BUSINESS RECOVERY, RENEWAL AND RESILIENCE STRATEGIES FOR TOWNSHIP TAVERNS IN SOUTH AFRICA: A POST-COVID 19 PROGNOSIS

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Abstract

Covid-19 has devastated many sectors, especially in developing economies. This study examined township taverns (small-medium and micro informal liquor retailers) in South Africa to determine survival strategies during and after covid-19. 30 tavern owners and managers were interviewed using phenomenological qualitative research design. Township taverns need to form strategic units to benefit from bulk buying discounts and diversify product and service offerings. The study recommended further research to determine what business development services and government support township taverns need.

Keywords


INTRODUCTION

The global Covid-19 outbreak has created an unprecedented humanitarian crisis (Mathivathanan and Sivakumar, 2021; Ivanov and Das Kumar, 2020; Van Hoek, 2020). Nearly all businesses around the world have been shaken by the pandemic, and owners face huge challenges (Mathivathanan and Sivakumar, 2021). Small businesses, especially retailers, need sound business strategies to survive and compete, according to Eicker and Cilliers (2019). Choosing the best business strategies is crucial (Eicker and Cilliers, 2019). Aldrich (2011) argues that business recovery is a growing area of interest and should focus on how businesses can renew, reinvent, and become resilient (Battisti and Deakins, 2017). Several studies have focused on business recovery after a disaster and a few on post-Covid-19 business operations.

Covid-19 brought unprecedented challenges to South Africa's liquor retailing industry and township taverns. The South African government's March 2020 national shutdown meant that non-essential businesses like taverns had to close. Since then, there have been intermittent changes in the lockdown levels, leading to the closure or limitation of township taverns. "Townships" in South Africa were black neighborhoods during apartheid (Sibiya, 2012). Garg and Kumar (2017) used a framework to analyze community-based restaurants in Malaysia that are similar to taverns in South Africa. These local facilities are viewed as convenient for a community. They serve beer, soft drinks, and food, so locals frequent them for entertainment and relaxation. Figure 1 shows the components that impact customer satisfaction as convenient places of fun, entertainment, and relaxation.
Business continuity: Taverns tend to operate clandestinely during Covid 19 situations, giving them some resilience. As family-owned businesses, taverns provide a fallback for families and sometimes employ community members. In such scenarios, the quantities sold during the Covid 19 period to determine its impact on the owners and the sustainability of informal taverns, as opposed to licensed on-premises (bar and restaurant) and off-premises alcohol outlets, are unknown (Ngqangashe et al., 2021).

Recovering businesses
This section explains the concept. Business recovery strategies involve a short-term intervention (usually less than 60 days) to restore the business to an acceptable level of operation, performance, and production following a man-made or natural business disruption (Stevenson et al., 2018; Rose et al., 2013). Business recovery strategies help policymakers and SMEs balance business operation and health protocol compliance (Khan & Sayem, 2013). Therefore, tavern owners should be innovative and consider incorporating technology into their business models to ensure that their services remain available and accessible to customers.

In South Africa, SMEs struggle to remain in business due to their high exposure and fragility, coupled with no back-up cash-flow. Bailouts have been considered for cash-strapped SMEs (Rajagopaul et al., 2020). Emergency funding programs through bailouts should include small SMEs, including taverns.

Renewing businesses
Business renewal strategies relate to innovation management that individuals and corporations can adopt to rejuvenate, reposition, and re-project themselves in the market (Doz & Kosonen, 2010). According to Frederick (2000), business renewal includes improvements to organizational structures and business processes. Innovation management encapsulates actions based on business diagnostics and maps out the way forward to grow the business and improve products or services. SMEs must have enough resources to do so (Salvato et al., 2010).

Business sustainability and resilience
Business resilience is a process of business-wide crisis management and business continuity to avoid risks (Dahles & Susilowati, 2015). This means building the business's ability to absorb shocks and respond quickly to risks like natural disasters, cyberattacks, and supply chain disruptions (Aldianto et al., 2021). Others have said that resilience is a business's ability to absorb contemporary and normative stresses, natural disasters, and unexpected and expected risks and exposure (Danes et al., 2009).

Initial direct impact of shutdowns had many challenges and undermined SMEs' ability to survive, despite later interventions to help communities around the world (Borreli, 2015). The pandemic caught the world off guard, and there was little time to respond and set up robust business systems, including sustainability measures. One of the key aspects and learning curves in this process is that the decline in business output and consumer spending in many countries’ economies affected both industries and consumers (Ramos 2020). If the shutdowns continue, SMEs will be undercut unless steps are taken to promote them (Hynes et al., 2020).

From a resilient perspective, the Covid-19 crisis shows the need to build universal health protocols for businesses to converge and provide high-standard hygienic standards in their operations (Linkov et al, 2021). Handwashing should be a company-wide practice that can help prevent pandemics (Organisation for Economic Co-operation and Development, 2020).

Rebuilding SMEs should include measures to ensure that the systems put in place accelerate prevention rather than treatment – hence the requirement that compliance is enforced based on mutual understanding and concern for saving humanity in Africa (Cummings & Miller 2021).

METHODOLOGY
The researcher used qualitative research to understand tavern operations in a post-Covi-19 environment. The researcher used grounded theory to interview 30 township tavern owners, highlighting the importance of qualitative research. Hefferman (2013) noted that using sources like textbooks, magazines, and business models of the people provides the researcher with critical insights about tavern operations, particularly recovery, renewal, and resilience.
Thus, the qualitative method is key as it integrates interpretivist analysis aspects, of which the inclusion of documentary data helps find hidden meanings of the phenomenon that can be decoded for public presentation in academic papers and for public comprehension about the operating environment (Ghauri et al., 2020). The well-considered view to use interviews and reviewing written materials using the qualitative method enabled the researcher to answer all the research questions and fulfill the research objectives. The interviews enriched the study by providing rich and insightful information about what the tavern owners experienced and documenting these experiences from their perspective, thereby building and enhancing our understanding of the tavern industry.

FINDINGS

<table>
<thead>
<tr>
<th>EFFECT</th>
<th>NUMBER OF RESPONSES</th>
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<tbody>
<tr>
<td>Reduction of the number of employees</td>
<td>8</td>
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<tr>
<td>Business closed during lockdowns</td>
<td>4</td>
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<tr>
<td>Reduced employee salaries</td>
<td>1</td>
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<tr>
<td>Expired stock</td>
<td>12</td>
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<tr>
<td>Loss of sales</td>
<td>5</td>
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<tr>
<td>Emotional stress and personal health</td>
<td>15</td>
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<tr>
<td>Shortage of funds to pay business bills</td>
<td>17</td>
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<tr>
<td>Failure to take care of family</td>
<td>22</td>
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<tr>
<td>Changing family lifestyle</td>
<td>14</td>
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<tr>
<td>Customers losing their jobs</td>
<td>3</td>
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<tr>
<td>Reduced operating hours</td>
<td>1</td>
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</tbody>
</table>

Table 1: Summary of key findings

Data was analyzed and interpreted using the interview guide's questions. The next section analyzes and interprets the data based on the research questions.

How the Covid-19 pandemic affected participants varied. 22 participants said the pandemic affected their business so much that they can't care for themselves and their families.

15 participants said Covid-19 affected their health, causing depression, stress, heart condition, blood pressure, etc. Several participants noted that the pandemic's effect on their businesses forced them to change their families' lifestyles. Participant 11 lamented that Covid-19 worsened her health because she was always thinking.

Participant 29 said, "I've been sick for a while." My business fell apart without action..." Participant 27 said Covid-19 was life-threatening when he said, "I nearly lost my life, my diabetes was uncontrollable..." The pandemic affected the taverns as businesses and the owners, staff, employees, and customers personally.

Pandemic affected participants' ability to pay personal and business bills, according to responses. Participant 4 said, "I had many liabilities I couldn't pay." I was stressed by my debts and no income...

Pandemic lockdowns caused the township taverns' stock to expire. Twelve participants said the pandemic caused them huge losses because stock expired while their businesses were closed. Participant 22: "I lost R13,000 in expired stock." Participant 27 reported R9,000 in expired stock. Expired stock was one of the pandemic's negative effects on Soweto township taverns.

In addition to stock loss, participants noted retrenchment of staff, loss of sales and profits, reduced employee salaries, customers losing their jobs, and reduced operating hours. Participant 1 said, "I had to lay off 14 people because I couldn't pay salaries." Participant 5 said, "Like all businesses in our country, I had to cut staff..." Covid-19 caused job losses in the township taverns market, according to these statements.

What did you do to recover your business from the pandemic?

This referred to what participants did to recover from pandemic. Several participants received financial support from stokvels, South African Breweries, and commercial banks. Participant 4, 6 used their savings to support their business. 5th participant bought stock with her savings.

Participants 19, 24, and 30 had to sell cars and furniture to finance their businesses.

Some participants cut staff costs, business expenses, etc. Participant 3: "I cut clothing accounts..." Participant 8 said, "I'm doing everything myself because I can't pay anyone." Participant 26 echoed Participant 8 by saying, "For the restaurant, my husband and I had to work full time to not pay employees for a while."

Tavern owners also banded together to buy in bulk. Participant 27 said, "We formed a liquor trading group." Each member contributed R2000, and we bought a R10,000 stock and shared it. Participant 11 said, "Glass recycling makes money, so I don't give away as much as before."

Why will your recovery strategies work?

Several participants thought the proposed recovery strategies would work. Participant 2 said that because they've survived so far, they can survive in difficult times. Participant 6 said recovery strategies will work if the Covid-19 pandemic doesn't worsen. Participant 12 said his business will recover slowly and he's back on his feet.
Others believe their businesses won't recover in the near future. Participant 9 said his business was still recovering and had unpaid bills. Participant 14 was pessimistic, saying, "I'm not sure if these strategies will sustain my business during covid-19 if we have another lockdown."

How will your business implement these? Recovering?

This question focused on challenges participants may face implementing recovery strategies. Most participants said established retail groups were a major challenge for township taverns. Other participants, such as Participant 2, cited high fuel costs, insufficient stock, limited trading hours, and increased workloads as factors that could hinder recovery strategies. Participant 4 said future lockdowns could hurt their businesses. "The lockdown is a challenge for my business," he said. My business is hard to recover from the covid-19 pandemic. Participant 6 said, "If the lockdown gets worse, that could be a problem."

Other participants, like Participant 7, viewed loadshedding as a potential challenge to the implementation of recovery strategies for township taverns. Not everyone can afford a generator...

Other challenges included a lack of government support for township taverns, the unavailability of Savanah, Castle, and Hunters stock, the need to do weekly stocktaking, curfew hours, the presence of illegal liquor traders who did not need to comply with Covid-19 regulations, the need to continue servicing debts, competition from other township taverns, and a lack of entertainment.

What's "renewal"?
Most participants understood "renewal" when asked to explain it. Among the answers:

"Rework something twice..." (2)
"...regain strength..." 5.

"Redo but differently..." 9.
"...means to replace the old..." 11.

"...means to do something again with a different plan or mission..." 17

"...replace old ways..." (17)

From the participants' feedback, it's clear they understood that renewing a business meant doing things differently.

What did you do to renew your business during and after Covid-19?
This question asked how township taverns would renew their businesses during and after Covid-19.

Participant 2 thought his business needed more flexibility to adapt to market changes.

Participant 3 needs more business marketing and promotion. Participant 12 thought weekend specials were a good way to renew his business. Participant 27 agreed with participants 3 and 12 that "buy three beers, get free small fries" on weekends.

Participant 5 introduced a car wash service to attract new customers. Participant 4 can renew his business post-Covid-19 by extending hours and adding Wi-Fi. Participant 27 mentioned using Wi-Fi to attract customers during Covid-19.

Participant 6 thought reducing the number of employees and personal expenses would help him renew his business.

Participant 7 will offer a pool table, electricity, and snacks to renew his business during and after Covid-19. Participant 25 thought adding a pool table would revitalize his business. Participant 8 will renew his business by introducing weekend entertainment with guest DJs. Participant 17 says business renewal is like starting over. She bought a delivery van to reduce vehicle rental costs. She also sells African food to boost business. Participant 28 said, "Selling fast food during the week and African food on weekends is my new business plan."

Participant 25 planned to renew his business by replacing a DJ with a music box.

Participant 9 said he couldn't renew his business because it was still recovering from Covid-19. Participant 11
agreed with Participant 9: "I don't have a renewal plan; I'm starting my business from scratch because I've lost stock and profit." Several participants said they couldn't renew their businesses because they'd lost stock and customers' jobs. Participant 15 said, "...during this pandemic it's so difficult to renew the business because most of our customers lost their jobs, to renew business will also need money and a new business plan, before I used to call different DJ's for different types of music that plan brought more customers also trading hours was good for business on the current situation planning music for liquor business is not an option..." Participant 29 and 30 are interested in renewing their business but have no plans to do so.

Why will renewal strategies work?

Participants must explain why their proposed renewal strategies will work.

Participant 1 thought her renewal strategies would be effective because she sold frozen fries to local small businesses.

Several participants were still recovering from the Covid-19 pandemic and unsure if their renewal strategies would work.

Others said they need guidance and support to sustain their businesses. As the pandemic loomed, some participants were unsure if their strategies would work.

How will your company implement these renewal strategies?

Stock shortages may derail their renewal strategies. Participants noted reduced customer buying power due to high unemployment, customers spending less on liquor, crime as township taverns were an easy target, and loadshedding. Illegal liquor traders and noncompliance with Covid-19 were also issues.

What's "resilience"?

This question asked about business resilience. Most participants mistook it for recovery. This was a new term for many participants, so they associated it with business recovery. Participant 11 said resilience means recovering quickly from hardships. Participant 27 said resilience is "recovering quickly from difficulties, toughness..."

What did you do or will you do to make your business Covid-19-resilient?

Participants listed activities they've taken to make their businesses resilient.

Participant 2 said her business offered affordable prices to maintain viability and market share. Participant 4 says he's reducing prices to make his business more resilient.

Participant 3's business strategy was to treat her employees and customers well.

Participant 7 offered "shisanyama" (braaing) to his customers to make his business more resilient. Participant 10 thought he could build resilience by cutting business expenses. Participant 19 said he was working full-time in his business and doing everything himself to reduce staff costs. Participant 22 reduced staff costs by employing her children.

**PARTICIPANT COMMENTS**

The last interview question asked participants if they had any other questions or concerns, and several issues surfaced. Because of the high crime rate, participant 6 said the liquor trading industry was risky for women. Participant 15 agreed, saying most liquor traders are women and the government should support them.

Participant 11 said the government didn't consult them as key liquor industry players when making decisions. Participant 17 said government agencies like the SAPS need to be educated on township taverns so they don't treat them as illegal businesses.

Participant 13 lamented the industry's skills shortage, noting that most workers lacked the necessary qualifications.

**Conclusions**

The following key findings emerged from the data collected and analyzed in this chapter:

- Covid-19 affected most Soweto taverns. Several taverns restarted with external funding.

64 | Business Recovery, Renewal and Resilience Strategies for Township Taverns: Lucky Jabu Ntimane et al.
• The township tavern market is male-dominated, but there are some women.
• Many taverns added services to stay afloat, while others opened car washes, restaurants, etc.
• Several businesses will close permanently after Covid-19.
• Covid-19 caused job losses in the township taverns’ market, and owners had to reduce staff to manage costs and stay in business.

FUTURE RESEARCH

This study identified future research areas. First, more research is needed to determine what business development services and government support township taverns need. Second, research is needed to determine how township taverns can form bulk-purchasing units to take advantage of economies of scale.

Works Citation


Ataguba, J.E., 2020. COVID-19 pandemic, a war to be won: understanding its economic implications for Africa.


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66 | Business Recovery, Renewal and Resilience Strategies for Township Taverns: Lucky Jabu Ntimane et al.


