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# THE IMPACT OF PRICING STRATEGIES ON SPAZA SHOP PERFORMANCE: COMPARING LOCAL AND MIGRANT OWNERSHIP IN THE INFORMAL SECTOR

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## ABSTRACT

*This study examines the effects of pricing strategies on the performance of spaza shops in the informal sector, with a comparative focus on locally owned and migrant-owned enterprises in South Africa, and assesses the moderating role of community leadership. A quantitative research design was employed, drawing on survey data collected from 384 spaza shop owners in the Eastern Cape Province. The data were analysed using SPSS and Structural Equation Modelling (SEM) to test the hypothesised relationships, compare performance outcomes across ownership types, and assess moderation effects. The findings indicate that pricing strategies do not have a statistically significant effect on the performance of locally owned spaza shops ( $\beta = 0.087$ ;  $p > 0.05$ ), suggesting limited strategic impact within this group. In contrast, a strong and positive relationship is observed among migrant-owned enterprises ( $\beta = 0.621$ ;  $p < 0.001$ ), indicating that pricing strategies significantly enhance performance when supported by more robust resource configurations. These results highlight the conditional nature of strategy effectiveness and suggest that differences in internal capabilities underpin the observed performance variations. The results emphasised the need for interventions to strengthen the internal resource base of locally owned spaza shops by improving access to finance, enhancing supply chain efficiency, fostering collaborative networks, and strengthening managerial capabilities. The study contributes to the literature by offering empirical evidence on the differential effectiveness of pricing strategies across ownership types and by extending the Resource-Based View, demonstrating that strategic outcomes in the informal sector are shaped by resource heterogeneity and context-specific capability configurations.*

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**KEYWORDS:** Pricing Strategies; Spaza Shops; Informal Sector; Resource-Based View (RBV); Business Performance.

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## 1. INTRODUCTION AND CONTEXT OF THE STUDY

Entrepreneurship continues to play a central role in shaping economic development, particularly in contexts where formal employment opportunities remain limited and socio-economic inequalities persist. In South Africa, the informal sector has become an essential economic space that absorbs labour, supports livelihoods, and contributes to poverty alleviation in both urban and semi-urban communities (Enwereji & Joshi, 2025). Within this sector, spaza shops are among the most visible and widespread forms of micro-enterprise or informal shops, operating in townships and marginalised areas in South African hinterlands where access to formal retail infrastructure is constrained. These enterprises provide goods and serve as economic anchors within communities, enabling many households to survive day-to-day (Fihla et al., 2025). Evidence from past studies suggests that even small-scale and survivalist entrepreneurial activities contribute meaningfully to economic participation and national development, particularly when supported by appropriate capabilities and enabling environments (Arafat et al., 2020; Bugwandin & Bayat, 2022; Malgas & Zondi, 2021; Nieman & Nieuwenhuizen, 2021).

Operating within the informal sector, however, presents a unique set of challenges that continuously test the resilience and adaptability of spaza shop owners. Limited access to finance and infrastructure, regulatory constraints, and intense competition in densely populated markets create an environment in which only strategically positioned enterprises can survive and grow (Enwereji et al., 2024a). In response to these challenges, spaza shop owners rely on a combination of skills, practices, and strategies to steer uncertainty and maintain operational stability. Past studies have identified several critical success factors that influence performance in this sector, such as creditors' control management, human capital capabilities, operational efficiency, product diversification, pricing strategies, collective buying power, and social networking skills (Shibin et al. 2020; Etim & Daramola, 2020; Manik, 2020; Thlatlha, 2020). These factors do not operate in isolation; rather, they interact in complex ways to shape how businesses respond to market conditions and sustain performance over time.

Among these factors, pricing strategies stand out as one of the most immediate and visible mechanisms through which spaza shops engage with their customers (Mapengu, 2023). Township markets are highly price-sensitive, and consumers often make

purchasing decisions based on affordability, perceived value, and convenience (Mataka et al., 2024). In such environments, the ability to set competitive and flexible prices becomes a crucial determinant of customer attraction and retention. Pricing is not merely a technical or operational decision; it reflects deeper organisational capabilities such as cost management, supplier relationships, and market awareness. Businesses that align their pricing structures with consumer expectations while maintaining profitability are more likely to achieve sustainable performance (Ogunbukola, 2024).

Despite the shared operating environment, a growing body of evidence reveals significant performance differences between locally owned and migrant-owned spaza shops (Fihla et al., 2025; Selepe & Litheko, 2025). Migrant entrepreneurs are frequently observed to outperform local entrepreneurs in terms of sales turnover, business growth, and market dominance (Fihla et al., 2025). These differences are often linked to variations in resource utilisation, business discipline, and strategic orientation. Migrant-owned enterprises tend to rely on strong social networks, engage in collective purchasing arrangements, and reinvest profits in their businesses, thereby reducing costs and offering more competitive prices. In contrast, locally owned spaza shops often operate with limited resource integration and may prioritise immediate household needs over long-term business reinvestment, thereby constraining growth potential (Lamb *et al.*, 2019; Mlambo & Ndebele, 2020). These differences suggest that performance is not solely determined by external conditions but is deeply rooted in how internal resources are structured and deployed.

Existing literature has largely focused on broad critical success factors influencing informal-sector enterprises, yet insufficient attention has been paid to the specific role of pricing strategies and to how their effectiveness varies across ownership types (Mapengu, 2023; Mataka et al., 2024; Fihla et al., 2025). This gap limits the ability to fully understand the mechanisms through which strategic capabilities translate into performance outcomes. The Resource-Based View (RBV) theory further offers a valuable framework for addressing this gap by emphasising the importance of internal resources and capabilities in shaping competitive advantage. Pricing strategies, when viewed through this lens, represent a strategic capability that can drive performance when supported by valuable and inimitable resources (Barney, 2001; Wernerfelt, 1984).

Against this background, the main aim of this study is to examine how pricing strategies influence

the performance of spaza shops and how this relationship differs between locally owned and migrant-owned enterprises in the informal sector. To achieve this aim, the study is guided by the following research questions: What is the effect of pricing strategies on spaza shop performance? Does the impact of pricing strategies differ between locally owned and migrant-owned spaza shops? Does community leadership moderate the relationship between pricing strategies and performance of spaza shops in the informal sector? The study draws on data collected from spaza shop owners and operators who are actively engaged in informal retail activities within these communities, where competition is intense, and pricing decisions play a critical role in business survival. Attention is given to understanding how ownership type influences the effectiveness of pricing strategies, thereby shedding light on the role of resource capabilities, supplier networks, and cost efficiencies in shaping business outcomes. The motivation for the study is the persistent performance disparities between migrant- and locally owned spaza shops in the Eastern Cape, where migrant enterprises are often perceived to outperform their local counterparts through more competitive pricing, collective purchasing, and more efficient operational practices. This imbalance has raised concerns about the sustainability and competitiveness of locally owned businesses, as well as broader issues of economic inclusion and township development. The study contributes to the growing discourse on informal-sector competitiveness by providing empirical insights to inform both policy and practice, particularly in efforts to strengthen the performance and resilience of locally owned spaza shops.

### ***1.1. Resource-Based View and Informal Enterprise Performance***

The Resource-Based View (RBV) provides a compelling explanation for why some firms outperform others despite operating within similar environments (Bromiley & Rau, 2016). The theory emphasises that competitive advantage is rooted in a firm's internal resources and capabilities such as financial assets, managerial expertise, technological knowledge, and relational networks (Lubis, 2022). According to RBV, firms achieve superior performance when their resources are valuable, rare, inimitable, and non-substitutable (Lockett et al., 2009). This perspective shifts the analytical focus from external market conditions to the effective deployment and integration of internal strengths. Importantly, RBV recognises that resources are not

static but must evolve in response to changing environmental conditions, thereby reinforcing its relevance in dynamic and uncertain contexts (Madhani, 2009). The theory remains widely applicable across sectors, including informal economies, where traditional measures of firm strength, such as capital intensity or formal structure, may be limited. In such contexts, performance is not determined by resource abundance but by how creatively and strategically available resources are utilised. As a result, RBV offers a robust theoretical foundation for understanding performance variations across diverse economic settings.

In informal enterprises such as spaza shops, resources are less formalised but remain central to business performance (Willie, 2023). These enterprises operate under conditions of uncertainty, constrained financial resources, and weak institutional support, which necessitate innovative approaches to resource utilisation. Within this environment, success is driven not by scale or capital investment but by the strategic mobilisation of available assets (Willie, 2023). Informal entrepreneurs rely heavily on experiential knowledge, social capital, and adaptability, intangible resources that align closely with RBV's emphasis on non-physical sources of competitive advantage (Enwereji et al., 2024b). Social networks, for example, facilitate access to credit, supplier relationships, and market information, thereby enhancing operational efficiency and business continuity (Willie, 2024). Flexibility enables rapid responses to customer preferences and market fluctuations, including adjustments to pricing strategies. Notably, the adoption of effective pricing can itself be conceptualised as a strategic capability and a form of rare resource, particularly when it reflects superior market insight, cost control, and competitive positioning that competitors find difficult to replicate. In this sense, pricing is not merely an operational decision but a capability embedded within a broader resource configuration that drives performance outcomes.

RBV further emphasises that the mere possession of resources does not guarantee success; rather, it is the effective integration and deployment of these resources that create value and sustain competitive advantage (Connor, 2002). This distinction is evident when comparing locally owned and migrant-owned spaza shops. Migrant-owned enterprises often demonstrate stronger resource coordination through practices such as collective buying, shared supply chains, and dense social networks, thereby reducing operational costs and improving efficiency. These

capabilities enable them to implement more competitive and responsive pricing strategies, thereby enhancing performance. In contrast, locally owned shops may face constraints stemming from fragmented networks, limited collaboration, and weaker resource integration, which can limit their ability to strategically leverage pricing. As a result, performance differences between these groups can be attributed not to the availability of resources alone but to how effectively they are combined and utilised. RBV thus provides a powerful lens for explaining these disparities as it highlights that sustained success in informal enterprises depends on transforming available resources into coherent, adaptive, and strategically aligned capabilities.

## 1.2. Theoretical Foundation and Hypothesis Development

This study is grounded in the Resource-Based View (RBV), which posits that firm performance is determined by the effective deployment of valuable, rare, inimitable, and non-substitutable resources. Within informal enterprises such as spaza shops, these resources are often intangible and embedded in capabilities such as pricing decisions, social networks, and operational flexibility.

**Pricing strategies and performance:** Pricing strategies represent a critical operational capability that directly influences revenue generation, competitiveness, and customer retention. In resource-constrained environments such as the informal sector, the ability to set competitive and adaptive prices reflects a firm's internal efficiency, market knowledge, and cost management. From an RBV perspective, effective pricing can be conceptualised as a strategic capability that enhances firm performance when embedded within a coherent resource configuration. Empirical evidence suggests that firms that effectively align pricing with market conditions and internal cost structures are more likely to achieve superior outcomes (Kawira, 2021; Nagle et al., 2023; dos Santos & Alves, 2024; Ndwandwe & Khoza, 2026). Accordingly, the following hypothesis is proposed:

**H1:** Pricing strategies have a significant positive effect on the performance of spaza shops.

**Ownership differences and pricing**

**effectiveness:** While pricing strategies may influence performance, their effectiveness varies across enterprises. RBV emphasises that the impact of any strategy depends on the firm's underlying resource base and the integration of capabilities. Migrant-owned spaza shops often exhibit stronger resource coordination through collective buying, efficient supply chains, and dense social networks (Fihla et al., 2025). These capabilities enable them to implement pricing strategies more effectively.

In contrast, locally owned shops may face constraints stemming from fragmented networks and limited coordination, which can weaken the impact of pricing decisions on performance (Fihla et al., 2025). This suggests that ownership type conditions the effectiveness of pricing strategies.

**H2:** The effect of pricing strategies on performance differs significantly between locally owned and migrant-owned spaza shops.

**Moderating role of community leadership:** Community leadership represents an external contextual factor that may influence business operations in informal economies. It can shape access to resources, regulate informal trading environments, and affect social legitimacy. From a theoretical standpoint, such contextual factors may moderate the relationship between firm capabilities and performance.

However, RBV suggests that internal capabilities are often more critical determinants of performance than external conditions (Bromiley & Rau, 2016). Thus, while community leadership may influence business environments, its role in strengthening or weakening the pricing-performance relationship remains an empirical question.

**H3:** Community leadership moderates the relationship between pricing strategies and spaza shop performance.

Based on the above hypotheses, the conceptual framework positions pricing strategies as the independent variable and spaza shop performance as the dependent variable. Ownership type (local vs migrant) is included as a grouping variable to assess differences in relationship strength, while community leadership is introduced as a moderating variable.

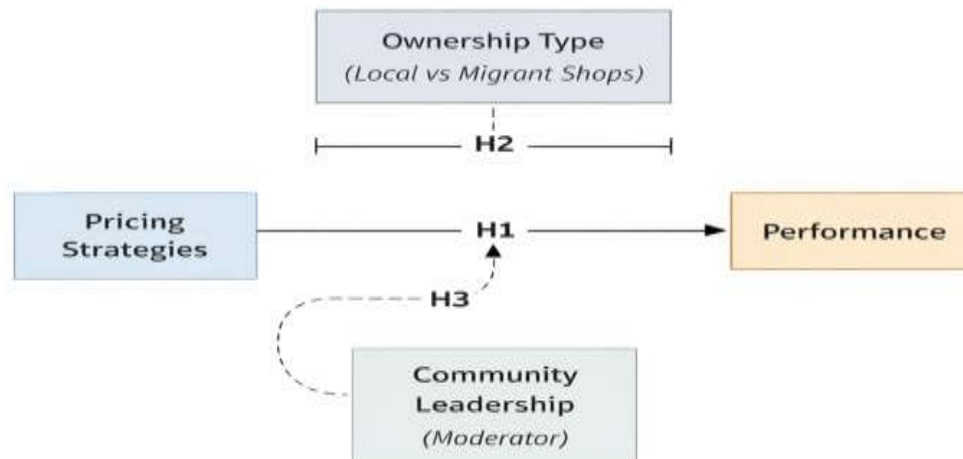


Figure 1: Conceptual Framework of the Study.

Source: Compiled by the Authors.

The framework shows that pricing strategies directly influence spaza shop performance (H1). However, this relationship differs between locally owned and migrant-owned shops (H2), indicating that ownership type conditions the effectiveness of pricing. Community leadership acts as a moderating variable (H3), influencing the strength of the pricing-performance relationship rather than having a direct effect. The model highlights that performance outcomes depend on both strategic capabilities and contextual factors

### 1.3. Spaza Shops Pricing as a Strategic Capability

Pricing strategies occupy a central position in business operations, particularly in informal retail environments where competition is intense, and customers are highly price-sensitive (Park et al., 2020). According to Aparicio et al. (2024), pricing is not merely about covering costs but involves a deep understanding of market conditions, competitor actions, and consumer behaviour. Effective pricing enables businesses to attract customers and retain loyalty in highly competitive settings (Kayikci et al., 2022). It also plays a key role in influencing sales volumes and business profitability. In informal markets such as spaza shops, even small price differences can significantly affect consumer choices (Willie, 2024). Businesses must therefore continuously adjust their pricing to remain competitive and relevant. Strategic pricing contributes directly to improved performance and market positioning (Wang et al. 2020). It also reflects the firm's awareness of demand patterns and purchasing power within the community. Studies confirm that well-structured pricing strategies enhance business sustainability and competitiveness

(Lamb, Kunene & Dyili, 2019; Viljoen & Ledingoane, 2020). Thus, pricing remains a critical operational and strategic tool in informal enterprise performance.

Within the Resource-Based View (RBV) framework, pricing can be conceptualised as a strategic capability that reflects how firms align internal resources with external market demands (Devarajanayaka et al. 2024). Businesses with strong supplier relationships and efficient procurement systems can access goods at lower costs (Vaka, 2024). This advantage allows them to implement competitive pricing without eroding profit margins. Sound financial management also supports effective pricing decisions by ensuring cost control and sustainability (Hansen, 2025). In this regard, Hossain and Hasan (2025) affirm that firms with these capabilities can respond proactively to market pressures and competitor pricing. Strategic pricing, therefore, becomes a function of internal efficiency and resource coordination. In contrast, firms lacking these capabilities often struggle to maintain competitive prices (dos Santos & Alves, 2024). Even when aware of market demands, they may be constrained by higher costs and inefficiencies. This limits their ability to compete effectively in price-sensitive environments. RBV highlights that pricing success depends on the underlying strength of resources rather than on isolated decision-making.

The effectiveness of pricing strategies is closely linked to the enterprise's resource base (Nagel et al., 2023). However, Mwito (2024) argues that firms with strong, well-integrated resources are better able to design and sustain competitive pricing models. Where resources are limited, pricing decisions often become reactive rather than strategic (Ndwandwe & Khoza, 2026). This reduces businesses' ability to

influence market outcomes and achieve long-term performance. Resource constraints may force firms to adopt inconsistent or unsustainable pricing approaches. Such conditions weaken their competitiveness and reduce profitability. Even when similar pricing strategies are adopted, outcomes may differ due to variations in resource capacity. This explains why businesses in the same environment experience different levels of success. Strategic pricing, therefore, depends on both resource availability and effective utilisation. Enterprises must continuously strengthen their internal capabilities to support pricing decisions. Ultimately, pricing effectiveness reflects how well resources are mobilised and managed.

#### **1.4. Spaza Shop Ownership Type, Resource Capabilities, And Performance**

Ownership structure plays a significant role in shaping how resources are accessed, coordinated, and utilised within informal enterprises (Kumar et al., 2020; Willie, 2025). Migrant entrepreneurs often operate within strong, interconnected networks that support business activities (Fihla et al. 2025). These networks facilitate information sharing, collective purchasing, and mutual assistance. Through such collaboration, migrant-owned spaza shops gain access to cheaper inputs and reliable supply chains. These advantages enhance operational efficiency and reduce costs (Willie, 2025). Shared knowledge within these networks also improves decision-making and strategic planning. From an RBV perspective, these network-based capabilities are valuable and difficult to replicate. They provide migrant enterprises with a competitive advantage in the market. Such resource configurations strengthen both short-term performance and long-term sustainability. Therefore, ownership type influences the development and utilisation of strategic resources.

Locally owned spaza shops, although embedded within their communities, often operate with limited access to collaborative networks (Fihla et al. 2025). This isolation restricts their ability to benefit from economies of scale and shared resources. As a result, they may face higher procurement costs and weaker supplier bargaining power (Mapengu, 2023). Limited access to external support systems further constrains their operational efficiency. Financial management practices also differ between locally owned and migrant-owned enterprises. Migrant entrepreneurs tend to reinvest profits into their businesses to expand operations (Mapengu, 2025). In contrast, locally owned entrepreneurs may prioritise household consumption needs. This reduces the

capacity for reinvestment and limits business growth potential (Lamb et al., 2019; Mapengu, 2023; Willie, 2025). Such differences weaken the resource base of locally owned enterprises. Consequently, their ability to compete strategically is often reduced. These disparities highlight the importance of financial and network resources in business success.

Differences in resource capabilities have significant implications for enterprise performance in informal retail markets (Hansen, 2025). Furthermore, Kumar et al. (2020) confirm that businesses with strong, well-coordinated resources are more likely to implement effective strategies. These firms can respond quickly to market changes and maintain competitiveness. Pricing strategies, according to Aparicio et al (2024), are more effective when supported by strong internal capabilities. Migrant-owned spaza shops often outperform locally owned ones due to their superior resource integration (Fihla et al. 2025). Their ability to leverage networks and reinvest profits enhances sustainability. In contrast, weaker resource structures limit the strategic options available to locally owned businesses. This results in lower performance and reduced competitiveness. From an RBV perspective, such performance differences are not random. They are rooted in unequal access to and utilisation of strategic resources. Therefore, enterprise success depends on the ability to build and sustain valuable capabilities.

## **2. METHODOLOGY**

This study adopted a quantitative research approach to examine the influence of pricing strategies on the performance of spaza shops in the informal sector, with a comparative focus on locally owned and migrant-owned enterprises. A cross-sectional survey design was considered appropriate, as it enabled the collection of structured data from a large number of respondents within a specific period. The study was conducted in the Eastern Cape Province of South Africa, a context characterised by a high reliance on informal economic activities and a significant presence of both local- and migrant-owned spaza shops. The design enabled systematic testing of relationships among variables and provided a basis for generalisable insights in similar informal-sector environments.

The target population comprised spaza shop owners operating in selected townships, including both locally owned and migrant-owned enterprises. The broader population frame for the study was based on an estimated 141,739 informal businesses in the Eastern Cape, as reported in Seda's Third Quarterly Review (2019). To determine an

appropriate sample size, the Raosoft (2004) sample size calculator was utilised, using this population estimate. Consistent with the calculator's recommendations and supported by Garutsa and Nekhwevha (2019), a minimum sample size of 384 informal businesses was deemed adequate, based on a 5% margin of error and a 95% confidence level. A structured questionnaire was used to collect data on key constructs, including pricing strategies and business performance. Performance was operationalised using non-financial indicators such as customer satisfaction, customer retention, and perceived business sustainability, given the difficulty of accessing reliable financial records in informal settings. The questionnaire items were measured using Likert-scale responses, allowing for the quantification of perceptions and behaviours across respondents.

Data analysis was conducted using IBM SPSS and Structural Equation Modelling to ensure statistical rigour and robustness. The analysis proceeded in stages. First, preliminary procedures included data screening, assessment of missing values, and reliability testing. Internal consistency was evaluated using Cronbach's alpha, with all constructs exceeding acceptable thresholds, confirming the reliability of the measurement scales. Factor analysis was subsequently performed to establish construct validity and to ensure that the measurement items loaded appropriately onto their respective latent variables.

Structural Equation Modelling was then employed to test the hypothesised relationships between pricing strategies and performance. SEM was particularly appropriate for this study as it enables the simultaneous estimation of multiple relationships while accounting for measurement error. Model fit was assessed using standard indices, including RMSEA, SRMR, CFI, and TLI, all of which indicated acceptable to good fit across the models. Separate structural models were estimated for locally owned and migrant-owned spaza shops to facilitate comparative analysis. The strength and significance of relationships were evaluated using standardised path coefficients ( $\beta$ ), p-values, and coefficients of determination ( $R^2$ ).

To further extend the analysis, moderation effects were examined by incorporating interaction terms

into the structural model. This allowed for the assessment of whether community leadership influences the relationship between pricing strategies and performance. The results indicated that while pricing strategies exert a significant effect on performance in migrant-owned shops, no such effect was observed in locally owned shops, and community leadership did not significantly moderate this relationship. Overall, the analytical approach provided a comprehensive assessment of both direct and conditional relationships, offering deeper insight into how strategic capabilities shape performance within informal enterprises.

After the conceptualisation of this study, it was approved by the Fort Hare Ethics Committee (UREC), South Africa, with the ethics number (REC-270710-028-RA Level 01) and the project number (ON1031SF1H0I). Participation in the study was voluntary, and respondents were provided with clear information about the purpose of the research, the confidentiality of their responses, and their right to withdraw at any stage without penalty. Informed consent was obtained from all participants prior to data collection. The anonymity of respondents was preserved by excluding personally identifiable information from the dataset. Data were stored securely and used exclusively for academic purposes. Institutional ethical clearance was obtained in accordance with university research governance policies, ensuring that the study adhered to established ethical guidelines for research involving human participants.

### 3. RESULTS AND DISCUSSION

This section presents the results of the empirical analysis, beginning with a descriptive overview of the sample, followed by inferential and structural analyses. The initial step involves examining the distribution of respondents by key demographic characteristics to provide context for the study. A descriptive approach was therefore adopted to summarise the biographical variables such as gender, age, education, and geographical location. This provides a foundational understanding of the sample and supports the interpretation of subsequent findings. The detailed demographic profile of the respondents is presented in Table 1.

*Table 1: Demographic Characteristics of Respondents*

Characteristic	Combined	Locals	Migrants
	N (%)	N (%)	N (%)
Gender			
Male	301 (83.8)	166 (81.8)	135 (86.5)
Female	55 (15.3)	35 (17.2)	20 (12.8)

Prefer not to say	3 (0.8)	2 (1.0)	1 (0.6)
Age Categories			
18 to 24 years	32 (8.9)	18 (8.9)	14 (9.0)
25 to 34 years	103 (28.7)	47 (23.2)	56 (35.9)
35 to 44 years	181 (50.4)	104 (51.2)	77 (49.4)
45 to 54 years	43 (12.0)	34 (16.7)	9 (5.8)
Ethnicity			
Black	355 (98.9)	199 (98.0)	156 (100.0)
Other	4 (1.1)	4 (2.0)	0 (0.0)
Education			
Below matric	121 (33.7)	76 (37.4)	45 (28.8)
Matric	130 (36.2)	62 (30.5)	68 (43.6)
Certificate	83 (23.1)	44 (21.7)	39 (25.0)
Diploma/Degree	19 (5.3)	15 (7.4)	4 (2.6)
Postgraduate	6 (1.7)	6 (3.0)	0 (0.0)
Municipality			
Alfred Nzo	71 (19.8)	51 (25.1)	20 (12.8)
Joe Gqabi	50 (13.9)	22 (10.8)	28 (17.9)
Amathole	89 (24.8)	46 (22.7)	43 (27.6)
OR Tambo	62 (17.3)	32 (15.8)	30 (19.2)
Chris Hani	58 (16.2)	36 (17.7)	22 (14.1)
Sarah Baartman	29 (8.1)	16 (7.9)	13 (8.3)
Spaza shop ownership			
Local-owned Spaza shop	203 (56.5)	203 (100.0)	-
Migrant-owned Spaza shop	156 (43.5)	-	156 (100.0)

The demographic profile of the 359 respondents presented in Table 1 indicates a predominantly male sample (83.8%), with females accounting for 15.3% and a small proportion (0.8%) preferring not to disclose their gender. The majority of respondents were within the 35–44 age group (50.4%), followed by those aged 25–34 (28.7%), while younger (18–24 years) and older (45–54 years) cohorts were less represented. The sample is largely homogeneous in terms of ethnicity, with 98.9% identifying as Black African. In terms of educational attainment, most respondents had completed matric (36.2%) or had education below matric level (33.7%), with fewer respondents holding certificates (23.1%), diplomas or degrees (5.3%), and postgraduate qualifications (1.7%). Geographically, respondents were

distributed across six municipalities, with the highest representation from Amathole (24.8%), followed by Alfred Nzo (19.8%) and OR Tambo (17.3%). Regarding business ownership, 56.5% of respondents operated locally owned spaza shops, while 43.5% operated migrant-owned shops, with ownership patterns fully aligned to respondents' backgrounds.

### 3.1. Measurement Model Assessment

Before testing the hypothesised relationships, it is essential to establish the reliability and validity of the measurement model. This ensures that the constructs used in the study accurately capture pricing strategies and performance across both locally and migrant-owned spaza shops.

*Table 2: Measurement Model Results for Pricing Strategies.*

Item	Combined	Local	Migrant
PS20	0.838	0.865	0.754
PS21	0.833	0.862	0.720
PS22	0.827	0.840	0.753
PS23	0.824	0.844	0.721
PS24	0.830	0.876	0.658
PS25	0.828	0.863	0.732

According to Table 2, all factor loadings exceed the recommended threshold of 0.70, confirming strong indicator reliability across the combined, local, and migrant samples. Loadings are generally higher among locally owned shops, indicating slightly stronger internal consistency, while migrant-owned

shops show acceptable but comparatively lower loadings on a few items. The results demonstrate that the pricing strategy construct is reliably measured across all groups, supporting its use in subsequent analysis. To further validate the measurement model, reliability and convergent validity statistics are

examined.

**Table 3: Reliability And Validity Statistics.**

Statistic	Combined	Local	Migrant
Cronbach Alpha	0.923	0.938	0.766
Composite Reliability	0.923	0.939	0.769
AVE	0.664	0.718	0.528

Table 3 confirms that all constructs meet acceptable thresholds for internal consistency (Cronbach's alpha > 0.70) and convergent validity (AVE > 0.50). This provides sufficient evidence that the measurement model is robust and suitable for further structural analysis. Having established measurement validity, the analysis proceeds to examine general trends in the data using descriptive

and correlational statistics.

### 3.2. Descriptive And Correlation Analysis

To provide an overview of the distribution of key variables and to identify initial patterns between pricing strategies and performance, descriptive statistics and correlation analysis are presented.

**Table 4: Descriptive Statistics and Mean Comparison.**

Group	Mean ± SD
Combined	4.033 ± 0.77
Local	3.892 ± 0.91
Migrant	4.217 ± 0.50

Table 4 indicates that migrant-owned spaza shops report higher mean scores (4.217 ± 0.50) than locally owned shops (3.892 ± 0.91), with a combined mean of 4.033 ± 0.77. This suggests that migrant enterprises exhibit relatively stronger pricing practices and more consistent performance, as reflected by their lower

variability. These differences provide an initial indication of performance disparities between the two groups, warranting further analysis through correlation and structural modelling. To further explore relationships among variables, correlation analysis is conducted.

**Table 5: Correlation Matrix.**

Variable	Community Leadership	Performance
Pricing Strategies	-0.069	0.144**

\*Note: \*p < 0.01

Table 5 shows that pricing strategies are positively and significantly associated with performance ( $r = 0.144$ ,  $p < 0.01$ ), although the relationship is weak. In contrast, the relationship between pricing strategies and community leadership is negative and not statistically significant ( $r = -0.069$ ), indicating no meaningful association. These results suggest that while pricing may influence performance, its effect is limited at the bivariate level, thereby justifying the use of structural modelling to further examine these relationships.

### 3.3 Structural Model: Locally Owned Spaza Shops

To test whether pricing strategies significantly influence performance in locally owned spaza shops, a structural equation model (SEM) is estimated. Before interpreting path relationships, model fit indices are assessed to determine whether the model adequately represents the data.

**Table 6: Model Fit Indices (Local Shops).**

Index	Value	Interpretation
RMSEA	0.097	Acceptable
SRMR	0.0385	Good
CFI	0.947	Good
TLI	0.938	Acceptable

Table 6 indicates that the structural model for locally owned shops demonstrates an acceptable to good fit, with RMSEA (0.097) within acceptable limits

and SRMR (0.0385), CFI (0.947), and TLI (0.938) reflecting good model fit. These results suggest that the model adequately represents the data, providing

a sound basis for interpreting the structural relationships. The analysis therefore proceeds to examine the direct effect of pricing strategies on

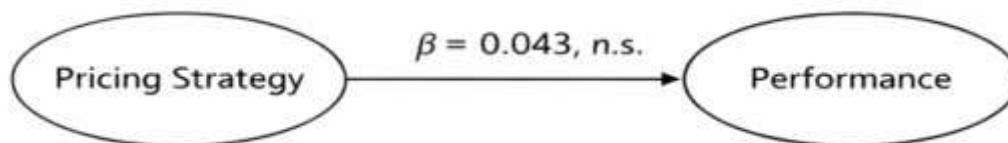
performance. The next step is to examine the direct effect of pricing strategies on performance.

**Table 7: Structural Path Estimates (Local Shops).**

Path	B	p-value	Result
Pricing → Performance	0.043	0.556	Not significant

Table 7 shows that pricing strategies do not have a significant effect on performance in locally owned spaza shops ( $\beta = 0.043, p = 0.556$ ). The very small coefficient and lack of statistical significance indicate that pricing decisions are not a meaningful driver of performance in this group. This suggests a weak

alignment between pricing practices and business outcomes among locally owned shops, warranting further examination of contextual or structural factors. To visually represent this relationship, the structural model is presented below.



**Figure 2: Structural Model for Locally Owned Spaza Shops.**

Figure 1 shows a weak and non-significant relationship between pricing strategies and performance ( $\beta = 0.043, p = 0.556$ ), confirming that pricing does not meaningfully influence performance outcomes in locally owned spaza shops. The very small coefficient further indicates minimal explanatory power of pricing within this group. Given this weak and insignificant effect, the analysis proceeds to examine whether contextual factors, such as community leadership, may influence or modify the pricing-performance relationship. Given this

result, it is important to examine whether contextual factors, such as community leadership, influence this relationship.

**3.4 Moderation Analysis: Local Shops**

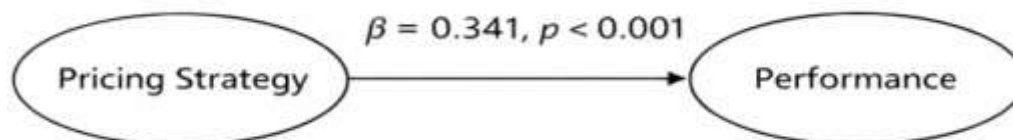
To assess whether community leadership moderates the relationship between pricing strategies and performance, a moderation model is estimated.

**Table 8: Moderation Results (Local Shops).**

Path	B	p-value	Result
Pricing → Performance	-0.222	0.148	Not significant
Community Leadership → Performance	-0.080	0.264	Not significant
Interaction Effect	0.280	0.100	Not significant

Table 8 indicates that pricing strategies do not have a significant direct effect on performance ( $\beta = -0.222, p = 0.148$ ), while community leadership also shows no significant influence ( $\beta = -0.080, p = 0.264$ ). Importantly, the interaction effect between pricing strategies and community leadership is positive but not statistically significant ( $\beta = 0.280, p = 0.100$ ). These results suggest that community leadership

does not moderate the relationship between pricing strategies and performance in locally owned spaza shops. In other words, variations in community leadership do not strengthen or weaken the impact of pricing strategies, reinforcing the earlier finding that pricing is not a key driver of performance in this group. The moderation model for locally owned spaza shops is presented in Figure 3.



**Figure 3: Moderation Model (Local Shops).**

Figure 3 visually confirms the absence of a moderating effect of community leadership on the

relationship between pricing strategies and performance. The direct effect of pricing on

performance is negative but non-significant ( $\beta = -0.222, p = 0.148$ ), while community leadership also shows a weak, non-significant effect ( $\beta = -0.080, p = 0.264$ ). Although the interaction term is positive ( $\beta = 0.280$ ), it remains statistically insignificant ( $p = 0.100$ ), indicating that community leadership does not meaningfully alter the pricing-performance relationship. The figure reinforces the conclusion that neither pricing strategies nor community leadership plays a significant role in driving performance in

locally owned spaza shops. Given these weak effects, the analysis shifts to migrant-owned spaza shops to examine whether a different pattern emerges.

### 3.5 Structural Model: Migrant-Owned Spaza Shops

To assess whether pricing strategies play a stronger role in migrant-owned spaza shops, a separate structural model is estimated.

Table 9: Model Fit Indices (Migrant Shops).

Index	Value	Interpretation
RMSEA	0.088	Acceptable
SRMR	0.0313	Good
CFI	0.971	Good
TLI	0.964	Good

To assess whether pricing strategies play a stronger role in migrant-owned spaza shops, a separate structural model was estimated and evaluated using model fit indices. Table 8 indicates that the model demonstrates a good overall fit to the data. The RMSEA value (0.088) falls within acceptable limits, while SRMR (0.0313), CFI (0.971), and TLI (0.964) all exceed recommended thresholds, reflecting strong model adequacy. These results suggest that the structural model reliably represents

the relationships among the variables in migrant-owned shops, providing a robust basis for interpreting the direct effects. The analysis, therefore, examines the impact of pricing strategies on performance within this group. The direct effect of pricing strategies on performance is then examined.

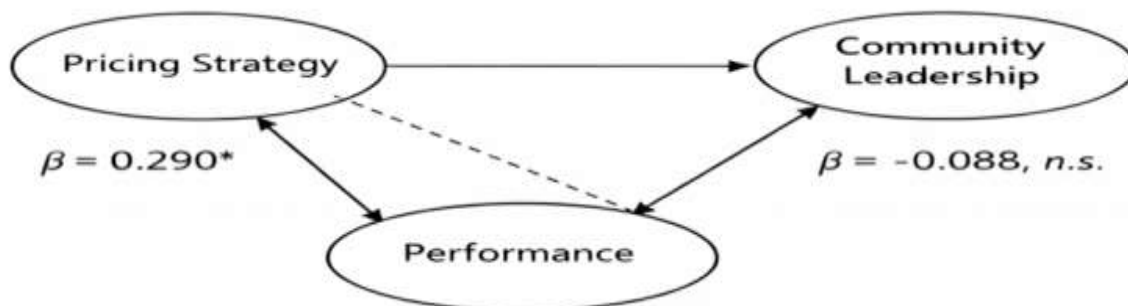
Following confirmation of good model fit, the direct effect of pricing strategies on performance in migrant-owned spaza shops is examined.

Table 10: Structural Path Estimates (Migrant Shops).

Path	B	p-value	Result
Pricing → Performance	0.341	<0.001	Significant

Table 9 shows a positive and statistically significant relationship between pricing strategies and performance ( $\beta = 0.341, p < 0.001$ ). The magnitude of the coefficient indicates a moderate and meaningful effect, suggesting that improvements in pricing strategies lead to

substantial gains in business performance among migrant-owned shops. This result highlights pricing as a key strategic capability within this group. To provide a clearer visual representation of this relationship, the structural model is presented in Figure 4.



\*P<0.05, N.S =Not Significant.

Figure 4: Structural Model for Migrant-Owned Spaza Shops.

Figure 4 visually confirms the strong and significant effect of pricing strategies on performance, highlighting the strategic role of pricing in migrant enterprises. The figure presents

the moderating role of community leadership in the relationship between pricing strategy and spaza shop performance. The direct path from pricing strategy to performance is positive and statistically significant ( $\beta$

= 0.290,  $p < 0.05$ ), indicating that effective pricing strategies contribute meaningfully to improved business performance. However, the direct effect of community leadership on performance is negative and not statistically significant ( $\beta = -0.088$ , n.s.), suggesting that community leadership does not independently influence performance outcomes in this context. The dashed interaction path represents the moderating effect of community leadership on the relationship between pricing strategy and performance. The absence of a significant coefficient for this interaction implies that community leadership does not significantly strengthen or weaken the impact of pricing strategies on performance. These findings suggest that pricing strategy serves as an internal strategic capability that

directly enhances performance, particularly in contexts where businesses can leverage operational efficiencies. In contrast, community leadership, representing an external social or institutional factor, does not play a significant role in shaping performance or altering the effectiveness of pricing strategies. To further assess contextual influences, a moderation analysis is conducted.

### 3.6 Moderation Analysis: Migrant Shops

To examine whether community leadership moderates the relationship between pricing strategies and performance in migrant-owned spaza shops, a moderation model was estimated.

Table 11: Moderation Results (Migrant Shops).

Path	$\beta$	p-value	Result
Pricing → Performance	0.290	0.042	Significant
Community Leadership → Performance	-0.088	0.637	Not significant
Interaction Effect	0.095	0.603	Not significant

Table 11 indicates that pricing strategies have a positive and statistically significant effect on performance ( $\beta = 0.290$ ,  $p = 0.042$ ), confirming their role as a key driver of business outcomes in migrant-owned spaza shops. In contrast, community leadership shows a weak and non-significant effect on performance ( $\beta = -0.088$ ,  $p = 0.637$ ). Importantly, the interaction effect between pricing strategies and community leadership is also not statistically

significant ( $\beta = 0.095$ ,  $p = 0.603$ ), indicating that community leadership does not moderate the relationship between pricing strategies and performance. These findings suggest that the effectiveness of pricing strategies in migrant-owned shops is independent of external contextual factors, such as community leadership. To visually illustrate these relationships, the moderation model is presented in Figure 5.

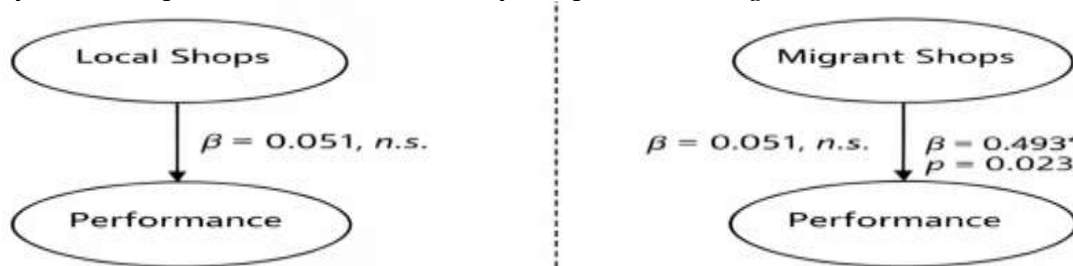


Figure 5: Moderation Model (Migrant Shops).

Figure 4 reinforces the absence of moderation, confirming that pricing operates independently of community leadership. The figure presents a comparative analysis of the effect of pricing strategies on performance across locally owned and migrant-owned spaza shops. For locally owned shops, the relationship between pricing strategies and performance is positive but not statistically significant ( $\beta = 0.051$ , n.s.). This indicates that pricing strategies do not meaningfully influence performance outcomes in this group. In practical terms, local shop owners may be implementing pricing decisions that are not sufficiently strategic or

supported by complementary resources to drive measurable performance improvements. In contrast, for migrant-owned shops, while the baseline coefficient ( $\beta = 0.051$ , n.s.) appears similar, the interaction effect is positive and statistically significant ( $\beta = 0.493$ ,  $p = 0.023$ ). This suggests that pricing strategies have a significantly stronger impact on performance in migrant-owned shops compared to locally owned shops. Having examined both groups separately, a comparative analysis is necessary to determine whether the differences between them are statistically significant.

### 3.7 Comparative Analysis: Local Vs Migrant Shops

To determine whether the effect of pricing

strategies on performance differs across ownership types, a comparative regression analysis incorporating an interaction term was conducted.

**Table 12: Comparative Regression Results.**

Variable	$\beta$	p-value	Interpretation
Pricing Strategies	0.051	0.594	Not significant
Interaction (Group $\times$ Pricing)	0.499	0.023	Significant difference

Table 11 shows that pricing strategies do not have a significant overall effect on performance when both locally and migrant-owned spaza shops are analysed together ( $\beta = 0.051, p = 0.594$ ). This indicates that pricing, in isolation, does not universally translate into improved performance across the informal retail sector. However, the interaction term between ownership type and pricing strategies is positive and statistically significant ( $\beta = 0.499, p = 0.023$ ), confirming that the effect of pricing strategies on performance differs meaningfully between the two groups. Specifically, pricing strategies are significantly more effective in migrant-owned shops than in locally owned shops. These finding highlights that the impact of pricing strategies is context-dependent, shaped by underlying differences in organisational capabilities and operational practices. Migrant-owned enterprises appear better positioned to convert pricing decisions into performance gains, possibly due to more efficient cost structures, stronger supplier networks, and tighter inventory management. In contrast, locally owned shops may face structural constraints that limit the effectiveness of pricing as a strategic tool. This differential effect is further illustrated in Figure 5, where the steeper slope for migrant-owned shops indicates a stronger positive relationship between pricing strategies and performance, while the flatter slope for locally owned shops reflects minimal impact. The results

demonstrate that pricing strategies are not inherently performance-enhancing; their effectiveness depends on the firm’s underlying capability to implement and leverage them. These findings reinforce the argument that performance differences in the informal sector are driven less by the presence of strategies themselves and more by how effectively those strategies are executed. This underscores the importance of internal capabilities and resource configurations in shaping business outcomes across ownership types.

Table 11 confirms that the effect of pricing strategies on performance differs significantly between locally and migrant-owned spaza shops. Specifically, pricing strategies are more effective in migrant-owned enterprises, highlighting structural and capability differences across ownership types.

### 3.8. Interaction Effect (Ownership $\times$ Pricing Strategies)

Figure 5 presents the interaction effect between ownership type and pricing strategies on spaza shop performance. The figure illustrates how the relationship between pricing strategies and performance differs between locally owned and migrant-owned shops, providing a visual comparison of the varying slopes across the two groups.

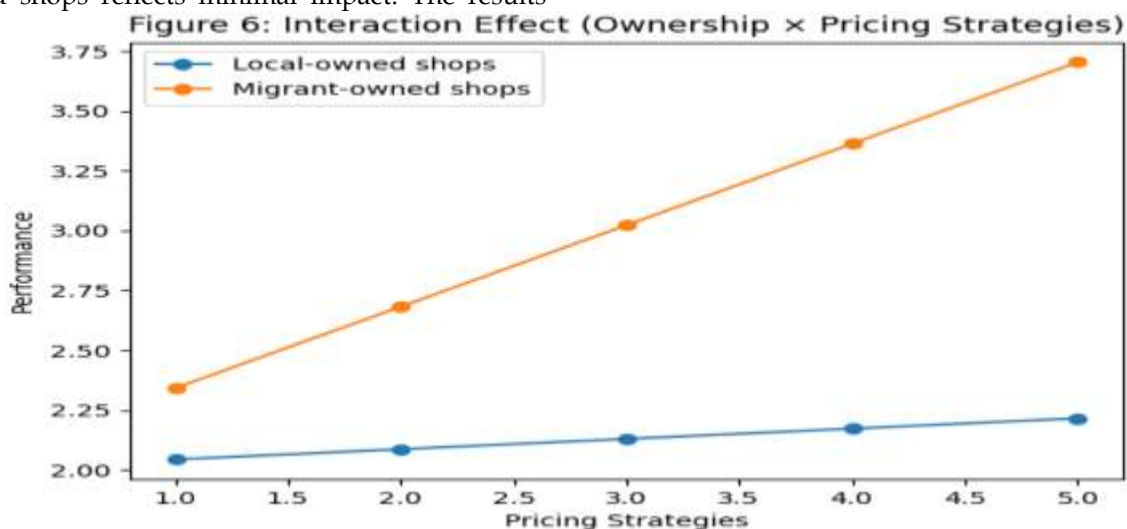


Figure 6 shows a clear interaction between ownership type and pricing strategies. Performance increases sharply as pricing strategies improve in migrant-owned shops, whereas only a slight increase is observed in locally owned shops. The steeper slope for migrant-owned shops indicates a strong positive effect of pricing on performance, while the relatively flat slope for local shops suggests a weak or negligible effect. This visual pattern confirms the significant interaction reported in Table 11 ( $\beta = 0.499$ ,  $p = 0.023$ ). At lower levels of pricing strategies, performance differences between the two groups are modest. However, as pricing strategies intensify, the gap widens substantially, with migrant-owned shops achieving markedly higher performance outcomes. Pricing strategies are not uniformly effective; their impact on performance is conditional on ownership type, with migrant-owned shops deriving significantly greater benefit.

#### 4. DISCUSSION OF THE RESULTS

Regarding the aims of the study, the first objective examined the effect of pricing strategies on spaza shop performance. The findings reveal that pricing strategies do not exert a statistically significant influence on the performance of locally owned spaza shops, but do have a strong and positive effect on the performance of migrant-owned enterprises. This pattern supports the broader literature, which argues that business performance in the informal sector is not determined by isolated strategies alone, but by the extent to which such strategies are supported by internal resources and capabilities (Shibin et al. 2020; Manik, 2020). As reflected in the Resource-Based View (RBV), competitive advantage emerges from the possession and effective deployment of valuable, rare, and inimitable resources, rather than from the adoption of strategy in isolation. For locally owned spaza shops, the absence of a significant relationship suggests that pricing decisions may be reactive and survival-driven, rather than strategically aligned with long-term performance goals. This finding is consistent with earlier studies showing that informal enterprises often operate under resource constraints that limit their ability to implement effective business practices (Madzimore & Tau, 2021; Asah & Louw, 2021). Previous research further indicates that limited access to finance, weak infrastructure, and inadequate managerial capabilities constrain small firms' ability to optimise operational strategies (Dzogbewu et al., 2022; Mmakwena, 2022). In RBV terms, this reflects the absence of a sufficiently strong resource base to transform pricing into a value-creating capability. Without complementary

resources such as efficient procurement systems, financial discipline, and strong supplier relationships, pricing strategies are unlikely to produce meaningful performance gains.

The second objective was to determine whether the effect of pricing strategies on performance differs between locally owned and migrant-owned spaza shops. The findings clearly show that pricing strategies are significantly more effective in migrant-owned enterprises. This result strongly corroborates the literature on migrant entrepreneurship and resource mobilisation, which emphasises the ability of migrant entrepreneurs to leverage social networks, collective buying arrangements, and shared knowledge systems to enhance operational efficiency and market competitiveness (Shibin et al, 2020; Etim & Daramola, 2020). These network-based arrangements function as strategic resources by reducing input costs, improving supply reliability, and supporting the implementation of competitive pricing practices. The literature also suggests that migrant entrepreneurs often reinvest profits into their businesses, thereby strengthening their resource base and improving long-term sustainability (Lamb et al., 2019). This stands in contrast to many locally owned enterprises and helps explain the performance gap identified in this study. From an RBV perspective, the effectiveness of pricing strategies among migrant-owned shops can therefore be understood as the outcome of complementary resources and capabilities that enhance strategic execution. Pricing in this context is not merely an isolated tactical decision, but a manifestation of broader organisational strengths such as cost efficiency, market intelligence, and network embeddedness. Because these resources are heterogeneous and difficult to imitate, they provide migrant-owned enterprises with a stronger basis for translating pricing decisions into improved customer attraction, retention, and overall performance (Ezennia & Mutambara, 2022).

The third objective of the study was to assess whether community leadership moderates the relationship between pricing strategies and performance. The findings indicate that community leadership does not exert a significant moderating effect. This suggests that external community structures do not directly strengthen or weaken the strategic effectiveness of pricing practices. This observation aligns with previous studies indicating that community leadership, while important for social cohesion and local development, is often loosely defined and lacks formal mechanisms for influencing business operations (Nyembo & Lees,

2020; Judson, 2020). The finding is also consistent with the logic of RBV, which privileges internal firm-level resources over external environmental factors as the primary drivers of competitive advantage. In this regard, the results imply that performance improvements in the informal sector are more likely to arise from strengthened internal capabilities than from reliance on external community structures. Community leadership may shape the broader social environment in which enterprises operate, but it does not appear to meaningfully alter the extent to which pricing strategies translate into performance outcomes in either local or migrant-owned spaza shops.

This study advances the Resource-Based View (RBV) by demonstrating that the effectiveness of pricing strategies in the informal retail sector is contingent upon ownership-specific resource configurations and capability endowments. The findings show that the relationship between pricing and performance is not uniform but conditional, varying according to the extent to which enterprises possess complementary resources that enable effective strategy execution. This extends existing literature by challenging the implicit assumption that pricing strategies yield consistent performance benefits across firms, highlighting instead that strategic outcomes are mediated by internal capabilities. In this context, pricing emerges not merely as an operational decision but as a strategic capability that is activated through supporting resources such as efficient procurement systems, strong supplier networks, cost management practices, and collaborative business arrangements.

Empirically, migrant-owned spaza shops demonstrate a stronger performance response to pricing strategies, reflecting their relatively superior access to and integration of these enabling capabilities. In contrast, locally owned enterprises exhibit weaker outcomes, suggesting constraints in resource mobilisation and capability alignment. Theoretically, this reinforces the RBV proposition that competitive advantage is derived from the effective orchestration of valuable and contextually embedded resources rather than the adoption of isolated strategies. Practically, the findings imply that interventions aimed at improving the performance of locally owned spaza shops should move beyond discrete pricing adjustments to focus on strengthening underlying capabilities, including supply chain integration, financial discipline, and network-based collaboration. This provides an understanding of informal enterprise performance, where resource heterogeneity, rather than strategy

adoption alone, explains variation in business outcomes.

## 5. CONCLUSION

This study examined the influence of pricing strategies on the performance of spaza shops in the informal sector, with a comparative focus on locally owned and migrant-owned enterprises, guided by the Resource-Based View (RBV). The findings reveal that pricing strategies do not significantly influence performance among locally owned spaza shops, whereas a strong, positive relationship exists among migrant-owned enterprises. This indicates that pricing strategies are not universally effective but depend on the presence of complementary resources such as efficient supply systems, cost management practices, and strong social networks. Migrant-owned shops appear to possess these enabling capabilities, allowing them to leverage pricing more effectively, whereas locally owned shops face structural and resource constraints that limit their ability to translate pricing decisions into performance gains. The absence of a moderating effect of community leadership further reinforces the importance of internal capabilities over external factors. The study therefore confirms the relevance of RBV in explaining performance differences within the informal sector, demonstrating that competitive advantage is driven by resource heterogeneity and the effective deployment of capabilities rather than strategy adoption alone.

## 6. RECOMMENDATIONS

Based on the findings of this study, several recommendations are proposed to enhance the performance of spaza shops, particularly locally owned enterprises within the informal sector. First, interventions should prioritise developing internal resource capabilities rather than focusing solely on isolated strategies such as pricing. Policymakers and development agencies should promote collective buying schemes, cooperative structures, and shared supply chain systems to enable local entrepreneurs to reduce procurement costs and improve pricing competitiveness. Strengthening these network-based capabilities can help locally owned shops achieve efficiencies similar to those observed among migrant-owned enterprises.

Second, there is a need to improve financial inclusion and capacity among informal entrepreneurs. Access to micro-financing, credit facilities, and tailored financial literacy programmes should be expanded to enable business owners to reinvest in their operations, improve stock

management, and sustain competitive pricing strategies. Institutions such as the Small Enterprise Development Agency (SEDA) should play a more active role by offering practical, skills-based training in areas such as cost management, pricing optimisation, and operational efficiency. These initiatives would equip entrepreneurs with the necessary competencies to transform pricing strategies into effective performance drivers.

Third, spaza shop owners themselves should adopt more strategic and collaborative approaches to business operations. Forming buying groups, engaging in knowledge-sharing networks, and leveraging community-based collaborations can strengthen their resource base and enhance decision-making. Entrepreneurs should also move away from reactive pricing practices and adopt data-informed, market-oriented pricing strategies that align with cost structures, customer demand, and competitive positioning. Mentorship programmes and peer learning platforms can support this transition by facilitating the transfer of practical knowledge and experience.

Finally, while community leadership was found not to significantly influence the pricing-performance relationship, it can still play a supportive role in creating an enabling business environment. Community structures should therefore focus on facilitating coordination, reducing conflict, and promoting fair trading practices rather than directly influencing firm-level strategies. Improving the performance of spaza shops requires a shift from disjointed interventions to integrated capability-building approaches that strengthen internal resources and support the effective implementation of strategy within the informal sector.

## 7. POLICY RECOMMENDATIONS

Efforts to improve the performance of locally owned spaza shops should prioritise developing internal resource capabilities rather than focusing solely on price awareness. Government agencies and development institutions should implement targeted programmes that promote collective buying schemes, supply chain integration, and access to affordable procurement channels, enabling local entrepreneurs to achieve cost efficiencies comparable to those of migrant-owned enterprises. Strengthening financial inclusion through improved access to micro-financing, credit facilities, and tailored financial literacy programmes is also

essential to support reinvestment and long-term sustainability. Furthermore, institutional support structures, such as those provided by the Small Enterprise Development Agency (SEDA), should be expanded to include practical training in cost management, pricing optimisation, and operational efficiency. South African policy interventions should shift towards integrated capability-building approaches that address the underlying structural constraints faced by locally owned enterprises.

## 8. PRACTICAL RECOMMENDATIONS

At the enterprise level, spaza shop owners, particularly locally owned entrepreneurs, should adopt collaborative business practices to strengthen their resource base and improve competitiveness. Forming buying groups or cooperatives can reduce procurement costs, enhance bargaining power, and support more competitive pricing strategies. Entrepreneurs should also prioritise reinvesting profits in their businesses to improve operational capacity and ensure long-term sustainability. In addition, pricing decisions should be approached strategically rather than reactively, requiring alignment with cost structures, customer behaviour, and competitor positioning. Developing this capability requires a deeper understanding of market dynamics and internal operations, which can be supported by training programmes, mentorship initiatives, and peer learning platforms that enhance business skills and strategic decision-making.

## 9. LIMITATIONS

This study has several limitations that should be acknowledged. The research was conducted within selected townships in the Eastern Cape, which may limit the generalisability of the findings to other regions or contexts. The study also focused primarily on pricing strategies as a key determinant of performance, without incorporating other strategic variables such as marketing, inventory management, or digital adoption that may also influence business outcomes. In addition, the analysis considered community leadership as a moderating factor but did not explore other contextual variables such as institutional support, access to finance, or technological capabilities. Future research should adopt a more comprehensive approach by including additional strategic and contextual factors and by expanding the geographical scope to enhance the robustness and applicability of findings within the informal sector.

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Results and Recommendations, SF and PCE. All authors have read and agreed to the published version of the manuscript.

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**Ethical concepts:** The study was approved by the Fort Hare Ethics Committee (UREC), South Africa, with the ethics number (REC-270710-028-RA Level 01) and the project number (ON1031SF1H0I). Informed consent was obtained from all participants involved in the study, and the manuscript has not been published previously. We agreed collectively to publish this paper in this Journal.

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