

Communication as a stakeholder relationship-building factor in
contributing to the success of small businesses in townships

By

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Declaration

I, Avela Ntsongelwa, hereby declare that this dissertation, which is submitted for the degree MA (Communication Science) at the University of the Free State, is my own independent work. I further declare that this dissertation has not been previously submitted to any other institution of higher education for the purpose of obtaining a degree. I am also aware that the copyright is vested in the University of the Free State.

Signature

A handwritten signature in black ink, appearing to be 'Avela Ntsongelwa', written on a light gray rectangular background.

Avela Ntsongelwa

November 2023

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Dear friends and family, thank you for your love and unwavering support whilst I complete my thesis. There were times when I did not believe I would get to a point where I submit this document. I have no words to express my gratitude to you all.

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Abstract

The townships in Gqeberha are characterised by crime, poverty, and unemployment. Small businesses can address these challenges by providing employment opportunities, which in turn can help alleviate poverty and crime. Despite these challenges, there are small business owners and/or managers who see opportunities for their businesses in the township, as well as the importance of stakeholder relationships for businesses.

The purpose of this study was to explore owners' and/or managers' views on the importance of effective communication and the role it plays in building positive stakeholder relationships, which in turn contribute to successful small businesses. The research questions focused on who small business owners and/or managers regard as their stakeholders, how small business owners and/or managers view communication with their stakeholders, what they regard as positive stakeholder relationships, and their experiences of running a small business. Data were collected through interviews and qualitatively analysed. The results showed that engaging with stakeholders contributes to forming positive stakeholder relationships, which help the organisation achieve its end goals.

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CHAPTER 1

Orientation and background

1.1 INTRODUCTION

In 2001, Gqeberha, formally known as Port Elizabeth, became a part of the Nelson Mandela Metropolitan Municipality, which includes the towns of Uitenhage, Despatch, and Colchester (Nelson Mandela Bay Tourism, n.d.). Gqeberha is a coastal city located on the shores of the Indian Ocean in the province of the Eastern Cape. It is said that the city was first developed in 1820 by British Settlers. From the onset, segregation was evident, with whites occupying land close to economic hubs and recreational areas (beaches, the central business district, and the harbour). With its booming economy, Gqeberha started seeing more black people descend on the city. This resulted in the formation of townships on the outskirts of the city (South African History Online, 2011).

Between 1962 and 1975, formal apartheid laws such as the Group Areas Act forced the relocation of all blacks to the outskirts of the city. This gave birth to well-known townships in the Eastern Cape, such as New Brighton, Kwazakhele, Zwide, and Walmer Township (Nelson Mandela Bay Tourism, n.d.) and more recently Kwadwesi, Kwamagxaki, and New Kwadwesi. A 2011 Census population count recorded a population of 84 669 for Kwazakhele, 39 541 for Zwide, 879 for Walmer township, 20 116 for Kwadwesi, 7445 for Kwamagxaki, and 5594 for New Kwadwesi (Census, 2011). In 2018 the population of Nelson Mandela Bay stood at 1.26 million people, growing at an average of 1.47 percent per annum from 2008 (Nelson Mandela Metro, 2018).

Based on a report published in 2020 by the Department of Cooperative Governance and Traditional Affairs, the Nelson Mandela Metropolitan Municipality region saw an increase in crimes, such as robberies and murder, between 2000 and 2005. The unemployment rate was recorded at 36,8 percent

in 2018. On a more positive note, the Municipality contributed 2,63 percent to the national GDP of the country (Profile: Nelson Mandela Bay Metro 2, 2020).

Looking at South Africa, it is currently characterised by high rates of unemployment, which are on the rise. In 2018 alone, the unemployment rate rose from 26,7 percent in the first quarter to 27,2 percent in the second quarter. It cannot be denied that there is a direct relationship between unemployment and poverty (Saunders, 2002:3). According to Jansen, Moses, Mujuta and Yu (2014:151), "Poverty is associated with inadequate income to purchase essential items for survival". Economic growth, income per capita, and increased employment rates are variables that contribute towards reducing poverty (Barros and Gupta, 2017:29; Khumalo, 2013:5648). Thus, a key element to reduce poverty in the country is to lower the unemployment rate.

1.1.1 A general overview of small businesses

Small businesses in countries around the world have been drivers of economic growth through the creation of employment opportunities (thus reducing poverty) (Bird, Sapp and Lee, 2001:507; Mboyane and Ladzani, 2011:550; Strydom, 2017:685; Westrenius and Barnes, 2015:481-482). A definition of a small business may differ from one country to the other. The guiding definition for this study is offered by Byrd and Megginson (2009:9), who define a small business as "any business within the category recognised under the following criteria: it is not the overpowering business in its sector, has a limited size of employment and a limited amount of revenue and is privately owned and operated". Thus, a small business is operated on a small scale, with marginal profits, and little influence on the markets in which it operates. Although the small business sector is relatively small, the South African government recognises the huge impact it could have on job creation and poverty alleviation, in particular (Brink and Cant, 2003:18-19).

Over the years the South African government has formed organisations such as the Small Business Development Agency (SEDA), the Development Bank of Southern Africa (DBSA), and, in 2014, the Department of Small Business.

These agencies reinforce the government's intentions and focus on supporting small business owners in growing their businesses (National Development Plan, 2012). However, when focusing on small businesses in South African townships, it is a fact that most of these businesses do not survive (Hartnack and Liedeman, 2017). There is a general assumption that the challenges faced by these businesses are the same challenges facing the wider township community (Writer, 2018), which include high levels of poverty, high crime rates, and low skills and education levels. With that said, there are small businesses in townships that are successful and have been operating successfully for many years. Their success is attributed to both financial and non-financial factors (Ntema, 2016:44-56). This study will focus on communication as a non-financial factor contributing to positive stakeholder relationships, which lead to the success of small businesses.

1.1.2 Successful small business

There is a lack of consensus among scholars on what constitutes a successful business. Scholars from different disciplines or backgrounds use indicators such as profitability, growth of employment, return on investment, and human impact on the business (Döckel and Ligthelm, 2005:54-55). Irene (2017:4) highlights non-financial factors that contribute to a business's success as "customer satisfaction, retention, the entrepreneur's satisfaction, reputation and goodwill of the business, employee satisfaction and [a] good working environment or [stakeholder] relations".

For this study, a small business is considered as successful when:

- (a) it has been operating for at least two years,
- (b) the owner or manager regards the business he/she operates as successful,
- (c) the owner or manager perceives his/her stakeholder relationships as good,
- (d) there has been an annual growth in the number of customers,
- (e) employee turnover is relatively low,
- (f) the owner or manager considers the amount of profit generated by the business as sufficient, and

(f) he/she views communication as a key factor in building and maintaining relationships with their stakeholders.

The relationships that owners or managers have with their stakeholders make each business unique. This is due to various factors, such as the length of the relationships and the levels of trust they have with their stakeholders. These factors affect how the business is run (Westrenius and Barnes, 2015:481). For instance, family businesses have been the focus of research for many scholars. The nature of family businesses is that they are built on relationships, passed down from generation to generation, and thus have better relationships with their stakeholders if compared to other types of businesses (Çini, Güleş and Aricioğlu, 2018:1491-1492). Kloppers and the Smollen Group SA are successful South African family businesses that have been in existence for years and have sustained long-term relationships with their stakeholders (Eboru, 2014:24).

1.2 PROBLEM STATEMENT

This study will focus on small businesses in Gqeberha townships. During the apartheid era, townships in South Africa were regarded as racially segregated spaces that were meant for blacks, Coloureds, and Indians. South African townships are characterised by overpopulation, poverty, high unemployment, and economic diversity (Training for Township Renewal Initiative, 2007). Much research has been done on large organisations and how they communicate and build relationships with their stakeholders. However, there is minimal research in this field that focuses on small businesses in the townships of Gqeberha. The main contribution of this study is the focus on the importance of communication as a stakeholder relationship-building factor in contributing to the success of small businesses in Gqeberha townships.

This study aims to investigate owners' or managers' perceptions and experiences of the role of communication in building positive relationships with their stakeholders, which contributes towards a successful business. This study further aims to contribute knowledge regarding the importance of

communication and building strong relationships with stakeholders. This, in turn, could help business owners or managers to operate their small businesses in the township more successfully.

1.3 RESEARCH GOAL AND OBJECTIVES

The overall goal of the study is to explore owners' or managers' views on the importance of effective communication and the role it plays in building positive stakeholder relationships, which in turn contribute to successful small businesses.

The following research questions articulate the goal of the study:

- Research Question 1: Who do the owners and/or managers regard as their key stakeholders and how do they contribute to the success of their small businesses?
- Research Question 2: How do small business owners and/or managers view communication with their stakeholders?
- Research Question 3: What do managers and/or owners regard as positive stakeholder relationships?
- Research Question 4: What are the unique experiences of owning a small business in a township?

1.4 INDIVIDUAL THEORIES

1.4.1 Communication

One of the theories that will guide this study is the two-way symmetrical model of communication. Ayman, Kaya and Kuruc (2020:5) define symmetrical communication as “a level of equality of communication where each party is willing to change their behaviours to accommodate the needs of the other”. This means that in an organisation, the aim would be to create dialogue between the managers of an organisation and its stakeholders. Communication between these parties is intended to keep everybody involved and informed of an organisation’s decisions. Because of the relationship that has been developed

over time, each party is willing to sacrifice and alter its behaviour for the benefit of the relationship and, in turn, the organisation (Roper, 2005:69).

Grunig's two-way symmetrical communication model (Grunig, 2001) emphasises dialogue between the organisation and its stakeholders to create relationships that benefit both parties (Roper, 2005:69). In this study, it has been stated that organisations are open social systems. Therefore, stakeholders can be seen as elements in the system. By virtue of being associated with the organisation, there is an interdependence between the organisation and its stakeholders. It is only through two-way symmetrical communication that positive relationships can be formed, which enable the system to work efficiently (Ingram, 2021).

Communication is a tool that can assist an organisation in how it does business and it can assist in implementing changes that benefit the stakeholders and the organisation (Zerfass, Van Ruler and Sriramesh, 2008:332). Effective communication between the two parties reduces uncertainty and contributes towards trust and commitment, which in turn preserves the relationship (Hung and Lin, 2013:1223). Communication is central in maintaining and building long-lasting relationships between a business and its stakeholders (Hung and Lin, 2013:1223; Mbango, 2017:3).

This study regards the two-way symmetrical model of communication as the most appropriate communication theory. This is because the theory highlights the importance of communication in building and maintaining business relationships. This is also applicable to small businesses in the townships.

Scholars in relationship marketing have over the years focused on building relationships with customers. This study takes it further by focusing on all stakeholder relationships, and not only on customer relationships. The most common factors in building positive stakeholder relationships include effective, symmetrical communication, trust, and commitment (Kar and Nanda, 2011:7-10; Men, 2014:256-263).

1.4.2 Stakeholder Theory

The second theory guiding this study is Edward Freeman's stakeholder theory. This theory emphasises that the firm is a social system made up of relationships with stakeholders, who include employees, shareholders, customers, the community, suppliers, and competitors. The theory further argues that an organisation should not only look at satisfying the interests of shareholders, but rather all its stakeholders (Freeman, 2018). As a strategic management theory, it has been used by many businesses to improve the nature of their relationships and create greater value for everybody involved (Cini, Güleş and Aricioğlu, 2018:1493). This contrasts with the shareholder theory where the focus is only on creating more profits for shareholders (Friedman, 1970: 51-53).

Freeman (1984:46) defines a stakeholder as "any group or individual who can affect or is affected by the achievement of an organisation's objectives". This is the most popular definition of a stakeholder. It covers a wide scope of stakeholders, who can be found within an organisation or outside of an organisation. This definition highlights the interconnected relationship between the organisation and its stakeholders. If an organisation is successful, it creates greater value for its stakeholders and these stakeholders can influence the daily operations of the organisation.

Mutually beneficial relationships with stakeholders are regarded as important as these relationships create value for both the organisation and its stakeholders; thus, resulting in long-lasting relationships (Mbango, 2017:3). In the context of a business, the parties involved in a mutually beneficial relationship depend on each other; if one party loses, the other is affected and vice versa (Kiyak, Medvedeva and Pranckevičiūtė, 2015:76). It can thus be said that if an organisation's focus is on building mutually beneficial and long-lasting relationships with its stakeholders, these relationships can contribute towards reaching the organisation's goals and objectives.

These two theories are ideal for this study, as they both argue for the value of stakeholder relationships. The symmetrical theory views people in an

organisation as crucial elements in organisational success. It highlights the value of creating positive relationships with stakeholders by communicating in a balanced manner (dialogue), which builds and sustains relationships (The Arthur W. Page Center Public Relations Ethics, 2023). The stakeholder theory takes this view further by highlighting the value of positive stakeholder relationships on organisational success.

It has been emphasised in this study that many small businesses do not survive. There are many factors that contribute to their failure. However, these theories argue for the use of positive stakeholder relationships to help sustain small businesses in the township. This is ideal for this study, as small businesses owners and/or managers frequently engage with these groups. Having a stakeholder approach when managing these relationships could help small businesses reach their goals and objectives.

1.5 RESEARCH METHODOLOGY

The purpose of this study is to explore small business owners' or managers' perceptions of the importance of effective communication in building positive stakeholder relationships, which contribute to the success of their small businesses in Gqeberha townships. To examine this, the researcher conducted the study in four phases. During the first phase, the researcher reviewed relevant literature to define and delineate the key concepts applicable to this study, to provide a sound theoretical basis for the topic. In phase two, the researcher collected data through interviews with selected participants; while in phase three, the researcher answered the primary research question by analysing the data. In the last phase, the researcher concluded the study by making recommendations for future study and to assist small business owners or managers in townships to learn from success stories.

This study will be approached qualitatively. According to Bless, Higson, Smith and Sithole (2016:16), qualitative research “attempts to understand phenomena in their natural context, rather than the more controlled environment favoured in [the] quantitative approach”.

To ensure that a qualitative study is credible, researchers such as Guba proposed using criteria such as credibility, transferability, dependability, and confirmability (Shenton, 2004:64). The researcher will ensure the credibility of the findings in two ways. Firstly, the researcher will employ the technique of peer debriefing. This will be done by soliciting advice from colleagues at the Department of Communication Science at the University of the Free State, who are knowledgeable on the subject content. Secondly, a thick description of each step of the research will be provided by the researcher (Creswell and Miller, 2000:126-127). The sections that follow briefly describe the sampling, data collection, and data analysis of the study.

1.5.1 Sampling

This study sets out to understand and therefore not much emphasis is put on the sample size. This, however, means that if the sample is small the results of the study cannot be generalised (Wimmer and Dominick, 2011:48).

A sample is considered as a small group of people who have characteristics that represent the larger population (Wimmer and Dominick, 2011:87). As a sampling method, non-probability sampling requires the researcher to select participants based on predetermined characteristics that are relevant for the study at hand. This is because some studies may be sensitive and others may have a large population; therefore, non-probability sampling may be considered as the most appropriate method for those studies (Du Plooy-Cilliers et al., 2014:136-137). In qualitative research studies the non-probability sampling method is often used because the aim is not to generalise the findings to a wider group.

This study used non-probability sampling because there were many small businesses in Gqeberha townships; therefore, it would have been impossible for the researcher to locate all the small business owners. Using this method was advantageous for this study as it saved the researcher time and costs (Wimmer and Dominick, 2014:90).

Five important characteristics determined the sample. The criteria were as follows:

- each participant had to manage or own a successful small business in a Gqeberha township;
- the business had to be older than two years;
- the manager or owner had to consider the business he/she operates as successful;
- the manager or owner should have a relatively low employee turnover rate;
- the business should show a year-by-year growth in the number of customers; and
- the owner or manager should consider the profit generated by the business as sufficient.

This method of selection is referred to as purposive sampling. This technique identifies participants who are knowledgeable or experienced in the field under study and who are available to participate in the study. The other determining factor for this technique is the participant's ability to engage with the researcher in a coherent manner (Palinkas et al., 2013). Based on the sampling method, the researcher selected participants who were knowledgeable on the topic under study, were based in Gqeberha, and were fluent or conversational in isiXhosa or English, and could provide detailed accounts of their experiences.

1.5.2 Data collection

This study will describe the experiences of successful small business owners in the townships. It will also detail the participants' interpretations of their experiences in running their successful businesses. The aim of qualitative research and, in turn, this study is to gain an in-depth understanding of the participants' experiences. Therefore, this study needs to provide a detailed account of the participants' experiences (Du Plooy-Cilliers et al., 2014:174).

In-depth interviews were used to collect the data from the participants. This data collection method allowed the researcher to ask open-ended questions, which helped to address the primary research objective (Interview Schedule Appendix A). This method also allowed the researcher and the participants to clarify questions and answers. All participants were asked the same set of open-ended questions. These sets of questions allowed the participants to fully explain and elaborate on their experiences, thoughts, and opinions (Du Plooy-Cilliers et al., 2014:187-188).

To gain an in-depth understanding of the participants' experiences, the researcher interviewed the participants until data saturation was reached and interviewed a few more participants after saturation to ensure that the research did not conclude too early. Data saturation is the point of collecting or analysing data until no new knowledge can be generated from the participants (Saunders, Sim, Kingstone, Baker, Waterfield, Bartlam, Burroughs and Jink, 2017).

1.5.3 Data analysis

Interviews with the participants were recorded on a voice recorder. The interviews were conducted in English. The researcher, who is fluent in isiXhosa, could converse in the language with some of the participants who felt more comfortable in their native language. During the interview, there was no interpreter present, as the researcher is fluent in isiXhosa and English.

The data was analysed using Atlas.Ti data analysis software. The software assisted the researcher by looking for words that were frequently used by the participants and identifying relationships between these concepts. The software helped the researcher in organising and working with the data collected from the participants. It is important to note that it is the researcher who makes sense of the data and not the programme (Bergin, 2011:6-11).

In analysing the data, the researcher went through five steps which were proposed by Smith 1995. In step one, the researcher looked for the themes in the data. This was done by reading through the transcripts multiple times and

using Atlas.ti software as a tool in organising and working with the data. While analysing the data the researcher started thinking about how to structure the argument around the participants' responses and this was done in the second step of the process.

Step three of the process required the researcher to analyse the transcripts one by one. The researcher started off by creating a list of themes from the first interview. Moving onto the next transcript the researcher went through the same process followed in the first transcript until all the transcripts had been analysed.

Writing up is the fourth step of the analysis process. This is where the researcher presented the themes in the study by highlighting the essential aspects of the participants' responses. The fifth and final step of the process is the reflection stage where the researcher reflected on whether she had conducted the interviews in an ethical manner and whether researcher bias affected the study (Smith, 1995:19-26).

1.6 DEFINITIONS OF KEY TERMS

Key terms that are relevant for this study are defined in Table 1.1 below.

Table 1.1: Definitions of key terms

Key terms	Definition
Stakeholder	According to Freeman (1984:46), stakeholders are "any group or individual who can affect or is affected by the achievement of an organisation's objectives".
Two-way communication	Ayman, Kaya and Kuruc (2020:5) define two-way symmetrical communication as "a level of equality of communication where each party is willing to change their behaviours to accommodate the needs of the other".
Small business	Byrd and Megginson (2009:9) define a small business as "any business within the category recognised under the following criteria: it is not the overpowering business in its sector, has a limited size of employment and a limited amount of revenue and is privately owned and operated".
Townships	Townships in South Africa are regarded as racially segregated spaces that were meant for blacks, coloureds, and Indians. South African townships are characterised by overpopulation, poverty, high unemployment, and economic diversity (Training for Township Renewal Initiative, 2007).
Poverty	Khumalo (2013:5644) states that "people are considered poor when they are unable to satisfy their basic needs for food, clothing, shelter and health".

1.7 ASSUMPTIONS AND DELIMITATIONS

This section sets out the assumptions and delimitations of the study.

1.7.1 Assumptions

In this study it is assumed that small business owners or managers use the basic principles of effective two-way symmetrical communication even though they are not familiar with the theory:

- Their (small businesses) stakeholder profile may be smaller than a big corporate organisation, but they will have more stakeholder groups than the average corporate organisation, for example, a family, the neighbourhood in which the business is physically located, and the Neighbourhood Watch;
- These small businesses cannot afford and therefore do not rely on any formal communication or traditional marketing; and
- These businesses rely heavily on relationships formed over a length of time. This factor makes this study valuable.

1.7.2 Delimitations

This study only includes small businesses in the townships of Gqeberha. Therefore, large organisations such as Shoprite, Clicks, Mr Price, KFC and McDonalds are not included in this study, even though they have a footprint in the townships of Gqeberha.

These small businesses should not have any formal traditional marketing, nor employ any persons to manage stakeholder relationships. Moreover, this study will only be conducted on businesses that are older than two years and that are located in the townships of Gqeberha.

1.8 ETHICAL CONSIDERATIONS

The researcher sought ethical clearance from the General Humanities Research Ethics Committee of The University of the Free State (UFS) (Ethics Clearance Number UFS-HSD 2020/0085/0604). The participants were informed that participation in this study was voluntary and that they could withdraw their involvement at any time. All volunteers who participated in the study were required to sign the informed consent form (see Appendix B), which gave the researcher permission to conduct the study and to record the interviews.

The researcher did not mention the participants' names and gave a general description of the businesses and the participants. All research evidence, including participants' consent forms and interview transcripts, are kept confidential and locked. Electronic data is stored on a password-protected computer.

1.9 ACADEMIC VALUE AND CONTRIBUTION OF THE STUDY

The study will contribute towards a better understanding of the importance of effective communication as a stakeholder relationship-building factor in contributing to the success of small businesses in Gqeberha townships.

The insight gained can be used to make recommendations on how small business managers or owners in townships can manage and communicate more effectively with their stakeholders and so contribute towards the success of their small businesses. Helping small businesses in townships around South Africa become more successful can help to increase employment and so contribute to alleviating poverty in the townships.

1.10 DEMARCATION OF CHAPTERS

Table 1.2: Demarcation of chapters

Chapter	Content
CHAPTER 2: Review of Literature	Chapter 2 explores relevant literature in the field of stakeholders relationships, communication, and townships in South Africa. This is to gain an understanding as to the debates on the topic under discussion.

Chapter	Content
CHAPTER 3: Research methodology	Chapter 3 offers a detailed explanation of the research methodology followed in the study. The research design, sampling, data collection, data analysis and research ethics are discussed in detail.
CHAPTER 4: Results and discussion	Chapter 4 presents the findings of the data analysis.
CHAPTER 5: Conclusions and recommendations	Chapter 5 draws final conclusions on the research findings in relation to the research objectives. The chapter also comments on the contributions of the study and makes recommendations for future research.

CHAPTER 2

Review of Academic Literature

2.1 INTRODUCTION

The purpose of this study was to explore owners and/or managers views on the importance of effective communication and the role it plays in building positive stakeholder relationships, which in turn contributes to successful small businesses in Gqeberha townships. A review of academic literature was important for this study to provide context on small businesses in South Africa. It is important that a literature review looks at how studies were conducted, what the findings were, and summarises the main ideas that emerge from the readings (O’Gorman and Macintosh, 2015:31).

This chapter looks at small businesses in South Africa, brings poverty into the discussion, and delves into the stakeholder and excellence theory. Other sections of the chapter review trust and commitment. Key terms used include the following: small businesses, stakeholder theory, SMMEs, township economy, excellence theory, organisational trust, and organisational commitment.

This study focusses on small businesses in Gqeberha townships and whether they are run differently than bigger businesses. It explores the role of communication in these businesses, and the relationship between communication and positive stakeholder relationships. Moreover, it is important for this study to discuss small businesses and the climate of South African townships.

2.2 A GENERAL OVERVIEW OF SMALL BUSINESSES

Small businesses in countries around the world have been the drivers of economic growth through the creation of employment opportunities (thus, reducing poverty) (Bird et al., 2001:507; Mboyane and Ladzani, 2011:550;

Strydom, 2017:685; Westrenius and Barnes, 2015:481-482). As a principal element of this study, it is important to provide a working definition for a small business. A definition for a small business may differ depending on the region and the country's laws. In South Africa, the definition of small businesses considers the number of people who work in the business and its annual turnover (Garg and Phaala, 2018:54). In South Africa, these businesses are often referred to as small, medium, and micro enterprises or SMMEs (Wrseta, 2014).

In South African law, small businesses are defined as “separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more, which including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy ... and which can be classified as a micro, very small, a small or medium enterprise” (Government Gazette of the Republic of South Africa, 1996). Byrd and Megginson (2009:9) simplify this definition by stating that “a small business is any business within the category recognised under the following criteria: it is not the overpowering business in its sector, has a limited size of employment and a limited amount of revenue and is privately owned and operated”. Thus, these two definitions regard small businesses as businesses that operate on a small scale, with marginal profits, and little influence on the markets in which they operate.

SMMEs can be broken down into four types of businesses. Micro enterprises consist of less than five workers; very small businesses have between six and 20 employees; small businesses have between 21 and 50 employees; and medium businesses have a maximum of 200 employees (Groepe, 2015). This study will use the term ‘small business’ to refer to any businesses in the townships that operate within the parameters of SMMEs.

In South Africa, it is estimated that 90% of businesses fall under the umbrella of SMMEs. These businesses contribute an average of 34% to the Gross Domestic Product (GDP) and are an important source of employment to more than 60% of the South African population (Successful economy lies in small

business, 2018). South Africa has high rates of unemployment, which result in high levels of poverty. SMMEs in South Africa employ more than 70% of the workforce. With this being said, there is an opportunity for the sector to grow; growth in the small business sector will result in growth in the country's GDP (Van Scheers, 2016:349-352).

South Africa as a developing state is regarded as a country that is favourable for small businesses. The government is considered as a facilitator in enabling an environment for these businesses to be successful. For example, there are policies, such as the National Small Business Act of 1996, which have been revised over the years to better enable these businesses. Government agencies, such as The Small Enterprise Development Agency (SEDA), help small businesses to grow (Department of Trade and Industry, 2014).

2.2.1 A look into small businesses in South Africa

Over the years, the South African government has taken initiatives to grow the SMME sector. Despite the government's intervention, this sector has continued to underperform. It is reported that more than 70% of small businesses in South Africa fail and half of newly established small businesses do not survive more than five years (Garg and Phaala, 2018:57). This failure of small businesses could be contributed to various factors, including the laws that govern the country, government-industry guidelines for products and services, and an ailing South African economy, which has led to a rapid increase in unemployment (Nieuwenhuizen, 2019:n.p.).

Researchers from South Africa looked at "the barriers affecting SMME start-up and growth" (Khoase, Derera, McArthur and Ndayizigamiye, 2020:137). This was a comparative study that looked at Maseru, a city in Lesotho, and Pietermaritzburg, a city in KwaZulu-Natal, South Africa. Focusing on South Africa, the study found that the major and most common barrier facing small business owners was the inability to access loans from financial institutions. The study concluded that the South African government should take strides to help SMMEs by minimising these barriers (Khoase et al., 2020:145-152). This

study highlighted the key role the government could play in the success of small businesses in South Africa.

A similar study was conducted by Donga, Ngirande and Shumba (2016) on SMMEs in Limpopo, South Africa. The researchers conducted a qualitative study and used questionnaires as the data collection method. One of the findings in this study were similar to previous studies, which indicated how small business owners struggled to finance their businesses. The study further found that the business owners did not have training in running their businesses. They also considered technology as a key factor in business success; however, many of them did not have the means and capabilities to access such technologies (Donga et al., 2016:61-65). Therefore, with the world moving towards the Fourth Industrial Revolution, small businesses are at risk of failing if owners or managers do not have the necessary skills to take on the changing world.

Ladzani and Netswera (2009:226) argue, “a lack of appropriate support is the main reason for the high failure rate of SMME’s in South Africa”. This study by Ladzani and Netswera was conducted in Limpopo, South Africa, and the sample comprised 600 small businesses from the province. The findings of the study indicated that small businesses in the province were not growing. This was due to two main factors, one being that most of the small businesses in the province did not form part of any business network. Secondly, the business owners were not knowledgeable about the organisations and the information provided by the government to support their businesses (Ladzani and Netswera, 2009:229-236). This study highlights the value of business networks in making businesses successful. These networks could be a source of support for these businesses.

Further supporting Ladzani and Netswera’s (2009) assertion that there is a high failure rate of small businesses in South Africa, Bushe (2019) reviewed the literature on the causes for the failure of small businesses in South Africa. In his findings, their failure was mostly attributed to managerial incompetence. For example, the researcher listed poor management skills, managerial

incompetence, poor financial management, lack of industry experience, poor management skills, and poor business planning. Other factors included a lack of business strategy and socio-economic factors (Bushe, 2019). This study highlighted the importance of communication skills in the success of a business.

Moreover, a study was conducted by Mboyane and Ladzani (2011) on small businesses in the township of Kagiso in Johannesburg. The study explored “factors that seem to be responsible for the poor growth rate of small businesses and to develop guidelines for small business owners to promote successful businesses enterprises” (Mboyane and Ladzani, 2011:551). The authors highlighted the importance of research, which was primarily focused on small businesses in the townships post-1994, as these communities were neglected in the past due to the apartheid regime. By conducting semi-structured interviews with 28 small business owners, the researchers concluded that they did not have sufficient information regarding legislation relating to small businesses. A lack of financial management skills were also regarded as a contributor to the failure of small businesses in the townships. In addition, socio-economic conditions in the townships were unique and contributed to the failure of small businesses (Mboyane and Ladzani, 2011:552-556).

In an article entitled “The challenges/barriers preventing the South African youth in becoming entrepreneurs: South African overview”, a researcher examined the barriers young people in South Africa face when attempting to start small businesses (Radebe, 2019:61). The findings of this study added to previous studies, stating that the South African community was not supportive of entrepreneurial endeavours. This meant that, from an early age, young people were not taught in schools about entrepreneurship. At home, parents discouraged them from starting their own businesses (Radebe, 2019:67). This article speaks to the entrepreneurial climate of South Africa, where venturing into small business is often regarded as a risk because of the "volatile" space.

Although there is a high failure rate of small businesses in South Africa, some businesses are successful. Garg and Phaala (2018:57) explored factors that

contributes to business performance in SMMEs operating in Sekhukhune. The researchers were able to identify numerous factors. A unique factor identified in this study was the location of the business. According to the study, the location of a business could have a positive impact on how well a business performed. Factors such as finance, government support and the characteristics of employees also contributed to how well a business performed (Garg and Phaala, 2018:61-62).

A study focusing on home-based entrepreneurs in South Africa found that non-South Africans were more successful in running and sustaining their businesses when compared to their South African counterparts. This was due to several factors, such as social capital amongst the non-South Africans. Here social capital refers to the network of relationships non-South Africans have with each other and, in some instances, with the community in which they operate. Another factor that contributed to their success was understanding their customers' wants and needs; this meant that they had more stock available, and they stocked products that their customers wanted and needed. This finding suggests that stakeholder relationships could impact the success of small businesses. Lastly, their operating hours were more convenient for their customers (Ntema, 2016:44-56). Speaking to the value of relationships, this article makes an important contribution in terms of the value of networks in running a business.

A 2014 article asserts that for small businesses to succeed, owners and/or managers need to develop and maintain relationships with stakeholders (Xesh and Iwu, 2014:38). The authors propose various strategies for businesses to consider, which could enable them to be successful. One of those strategies is that managers should include relationships in their business strategies. Another factor managers should consider is how they communicate with their stakeholders. A key factor the authors highlight is the value of keeping track of past interactions with customers. This will enable managers to build a repository of past interactions, which might result in loyalty and success for their business. In essence, the authors assert the value of positive relationships for a successful business (Xesh and Iwu, 2014:41-42).

Cant and Rabie (2018) conducted an exploratory study on small businesses in townships around South Africa. The researchers stated that limited research was being conducted on these businesses and therefore they argued that to improve the state of townships in South Africa more studies needed to focus on SMMEs that operated within these locations (Cant and Rabie, 2018:227- 228). Their study examined the perceived sustainability of township SMMEs (Cant and Rabie, 2018:232). The researchers found that many of the respondents felt that their businesses could be successful in the townships, as the townships were big enough to enable them to attain a significant client base as there was a demand for their products and/or services, and the townships were conducive to the growth of their businesses. The study also found that the businesses owners saw a future for their businesses in the township, and the businesses they operated had the potential to grow in the township; thus, many of them felt they would not start another business. This view is important to consider in understanding that the type of business will determine its success or failure (Cant and Rabie, 2018:244).

From the evidence provided in this section, we can conclude that the SMME sector is a vital contributor to the country's GDP. This is reaffirmed by the government's intentions and efforts towards building this sector. Numerous policies have been drafted and government departments have been established to assist small business owners. However, these efforts have not been effective as many small businesses only survive between two and five years. There are many regulatory, management, and financial factors that contribute to their demise. With that said, there is some optimism in the sector, as there are small businesses that could be considered as successful. However, there is a dearth of research into these businesses, especially when examining successful small businesses in the townships of Gqeberha.

2.2.2 Townships and poverty in South Africa

South African townships are home to more than half of the country's urban population. These townships are mostly occupied by black South Africans. This is a result of the laws of the apartheid government, which forced black South Africans into spaces that were far away from economic hubs (These are the biggest townships in South Africa, 2016). The term 'township' originated during the colonial era; however, to this day the term is used to define areas that are occupied by houses built under the Reconstruction and Development Programme (RDP). Townships are characterised by the following features: they are situated in areas that could be considered difficult-to-reach economic centres, and the income and skills in those households are low (McGaffin, Napier and Karuri-Sebina, 2015:10-11). As a result, townships in South Africa were and are prone to high levels of crime, overpopulation, unemployment, and poverty. An example of townships in the Eastern Cape are Mdanstane, located in East London, and New Brighton, Langa, Zwide, which are all located in Gqeberha, which fall within the Nelson Mandela Metropolitan Municipality.

2.2.3 Poverty in South Africa

Since the dawn of South Africa's democracy, the government's plan has been to decrease inequality and alleviate poverty. This is evident in policies such as the National Development Plan (NDP) 2030. This policy aims to alleviate poverty in South Africa by 2030 (National Development Plan, 2012). In South Africa today, more than 25% of the population cannot afford to buy essential food items.

In 2023, the sharp increases in prices contributed to widening the poverty gap in South Africa; 2023 saw a 9.83% increase in food prices, when compared to 2019 (Du Plessis, 2023). In 2019, an estimated ten million South African could not afford to buy food (Dlamini, 2023).

Poverty is a multifaceted concept; thus, this study will briefly look at two approaches to poverty – the first being objective poverty, which measures poverty based on income levels. For example, people earning below a certain amount may be considered as earning below the poverty line. Their income

cannot cover the essential items for survival. Secondly, subjective poverty is based on an individual's assessment, whether they meet their expectations of having access to healthcare, income, and basic needs (Othman, 2018:782). For example, an individual earning R13 000 a month may consider themselves poor because they cannot afford healthcare and petrol.

The most suitable definition of poverty for this study is provided by Khumalo (2013:5644) who states that "people are considered poor when they are unable to satisfy their basic needs for food, clothing, shelter and health". Exploring the topic of poverty in South Africa, Khumalo (2013) touches on black poverty. Black poverty is considered as poverty that impacts black South Africans because of centuries of oppression by colonialism and apartheid. South Africa is unequal, with 64% of black people being economically excluded (Nqola, 2021). This results in inequality, and inequality breeds poverty, crime, and conflict amongst people (Khumalo, 2013:5645).

In understanding poverty in South Africa, it is important to look at the history of the country, and the history tells us that there was and still is inequality in South Africa. For many black South Africans, especially women in rural areas, it is difficult and often impossible to escape poverty. For many, migrating to urban townships and squatter camps close to economic hubs is a way to escape chronic poverty as these are the areas where there are jobs and it is often easier to access facilities to facilitate entrepreneurship (Khumalo, 2013:5647-5648).

Now that we understand the climate of townships in South Africa; small businesses play a critical role in alleviating poverty. Successful small businesses in the townships can contribute towards alleviating poverty and social injustices. The next section of the chapter will look at the theories that guide this research.

2.3 DEFINING A STAKEHOLDER

The term 'stakeholder' was used as early as the 1930s by E. Merrick Dodd, who noted how shareholders, employees, customers, and the community have a

stake in the success and/or failure of a business (Çini, Güleş and Aricioğlu, 2018:1492). More than 80 years later there is still debate around the idea of what a stakeholder is. This assertion is supported by Miles (2012:285) who states that “the concept of the stakeholder has become central to business, yet there is no common consensus as to what the concept of a stakeholder means”. Scholars such as Alkhafaji (1989:36) define stakeholders as “groups to whom the organisation is responsible”. Although a noteworthy contribution to the scholarship, this definition is lacking, as it suggests that the organisation is accountable solely to groups.

In today's business environment the concept of a stakeholder has moved away from being regarded as merely a burden where responsibility rests solely on the ‘shoulders’ of the organisation. Clarkson (1995:106) offers a different definition that identifies stakeholders as “[any] person or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present or future”. This definition of stakeholders highlights them as groups or individuals who want something from the organisation – that the relationship between the organisation and its stakeholders is based on what stakeholders can claim as their own. Another definition of stakeholders came from Freeman's (1984:31) earlier work, where he stated that stakeholders are “those groups without whose support the organisation would cease to exist”. This definition of stakeholders implies that groups or organisations must positively support the interests of the organisation for them to be considered as stakeholders.

The guiding definition for this study is provided by Freeman (1984:46) who states that stakeholders are “any groups or individuals who can affect or are affected by the achievements of an organisation's objectives”. This was found to be the most applicable definition, as it highlights how individuals or groups can also have an influence on the organisation's objectives. This is not a one-way relationship where the organisation dominates, but it highlights how both parties mutually influence the other. This definition also accounts for a wide range of stakeholder groups (Beach, Brown and Keast, 2009:5), and is broad enough to not only be considered as a definition that is suitable for multinational corporate organisations (McGrath and Whitty, 2017:727). This is important for

this study because of the socio-economic conditions of South African townships, which are constantly changing, and this can have an influence on who is regarded as a stakeholder.

2.3.1 The Stockholder Theory

For a long time the stockholder theory was the dominant view in business, and this is one of many theories that is regarded as opposing the stakeholder theory. In 1970 an article written by Milton Friedman was published in the *New York Times Magazine*. In his article, Friedman argued about the responsibility of managers. In summary, his view was that managers only had responsibilities towards the shareholders of an organisation (Friedman, 1970:51-53). By this he meant that the sole purpose of an organisation is to ethically make a profit, and the profit made by that organisation lawfully belongs to the shareholders. Friedman (1970) further elaborated on the responsibilities of managers by stating that managers are put in positions of power to look after the interests of shareholders. Therefore, an organisation's strategy and objectives should be aligned with shareholder interests, which is to increase the stake of shareholders. Decisions that are made by employees of a profit-orientated organisation should be for the monetary benefit of the shareholders because employees are put in those positions so that they can make a profit for shareholders (Friedman, 1970:51-53).

An article published in 2019 supported Friedman's claim. How, Lee and Brown (2019:135) found that "corporations should focus on what they do best; [which is] creating value by ethically maximizing corporate wealth". An increase in corporate wealth will increase shareholder wealth, which should be the focus of any organisation. In a country like South Africa this view has proven to be harmful to many organisations and their stakeholders; for example, the Marikana massacre in August 2012, where miners embarked on an "illegal" strike demanding higher wages. Mines, such as Lonmin, which was at the centre of the Marikana massacre, produces platinum. South Africa is one of the world's largest producers of platinum (South African History Online, 2017). This incident remains one of the most violent strikes South Africa has seen post-

apartheid, and speaks to the approach of how, when an organisation's efforts are to maximise profits for shareholders, other stakeholders' interests are not considered as important as the shareholders' interests.

Other changes in the external environment (for example, pollution, people wanting to be valued in their places of work, mental health issues, and pressure from communities for organisations to be more socially responsible) have contributed to many organisations changing their views on their role. The board members of an organisation understand that they have a responsibility towards the organisation's stakeholders and that decisions taken in the interest of the organisation can affect stakeholders. Therefore, when considering what is in the best interest of a company the legitimate interests of the stakeholders should also be considered (The Institute of Directors in Southern Africa, 2009:10).

This is an important contribution towards the study, as it highlights that an organisation cannot exist solely for its benefit. Stakeholders play an important role in the running of a business, its sustainability, and its growth. For example, in South Africa, organisations like Vodacom, Sasol, and Volkswagen partake in social responsibility programmes that help the youth in furthering their post-school education and/or donate equipment to schools in communities (Vodacom, 2023; Sasol, 2023; Volkswagen, 2023). This demonstrates their understanding that the level of education in a community will affect the pool of graduates who will work for their organisations in the future. Another example would be how companies try to save money by harming the environment, for example, dumping waste in a nearby river. These actions could affect their customers and even negatively influence the behaviour of potential customers, especially in the world of social media. Organisations that follow stakeholder thinking understand that stakeholders can affect how an organisation functions and that an organisation cannot operate in a vacuum; its success and failure are dependent on how it treats its stakeholders and the environment in which it operates.

2.3.2 The King Report

The 21st century has brought a new approach to how businesses should operate. People around the world are demanding organisations to be more accountable for their actions. There is less, but not exclusive, concern for the financial outcomes of organisations but rather how their goals and objectives affect the planet and people. The King Report highlights the importance of identifying stakeholders, building relationship with stakeholders, and determining how they can positively or negatively affect an organisation's day-to-day business operations and long-term sustainability. This is an important guiding report and can be used to guide organisations in ethical decision making. Built on the approach of stakeholder management, the document encourages accountability to stakeholders, by means of reporting; it also views an organisation as a part of society and therefore it should contribute to its overall wellbeing, such as providing quality goods and services and contributing towards the development of people. The King Report urges organisations to make decisions by considering the legitimate interests of its stakeholders (The Institute of Directors in Southern Africa, 2009).

2.3.3 The Stakeholder Theory

Robert Edward Freeman is considered by many scholars as the father of the stakeholder theory (Bowie, 2012:179). This is mainly because of his groundbreaking 1984 publication *Strategic Management – A Stakeholder Approach*. At the time, businesses faced unpredictable changes in the industry, such as technology and innovation. There were reputational scandals due to fraud and corruption, and the tactics and strategies that leaders used to resolve these problems were no longer suitable and did not solve these reoccurring issues. In Freeman's 1984 publication he addressed these issues and proposed the stakeholder approach as a new strategy to solve these unfamiliar challenges. The stakeholder approach argues that to find solutions for the challenges faced by an organisation and its customers, shareholders, employees, communities and suppliers, and managers need to consider the concerns of all stakeholders to offer solutions that address stakeholder concerns (Freeman and Mcvea,

2001:n.p.). This, in turn, makes it easier for stakeholders to accept and implement these changes.

Stakeholder management is regarded as a management approach that protects the interests (whether it be environmental or social) of an organisation's stakeholders to ensure the long-term success of the organisation. If stakeholders feel that their interests are important to managers, they are more likely to lend their support to the organisation in the long run. With that said, each organisation is unique, therefore managers need to firstly know who their stakeholders are, and how they contribute to the organisation. In understanding an organisation's stakeholders, managers can then create strategies that speak to the interests and concerns of their stakeholders (Freeman and Mcvea, 2001:n.p.).

2.3.4 The Stakeholder Theory as a management theory

As a pioneer of the stakeholder theory, Freeman supports the claim that the stakeholder theory is a strategic management theory. This is further highlighted by Minoja (2012:67) who states that the stakeholder theory "is managerial as it can be seen as a guide to manager's actions". This means that the concept 'stakeholder' advocates for managers to manage an organisation in such a way that it serves the interest of all its stakeholders; these interests may not be served at the same time, but rather over time.

Of R.E. Freeman's many publications, his 1984 book titled *Strategic Management: A Stakeholder Approach* established the thinking around the stakeholder theory. In the book, Freeman (1984) drives the notion that the organisation is an open system that cannot survive without the relationships it has with its various stakeholders. He argues that all organisations, regardless of sector or environment, have an effect on their stakeholders, and stakeholders have an effect on the organisation. For example, if an organisation's goal is to increase revenue, it might decide to raise the price and quantity of its offerings. This has an impact on employees, customers, suppliers, creditors, and shareholders. On the other hand, should employees and suppliers not be able

to meet these new required goals, they might push back at the organisation; this might have a negative effect on the organisation and its goals.

Therefore, if stakeholders have or can have such a huge impact on the way an organisation operates, and vice versa, it is important for corporate executives to understand who they are dealing with. This means that organisations need to understand what drives employees, what makes community members behave the way they do, what customers regard as important, and what governments require of them (Freeman, 2004:231). In so doing, organisations are better able to accommodate their stakeholders. This also means that executives should consider the interests of their stakeholders in their strategies and objectives. With this said, no organisation can meet all its stakeholders' needs and interests at once. However, what organisations can do is to aim for balance; this can only be done by continuous communication and efforts to build positive relationships with stakeholders over time (Freeman, 2004:231).

As a management theory, the aim of the stakeholder theory is for organisations to be financially stable. This is at the core of the theory. Unlike other theories, the means to business sustainability is managing stakeholder interests. This then means that decisions and/or organisational strategies are taken and implemented in such a manner that they cater for the interests of relevant stakeholders (Minoja, 2012:69). Building on this understanding, an article by Wasilewski and Stanley (2019) titled "*Strategic management focus on shareholders and stakeholders: A comparative analysis of portfolio financial performance*" compared the financial performance of The Just 100 companies and S&P companies. The Just 100 group of companies are companies that manage their organisations with stakeholder interests in mind. Therefore, the goal is not only to maximise profits but also to take care of their stakeholders, the environment, and the community in which the organisations operate and which they affect. On the other hand, companies falling under the S&P group are companies that believe their purpose is to serve the interests of shareholders (Wasilewski and Stanley, 2019:20-21). The study concluded that The Just 100 companies performed better than the S&P companies. The researchers further stated that by applying the stakeholder theory and putting

as much focus and planning on environmental and societal issues as one would on financial concerns, such an organisation outperforms its competitors whose only focus is strategising to maximise profits (Wasilewski and Stanley, 2019:26). The argument is that companies who prioritise the planet and people as much as they do profits are more sustainable over the long term (Maak, 2007:321). This foregrounds the importance of stakeholders and how, taking their interests into consideration, helps the organisation to be more sustainable in the long run. The organisation will benefit more from taking care of all its stakeholders, rather than only a certain group.

Considering another perspective of how stakeholders contribute to the success of the organisation. Xu, Wei and Lu (2019) examined stigmatised firms in China. Stigmatised firms are firms that are regarded as having dishonoured the public and this has tainted their brand. By implementing CSR programmes, the organisations invested monetary and other efforts to improve how the public perceived them (Xu et al., 2019:1028). The researchers examined “the relationship between environmental corporate social responsibility (ECSR) and the financial performance of stigmatized firms in the context of environmental pollution in mainland China” (Xu et al., 2019:1028). The sample consisted of 579 firms in China. Tobin Q’s quotient was used to measure the firms’ financial performance. The findings of the study indicated that firms who have been burdened with the stigma of polluting the environment are more likely to take part in costly initiatives, which could change people's perceptions about them. Therefore, this implies that there is value in what people think of a firm/organisation. The study concluded that there is a positive relationship between firms who take part in ECSR and their financial performance (Xu et al., 2019:1040). Although a skewed view of stakeholders’ perceptions, this article adds to the argument that stakeholders add value to an organisation. In this article it was indicated that the firms saw value in how they were perceived by a specific stakeholder group. Hence, the firms took steps to rectify their actions by investing in communities.

An article by Freeman, Harrison, Wicks and De Colle (2010) argues about the legitimacy of the stakeholder theory and as a perspective that could be used to

maximise profits in the long run (Parmar et al., 2010:3-40). In summary, the researchers maintain that an organisation is a plurality of interlinked relationships that must be managed for the organisation to be sustainable. Stakeholders stay in these relationships because they have a stake in the organisation. A manager's task is to create value for all stakeholders. This is a challenging task as some stakeholders' interests may clash. Managers are then required to be creative in their strategies to find solutions that satisfy a variety of stakeholders. In some instances, managers may be required to negotiate stakeholder interests, but in so doing it is important that stakeholders feel that they have not been neglected or dismissed. When managers use the stakeholder perspective to manage an organisation, it results in the managers being accountable to more than just the shareholders of the organisation. This means that when running the organisation, different stakeholder interests need to be considered so that relationships are not harmed (Parmar et al., 2010:5-6). The researchers further assert that trust, reputation, and mutually beneficial relationships are some of the factors that contribute to an organisation's increased financial performance. Trust between the stakeholders and the organisation results in lower costs in maintaining the relationship. This is because the organisation spends less money in drawing up contracts and using other resources to monitor the relationship. Moreover, an organisation that has a good reputation is more lucrative in the long run as investors and customers are more inclined to trust products or services that come from a reputable organisation. When these relationships benefit both the stakeholder and the organisation, each party is more committed to making the relationship work (Parmar et al., 2010:20-21). Thus, it can be said that long-lasting positive relationships contribute to the success of an organisation. Trust in a relationship contributes to a more balanced relationship between the organisation and its stakeholders. Stakeholder relationships work for the benefit of both the organisation and the stakeholders; thus, both the organisation and its stakeholders have a stake in the success of the organisation.

Lähdesmäki, Siltaoja and Spence (2017) argue that small businesses are unique. When examining small businesses and their stakeholder relationships there are unique factors, such as the personal relationships between the

business managers-owners and some community members. As a result, the formation of stakeholder relationships may be the outcome of previous relationships or because of business needs (Lähdesmäki et al., 2017:373). The authors further assert that social proximity influences the way managers-owners perceive stakeholders in relation to their salience (Lähdesmäki et al., 2017:376). In essence, the authors (ibid.) argue that, when compared to multinational corporation managers, managers-owners of small businesses have different relationships with their stakeholders because of the nature of small businesses. Therefore, stakeholder saliency is not just dependent on the three attributes of power, urgency and legitimacy, but also on social proximity because of how these relationships are formed; they could also have a different meaning when compared to those formed by multinational executives. These types of relationships, however, may have negative and positive effects on the business. For example, managers-owners may deal with stakeholder claims that are heavily influenced by the relationship, rather than power, urgency, and legitimacy; this could be detrimental to the business (Lähdesmäki et al., 2017:382).

The main theme in this section was the value of stakeholders. The 21st century organisation cannot function without considering the needs of its stakeholders. It is important for organisations to acknowledge and identify their stakeholders because at times they might have conflicting interests. But, to continue maintaining positive relationships, various techniques could be used. The theory argues that there is value in the relationships, and organisations which create, build, and maintain relationships with their stakeholders are more successful in the long run.

2.4 COMMUNICATION

The main premise of the stakeholder theory is the value of stakeholder relationships in organisations. Communication is at the centre of all human interactions, whether it be at home with family and friends, at the mall, in schools, or in different working environments, we continually communicate with each other. In the last few decades, communication research has resulted in

various models and theories that focus on relationships, the family, and the organisation.

2.4.1 The Excellence study

In 1984 the International Association of Business Communicators (IABC) Research Foundation sponsored a now-famous study led by James E Grunig. The study is known for its contribution to Public Relations (PR). The Excellence study was the name given for theories developed during the 15 year research period. This research was the first of its kind in PR as it brought together researchers from different backgrounds and areas of expertise in their efforts to explain the value of PR in organisations (Grunig and Grunig, 2008:327).

The purpose of the study was to determine the economic value of PR for organisations and how PR helps an organisation achieve its goals. With the use of quantitative surveys and qualitative interviews the researchers were able to conclude that PR plays a key role in an organisation's overall achievements. This was achieved by building and maintaining positive stakeholder relationships. The study advocated for PR to be incorporated into an organisation's strategy. If organisations approach PR as a management function, it could contribute to the attainment of their goals, and organisations should use the two-way symmetrical model of communication (Hung, Baesecke, Chen and Lan, 2021:n.p.).

The Excellence study further found that organisations valued two-way symmetrical communication when communicating with their stakeholders. Listening to their stakeholders added value to how they operated, and balanced the needs of the stakeholders and organisations. The study concluded that if done properly PR should help an organisation build and maintain relationships with its stakeholders (Grunig and Grunig, 2003:48).

Grunig and Grunig (2003:48) also emphasised that PR is an important and rewarding function for an organisation. When practiced appropriately it scans the environment for the organisation's stakeholders and categorises

stakeholders based on their function. One of the roles of PR is to build long-lasting, positive, and strategic relationships that cater to the interests of the organisation and its stakeholders. This is only possible when there is continuous dialogue between the organisation and its stakeholders, where both parties are willing and open to changing their behaviour for the advancement of the organisation. The authors (2008:335) further emphasised Freeman's (1984) viewpoint that positive organisational relationships add value to an organisation as they have the potential to reduce operational costs. For example, when making decisions the organisation has an idea of what would be in the best interests of its stakeholders. This is possible because of the relationship that has been built over time and has resulted in mutual understanding (Grunig and Grunig, 2008:335).

The Excellence study is an important contribution to this study as it emphasises the value of communication with stakeholders to build relationships, solve issues, and reach organisational goals and objectives. The objectives of the theory complement the aim of this study, which is to investigate owners' or managers' perceptions and experiences of the role of communication in building positive stakeholder relationships, which contribute to a successful business.

2.4.2 The Two-way Symmetrical Theory

In the last few decades, communication research has resulted in various models and theories that focus on effective communication. In earlier theories, such as the one-way communication model where communication was one way, there was no feedback from the sender (University of Minnesota, 2016). The transactional model is a more developed communication theory, as it emphasises the two-way relationship between participants (Steinberg and Angelopulo, 2016:29-30). Tubbs and Moss (2012:10) describe the transactional approach to communication as "the negotiation of meaning between participants to establish and maintain relationships". In other words, the participants consistently try and reach a clear understanding, and it is in understanding each other that they can establish and build a meaningful

relationship. This model highlights the importance of the communication of participants to clearly understand each other during communication, as the quality of communication can determine the nature of the relationship.

In an organisational setting, relationships between the organisation and its stakeholders can be unbalanced in that they can either be one-way or two-way. This is illustrated in models of PR, such as the press agency model and the public information model. Both these models are one-directional, where the organisation or PR practitioner intends to persuade its/their stakeholders. This can be regarded as ineffective communication, as the communication is unbalanced (Grunig, 2001:11-12). This form of communication is mostly suitable for mass communication, for example in advertising.

The two-way asymmetrical model of communication differs from the previous two models, as it is two-way in that communication flows from both directions. The sender asks for feedback but has no intention of changing their behaviour, instead they want to persuade audiences to support their interests. Effective communication can only be achieved when communication between the organisation and its stakeholders is two-way symmetrical and balanced. Parties involved in the communication event create shared meaning, where feedback is important, and both parties use the feedback to change their behaviour. This is represented in the two-way symmetrical model of communication where the aim is to promote mutual understanding between the organisation and its stakeholders. In this model, PR practitioners interact with stakeholders to receive feedback; this is done to change the behaviour of the organisation and its stakeholders (Grunig, 2001:11-12).

Grunig and Hunt (1984) defined symmetrical communication as occurring when “the public has some effect on [the organisation]; that is, when the communicator is willing to initiate changes from his or her side”. For example, a local community holds talks with a local factory regarding employing more people from the community. The factory managers realise that they have common interests with the community because if more people from the community are employed it will mean that most employees will not struggle to

get to work due to traffic and taxi strikes. After talks between the community and the factory managers, the managers decide to implement a strategy of employing more community members.

To reach mutual understanding and to establish and maintain relationships, this study proposes the two-way symmetrical model – a model popularised by James E. Grunig. The model focuses on balanced communication between the organisation and its stakeholders, where the organisation listens to its stakeholders and alters its behaviour to satisfy stakeholders' interests. The relationship between the organisation and its stakeholders is one that encompasses mutual sacrifice and satisfaction (Roper, 2005: 69-70).

In this study, two-way symmetrical communication is considered to be the most effective form of communicating. Scholars such as Kuang-Peng and Chung-Kuang (2013) and Sanzo, Santos, Vasquez and Alvarez (2003) refer to effective communication as occurring when two or more people participate in a communication event where the message that is sent and/or received is understood by all the participants, the participants are considered as both powerful and valuable, and messages are exchanged regularly to avoid misunderstandings. The outcome of effective communication is a relationship characterised by trust and commitment (Kuang-Peng and Chung-Kuang, 2013:1223). This explanation mirrors the intended role of two-way symmetrical communication in this study.

2.4.3 Two-way Symmetrical Communication as an effective approach to communication

Communication is at the heart of any organisation's success. This is what a study by Kelvin-Iloafu (2016) found. The study investigated the "relationship between effective communication and strategic management of organisations" (Kelvin-Iloafu, 2016:94). Using 90 questionnaires, the researcher found that "effective communication resulted in the achievement of organizational success and goals" (Kelvin-Iloafu, 2016:97). It can thus be said that communicating effectively and having positive relationships with stakeholders creates an

environment that enables the organisation to be more successful in its business endeavours.

In any organisation, communication with stakeholders is inevitable: this may be verbal, nonverbal, or written communication. Two-way symmetrical communication entails continuous and balanced communication between managers and an organisation's stakeholders. These actions result in employees being consulted and informed of managerial decisions; thus, creating a working environment where employees feel valued and committed to their jobs. Two-way symmetrical communication can also be used as a communication strategy that enables managers to manage conflict with key stakeholders. This is because of the continuous and balanced communication that occurs, and it creates long-term relationships between the organisation and its stakeholders. These relationships are characterised by many attributes, but important for this study are the qualities of trust and commitment (Grunig and Grunig, 2008:337-340), which are outcomes of positive long-term relationships between an organisation and its stakeholders.

Organisations can only build long-term positive stakeholder relationships through effective communication. This is a finding of a study by Rajhans (2018). By using questionnaires and structured interviews, the study's results indicated the importance of effective communication in managing a business. The study highlighted how the participants felt that continuous informative communication with stakeholders was important in understanding and managing stakeholders' interests. The study concluded that the manner in which organisations communicate and build relationships with stakeholders could determine their success or failure (Rajhans, 2018:48-55).

A similar study conducted on SMMEs in China looked at how these businesses build relationships with their stakeholders (Men, Yi and Chen, 2017:91). In this study, the authors noted the importance of effective communication in the 21st century as a contributor to building and maintaining mutually beneficial relationships with stakeholders. Symmetrical communication was regarded as one of many strategies in building and maintaining these mutually beneficial

relationships. These relationships added value to the organisation as they helped the organisation reach its long-term goals and prevented unnecessary costs (Men et al., 2017:91-95). To answer the research question on “how startup companies cultivate relationships with their strategic publics and effectively practice public relations”, the researchers conducted 28 in-depth interviews with entrepreneurs in China (Men et al., 2017:91-96). Focusing on the communication perspective, the study found that most of the participants felt that being able to communicate in a balanced and regular manner within the organisation created a positive relationship and effective communication could help build relationships with stakeholders (Men et al., 2017:91-109).

In their article entitled “*Investor Relations: Two-Way symmetrical Practice*”, Kelly, Laskin and Rosenstein (2010) expanded on how the two-way symmetrical model of communication was used by investor relations practitioners in corporate America. Using questionnaires, the sample of the study consisted of 145 respondents. Building on the IABC study, this study found that two-way symmetrical communication resulted in long-term relationships. Investors who built a long-term relationship with the practitioner or the organisation were more likely to invest in the organisation, without expecting immediate returns. The relationship they had forged gave them confidence in a more substantial return on investment in the long-term future (Kelly et al., 2010:194-205).

A similar study by Slabbert and Barker (2014) answered the question on how relationships between an organisation and its stakeholders were formed. The literature review revealed a “strategic communication foundation, a theoretical foundation and conceptualisation of organisational stakeholder relationship building” (Slabbert and Barker, 2014:73-76) as significant contributors in the formation of relationships between an organisation and its stakeholders. To collect data, the researchers used surveys and one-on-one interviews. The data from the study enabled the researchers to develop a model that illustrated how organisations could build relationships with their stakeholders. In this model, two-way symmetrical communication is regarded as a “golden thread” in all activities and/or procedures the organisation undertakes to reach

organisational goals and/or objectives. For example, when engaging stakeholders, determining their perceptions and exchanging information, the organisation must communicate in a dialogical manner. In the model, mutually beneficial relationships are considered as relationships that can grow into partnerships. This can only be possible when organisations and stakeholders change or adapt their behaviour to benefit the relationship (Slabbert and Barker, 2014:70-93).

There is an irrefutable relationship between the two-way symmetrical model of communication and the stakeholder theory. In the sections above the researcher attempted to illustrate how the two theories overlap and/or work in unison. The theories are important building blocks in this study, as they illustrate the value of positive stakeholder relationships in organisations. In the past, both theories have been used to demonstrate their strategic value in corporations. However, little research has been done to demonstrate the value of stakeholder-centric business thinking in small businesses. Even fewer studies have been conducted on small businesses in the townships of Gqeberha.

The theories work with the understanding of building positive stakeholder relationships that lead to trust and commitment, which in turn lead to organisational success. These studies highlight the importance of communicating effectively with stakeholders, which results in the building of sustainable stakeholder relationships. These relationships can be considered as intangible assets for an organisation, as they can save an organisation unnecessary costs, help improve how external stakeholders perceive it, and help an organisation when it faces bankruptcy or deals with a crisis. The main theme of this study is the value of business relationships in organisations.

2.5 TRUST AND COMMITMENT

2.5.1 Trust

The literature above highlights how effective communication contributes to building positive stakeholder relationships, which in turn contributes to a

successful organisation in the long run. Trust and commitment are relationship attributes that add to stakeholders, which support the long-term goals of an organisation.

Many scholars over the years have explored trust in business, romantic relationships, and professional relationships. In business, particularly in the 21st century, trust has never been more important. Recent corporate scandals in South Africa, such as KPMG being implicated in corruption, the VBS looting, and Eskom and Sasol's mismanagement, have resulted in many stakeholders losing trust in these organisations.

With this said, there is still debate around the meaning of trust. This study is guided by Van der Merwe's (2013:17) definition of trust, which states that it is "an optimistic expectation or belief of the trustor concerning the behaviour of the trustee in respect of that for which he is trusted, which influences the trustor's decisions and allows him to trust the trustee". This definition highlights the confidence the trustor puts in the relationship; this is based on the belief that the trustee exhibits characteristics of trustworthiness.

Van der Merwe (2013) further elaborates on the term trustworthiness as "an objective characteristic of the trustee which makes him/her worthy of the trustor's trust". This definition implies that for an individual to be trusted they first must show signs of trustworthiness. In a context of small business, where many of the businesses do not have legal instruments, the qualities of trust and trustworthiness are important virtues for both the organisation and stakeholders to exhibit.

In organisational relationships, trust and trustworthiness are important in balancing stakeholder needs, especially in situations where there might be conflicting interests between stakeholders (Greenwood and Van Buren III, 2010:425-426). Mayer, Davis and Schoorman (1995:717) identified three components of trustworthiness – "ability, benevolence and integrity". Ability is regarded as the trustee's inherent qualities to assume an undertaking, while benevolence can be thought of as the biased behaviour the trustor shows

towards a trustee. Lastly, integrity is the trustee's perceptions of the trustor's admirable characteristics, which makes him/her worthy of being trusted (Mayer, Davis and Schoorman, 1995:718-720).

Building on the theme of this study, an article by Crane (2020) asserts that stakeholders are connected and how an organisation treats one stakeholder can either build or destroy the trust of another stakeholder. When an organisation has a positive relationship with its stakeholders, which is characterised by trust, the organisation is in a better position to reach its organisational goals and objects. This is because the organisation will be better able to align its interests with those of its stakeholders (Crane, 2020:264). For example, Company A wants to invest in a top of the range machine to achieve a better output, which will result in increased income. To buy this machine the organisation must freeze salaries for 12 months. However, the managers promise employees an increase after the 12 months. Because of the relationship that has been built, it is easier for internal stakeholders to trust the decisions made by the organisation, even though they may not gain anything from that decision immediately. This trust can however be destroyed if an organisation treats one stakeholder better or worse than the other (Crane, 2020:280). For example, Company A does not keep its promise of increasing employees' salaries. Investors, customers, suppliers, and creditors see this as untrustworthy behaviour and, as a result, they might reconsider future interactions and exchanges with the company.

There is an undeniable relationship between trust and open communication. For organisations to be considered trustworthy, they need to be transparent in how they communicate and engage with their stakeholders. In the 21st century where there is a more focus on how organisation operate, how they treat employees and the environment; open communication is even more prevalent. Stakeholders are demanding organisations to be more ethical and transparent in how they do businesses. Transparency on the other hand can only take place in an environment where trust exist for both the organisation and its stakeholders (Rawlins, 2008:1-2).

To conclude this section on trust, the authors of an article published in 2016 assert that trust is the foundation of business relationships as it contributes to saving costs, and it can be the driver of innovative ideas and overall organisational success (Bachmann and Kroege, 2016:6). An outcome, such as trust, creates a relationship where stakeholders feel committed to the organisation; they feel that there is value in co-operating and aligning their interests with that of the organisation. When organisations face a crisis or issues that may cause damage, they can and should rely on these relationships. For example, should a company be sued for a malfunctioning product and as a result face monetary and reputational damage, it is those relationships that they rely on to be there when the going gets tough – for suppliers to extend a line of credit, and for customers to trust that the product will be repaired. Only when trust is built, do stakeholders feel committed to an organisation (Berndt and Tait, 2014:30).

2.5.2 Commitment

It is undeniable that trust and commitment go hand in hand. Before individuals can make a commitment, there needs to be trust. Trust lays the foundation for commitment in this study. Bejoy's (2005:44) definition of commitment will guide the researcher's understanding of commitment. Commitment occurs "when both parties are loyal to each other when they realize that mutual [beneficial] relations[hips] will not only bring benefit but also gratification" (ibid.). This definition highlights the value of maintaining relationships, as they can benefit both parties. In business, any long-term positive relationship is characterised by commitment and trust; these attributes contribute to an organisation's effectiveness and success (Heavy, Halliday, Gilbert and Murphy, 2011:3-4).

Long-term business relationships that are characterised by commitment need mutual sacrifice from the parties involved for the relationship to be successful and beneficial (Dhyani, Batra and Dhillon, 2006:18). In this study, these sacrifices may be in the form of stakeholders having to wait longer for their interests to be accommodated, and organisations having to sacrifice time and profits to meet stakeholders' interests.

This chapter has provided an overview of the literature that deals with townships and poverty in South Africa. It indicated that township businesses in South Africa face many challenges that contribute to their failure. However, there are interventions by the government to mitigate these challenges. In a developing country like South Africa, small businesses play a vital role in alleviating poverty, as this sector could contribute towards creating employment.

The stakeholder theory and the two-way symmetrical theory guide this study. These theories regard stakeholders as important contributors to the overall objectives and goals of an organisation. The stakeholder theory argues that the relationship between an organisation and its stakeholders cannot be denied. An organisation should create value for all its stakeholders, and not just a select few. The two-way symmetrical theory argues for a balanced approach to communicating with stakeholders. The assumption is that if organisations listen and change their behaviour based on what their stakeholders need, they create better and more sustainable relationships.

This study expands on this knowledge by examining the concept of building relationships through communication and how positive stakeholder relationships could help in achieving a township business's goals and objectives. There has not been much research on township businesses and how they could use this approach to deal with their challenges.

CHAPTER 3

Methodology and Design

3.1 RESEARCH GOAL AND RESEARCH QUESTIONS

Most small businesses in South Africa do not survive their first five years: this is the result of many factors, such as inflation and more recently loadshedding (Adonis, 2022). In a country like South Africa, with an unequal distribution of wealth and high levels of unemployment, the survival of small businesses becomes even more pertinent. This is because small businesses are regarded as the drivers of economic growth. They create employment opportunities, supply essential goods and services to the communities they service, and contribute to the country's GDP (Kalidas, Magwentshu and Rajagopal, 2020). The municipality in which Gqeberha lies in, contributed 34,07% to the Eastern Cape GDP in 2018 alone. The biggest contributor to this is sectors such were community services, finance, manufacturing, trade, and transport (NMBM, 2020).

This study investigates owners' or managers' perceptions and experiences of the role of communication in building positive relationships with their stakeholders, and how they contribute to a successful business. To reach this goal, the research population of this study included 14 owners and/or managers of successful businesses in Gqeberha townships. The findings of this study will contribute towards a better understanding of the importance of effective communication as a stakeholder relationship-building factor in contributing to the success of small businesses in Gqeberha townships, which may transcend to experiences in other townships as well.

During the research process the researcher is regarded as an active participant in all the phases of the research process, which include designing, interviewing, transcribing, thematising, analysing, verifying data, and reporting (Fink, 2000). This means that it is the researcher who writes up the study, interviews the participants, transcribes and analyses the interviews, and reports the findings.

The overarching purpose of this study is to understand owners' and/or managers' experiences of running a small business in the townships of Gqeberha, which makes it ideal for a qualitative approach.

The researcher sought to understand owners' and/or managers' experiences; therefore, because of this purpose, the interpretive approach was most applicable. The aim of the interpretive approach is to gain an understanding of people's subjective experiences. In other words, truth is regarded as existing within an individual and how he/she interprets events; this can be influenced by culture, and his/her life experience. Important with this approach is the understanding that the researcher, as an instrument in the study, may influence the way in which she collects and analyses the data (Ryan, 2018:8). This is because as a human being, we carry with us our beliefs, values, and attitudes, and it is impossible to be completely neutral in a situation. This has a direct impact on how we perceive a situation and collect and interpret data.

This study is regarded as exploratory research. This type of study is implemented when a researcher wants to gain more knowledge and understanding about a specific group of people (Bless et al., 2013:60). The aim of this study is to gain a better understanding of the role of communication in building positive stakeholder relationships and, in turn, successful small businesses.

3.2 RESEARCH METHOD

During the research process the researcher is regarded as an active participant in all the phases of the research process, which include designing, interviewing, transcribing, thematising, analysing, verifying data, and reporting (Fink, 2000). This means that it is the researcher who writes up the study, interviews the participants, transcribes and analyses the interviews, and reports the findings. The overarching purpose of this study is to understand owners' and/or managers' experiences of running a small business in the townships of Gqeberha, which makes it ideal for a qualitative approach.

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3.3 THE ROLE OF THE RESEARCHER

My role in the study was to conduct the research with as minimal bias as possible, while interviewing the participants, analysing the data, interpreting the data, and adhering to the design of the study (Capella University, 2021). While conducting the study, I adhered to the ethical standards that were stipulated in the consent form (see Appendix B) and the application to the GHREC at The University of the Free State.

3.4 THE PARTICIPANTS

A population is regarded as a group of people who live within a designated area, or individuals who are brought together by a common goal and/or objective (Martínez-Mesa et al., 2014:609); for example, people who work together, sport clubs, and individuals who attend the same institution of learning. These individuals will often have certain characteristics in common that connect them (Martínez-Mesa et al., 2014:609). In this study the population could be regarded as small business owners or managers, who run successful small businesses in the townships of Gqeberha. For an individual to be eligible to participate in

the study they had to meet criteria, which was determined during the first phase of the study. Majid (2018:3) refers to eligibility criteria as being the characteristics of an individual that qualifies or disqualifies them from being part of a study. This study had five inclusion criteria, namely:

- each participant must manage or own a successful small business in a Gqeberha township;
- the business should be older than two years;
- the manager or owner should consider the business he/she operates as successful;
- the manager or owner should have a relatively low employee turnover rate;
- the business should show a year-by-year growth in the number of customers; and
- the owner or manager should consider the amount of profit generated by the business as sufficient.

It would not have possible to reach all the business owners and/or managers of small businesses in Gqeberha. Therefore, the researcher had to rely on a sample of the population to collect the data. A sample is regarded as a smaller group of individuals who have the same characteristics as the larger population. Using a sample is advantageous for a researcher as it is less time-consuming and costly (Turner, 2020:8).

There is continuous debate around the appropriate size of a sample. Many researchers regard larger sample sizes as being more reliable when compared to smaller sample sizes (LoBiondo-Wood and Haber, 1998:263-264). However, many researchers argue that there is no clear-cut answer to this contentious debate. Wimmer and Dominick (2011) list factors that determine the size of a sample: the cost of collecting data, the amount of time it may require for the researcher to reach a large number of people, the purpose of the study, and the research method used. In addition to these factors, saturation may also be regarded as a determining factor. Saturation is when the researcher has interviewed enough participants and when the answers become repetitive (Houghton, Casey, Shaw and Murphy, 2013). The researcher interviewed 14

participants to reach saturation. The participants included owners and/or managers from different sectors of the economy, which included retail, information technology, hospitality, communication, technical, and the digital economy. During the in-depth interviews with the 14 participants, they described their lived experiences of running and/or owning a small business in the townships of Gqeberha. The research findings were based on the analysis of these interviews.

The purposive and snowballing sampling methods were the non-probability sampling methods used. Purposive sampling is regarded as a qualitative research technique that researchers use to select specific individuals who meet the research parameters from a population. While keeping to the population parameters, the researcher selected participants who were easily accessible to her, and not random. This is referred to as non-probability sampling as the individuals in the population will not have an equal chance of participating in the study (Du Plooy-Cilliers et al., 2021:137). Other factors that contribute to the selection of specific individuals are their ability to communicate in a language that the researcher understands, and their willingness to participate in the study (Palinkas, Horwitz, Wisdom and Hoagwood, 2013: n.p.).

At first the researcher asked friends and family to suggest small businesses owners and/or managers who met the study's requirements. Using this technique, the researcher was able to interview one participant. After interviewing the participant, the researcher asked the participant to refer her to other small business owners and/or managers. When this proved to be unsuccessful, the researcher found the participants through networking with other small business owners and/or managers in the townships of Gqeberha. The participants included men and women who owned and/or managed small businesses in the townships. Their level of education ranged from a Grade 12 certificate to a Master's degree, and they were all South Africans. Table 1.4 below illustrates their demographics.

Table 3.1: Participants and demographics

Name	Age	Gender	Nationality	Ethnic Group	Race	Highest Qualification	Business sector
Andrew	27	Male	South African	African	Black	Master's	Fast foods
Brandon	52	Male	South African	Coloured	Coloured	Diploma	Automotive
Leonard	30	Male	South African	Xhosa	Black	National Senior Certificate	Retail
Larry	38	Male	South African	Xhosa	Black	Bachelor's Degree	Marketing and events
Nathi	34	Male	South African	Xhosa	Black	National Senior Certificate	Electric field
Stanley	30	Male	South African	Xhosa	Black	Bachelor's Degree	Marketing and Communication
Seth	35	Male	South African	Xhosa	Black	Bachelor's Degree	Photography
Aarron	29	Male	South African	Xhosa	Black	Bachelor's Degree	Retail
Mandy	24	Female	South African	Xhosa	Black	Diploma	Education
Sally	32	Female	South African	Xhosa	Black	National Senior Certificate	Arts
Thando	35	Female	South African	Motswana	Black	Honours degree	Retail

Name	Age	Gender	Nationality	Ethnic Group	Race	Highest Qualification	Business sector
Thandi	32	Female	South African	Xhosa	Black	Diploma	Fast foods
Veronica	38	Female	South African	Sotho	Black	Diploma	Hospitality
Sandy	28	Female	South African	Xhosa	Black	Bachelor's Degree	Retail

Eight of the 14 participants were male and six were female. Of the 14 participants, 13 identified as being black, while one identified as Coloured. One of the participant’s highest qualification was a Master’s degree, another an honours degree, five held an undergraduate degree, four a diploma, one a National Certificate, and two a National Senior Certificate. Their average age was 33 years. Other small business owners such as Somalians and Pakistani nationals were approached for the study, but because of the language barrier the researcher could not include them as participants.

3.5 DATA COLLECTION INSTRUMENT

The data was collected through in-depth, face-to-face, semi-structured interviews. This type of data collection technique allows the researcher to ask the participants questions for the purpose of obtaining information about their experiences and perceptions of their reality (Du Plooy-Cilliers et al., 2021:188). This technique is flexible in the sense that it allows the researcher to ask follow-up questions to gain clarity. More specifically, standardised open-ended interviews require the researcher to draft an interview schedule that guides her during the interview process. The researcher used this interview schedule to ensure that all the participants were asked the same set of questions (Du Plooy-Cilliers et al., 2021:188). There was also flexibility in this process whereby the researcher asked probing questions for clarity and understanding, and additional questions for further insight. The interview schedule had nine group of questions. These questions touched on the following:

- Group 1. Biographical information of the participants.
- Group 2. History of the business.
- Group 3. Whom they regard as their business stakeholders.
- Group 4. Their perceptions of positive stakeholder relationships.
- Group 5. What small business owners and/or managers regard as effective communication.
- Group 6. How small business owner and/or managers communicate
- Group 7. Their experiences of trust in running a small business in the township.
- Group 8. Their experiences of commitment in running a small business in the township.
- Group 9. Their experiences of running a small business in the township.
- Group 10. Concluding questions. These questions conclude and summarize the interview.

The interviews were between 45 and 60 minutes. All the interviews were audio-recorded. The participants were not remunerated in any way for their participation in the study. All the interviews took place in public areas, such as in restaurants and cafes in Gqeberha.

In the application for ethical clearance (Clearance Number UFS-HSD 2020/0085/0604), a consent form drafted by the researcher ensured that she would follow the guidelines of the Ethics Committee. The ethics form highlighted how the researcher would keep the information shared in the interviews confidential, and how the participants' names and information regarding their businesses would be kept confidential. It was important for the researcher to highlight the rights of the participant on the form. The participants were informed of their right to withdraw from the study.

3.6 DATA ORGANISATION TECHNIQUE

Once the data was collected the researcher had to organise the data. The first step was to transcribe all the recorded interviews (see Interview Schedule

Appendix A). Transcribing is the process of taking recorded audio and formatting it into text. This technique, although regarded as time-consuming, is the exercise of listening and typing word-for-word. However, the researcher may choose to leave out words that she feels are not important in the overall study. These include verbal utterances and words that may be offensive (McMullin, 2021:141).

When analysing the data, the researcher went through five steps suggested by Smith (1995), starting with step one, where she repeatedly read through the transcripts to get an idea of repetitive words and emerging themes. The second step was to think about how the themes could answer the research problem, while the third step required the researcher to go through all the transcripts, coding each document. At the end of this stage of the process the researcher had 222 codes, which had been grouped together. The fourth step of the process required the researcher to write up the data. During this phase, the researcher had to provide the reader with enough context so that the data would be understandable to them. In the fifth and final step of the process the researcher presented the data by answering the objectives of the study, which included direct quotations from the interviews (Smith, 1995:19-26).

3.7 TRUSTWORTHINESS

In this study trustworthiness refers to the validity and reliability of the study. Validity is referred to the extent to which a study can be regarded as accurate. In other words, did the study explore what it intended to study (Heale and Twycross, 2015:66). In this study, validity refers to the exploration of owners' or managers' views on the importance of effective communication and the role it plays in building positive stakeholder relationships, which in turn contributes to successful small businesses.

When discussing validity, it is important to look at internal and external validity. Internal validity "examines whether the manner in which a study was designed, conducted, and analyzed allows trustworthy answers to the research questions in the study" (Andrade, 2018). To ensure internal validity the participants were

interviewed separately; this was to avoid the participants from discussing the interview and the questions asked by the researcher. Interviews were kept to between 45 and 60 minutes. This was to avoid draining the participants during the process. The participants only participated in one interview; no other forms of data were collected prior to the interview.

There are possible threats to internal validity, such as events that occur during the study, which may influence participants' outlook (Wimmer and Dominick, 2011:26). The most important threat to this study's internal validity was the Covid-19 pandemic in 2020-2021, during which period the data was collected. Because of the pandemic people were very hesitant to meet the researcher because of the restrictions of social distancing and minimal human contact.

A factor that threatened the external validity was the non-probability and purposive sampling methods used to collect the data. Because of these methods, the results of the study should be viewed with this understanding in mind. To ensure reliability all the participants had to meet the required characteristics of the study; the researcher interviewed all the participants and they were asked the same set of questions, unless the researcher felt there was a need for clarity; and the interviews were audio recorded.

This chapter provided a detailed overview of the design of the study. It highlighted the research method, the role of the researcher and the participants in the study, the data collection instrument, and the data organisation technique. It was important for the researcher to highlight how she ensured trustworthiness in the research. Ethics was a key element that was included in this chapter.

CHAPTER 4

Results

4.1 INTRODUCTION

The main objective of this chapter is to present the data that were collected from small business owners and/or managers in Gqeberha townships. This study set out to explore owners' and/or managers' views on the importance of effective communication and the role it plays in building positive stakeholder relationships, which in turn contributes to successful small businesses in Gqeberha townships. The following research questions guided the researcher:

- Research Question 1: Who do the owners or managers regard as their key stakeholders and how do they contribute to the success of their small businesses?
- Research Question 2: How do small business owners and managers view communication with their stakeholders?
- Research Question 3: What do managers or owners regard as positive stakeholder relationships?
- Research Question 4: What are the unique experiences of owning a small business in a township?

4.2 RESULTS

4.2.1 Key stakeholders in the business

Freeman (1984:46) regards stakeholders as “any group or individual who can affect or is affected by the achievement of an organisation’s objectives”. Stakeholders are an important aspect in understanding the purpose of this study. In an attempt to answer the research question, “Who do the owners or managers regard as their key stakeholders and how they are contributing to the success of their small businesses?”, the participants were asked a series of questions that touched on whom they consider to be their key stakeholders, which stakeholders are important for the success of their business, and in what

way are they important. The section below describes the themes that emerged from these questions. The order of the findings for these questions are presented in the table below, from the most popular stakeholders, to the most unique, and the least popular.

Table 4.1: Stakeholders

Stakeholders
1. Customers
2. Suppliers
3. Employees
4. Government
5. Community
6. Family and friends
7. Owners and/or managers

Stakeholders are the backbone of any business. Businesses have multiple stakeholders, and these stakeholders can determine the success or failure of the business (Tractivity, 2022). The question on stakeholders was important for this study to better understand how small businesses operate in the townships of Gqeberha. In the study the participants identified seven different types of stakeholders. The most popular stakeholders were customers and suppliers. These stakeholders are also the most popular in the context of big business (Tractivity, 2022). Customers were the most common type of stakeholder amongst the participants.

Customers

Mandy, who runs an online education consultancy business, provides examples of the customers in her business: "*Educators or freelance facilitators, learning institutions, skills development and training centres, start-up businesses*".

Brandon, who runs an automobile business, furthers this discussion by highlighting how in his field customers are the main source of revenue. He states, "*Contract holders (customers) are our main source of revenue...*". This

point highlights the value that Brandon places on his customers; he understands that his customers are his main source of revenue. Nathi mirrors Brandon's viewpoint on how customers are important for his business's survival. He states, "*They bring in business...*". It can therefore be said that the participants perceive customers as valuable contributors to a business's survival and success.

It is through the transactions the business has with customers that it sustains itself. Veronica emphasises this point by stating, "*I rely on the clients support for the business to be sustainable*". The participants value the contribution of customers as stakeholders in their businesses. In addition to customers being their main source of sustainability, Brandon also regards them as pivotal. He affirms, "*The customers are the reason for our existence*". Larry expands on Brandon's stance on customers by highlighting that as a business owner, customer satisfaction is an important element in stakeholder relations, and a happy customer results in the success of the business and, in turn, a good business reputation. Larry states, "*Clients are important as they support my business, and it is crucial that I always make them happy for the success and the reputation of my business*". This is an important contribution by Larry as it highlights the added value customers bring to a business.

Relationships are not only based on customers' willingness to buy a product or service, but rather the owners and/or managers efforts to make the buying experience a pleasant one, as this influences customers' perceptions of the business. It is clear from the participants that customers keep them afloat by continuously supporting their businesses by buying the services or products being offered. The participants also recognise that the main purpose of their businesses is to service their customers. The relationship between the business and customers must be reciprocal in that business owners or managers must take care of their customers by ensuring that they are happy. This also highlights how customers can affect a business's success or failure, in that if they do not support a business, it will cease to exist.

Suppliers

The second most popular stakeholder group was suppliers. This is another group of stakeholders that are common among bigger businesses. The participants referred to suppliers in 15 instances; they were also regarded as being integral to the growth and survival of the business. Leonard leads this discussion by giving examples of suppliers in his fruit business. He highlights how *"The supplier provides the fruit and vegetables. The supplier of boxes supplies boxes which I use as packaging for my fruits and vegetables... without the supplier, my business would not have a product to sell..."*. Leonard distinguishes the value suppliers bring to his business – the one who provides the actual product he sells, and the other one who provides the packaging. Both suppliers are regarded as vital in making his business a success as he cannot deliver a product without these stakeholders. These sentiments are shared by Larry, who runs an events business. He states, *"The supplier is very important because without the supply of equipment, my business won't be able to host events"*. The service suppliers provide to small business is seen by the participants as being the backbone of their businesses and therefore it contributes to their sustainability. They are only able to provide their final product through the input of suppliers. It can thus be said that there is a direct relationship between the supply of materials from suppliers through to the supply of products and/or services to customers. This indicates the value of this stakeholder group to these businesses.

Employees

Employees were regarded as the third most popular stakeholder group. As is the case with big businesses, employees are regarded as crucial contributors to their outputs. In this study, the general assumption amongst the participants was that employees help a business to achieve its goals. The participants regarded their goals as making a profit, making their customers happy, helping to run the business on a day-to-day basis, and the contributions made towards the production of a quality product and/or service. This point of view is echoed by Andrew who states, *"The workers are responsible for ensuring that our quality and standards remain consistent"*.

Brandon shares how his employees contribute towards the business's overall objectives. He says, *"The other employees make it possible to deliver on our business objectives"*. It is evident that human capital is an important factor in a small business. The skills employees provide to these businesses help in achieving their overall objectives; thus, proving that these stakeholders can affect the businesses' success. These skills could be regarded as technical, financial, and soft skills, among others. Without these skills that employees contribute, the company cannot reach its goals. It can thus be said that small business owners are dependent on employees to run their businesses successfully.

Government

The government, as the fourth most popular stakeholder group, was regarded by some of the participants as significant in their businesses. The government, as a provider of multiple services to this sector, was seen as a gatekeeper to services essential to the businesses. This means that the government could affect the businesses by delays in providing access to services. The participants referred to the role of the government as an authoritative figure that controls conduct in certain areas. Andrew highlights his experience during the Covid-19 pandemic in 2020 and 2021, by stating, *"Government is there to provide regulations and for taxation.... as we have to stick to the regulations, they put in place particularly now with the Covid-19 pandemic"*. Another perspective on how the government is a gatekeeper is provided by Larry: *"The municipality plays an important role in granting permission to use public or open land or space, or even roads, to set up for an event. For instance, many are the times where the client requires the setup to be in the public or open land. I therefore would need permission to set up there from the municipality."*

The participants indicated how they regard the government as an authority figure, which has control over the facilities or the services that they need to operate their businesses. Seth, a photographer, shares his experience of the government as an authoritative figure. His perception of the government is negative as he regards it as a one-way relationship. Seth says that the government *"... is more compliance, I don't think we have like a significant*

relationship; they just take money from me. It's an abusive relationship really; they are only there to take." Seth concludes that the relationship between his business and the government at its core is transactional, in the sense that it is only about him paying tax: *"Government wanting me to pay tax and it's that simple and I pay tax..."*. The nature of Seth's business is that he provides a service to businesses. Photography can be regarded as a non-essential service to many businesses. It is an additional service that many businesses take on, but this service will not necessarily hinder the daily running of a business, nor will it halt an event. The participant's feelings might be driven by how his interactions with the government are only linked to when he must pay tax.

Community

The fifth most popular stakeholder group was the community in which the businesses operate; this is a relationship that cannot be denied. As many of the businesses operate in communities that the owners or managers either live in or grew up in, many of them regarded their businesses as being part of the community. Thandi gives examples of community members who are in close proximity to her business. She highlights the following: *"...family, neighbours, local tavern opposite my business, competitors"*. Thando adds to this list of community members by identifying the following: *"...the kids, the community around here, people around the community who need assistance..."*. The identification of a group of people needing assistance as stakeholders is worthy of mention. This brings a more human-centred approach to small businesses and illustrates how stakeholders affect a business. They identify the contribution they make as businesses to the needy, and the success or failure of their businesses affects this group of community members.

For businesses to be sustainable in the long run, to some extent, the needs of the community need to be met. For instance, a business needs educated employees; this means that it is essential for community members to have access to quality education. Major businesses invest in bursaries or community engagement projects such as adopting a school, or donate computers in the hope that this will result in educated community members, who are then eligible for employment in their organisations.

However, for small businesses in Gqeberha, the role of the community as a stakeholder is that, in some instances, the businesses are regarded as an active participant in society. This is highlighted by Thando who describes how the businesses provide a valuable service to the community. *"I think also people in the community because we provide an important and needed service; without this business, they would not know where to go for that kind of assistance."* Thando provides further insight as to how the business that she runs is regarded by the community as being an important contributor to the well-being of the community. *"You know in a township business, if you treat customer with respect and you will have the community rally around you, I can even say it's a spiritual thing because I once had a person come in and say they pray for the success of our business. This shows the impact we as a business have on the community. We understand our role in the community, and that is to care for the community; we have to always show respect and love, and that is what we try and do with the business."* She further touches on how there is reliance on the business by community members to assist in alleviating dire situations. *"There is a sense of responsibility to the community and to some customers who you can see are poor; there is only so much you can do to help,"* explains Thando.

An important finding of this study is how the community members view small businesses as alleviators of poverty in the communities in which they operate. Their role extends beyond profit making. They employ community members but also when certain situations arise, such as a household in need, it is expected that small businesses should intervene. The business owners and/or managers feel a responsibility to the community to assist where possible. For instance, Brandon highlights how, in some instances, he feels obligated to help during a burial when the family needs assistance. *"It happens sometimes that I contribute towards a burial of a community member; I mean I am one of them, they look to me to help because I am part of the community,"* says Brandon.

Family and friends

Family and friends were an important finding of this study, as this group of stakeholders were regarded as the sixth most popular stakeholder group. This group of stakeholders was particularly unique to small businesses in the township. Unlike bigger businesses, the small business owners and/or managers regarded their families and friends as stakeholders in the business. This ultimately means that they perceive the success or failure of their business to have an effect on this stakeholder group. These are stakeholders who have a close personal relationship with the owners and/or managers.

Seth refers to how the people he has personal relationships with are stakeholders in his business. *"And I guess the people that are close to you, your family, your partner, and especially when the business is small it is harder to separate those things..."*. This point highlights the closeness of these relationship and how their businesses' success or failure impacts the relationships they have with their friends and families.

Larry and Thandi make an important contribution to this discussion by highlighting how their family members provide support to their businesses. *"Family and friends are important as my support, and sometimes with financial support. For example, I need to finance the setting up of the events by myself before receiving payment. Family and friends then sometimes offer financial aid, especially when I must set up for a bigger event, which needs a lot of financing."* Thandi adds, *"Family (my mom) helps me with running the business, for example, my mom helps me make the dough for vetkoeks. Without her assistance I might not be able to meet the demands of customers who buy vetkoeks. She also runs the business when I'm not available."*

Larry further states how, in addition to financial support, the sharing of expertise is also a valuable input that family and friends make to his business. *"Family and friends play an important role by supporting my business, giving new ideas and ways I can improve my business. This is very important because they give constructive criticism from a neutral perspective of someone who is not in the industry."* Sally similarly says that her family supports her with her business. She states, *"Family is my support system, whether they know about art or how*

to handle a business, I know that I can always run things past them. I think the support system is very important; it keeps everything balanced."

In essence, the relationships owners and/or managers have with their family and friends affect the daily operations of their businesses. Family and friends financially and emotionally support business owners and/or managers with their businesses. The success of the business impacts these relationships. When the business is doing well, the owner and/or manager does well, and, in turn, their relationships. When the business is not doing well, the owners and/or managers turn to their families for support. This might be in terms of financial and emotional support, and at times input in terms of advice and human capital. This shows the communal involvement of family and friends in the small businesses.

Owners and/or Managers

Lastly, the participants regarded themselves as stakeholders of their businesses. The owners' and/or managers' perceptions of being a stakeholder highlight how their attitude affects the daily operations of their businesses. Being an owner and/or manager of a small business brings a unique element to the understanding of stakeholders. Three of the participants indicated how their roles affect their business. Sally highlights how their inputs determine the success or failure of the business, *"...procrastination, being lazy, and working harder than I am now could be part of failure and success of the business"*. Seth highlights the interconnection between the business and the owner and/or manager. *"I am my own stakeholder because my business is so small, and often for small businesses you are an important stakeholder because the business's problems are an extension of your problems. If you think hard enough, whatever problem the business is having the person is having that problem. It may manifest differently, but you are your own stakeholder... If you are a small business owner, you are having trouble at home, or your relationship is in a certain way. You are a lot closer as a small business owner, like there is less of a filter. If you have a corporate job it's stable. You go to the job and there is systems and the structures that are there to not cross those lines in business particularly. When it's a small business those boundaries aren't as defined."*

It is evident that the participants see themselves as part of their businesses. The nature of the small business is that it is heavily dependent on the owner and/or manager, and processes cannot run smoothly if the small business owner and/or manager is not doing well. The participants cannot separate themselves from their businesses and thus view their small businesses as an extension of themselves; thus, making themselves stakeholders in their businesses.

4.2.2 How do small business owners and managers view or manage communication with their stakeholders?

Where people assemble, communication is inevitable. In the context of a business, communication can either be formal or informal. Regardless of its formality, communication with stakeholders is vital for an organisation's day to day operations, and ultimately its success. In the previous section we acknowledged that stakeholders are an important factor in the businesses. In this section the aim is to understand how the participants view or manage communication with their stakeholders.

An important aspect to consider when discussing communication is how owners and/or managers communicate. The 21st century offers business owners and/or managers multiple platforms to communicate with their stakeholders. This was evident in the participants' responses to the question on how they communicate with their stakeholders. Social media was found to be the most popular platform amongst the participants. It was clear from the participants' responses that 21st century communication platforms are a popular medium of communication. The ease of use, the familiarity, and the relationships they have built with their stakeholders make these platforms suitable. This is underlined by Larry who shares how he communicates with his stakeholders. In his statement below (see Table 1.6) Larry refers to how relationships play a role in the type of platform he uses to communicate with his stakeholders. It can thus be said that because of the nature of the good and flexible relationships he has with his customers he feels that this platform is most appropriate for him.

Social media platforms can be used to communicate with hundreds or even thousands of stakeholders at the same time. Unlike traditional media, these platforms can be run by the owners and/or managers themselves; they are also easy to use and affordable.

Below Sally highlights the value of social media. She emphasises how she creates awareness of her business on social media platforms. Creating awareness in this context would not have been possible with traditional media, as traditional media is expensive.

Less popular platforms of communication were also found to be of use to small business owners and/or managers. The participants referred to telephone calls and face-to-face communication. Telephone calls and emails were mostly used for formal communication with suppliers and, at times, customers. Stanley highlights how he uses emails to send formal documents, such as quarterly reports. See Table 1.6 below:

Table 4.2: Platforms used by small businesses

Platforms used by small business owners and/or managers	
Social media platforms	<p><i>"In most cases, we use social media platforms such as Facebook, Instagram and WhatsApp." Andrew</i></p> <p><i>"...mostly via social media platforms like WhatsApp because of that good and flexible relationship built." Larry</i></p> <p><i>"Social media is part of the ads and I don't have any print materials that I do but just to what can I say create awareness that there is an artist such as me around." Sally</i></p>
Phone calls	<p><i>"Calls to and from supplier and customers." Leonard</i></p>
Emails	<p><i>"My suppliers send me emails when they need to reach me." Nathi</i></p> <p><i>"I send out quarterly communication via email." Stanley</i></p>

Platforms used by small business owners and/or managers	
Face-to-face communication	<i>"I go to them when I need to reach them."</i> Nathi

In understanding the platforms that the owners and/or managers prefer to use when communicating with their stakeholders provides context as to how they view communication. According to the participants, communication with their stakeholders is viewed as being open and honest; this contributes to how they run their businesses.

Andrew states that he communicates with all his stakeholders in an open and transparent manner. He says, *"We make sure that our channels of communication with our stakeholders are always open"*. Having open communication means that stakeholders can communicate with them whenever they feel the need to; hence, the use of easily accessible platforms such as WhatsApp.

Mandy expands on this understanding by including the importance of communicating openly with stakeholders on the different platforms. She states, *"By continuing with the open lines of communication through different platforms"*. Mandy brings in the aspect of the use of different platforms previously mentioned, such as Facebook, Instagram, and emails. Sally maintains this perspective of open communication by highlighting that communication also needs to be ongoing. *"So the best way to maintain a relationship is open continuous communication."* This is an important contribution to the discussion, as our understanding of communication is that it is continuous. This perspective highlights how even in small business, communication with stakeholders is not seen as a once-off, but rather a process that is ongoing.

This study is driven by the understanding that communication is important in running a business. Larry touches on this point by highlighting how open

communication helps him improve his business. He states that open communication helps in *"ensuring that there is constant feedback from and to the supplier; that way we can always be on the same page. The same applies with my customers. Therefore, that honest communication helps us to improve on our services."* This point drives home the notion that communication is a tool that can be used to drive organisational goals and objectives. Larry points out how communication as a tool can help him improve his business. Brandon expands on this idea of open communication by including the importance of being accountable to his stakeholders. He shares how he *"reflect[s] on the relationship by asking how I can become a better listener and build better relationships, what can I do to be more proactive and positive, when should I get better in asking for help from a team perspective."* This is a different approach when compared to big businesses. Because of the systems that are in place in big businesses, experts are hired to build relationships, such as a relationship marketer, company relations, or a communication specialist. One of the core functions of these roles is to build relationships with stakeholders. As an owner Brandon takes on this responsibility himself. He highlights how he initiates initiatives to build relationships with stakeholders in his business, emphasising the value he puts on relationship building in his business.

Sally highlights how open and continuous communication with her investor creates accountability and trust. She states, *"I'll buy the materials or whatever. I send her pictures. I send her everything. She says that I don't have to but I just wanna keep that whole thing that I don't think that I'm just taking your money, maybe going shopping with it. So open and honest communication helps to build that trust."* Because of nature of the business, this type of communication is unique as bigger businesses may not be able to pay personal attention to their stakeholders.

For Nathi there is a direct relationship between open communication and its contribution to trust and loyalty in stakeholder relationships. He highlights this point by sharing how it is also important to be *"...open with clients and be honest with the options that are available and the amount that the service will cost, which also builds trust and enables the client to commit and be loyal to the*

business". The participants emphasise how open and honest communication contribute to trust and honesty. It is evident that these values are important for small businesses in the townships. This could be attributed to how township business operates, for instance, their take on credit, their agreements are mostly verbal, and there are few or no written contractual agreements.

In understanding the value of communication in these businesses, it was important to ascertain what the participants considered effective communication to be. Andrew describes what effective communication means to him, *"Effective communication is when one communicates necessary information to stakeholders and the message relayed is successful and reaches its receiver without any miscommunication. I say this because in order for communication to be effective the receiver must understand the message as the sender intended it."* Sandy offers a similar description of effective communication, by highlighting that it should bear results. *"Effective communication is communication that bears results. If we communicate with each other and not come into agreement, that communication would be ineffective."* Nathi gives a practical example of what effective communication bearing results entails, *"I would say effective communication would be being able to complete a task as discussed and keeping well within required standards"*.

It can therefore be said that the participants view effective communication as when a communicator sends a message with a specific intention. The receiver of the message can understand the message as intended by the communicator and can therefore conduct the intended actions.

It was clear from the interviews that the participants viewed communication as a valuable tool in making their businesses successful. The researcher further explored how the participants viewed communication by examining their views on the outcomes of effective communication. The participants highlighted how effective communication helped their businesses grow. According to Stanley, it is *"the acquisition of a new client based on the team performing well for a current client"*. This shows that the current positive relationships they have with

their stakeholders help them with new business ventures. Mandy's reference to business growth is on how the business can gain attention from its external publics, *"Increasing our company profile and having more to showcase to potential clients"*.

The participants touched on some interesting perspectives as to the outcomes of effective communication, such as how it could result in business collaboration. This is a point made by Mandy: *"Collaboration with other business results in gaining more experience and exposure"*. Collaboration is a progressive initiative that small businesses can partake in. Many big organisations further their business goals and objectives by collaborating with other organisations or brands. An international example is the collaboration between Apple and Nike, BMW and Louis Vuitton, and locally brands such as Veldskoen and Siya Kolisi, and Tastic and MaXhosa Africa (Poindexter, 2022; Vuitton, 2023; CapeTalk, 2023; Tastic, 2023). The goals for the different collaborations might have been different; however, these conversations could not have taken place without consultation and relationship building.

Another unique perspective was offered by Stanley, who highlighted the early detection and solving of issues: *"Solving issues early before they get out of control. Problems are always going on, but if we communicate effectively, this can be resolved easily."* This is valuable insight from the participant, as South Africa is prone to violent and destructive protests. Therefore, when a business communicates effectively these issues could be dealt with before they become a crisis.

A few of the participants perceived positive stakeholder relationships as an important outcome of communication. Thando touches on how these positive relationships contribute to the sustainability of her business. *"I think they lead to you know when it comes effective communication, leniency to the business when it comes to mistakes, customers are forgiving on the mistakes we make, and the continual support both on the business side, because it is a family business. When the family is in need, our stakeholders show up, and of course the loyalty to the business."* This insight demonstrates the core of positive long-

lasting relationships. Businesses go through difficult periods, and stakeholders are needed when businesses are experiencing adversity. A positive relationship will allow for leniency towards a business owner, not because of what they can gain, but rather because there is value in the success of that business. Going to another business instead will not necessarily reap the same rewards because of the relationship that has been built over time.

4.2.3 What do managers or owners regard as positive stakeholder relationships ?

In the townships, stakeholder relationships can be regarded as a currency, which enables small business owners and/or managers to run their businesses successfully. The previous sections cemented the fact that stakeholders are valuable for small businesses in townships. This discussion establishes what managers and/or owners regard as positive stakeholder relationships.

Andrew identifies communication as an element of positive stakeholder relationships. He says, "*...our stakeholders should be able to communicate with us openly about any of their concerns and we can encourage this by ensuring our customers that their communication with us is valued and taken seriously*". Communication as an indicator of a positive relationship speaks to the value small business owners and/or managers place on communicating effectively. Andrew draws insight as to how, in a positive business relationship, communication is not only about sending information, but also creating an environment where stakeholders feel they can openly communicate and have their concerns addressed.

Another perspective on positive stakeholder relationships is how it should bring value to both the stakeholders and the business. This is a point driven home by Leonard who shares the following: "*An ideal kind of relationship would be one that is continuous (long term) and beneficial to both parties involved, between me and supplier or transport driver. This can then give room for negotiations of discounts, especially when there is inflation of prices.*" Here the participant highlights how in a business relationship, when value is only afforded to one

party, that relationship is not sustainable. When both parties benefit from the relationship, it creates longevity and trust, which in turn enables the parties to assist each other when facing challenging situations.

Another common theme amongst four of the participants was the element of understanding in positive stakeholder relationships. In the previous section, the participants associated understanding with effective communication. Veronica's view on positive relationships is that it is *"a long-lasting good working and understanding each other in the relationship"*. Stanley states how a positive relationship *"...would be one where the problem of the stakeholder is understood, the expectations are put on the table, targets are set, timelines have been established and the pay structure has been agreed upon. I believe all this is important right from the outset."* The two participants emphasise the value of common understanding between the business owner and/or manager and their stakeholders. This understanding helps in unpacking and resolving issues stakeholders might have. This assists in flexible business negotiation transactions.

Other reoccurring characteristics in this discussion were trust and loyalty. Many of the participants regarded these attributes as being an indicator of positive relationships, and attributes that all stakeholders and businesses owners and/or managers should work towards. Thandi gives her perspective on trust and loyalty in stakeholder relationships. She regards them as *"very important because you can't build a relationship without having trust"*. Seth expands on this idea by making reference to how he runs his business. *"You can't have any relationship without trust, like it's a consistency of narratives. I guess even not trusting someone can be a form of trust, but then at least you know and can build and work around that and maybe if I got someone like that I will manage them differently. I won't pay them upfront or whatever, but the trust is key. But even when there is distrust, you are just managing the situation. In the relationships that are optimal, trust has to be there. I need to believe that my clients are going to pay me when they say they are going to pay me, and generally I don't take payments upfront with my clients 'cause I know when I send my invoice I will be paid."* The participants highlight the value trustworthy

relationships bring to a business. The daily interactions between the business and its stakeholders are based on trust, and that contributes to running a business successfully.

Sandy brings in the e-commerce aspect of small businesses, and the importance of trust in the online environment. *"Our relationship is based on trust and transparency. As mentioned above I run an online store so most of my customers have never met me. They are buying from a stranger; therefore, I need to be transparent, and we must be able to trust each other."* Veronica also viewed this relationship attribute as particularly important in her business.

Like trust, loyalty and commitment were also attributes associated with positive stakeholder relationships. Thandi emphasises the relationship between loyalty and good relationships with stakeholders. *"Yes, it does make my business successful, because there is good relationship with my customers because they are loyal."* Thandi attributes the success of her business to how loyal her customers are; this is in relation to how they buy from her business. Larry perceives commitment as an attribute he has, and the result is customer loyalty. *"Yes, it is important because to being committed in my work and being able to satisfy my clients means they will also remain loyal to my company."*

Evident from the participants' responses is how in small businesses relationship attributes are an important factor in building stakeholder relationships and making their businesses a success. Trust, loyalty and commitment are attributes that small businesses use to navigate challenges within their businesses. For instance, a small business would rather rely on a relationship, whereas bigger businesses would place more value on drafting contract agreements. Because of the nature of a small business, these attributes bring value to the business, and to how it is run.

4.2.4 What are the unique experiences of owning a small business in a township ?

As a result of South Africa's unique past, townships are regarded by many as environments that are under-developed, with a wealth of expertise, and a robust economy. For instance, if we look at major businesses in South Africa, such as the Shoprite group, Pick 'n Pay and Spar, and how they have infiltrated the townships, this shows the potential magnitude of the township economy.

The inherent challenges faced by townships, such as crime, poverty, the level of education of residents and poor service delivery, also extend to the businesses that operate in them. These challenges however often work to the benefit and at times the detriment of small business owners and/or managers. These challenges can benefit small business, as they can encourage innovation in these spaces. For instance, if we look at loadshedding and how crime increases during these periods, many electricians in the townships have diversified their skills to include the installation of home security cameras; or for instance, the poor quality of water and how small businesses now sell purified water. However, for some businesses poor service delivery may result in their businesses closing down. Many businesses rely heavily on electricity, for example mechanics, and when loadshedding affects their peak times, this could result in poor turnover at the end of the month. Prolonged loadshedding might result in business failure.

South Africa is regarded as one of the most dangerous places in the world. Naturally this would influence the day to day running of a small business in the township. The participants touched on the challenges crime brought for their businesses. During protests, criminal activities sometimes occur, such as looting and businesses' equipment being damaged. Brandon highlights this point, *"...negative impact of socio-economic protests with local businesses usually facing the brunt of these protests, mostly due to criminal elements"*. Sometimes small business owners try and protect their businesses from criminal elements by closing during protests in fear of losing stock or damage to their property.

Theft is another negative factor that small businesses face in the townships. Larry touches on the element of theft. *"There is a risk of crime affecting your*

business, people stealing your equipment." This is a challenge that is faced by many South Africans. Larry highlights the loss of equipment, as this could determine the success or failure of a business, as some of the businesses rely heavily on equipment for their day-to-day business operations. Thando further touches on the element of theft by highlighting the impact of robberies on her business. *"Cash flow can be challenging considering we work with mostly cash, and cash safety as we can only cash money the next day."* This could cause challenges for the businesses, as they risk getting robbed, and low cashflow could result in customers being turned away.

More violent crimes are also considered as challenges for small business owners. Thandi says, *"Although I haven't experienced it, but I fear being targeted and getting robbed when going home after hours."* This type of crime can have a negative effect on the trading hours of businesses. During winter, for instance, businesses might have to close earlier because it gets dark earlier, meaning their turnover might drop during winter.

The online environment has been a lucrative space for many entrepreneurs. Businesses are finding the online environment a more economical business environment for township businesses; however, the delivery of products in these communities are a challenge. Sandy drives this point home: *"I think it's the crime. Delivery companies are reluctant to come into the township to deliver my supplies."* This challenge might result in many small businesses opting for closure, as the brick-and-mortar business model is expensive.

Many of the participants raised the issue of the community not understanding their pricing. Andrew explains the issue as follows: *"Customers who want to buy on credit and later refuse to pay because they are friends or family. Customers who want to negotiate for prices without regard of the fact that we also have bills to pay at the end of the month."* Veronica has a similar view on customer discounts, *"...educating the community about what I am about. Sometimes they don't understand my pricing. They always want discounts."* Expanding on the view of customer discounts, Larry offers his experience. *"The people lack understanding; sometimes don't respect your hustle. For example, some*

people within the community expect that because they know me, I must render my services for free. And even when I do charge, I would have to lower my rates, just to accommodate the township market." Because of socio-economic challenges, such as unemployment, many community members may at times look to these businesses for support. Support may come in the form of discounts, and at times taking stock on credit. This is a challenge for the business owners and/or managers as they might suffer losses due to non-payment.

Poor service delivery is regarded as an issue that is more prevalent in townships, and small businesses bear the brunt. Two participants said that townships residents did not have access to resources, and this contributed to their lack of knowledge regarding their product offerings. One such a resource is access to reliable electricity. Sandy, who runs an online business, is heavily reliant on stable electricity. She shares her grievances. *"We always have loadshedding, and that affects my network making it hard for me to run my business smoothly."* Thandi similarly states that loadshedding is bad for business. *"Loadshedding also affects the running of the business."* In a country that has to provide essential services for businesses, such as electricity, the lack of a stable source of electricity is detrimental to many businesses. Some business owners/managers are only able to work for a few hours a day because electricity is only available at certain times.

Some of the challenges that the small businesses face can be mitigated by continuous dialogue with their stakeholders. For instance, because the community does not understand how long-term credit can be harmful to a business, the business owner and/or manager engages with the stakeholders to address the issue before it becomes a crisis. This is where dialogue and continuous and open communication play a role in long-term positive relationships.

There are however benefits to operating in the township; for instance, the participants mentioned how the market in the township is relatively untapped for their product offerings, and cheap rental rates were also regarded as a

benefit for township businesses. Stanley touches on how the rental rates accommodate his type of business. He says the township has *"cheaper rent as compared to town"*. Sandy also emphasises the low rental rates, *"I think the cheap rent"*. Both participants view this as the positive side of having a small business in the townships. This is because in the central business district or more affluent suburban areas rental rates are high. The township could be a lucrative space for small business, as this factor could boost their monthly turnover.

The township is characterised by its large population. Small businesses owners and/or managers view the township economy to be relatively untapped, and this means that there is the potential for exponential growth for their businesses. Nathi highlights the large number of residents. *"There are a lot of people in the townships, and it is easy to get your business to be well known because the people there tend to all know each other."* Larry says because he understands the culture of the township, the space is conducive to run his business. *"The reason why my business is based in the township is because I am familiar with the surroundings, and I understand the market in the area."* His sentiments are shared by Thandi who says, *"The reason why my business is based in township is because I understand the market in the township, and for safety reasons, given that I am familiar with the area"*. It is clear from the participants that knowledge of the township benefits the daily running of their businesses. Understanding the culture positively influences their pricing and product offering, and how they market their products.

Poverty is a defining characteristic of the townships. Many factors contribute to this societal ill, and township businesses often bear the burden of helping to alleviate poverty. One way that small businesses can do that is by providing employment to community members; the extension of credit and discounts can also be regarded as a factor in helping with this challenge. Leonard assists by providing employment: *"The reason why my business is based in township is because I wanted to alleviate youth unemployment."* Brandon and Veronica expand on this viewpoint by highlighting its impact on the society. *"The contributions small business make in the local community is felt throughout the*

community. For example, supporting small businesses in the value chain makes a big difference in improving the lives of ordinary people. The impact is generally felt by large groups of society." Veronica also highlights how self-care can lead to an improved quality of life. *"I thought of introducing it in my community to teach people about healthcare and wellness because not a lot of businesses don't do what I do. Plus, I hope that later on I can create opportunities for my community."* These participants further emphasise their people-orientated approach to business. Improving the lives of the community is a unique contribution that small businesses make in their communities.

Some of the respondents indicated how their businesses have become an important part of the community. Leonard says, *"You can get support from members of your residence area"*. Larry furthers this viewpoint by touching on aspects of marketing. *"The positives are that there is support because you get free and easy marketing by word of mouth through community members."* It is undeniable that when the township community acknowledges the value of a business in the township they support its initiatives. This makes it less challenging to operate a business from the township, and because it is based in the township, it is easier for the community to support it.

A business cannot operate in isolation; it is a social system that is composed of different relationships. These relationships include employees, customers, suppliers, competitors, and investors. All these groups have a stake in the success or failure of a business and are thus referred to as stakeholders. This study investigated owners' or managers' perceptions and experiences of the role of communication in building positive relationships with their stakeholders, which contribute towards a successful business. Fourteen small business owners and/or managers from Gqeberha townships were interviewed to better understand these relationships. The results of the interviews identified the nature of their relationships with their stakeholders, how they communicate, what they consider as effective communication, their perceptions on positive stakeholder relationships, and their experiences of running a small business in the township.

The researcher found that the business owners and/or manager were deeply invested in the communities they operated in. They were regarded by communities as being a part of the functioning of the community. They felt that they had a responsibility towards the community; for instance, by helping to alleviate poverty, create employment opportunities, and contribute to the overall well-being of the township. The relationships they have with their stakeholders enable them to meet these responsibilities. They viewed the relationships they have with their customers as valuable to the sustainability of their businesses; they viewed their employees as contributors in reaching their goals; and they viewed their family and friends, their support systems, and themselves as pillars in making their businesses work.

Relationship attributes such as trust, loyalty and honesty were considered as indicators of positive relationships or ideal relationships. These attributes allowed the small businesses to operate in environments that at times were built purely on trust.

There were however challenges that small businesses in the townships experienced, and some of these challenges mirrored the challenges experienced by bigger businesses, such as crime and the lack of service delivery. Operating in the township also has its positives, such as cheaper rental for business premises and a relatively untapped market.

The findings of the study indicate that small business owners and /or managers see the value of communication for their businesses. They associate good business practice with being able to communicate effectively. In communicating effectively, they build positive relationships, which in turn contribute to the success of their businesses. From this understanding it can be said that for these businesses, relationships are of value. Many of these businesses would not exist if it was not for the relationships they have with their stakeholders.

CHAPTER 5

Discussion and interpretation of findings

5.1 INTRODUCTION

The purpose of this study was to explore owners' or managers' views on the importance of effective communication and the role it plays in building positive stakeholder relationships, which in turn contributes to successful small businesses in Gqeberha. In this qualitative study the researcher explored owners' and/or managers' perceptions on whom they regard as their stakeholders, how they communicate with stakeholders, their perceptions on positive stakeholder relationships, and their experiences of running a small business in a township.

The previous chapters of this study form the basis for this chapter. In Chapter one, the study provided the context on why this study is important, and what problem it wants to address. In Chapter 2, an academic literature review was conducted, which gave an overview of studies done in this field. Chapter 3 provided the steps the researcher embarked on to collect the data, while Chapter 4 presented the results. This chapter will address the research problem, what this means for small businesses in Gqeberha, make recommendations for future research, and end off with reflections from the researcher.

5.2 INTERPRETATION OF FINDINGS

The following are interpretations of the findings of the research. This section will be presented following the sequence from Research Question 1 to Research Question 4.

Research Question 1: *Who do the owners or managers regard as their key stakeholders and how are they contributing to the success of their small businesses?*

The participants identified customers, suppliers, employees, the government and the community as stakeholders in their businesses. These stakeholders have also been an area of discussion for many scholars and thus it is consistent with previous research on stakeholders (Du Plessis, Van Heerden and Cook, 2010). Studies on organisations typically refer to stakeholders; they are common to major organisations; and they are often discussed in terms of primary and secondary groups. These groups are grouped together, based on how they influence or affect an organisation (Benn, Abratt and O'Leary, 2016).

Primary stakeholders are those groups of individuals who could directly affect the daily operations of an organisation, such that if they withdraw their activity towards the organisation, it would cease to exist. These include groups such as customers, suppliers, and employees (McGrath and Whitty, 2017:727). The participants regarded these stakeholder groups as being the backbone of their businesses, highlighting their reliance on their support for their businesses' existence and their sustainability.

Secondary stakeholders are regarded as publics that are not directly involved in the daily operations of the organisation; however, their actions can affect the organisation – for instance, the government and the community (McGrath and Whitty, 2017:727). The participants who identified the government as a stakeholder acknowledged how government policies and laws affect how they run their businesses. One owner with a negative perception of the government said the relationship is abusive, and that the government is merely there to take money from his business. This speaks to how, at times, you have stakeholders whom you involuntarily go into business with; in this case, the government and the community (Le Feuvre, 2011:23).

A unique contribution to the discussion of stakeholders is how the participants identified their families and themselves as stakeholders. This discussion was centred around how these relationships could affect the businesses. In a small business it is not as easy to separate the business from themselves and the relationships they have with family and friends, in that family and friends invest their time, advice and sometimes money in the business; how relationships at

home can influence how the business is run, even though family member(s) are not employed in the business; how they are important stakeholders in the business because the business is an extension of themselves; and their problems are the business's problems and vice versa.

Similar to another study on family businesses, where family was found to be important stakeholders in the business, the nature of the interpersonal relationships influence how the business is run; personal conflicts might interfere with how the business is run; and these relationships should be in good standing for the business to succeed (Ferreira and Engelbrecht, 2022:34-35).

Customers, suppliers, employees, the community, friends and family were all considered as having a positive effect on the small businesses. Customers were considered by many of the business owners and/or managers as being the backbone of their businesses, as one of the main purposes of the businesses is to produce quality products and services that their customers will be satisfied with. The participants also felt that a happy customer resulted in a good reputation for their businesses. This assumption by the stakeholders is consistent with theory, as research in the field of organisational reputation focusses on how customers are a particular group of stakeholders. They know what they want, and they know where to get it.

An organisation with a favourable reputation can result in higher sales (Kircova and Esen, 2018). There is a relationship between the relationships an organisation builds with its stakeholders, how they communicate, and the reputation of an organisation. An organisation's reputation is the result of how it communicates and how it is perceived by its stakeholders. An organisation's behaviour has an impact on the nature of its stakeholder relationships and communication is central in building these relationships. Long-term positive stakeholder relationships enable an organisation to grow. Knowing whom your stakeholders are, and what their interests are, will enable you to tailor your messages based on their needs and wants (Puncheva, 2007:272-279).

Research Question 2: *How do small business owners and/or managers view/manage communication with their stakeholders?*

In Chapter 2 of this study, the literature established that two-way symmetrical communication helps establish relationships between the organisation and its publics. This is because this model of communication encourages communication to be balanced – for both the organisation and its stakeholders. One party is not trying to influence or manipulate the other; the idea is to have continuous dialogue (Roper, 2005:69).

The participants agreed that communicating with stakeholders was vital for their businesses. It was thus important to first establish what platforms they most frequently used to communicate. With the changing world and technology being at the forefront of how organisations should communicate, it came as no surprise that social media was the most popular platform used by the participants.

This study regards Elena's (2016:786) definition of social media to be the most applicable. The definition states that social media is a "tool that allows communication between individuals, companies, different groups from all around the world, sharing and exchanging information and ideas in an interactive way". This definition highlights how the platform encourages two-way communication; that sharing and exchanging of information characterises this platform; and that this platform allows a user to connect with multiple users from all over the world. The use of social media by the participants strengthens the argument on the value of two-way symmetrical communication to build relationships with stakeholders. The platform allows for two-way communication with stakeholders; therefore, it is an appropriate platform to engage with stakeholders (Walsh et al., 2021:24).

Although face-to-face communication might be regarded as a medium of communication that is outdated, some participants felt that this form of communication works best for them. This might be a time-consuming form of communication, and something that bigger businesses might not have the capacity to do, but because small businesses are smaller and "closer" to their

stakeholders than their bigger counterparts, this might be an area they could capitalise on to build positive stakeholder relationships.

Face-to-face communication can add value to how relationships are built with stakeholders, while nonverbal communication is important as it helps to understand the behaviours, feelings and needs of stakeholders. The context of communication plays a key role in how they perceive a business; thus, it is crucial in understanding stakeholders and using the most appropriate platform to communicate with them (Shakeri et al., 2020). It can thus be said that the platforms used by the small business owners and/or managers are indicative of how they engage with their stakeholders, and how they value two-way communication.

The two-way symmetrical approach to communication is regarded as being communication that is balanced and two way in that there is dialogue between the participants. There is no intention to persuade, but rather to reach consensus through constant dialogue (Wilson, 2011:22). It was important for this study to understand how the participants viewed their communication style. The recurring themes touched on how they are always open and transparent and communicate continuously with their stakeholders.

The concept of transparent communication has been described as communication where organisations openly communicate with stakeholders about what is happening in the organisation and the information is honest and it is not tailored to persuade. This is to encourage engagement from stakeholders and for the organisation to be accountable (Muntahaa et al., 2019). This description mirrors the participants' sentiments with regards to their view of open communication, where some participants highlighted that they valued communication that is honest, open, transparent, and continuous. This further demonstrates how the small businesses owners and managers are applying principles of two-way symmetrical communication.

The research also delved into how open, transparent, and honest communication is the key to business success in the 21st century. The world is

becoming smaller, and many organisations need to be accountable for their actions to people and the planet (Rawlins, 2008:1). This was evident from the participants as they understood how this approach to communication could help their businesses improve, but also how being accountable contributes towards stakeholders trusting and being loyal to their business.

Literature on organisational trust touches on how transparent communication can lead to trust and loyalty. The theory highlights how, when communicating, it is about sharing information that empowers stakeholders to be knowledgeable about their place in the organisation and where the organisation is going so that they can make informed decisions with regards to their place within the organisation. Therefore, in summary it can be concluded that there is a positive relationship between transparent communication, the sharing of valuable information, and organisational trust (Rawlins, 2008:6-10).

The literature has established that two-way symmetrical communication is about an organisation creating dialogue and listening to the concerns and needs of its stakeholders. By doing this the organisation aims to create meaningful positive long-term relationships with its stakeholders (Roper, 2005:69-70; Grunig and Grunig, 2003:48). It was also established that the two-way symmetrical model of communication is an effective form of communicating. This is because the model aims to create understanding between two parties, and that in turn contributes to building positive relationships (Grunig, 2001:11-12). Many of the participants highlighted how, in their view, effective communication results in mutual understanding, and how when communicating the receiver is able to understand the information and thus can respond accordingly. They viewed the way they were communicating as effective as it was continuous, and most often it delivered the desired results.

A result of effective communication was how it could help a business to collaborate with other stakeholders. The participants were of the view that these business collaborations could help their businesses become more lucrative. This assumption is consistent with theory as researchers highlight how through stakeholder engagement businesses can collaborate with other businesses, the

community and employees. Groups or communities who can affect or be affected by an organisation's success or failure can make a valuable input to the financial interests of an organisation (Majava, Isoherranen and Kess, 2013). In other words, there is valuable insights that can be derived from stakeholders, for instance innovation.

When an organisation engages with its stakeholders over time, they can share valuable information with them, listen to what their stakeholders have to say and help to solve challenges that they might be facing. These challenges could encourage innovation in their spaces, where they could collaborate to solve these challenges; this could positively influence their overall business objectives (Majava et al., 2013:35).

Through effective communication, the participants highlighted how sharing information and having meaningful engagements with their stakeholders contributed to the early detection of issues before they had a major impact on them and their stakeholders. If organisations share useful information, create spaces where stakeholders can engage, and they are accountable, then this dialogue can help to solve issues they might be facing because there is value in engaging with stakeholders (Rawlins, 2008:5-8).

Research Question 3: *What do managers and/or owners regard as positive stakeholder relationships?*

It has been established that when organisations engage with stakeholders, they create an environment where insightful information is shared with them, they listen to understand, and at times they solve issues before they become a crisis. Such an environment enables positive relationships to form, which could benefit the organisation's goals and objectives. In understanding the participants' experiences, it was important to ascertain what they regarded as positive relationships. Some participants viewed transparent communication as an indicator of positive relationships. It was important for the stakeholders to be able to communicate in an open and transparent manner with the organisation, and vice versa. These findings were consistent with the literature, where there was a positive relationship between organisations who openly share and

communicate information about themselves (whether good or bad) and their stakeholders. How organisations communicate with their stakeholders, the type of information they share, and how frequently they communicate creates a positive stakeholder relationship where the organisation is accountable. These stakeholder relationships are characterised by trust, where stakeholders feel they can trust the organisation (Wang, 2020:9).

Another finding consistent with the literature is how these relationships can bring value to the organisation. These relationships help an organisation achieve its goals in that they can contribute to innovation. Innovation can help the organisation be more competitive in the space it occupies. This can result in high profits for the organisation. The understanding here is that if an organisation engages with stakeholders, in this case its customers, they understand what it is that they need and thus can be innovative in how they deliver the product or service to their customers (Jalali, Jaafar and Ramayah, 2020; 420-422). In recent times big brands such as Samsung have taken this approach, for example with the release of its Samsung FE (fan edition) cellular telephone. The new product is a result of engagement with its stakeholders. They took heed of suggestions and developed a cheaper alternative for their customers who could not or were not willing to pay for the high-end version of the Samsung cellular telephone (Samsung UK, 2023).

The participants identified trust as an indicator of positive stakeholder relationships. This attribute was regarded as essential in running a small business in the township because they rely heavily on the relationships they have with their stakeholders. Trust forms the basis of their stakeholder relationships. However, trust cannot be achieved without communication. The literature asserts that the foundation of trust is communication. By communicating in a transparent manner, an organisation earns the trust of its stakeholders. Stakeholder relationships that exhibit trust add value to an organisation, as it enables the organisation and its stakeholders to solve problems quickly and it enables the organisation to respond to an issue before it becomes a crisis (Terje Karlsen, Græe and Jensvold Massaoud, 2008:8).

Commitment was another important attribute identified in positive stakeholder relationships. The participants valued this attribute as they felt that it contributed to customers' continued support for their business. This was important for them as it leads to a successful business. Trust and commitment are also the products of stakeholder engagement.

In summary, both trust and commitment are regarded as quality attributes that stakeholder relationships should exhibit. Through communication these attributes can help an organisation to share information. If the relationship between the organisation and its stakeholders has low levels of trust and commitment, the information shared will have no value, nor will the organisation be able to benefit from those relationships. These attributes can help the organisation and its stakeholder work together to achieve better results for themselves and as a collective (Ma et al., 2022:78).

Research Question 4: *What are the unique experiences of owning a small business in a township?*

The roots of township businesses can be traced back as far as the 1800s with the establishment of shebeens (an informal licensed drinking place) in the townships of South Africa. These businesses were and still are a means of livelihood for many South Africans; both as providers of services and as consumers (Nast, 2017). The townships of South Africa are still regarded as spaces that mirror the past, where service delivery is poor, there are no jobs and very few employment opportunities, and widespread poverty.

Small businesses, whether formal or informal, provide much needed relief for the owners, the employees, and the community that they serve. The business owners and/or managers in this study come from diverse backgrounds, and all see an opportunity for their businesses in the township. However, these businesses face many challenges. For example, the government as a service provider is often perceived as neglecting townships and many of the business owners and/or managers perceived loadshedding in the township to last longer than in other areas. This adds to the challenges already faced by these small businesses, as an unstable electricity supply affects their daily operations.

The challenges the participants experience in the townships include crime, such as robberies, violent protests, and customers who do not understand how credit and discounts hurt their businesses in the long run. This study argues that through engagement with stakeholders and by forming long-term relationships, such challenges could be mitigated (Rawlins, 2008:5-8). For instance, by sharing information with their customers with regarding the negative implications credit has on their businesses, the businesses owners and/or managers and customers could reach agreement on how and what type of credit they could extend to their stakeholders.

When it comes to the government and loadshedding, a similar approach could be taken where the participants engaged with the municipality regarding their concerns. For instance, it is not uncommon for small business owners to write a letter to the municipality regarding their issues or request a meeting with the community and form a caucus that can approach the municipality to address their concerns. The idea is to engage the municipality as a group of people with similar concerns with the hopes of resolving the issue or reaching an understanding.

Although a challenging space, townships can also be a space where small businesses can thrive. There are positives to owning a small business in the township, such as cheap rental rates, because townships normally are further away from more expensive rental spaces. This makes the townships an ideal environment for small businesses.

Another positive to townships is how they are regarded as an untapped market in that there are many opportunities for entrepreneurs to venture into business. Bigger businesses such as the Shoprite Group, Pick 'n Pay and Spar have opened businesses in townships, which illustrates that there are business opportunities in townships, and that there are other avenues that could be explored. Another advantage to owning and/or managing a small business in a township is being familiar with the township environment and culture.

Understanding the culture helps business owners and/or managers to tailor their products and services to what the customers want and need.

5.3 LIMITATIONS

Limitations are regarded as factors that weaken the study and thus have an influence on the conclusions drawn by the researcher (Ross and Bibler Zaidi, 2019). The researcher interviewed small business owners and/or managers in the townships of Gqeberha; however, many of the spaza shops in the townships are owned by individuals of Pakistani and Somali descent. This was a challenge for the researcher, as the language spoken by these owners and/or managers was neither English or isiXhosa. This resulted in the owners and/or managers being excluded from the sample.

As this study was confined to small business owners and/or managers in the townships of Gqeberha, this means that the results cannot be generalised to other small businesses in South Africa.

As part of the interviews, the researcher recorded the sessions; this could have reduced full disclosure by the participants even though assurances were given that the information would be kept confidential.

Researcher bias was another factor that could be regarded as a limitation. Even though the researcher took steps to eliminate researcher bias in the study, it is possible that her feelings could have influenced the study.

5.4 RECOMMENDATIONS FOR FUTURE RESEARCH

An abundance of literature exists on why small businesses fail in the township. Studies in management focus particularly on the skills small businesses owners and/or managers in the township need to grow their businesses. This study was important as it looked at what small businesses were doing well, and how they communicate, and thus use their relationships to leverage the challenges they face in their businesses. This study contributes to the field of communication as

it was central in the conversations around stakeholder relationships, and the attributions of stakeholder relationships.

Future research could examine how small business owners and/or managers can better engage with their stakeholders, and how they can use these relationships to strategically improve the performance of their businesses. Such research could help to improve how small business owners and/or managers communicate and build relationships with their stakeholders.

In addition, future research could look at how family businesses are affected by family and friends as stakeholders. This research could focus on how these relationships impact the daily operations of a business.

The findings of this study illustrated how small businesses in the townships are successful. Therefore, another recommendation for future research is how these positive stakeholder relationships can be used in a strategic manner to leverage the challenges small business owners and/or managers face in the township to make their businesses more successful and sustainable.

Although this study has limitations, it has added to the body of knowledge that exists with the field of communication and stakeholder relationships. It provides important steps as to how engaging with stakeholders could contribute to a small business's success.

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Appendix A: Interview Schedule

Introduction:

Good day. Thank you for agreeing to participate in this interview. I truly believe that you will be able to provide me with very useful insight into what makes your small business successful in the township. I will then use this knowledge to help other small business owners and managers in running their businesses more successfully.

My name is Avela Ntsongelwa. I am a Master's candidate at the University of the Free State in Bloemfontein. As I have explained in the Research Information Leaflet, this study aims to investigate owners' or managers' perceptions and experiences of the role of communication in building positive relationships with their stakeholders, which contributes towards a successful business.

The interview will not be longer than 60 minutes, during which I will ask you as owner or manager of a small business in this township about your views on the importance of effective communication and the role it plays in building positive stakeholder relationships. There are no right or wrong answers – I am interested in your personal views on these issues. Please also remember that you can choose not to answer any question that make you feel uncomfortable. Once again, I assure you that your name or the name of your business will not be mentioned in my study, as I will only refer to you as an Interviewee and describe the type of business you operate in general terms.

Do you feel comfortable to proceed with the interview? (Yes). Thank you.

In this interview, I will be referring to stakeholders. Therefore, it is important that I first provide a brief explanation of the term. A stakeholder is any person or group of people that you or your business effect or who, in turn, help or contribute towards your business. This may include people who are helping you outside of business activities so that you can run the business successfully. It can also be people or groups who directly affect your business. An example of

a stakeholder is a customer, an employee, a competitor or creditor, just to mention a few. In this study, we are interested in the stakeholders that you feel contribute towards building and maintaining a positive relationship which results in the success of your business.

The questions that will help guide the interview are grouped into the following categories.

Group 1. Biographical information about you as owner and/or manager of your small business. These questions seek to broadly understand you as the owner and/or manager.

1. How old are you? *If not comfortable sharing age, give an age range,*
2. What is your nationality?
3. What is your ethnic group?
4. Which race do you identify with?
5. Which gender do you identify with?
6. What is your highest qualification?

Group 2. History of the business. These questions seek to understand the background of your business.

1. Are you the owner or the manager of this business?
 - [If the answer is Owner]
 - Are you the sole owner of the business? [If not, probe and determine shareholding].
 - How long have you owned [co-owned] this business?
 - [If the answer is Manager]
 - How long have you been the manager of this business?
2. How long has the business been operating?

3. What type of business do you own and/or manage? [For example, do you sell food or clothing? Or do you provide a service?]
4. How many people are currently employed in the business?
5. What are your long-term goals for the business?
6. Do you consider the business you own and/or manage to be successful? And why?
7. In your view what makes a business successful?
8. Please provide some examples.

Group 3. Business stakeholders. To gain insight as to whom the owners or managers regard as their key stakeholders and how they are contributing to the success of their small businesses.

1. Whom do you consider as stakeholders in your business? (Name at least five)
2. What part do they play with regard to your business?
3. Which stakeholders would you consider as being the most important/key stakeholders for your business? Why do you say so?
4. Please rate the stakeholders you have mentioned in order of importance, where 1 represents the stakeholder whom you regard as the most important stakeholder and 5 the least important.
5. You have identified [1], [2] and [3] as your top three stakeholders. Please explain why each of these stakeholder groups play an important part in your business life.
6. In what way has the relationship you have with your stakeholders contributed to the success of your business?

Group 4. Stakeholder relationships. Now I want to explore what you regard as positive stakeholder relationships.

1. Can you describe the kind of relationship you have with your stakeholders?
2. What, for you, would be an ideal kind of relationship with your stakeholders?
3. How do you create and maintain a positive relationship with your stakeholders?
4. What steps/actions do you take to resolve an issue/conflict with your stakeholders?
 - 4.1 Do you think you can improve how you deal with conflict. How?
5. What positive or negative factors affect your working relationship with your stakeholders?

Group 5. Effective communication. The following questions seek to explore your perceptions in terms of what you regard as effective communication and on what you perceive the outcomes of effective communication to be.

1. What in your opinion is effective communication? Why do you say so?
2. Would you describe the way you communicate with your key stakeholders as effective? Why do you say so?
3. Can you describe a time when communication with one of your key stakeholders was not effective?
 - 3.1 What happened?
 - 3.2 How did this event impact your relationship with your key stakeholder?
4. Can you describe a time when communication with one of your key stakeholders was effective?
 - 4.1 What happened?
 - 4.2 How did this event affect your relationship with this key stakeholder?
5. What actions did you take to make the communication event effective?
6. Why do you think communicating effectively with key stakeholders is important?

7. In which ways does communication with key stakeholders affect the business?
8. In which ways do good relationships with your key stakeholders affect your business positively?
9. What do you regard as the top three outcomes of effective communication with your key stakeholders (that is, what does effective communication lead to or result in)?

Group 6. Communication methods. Now I want to explore how you as a small business owner and/or manager communicate (frequency, channel, etc.) to manage the relationships with your key stakeholders.

1. In your view, how important is communication in building a good relationship with your key stakeholders? Please explain.
2. How do you communicate with your key stakeholders?
3. How often do you communicate with your key stakeholders?
4. Do you think it will affect the relationship if you stop communicating like this?
5. How can the communication methods between you and your key stakeholders be improved?

Group 7. Trust. This set of questions aim to explore your experience of the role of trust in running a successful small business in the townships.

1. Do you consider trust between you and your key stakeholders as an important factor in running your business? Why do you say that?
2. Has trust between you and your key stakeholders contributed in any way to making your business more successful?
3. In which way has trust between you and your key stakeholders contributed to making your business more successful?

4. Why do you think trust between you and your key stakeholders is important for growing your business?
5. What have you or your key stakeholders done to build trust in your relationships?
6. How can you improve trust between you and your key stakeholders?

Group 8. Commitment. This set of questions aim to explore your experience of the role of commitment in running a successful small business in the townships.

1. Do you consider commitment between you and your key stakeholders as an important factor in running your business? Why do you say that?
2. Has commitment between you and your key stakeholders contributed in any way to making your business more successful?
3. In which way has commitment between you and your key stakeholders contributed to making your business more successful?
4. Why do you think commitment between you and your key stakeholders is important for growing your business?
5. What have you or your key stakeholders done to build commitment in your relationships?
6. How can you improve commitment between you and your key stakeholders?

Group 9. Township businesses. Now I will ask questions to understand your views on running a small business in the township.

1. Why did you decide to own or manage a small business in the township?
2. Have you ever owned or managed a small business outside of the township? If yes, what were your experiences?
3. How did that experience differ from running a business in the township?
4. What are the most challenging factors you face in owning or managing a small business in the township?

5. What are some of the most important things you do to overcome these challenges?
6. What do you regard as the negatives in owning or managing a small business in the township?
7. What do you regard as the positives in owning or managing a small business in the township?

Group 10. Concluding questions. These questions conclude and summarize the interview.

1. Do you think the relationship you have with your key stakeholders contributes to the success of your business? In which ways have these relationships contributed?
2. Is there anything else you wish to add concerning your views on the importance of communication as a stakeholder relationship building (or destroying) factor?
3. Is there anything else you wish to add concerning your views on the role that positive (or negative) stakeholder relationships play building (or harming/hampering) the success of your small business?
4. Is there anything else, in your view that I should ask?

Probing questions. These questions will be asked to gain more understanding or details on the interviewees' responses.

1. *Can you explain your answer further?*
2. *Can you provide more detail on your answer?*
3. *Why or why not?*

Thank you, we have reached the end of the interview.

Appendix B: Consent form

RESEARCH STUDY INFORMATION LEAFLET AND CONSENT FORM

DATE

20/03/2020-29/03/2020

TITLE OF THE RESEARCH PROJECT

The importance of communication as a stakeholder relationship-building factor in contributing to the success of small businesses in Port Elizabeth townships.

PRINCIPLE INVESTIGATOR / RESEARCHER(S) NAME(S) AND CONTACT NUMBER(S):

Avela Ntongelwa

2011135031

0738481892

FACULTY AND DEPARTMENT:

The Humanities

Department of Communication Science

STUDY LEADER NAME AND CONTACT NUMBER:

Prof Diana Breshears

051 401 3635

WHAT IS THE AIM / PURPOSE OF THE STUDY?

The purpose of this study is to explore small business owners' or managers' perceptions of the importance of effective communication in building positive stakeholder relationships, which contribute to the success of their small business in Port Elizabeth townships. The researcher aims to use the results of the study to assist small business owners in improving how they communicate and build relationships with their stakeholders to run their businesses successfully and so, in turn, contribute to alleviating poverty and creating employment opportunities for township communities.

WHO IS DOING THE RESEARCH?

My name is Avela Ntsongelwa am a Master’s candidate in the Department of Communication Science at the University of the Free State. I am the researcher for the study titled “The importance of communication as a stakeholder relationship-building factor in contributing to the success of small businesses in Port Elizabeth townships”.

HAS THE STUDY RECEIVED ETHICAL APPROVAL?

The study has received ethics clearance.

Approval number: Insert approval number

WHY ARE YOU INVITED TO TAKE PART IN THIS RESEARCH PROJECT?

As a small business owner in a township community in Port Elizabeth, you are invited to participate in this study. The criteria for participation in this study is as follows: you should manage or own a successful small business in Port Elizabeth townships; the business should be older than two years; you should consider the business you operate as successful; you should have a relatively low employee turnover rate; your business should show a year by year growth in the number of customers and you should consider the amount of profit generated by the business as sufficient.

WHAT IS THE NATURE OF PARTICIPATION IN THIS STUDY?

As a participant in this study, you will be asked to sit with the researcher in a 60-minute audio-recorded interview, where the researcher will ask you questions on your business. During the interview, the researcher will ask you questions on your perceptions on the importance of communication as a factor in building positive stakeholder relationships that contribute to the success of small businesses in Port Elizabeth townships. Should you feel uncomfortable with the questions you may choose to not answer.

CAN THE PARTICIPANT WITHDRAW FROM THE STUDY?

Participation in this study is voluntary therefore as a participant you may choose to withdraw from the study at any time with no negative consequences.

WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

The input given by small business owners or managers in this study will contribute towards a better understanding of managers' or owners' views on the importance of communication in building positive stakeholder relationships that contribute to the success of the business. The insight gained can be used to make recommendations on how small business managers or owners in townships can communicate and build positive stakeholder relationships which contribute towards the success of their small businesses. Helping small businesses in townships around South Africa become more successful will contribute towards Government's initiative to increase employment and alleviate poverty in the townships.

WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?

The interviews will not interrupt your business activities. Interviews will be conducted at a time when the business is not operating (weekends, public holidays, after hours or during lunch breaks). The interview will be conducted at a location convenient for you as the participant.

WILL WHAT I SAY BE KEPT CONFIDENTIAL?

All information shared with the researcher will be kept confidential. This includes the name and address of the business. The researcher will not mention participant's names and will give a general description of the businesses and the participants.

HOW WILL THE INFORMATION BE STORED AND ULTIMATELY DESTROYED?

All research evidence, including participant's consent forms and interview transcripts, will be kept confidential and locked. Electronic data will be stored on a password-protected computer. After a period of two years, the electronic data will be deleted from the computer and the hard copies will be shredded.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

There are no financial costs associated with participation in this project.

HOW WILL THE PARTICIPANT BE INFORMED OF THE FINDINGS / RESULTS OF THE STUDY?

Once the study has been concluded a hard copy of the study will be made available for participants at the NYDA offices in Port Elizabeth, the Business Centre in Veeplaas and Kwa-Dwesi, KwaMagxaki, Zwide, New Brighton and Kwa-Zakhele municipal libraries. The researcher will also email the participants a final copy of the study.

If you have any questions pertaining to your participation in this study, you may contact the researcher Avela Ntsongelwa by telephone at 073 848 1892 or by email 2011135031@ufs4life.ac.za. Should you have any other queries regarding the study you may contact Prof Diana Breshears Merwe by telephoning 051 401 3635 or by email BreshearsD@ufs.ac.za. If you have concerns about the study, you can email the secretary of the Research Ethics Committee, Charné Vercueil, at email address VercueilCC@ufs.ac.za.

Thank you for taking time to read this information sheet and for participating in this study.

CONSENT TO PARTICIPATE IN THIS STUDY

“The importance of communication as a stakeholder relationship-building factor in contributing to the success of small businesses in Port Elizabeth townships.”

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet. I have had sufficient opportunity to ask questions and am prepared to participate in the study. I understand that my participation is voluntary and that I am free to withdraw at any time without penalty. I am aware that the findings of this study will be anonymously processed into a research report, journal publications and/or conference proceedings.

I agree with the audio recording of the interview session

I have received a signed copy of the informed consent agreement.

Full Name of Participant:

Signature of Participant: _____ Date:

Full Name(s) of Researcher(s):

Signature of Researcher: _____ Date:

