ETHICAL RESPONSIBILITIES RELATED TO THE REPAYMENT OF BUSINESS LOANS IN RETAIL ENTERPRISES

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ABSTRACT

Orientation: Residents of the City of Tshwane require satisfactory health care services from health professionals working in health facilities. The study has identified three key predictors of satisfactory health services.

Research purpose: The primary purpose of the study was to estimate the percentage of retail operators in the Braamfontein suburb of Johannesburg who pay back business loans to stockvel associations on a regular basis. The secondary purpose of study was to assess the perception of retail operators about the benefits of business ethics principles.

Motivation for the study: Abiding by business ethics principles enables retail business operators to establish long-standing and mutually beneficial working relationships with customers and clientele alike. Commitment to pay back business loans to lenders is a key aspect of demonstrating due appreciation and respect for ethical principles in the retail industry of Braamfontein.

Research design, approach and method: Research was conducted by using a cross-sectional and exploratory research design in which data was collected from 131 retail operators on the repayment of business loans to stockvel associations. Individual 1-hour long interviews were conducted with 12 retail operators as part of the research. Thematic analysis was used for assessing the degree of commitment shown by retail operators towards stockvel associations in terms of loan repayment. Triangulation was used for ascertaining trustworthiness of feedback obtained from the 12 participants of study.

Main findings: About 87% of the 131 retailers who borrowed money from stockvel associations were adequately committed to loan repayment conditions on a regular basis, whereas the remaining 13% of retailers were not. The degree of commitment to loan repayment conditions was influenced significantly by the ability of retail operators to make profit, the networking ability of retail operators, and the duration of business operation.

Practical implications: Stokvel associations are used by about 32% of retail operators in Braamfontein for raising business loans. Although stokvel associations lack capacity for providing business loans to all businesses, they play a valuable role in meeting the demand for business loans in the retail industry of Braamfontein.

Contribution to knowledge: The study has shown that Stokvel associations are a highly valuable source of business loans in the retail industry of Braamfontein, and that they deserve to be supported so that they can extend their services to at least half of all retail businesses in the retail industry of Braamfontein.

Keywords: Braamfontein, Retail industry, Stokvel associations, Loan repayment, Business ethics, Thematic analysis
I. INTRODUCTION AND BACKGROUND TO STUDY

Braamfontein is a suburb of Johannesburg in South Africa which is home to vibrant retail activities in all economic sectors. Naame, Patel and Plagerson (2021) have shown that retail operators often struggle to raise business loans that are needed for starting up new ventures and for expanding existing operations. The study was conducted by collecting data from 131 retail businesses that borrowed money from South African stokvel associations for starting new retail ventures and for expanding existing retail businesses. Abiding by business ethics principles enables retail business operators to establish long-standing and mutually beneficial working relationship with customers and clientele alike (Cheung & To, 2020). Commitment to pay back business loans to lenders is one aspect of demonstrating respect for ethical principles in the retail industry of Braamfontein, which is a suburb of Johannesburg in South Africa. Adequate adherence to business ethics principles enables emerging retail operators to be seen as reliable, highly responsible and trustworthy entrepreneurs (Tamosiuniene, Demianchuk & Koval, 2019). Dankiewicz (2020) has shown that the success of the retail industry in Poland often depends upon the extent to which retail operators adhere to basic ethical and corporate social responsibility principles. The aim of research was to estimate the percentage of retail businesses in the Braamfontein suburb of Johannesburg that adhere to loan repayment conditions in the retail sector of the local economy.

II. LITERATURE REVIEW

Verhoef (2020) has shown that South African stokvel associations are highly valuable for promoting economic empowerment and poverty alleviation in all regions of South Africa. Stokvel associations are commonly used for raising money that is required for starting up a new retail business venture and for expanding existing retail activities. Lappeman, Litkie, Bramdaw and Quibell (2020) have shown that retail activities are commonly funded and expanded by using money raised from Stokvel associations based on mutual trust and commitment to pay back loan money on a regular basis. Chitimira and Ncube (2020) have shown that stokvel associations fill the gap left out by commercial banks and microfinance institutions in the retail sector. Hutchison (2020) has shown that stokvel associations play a critical role in making business loans available to South Africans who cannot produce collateral and fixed assets to commercial banks and microfinance institutions. Tengeh and Nkem (2017) have shown that stokvel associations need to be supported by the South African Government so that they can be of assistance to emerging and poorly resourced entrepreneurs in all regions of South Africa. Iwara and Netshandama (2021) have shown that stokvel associations are highly valuable for alleviating abject poverty and unemployment in rural regions of South Africa and that they deserve to be supported and promoted actively.

Mabika and Tengeh (2021) have argued that stokvel associations deserve to be supported because they fill the gap left open by commercial banks and microfinance institutions. The key cause of failure among traditional money-lenders is the demand for collateral and fixed assets by commercial banks and microfinance institutions. Matlou, Bahta, Owusu-Sekyere and Jordaan (2021) have shown that money raised from stokvel associations is a key source of growth and expansion in the South African agricultural sector. The authors have shown the need for building capacity in stokvel associations. Hutchison and Allen (2021) have proposed a framework for building capacity in traditional stokvel associations in South Africa. The framework is suitable for alleviating problems emanating from the demand for fixed assets and collateral in commercial banks and microfinance institutions. The authors have shown the benefits of introducing business ethics principles into stokvel associations. Mthethwa and Wale (2021) have shown that the commitment to pay back business loans promptly is a key requirement for the continued survival of stokvel associations. The authors have shown the relationship between stokvel associations and business ethics principles. Wale and Chipfupa (2021) have found that stokvel associations are used by retail operators in all parts of South Africa for raising business loans. Although stokvel associations lack capacity for providing business loans to all businesses, they play a valuable role in meeting the demand for business loans in the retail industry. Sesele, Marais, Van Rooyen and Cloete (2021) have shown that stokvel associations are a highly valuable source of business loans in the retail industry of Braamfontein, and that they deserve to be supported so that they can extend their services to at least half of all retail businesses in the retail industry of Braamfontein.

III. OBJECTIVE OF STUDY

The primary purpose of the study was to estimate the percentage of retail operators in the Braamfontein suburb of Johannesburg who pay back business loans to stokvel associations on a regular basis. The secondary purpose of study was to assess the perception of retail operators about the benefits of business ethics principles.
Methods and materials of study

The research was conducted by using a cross-sectional and exploratory research design in which data was collected from 131 retail operators on the repayment of business loans to stokvel associations. Individual 1-hour long interviews were conducted with 12 retail operators as part of the research. Thematic analysis (Braun and Clarke, 2020) was used for assessing the degree of commitment shown by retail operators towards stokvel associations in terms of loan repayment. Triangulation was used for ascertaining trustworthiness of feedback obtained from the 12 participants of study. Individual 1-hour-long in-depth interviews were conducted with 12 retail operators working in the Braamfontein suburb of Johannesburg by using a tape recorder. These tape-recorded interviews were later transcribed, coded and tallied in order to perform thematic analysis. After interviewing respondent number 8, a state of saturation was achieved (Hennink, Kaiser & Weber, 2019). This was confirmed by taking a note of the repeatedly similar responses provided to questions by the last 4 respondents of study. That is, responses obtained from the last 4 respondents were fairly similar to those obtained from the first 8 respondents of study and did not add any new information to the data.

Triangulation was used for establishing trustworthiness and reliability in responses obtained from respondents. Triangulation was done by using sources obtained from three sources. These three sources were the data collected from respondents, facts obtained by conducting a critical, focused and in-depth review of the relevant literature, and subject-matter opinion obtained from experts and highly knowledgeable researchers in the field of study (Aljerf, 2018).

One-hour-long individual interviews were conducted with each one of the 12 respondents who were selected for qualitative data analysis. These 12 respondents were deeply grounded, very well informed and highly knowledgeable on the task of raising business loans from stokvel associations, commercial banks and microfinance institutions for new business ventures and for financing the expansion of existing retail operations. Every one of the 12 respondents had worked in the retail industry of Braamfontein for at least 15 years. Three of the 12 respondents had worked as retailers for 15 to 17 years at the time of the study. Six of them had worked for 18 to 21 years. Three of them had worked for 26 to 29 years.

The following 6 steps were used for conducting thematic analysis in the study:

1. Each one of the 12 respondents who were chosen for qualitative data analyses were highly familiar with factors that affect the ability of retailers to raise business loans for new ventures and for expanding existing retail operations.
2. Coding was done by using deductive coding principles of competence in conducting retail business profitably. The possession of adequate skills in operating retail business was verified by asking for proof of profitability and payment of tax money to the South African Receiver of Revenue (SARS). Deductive codes related to the possession of entrepreneurial skills in retail business were defined before data collection was conducted from participants of the study.
3. Two themes were generated for the study. Both themes were a result of codes that were created as part of the study. That is, codes were turned into themes. The interviews conducted with the 12 respondents of study were transcribed, coded, tallied and categorised manually. Two themes were created for performing thematic analysis out of the codes generated from in-depth interviews.
4. Theme 1 was defined as the ability to conduct retail business profitably as a means of meeting loan repayment obligations to stokvel associations. Theme 2 was the ability to network effectively with larger and well-resourced retail operators as a means of finding new customers and clientele.
5. Triangulation (Aljerf, 2018) was used for ensuring the trustworthiness and reliability of responses obtained from the 12 interviewees who took part in thematic analysis. The relevance, validity and reliability of the 2 themes of study was conducted by conducting a pilot study at Braamfontein before data collection was conducted. The pilot study was conducted by collecting data from a random sample of size 5 retail operators.
6. The write-up of key findings obtained from individual in-depth interviews was done based on a summary of themes number 1 and 2. As part of Theme number 1, socioeconomic factors that affect the ability of retail operators to make profit were identified and clearly articulated. As part of Theme number 2, factors that affect
the ability of retail operators to network effectively with well established and adequately resourced retailers were identified and clearly articulated.

IV. RESULTS OBTAINED FROM THEMATIC ANALYSES

The interviews conducted with the 12 respondents of study were transcribed, coded, tallied and categorised manually. Two themes were created for performing thematic analysis out of the codes generated from in-depth interviews. Theme 1 was the need to be able to make profit as a means of meeting loan repayment duties to stokvel associations. Theme 2 was the need for networking skills as a means of finding new customers and clientele. Triangulation (Aljerf, 2018) was used for ensuring the trustworthiness and reliability of responses obtained from the 12 interviewees who took part in thematic analysis.

Braun and Clarke (2020) recommend the use of thematic analysis for performing data analysis in cases where there are clearly identified or distinct themes. In this study, 2 distinct themes were clearly identified by conducting analyses of the responses obtained from the 12 respondents. The 12 respondents who participated in the study identified profit making and networking skills as key requirements for meeting loan repayment duties to stokvel associations repeatedly and consistently. Thus, Theme 1 was defined as profitmaking skills, whereas Theme 2 was defined as networking skills. Nine of the 12 retailers indicated that failure to make profit often leads to the loss of working capital and savings. Five of the 12 retailers indicated that failure to network with larger and adequately resourced retailers often results in the loss of customers and market share. Three retailers indicated that large and well-established retailers often collude with a view to avoid competition from young and upcoming retailers. Six retailers indicated that small retailers lose market share due to intense competition from well-established retailers.

Ten of the 12 retailers indicated that they had tried raising business loans from commercial banks. All 12 retailers indicated that they had tried raising business loans from microfinance institutions. All 12 retailers indicated that they have managed to secure business loans from stokvel associations. Out of the 10 retailers who tried raising business loans from commercial banks, loans were only granted to only 3 of them. Loans were not granted to the remaining 7 applicants although their loan applications were approved in principle by loan officers who worked in the commercial banks. Two of the 7 applicants who were not granted business loans by commercial banks indicated that they were denied loans due to failure to produce fixed assets and collateral as loan guarantee. One of the 7 applicants was denied a business loan due to failure to produce a detailed business plan. Two of the 7 applicants were denied business loans due to their failure to produce proof of history of prompt payment of loan installments. One of the 7 applicants was denied a business loan due to poor bookkeeping skills.

Four of the 12 retailers indicated that microfinance agencies impose stiff loan repayment conditions and relatively higher interest rates in comparison with commercial banks. All 12 retailers indicated that they would continue to depend on stokvel associations for raising business loans although stokvel associations lack the capacity for extending business loans to all members of the associations. Three of the 12 retailers argued that the South African Government should consider providing money to stokvel associations so that they can serve all loan applicants.

All 12 respondents indicated that they were making their monthly loan repayments with enough commitment. One of them indicated that the repayment of monthly installments to stokvel associations was a reflection of solidarity towards fellow members. All 12 respondents indicated that the waiting time for collecting lump sums was quite lengthy. Fellow members of stokvel associations trusted each other completely with regards to commitment towards making monthly payments towards their business loans. Fellow members viewed each other as financial guarantors mutually. As such, no collateral or fixed assets were required for extending business loans. New applicants are required to be recommended for membership by at least one existing member of a stokvel association. Members of stokvel associations were very highly responsible towards meeting their duties and obligations towards their fellow members, and regarded their duties as their overriding top priority.

Triangulation was used for ensuring the relevance, reliability and trustworthiness of findings obtained from the 2 themes of study. Triangulation is done by using 3 credible sources that are commonly used in qualitative studies. Source number 1 was the data collected from respondents who took part in the study. Source number 2 was a review of the literature on the need for skills development and skills transfer in the South African power industry. Source number 3 was subject-matter opinion obtained from experts and highly knowledgeable researchers in the field of study (Aljerf, 2018). According to Leckner and Severson (2019) and Sundler, Lindberg, Nilsson and Palmer (2019), triangulation is essential for establishing trustworthiness in thematic analysis in which analysis is based on
descriptive phenomenology. According to the authors, the use of triangulation as part of thematic analysis enables the researcher to establish a view that is held by respondents based on their practical knowledge, understanding, experience and unique perspective.

Castleberry and Nolen (2018) have pointed out that thematic analysis may not pick up subtle nuances and uncertainty in the data used for analysis. The authors have argued that thematic analysis is subjective in nature and that results obtained from thematic analysis often depend on judgement made by the researcher. According to the authors, judgements made by researchers should be objective and based on empirical evidence. Forrester and Sullivan (2018) suggest that assessments made by respondents as part of thematic analysis should be interpreted, assessed and evaluated critically. In this study, a latent approach (Forrester and Sullivan, 2018) was used for interpreting, assessing and evaluating responses obtained from the 12 participants of study chosen for individual in-depth interviews. As the study was based on a latent approach, emphasis was placed on what statements obtained from respondents reveal about socioeconomic factors that affect the ability of retail operators to make profit and network effectively. As has been recommended by Braun and Clarke (2020), triangulation has been used for ensuring the validity and reliability and trustworthiness of findings obtained from thematic analyses.

Under Theme number 1 (factors that affect the ability of retail operators to make profit), the following 11 factors were identified based on the individual in-depth interviews conducted with the 12 respondents who took part in thematic analysis.

**Table 1: Factors that affect the ability of retail operators to make profit**

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<tbody>
<tr>
<td>1</td>
<td>Ability to open up business earlier than others</td>
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<td>2</td>
<td>Ability to stay open for business late</td>
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<tr>
<td>3</td>
<td>Knowledge of products that are in demand</td>
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<tr>
<td>4</td>
<td>Availability of enough products that are in demand</td>
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<tr>
<td>5</td>
<td>Bookkeeping and auditing skills</td>
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<tr>
<td>6</td>
<td>Inventory skills</td>
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<tr>
<td>7</td>
<td>Ability to find out comparative prices of rivals</td>
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<tr>
<td>8</td>
<td>Ability to use appropriate promotional methods</td>
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<td>9</td>
<td>Ability to order products that are in demand in advance</td>
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<tr>
<td>10</td>
<td>Ability to provide a wide variety of products to customers</td>
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<td>11</td>
<td>Ability to treat customers with respect</td>
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Under Theme number 2 (factors that affect the ability of retail operators to network effectively), the following 7 factors were identified based on the individual in-depth interviews conducted with the 12 respondents who took part in thematic analysis.

**Table 2: Factors that affect the ability of retail operators to network effectively**

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<table>
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<tbody>
<tr>
<td>1</td>
<td>Communication skills</td>
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<tr>
<td>2</td>
<td>Use of social media</td>
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<tr>
<td>3</td>
<td>Ability to make new contacts</td>
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<tr>
<td>4</td>
<td>Ability to befriend new business rivals</td>
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<tr>
<td>5</td>
<td>Ability to identify new business opportunities</td>
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<td>6</td>
<td>Presentation skills</td>
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<td>7</td>
<td>Report-writing skills</td>
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**Key findings from thematic analysis**

The 12 individual in-depth interviews showed that the ability of retail operators in Braamfontein was significantly influenced by the ability to make profit and to network effectively with well-established retail businesses. The results showed that the ability of retail operators to make profit was influenced significantly by the ability to open up business earlier than others, the ability to stay open for business late, knowledge of products that are in demand, the availability of enough products that are in demand, bookkeeping and auditing skills, inventory skills, the ability to find out comparative prices of rivals, the ability to use appropriate promotional methods, the ability to order products that are in demand in advance, the ability to provide a wide variety of products to customers, and the
ability to treat customers with respect. The ability to network effectively with well-established retail businesses was significantly influenced by communication skills, use of social media, ability to make new contacts, the ability to befriend new business rivals, the ability to identify new business opportunities, presentation skills and report-writings kills. Both themes of study have been adequately addressed. Results obtained from thematic analysis are in agreement with those obtained from quantitative analyses. All codes and categories are properly defined and justified. These codes and categories have been used for the generation of the two themes of study. Triangulation has been used for ensuring the trustworthiness, validity and reliability of key research findings obtained from thematic analysis.

LIST OF REFERENCES