA in 2006 (National Credit Regulator, 2011:28). This collaboration was put together to ensure that the ultimate objectives of SEDA are met and, more broadly, the objectives of the youth policies that enable both economic and social development.

According to the DTI (2008:1), SEDA was established in December 2004 through the enactment of the National Small Business Act of 1996, as amended. The main purpose of SEDA is to provide support to the development of small business in South Africa, and to create a service delivery network for small businesses throughout the country. SEDA specifically targets co-operatives which are situated in rural areas. SEDA's mission is to support, develop and promote small businesses, thereby promoting growth and sustainability of such businesses (SEDA, no date.). Rural hair salon businesses are faced with a range of challenges that might hinder their growth. These challenges may be similar or different to those experienced by urban hair salons. However, with strong networks and support from agencies like SEDA, growth can be enabled allowing the hiring of other unemployed young people who specialise in hair care.

### **2.8.2 South African Micro-Finance Apex Fund (SAMFAF)**

Although networks are important, access to finance and loans is the need of many informal businesses. It is in institutions like SAMFAF that the hope for the survival of informal businesses lies. SAMFAF was formally established in April 2006 as a funding institution (Ndiza Finance, 2011:1). The main objectives of SAMFAF are to enable access to microloans, to facilitate the provision of affordable access to finance for the purpose of growing their own income and asset base, and also to extend financial services to reach

deeper and broader into the rural and peri-urban areas of South Africa. In order to qualify, loan applicants should earn not more than R3,500.00 per month (National Credit Regulator, 2011:1; Ndiza Finance, 2011:1). Moreover, SAMAF uses a funding model that includes capacity building and skills development for selected village banks and microfinance institutions (DTI, 2008: 29-30).

Zwane (2009:43) clarifies that, “the SAMFAF’s savings mobilisation serves to promote and encourage the creation of financial cooperatives and other savings establishments of the SMMEs. These include stokvels and burial societies for the accumulation of locally owned and invested wealth”. In some instances the strict rules for applications are the main barriers of people being able to access agencies like SAMFAF. The current study will explore the experiences of young people running informal hair salon businesses in Gugulethu. This will shed light on whether young people know about such agencies, whether they have access to them and how they have experienced them (see Chapter 1, section 1.6).

### **2.8.3 National Empowerment Fund (NEF)**

The NEF was established in order to promote and support businesses run by historically disadvantaged persons (DTI, 2008). It offers financial and non-financial support for start-up, business growth, and rural- and community-upliftment with a focus on black economic empowerment (BEE) transactions. The NEF aims to close the critical financing gaps for small businesses (DTI, 2005). NEF is relevant to this study because of its target on black young people who run businesses.

Strategic objectives of the NEF include:

- “Promote and support business ventures pioneered and run by Black people;
- Promote the understanding of equity ownership among Black people;
- Provide black people with direct and indirect opportunities to acquire share interests in state owned and private business enterprises;
- Encourage and promote investments, savings and meaningful economic participation among black people”.

(DTI, no date).

There are a number of challenges that young people running informal businesses, especially in the rural or townships face as discussed in section 2.6 of this chapter. The literature reviewed revealed that most challenges may emanate from the limited access to finance and credit. In this section the contributions of SEDA, SAMFAF and NEF on supporting young people running their own businesses were discussed. Through these structures, young people can have access to both financial and non-financial support (NEF), support to enable business development (SEDA) and, most importantly access to finance, loans and microcredit (SAMFAF). Yet, young people may only benefit from such resources if they have knowledge of their existence.

### **2.9 Young People's Knowledge of available supporting initiatives**

Participants in informal enterprise may not be knowledgeable about the government and non-governmental support services and programmes that are available to them. This may be either out of ignorance or simply because the government and NGOs are not doing enough to ensure that their initiatives are known. Rogerson (2006:78) reveals that business entrepreneurs are mostly isolated and this results in majority being unaware of any potential sources of support for their businesses. When people are aware of the available resources, they can utilize them and thus meet their needs.

Mago and Toro (2013:26), for instance, illustrate that emerging and established SMMEs are not aware of the existence of Ntsika support initiatives. As the ILO (2005:22) echoes, young entrepreneurs lack business connections and are therefore not knowledgeable about where to go to source support. In some cases young people are aware of the initiatives but are unable to access them, especially due to the lack of knowledge on how to access them. Strengthened networks with formal businesses are essential, information can be accessed through them.

A study that was conducted in Limpopo, South Africa on the challenges of youth owned SMMEs revealed that about 81% of the participants were not aware of training programmes offered by the government for small businesses (Rachidi, 2014:1260). Knowledge of, and access to resources is central as without the two, young people may struggle. Chigunta

(2003:ix) argues that promoting partnerships between the government, private sector, NGOs, and other institutions can enable the exchange of support networks, knowledge and resources. A practical example is illustrated by the ILO (2010:5) using Table 1.

**Table 1: Examples of Youth Entrepreneurship Policy and Programme Mix**

Macro Level	Meso Level	Micro Level
<ul style="list-style-type: none"> <li>• National Youth Policies and Action Plans</li> <li>• Youth Business climate surveys and business regulatory reforms</li> <li>• Promotion of successful young entrepreneurs as role models</li> <li>• Entrepreneurship culture campaigns</li> <li>• Business idea competitions for young entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurship education for in-school youth</li> <li>• Business start-up &amp; improvement programmes</li> <li>• Women’s entrepreneurship</li> <li>• Market diagnostics and sector analysis</li> <li>• Establishment of finance schemes</li> <li>• Establishment of youth funds to finance innovative projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stimulating demand for entrepreneurship among young people</li> <li>• Provide information on access to business support services</li> <li>• Support to young entrepreneur associations and cooperatives</li> <li>• Facilitating business linkages and access to mentorships</li> </ul>

(ILO, 2010:5).

For the above mentioned ILO (2010:5) example to be practical, joint effort is required from all parties. “This will help to close the prevailing perception gap within the entrepreneurial community about availability of capital and access to funding” (First National Bank, 2012:7). Furthermore, the DTI (2013:19) illustrates that the lack of a budget allocation that is consistent and regular report-backs from the government department and agencies at all

the levels (national, provincial and local) is reflected in the lack of youth economic development in South Africa.

### **2.10 Summary**

In summary, hair salon businesses are essential for communities because of their impact and the value they add to peoples' lives, especially women and girls. The focus was on the experience of young people in operating informal salon businesses. The theoretical framework was used as a lens to understand situations and data. There are three vital needs: availability of resources, freedom to expand capabilities and strong networks within business owners to guarantee business development. There are advantages and disadvantages of operating within the informal sector. Unfortunately, the cons may prevent young people from taking full advantage of the available government resources and support initiative, thus slowing growth of their businesses.

It is essential that young people operating businesses, whether informal or formal become part of associations because of the benefits being a member can entail: training, assistance and advice whenever needed. The question is whether or not young people are aware of the benefits of joining an association or even have knowledge of available associations. Evidently, with limited access to finance, informal youth-led hair salon businesses are faced with trouble, as they cannot expand nor afford to secure their work premises. Researchers identified that young people who start informal businesses are mainly black, female and have low levels of education. Therefore, they rely on their families for advice and decision-making.

Research has showed that in South Africa there is progress in terms of support of informal trade. This is mainly through available government policies and programmes. There is still the need for a joint effort between the government, private sector, NGOs, civil society and communities to ensure both social and economic development. There is need for easy access to information regarding business support and support networks by traders to facilitate business growth and development. The following chapter discusses the methodology that was followed by the research.

## CHAPTER THREE: RESEARCH METHODOLOGY

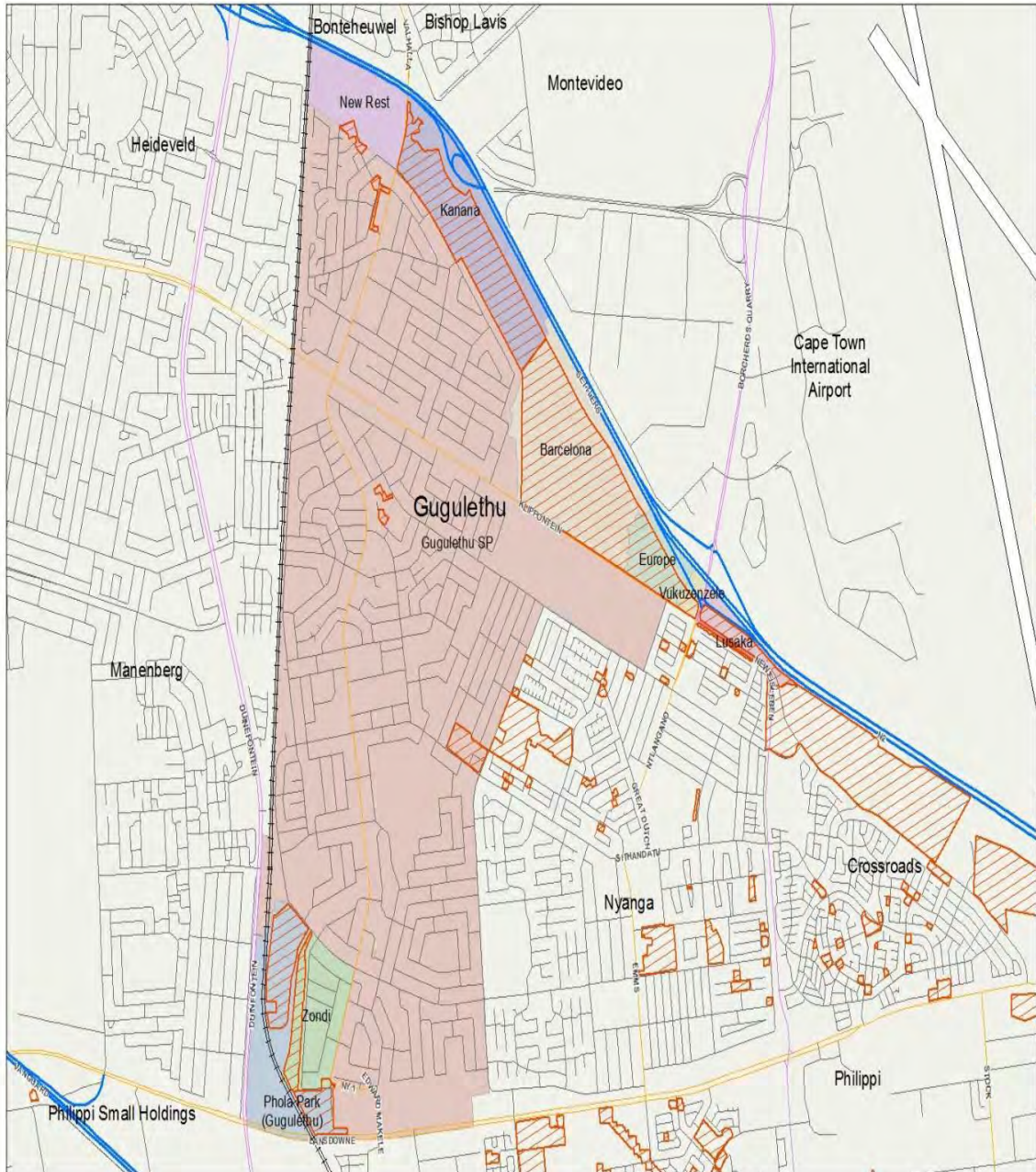
### 3.1 Introduction

In this chapter, the study setting, research methodology including research design, data collection, analysis and the limitations of the research are presented.

### 3.2 Study Setting

The study was conducted in Gugulethu (see Figure 2) between August and December 2014. Gugulethu is one of the Black townships in the Western Cape; 99 % of the population are predominately black while the remaining 1% are coloured (McGhie & Keim, 2014: 1). According to the 2011 Census, Gugulethu had a population of about 98 468 people, with “60 % of the labour force (aged 15 to 64) was employed” and for the estimated population 37% had completed a Grade 12 or higher education (StatsSA, 2011:2). The population of the Black Africans that is aged 15 to 64 is estimated to be about 68 274 and only 39% (n=26 700) is employed (Statistics South Africa, 2011:4). Given the rate of unemployment, the focus of the study was on the experiences of the young people that run their own informal businesses within this area, particularly hair salons.

According to Mikva (2015:1), Gugulethu, the community that became famous because of the apartheid struggles is located about 15 kilometres from Cape Town. ‘Gugs’, as it is commonly known, was established to accommodate migrants from Eastern Cape who came to Cape Town for work (Cape Town Tourism, 2016:1). This township was originally known as Nyanga West in the 1950s, and the name later changed to Gugulethu (Our Pride) (Jacobs, 2008:16).



**Figure 3: Gugulethu Area marked by purple shading on the Map by StatsSA, (2011:1)**

### **3.3 Research Methodology**

A qualitative approach was used in this study to explore the experiences of young people. Creswell (2014) maintains that qualitative research enables the exploration of the understanding the participants experiences.

Thomas (2006:65) illustrates that “qualitative research uses a naturalistic approach that seeks to understand phenomena in context-specific settings, such as a real world setting

[where] the researcher does not attempt to manipulate the phenomenon of interest”. The qualitative approach was most suited for exploring the experiences of young people who run their own hair salon businesses in the area of Gugulethu. The data was collected within the natural setting of the participants using open-ended questions. Qualitative research allows the researcher to explore the experiences of the phenomenon among those who have experienced it. In light of the aims of this research, this was the most appropriate choice.

### **3.4 Research Type**

This qualitative study was applied research and not basic. Jones (2006:3-4) notes that research is always applied, because it is undertaken for knowledge acquisition and to respond to a specific objective. This study was exploratory not descriptive or explanatory in nature. According to Creswell (2014:46) “exploratory actions are done in order to discover something or to learn the truth about something”. Research is conducted to gain insights, discover new ideas and/or increase knowledge of a phenomenon”. The researcher entered the area of Gugulethu with no knowledge of the experiences that young hairdressers have of running their own informal salons. An exploratory research assisted the researcher to gather this needed information.

### **3.5 Research Design**

A research design addresses the planning or strategy of inquiring about an idea, problem or question (Babbie & Mouton, 2007:74). The strategy of inquiry in this study was the phenomenological design. The focus of a phenomenological study is on the lived experiences of individuals who had experienced the phenomenon and to understand different meanings they attach to them (Creswell, 2014:49). This design was guided by the interpretivist paradigm. This paradigm is best suited to understand people’s perceptions and understanding of phenomenon (Delpont et al. 2011:305). Qualitative explorative research was important in order to understand the challenges as well as experiences of the hairdressers.

The strategy of inquiry in this study was a phenomenological design. The focus of a phenomenological research is on the lived experiences of individuals who experienced a phenomenon and to understand different meanings they attach to them (Creswell, 2014:49).

Creswell (2013:76) shows that a phenomenological study aims to “describe what all participants have in common as they experience a phenomenon, therefore reducing the participants’ experiences to a description of an essence.” Van Manen (1990:170) describes the essence of an experience as “a grasp of the very nature of the thing.” The goal of this study was to explore experiences and business-related aspirations of youth in running their own informal hair salon businesses in Gugulethu, Cape Town.

Phenomenology is a design that aligns with qualitative research approach, because according to Creswell (2013:78) phenomenological research focuses on the subjective experiences of individuals. Denzin and Lincoln (2008:4) show that “qualitative research involves the study of personal experiences and other phenomena in their natural settings.” Another characteristic of phenomenological research that makes it useful as a design in qualitative research is that according to Creswell (2013:79) the main data collection procedure in phenomenology is conducting interviews with participants. This shows a close relationship between the researcher and participants. Denzin and Lincoln (2008:14) illustrate that, in qualitative research, the relationship between the research and the object of research is a close one.

There are different types of phenomenology and in this study Van Manen’s (1990) hermeneutical phenomenology was used. The hermeneutical phenomenology research focuses on lived experiences and interpreting the hermeneutics (Van Manen, 1990:4). Creswell (2013:80) adds that in phenomenological research there are two processes, describing the experiences and interpreting “the meaning of the lived experiences.” This hermeneutical approach was preferred, because it provided a guide on the process of conducting phenomenological research that was dynamic. According to Van Manen (1990:31-32), the process of conducting phenomenological research is dynamic and it can be “an interplay among six activities, namely; 1) identifying the phenomenon of interest, 2) investigating experience as it is lived, not conceptualise, 3) reflecting on themes that characterise the phenomenon, 4) describing the phenomenon through writing, 5) maintain a strong relation to the phenomenon and 6) balancing the research context by considering parts and whole.” These activities guided the research process. In this study the phenomena of interest are a) the experience of running a hairdressing business as a young person and

b) the business-related aspirations that these youth have for their businesses. The researcher conducted the interviews with the participants in their salons, therefore maintaining a close relationship to the phenomena of interest and learning about the context. The context of the study is described above as the research setting and when interpreting the findings, the contextual influences were considered. The descriptions of the experience of these phenomena and the themes that emerged are presented in Chapter 4.

### **3.6 Sampling**

After the realisation of the identification of the problem, the next step was to select a desired sample (Curtis, Gesler, Smith & Washburn, 2000:1009).

#### **3.6.1 Choosing Desired Sample**

With the help of a friend who spoke the local language, Xhosa, the researcher did not find much difficulty telling prospective participants of the need for their participation in the study. At first some were reluctant to participate, but the researcher showed that through participation these hairdressers will be able to voice their experiences and challenges if any. There was a criteria used to select participants for the study. They should be between the ages of 24 and 35, South African, operating informal (unregistered) hair salons, in Gugulethu.

There is a likelihood that young people between the ages of 24 and 35 years are economically active, running their own businesses. Hair salons, among types of businesses, were one under-researched type of business despite the fact that informal and formal salons are found in every area, especially townships. The interest to study hairdressers stemmed from the popularity and the vast numbers of young people operating as hairdressers. These salons are operated by both South Africans and non-South Africans, but the focus of this study was on South Africans.

Given the vast number of potential participants purposive and snowball sampling were used when sourcing young hairdressers. Both purposive and snowballing samplings are types of non-probability sampling (Babbie & Mouton, 2007:166). Newman (1994) indicates that purposive sampling is essential for phenomenological studies as it uses the

researcher's judgement for selecting a specific sample, and for identifying particular types of cases for in-depth investigations. The researcher identified potential participants based on the selection criteria. While scouting for potential participants, some referred the researcher to other participants who met the selection criteria. Participants' selection was done in such a way that the researcher identifies people that meet the requirements of the study (Babbie & Mouton, 2007:166).

The process of participants' selection began upon obtaining ethics approval from the Department of Social Development's Ethics committee at the University of Cape Town. The researcher visited Gugulethu to acquaint herself with the area and to scout potential participants. The assistance of a friend who knew the area of Gugulethu well and spoke isiXhosa was vital for safety purposes and communication as the researcher did not speak the local language.

### **3.6.1.1 Selection Process**

Initially, during the scouting of potential participants, a total of 24 participants was arrived at using both purposive and snowball sampling. The researcher went from salon to salon in Gugulethu identifying these 24 potential participants who met the selection criteria as shown in 3.6.1. Two were part of the pilot study. The remaining 22 were then revisited with the aim of sorting consent and setting appointments for the interview. During this visit it was discovered that four participants exceeded the required age bracket and therefore they had to be dropped. This left 18 prospective participants.

At the time of the revisit, the researcher lost three more potential participants. The first turned out not to be South African. The second withdrew claiming to have already participated in a similar study, one that no other hair salon owner heard about. And the third actually participated in an interview, but because of language issues, the interview quality was poor and so was not used in the study. This brought the sample size to a total of 15. Creswell (2013:78) shows that the sample size for a phenomenological research "may vary from 3 to 4 individuals to 10 to 15."

### **3.6.2 Data Collection**

Potential participants upon agreeing to participate, were offered a consent form to sign (see Appendix A). Upon signing the form they agreed to the terms of the consent form which include among others, voluntary participation, confidentiality, permission to use a digital recorder and the freedom to terminate at any point of the interview. Participants then had to sign demographic profile form (see Attachment C). Interview sessions lasted for approximately 60 minutes. Before terminating the interview participants were asked if there had anything else they wanted to add, besides the questions they had already been asked. When they didn't have any questions or anything to add, the researcher terminated the interviews and thanked each interviewee for their time and participation.

#### **3.6.2.1 Data collection method**

On completion of the sampling process, data was collected using face-to-face interviews with the 15 young hairdressers. By choice of the interviewee, each interview took place in their salon. As Creswell (2014:184) identifies, qualitative interviews should take place in a natural setting where participants experience the phenomenon. This allows participants to openly interact with the researcher. However, semi-structured interviews may cause some people to go off topic easily, thus, spending less time on the required information.

Marshall and Rossman (1999) assert that qualitative interviews enable interaction as they are more like conversations than a formal questioning method which results in predetermined responses. After each participant signed the consent form (see Appendix A) they were then involved in an interview that took approximately 60 minutes. Strydom (2011:239) show that interviews in qualitative studies are essential because they allow people to share their own experiences according to their own understanding.

With regard to the ethical considerations, the researcher did not use the real names of participants during the interview and a recorder was utilised instead of a camera to ensure confidentiality and anonymity (Mouton, 2001:243). The disadvantage however, can be that most of the time during face-to-face interviews participants may not be open.

#### **3.6.2.2 Data collection instruments**

An interview schedule (Appendix B) was used as the data collection instrument, yet the researcher was the key instrument (Creswell, 2014:184), by collecting the data herself

through interviewing the participants. Open ended questions were used. The questions were asked in such a way that people were able to interact openly during the interview. The interview schedule was made up of five sections with the first set of questions about the background of the participants. The other four sections covered the experiences of running a hair salon, strategies for dealing with challenges, knowledge regarding support initiatives and future business aspirations. Most of the questions were answered satisfactorily, but most of the participants found it difficult to answer the question that read “in running your business, what challenges do you face?” This may be because the word ‘challenges’ either confused them or was too broad, to a point they did not know where to begin, the researcher then decided to simplify the question using probes (see Appendix B). Thomas (2006:76) shows that an advantage of using unstructured or semi structured interviews is that “it couples the flexibility of open-ended observations with the discipline of seeking certain types of structured data”. Observation is thereby important during interviews.

### **3.6.2.3 Data collection apparatus**

With the participants’ permission, the interviews were recorded using a digital recorder. Ciarian (2005:251-252) clarifies that using a recorder is important because it allows a revisit to the captured data anytime. In addition, the researcher is able to correct the limitations caused by intuition and recollection.

During the interview the researcher concentrated on the participants and also read both verbal and non-verbal messages that were communicated. The use of the recorder allowed the researcher to ‘memoir’, which is an important part of the researcher’s journey. Groenewald (2004:13) defines a memoir as “the researcher’s field notes recording what the researcher hears, sees, experiences and thinks in the course of collecting and reflecting on the process”. It allows the researcher to keep in touch with what is happening during the data collection process.

The recorded data was then transcribed so that data could be analysed. According to Groenewald (2004:14), transcribing allows the voices of the participants to be heard. However, as a result of the loud noise in and around some of the salons, some parts of the recordings were not audible. For areas like these where it is noisy, using a digital recorder

with no noise cancelation features can be a disadvantage. Yet, this glitch did not prevent the researcher from obtaining the required data. In cases where there was noise, the researcher would ask the participants permission to hold the recorder closer in order to try lock out the surrounding noise.

### **3.6.3 Pilot Study**

Before the data collection process commenced, two pilot interviews were conducted in Gugulethu as a way of the researcher familiarizing herself with the field of study and posing the questions. Shreiber (2008:1) identifies that “a pilot study is a small-scale implementation of a larger study or of part of a larger study. Pilot studies last for shorter amounts of time and usually involve a small number of participants, sites or organizations”. The pilot study also enabled the researcher to identify whether or not participants were able to respond to the set questions. “Pilot studies are a crucial element of a good study design, pilot studies fulfil a range of important functions and can provide valuable insights for researchers” (Van Teijlingen & Hundley, 2001:1). It is during this time that the researcher modified the interview schedule to include some of the questions which were previously not included in the guide. The pilot also helped the researcher to rearrange the questions so that the interview had a proper flow. Also, the researcher realised that it is better to add the start-up phase process before focusing on the challenges and experiences encountered by the participants. This would reveal whether some of the challenges or experiences were a result of the process of the start-up of the business. Therefore, as identified by Van Teijlingen & Hundley (2001:1), “a pilot study can also be the pre-testing or ‘trying out’ of a particular research instrument”. During the pilot study the researcher also identified that there was need to probe more when dealing with certain questions. For example, research question 1 in section 1.4. Despite this, probing remained a challenge (see 3.7.5).

### **3.6.4 Data Analysis**

Qualitative data is non-numerical; it consists of words and observations that need to be analysed creatively using a systematic approach, in order to generate understanding and order (Taylor-Powell & Renner, 2003:1). For this study, inductive analysis assisted the researcher to capture participants’ understanding related to the challenges they experience (Creswell, no date:47). Analysis began as soon as the first interview had been conducted

and the transcription completed by listening and re-listening to the audio recording while cross checking with the transcript. Tesch's (1990:90-93) data analysis approach guided the analysis process for this research, and the following steps were followed to inform inductive reasoning for the captured data:

**First**, each interview was transcribed. The **second stage** entailed taking one transcription and reading through it in order to look for material that was relevant to the studied phenomenon and writing codes in the margins. The **third stage** required reading through all transcriptions, after which the researcher clustered together similar topics and then labelled the codes using colours for each topic. The **fourth step** was where the researcher formed categories out of the topics and by so doing reduced the categories by grouping together those that relate to each other. During the **fifth step** the researcher carefully rearranged the categories to ascertain a logical flow and come up with themes. The next step was to put together under each category material belonging to it. Lastly, the researcher then re-coded the data until she was satisfied with the codes. In qualitative data analysis, it is important to use one or more actual quotes from the respondents to make the point in relation to a category or theme (Tesch, 1990:91). Therefore, when presenting the data, the researcher included exact quotes.

The process of analysis was inductive. Creswell (no date:45) shows that the “inductive process involves researchers working back and forth between the themes and the database until they establish a comprehensive set of themes”. This process allowed for reflection on the themes as stated by Van Manen (1990:31) that the process of reflecting on the themes is part of the process of doing phenomenological research. The process also ensured the trustworthiness of the findings.

### **3.6.5 Trustworthiness and Credibility of the Data**

The findings were then verified using Babbie and Mouton (2007) and Shenton's (2004) data verification steps. Sinkovics, Penz and Ghauri (2008:699) argue that validity in qualitative research “is...a question of whether the researcher sees what he or she thinks or thinks what he or she sees”. This has enabled trustworthiness throughout the whole research process.

After the data was analysed, guided by the **peer briefing principle** the researcher gave the analyses of the data to the supervisor to check accuracy. This was done with a PhD peer who was not involved in the study but has an understanding of the nature of the research, who assisted with decision making around the work. Vilakati (2009:59) show that “peer briefing exposes a researcher to the searching questions of others who are experienced in the methods of enquiry, the phenomenon or both”. This can also limit the chances of the researcher being biased. Bias in research refers to how data may be recorded or interpreted to suit the outcome of interest rather than the acquired results (Pannucci & Wilkins, 2010:3).

Furthermore, to ensure **referential adequacy**, the interviews captured using the digital recorder were constantly revisited as reference to avoid misinterpretations. Upon finishing the analyses the final document was reviewed by **an external editor** to attend to the standard of language of the dissertation. This entails having an external auditor to review the entire document (Creswell, 2014:202). The feedback was helpful as it aided the researcher to sharpen her work as per the remarks made by the editor as well as the supervisor. These steps were undertaken to enhance credibility of the study. According to Lincoln and Guba (1985) credibility “focuses on establishing a match between the constructed realities of respondents and those realities represented by the researcher”.

**Confirmability** refers to the extent to which the results acquired emanate from the focus of the inquiry of the research and not the biases of the researcher. Sinkovics, Penz and Ghauri (2008:699) show that “researchers need to demonstrate that their data and the interpretations drawn from it are rooted in circumstances and conditions outside from the researcher’s own imagination and are coherent and logically assembled”. To ensure this the researcher used the recordings as reference to whatever was written. This process was repeated time and again. In addition, a systematic process outlined by Tesch (1990) was used to guide analysis.

To ensure **dependability** a study must provide evidence that, if the same study were to be repeated by someone else using the same participants, the same results should be obtained (Babbie & Mouton, 2007:278; Shenton, 2004:71). The use of the recorder ensured that the

data captured was not fragmented, maintaining the original voices of the participants. As a result, dependability is expected. Moreover, Lincoln and Guba (1985) argue that there cannot be confirmability without dependability; the two co-exist. The researcher clearly discussed every step undertaken in the study so that another reader who may want to undertake a similar study can follow the same process. Lastly, to ensure trustworthiness, the data analysis steps were clearly set out in section 3.6.4 and the data collection steps were outlined to ensure that a phenomenological research process was followed.

### **3.7 Limitations of the Research**

Simon and Goes (2013:1) illustrate that “limitations are matters and occurrences that arise in a study which are out of the researcher’s control yet they limit the extent to which a study can go, and sometimes affect the end result and conclusions that can be drawn. Every study, no matter how well conducted and constructed has limitations”. There were limitations in terms of the research design, sampling, data collection instrument, data analysis strategy and the researcher.

#### **3.7.1 Research design**

Gatto (2009:10) observes that a phenomenological study may leave out important information because it is rather interested in ‘meaning units’ than in causes of experiences. Although, the focus of the research was on the nature of the lived experiences of running a hairdressing business, the participants also shared some causes of their experiences and challenges. Additionally, though qualitative research was best suited for exploring the experiences of young hairdressers, Simon and Goes (2013:1) show that “a limitation associated with a qualitative study is related to validity and reliability, because qualitative research occurs in the natural setting it is extremely difficult to replicate studies”. However, if the same study was to be undertaken using the same group of participants, the study might gather similar data.

#### **3.7.2 Sampling**

A phenomenological study allows the researcher to explore the lived experiences of people and their own understanding, or meanings. However, the greatest limitation is using non-

probability sampling as the information obtained cannot be generalised to represent the wider population (Gatto, 2009:10-11). Therefore, the findings regarding experiences and strategies of the 15 young hairdressers operating informal businesses in Gugulethu cannot be generalised to other participants in a different context or to similar businesses in Gugulethu. Another limitation was focusing exclusively on South Africans instead of all hairdressers operating in Gugulethu. As the data gathered from the few participants does not represent the entire population of hairdressers. Yet, for this study, the sample was appropriate for understanding the experiences of the hairdressers who participated.

### **3.7.3 Data collection method and instrument**

Even though Creswell (2014) argues that face-to-face interviews are important for a qualitative study, a limitation would possibly be that some participants may not feel comfortable during an interview and, as a result may be unable to express themselves. Some participants were happy to share their challenges openly without much probing necessary, yet for others it was difficult. Some provided brief responses to questions to a point where the interview was not the flowing conversation that the researcher would have hoped would be. This lack of openness was exacerbated by having to communicate in a foreign language and having the interview recorded. However, through probing the researcher was able to acquire the needed data.

### **3.7.4 Data analysis strategy**

Jones (2007:1) maintains that using a software programme such as NVivo could be suitable for analysing the data as “ the use of software for the purpose of qualitative analysis can provide tangible benefits... it shortens analysis time frames, can provide more thorough and rigorous coding and interpretations, and provides researchers with enhanced data management”. Therefore, not using NVivo may have been a limitation in some respects but not in others. However, analysing data using Tesch’s steps allowed the researcher to connect with the data more deeply, which is important in a phenomenological study.

### **3.7.5 Researcher**

Some of the aforementioned limitations reveal that the lack of proper probing may have been a challenge for the researcher, especially when participants’ responses were short.

The fear was that if the researcher pushed more, she might end up pushing for responses she expected, therefore being biased. However, just a few participants presented this challenge and with many participants, the researcher was able to sharpen her probing skills as a novice researcher. Furthermore, not being able to speak isiXhosa (home language of participants), might have affected the participants responses, as most participants wanted to explain themselves further in their home language. The researcher should have allowed the participants to speak in isiXhosa and then translated the interviews afterwards.

### **3.8 Summary**

This chapter presented the methodology and analysis that were used in this phenomenological study. Evidence of the steps taken to ensure that the research design was followed was also outlined and the limitations were discussed along with strategies that were used to address the limitations. This ensured that the findings that will be discussed in the next chapter were drawn from the data and therefore will provide an accurate description of the phenomena of interest, therefore responding to the research questions.

## **CHAPTER FOUR: DISCUSSION OF FINDINGS**

### **4.1 INTRODUCTION**

The chapter presents a discussion of the findings; these were guided by the objectives of the research. The findings of the study were discussed, drawing on literature. The main objective of the research was to explore the business-related experiences and aspirations of young people running their own informal hair salon businesses in Gugulethu. Creswell (2013:76) shows that after obtaining data from the people that experienced the phenomenon of interest, the researcher develops “a description of the essence of the experience for all of the individuals”. Moustakas (1994) adds that description captures what was experienced and how it was experienced. In this chapter, the participants will be introduced and then a description of their experience of running an informal hairdressing business in Gugulethu will be presented.

### **4.2 PROFILE OF THE PARTICIPANTS**

Fifteen hairdressers that run their own informal businesses, were interviewed between October and December 2014. The demographic details are shown in Table 2 below. These participants ranged between the ages of 24 and 35 years, with only two participants in their 20s. Only three of the fifteen were males. All the participants were Black and none of the fifteen belonged to any business-related association. Their businesses had been in operation between two and fifteen years, with 2-3 employees each.

These young people were driven by various needs to start their hair salons. Of the fifteen participants, thirteen explained that they chose Gugulethu as a suitable area for their business because it was a lucrative area of business; people would pay any price for their hair. Additionally, some participants were residents of Gugulethu which motivated their opening a salon in the area. The remaining two participants, unlike the other participants did not choose Gugulethu but ended up there due to unavailability of space in other communities they would have opted to operate from. A majority of the participants resided in Gugulethu while the others were from Kanana and Nyanga, see Figure 2 Gugulethu Area.

**Table 2: Profile of the Participants**

<b>Pseudonyms</b>	<b>Age</b>	<b>Gender</b>	<b>Marital Status</b>	<b>Educational Level Achieved</b>	<b>Years in Business in Gugulethu</b>	<b>Place of Residence</b>
TN	24	F	Single	Grade 11	4	Nyanga
PS	28	F	Single	Grade 12	4	Kanana NY11
KY	30	F	Single	Grade 12	5	Gugulethu
KN	30	F	Single	Grade 12	10	Kanana
RS	30	M	Single	Diploma in Engineering	4	Gugulethu
FK	32	F	Single	Grade 11	14	Nyanga
ZK	33	F	Single	Grade 5	6	Kanana
SM	33	F	Single	Grade 12	9	Nyanga
NN	33	F	Married	National Diploma in Fashion and Design	2	Gugulethu
NS	34	F	Married	Grade 11	15	Gugulethu
NM	34	F	Married	Grade 11	6	Kanana
MX	35	M	Married	Grade 9	6	Gugulethu
JY	35	F	Single	Standard 9	8	Gugulethu
NK	35	F	Married	Standard 9	10	Gugulethu
ZL	35	M	Single	Grade 12	10	Gugulethu

#### **4.3 FRAMEWORK FOR THE DISCUSSION OF FINDINGS**

The themes that were arrived after the analyses of data are presented in Table 3 below. These themes pertained to the challenges, experiences, knowledge about available resources and future aspirations of the fifteen young hairdressers interviewed.

**Table 3: Framework of the Discussion of Findings**

<b>Broad Themes</b>	<b>Categories</b>	<b>Sub-Categories</b>
Challenges experiences	<ul style="list-style-type: none"> <li>Start-up Phase</li> </ul>	<ul style="list-style-type: none"> <li>Lack of start-up capital</li> <li>Need for emotional support</li> </ul>
	<ul style="list-style-type: none"> <li>Survival Phase</li> </ul>	<ul style="list-style-type: none"> <li>Business is seasonal (Seasonal and Weather Changes)</li> <li>Scarcity of Customers</li> <li>Competition killing business through pricing</li> <li>Being relocated often</li> <li>Lack of proper Infrastructure</li> <li>Crime and burglary</li> </ul>
Strategies for resolving challenges	<ul style="list-style-type: none"> <li>Start-up Phase</li> </ul>	<ul style="list-style-type: none"> <li>Receiving Training</li> </ul>
	<ul style="list-style-type: none"> <li>Survival Phase</li> </ul>	<ul style="list-style-type: none"> <li>Securing Finances</li> <li>Support Received</li> <li>Seasonal and Weather Changes</li> <li>Customer Care</li> <li>Competition and Pricing</li> <li>Infrastructure solutions</li> <li>Crime and burglary Solutions</li> </ul>
Knowledge and Experience	<ul style="list-style-type: none"> <li>Associations</li> </ul>	<ul style="list-style-type: none"> <li>Why they are essential</li> </ul>
	<ul style="list-style-type: none"> <li>Support Services</li> </ul>	<ul style="list-style-type: none"> <li>No knowledge of support offered</li> </ul>
	<ul style="list-style-type: none"> <li>Way support can be Improved</li> </ul>	<ul style="list-style-type: none"> <li>Government</li> <li>Business Sector</li> </ul>
Future Aspirations	<ul style="list-style-type: none"> <li>Ambitions</li> </ul>	<ul style="list-style-type: none"> <li>Enlarging salon</li> <li>Increased number of employees</li> </ul>
	<ul style="list-style-type: none"> <li>Support Needed</li> </ul>	<ul style="list-style-type: none"> <li>Family, friends and government Support</li> <li>Access to money</li> </ul>

		• Equipment and Products
<b>Broad Themes</b>	<b>Categories</b>	<b>Sub-Categories</b>

#### 4.4 WHAT IS THE EXPERIENCE OF RUNNING A HAIR SALON

The participants showed that there were two phases of a business; the start-up phase and the survival phase. During the start-up phase majority of the participants experienced the process as challenging due to the demands of starting a business. More specifically, majority of the participants struggled to secure start-up capital and this meant that for some participants it took weeks only for their businesses to be up and running, whereas for some it took months of struggling.

##### 4.4.1 Start-Up Phase

During this stage participants businesses required different types of support (financial or emotional) from family and friends.

##### 4.4.1.1 Lack of start-up capital

When one of the participants was asked about his/her experience of setting up his/her business she said

*Oh, it was difficult. I started borrowing money from the savings that I have done ah, it is around here, my sister borrows me R1500 by her savings account, so I started business at that time and he, and we started at a small shack not at the container, 2005, 2006 and then 2007 we buy a container (ZS).*

Although for this participants like others, seems to have had the support of the family in securing start-up capital, some of the participants did not have such support, this was indicated in the following manner;

*Yah, I don't have any support that I getting from someone else, yah, because sometimes if I'm, I need something... if we don't have stuff inside... yah we wait until we get some money in the business (MX).*

Acquiring financial support was not easy as most of the participants had to borrow from either friends, or family for the start-up capital. The participants seem to have underestimated the resources needed to start-up a hairdressing business. This could be expected, because they do not hold a business-related qualification, so they did not have knowledge of how to start and run a business. Herrington et al. (2010:90) convey that a lack of financial support has been the main problem facing entrepreneurs in South Africa. In order for young entrepreneurs to work towards their passion, they source capital from friends, family and colleagues. According to the International Monetary Fund (IMF, 2012:72), limited access to finance and credit inhibits the crucial growth and development of businesses as well as the expansion of sectors. As per the transcripts, for some participants the process of acquiring income and getting the salon equipped was long and difficult. This is not unexpected, acquiring money is difficult. Willemse (2011:8) indicate that, in South Africa, for the struggling poor, securing capital through loans or saving remains a challenge.

#### **4.4.1.2 Need for Emotional Support**

Support from friends, family, and the community is essential at this stage of establishing a business, however according to the majority of participants, this could be challenging to obtain;

*No one is supporting me... yeah... no one will give you a support as much they see that you are still in a lower level... they will support you when... they see you are on the level, maybe you drive your own car then they will say but for now they just look at you like you are stupid you know (gets a bit emotional)... Is only you who motivate yourself (PM).*

Participants like PM illustrates feelings of hurt at not receiving support even though it was needed. Other feelings that were expressed are despair and isolation in this quest of starting a hairdressing business as FK shared;

*No, I don't have any [support], I wish I had it, serious, I am all alone... yah (FK).*

In some instances participants felt exploited instead of supported by friends, such as TG;

*No support from anywhere, family or relatives. Friends, yes, they do support us emotional but most of my friends they come to do hair cut for free. That's the biggest challenge about friends' support (TG).*

For those participants that indicated that they did not have support had to devise other strategies to run their businesses, such as waiting until they had money to purchase what was required, patience was key. According to PM receiving financial support from anyone may be determined by the size of a business and income generated. However, Findlay (2010:5) shows that individuals do not [have to] exist independently, [as] their lives are affected by components around them which may be both physical and conceptual (social connections). Support is therefore needed throughout all the phases of running a business more so an informal business to enable growth. As Jivane, Mostert, Minishi-Majanja and Ocholla (2013:4) maintain, despite the latest improvements: information and technology, informal sector and businesses that fall within this sector remain informal and marginalized, this may be because of the lack of financial support.

In essence, running an informal hairdressing business in Gugulethu seems to be a constant battle/struggle for survival. Feelings of pain, hurt, loneliness, desperation and despair were expressed by the participants, particularly for the start-up phase. Both emotional and financial support are essential through all the stages of a business growth; especially start-up and survival stage.

#### **4.4.2 Survival Phase**

The stage that follows the start-up phase is the survival or growth phase, where the business is in operation and has more customers and employees. The majority of the salons were in this second phase Challenges faced by participants were that of seasonal and weather changes, scarcity of customers, competition and pricing, temporary place of business, lack of proper infrastructure and crime and burglary.

#### **4.4.2.1 Business is Seasonal (Seasonal and Weather Changes)**

According to participants there are times when they struggled because of the weather changes;

*Yes, eh is affecting, because when is eh summer yah, that is the time that at least we get eh money, yes ah lot of customers, it's fine, but when it's winter time, yah sometimes it's raining and find you that there is no one who can come out of their house and go to wash her hair because it's raining (MX).*

Summer was a time business is good as this participant showed, unlike winter where most salon owners struggled:

*When it is off season, it is when it is winter, see in winter we are Rwanda again every salon we all struggling besides those who are doing braids and singles, they are the ones who can make something but not that much, uh winter season is an off season don't expect anything from this business in winter. The business will start again in spring (FK).*

In winter, most participants lose customers. During this time, business is seen as bad or slow as people prefer braids to avoid constant visits to the salon. Therefore, business is good for those salons which specialise in braids, singles and twist. The findings link to the writing of Parry (2007:366), who illustrates that some informal industries may be affected by regulatory or market changes that arise as a result of climate conditions. Most salons lose customers when this happens. Seasonal changes are a nightmare for some salons in Gugulethu, as in winter only those who specialise in certain hairstyles survive. This can be a challenging time for remaining salons.

#### **4.4.2.2 Scarcity of Customers**

Four of the fifteen participants mentioned that they are faced with the problem of a scarcity of customers, and not just in winter:

*Today I opened at seven o'clock but I never get any customer since till now (PM).*

Even though participant was experiencing the challenge of having no customers, others shared stories of friends who were going through the same problem:

*One of my friends who is running hair salons in NY111 told me she has lost customers. She said she didn't have even one customer for that day (NW).*

Although there were times when there are not customers, at times one would get at least two:

*Sometimes you don't get customers, maybe a week you get two customers when it is very quiet. Those are the daily experiences (TG).*

There are days when salons would be open but have no customers. A scarcity of customers is thus a challenge. As indicated during the interviews, on such days when business is slow one might get no customers for the day. The Economic Development Department (2003:6) shows that it is common for a micro enterprise to be faced with the challenge of scarcity of customers during this business growth phase. The scarcity of customers may increase the chances of other salons of being competitive. It may be common for a business in the survival stage to be faced with the challenges of competition. This experience of scarcity of customers makes it challenging for salon owners to acquire the income they desire.

#### **4.4.2.3 Competition killing Businesses through Pricing**

The problem of competition and pricing may worsen the loss of customers to competitors. There are a lot of salons in Gugulethu. Consequently, competition has become a challenge for some of the salon owners. In a situation where salons use different prices, competition is bound to escalate.

*Competition is a lot because we have a lot of hair salons around us, so if your customer doesn't come back, you start to get worried. But mostly the competition comes for those who open up a new hair salon and make up lowest price to gain more customers (NW):*

*We've got a lot of salons and we don't charge the same prices, we charge different prices and is a lot of price and the product is expensive. So we've got a lot of problems because the people come from Nigeria and charge the less prices and South Africans we charge the big price because we know the hair and we go to school for making your hair (NK).*

Participants showed that competition was threatening in Gugulethu because of the number of salons in their areas of business. They seemed unaware competition is bound to occur where the same type of businesses are clustered in one area. According to Willemse (2011:9), the issue of competition, coupled with jealousy, threatens the ability of business owners to work cooperatively, therefore scaling up competitive pricing. As a result, it may be difficult for salon owners to come together and decide on one common service prices. Similarly, SEDA (2008:11) demonstrates that competition from peers is mainly exacerbated by over-trading. In summary, when salons charge different prices for services, customers go to places where prices are low, as NW shared. Therefore, there are similarities between what participants shared and the reviewed literature.

#### **4.4.2.4 Being Relocated Often**

Even though loyal customers may follow their hairdresser to any new relocate, others may not. A participant shared that they as salon owners were always in fear that they might be relocated at any time:

*Yah... mm... the place where we put our containers are... is not eh... is not belong, it doesn't belong to us... yes so ah any time, like eh as my salon ah you see now it is near to the road... we don't know if the City of Cape Town wanted to move us anytime can move us and they can take the container and go lock up there, so we waiting for the troubles just like that... can come (MX).*

The fear and suspense of being relocated however, did not prevent salon owners from running their business as normal and deal with the relocation when it happens. This was however shared by one participant. The IMF (2012:71) shows that in most cases such premises (temporary places of trading) are often poorly serviced and inadequate. The constant relocation is evidently devastating. Roever (2014:5) shows that relocation is common for most informal businesses due to the absence of laws governing their informal trade.

This issue of temporary premises from which businesses operate may be the reason why some salon owners experience the challenge of scarcity of customers and poor infrastructure.

#### **4.4.2.5 Lack of Proper Infrastructure**

The lack of proper infrastructure, especially electricity and running water, was yet another problem identified by most participants (See images 3 and 4 below):

*I have electricity someone gives me but I don't have a box... because I don't have electricity people do not come... we are working with electricity and water (TN).*

*I don't have the water (KW).*

*We don't have water taps here in the hair salon, we have to fetch water using a bucket and we use old broken kettles for boiling water. So we struggle a lot (TG).*

The unavailability of water and electricity causes panic for some salon owners as TN showed that these two resources are essential for their business. Even though strategies were employed to address this challenge, temporary strategies caused problems for some:

*The other time we had the problem with electricity because we don't have our own electricity so we connect our cable at the house at the back. So one time we get electricity tripped and then they couldn't fix it. For two weeks we didn't have electricity and then we lost a lot of customers (NN).*



### **Images 3 and 4: Infrastructure Conditions of Informal Salon Businesses in Gugulethu**

NN's statement shows that disadvantages of not having your own electricity box include the inability to control electricity usage and having to illegally connect to nearby houses. According to the Economic Commission for Africa (2005:18), poor infrastructure, which includes unreliable energy, is not only costly as NN showed, but is an obstacle to the proper running of a business. Whenever the owner of the house where the connection is made, is absent, salon businesses suffer tremendously, as when the electricity finishes they have to be out of business till the owner returns. In addition, unavailability of running water or taps was another problem they faced as they had to fetch water using buckets as TG illustrated. The IMF (2012:71) writes that, the majority of informal traders operate from temporary premises that usually have no electricity or not enough water. Municipalities can ensure that salons and other informal business have access to electricity and running water.

#### **4.4.2.6 Crime threatens Business Survival**

Crime threatens the survival of salons due to constant break-ins as participants showed:

*There is no security in our location, they break every day you can't put plasma, nice gorgeous salon, obvious that salon... it's on target... we are scared to buy because they know you make your salon gorgeous obvious one night... (opening hands in a way that signals then there is nothing left)... see my face (pointing to a*

scar on her face) *they stab me in this business during the day, it was not even late (PM).*

Due to the lack of security, participant showed that it is difficult to buy any valuable machinery they would need in the salon, as the salon might be broken into. Another participant had to constantly purchase an electric cable as it was always stolen:

*There are a lot of skollies... so when I'm sitting here I'm always... scared and sometimes when I come here the skollies took my electricity cable...I have to buy electricity cable all the time... when I come another day cable is gone (KW).*



**Image 5: Salon where the owner was stabbed broad day light.**

Findings reveal that most salon owners experience the challenge of the lack of security. Todaro and Smith (2011) maintain that workers in the informal sector cannot afford security measures which are afforded by formal sector businesses. In some instances the owner would come to the salon to find equipment or the electricity cable missing. Additionally, Fakoti and Chicago (2011:163) show that South Africa has one of the highest crime rates in the world and this causes a strain on emerging businesses. Most robberies target micro business. Secure working environment should be a mandate ensured by community members and local government for both formal and informal businesses.

In summary, during the start-up phase participants identified the lack of financial and emotional support as the two challenges they face. Lack of access to finance is the main challenge experienced during this first stage of business growth (Churchill & Lewis, 1983:1). According to Landau (2015:1) “investors look for highest potential return in investments while balancing the associated risks”, hence they rarely invest in businesses at the start-up stage. Challenges faced during the start-up stage are different from those experienced in the survival stage. However, this does not mean that finance and credit access is not vital within this second stage as well. Evidently, access to finance can ensure growth and success of a business. When a business progresses so does its financial needs and demands (Chen, 2014:1). Crime was yet another challenging experience which caused panic, fear and anger amongst salon owners.

#### **4.5 Strategies for Resolving Challenges**

What follows are the findings related to the broad research question of the strategies participants employed to address the challenges they had face/d during their business start-up and survival stage. Majority of the participants were in the survival phase.

##### **4.5.1 Start-up Phase**

In order to respond to the challenge of the lack of financial and emotional support, participants reported the following strategies;

###### **4.5.1.1 Receiving Training**

Two participants received formal training before starting their businesses while the remaining developed skills through practice:

*We know the hair and we go to school for making your hair. I've got a certificate (NK).*

*After my matric actually I went straight to Cape College to study there to do hair for a year. Yes, I am a registered professional stylist yah (FK).*

Participants believed that receiving training before they start their businesses will provide a better chance for them to succeed and to generate more income. Yet for another participant training was done through practice instead of a school:

*I [practiced at] home; I used to buy these small creams [relaxers, moisturisers, shampoo] yah and then relax and make money (JY).*

Feelings of hurt and anger were experienced by those who received formal training, as they expected the training they acquired to work at their advantage, yet they still suffered like the others. SEDA (2008:11) illustrates that informal businesses are normally faced with the challenge of limited access to basic training and business skills. For the hair industry one would expect that in order to succeed an individual would need to undergo training to increase their skills. Findings revealed that no matter if participants received formal or informal training, challenges experienced were similar. Nziba-Whitehead (1993:99) states that there is a need for both formal and non-formal training which focuses on other business aspects including the needs of the owner, especially how to access any type of support needed.

#### **4.5.2 Survival Phase**

Participants came up with strategies for dealing with the challenges of lack of financial and emotional support, seasonal changes, crime and burglary, scarcity of customers and infrastructure.

##### **4.5.2.1 Securing Finances**

As a strategy for securing finances during the running of the business, some participants joined stokvels (money saving schemes) with others:

*I do [participate in money saving schemes] but not with the salon owners, with the others like (mentions names) even the people who work, then every month maybe they say we gonna do R2000 per person yah. It's good coz sometimes when you get a lot of money you know what to do with the money; like you buy stock and everything you need (ZK).*

In order to secure finances, about seven of the fifteen participants joined money saving groups where each month an agreed upon contribution would be made. According to African Response (2012:2-3), upon a collective agreement, stokvel money can be used to fund functions such as: “loans to the needy members, education and other physiological needs such as housing, grocery shopping, and business endeavours”. Kwena and Turner (2013:97) show that low income people do not benefit from bank services as they are unable to access loans or credit. Therefore, these schemes help them save in order to address their various cash demands.

#### **4.5.2.2 Support Received from Family and Friends**

Some participants showed that as a strategy for running their businesses, they received support whether emotional, financial or in kind from friends, family or relatives.

*Yeah from my husband... eh... yeah financially because like now I don't have products... yeah, so when he gets the money... he is going to give me some money to buy the products (KW).*

Family played a major role in offering support to some participants, while for one participant a friend also played this role:

*Yes, friends and family... yes, for example let me tell you, let's say I do this guy okay, I cut his hair, and he likes the way I'm doing his hair, he tells me no the thing is eh how about eh... I bring you certain things to increase maybe your business, property or my furniture, there are some guys who might do that yes. So I may say yah they support me financially and emotionally (RS).*

Findings showed that as expected by the researcher family did play a major role in offering support, whether emotional, financial or in kind for some participants. Since Makhubela, Nyapfungwe and Dhliwayo (2015:2901) illustrate informal traders are unable to access funding or loans, because of the lack of collateral or credibility. As a result, whenever money was needed to buy either products or equipment, family and friends came to their rescue. These are the forms of networks Castillo (2009:15) mentioned business owners rely on for either expertise, decision making and/or financial assistance. These networks may also assist owners to deal with the challenge of seasonal and weather changes.

#### 4.5.2.3 Dealing with Seasonal and Weather Changes

Climate change can cause a shift in the proper running of businesses especially informal traders, as during winter or rainy days customers may stop coming to seek the service:

*Yes ah... there is only one thing that is helping us when its winter time because people like to make the braiding... they do braiding because eh most of the time they don't like to put the doek on their heads. So if they make this style... braiding their head will stay warm (MX).*

MX shared that the only way they survive in winter (as FK had illustrated earlier) was because of braids; this was a time more customers opted for braids (see image 6). “There is some sort of seasonality in demand, particularly at public holidays and social occasions such as wedding and engagement parties, social events, Eid and Christmas holidays. This gives salons the opportunity to target customers within different segments with special seasonal offers” (Group of Policy Advisers (GOPA), 2014:10). This enables owners to recover the money they may have failed to secure in winter.

#### 4.5.2.4 Customer Care

Participants shared that in order to deal with the issue of scarcity of customers they had to treat the ones they had with care and respect:

*Depending how you do make hair or yah and how you talk to customers (JY).*

Participant showed that to deal with the experience of losing customers to the competition, one has to increase their hair skills, at the same time treat customers well:

*Suppose everyone even the client is rude, you talk nicely to them, you don't fight, you talk nice with the people. The people who are rude will lose a lot of customers... I talk nice because I 'keea ithekisa' [I market myself] (NK).*

Findings reveal that talking nicely and treating customers satisfactorily with respect is at the heart of fighting the scarcity of customers challenging experience. Roever (2014:5) asserts that competition between business owners, especially hairdressers over space and customers is very high everywhere. Therefore, a central strategy to keeping customers is

talking to them nicely and treating them with respect. NK showed that when customers forgot about their appointment, she would call and remind them. As Bendapudi and Berry (1997:16) illustrate, customer and service provider relationship is important for the survival and success of the business or firm. Furthermore, the Group of Policy Advisers (2014:10) affirms that the level of skill coupled with customer service, remain by far the most important determinants for good customer-provider relationship. For any type of business whether formal or informal, it is crucial for customers to be treated well; they may be the forces that drive a business' success. Action taken was by far working for the participants.

#### **4.5.2.5 Competition and Pricing**

Competition was explored as one of the main challenges that young salon owners in Gugulethu faced. Participants came up with an actions for surviving competition:

*Right now I already close my salon now five year coz I was already gave-up... But he told me something which makes me to come back and operate a salon again, now if I can tell the truth it's the corn row that make me to survive this time. Because they don't do corn row (see image 7 below) (PM).*

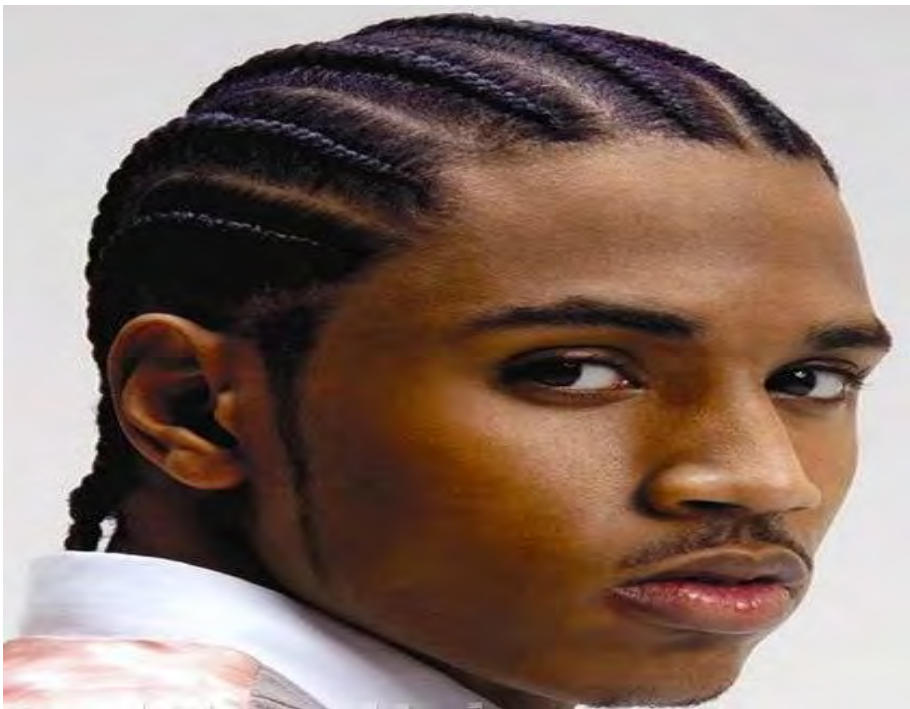
In some instances, a participant had already given up the industry because of competition but through an advice realised that to survive competition one has to learn new hair skills especially braiding and dreadlocks.

*What I planned now is to do more things that I didn't do before so that I can't lose my regular customers. I only specialize with relaxing hair, so now if I can do more like braiding, twist, dreadlocks and so on (NW).*

There are strategies that salon owners implemented for the smooth running of their salons. This was the reason some of the participants were not worried about competition. These individual strategies coupled with availability of resources, as Clark (2005:2) shows, can enable functioning that leads to growth of the businesses owned by young hairdressers. Being able to deal with competition showed that participants were ready to take action in order to ensure a smooth running their salons, despite the challenges they experienced.



**Image 6: Braids Hairstyle**



**Image 7: A picture of American Artist Trey Songz with Corn Rows**



**Image 8: Twist Hairstyle**



**Image 9: Dreadlocks or dreads**

#### **4.5.2.6 Infrastructure Temporary Solution**

To deal with the shortage of electricity and running water, salon owners who operate close to places of residence connect electricity and fetch water from there:

*I do well because if I don't have electricity, I try the best to have it, if I don't have water I try my best... I am supposed to go to the tap to fetch water (TN).*

TN rather focused on the positive, that she had electricity instead of what had to be done for her to be able to have electricity. This was a different reaction compared to the rest of the participants.

*I don't have even an electricity box... I have to pay electricity next door at the end of the month, [for water] I ask someone to fetch water for me... from the tap (KW).*

*I have to go in these houses... I connect to one of the houses (SM).*

Findings show that because of the poor water availability and some salons not having own electricity box, owners had to collect water from nearby taps and connect to neighbouring houses for electricity. In this manner they were able to continue their work. Even though the participants utilised temporary solutions to the challenge of lack of proper infrastructure, continuing unavailability of electricity and running water, two vital resources for their salons, one can assume that this could result in productivity and the growth of businesses being restricted (Kew, 2013:33). Municipalities can ensure that an appropriate level of infrastructure is provided for every businesses to ensure sustainability, as per the goals of the trading policy by the City of Cape Town (2013:10).

#### **4.5.2.7 Temporary ways of dealing with Crime**

Crime and burglary were identified as the challenges that posed a risk to the growth of the business. The following strategies for dealing with these challenges were employed by business owners:

*At first we were only two in the salon then I decided no at least maybe if we are four or five or six workers, if some people come they wouldn't rob you, if you at*

*least have a bigger number compared to if you are the only one inside the salon (RS).*

During the day when the business was running, a participant shared that having more people in the salon especially men prevented robbers from coming into the salon, while for after hours, having burglar doors helped:

*When it comes to theft, there is a lot of theft. In order to avoid being a victim of theft, you should put burglar bars in your salon building everywhere (TG).*

The findings showed that even though participants came up with strategies to deal with the challenging experience of crime, crime continued to threaten their lives and those of their customers. McDonald (2008:46) shows that securing (getting and adding security features) a place of business can be a challenge for small business as the cost of security is normally high. For those who could not afford any form of security, employing more people could also work (as RS showed). Then, anyone who could want to rob the salon would hopefully have a change of heart upon seeing more than one person.

These strategies employed during the two stages of showed that even though young people had few resources, they used what they had at their disposal to deal with challenges. Empowerment of people who are strong-willed should be the focus of any policy or support initiatives aimed at assisting young people running small businesses. A central question however, is whether or not these young owners are aware of the support initiatives available for them.

#### **4.6 Knowledge and Experience**

Most of the participants had little knowledge of organizations that offer support to young people running small informal businesses. One of the questions looked into the importance of business-related associations and participants shared ideas on the merits of being part of such associations.

#### 4.6.1 Importance of Associations

Participants believed that being a member of an association was accompanied by certain merits. These merits include: easy access to money, assistance in times of need, providing advice and the transference of knowledge among business owners:

*It is important but I never thought about that... many things... sometimes if you don't have money for a product then they can help uhm... school fees, school transport... bills, we have got bills to pay (JY).*

*Wooo it is very important because khowi-khowi it makes you to grow quick and it makes you to know how to save, you are responsible now (PM).*

*It is very important but before I was not thinking it is necessary to have it but as I see now [insight developed through an example the researcher gave] is very important, when we are in association it is easier to get more ideas from others (NW).*

During the interview, most participants except two, were confused by the term 'associations' when talking about the knowledge of any business related associations. This showed that there was lack of knowledge as well the information regarding the existence of associations by those salon owners if not most informal traders. However, after an example by the researcher, insight was developed. Business-related associations were thought to be a positive response for the dire need of income. Some believed such associations could assist during times when one needs money for school fees, transport and products. The ILO (no date: 10) shows that business environment can be improved well through social dialogue and consultation with associations. Moreover, associations can equip members with the skills of how to save money. This money that can be used in times of need. In summary, Dyce (2006:3) shows that associations are vital for enabling the sustainable development of businesses, through "representing entrepreneurs who have political deficits". Even though they knew of the merits, participants indicated that they had not thought about joining associations. This was could have been because of they were unaware of the existence of such.

#### **4.6.2 Knowledge about support services**

All 15 participants showed that they had no knowledge of any programmes or support services that support small businesses especially hair salon businesses:

*I don't know nothing now... No, I don't know them (PM).*

*I don't know anything in Gugulethu... thing is since I came here (laughs), I don't know anything. Honestly, I don't know much about this area, not even Gugulethu or Cape Town, I don't know much about them (NN) (she comes from Pretoria).*

Participants had no knowledge of any organizations that offers support to small businesses including in Gugulethu. Rogerson (2006:77) revealed that this lack of knowledge may be a result of their isolation from others who may possess such information. However, most of them had heard about NYDA although they had no knowledge of what it does. NN showed that her lack of knowledge was because she was new to the area, therefore had little knowledge regarding a lot of activities there. The ILO shows that, because of the lack of business networks, owners may lack the knowledge of where to go for support services. Organizations such as SEDA, SAMFAF and NED as well as others, can become mechanisms through which young business owners become aware of the support services and benefits at their disposal. This experience of limited knowledge, prevented them for seeking the support they needed to grow their businesses. Therefore, in their interpretation the government was not doing anything to support their informal hairdressing businesses.

#### **4.6.3 Ways Support can be improved**

Hairdressers were asked for suggestions on how the government and business sector can improve the support that is offered to small businesses, specifically targeting salons. The recommendations or suggestions cover the aspects of enabling easy access to start-up capital and information, proper infrastructure and ensuring that schools for hairdressers are available and accessible. Even when asked about ways NGOs can improve, participants focused entirely on the government which showed that, they believed it was solely government responsibility to address their needs.

#### 4.6.3.1 Government

Participants came up with different recommendations on how the government can improve support that is offered to small businesses, including hair salons. Suggestions included the government availing capital for businesses, easy access to information on sources of assistance, access to proper infrastructure and access to free land. Participants also recommended advice and education on running businesses:

[We should get] *the funds so that we can build a bigger business like that salon* [pointing to a nearby beautiful formal salon], *I want something like that (JY).*

*Yah, I think they should come and inform people what they can offer or how can they help them (NN).*

*I think to deal with the poverty, the only thing that it can do, to give us a free land for the business (MX).*

*They should send even some other people to come and see what we are doing here, yah, especially here at the location... at least mos some people to tell us some ideas so that we can know how to run. We can also help the country and the community (RS).*

Financial support was one of the resources that the young people in the current study said they needed from the government, in addition to equipment, water and electricity. The African Development Bank Group (2013:1) shares that better access to finance may motivate a shift from informal to formal activities. With the needed resources, informal businesses will be able to become formal. Furthermore, young people thought that not enough information was made available. Therefore, government representatives should visit salons and inform them of the different types of support they offer.

However, without improvement of skills and relocation to a permanent place, the above would not make much difference. In support, Rolfe et al. (2010:15) shows that formal business training is a key determinant of a business' income and sales.

#### **4.6.3.2 Business Sector**

In the opinions of the participants, the most vital ways that the business sector could ensure that there is easy access to information about how to access resources and support services:

*With the funds... so that we can have big businesses (laughs) and then I will take it from there (JY).*

*They [business sector] are doing nothing... they should be supporting us. Because mos they used to get funds in some communities. They [business sector] used to get funds mos in some places and then they supposed to take us to the meetings and all these things so that we must know more about this (ZS).*

Participants illustrated that the business sector could assist them through availing funds to them in order for their businesses to grow, yet this may not be realistic. SAMFAF, NEF and other sources of governmental and non-governmental funding can ensure that all informal businesses receive financial assistance. This could be promoted through cooperation between all sectors and the government. As Chigunta (2003:xii) states, this partnership could enable easier exchange of support networks, resources as well as knowledge. In this way participants may be able to meet their business aspirations.

### **4.7 Future Aspirations**

Each participant had an ambition of seeing their salons grow and generating more money for them so that they can also employ more young people who are without work. Hairdressers were asked to comment on where they see their business in five years time (long-term goals). These ambitions were accompanied by the need for money, equipment, their own individual zeal and support from family, friends, community and government for these aspirations to become a reality.

#### **4.7.1 Ambitions**

Participants had a strong desire of improving their salons (more equipment and customers) thereby increasing the accumulation of income for themselves within the next five years:

*Hmm, I think it [salon] must be so nice, and I am known everywhere mmm... I think a building is gonna be okay but I don't know yet. I love this area, it is good coz I... stay here and my friends are here, everything of mine is here (ZK).*

*I would love to have more people, maybe 6-10 people especially in my community because there is a lot of unemployed young people... so I feel in that way I will be giving back to my community (TG).*

Most participants wanted to expand their salons to even owning more than one container. Another wanted to relocate to a proper building instead of a container. At the same time, with expanding their salons, there was the expectation of increasing the number of employees. If their businesses are expanded and they earn more they could be able to employ more young people. These young hairdressers are able to meet their aspirations through empowerment (having the resources they need), so that they can be responsible for their own well-being (NYP, 2009:7). The joy that lit participants faces when discussing their future salons, illustrated the satisfaction it would bring achieving those aspirations.

#### **4.7.2 Resources and Support Needed**

Participants illustrated they needed support from friends, family, community and government, access to money and equipment and products to meet their aspirations:

*A good person to advise me how I can run my business properly; support from the business advisor, from the government, community and from my family (RS).*

*Maybe government can open doors for all of us and help us [through access to funds] that will be easier, yah (FK).*

*I don't know from where but financial support would be good (NN).*

*I need money, because with money I can be able to make this salon be alright (NP).*

*Equipment and security so that they don't steal (laughs) (PM).*

Each participant had their own ideas about how to gain access and obtain to the resources and support they needed to attain their business-related aspirations. These ideas can be made a reality through the availability of resources (National Small Business Amended Act 29 of 2004) that are essential for the success, growth and development of businesses. A fair distribution of resources, which could facilitate the success of aspirations of the young hairdressers, could be attained through coordination and networking among organisations that offer support (Nziba-Whitehead, 1993:100). A fair distribution is where all the people who are supposed to receive resources have access to them. In this way the aspirations of these young salon owners may be achieved.

#### **4.8 Conclusion**

Hairdressers identified a number of challenges which they had experienced during the start-up and the survival stages of their salons. These challenges differed in nature. However, there was a common challenge: a lack of financial support by the government experienced by majority of the 15 participants. Those that had no financial problems were those who received financial and emotional support from family and friends. Even though young people were faced with these challenges, they came up with strategies to deal with each. This showed how determined these hairdressers are to see their businesses succeed and grow.

South Africa has policies, programmes and organizations aimed at ensuring a smooth transition of informal businesses. It is even praised for this compared to other African countries. However, most young people were not aware of any association, programmes or services they as hairdressers could benefit from. Hence, the need for their various ideas of how support for hairdressers can be improved. When support is improved, including the availability of resources and financial support, informal hair salons may grow.

This chapter presented the findings of the study which were contrasted with literature. The chapter started first with the profile of the participants and the framework of the discussion of themes. The framework was followed by a detailed discussion of the themes and categories. The following chapter presents the conclusions and recommendations.

## **CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The chapter summarises the findings and draws conclusions related to the findings. This is followed by the recommendations for the government, municipality, and salon owners. Ideas for further research are then presented.

The study aimed to achieve the following objectives:

- To explore the challenges faced by youth in running an informal hair salon in Gugulethu.
- To identify the strategies employed by these young people to deal with identified challenges.
- To identify the knowledge and experiences the participating young people have regarding initiatives that support informal micro businesses.
- To explore the business-related aspirations of the participating young people.

### **5.2 Conclusions**

#### **Objective 1: To explore the challenges faced by youth in running informal hair salons in Gugulethu.**

The study was successful in reaching this objective. The challenges that young people identified were found in both phases of the business growth addressed; the start-up and the survival stage (when the business is now operational). Exploration into the two phases was guided through an interview schedule. The start-up phase explored the duration of equipping the salon, support the owner had during this time as well as naming the salon. The survival phase, which is referred to here as the running of the salon, focused on the operation of the business after it had more than one customer.

The lack of financial support was the common challenge experienced across both phases. Owners had to come up with money generating strategies to address their financial needs. There were participants who received some sort of support while others were “on their own” (as they would put it), with no support. Yet, support is vital throughout all the phases of a business.

Research findings shows that informal businesses face a number of challenges, mainly because they are unrecognised by the government. Findings from the current study revealed that, apart from the lack of financial assistance, seasonal and weather changes were another challenge. During this change some salons lost customers, thus affecting their income. At times they would go for a day without any customer coming to the salon; a bad day for business. The loss of customers was also heightened by the issues of competition with peers and the use of different prices for services. Some owners would lose customers to the salon that offered cheaper prices.

Furthermore, the findings revealed that most of the time participants were not able to make improvements to their salons as for some of them, the premises of business was temporary; they could be evicted anytime. Relocation could result in a loss of customers. Literature shows that, because of the temporary location of their business most informal business may be without proper infrastructure; including proper electricity and running water (IMF, 2014:71). Findings also revealed that the lack of electricity and water was another challenge that delayed the progress of these informal salons. Lastly, findings revealed in Gugulethu business owners fear for their lives as well as their clients as at times they may experience break-ins at their salons. Some participants could afford to take security measures while for some it was impossible because adding security features is expensive.

**Objective 2: To identify the strategies employed by these young people to deal with identified challenges.**

Participants employed several strategies to deal with the challenges they had identified. A key strategy dealt with the challenge of the lack of financial and emotional support so that

they meet their daily required business needs. During the start-up phase owners had to borrow money for the start-up capital. Some had formal training of how to work with hair.

Findings revealed that through saving schemes, members benefit immensely with money for groceries, fees and transport. When one is a member of a stokvel, whether business is bad or good, the member knows that when it is time for sharing, money for personal or business requirements is guaranteed. Moreover, to deal with the challenge of the scarcity of customers, the participants believed that service providers should treat their customers well and with respect. In this manner, a long-term relationship is guaranteed and one can stay competitive without losing customers. In dealing with the issue of poor infrastructure, participants found ways to illegally connect to electricity as well as search for places to collect water. Finally, as participants could not afford security, they either put up burglars or ensured that during the day there were people in the salon, because, salon with fewer people were the common targets. These strategies proved that these owners wanted to see their businesses grow in spite of any challenges they meet. Therefore, this objective was also successfully met.

**Objective 3: To identify the knowledge and experiences the participating young people have regarding initiatives that support informal micro businesses.**

Young people can benefit immensely from business related associations. It is through such associations that information can be transferred and sustainable development ensured (Dyce, 2006:3). Due to the lack of knowledge about associations, the researcher gave an example of what an association would look like so that participants could understand. The responses were made based on the researcher's example. Participants believed that when one is a member of any business-related association, whenever the need for financial assistance arises, members could assist. Moreover, it is through such associations that knowledge transference and advice from one salon owner to another can be possible, leading to the growth of their salons.

In addition, findings revealed that the participating young people were not aware of any support programmes or services offered to micro businesses by government or non-governmental organizations. This lack of knowledge may have been aggravated by the fact

that many informal businesses are not known by the above mentioned bodies as literature has revealed. Moreover, the lack of strong networks among salon owners and not being part of any business-related association may be the reason why these young people were unaware of the support programmes. As the Network Theory shows through these networks information can be available. This objective was reached successfully.

**Objective 4: To explore the business-related aspirations of the participating young people.**

The findings revealed that all the participants wanted to grow their businesses so that they could make more money and employ more young people. One participant showed that in this way they would be giving back to the community and helping their unemployed peers. Among the resources mentioned as required to attain these aspirations were capital and support (financial, in-kind and emotional) from family, friends, community and the government. If the experiences as well as challenges faced by these young hairdressers are known by the government, NGOs and business sector, steps can be taken to help them realize their aspirations.

### **5.3 Recommendations**

This section sets out the recommendations that were arrived at by the researcher through the review of literature, the findings that were revealed by the study and conclusions reached. The recommendations suggested by participants will be indicated by (P), those by the researcher by (R) and the ones by both the researcher and the participants by (R+P).

**Recommendation 1: How the government could improve support**

The experienced challenges revealed a need for the government to improve support for informal business, especially hair salons (R+P). The main requirement of the salon owners was financial assistance (donation, grants or subsidies) as well as easy access to credit or loans. The government should strengthen agencies that offer support to small business to ensure they meet their goals (e.g. SEDA and NYDA). Moreover, the availability of money and equipment can promote sustainability. Salon owners claimed that a hair salon with less equipment is less attractive therefore customers would leave such a salon.

Moreover, as suggested by the salon owners, the government should be aware of the need for support for informal hair salons so that the challenges they face can be addressed (P). A specific focus should be on the owner's individual needs (R+P), some may need information, others money and others relocation to a better place. At the same time information regarding available support for businesses should be made easily accessible for those who are to benefit (R). Yet, access to information should not be isolated from an improved distribution of resources so that economic growth can be safeguarded. Agencies responsible for assistance should ensure that young people in need of resources receive these (R).

The informal sector should be explored by researchers and government departments. Exploration should include an ongoing needs assessment, so that there is up to date information as well as statistics on all youth owned businesses (R). Furthermore, the government can help address their challenges by ensuring easy access to equipment and proper infrastructure. Also, easy access to information, guidance and advice to these young salon owner could allow better operation of their businesses to enable growth and more income (P).

In order to prevent the business evictions that informal businesses are faced with, the municipality should create a conducive business environment in townships, especially Gugulethu (P), where young business owners are free to operate successfully. Furthermore, municipalities, as most local level of the government, can as well become intermediaries through which the community members access information. This could ensure easy access to services beneficial to community members (R). The scope of programmes and policies could be widened so that impact is magnified and is able to reach the targeted population.

### **Recommendation 2: Salon owners**

Participants showed that there is lack of cooperation and unison among majority of the hair salons. This is not unexpected. However, cooperation is important as it is through this that the problem of competition and overpricing can be controlled (R+P). Therefore, it is recommended that young people should become members of any hairdressing association

so that they benefit from such associations (R). Furthermore, salon owners should improve their business linkages with larger businesses. For example, having some sort of association with businesses where they purchase their products is positive because mentorship and knowledge transference can be possible (R). At the same time it is important that business owners read newspapers and listen to the radio as these are two ways information is communicated by the government.

#### **Recommendations 4: The need for collaboration**

There is need for collaboration between all the local authorities, business sector, NGOs that are responsible for the support of small businesses, more especially the businesses in the informal sector such as hair salons (R). The collaboration would ensure that policies meets the desired objectives when dealing with the business needs of youth. Also, the municipality would ensure the protection of informal businesses against constant evictions that disrupt their business functionality (R+P).

#### **Recommendation 5: Business Sector**

The support from bigger businesses is imperative. Through this form of support, training, mentorship and transference of knowledge is made possible (R+P). This is a way the business sector can contribute towards the development of small and micro businesses.

#### **Recommendation 6: Further research**

Further research should explore the existence of and ways that collaboration and networks among similar types of informal businesses could be strengthened (R). This is essential as networks have proven to be valuable to businesses (Losby, Kingslow & Else, 2003:6). More research that looks directly into the various types of informal businesses can generate improved statistics on informal trading so that adequate planning can be done by organisations that offer support to such businesses working with clear numbers (R). At the same time there should be research which focuses on the different phases of businesses growth in South Africa; both formal and informal. Lastly, there is need for research that focus specifically on the effects and impact of weather and seasonal changes on informal businesses (R).

## 6.0 REFERENCES

Africa, S. 2014. *SA Youth Overcome Unemployment Odds*. City Press. 16 June: 1.

African Development Bank Group. 2013. *Recognizing Africa's Informal Sector*. Available: <http://www.afdb.org/en/blogs/afdb-championing-inclusive-growth-across-africa/post/recognizing-africas-informal-sector-11645/> [2015, August 26].

African Response. 2012. *Stokvel Hidden Economy*. Available: [www.africanresponse.co.za/PressReleases/Documents/2012/StokvelHiddenEconomy.pdf](http://www.africanresponse.co.za/PressReleases/Documents/2012/StokvelHiddenEconomy.pdf) [2015, November 15].

African Trade Policy Centre (ATPC). 2010. *Informal Trade in Africa*. African Trade Policy Centre Briefing No. 7. Economic Commission for Africa. Available: <http://www1.uneca.org/Portals/atpc/CrossArticle/1/PolicyBriefs/7.pdf> [2015, August 25].

African Youth Charter. 2006. *African Youth Charter*. Gambia. Available: [http://www.au.int/en/sites/default/files/AFRICAN\\_YOUTH\\_CHARTER.pdf](http://www.au.int/en/sites/default/files/AFRICAN_YOUTH_CHARTER.pdf) [2014, April 9].

Aggarwarl, A., Hofman, C & Phiri, A. 2010. *A Study of Apprenticeship in Malawi* International Labour Office. Employment Paper No. 9. Available: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/publication/wcms\\_151191.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_151191.pdf) [2015, August 24].

Babbie, E. 2004. *The Practice of Social Research*. New York: Thomson Learning, Inc.

Babbie, E & Mouton, J. 2007. *The Practice of Social Research*. Pretoria: Oxford University Press

Bais, K. 2008. *The Base of the Pyramid as a Development Strategy*. Oxfam Novib. Available: <http://www.icco-international.com/int/linkservid/514B6D1E-DF96-80B9-65035EA2A193788F/showMeta/0/> [2016, January 12].

Beck, T & Demirguc-Kunt, A. 2006. Small and medium-size enterprises: Access to finance as a growth constraint. *Journal of Banking & Finance*. 30: 2931–2943. Available: <http://ac.els-cdn.com/S0378426606000926/1-s2.0-S0378426606000926->

[main.pdf?\\_tid=d313689c-827a-11e3-b4b1-00000aab0f6c&acdnat=1390295159\\_e31572bdecac3a76adcdde0e3e90945d](#) [2014, January 21].

Belfield, C. R., Levin, H. M & Rosen, R. 2012. *The Economic Value of Opportunity Youth*. Available: <http://knowledgecenter.completionbydesign.org/resource/488> [2015, August 12].

Bendapudi, N & Berry, L. L. 1997. Customers' Motivations for Maintaining Relationships with Service Providers. *Journal of Retailing*. Vol. 73(1):15-37. ISSN: 0022-4359.

Bhagavatula, S. 2010. *The Role of Social Network in Entrepreneurship Research*. IEEE Workshop on Business Application of Social Network Analysis. Available: <http://quod.lib.umich.edu/cgi/t/text/text-idx?cc=mfsfront;c=mfs;c=mfsfront;idno=ark5583.002.105;rgn=main;view=text;xc=1;g=mfsg> [2015, August 31].

Bogensneider, K. 1996. An Ecological Risk/Protective Theory for Building Prevention Programs, Policies, and Community Capacity to Support Youth. *Family Relations*, Vol. 45(2):127-138. Available: <http://www.jstor.org/stable/pdf/585283.pdf?acceptTC=true> [2014, February 18].

Booyens, I. 2011. Are small, medium- and micro-sized enterprises engines of innovation? The reality in South Africa. *Science and Public Policy*, Vol. 38(1):67–78. DOI: 10.3152/030234211X12834251302445.

Bowen, M., Morara, M and Mureithi, S. 2009. Management of Business Challenges Among Small and Micro Enterprises in Nairobi-Kenya. *KCA Journal of Business Management*. Vol. 2(1): 16-31.

Boyd, R. L. 2000. Race, Labor Market Disadvantage, and Survivalist Entrepreneurship: Black Women in the Urban North during the Great Depression. *Sociological Forum*, Vol. 15(4): 647-670.

Breslin, J. 2007. *Learning via the Social Web*. Available: <http://slideshare.net/mobile/Cloud/learning-and-the-social-web-379318> [2015, June 12].

Bruhn, M. 2012. *Who are Informal Business Owners?* World Bank. Available: <http://blogs.worldbank.org/allaboutfinance/who-are-informal-business-owners> [2013, September 13].

Business Dictionary. 2013. *Resource*. Available: <http://m.businessdictionary.com/definition/resources.html> [2013, June 13].

Calvin, E & Coetzee, G. 2010. *Successes, Challenges, and Policy Issues. A Review of the South African Microfinance Sector 2009*. University of Pretoria. Available: <http://web.up.ac.za/sitefiles/file/1/3841/MF%20Review%202009%20-%20Volume%20I%20Final%2014%20April.pdf> [2013, November 05].

Canada Business Network. 2015. *Business Start-up Checklist*. Canada. Available: [www.canadabusiness.ca/eng/page/2749](http://www.canadabusiness.ca/eng/page/2749) [2015, November 9].

Cape Town Tourism. 2016. *Gugulethu*. Available: <http://www.capetown.travel/attractions/entry/Gugulethu> [2015, December 25].

CashierLive. 2014. *Top 5 Challenges of Owning a Beauty Salon*. Cashier Live LLC. Available: <https://www.cashierlive.com/top-5-challenges-of-owning-a-beauty-salon> [2014, January 23].

Castillo, J. 2009. A Note On The Formal And Informal Sector Economies In Mexico: How Strongly Does Social Network Theory Explain Microentrepreneurial Success? *International Business & Economics Research Journal*. Vol 8(12): 15-22.

Chen, S. 2014. *What are the Stages of a Business Lifecycle and its Challenges?* *Business2Community*. Available: [www.business2community.com/strategy/stage-business-lifecycle-challenges-0798879#2vgdLJFYFvS6wzWg](http://www.business2community.com/strategy/stage-business-lifecycle-challenges-0798879#2vgdLJFYFvS6wzWg) [2015, November 12].

Chigunta, F. 2003. *Youth Entrepreneurship: Meeting the Key Policy Challenges*. Oxford University. Available: <http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=9&ved=0CGkQFjAI&url=http%3A%2F%2Fyesweb.org%2Fgkr%2Fres%2Fbg.entrep.ta.doc&ei=WariUoCDMqO90QWAhYCYBw&usq=AFQjCNH3hymQ5XN7V61pxAIz6K7UOLh5JQ> [2014, January 25].

- Churchill, N.C & Lewis, V. L. 1983. *The Five Stages of Small Business Growth. Entrepreneurial Management*. Harvard Business Review. Available : <http://hbr.org/1983/05/the-five-stages-of-small-business-growth> [2015, November 12].
- Ciaran, A. 2005. *A Conversation Analytic Perspective on Stammering: Some reflections and Observations*. School of Sociology and Social Policy. Available: [www.stamres.psychol.ac.uk/vol1-issue3.pdf](http://www.stamres.psychol.ac.uk/vol1-issue3.pdf) [2012, March 29].
- Cieslik, M & Simpson, D. 2013. *Key Concepts in Youth Studies*. London: Sage Publications.
- City of Cape Town. 2013. *Informal Trading Policy*. Available: [https://www.capetown.gov.za/en/PublicParticipation/Documents/INFORMAL\\_TRADING\\_POLICY\\_DRAFT\\_FOR\\_PARTICIPATION\\_22\\_05\\_2013.pdf](https://www.capetown.gov.za/en/PublicParticipation/Documents/INFORMAL_TRADING_POLICY_DRAFT_FOR_PARTICIPATION_22_05_2013.pdf) [2016, January 12].
- Clark, D. A. 2005. *The Capability Approach: Its Development, Critiques and Recent Advances*. Global Research Group. Available: <http://www.gprg.org/pubs/workingpapers/pdfs/gprg-wps-032.pdf> [2014, February 12].
- Coetzer, J. H. 2001. *Micro Enterprises: To evaluate and understand tourism and micro-sized enterprises in a perpetually changing environment*. Bournemouth University. Available: <http://www.du.se/PageFiles/5048/Coetzer%20Jon-Hans-thesis.pdf> [2014, March 25].
- Council of European Union. 2014. *Conclusions on promoting youth entrepreneurship to foster social inclusion of young people*. EDUCATION, YOUTH, CULTURE and SPORT Council meeting Brussels, 20 May 2014. Available: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/educ/142702.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/educ/142702.pdf) [2015, August 23].
- Creswell, J. W. no date. *Chapter 3: Designing a Qualitative Study*. Available: [http://www.sagepub.com/upm-data/46924\\_CH\\_3.pdf](http://www.sagepub.com/upm-data/46924_CH_3.pdf) [2014, March 25].
- Creswell, J. W. 1998. *Qualitative Inquiry*. Available: <http://www.personal.psu.edu/wxh139/Quality.htm> [2014, April 5].

Creswell, J. W. 2013. *Qualitative Inquiry & Research Design: Choosing Among Five Approaches*. London: SAGE.

Creswell, J. W. 2014. *Research Design: Qualitative, Quantitative, & Mixed Methods Approaches*. California: SAGE Publications, Inc.

Curtis, S., Gesler, W., Smith, G & Washburn, S. 2000. Approaches to Sampling and Case Selection in Qualitative Research: Examples in the Geography of Health. *Social Science & Medicine*. 50 (2000):1001-1014. PII: 50277-9536(99)00350-0.

Dana, L, P. 2011. *World Encyclopaedia of Entrepreneurship*. Massachusetts: Edward Elgar Publishing, Inc.

Daneardley. 2012. *Youth entrepreneurship stifled in South Africa*. News24. 09/11/12. Available: <http://m.news24.com/news24/MyNews24/Youth-entrepreneurship-stifled-in-South-Africa-20121109> [2014, November 13].

Davids, I., Theron, F & Maphunye, K. J. 2009. *Participatory Development in South Africa: A Development Management Perspective*. Pretoria: Van Schaik Publishers.

Deen-Swarray, M., Moyo, M & Stork, C. 2013. *ICT access and usage among informal businesses in Africa*. Vol. 15(5), pp.52 – 68. Available: <http://www.emeraldinsight.com/journals.htm?articleid=17090736&show=abstract> [2014, January 21].

Dees, J. G. 1998. *Social Entrepreneurship*. Centre for Social Innovation. Available: <http://www.Csi.gsb.stanford.edu/the-meaning-of-social-entrepreneurship%20> [2015, August 22].

Delaney, A. 2011. *How can Volunteering and Service Promote the Social and Economic Participation of Youth in SADC Region?* Available: [www.vosesa.org.za/papers/5.pdf](http://www.vosesa.org.za/papers/5.pdf) [2014, August 25].

Delpont, C. S. L., Fouche', C. B & Schurink, W. 2011. *Research at Grass Roots: Social Sciences and Human Service Professions*. Pretoria: Van Schaik Publishers.

Denzin, N.K & Lincoln, Y.S. 2008. *Introduction* in N.K Denzin & Lincoln (eds). *Strategies of Qualitative Inquiry*. 3<sup>rd</sup> Edition. 1-43.

Department of Trade and Industry. No date. *National Empowerment Fund Funding Support Packages for SMEs: PRASA Rolling Stock Fleet Renewal Programme BB BEE Market Engagement*. National Empowerment Fund. Available: <http://www.prasa.com/Documents/StockRenewalBBEE/NEFPRASAPresentation.pdf> [2014, January 23].

Department of Trade and Industry. 2003. *The Integrated Small Business Development Strategy in South Africa 2004 – 2014*. Pretoria. Available: <http://www.dwaf.gov.za/WAR/documents/IntegratedSmallBusinessStrategyOct03.pdf> [2014, May 17].

Department of Trade and Industry. 2005. *Integrated Small-Enterprise-Development Strategy: Unlocking the potential of South African entrepreneurs*. Pretoria. Available: <http://www.kznded.gov.za/Portals/0/Policies%20and%20Legislation/strategy.pdf> [17/05/14].

Department of Trade and Industry. 2008. *Annual Review on Small Business in South Africa 2005-2007*. Pretoria. Available: [http://www.dti.gov.za/sme\\_development/docs/smme\\_report.pdf](http://www.dti.gov.za/sme_development/docs/smme_report.pdf) [2013, May 17].

Department of Trade and Industry. 2012. *Promoting an Integrated Co-operative Sector in South Africa 2012-2022*. Available: [http://www.dti.gov.za/economic\\_empowerment/docs/coops/legis\\_policy/coop-strategy.pdf](http://www.dti.gov.za/economic_empowerment/docs/coops/legis_policy/coop-strategy.pdf) [2014, March 17].

Department of Trade and Industry. 2013. *Youth Enterprise Development Strategy 2013-2023*. Pretoria. Available: [http://www.thedti.gov.za/news2013/YEDS\\_strategy2013.pdf](http://www.thedti.gov.za/news2013/YEDS_strategy2013.pdf) [2014, January 21].

Development Bank of Southern Africa. 2011. *Youth Employment Strategies for South Africa*. Available: <http://www.dbsa.org/EN/About-Us/Publications/Documents/Youth%20Employment%20Strategies%20for%20South%20Africa.pdf> [2014, January 15].

Dyce, T. 2006. *The Role of Small Business Associations in Business Environment Reform*. Bangkok 29<sup>th</sup> November – 1<sup>st</sup> December 2006. Available:

<http://www.businessenvironment.org/dyn/be/docs/128/session4.4paper4.4.1dyce.pdf>  
[2016, January 12].

Economic Commission for Africa. 2005. Meeting the Challenges of Unemployment and Poverty in Africa. Economic Report on Africa. Addis Ababa. Available: [www.uneca.org/sites/files/era2005full...](http://www.uneca.org/sites/files/era2005full...) [2014, August 15].

Economic Development Department. 2003. *Integrated SMME Strategy of the Nelson Mandela Metropolitan Area*. Nelson Mandela Metropolitan Council. Available: <http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=7&ved=0CEsQFjAG&url=http%3A%2F%2Fwww.mandelametro.gov.za%2FDocuments.aspx%3FobjID%3D85%26cmd%3Ddownload%26docID%3D113&ei=ULXhUvLvMOGw0QXNrIDwAw&usg=AFQjCNFOiv5LBpY61FfKdr0RWaICZobeVQ&bvm=bv.59930103.d.d2k> [2014, January 21].

Englander, M. 2012. *The Interview: Data Collection in Descriptive Phenomenological Human Scientific Research*. *Journal of Phenomenological Psychology* 4: 13–35.

Fakoti, O & Chindoga, L. 2011. An Investigation into the Obstacles to Youth Entrepreneurship in South Africa. *International Business Research*. Vol. 4(2): 161-169. doi:10.5539/ibr.v4n2p161.

Findlay, K. 2010. *An Introduction to Network Theory*. SAMRA 2010 Conference. Available: [www.slideshare.net/mobile/errler/an-introduction-to-network-theory](http://www.slideshare.net/mobile/errler/an-introduction-to-network-theory) [2014, March 16].

First National Bank. 2012. *The Entrepreneurial Dialogues: State of Entrepreneurship in South Africa*. Available: <http://www.gibs.co.za/SiteResources/documents/The%20Entrepreneurial%20Dialogues%20-%20State%20of%20Entrepreneurship%20in%20South%20Africa.pdf> [2014, January 25].

Fleischman, F. 2006. *Entrepreneurship as Emancipation: The History of an Idea*. Available: [https://www.youth-competition.org/wp-content/uploads/2013/01/Entrepreneurship\\_as\\_Emanzipation\\_Fleischmann.pdf](https://www.youth-competition.org/wp-content/uploads/2013/01/Entrepreneurship_as_Emanzipation_Fleischmann.pdf) [2014, March 12].

Forson, C. 2013. Contextualising Migrant Black Business Women's Work-Life Balance Experiences. *International Journal of Entrepreneurial Behaviour & Research*. Vol. 19 (5):460-477. DOI 10.1108/IJEBr-09-2011-0126

Garcia-Bolivar, O. E. 2006. *Informal Economy: is it a Problem, a Solution or both? The Perspective of the Informal Business*. Law and Economics Paper. Available: <http://www.bg-consulting.com/docs/informalpaper.pdf> [2014, March 18].

Gatto, L. 2009. *An Exploratory, Phenomenological Study of the Lived Experience of First-Generation Female Students*. The University of Guelph. Available: <https://atrium.lib.uoguelph.ca/xmlui/bitstream/handle/10214/2048/Laura%20Gatto%20Thesis%20Oct09.pdf?sequence=1> [2014, March 24].

Gerxhani, K. 2004. *The Informal Sector in Developed and Less Developed Countries: A Literature Survey*. Public Choice, Vol. 120:267-300.

Ghai, D & Vivian, J. M. 1995. *Grassroots Environmental Action: People's Participation in Sustainable Development*. New York: Routledge.

Gherzi, E. 1997. *The Informal Economy in Latin America*. Cato Journal, Vol. 17(1):99-108. Available: <http://www.rrojasdatabank.info/wbpovert/cj17n1-8.pdf> [2013, December 12].

Gonzales, J. 2010. *Why Are So Many Hair Salons Failing?* Hairdresser Career Development System. April 2, 2010. Available: <http://hcds4you.com/blog/why-are-so-many-hair-salons-failing/> [2013, November 15].

Greve, A. 2003. Social Networks and Entrepreneurship. *Entrepreneurship, Theory & Practice*, 28(1): 1-22. Available: [http://homes.chass.utoronto.ca/~agreve/Greve-Salaff\\_ET%26P.pdf](http://homes.chass.utoronto.ca/~agreve/Greve-Salaff_ET%26P.pdf) [2014, May 14].

Groenewald, T. 2004. *A Phenomenological Research Design Illustrated*. International Journal of Qualitative Methods. 3 (1): 1-25.

Group of policy Advisers. 2014. *Strategic Plan of the Hairdressing & Beauty Services Sector in Jordan*. Available: [www.dajaniconsulting.com/linkClick](http://www.dajaniconsulting.com/linkClick) [2015, July 20].

Gurtoo, A & Williams, C. C. 2009. Entrepreneurship and the Informal Sector: Some Lessons from India. *International Journal of Entrepreneurship and Innovation*, Vol. 10(1): 55-62. Available at SRRN: <http://ssrn.com/abstract=2290542> [2014, March 12].

Herrington, M., Kew, J & Kew, P. 2010. *Tracking Entrepreneurship in South Africa: A GEM Perspective*. Available: [http://www.africanentrepreneur.com/web/images/GEM\\_SA\\_2009-Tracking\\_Entrepreneurship.pdf](http://www.africanentrepreneur.com/web/images/GEM_SA_2009-Tracking_Entrepreneurship.pdf) [2013, September 07].

Herrington, M., Kew, J., Simrie, M & Turton, N. 2012. *Global Entrepreneurship Monitor: South Africa*. The UCT Centre for Innovation and Entrepreneurship. Available: <http://www.gemconsortium.org/docs/download/2313> [2013, September 07].

Husmanns, R. 2004. *Measuring the Informal Economy: From Employment in the Informal Sector to Informal Employment*. Integration Working Paper No. 53. ILO, Geneva. Available: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms\\_079142.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_079142.pdf) [2014, April 17].

Hutchinson, M. V. 2013. *Factors that limit the Long-term Survival and Development of Micro and Survivalist Enterprises of a Selected Informal Sector in Durban, KwaZulu-Natal (KZN)*. Available: [www.ir.dut.ac.za/bitstream/handle/HUTCHINSON\\_2013.pdf-DUT](http://www.ir.dut.ac.za/bitstream/handle/HUTCHINSON_2013.pdf-DUT) [2014, October 12].

International Labour Office. no date. *Entrepreneurship, skill development, finance*. Geneva. Available: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_policy/documents/publication/wcms\\_210463.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_210463.pdf) [2014, February 20].

International Labour Office. 2005. *Youth: Pathways to Decent Work. Promoting youth employment – Tackling the challenge*. Geneva. Available: [http://www.ilo.org/youthmakingithappen/PDF/rep-vi\\_en.pdf](http://www.ilo.org/youthmakingithappen/PDF/rep-vi_en.pdf) [2014, April 16].

International Labour Office. 2012. *The youth employment crisis: Time for action*. Report V. Geneva. Available: [http://www.ilo.org/public/libdoc/ilo/2012/112B09\\_39\\_engl.pdf](http://www.ilo.org/public/libdoc/ilo/2012/112B09_39_engl.pdf) [2013, November 13].

International Labour Organization. 2009. *The informal economy in Africa: Promoting transition to formality: Challenges and strategies*. Geneva. Available: [http://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@emp\\_policy/documents/publication/wcms\\_127814.pdf](http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_policy/documents/publication/wcms_127814.pdf) [2013, November 05].

International Labour Organization. 2010. *How to build an enabling environment for youth entrepreneurship and sustainable enterprises*. Available: [http://www.ilo.org/public/english/region/eurpro/moscow/info/publ/employment/build\\_enabling\\_environment\\_yese.pdf](http://www.ilo.org/public/english/region/eurpro/moscow/info/publ/employment/build_enabling_environment_yese.pdf) [2014, January 25].

International Monetary Fund. 2012. *Kenya: Poverty Reduction Strategy Paper. Business and Economics*. First medium term plan. Available: <https://www.imf.org/external/pubs/ft/scr/2012/cr1210.pdf> [2014, April 17].

Internet Encyclopaedia of Philosophy. 2012. *Sen's Capability Approach*. Available: <http://www.iep.utm.edu/sen-cap/> [2015, December 24].

Investopedia. 2014. *Definition of 'Business'*. Available: <http://www.investopedia.com/terms/b/business.asp> [2014, April 11].

Investopedia. 2014. *Service Sector*. Available: <http://www.investopedia.com/terms/s/service-sector.asp> [2014, April 11].

Jacobs, L. V. 2008. *The Impact and the Effectiveness of the Child Support Grant in Gugulethu*. Available: [http://etd.uwc.ac.za/xmlui/bitstream/handle/11394/3660/Jacobs\\_MAdmin\\_2008.pdf?sequence=1](http://etd.uwc.ac.za/xmlui/bitstream/handle/11394/3660/Jacobs_MAdmin_2008.pdf?sequence=1) [2016, January 12].

Jiyane, V., Mosert, J., Minishi-Majanja, M & Ocholla, D. 2012. *Sources and Channels of Information Access and Use in the Information and Knowledge Society: A Case Study of Informal Sector Women Entrepreneurs of Hlabisa Local Municipality in KwaZulu-Natal, South Africa*. Available: <http://conference.ifla.org/ifla78> [2014, October 14].

Jones, D. 2006. *Basic and Applied Research*. Available: [www.eng.uwo.ca/research/Floryan.pdf](http://www.eng.uwo.ca/research/Floryan.pdf) [2015, December 12].

Jones, G. 2013. *Youth Unemployment Rate Expected Rise*. The Business Media Company. BDFM Publishers. Available: <http://www.financialmail.co.za/economy/2013/02/07/youth-unemployment-rate-expected-rise> [2013, April 17].

Jones, M. L. 2007. *Using Software to Analyse Qualitative Data: Malaysian Journal of Qualitative Research*. Vol. 1(1):64-76. Available: <http://rp.uow.edu/as/commpapers/429> [2015, November 15].

Kalitanyi, V & Visser, K. 2010. *African Immigrants in South Africa: Job Takers or Job Creators?* SAJEMS NS 13 (2010) No 4. Available:

Kapalova, A. 2014. *Small and Medium Enterprise Development in Kyrgyzstan: Informal Communications and the Role of Women*. Working Paper No. 25. Available: <http://www.ucentralasia.org/downloads/UCA-IPPA-Wp25-SmalMediumBusiness-Eng.pdf> [2015, August 22].

Kavese, K. 2015. *Potential Role of Micro Businesses & Entrepreneurs in the Eastern Cape Informal Sector*. Eastern Cape Socio economic Consultative Council. Available: [http://www.ecsecc.org/files/library/documents/J4961\\_ECSECC\\_Labour\\_report.pdf](http://www.ecsecc.org/files/library/documents/J4961_ECSECC_Labour_report.pdf) [2016, January 14].

Kew, J. 2013. *Obstacles and Opportunities for Youth Entrepreneurship: A Co-ordinated Approach Critical to Promote Youth Entrepreneurship*. Available: <http://transformationaudit.org/blog/wp-content/uploads/2013/02/A%20coordinated%20approach%20critical%20to%20promote%20youth%20entrepreneurship.pdf> [2014, April 22].

Kira, R. A & He, Z. 2012. *The Impact of Firm Characteristics in Access of Financing by Small and Medium-Sized Enterprises in Tanzania*. International Journal of Business and Management. Vol 7 (24):108-119. DOI:10.5539/ijbm.v7n24p108.

Klimova, S. no date. *Youth, Socialisation and Social Change*. A Research Agenda. Available: <http://lucy.ukc.ac.uk/csacpub/Russian/klimova.html> [2014, July 7].

Kavese, K. 2015. *Potential Role of Micro Businesses and Entrepreneurs in the Eastern Cape Informal Sector*. Eastern Cape Socio Economic Consultative Council. Available: [http://www.ecsecc.org/files/library/documents/J4961\\_ECSECC\\_Labour\\_report.pdf](http://www.ecsecc.org/files/library/documents/J4961_ECSECC_Labour_report.pdf) [2015, December 24].

Kwena, R. M & Turner, J. A. 2013. *Extending pension and savings scheme coverage to the informal sector: Kenya's Mbao pension plan*. International Social Security Review. Available:

- Kujenga, C. 2013. *South Africa: a Land of Extremes for Entrepreneurs*. Available: <http://www.howwemadeitinafrica.com/south-africa-a-land-of-extremes-for-entrepreneurs/31005/> [2014, January 21].
- Lebohang, T. 2015. *The State of SA's Township Entrepreneurship: with the Spotlight Falling Firmly on the Township Economy, Can SMEs and Entrepreneurs Rise to the Challenge?* Available: [www.smesouthafrica.co.za/154277/The-state-of-SAs-township-entrepreneurship/](http://www.smesouthafrica.co.za/154277/The-state-of-SAs-township-entrepreneurship/) [2014, September 5].
- La Cava, G & Michael, S. 2006. *Youth in the Northern Caucasus: From Risk to Opportunity*. Environmentally and Socially Sustainable Development (ESSD). Europe and Central Asia Region. The World Bank Report. Available:
- Landau, C. 2015. *What is the Difference between a Small Business Ventures and a Startup?* Available: <http://articles.bplans.com/whats-differences-small-business-venture-startup> [2015, November 15].
- Langevang, T & Gough, K. 2012. Diverging Pathways: Young Female Employment and Entrepreneurship in Sub-Saharan Africa. *The Geographical Journal*. Vol. 178(3): 242–252, DOI: 10.1111/j.1475-4959.2011.00457.x
- Ligthelm, A. A. 2013. *Confusion about Entrepreneurship? Formal versus Informal Businesses*. *Southern African Business Review*. Vol. 17 (3): 57-75.
- Lincoln, Y.S & Guba, E. G. 1985. *Naturalistic Inquiry*. Newbury Park, CA: Sage Publications.
- Longhofer, J., Floersch, J. Hoy, J. 2013. *Qualitative Methods for Practice Research*. UK: Oxford University Press.
- Losby, L., Kingslow, M. E & Else, J. F. 2003. *The Informal Economy: Experiences of African Americans*. ISED Solutions. Available: [www.aspeninstitute.org/publications/informal-economy-experiences-african-americans](http://www.aspeninstitute.org/publications/informal-economy-experiences-african-americans) [2014, April 7].
- Maclachlan, C. 2012. *When Cutting Hair Becomes Cutthroat*. A Business and Economics News Portal for Grahamstown and the Eastern Cape. Available: <https://theintensivereport.wordpress.com/tag/hair> [2014, March 17].

Madzivhandila, T. S & Dlamini, M. S. 2015. *Women Owned Enterprises in South Africa: Assessing the Needs, Opportunities and Challenges*. SEDA. Available: <http://www.seda.org.za/Publications/Publications/Woman%20and%20Youth%20Owned%20Enterprises%20in%20South%20Africa%20-%20Assessing%20The%20Needs,%20Opportunities%20and%20Challenges.pdf> [2016, February 1].

Mago, S & Toro, B. 2013. *South African Government's Support to Small, Medium Micro-Enterprise (SMMES): The Case of King William's Town Area*. J Economics. 4(1): 19-28.

Makhubela, T, Nyapfungwe, B & Dhliwayo, S. 2015. *Period in Trading and Sources of Funding in South Africa Micro Enterprises*. Investment management and financial innovation. Vol. 12(1).

Marshall, C & Rossman, G. B. 1999. *Designing Qualitative Research*. USA: Sage Publications, Inc.

Mboyani, B & Ladzani, W. 2010. 'Factors that hinder the growth of small businesses in South African townships'. *European Business Review*. Vol. 23(6):550-560.  
DOI 10.1108/09555341111175390.

McDonald, K. 2008. *The Impact of Crime on Small Businesses in South Africa*. Small Business Project (SBP). Available: [www.gautengoline.gov.za/impact\\_of\\_crime\\_on\\_small\\_businesses\\_in\\_South\\_Africa](http://www.gautengoline.gov.za/impact_of_crime_on_small_businesses_in_South_Africa) [2013, November 10].

McGee, R & Gaventa, J. 2010. *Synthesis Report: Review of Impact and Effectiveness of Transparency and Accountability Initiatives*. Available: [2015, September 8].

McGhie, V & Keim, M. 2014. *Holistic Health & Educational Development to Effect Change: The Case of Gugulethu, Cape Flats, South Africa*. University of the Western Cape. Available: <https://www.uwc.ac.za> [2014, September 19].

Meier, G. M & Stiglitz, J. E. 2001. *Frontiers of Development Economics: The Future in Perspective*. New York: Oxford University Press.

Mikva, K. 2015. *10 Things you didn't know about Gugulethu*. Available: <http://afkinsider.com/69759/10-things-didnt-know-gugulethu/> [2015, December 26].

Mitullah, W. V. 2003. *Street Vending in African Cities: A Synthesis of Empirical Findings from Kenya, Cote D'ivoire, Ghana, Zimbabwe, Uganda and South Africa*. Available:

Mohammad, A. 2009. *Necessity vs. Opportunity Entrepreneurs in the Informal Sector (Short Note)*. World Bank. Available: [http://works.bepress.com/mohammad\\_amin/15/](http://works.bepress.com/mohammad_amin/15/) [2015, December 12].

Moustakas, C.E. 1994. *Phenomenological research methods*. London: SAGE Publications.

Mouton, J. 2001. *How to succeed in your Master's & Doctoral Studies: A South African Guide and Resource Book*. Pretoria: Van Schaik Publishers.

Mpye, D. X. 2013. *What are the experiences of the Service Work Urban Informal Economy Workplaces? A Study of Informal Hairdressing Operations in Johannesburg CBD*. University of Witwatersrand. Available: [http://wiredspace.wits.ac.za/bitstream/handle/10539/13183/Dipalesa%20Mpye%20MA%20Research%20Report%20567782%20\(final\).pdf?sequence=2](http://wiredspace.wits.ac.za/bitstream/handle/10539/13183/Dipalesa%20Mpye%20MA%20Research%20Report%20567782%20(final).pdf?sequence=2) [2014, April 9].

Muddiman, D. 1999. *Theories of Social Exclusion and the Public Library*. Working Paper 1. Available: [www.core.ac.uk/download/pdf](http://www.core.ac.uk/download/pdf) [2014, September 2].

Muhammad, F. J., Muhammad, A. K., Ahmed, A., Fatima, S. T & Haider, K. 2011. *Paradigm and Characteristics of a Good Qualitative Research*. World Applied Science Journal. 12 (11): 2082-2087.

National Credit Regulator. 2011. *Literature Review on Small and Medium Enterprises' Access to Credit and Support in South Africa*. Available: [www.ncr.org.za/pdfs/LiteratureReview](http://www.ncr.org.za/pdfs/LiteratureReview) [2014, July 6].

National Geographic. 2014. *Africa: Resources*. Available: [http://education.nationalgeographic.com/education/encyclopedia/africa-resources/?ar\\_a=1](http://education.nationalgeographic.com/education/encyclopedia/africa-resources/?ar_a=1) [2014, April 3].

National Treasury. 2011. *Confronting Young people Unemployment: Policy Options for South Africa*. Discussion Paper. Available: <http://www.treasury.gov.za> [17/05/13].

- Ndabeni, L. L & Maharajh, R. 2013. *The Informal Sector and the Challenges of Development in South Africa*. Available: [http://www.ieri.org.za/sites/default/files/outputs/informal\\_sector\\_and\\_the\\_challenges\\_of\\_development\\_in\\_south\\_africa.pdf](http://www.ieri.org.za/sites/default/files/outputs/informal_sector_and_the_challenges_of_development_in_south_africa.pdf) [2015, October 25].
- Ndiza Finance. 2011. *South African Micro Finance Apex Fund (SAMFAF)*. <http://www.ndizafinance.co.za/samaf> [23/01/14].
- Nziba-Whitehead, T. 1993. *Women's Entrepreneurs in South Africa*. Vol.9 (18):97-100. Doi:10.1080/10130950.1993.9676133.
- Neuman, W. L. 1994. *Social Research Method: Qualitative and Quantitative Approach*. New York: Allyn and Bacon.
- Nussbaum, M. C. No date. *Capabilities as Fundamental Entitlements: Sen and Social Justice*. The University of Chicago. Available: [www.ccc.uchicago.edu/docs/Constitutions\\_and\\_Capabilities.pdf](http://www.ccc.uchicago.edu/docs/Constitutions_and_Capabilities.pdf) [2014, April 04].
- Nussbaum, M. C. 1997. *Capabilities and Human Rights*. Fordham Law Review. Vol.66 (2). Available: <http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=3391&context=flr> [2014, January 14].
- Nussbaum, M. C. 2011. *Creating capabilities: The Human Development Approach*. Cambridge, MA: The Belknap Press of Harvard University. Available: <http://www3.nd.edu/~ndlaw/prog-human-rights/london-symposium/CreatingCapabilities.pdf> [2015, December 25].
- Oyelola, O. T., Igwe, N. C., Aijbashin, I. O & Peluola, S. B. 2014. Entrepreneurship Education: Solutions to Youth Unemployment in Nigeria. *Journal of Poverty, Investment and Development*. Vol. 5. Available: [www.iiste.org/index.php/JPID/article](http://www.iiste.org/index.php/JPID/article) [2015, March 16].
- Pannucci, C. J & Wilkins, E. G. 2010. *Identifying and Avoiding Bias in Research*. *Plast Reconstr Surg*. 126(2): 619–625. Doi:10.1097/PRS.0b013e3181de24bc.

Parry, M. L. 2007. *Climate Change 2007-Impacts, Adaptation and Vulnerability*. Working Group II Contribution to the Fourth Assessment Report of the IPCC. Business & Economics. Cambridge University Press.

Rachidi, M. F. 2014. *Examination of Challenges Faced by Youth-Owned Small Medium Micro Enterprises Limpopo Province of South Africa*. Mediterranean Journal of Social Science. Vol. 5 (27): 1258-1263. Doi: 10.5901/mjsc.2014.v5n27p1258

Rawal, N. 2008. *Social Inclusion and Exclusion: A Review*. Dhaulagiri Journal of Sociology and Anthropology, Vol.2: 161-180. Available: <http://www.cmi.no/file/?589> [2014, February 12].

Robeyns, I. 2003. *Sen's Capability Approach and Gender Inequality: Selecting Relevant Capabilities*. Feminist Economics, Vol. 9(2-3):61-62. Available: <http://www.ccee.edu.uy/ensenian/catgenyeco/Materiales/2011-08-10%20M5%20-%20Robeyns%282003%29SensCapabilitiesApproach.pdf> [2014, February 12].

Roever, S. 2014. *Street Vendors: Vital Contributions to Urban Economies*. WIEGO Specialists. Available: <http://wiego.org/informal-economy/occupational-groups/street-vendors> [2015, August 28].

Rolfe, R., Woodward, D., Ligthelm, A & Guimaraes, P. 2011. *The Viability of Informal Micro-Enterprise in South Africa*. New York. Available: <http://whitman.syr.edu/programs-and-academics/centers-and-institutes/abp/conference/papers/The%20Viability%20of%20Informal%20Micro-Enterprise%20in%20South%20Africa.pdf> [2013, September 19].

Rogerson, C, M. 2006. Developing SMMEs in Peripheral Spaces: The Experience of Free State Province, South Africa. *South African Geographical Journal*. 88:1, 66-78, DOI:10.1080/03736245.2006.9713848.

RSA. 2003. *The Integrated Small Business Development Strategy in South Africa 2004 – 2014*. Pretoria. Available:

RSA. 2004. *No. 29 of 2004: National Small Business Amendment Act, 2004*. Pretoria. Available: [http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CCUQFjAA&url=http%3A%2F%2Fwww.gov.za%2Fdocuments%2Fdownload.php%3Ff%3D67967&ei=NKHhUtaiNu\\_g7Qbx54DYBw&usg=AFQjCNGLyo\\_dQ9AM9jlmv11wxHdzu3XH5A](http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CCUQFjAA&url=http%3A%2F%2Fwww.gov.za%2Fdocuments%2Fdownload.php%3Ff%3D67967&ei=NKHhUtaiNu_g7Qbx54DYBw&usg=AFQjCNGLyo_dQ9AM9jlmv11wxHdzu3XH5A) [2014, January 21].

RSA. 2008. *National Youth Development Agency Act, No, 54*: 2008. Pretoria. Available: [http://www.unisa.ac.za/news/wp-content/uploads/2013/03/nyda\\_act.pdf](http://www.unisa.ac.za/news/wp-content/uploads/2013/03/nyda_act.pdf) [2013, September 09].

RSA. 2009. *National Youth Policy 2009-2014*. Pretoria. Available: <http://www.thepresidency.gov.za/MediaLib/Downloads/Home/Publications/YouthPublications/NationalYouthPolicyPDF/NYP.pdf> [2014, January 21].

Rudzuna, C. 2014. *Limited Benefits from Informal Sector*. Available: <http://www.theindependent.co.zw/2014/01/24/limited-benefits-informal-sector/> [2014, May 12].

Saunders, S. G. 2005. *Estimates of the Informal Economy in South Africa: Some Macroeconomic Policy Implications*. Faculty of Economic and Financial Sciences. University of Johannesburg. Available: <https://ujdigispace.uj.ac.za/bitstream/handle/10210/653/RAUTHESIS.pdf?sequence=1> [2014, January 20].

Schoof, U. 2006. *Stimulating Youth Entrepreneurship: Barriers and Incentives to Enterprise Start-up by Young People*. ILO. SEED Working Paper No. 76. Available: [www.ilo.org/PDF/WP76-2006Rev](http://www.ilo.org/PDF/WP76-2006Rev) [2013, November 13].

Schmuck, R. A. 2009. *Practical Action Research: A Collection of Articles*. California: Corwin Press.

Schwab, K. 2009. In Volkmann, C., Wilson, K. E., Mariott, S., Ravuzzi, D., Vyakarnam, S & Sepulveda, A. 2009. *Educating the Next Wave of Entrepreneurs: Unlocking Entrepreneurial Capabilities to Meet the Global Challenges of the 21<sup>st</sup> Century*. World Economic Forum. Available: [www.weforum.org/pdf/GEI/2009](http://www.weforum.org/pdf/GEI/2009) [2015, September 09].

Schreiber, J. B. 2008. Pilot Study. *The Sage Encyclopedia of Qualitative Research Methods*. DOI: [10.4135/9781412963909](https://doi.org/10.4135/9781412963909).

Scott, M & Brace, R. 1987. *Five Steps of Growth in Small Business*. Long Range Planning. Vol 20 (3):45-52. DOI: 10.1.1.462.4083&rep=rep1&type=pdf.

Shaffer, P. 2008. *New Thinking on Poverty: Implications for Globalisation and Poverty Reduction Strategies*. DESA Working Paper No. 65. Available: [www.un.org/desa/2008/wp65\\_2008](http://www.un.org/desa/2008/wp65_2008) [2014, November 13].

Shenton, A. K. 2004. *Strategies for ensuring Trustworthiness in Qualitative Research Projects*. Education for Information. 22:63–75.  
<http://www.crec.co.uk/docs/Trustworthypaper.pdf> [2014, January 25].

Simon, M. K & Goes, J. 2013. *What is Phenomenological Research? Dissertation and Scholarly Research*. Recipes for Success. Seattle, WA.

Simply Links. 2014. *AHBEASA*. Hair Care In, Nationwide. Available: <http://www.simplylinks.co.za/directory/16548/hair-care/ahbeasa> [2014, June 17].

Sincovics, R. R., Penz, E & Ghavi, P. N. 2008. *Enhancing the Trustworthiness of Qualitative Research in International Business*. Management International Review. 48 (6):689-714. DOI 10.1007/s11575-008-0103-z.

Small Enterprise Development Agency. No date. *Welcome to the Small Enterprise Development Agency*. Available: <http://www.seda.org.za/Pages/Home.aspx> [2014, January 23].

Small Enterprise Development Agency. 2008. *Generic Informal Street Trading Policy Framework for Metropolitan & Local Municipalities*. Available: [www.led.co.za/sites/default/files/SEDA...](http://www.led.co.za/sites/default/files/SEDA...) [2014, September 09].

Small Enterprise Development Agency. 2008. *Informal/street trading policy framework for metropolitan & local municipalities*. A city of Tshwane/ SEDA partnership. Available:

Smith, M. K. 2001. *Relationships, Learning and Education*. The Encyclopaedia of Informal Education. Available: <http://www.infed.org/mobi/relationship-learning-and-education/> [2015, April 12]

Sommers, M. 2007. *Creating Programs for Africa's Urban Youth: The Challenge of Marginalization*. Journal of International Cooperation in Education. Vol. 10(1):19-31. Available: [http://www.academia.edu/5689531/Creating\\_Programs\\_for\\_Africa\\_s\\_Urban\\_Youth\\_The\\_Challenge\\_of\\_Marginalization](http://www.academia.edu/5689531/Creating_Programs_for_Africa_s_Urban_Youth_The_Challenge_of_Marginalization) [2014, March 06].

Stanford Encyclopaedia of Philosophy. 2011. *The Capability Approach*. Available: <http://plato.stanford.edu/entries/capability-approach/> [2014, May 17].

Statistics South Africa. 2011. *Gugulethu*. Available: <http://census2011.adrianfrith.com/place/199030> [2014, April 9].

Steyn, I. 2011. Exploring the Legal Context of Informal Trade in South Africa. Available: [www.led.co.za/cabinet/dpdocument/2011](http://www.led.co.za/cabinet/dpdocument/2011) [2013, August 17].

Strydom, H. 2011. *Research at Grass Roots: Social Sciences and Human Service Professions*. Pretoria: Van Schaik Publishers.

Sustainable Livelihoods Foundation. 2011. *Hair Care Businesses and Shipping Containers*. Available: <http://livelihoods.org.za/wp-content/uploads/2011/08/SLF-Hair-Salon-final.pdf> [2013, August 23].

Tang, K. no date. *Social Roles of Hair Salons*. AZCentral. Demand Media. Available: [www.yourbusiness.azcentral.com/social-roles-hair-salons-11613.html](http://www.yourbusiness.azcentral.com/social-roles-hair-salons-11613.html) [2013, April 17].

Taylor-Powell, E & Renner, M. 2003. *Analysing Qualitative Data*. Available: <http://learningstore.uwex.edu/assets/pdfs/g3658-12.pdf> [2014, April 11].

Teece, D. J. 1987. *Profiting from Technological Innovation: Implications for Integration, Collaboration, Licensing and Public Policy*. Available: [www.cmr.journal.org/article/viewfile](http://www.cmr.journal.org/article/viewfile) [2014, September 07].

Tengeh, R. K. no date. *A Business Framework for the Effective Start-up and Operation of African Immigrant-Owned Businesses in the Cape Metropolitan Area*. South Africa. Available: <http://digitalknowledge.cput.ac.za/xmlui/bitstream/handle/11189/653/business%20framework%20for%20the%20effective%20start-up.pdf?sequence=1&isAllowed=y> [2015, August 07].

Tesch, R. 1990. *Qualitative Research: Analysis Types and Software Tools*. New York: Falmer Press.

Thomas, K. 2006. *Chapter 3: Research Design and Methodology*. University of Pretoria. Etd.

Thompson, C. 2009. *Black Women and Identity: What's Hair got to do with it?* Politics and Performativity, Vol. 22(1). Available: <http://hdl.handle.net/2027/spo.ark5583.0022.105> [2015, March 12].

Timm, S. 2013. Global Entrepreneurship Reports Puts SA below Average. *Mail & Guardian*. 26 April: 1.

Todaro, M. P & Smith, S. C. 2011. *Economic Development*. New York: Courier Westford.

Trochim, W. M. K. 2006. *Research Methods and Knowledge Base: Ethics in Research*. Available: [www.socialresearchmethods.net/kb/ethics.php](http://www.socialresearchmethods.net/kb/ethics.php) [2012, April 04].

Turton, N & Herrington, M. 2012. *Global Entrepreneurship Monitor 2012 South Africa*. UCT Centre for Innovation and Entrepreneurship. Available: <http://gemconsortium.org/docs/download/2801> [2014, January 21].

Valle, R. S & Halling, S. 1989. *Existential- Phenomenological Perspective in Psychology: Exploring the Breath of Human Experience*. London: Plenum Press.

Vanderberg, P. 2006. *Poverty Reduction through Small Enterprises*. International Labour Organization. Geneva. Available: [http://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@emp\\_ent/documents/publication/wcms\\_093981.pdf](http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_093981.pdf) [2015, January 7].

Van Manen, M. 1990. *Researching lived experience: human science for action sensitive pedagogy*. State University of New York Press: New York.

Van Teijlingen, E. R & Hundley, V. 2001. *The Importance of Pilot Studies*. Social Research Update, Issue 35. University of Surrey. Department of Sociology.

Varian, H. R. 1989. *What Good is Economic Theory?* University of California. Available: <http://people.ischool.berkeley.edu/~hal/Papers/theory.pdf> [2015, March 19].

United Nations. 2013. *Opportunities and Constraints to Youth Entrepreneurship: Perspectives of Young Entrepreneurs in Swaziland*. United Nations Swaziland. Available: [http://www.sz.undp.org/content/dam/swaziland/docs/documents/UNDP\\_SZ\\_OpportunitiesAndConstraintsToYouthEntrepreneurship2013.pdf](http://www.sz.undp.org/content/dam/swaziland/docs/documents/UNDP_SZ_OpportunitiesAndConstraintsToYouthEntrepreneurship2013.pdf) [2014, March 23].

United Nations Development Programme. 2010. *Youth and Human Development: Tapping the Untapped Resource*. Republic of Kenya. Available: [http://hdr.undp.org/sites/default/files/kenya\\_nhdr\\_2009\\_en.pdf](http://hdr.undp.org/sites/default/files/kenya_nhdr_2009_en.pdf) [2014, December 12].

United Nations Development Programme. 2013. *The Rise of the South: Human Progress in a Diverse World*. Human Development Report. Available: <http://hdr.undp.org/en/2013-report> [2014, September 07].

University Nations Educational, Scientific and Cultural Organization. 2012. *What Do We Mean by "Youth"?* Social and Human Science. Available: <http://www.unesco.org/new/en/social-and-human-sciences/themes/youth/youth-definition/> [2014, August 12].

United Nations General Assembly. 2001. *Implementation of the World Programme of Action for Youth to the Year 2000 and Beyond*. Available: [http://www.youthpolicy.org/basics/2001\\_WPAY\\_Implementation\\_Report.pdf](http://www.youthpolicy.org/basics/2001_WPAY_Implementation_Report.pdf) [2014, April 9].

United Nations Industrial Development Organization. 2013. *Women's Economic Empowerment through Energy Access in the Mano River Union (MRU) Sub-Region*. Available: <http://www.esmap.org/sites/esmap.org/files/DocumentLibrary/22112013Mano%20River%20Union%20Background%20Paper.pdf> [2015, November 12].

University of Twente. 2014. *Network Theory and Analysis*. Available: [https://www.utwente.nl/cw/theoriesoverzicht/theory%20Clusters/Communication%20Processes/Network%20Theory%20and%20analysis\\_also\\_within\\_organizations-1/](https://www.utwente.nl/cw/theoriesoverzicht/theory%20Clusters/Communication%20Processes/Network%20Theory%20and%20analysis_also_within_organizations-1/) [2014, March 07].

Walther, R & Filipiak, E. 2007. *Vocational Training in the Informal Sector: Or How to Stimulate the Economies of Developing Countries? Conclusions of a Field Survey on Seven African Countries*. Available: [www.eid.org/general/events/luxem...](http://www.eid.org/general/events/luxem...) [2014, October, 11].

Western Cape Provincial Economic Review & Outlook. 2007. *Provincial Economic Review & Outlook 2007*. Available: [https://www.westerncape.gov.za/text/2007/8/chapter\\_1\\_executive\\_summary\\_masterfile.pdf](https://www.westerncape.gov.za/text/2007/8/chapter_1_executive_summary_masterfile.pdf) [2015, September 1].

Wiles, R., Crow, G., Heath, S & Charles, V. 2006. *Anonymity and Confidentiality*. ESRC National Centre for Research Methods. Available: [http://eprints.ncrm.ac.uk/423/1/0206\\_anonymity%2520and%2520confidentiality.pdf](http://eprints.ncrm.ac.uk/423/1/0206_anonymity%2520and%2520confidentiality.pdf) [2016, January 12].

Williams, C. C & Youssef, Y. 2013. *Evaluating the Gender Variations in Informal Sector Entrepreneurship: Some Lessons from Brazil*. Journal of Developmental Entrepreneurship, Vol. 18 (1):16 pages. DOI: 10.1142/S1084946713500040.

Willemse, L. 2011. *Opportunities and Constraints Facing Informal Street Traders: Evidence from Four South African Cities*. Available: [www.researchgate.net/publications..PublicPostFileL...](http://www.researchgate.net/publications/PublicPostFileL...) [2014, November 09].

Woodwall, R. J. Booth-Walwick, L & Cross, R. 2012. *Has Empowerment Lost its Power?* Health Education Research. Vol 27(4): 742-745

World Bank. 2008. [www.worldbank.org](http://www.worldbank.org).

World Bank. 2013. *Social Inclusion*. Social Development Brief. World Bank Group. Available: <http://www.worldbank.org/en/topic/socialdevelopment/brief/social-inclusion> [2014, April 9].

World Youth Report. 2003. *Chapter 2: Youth Employment*. Available: <http://www.un.org/esa/socdev/unyin/documents/ch02.pdf> [2014, April 9].

Zwane, T. T. 2009. *The Impact of Regulation on Small Businesses in the Republic of South Africa*. University of Johannesburg. Available: <https://ujdigispace.uj.ac.za/bitstream/handle/10210/3769/Zwane.pdf?sequence=1> [2014, March 15].

## **APPENDICES**

## **Appendix A: Consent Letter**



**University of Cape Town**

**Department of Social Development**

**August 2014**

### **INFORMED CONSENT LETTER**

#### **Introduction**

The aim of this letter is to invite you and acquire your permission to participate in a study. The letter will provide brief information about the study and your contribution, however if there may be any questions feel free to ask the researcher anytime (refer to the last page for contact details). Participation in the study is voluntary, yet before signing the letter, make sure that you have understood the procedures and your position in the study.

#### **Title of the Study**

Exploration of Challenges faced by youth in running own informal hairdressing businesses in Gugulethu, Cape Town.

#### **Goal of the Study**

The goal of the study to explore the challenges that are faced by youth in running their own informal hairdressing businesses in Gugulethu, Cape Town.

#### **Procedures**

You will be requested to participate in a face-to-face interview with the researcher where the researcher will explore the challenges that you face in running your own informal hairdressing salon in Gugulethu. This will assist the researcher to understand your experiences as well as those of others who will participate in this study. The interview will

take place at your hair salon or any place where you feel comfortable. The interview session will be guided by a semi – structured schedule. For accuracy the researcher with your permission will use a digital recorder to record the entire interview session for accuracy and that will take approximately 60 minutes.

### **Risk and Discomfort**

The research is not likely to cause any risk or discomfort to you.

### **Benefits**

By participating in this study, you get a chance to tell your story and this story might at the end be able to influence policy makers to understand the challenges you face and therefore come up with measures to assist in addressing the identified challenges.

### **Rights of the Participants**

Your participation in this research study should be voluntary; you should not be forced by the researcher to participate. Additionally, if at any point during the interview you feel you can no longer participate, it is your right to withdraw.

### **Confidentiality**

Though the researcher will use a digital recorder to record the interview, the recordings will be stored in a secure place and the researcher and supervisor will be the only ones with access to them. To ensure confidentiality and anonymity, the researcher will refrain from using your real identity and clues that may make you identifiable; any information that may reveal your identity will not be used in the report.

I \_\_\_\_\_ understand that this study is undertaken for academic purposes. I also understand what this research study is about and my position in it, therefore I agree to voluntarily participate in this research.

---

Signature of Participant

Date

---

Signature of Researcher (0792248979)

Date

## Appendix B: Interview Schedule



University of Cape Town

Department of Social Development

August 2014

**Title: Exploration of Challenges Faced by Youth in running own Informal Hairdressing Businesses in Gugulethu.**

### Interview Schedule

#### **1. Background**

1.1 What business background does your family have (if any)?

1.2 What job (if any) did you hold before deciding on opening a business?

**Probe:** where, what you did, for how long and why you left?

1.3 What motivated you to start a hair salon?

**Probe:** why not any other type of business?

1.4 What went into your choice of Gugulethu as a location for your business?

#### **2. Start-up Phase**

2.1 Please tell me about the start-up phase of your business

**Probe:** how long did it take to get salon equipped and ready to take first customer?

**Probe:** Sources of support (financial, emotional, in kind)

**Probe:** How did you come up with the name?

#### **3. Youth Experiences and challenges of running an Informal Hairdressing Business in Gugulethu**

3.1 What are the daily experiences that you face as a young person running your own business in Gugulethu?

**Probe:** days and times of operation, daily variations, average number of customers per day.

3.2 What, in your opinion, are the main challenges facing young people who run their own hairdressing businesses in Gugulethu?

**Probe:** access to credit, registration, crime, theft, market (customers, pricing and competition), premises, seasonal changes

3.3 Can you describe any support you have in running your business?

**Probe:** friends, family, mentor and relatives, types of support (emotional, financial and in kind)

3.4 Please tell me about how you have attempted to deal with each of the challenges you identified.

3.5 Which challenges have you not yet dealt with to your satisfaction (future plans on working on the remaining challenges)?

#### **4. Knowledge and Experiences Regarding Initiatives that support Informal Micro Businesses**

4.1 How important do you think it is for young people running businesses to become part of associations e.g. Afro Hairdressing & Beauty Employers Association of South Africa (AHBEASA)?

4.2 Which organizations do you know of that offer support to young people running hairdressing businesses in Gugulethu?

**Probe:** NYDA, KHULA, SEDA and NEF (National Empowerment Fund)

4.3 What is your experience (if any) in accessing these forms of support?

**Probe:** government, non-governmental organizations and the business sector

4.4 What is your view of how support for hairdressing businesses should be improved?

**Probe:** government, non-governmental organizations and the business sector

#### **5. Business-Related Aspirations of Participating Young People**

5.1 What do you hope your business will look like in five years time?

**Probe:** Premises, size of salon, registration, number of employees

5.2 What type of support or resources will you need to achieve your five year objective?

5.3 How do you intend to access these needed support services?

## **6. Termination**

6.1 Is there anything you would like to add?

6.2 How has this interview been for you?

6.3 Many thanks again for participating in the study.

## Appendix C: Participants Demographic Profile



University of Cape Town  
Department of Social Development

August 2014

**Title: Exploration of Challenges Faced by Youth in running own Informal Hairdressing Businesses in Gugulethu.**

### Participants Demographic Profile

The table below requires both personal and professional information that is important for this research. Please would you kindly complete the table with the relevant information?

Age	Years
Gender	Male                  Female
Home language	
Name of community you live in	
Highest level of education achieved	
Marital status	
Number of children (if any)	

The number of years your business has been running	
Do you belong to any business related society? (If yes provide name of the society)	