



Research Paper

The Radical and Disruptive Entrepreneurial Innovation Culture in South Africa's townships

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Abstract

Entrepreneurial innovation culture equips entrepreneurs with essential business management skills while providing a broader understanding of societal and economic development factors. This study examined South African townships' radical and disruptive entrepreneurial innovation culture. Entrepreneurial innovation culture leads to small businesses maintaining their competitive advantage in the market. Therefore, investigating the inclusion of concepts such as entrepreneurial radicalism and disruptive innovation as elements to the entrepreneurial innovation culture in South Africa's townships can help South African township entrepreneurs and business practitioners formulate guidelines to regulate business operations in townships. The study was conducted using a qualitative research approach, and convenience and purposive sampling methods were used to collect data. The study was conducted with 30 participants who are small business owners in South African townships. The data were collected using five focus groups from the selected 30 participants. The results provided evidence of three factors influencing the township's small business environment: disruptive technology, entrepreneurial culture, and entrepreneurial radicalism. Moreover, the findings indicated that the township entrepreneurs in South Africa have developed a unique way of conducting business that maintains a competitive edge and ensures business growth and profitability. The study concludes that using new entrepreneurial strategies and technology in small businesses significantly derives a radical and disruptive innovation culture in South African townships that is capable of maintaining a competitive edge and ensuring business growth and profitability.

Keywords *Disruptive entrepreneurial innovation; Radical culture; Small business; Township entrepreneur*

INTRODUCTION

Innovation culture is an environment in which a business's strategy, mode of operation, and values promote and encourage novel and worthwhile ideas (Chatterjee et al., 2024). In essence, innovation culture not only equips individuals with essential business management skills but also provides a broader understanding of social and economic development (Schindler et al., 2024). Therefore, innovation often makes products and services more accessible and affordable over time and offers customers added value. Research further shows that innovation leads to the establishment of new businesses and industries, thus increasing prosperity; however, not all businesses survive technological change (Schaefer, 2022). At the business level, there is a trend of correlation between innovation, business size, and profit (Lounsbury et al., 2021). Therefore, understanding the importance of innovation culture in South African townships is essential because business practitioners will be able to implement the necessary adaptability strategies that help small businesses remain competitive and ensure growth and profitability.

Disruptive innovation is when a small business, usually with fewer resources, can challenge an established business by entering at the bottom of the market and moving up-market (Larson, 2016). Sandström et al. (2014) stated that disruptive innovation is a business model problem and not a technology problem. Therefore, the key challenge related to the disruptive entrepreneurial

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innovation dilemma is not resource allocation but building and transforming markets by township entrepreneurs (Lounsbury et al., 2021). First, disruptive innovation refers to a product or service offered by a business that is based on a unique value proposition to enhance customer experiences (Alsafadi & Aljuhmani, 2023). Second, disruptive innovation through the use of technology disruption challenges among existing businesses while improving the township setting by yielding positive economic and societal development (Tabbah & Maritz, 2019).

There is a growing need to manage the township environment proactively (Donga & Chimucheka, 2024; Malgas & Zondi, 2020). Udimal and Biyase (2021) highlighted the economic contribution of small businesses in townships and the imminent threat they pose to existing businesses. Small town businesses are relatively diverse and are inclusive of the following: spaza shops, hair or beauty salons, taxi services, hair salons, street vendors, childcare services, mechanical services, and manufacturing businesses (Wiid & Cant, 2021). Moreover, extant literature further shows that small businesses in townships have revolutionized business operations (Hare & Walwyn, 2019; Udimal & Biyase, 2021). In the process, a number of strategies have been implemented by township entrepreneurs, such as competition and collaborative practices, social network usage, and strategic alliances, and these have bolstered their competitive edge in low-margin markets (Malgas & Zondi, 2020). Coopetition is a situation in which businesses compete and cooperate simultaneously to strategically dominate the market (Hare & Walwyn, 2019).

According to Schindler et al. (2024), the revolutionized small business operating activities are akin to radical and disruptive entrepreneurial innovation culture. For instance, a radical and disruptive entrepreneurial innovation culture has been noted to cause uncertainty in township environments, with existing businesses being pushed out of the market (Malgas & Zondi, 2020; Thai & Mai, 2023). This uncertainty forces businesses to close and lose customers, highlighting the need for township entrepreneurs to adopt radical and disruptive approaches to navigate an environment with no assured growth or profitability. Although the closing of these businesses can be attributed to various factors, such as high business failure rates in the township environment, crimes, and lack of infrastructure (Wiid & Diggins, 2021), there is a need to investigate the magnitude of the radical and disruptive entrepreneurial innovation culture within the South African context. Therefore, this study seeks to examine South African townships' radical and disruptive entrepreneurial innovation culture as well as the role of technology in deriving a disruptive innovation culture. Furthermore, it seeks to illuminate the strategies that can enhance a radical and disruptive entrepreneurial innovation culture among township entrepreneurs.

LITERATURE REVIEW

The business world has always been competitive, and the disruptive innovation theory (DIT), developed by Christensen (1997), helps describe the phenomenon where small businesses that are new in a market manage to push out existing businesses (Larson, 2016). The DIT suggests that existing businesses can be displaced by new or small businesses with limited resources, primarily because they focus on processes and overlook customers' needs, wants, or preferences (Christensen et al., 2015; Si & Chen, 2020). In such instances, disruptive innovation can be seen as a process by which products or services offered by small businesses to townships take root initially at the bottom of a market and then relentlessly move up the market. These small businesses are perceived to be fit for most customers and eventually replace existing businesses (Tabbah & Maritz, 2019; Wood et al., 2013). Therefore, disruptive innovations either create a new market by addressing the needs of customers not previously served by existing businesses or target less sophisticated customer groups that are responsible for only a small portion of the market, such as townships.

In essence, the DIT provides a useful warning about managerial myopia, especially for township entrepreneurs who misunderstand the importance of an emerging threat, be it another small business entering the market or new products or services offered by competitors (Si & Chen, 2020; Schaefer, 2022). An earlier study by Christensen (1997) pointed out that disruptive innovation can lead to the demise of existing businesses. These views are in line with what has been observed in the South African township environment, where most businesses have closed down over the past decade. Larson (2016) posits that disruptive innovation usually occurs over several steps:

- Existing businesses innovate and develop their products or services to appeal to their most demanding and/or profitable customers, ignoring the needs of those downmarket.
- New business entrants target the ignored market segment and gain traction by meeting their needs, wants, or preferences at a reduced cost compared to existing businesses.
- Existing businesses do not respond to new business entrants, continuing to focus on more profitable segments.
- New business entrants eventually move upmarket by offering products or services that appeal to the mainstream customers of existing businesses.
- Once a new business entrant has begun to attract the existing business's mainstream customers en masse, disruption has occurred.

In line with the foregoing, existing businesses are disrupted by new businesses that present the market with alternative value propositions (Christensen et al., 2015). In essence, the products and services offered by new business entrants tend to be available at a lower price or have additional features and are initially only demanded by a smaller group of customers. This is because the smaller group of customers has only low demands for product performance and is unwilling to pay more for the products and services offered. However, the situation becomes problematic when new businesses, products, or services improve to the point where they meet the requirements of most community members, thus becoming fully competitive (Zhang & Jin, 2023). Of note, most communities are usually targeted by existing businesses (Schaefer, 2022). In this instance, disruptive innovation creates a new value dimension with benefits that typically include simplicity, convenience, accessibility, significantly lower prices, or ease of use (Tabbah & Maritz, 2019). The new dimensions created by disruptive innovation are comparable to the benefits of small businesses in township setups. Therefore, the DIT helps to understand the changes occurring in the entrepreneurial landscape in township settings.

Overview of The South African Townships

In South Africa, the existence of townships is highly associated with the remnants of the now-defunct apartheid system, which still intensifies the entrenched economic and geographical marginalization of ordinary residents (Gavaza, 2024). There are over 500 townships in South Africa, home to more than 40% of the country's urban population. South African townships are characterized by dilapidated economic infrastructure and limited access to modern facilities (Etim & Daramola, 2020). Furthermore, they are plagued with high unemployment rates and consist of overpopulated areas (Martin-Howard, 2020). As a result, most small businesses in townships are necessity-based and operate informally on a small scale. These necessity businesses are survivalist businesses whereby owners and entrepreneurs are pushed into business because of circumstances (Du Toit et al., 2020).

Lately, calls have been made for South African-owned small businesses to fuel growth and reduce unemployment (Joseph et al., 2023). At the same time, the South African natives arguably have not had a long history of reasonable economic activity because of the apartheid era, which subjected them to exclusionary practices (Bushe, 2019). The situation has been exacerbated by the

emergence of immigrant entrepreneurs and the introduction of technology into small businesses operating in township areas. Immigrant entrepreneurs are individuals who have opened businesses in South Africa but originate from other countries (Muchineripi et al., 2019). It is worth noting that immigrant entrepreneurs have introduced an innovation culture and many business strategies, giving them an entrepreneurial competitive advantage and making noticeable business strides in most South African townships (Malgas & Zondi, 2020). In addition, the advent of technology, particularly the Internet, has made the business domain more complex regarding innovation, creativeness, production, and transactions (Chatterjee & Kar, 2020). Thus, the competition in township business has shifted to innovative technological solutions that entrepreneurs can offer society. At the same time, small businesses in the township are limited by capital constraints (Ledingoane & Viljoen, 2020).

The Radical and Disruptive Entrepreneurial Innovation Culture In South African Townships

Measuring innovation culture is not an easy task, as it comes with its own challenges (Chatterjee et al., 2024; Zouari, 2024). These challenges primarily stem from the inherent complexity and uniqueness of the innovation culture in each small business setting (Kruger & Steyn, 2020). The most notable challenges are subjectivity, time lag, and incompatibilities (Schaefer, 2022). Given the abstract nature of the concept, there is an inherent subjectivity involved in measuring innovation culture in township businesses. With respect to time lag, it is worth noting that the results of innovative culture often do not manifest immediately, especially in complex environments such as township setups (Aimin, 2019; Kruger & Steyn, 2020). There tends to be a significant time gap between applying an innovation strategy and the appearance of results, making it difficult to correlate efforts and results accurately (Lounsbury et al., 2021). In addition, there may be incompatibilities. For instance, metrics that successfully measure innovation in one small business might not necessarily work in another, given the complexities and unique dynamics of each small business operating in townships (Tabbah & Maritz, 2019).

Meanwhile, research shows that disruption exists when three conditions are met: a new business displaces the dominant business, product, or service from the market; mainstream customers shift their preferences in favor of the disruptive business, product, or service; and existing businesses fail to respond to the disruptive activities in a timely manner (Kivimaa et al., 2021; Schaefer, 2022). Drawing from the above three conditions, disruption is the interruption of normal progress; thus, anything that successfully enters a market in a business context should be seen as disruptive (Alsafadi & Aljuhmani, 2023). In the same vein, the introduction of technology and the presence of competitive immigrant entrepreneurs with affordable products and services in the South African township market have caused a major shift in daily business activities (Gavaza, 2024). Thus, not every innovation, product, or service is disruptive, even when one business, product, or service replaces another (Schaefer, 2022).

Understanding the township entrepreneurial innovation culture equips individuals with essential business management skills and provides a broader understanding of South African societal and economic development in South Africa (Lounsbury et al., 2021; Schindler et al., 2024). Entrepreneurial innovation culture plays a pivotal role in various dimensions, such as adaptability, competitiveness, growth, and profitability (Tabbah & Maritz, 2019). In today's ever-changing market, a township's business must adapt and evolve timeously (dos Santos & Duffett, 2021). Therefore, an innovation culture equips township entrepreneurial businesses to manage market fluctuations with agility and resilience. In addition to the fierce township business landscape, innovation provides a competitive edge, which is much needed as competition shifts from price to innovative solutions (Ngibe & Lekhanya, 2019). Furthermore, it aids in outperforming competitors and securing a business position in the township market (Brijlal & Jere, 2019). Moreover, the

entrepreneurial innovation culture directly drives growth and profitability (Wiid & Cant, 2021; Zouari, 2024). Therefore, small businesses that embrace innovation often see increased township market share and profits.

Township small businesses usually target customers who feel unappreciated by existing businesses (Hare & Walwyn, 2019). In this case, small township businesses initially target existing customers, resulting in low-end disruption. Low-end disruption refers to small businesses that enter at the bottom of the market and serve customers acceptably (Tabbah & Maritz, 2019). These are generally lower profit markets for existing businesses, and thus, when new small businesses enter the market, existing businesses focus on markets with greater profit margins (upstream) (Chatterjee et al., 2024). However, if the business, product, or service offering initially creates a new market because it is consumed by non-customers will be due to following. First, this is because the relevant customer group cannot afford or does not want the established product. Second, because the product is in demand due to a new feature, it results in a new-market disruption (Schaefer, 2022). A new-market disruption refers to businesses competing against non-consumption in lower-market business settings (Haar, 2024). Similar to low-end disruption, the products offered are generally considered acceptable, and emerging businesses are profitable at these lower prices. The main difference between the two types is that low-end disruption focuses on overseeded customers, whereas new-market disruption focuses on underserved customers (Lounsbury et al., 2021; Haar, 2024). It is common for disruptive innovations to be created by entrepreneurs rather than higher-ups in a market's leading business (Schaefer, 2022). This is because existing businesses often do not have the time or space to pursue disruptive innovations, such as taking resources away from developing a sustainable innovation that will lead them to lose a competitive edge in the current market.

Disruptive innovations often take longer to develop and are associated with higher risks than more sustained innovations (Kivimaa et al., 2021). When disruptive innovation is released into the market, it often has a much larger impact on existing markets and penetrates the market much more quickly. In the same trajectory, small businesses in South African townships have significantly contributed to the economy (Masuku & Nzewi, 2021). Therefore, the large impact of these small businesses on the business sector cannot be denied. A small business naturally promotes innovation capability when an internal entrepreneurial culture is prevalent. This explains why they are more popular than innovative products or services for some small businesses than those on larger scales (Aimin, 2019). These popular products and services inevitably take over the market over a period of time.

The Role of Technology in Deriving a Disruptive Innovation Culture for South African Township Entrepreneurs

The business world is changing rapidly to adjust to the constantly evolving and advancing technological environment (Chatterjee et al., 2024; Tshabalala & Beharry-Ramraj, 2021). The distinctive requirements of globalization, the information age and the incentives to capture value enticed township businesses to effectively and timeously adapt their business models with new innovative capabilities to address opportunities and threats remains topical (Weilbach et al., 2023). The confluence of disruptive technologies, such as Artificial Intelligence (AI), Blockchain, and the Internet, continue to pose a wave of change that can potentially transform economic structures, small businesses, and business models (Tabbah & Maritz, 2019). The effective use of technology in small businesses leads to experiencing new opportunities and e-business solutions. This is a dominant strategy for small businesses to gain insight into their customers and improve processes and efficiency (Lounsbury et al., 2021; Weilbach et al., 2023). Thus, township entrepreneurs operate in an environment in which the adoption of technologies and resource scarcity impacts

their existence.

Technology has enabled township entrepreneurs to reach new markets and customers without the need for physical presence (Etuk et al., 2024). Thus, technology-based innovations facilitate better fulfillment of customers' experiences through offerings that the market did not expect and in ways that have not been precedent (Alsafadi & Aljuhmani, 2023). In this case, the role of the businesses' changes to value facilitators, while customers assume value creators' roles. Technology productivity reduces the cost of goods and drastically reduces the amount of labor needed in business settings (Rajagopaul et al., 2020). Thus, technological disruptions redefine business environments and create new business knowledge. This creates opportunities to innovate and disrupt areas that are not accounted for by existing businesses (Tabbah & Maritz, 2019).

There are three main factors that influence customers' adoption of disruptive innovation: accessibility, personalization, and convenience (Schindler et al., 2024). Accessibility refers to replacing old technologies with new ones, creating more accessibility opportunities for customers through unlimited access at any given time or place (Rajagopaul et al., 2020). This has been the case with the South African township environment, where small businesses have eliminated geographical barriers between their businesses and their customers. The use of modern technology, such as social media, has successfully fostered interaction between township entrepreneurs and their customers on different platforms (dos Santos & Duffett, 2021).

Personalization refers to enhanced customer experience and satisfactory value, as well as being co-creators throughout the process (Tabbah & Maritz, 2019). The small businesses in the townships have also improved their game by offering enhanced customer services. Some products and service offerings are of high quality and can be comparable to those of first-world businesses (Tshabalala & Beharry-Ramraj, 2021). Other small businesses even offer credit to their customers and foster long-term relationships with them. Convenience refers to a cheap, simple, and more convenient product or service attribute or the availability of other alternatives that can better fulfill customer satisfaction (Nthangeni & Lebambo, 2024; Paetz, 2014). Convenience is appreciated by customers in various budgets and is not limited to low-end markets. In this case, customers do not see the need to go shopping in other areas when small businesses conveniently create a marketplace that caters to their needs at an affordable price.

RESEARCH METHOD

This study employed a qualitative research methodology. Qualitative research explores issues and underlying reasons and motives (Creswell & Creswell, 2017), such as South African townships' radical, disruptive entrepreneurial innovation culture. The qualitative research approach was deemed suitable for this study because it does not quantify emotions or opinions but indicates prevalent feelings (Bell et al., 2022). Therefore, the qualitative research approach helped to understand the meaning humans attach to events such as the radical and disruptive entrepreneurial innovation culture in South African townships (Saunders et al., 2016). The qualitative research method has its foundation in the interpretivist paradigm used in this study. The interpretivist perspective is primarily concerned with understanding the essential meanings associated with the radical and disruptive entrepreneurial innovation culture in South African townships regarding their daily activities in their natural settings. Furthermore, an exploratory research design was employed for this study, given that qualitative data were collected. Exploratory research design was useful in developing research issues, clarifying concepts, and eliminating impractical ideas (Bell et al., 2022).

The participants were recruited through a survey at a South African township in Eastern Cape Province. Surveys are research strategies used to compile primary data from research participants using an interview guide (Brace, 2018). Thus, a semi-structured interview was used

because it allowed the participants to express their views without being limited (Creswell & Creswell, 2017). Furthermore, semi-structured interviews were utilized because they are flexible and as such allowed the researchers to probe and pose follow-up questions to the participants regarding the objectives of the research. In essence, semi-structured interviews allowed the researchers to collect detailed, rich and in-depth data from their participants regarding the radical and disruptive entrepreneurial innovation culture in South African townships while providing room for probing questions (Clifton, 2020). The study followed non-probability purposive convenience and snowballing techniques to access township entrepreneurs in East London, Eastern Cape, South Africa. An estimated 300,000 township entrepreneurs were considered. However, a total of 30 township entrepreneurs from the above population were interviewed for this study. The criteria used to select the participants were as follows: business operating in South African townships, specifically in East London, Eastern Cape. Furthermore, the person must be the owner or manager of the business, and the business should fit the South African classification of small, medium, and microenterprises. In addition, the business should have been in existence for more than three years. The criteria used are similar to those used in other qualitative studies conducted in entrepreneurial townships. The participants were grouped into five focus groups consisting of six group members. This helped in collecting the required data within a short time.

The data were analyzed using thematic analysis. This analysis followed three levels of meaning-making: rereading each interview and listening to the recordings (Saldana, 2021), classifying responses (Hemme et al., 2017), and data reduction and sense-making (Clifton, 2020). Rereading each interview entails first writing the content of each interview as a brief piece and then developing a much longer narrative about each focus group. To ensure trustworthiness and credibility, the participants listened to the recording to confirm if what they intended to share was what was recorded. All focus groups in this study were assigned, group numbers, one to five and these were used for data interpretation to ensure participant anonymity. This was done to help develop a good understanding of the radical, disruptive entrepreneurial innovation culture in South African townships. Ethical issues that guide researchers, such as informed consent, right to participation, confidentiality, and anonymity of the research participants, were adhered to.

FINDINGS AND DISCUSSION

Demographic data of all participants

Table 1. Participants demographic

Category	Number of participants (N=30)	Percentages
Business ownership		
Business owners	25	83
Ownership and management of the property	5	27
Age		
18 -24 years	5	17
25–44 years	20	66
45 -65 years	5	17

Category	Number of participants (N=30)	Percentages
Gender		
Male	20	66
Female	10	34
Business Existence		
0-3 years	0	0
3-7 years	23	76
7 and above years	7	24

As illustrated in Table 1, two distinct categories of business ownership were used: business owners and owners and managers. Of the 30 participants, 25 were business owners, and the remaining five held ownership and management roles. The sample size comprised respondents aged 18 (18) years and sixty-five (65) years. The largest age group of township entrepreneurs was aged between 25 and 44 years. Furthermore, there was an unfair gender representation, with 20 male and 10 female participants indicating that more males than females are involved in township entrepreneurship. [Malik et al. \(2021\)](#) also raised concerns about the lesser involvement of women in entrepreneurship. Therefore, there is a need for the government to introduce policies that motivate women, in particular, to get involved in township entrepreneurial activities. The businesses where data were collected had existed for more than three years.

Empirical Findings

The researcher read through the interviews and proposed codes based on the responses of the township entrepreneurs. The codes were then organized into themes using various highlighters. Several codes, themes, and subthemes emerged and are discussed in the following section.

Codes, Themes, and Subthemes

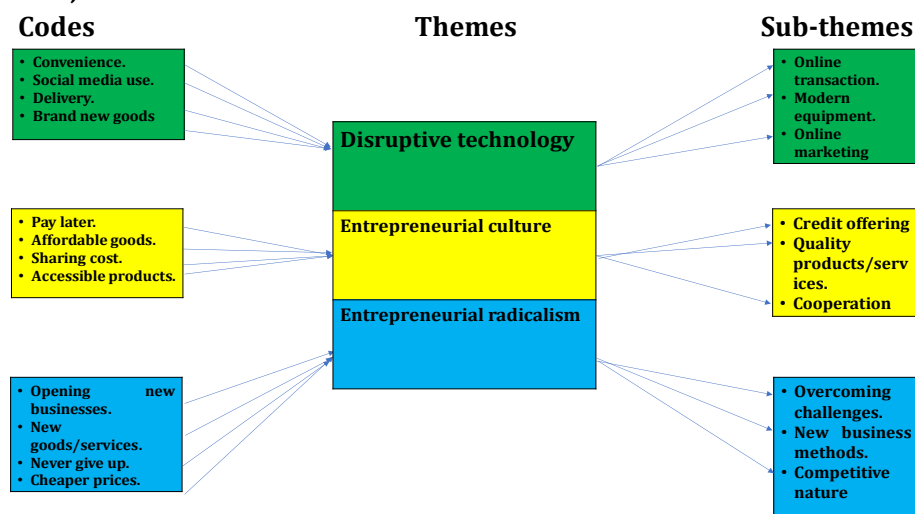


Figure 1. Codes, Themes, and Sub-themes

Codes were organized into themes using various highlighters. Three main themes emerged: disruptive innovation, entrepreneurial culture and entrepreneurial radicalism (Figure 1)

Disruptive technology

According to Larson (2016), disruptive innovation is actually complex to define, but there is a need for businesses (both disruptors and disrupted) to form an understanding that will allow them to spot potential opportunities and threats. Sandström et al. (2014) posited that disruptive innovation is a business model problem and not a technology problem. Current research has shown that there are some similarities between business model and product innovations, but also several differences, such as the focus and scope of these two innovations (Weilbach et al., 2023; Chatterjee et al., 2024). As highlighted in the introduction section, disruptive technology in this study is a technology currently used for business purposes but has not been used previously (Alsafadi & Aljuhmani, 2023). The findings show that most small businesses in the townships have also adopted new technologies in their day-to-day activities. In addition, they are also using new equipment that matches those of already established businesses.

The advantage of small businesses is that they bring the aforementioned technologies to customers' doorsteps, eliminating the need for customers to visit malls or already established businesses. This helps small businesses grow and become competitive in the business sector. Tabbah and Maritz (2019) concur that small businesses are leveraging the use of disruptive technology and innovating across their products, services, and especially business models to benefit from growth, expansion, and lower operating costs. Furthermore, the business model is constantly changing as most small businesses can now market their products and services online, making it easier to attract more customers beyond their geographical location (market expansion). dos Santos and Duffett (2021) supported value-added through disruptive technology because small businesses tend to extend their trading hours and offer deliveries, online shopping, and online payment. This has a double benefit as the community around the small business stays informed of the business activities, including new offerings, and they can get them within their doorstep. Customers who are not close to the business can also purchase online and secure products or services. The following is what the participants had to say;

“Most of my customers now purchase online and just come to collect their products. The use of online transactions has been helpful to my business as most of the time. I always have cash in my account, and to think of it, it is actually a plus to me as I do not have to go to deposit my money into the bank. Also, it helps to secure our money since crimes such as robbery are rampant in this township. So our businesses make a guaranteed profit and continue to do business without facing obvious setbacks.” – MJ, Group 3

This means that robbery, which is usually faced by small businesses operating in the township, is eliminated, and the business will have enough money to conduct its daily operations. Furthermore, online transactions are also helpful to customers who do not have to carry cash or who would be able to purchase their products in real-time as they see the products online.

‘I have everything I need here: computers, printers, catering equipment, and bakery equipment. Our meals are always hot. What is the need to go to town when you can have the same experience and simultaneously have the eKasi vibe (township environment)? We have made strides in the industry and now deliver our products at an affordable cost. Trust me; the business has been good here; you almost get everything in one place, we have basic commodities, and we

also have a Chisa nama and a fast-food restaurant operating within the same building. I know I have customers that come as far as town. They are all here because they have heard of us or seen pictures on social media. I am considering opening the same business in another area....."
– BK, Group 5

The above participants (group three and group five) concurred on the effective use of online transactions and marketing as well as the modern equipment that has been the pillar stone for their businesses' growth and profitability. This has been a distinctive feature that separates them from other businesses operating in townships. Tshabalala and Beharry-Ramraj (2021) posited the importance of disruptive technology in townships, stating that entrepreneurial initiatives are now motivated to offer solutions and solve social problems. Furthermore, they also give small businesses the competitive advantage to take market share from existing businesses and ultimately drive them out of the township area.

Entrepreneurial Culture

Most of the participants pointed out that there was a lack of a sustainable South African entrepreneurial culture. However, they added that even though the entrepreneurial culture is not well defined in their practice and is still a new concept, they have done well in competing against existing businesses. The major challenge was the international competition. The lack of entrepreneurial culture aligns with the findings of Joseph et al. (2023), who posit that most South African natives have not had a long history of reasonable economic activity because of the apartheid era, which subjected them to oppressive and exclusionary practices. These successes warrant continued government support to establish a native entrepreneurial culture that is understandable and acceptable in South African societies.

Despite not having much entrepreneurial knowledge, most township entrepreneurs have evolved to match or out-compete existing businesses in the township area. With most non-South African entrepreneurs offering credit, native entrepreneurs have also joined the credit offering product to gain a competitive advantage in the market. dos Santos and Dufett (2021) pointed out that township entrepreneurs are equating the challenges they encounter through innovation and responding rapidly to changing customer needs while providing excellent customer service. This has made most customers not see the need to visit existing businesses at malls or cities, as they are catered for by small businesses, even for small items to take them through the month. The following is what township entrepreneurs had to say;

'It is not quite easy to compete with different businesses; we have malls here in townships, other businesses that were established by non-locals, and small businesses that are well financed, and we have to compete with them. We learned very quickly as these competitors shocked us for a while, but now we can say that out of a few lessons learned, we can compete with them. We are now even offering credit—something we did not do in the last few decades. Also, our products are of high quality, and you can rest assured that at the same amount or less, you can get a product the same as the one you can get in town.' – HM, Group 2

'Of course, we are very competitive. We took the townships by surprise, and some big businesses are now finding it difficult to operate in these townships. These are our brothers and sisters; they come to buy here because they know we offer these products on credit without checking their creditworthiness. So why would they go to big stores when we are here? Soon, there won't be a market for these big stores you are seeing. You should try to buy her as well. Our products are of high quality now and are affordable.' – TK, Group 1

'My brother, we are buying the same high-quality products that are comparable to the existing businesses. The good part is that we get them for a low price because we buy them in bulk and in large quantities. We have our brothers with whom we conduct business, and we go together. This helps us a lot; our prices are very low because we get products at a low cost. We also give credit to customers who are in need without any interest. Trust me, they become loyal once they realize that their business is serving the community without hurting it. Over the years, we have managed to take customers from these established businesses, and we are taking over the market without a doubt.' – AM, Group 4

The above participants (groups one, two and four) agreed on the inclusion of credit offerings in small businesses that have helped them out-compete the established businesses. This is due to other factors, such as small businesses being considered their own or part of community initiatives; therefore, customers prefer them. Another interesting takeaway from the aforementioned statement is that small businesses' credit system does not include interest rates for customers who buy on credit. This solidifies their relationship with the community. Furthermore, affordable quality products and services also attract every segment of the community to purchase products from their convenient small businesses in the townships. This aligns with [Udimal and Biyase's \(2021\)](#) findings that meeting customers' needs has significantly increased productivity in small township businesses. Additionally, the township entrepreneurs demonstrated that they built an entrepreneurial culture by investing more time in learning from other businesses. This is witnessed through cooperation or alliances that occur when small businesses buy stock. The cooperation helps to use economies of scale as they buy in large amounts and obtain better discounts. Therefore, they provide affordable products of acceptable quality to the general population.

Entrepreneurial Radicalism

The findings reveal that disruptive innovation positively impacts economies, consumers, and societies despite the challenges faced by existing businesses. Small businesses in townships have implemented different strategies that are unfriendly to existing businesses. These challenges are either new or borrowed aspects of entrepreneurship. To name but a few, cooperation, strategic alliances, zero interest rates, and product portioning. [Malgas and Zondi \(2020\)](#) alluded to the competitive edge created by these radical strategies in small businesses. Cooperation is demonstrated when township entrepreneurs join financial resources to buy their products in large quantities and enjoy huge discount benefits ([Hare & Walwyn, 2019](#)). Strategic alliances are formed with suppliers to gain discounts through long-term business relationships. The zero percent interest rate attracts many customers to continue doing business with small businesses. Furthermore, small businesses are now portioning their products into smaller quantities that are affordable for the majority of the population, particularly the townships. This has been the most radical strategy that entrepreneurs have ever introduced and is widely accepted by customers (low-income earners). As a result, most established businesses have lost their market share because they cannot implement some of the above strategies formally.

Linked with the above, the township environment is experiencing a mushrooming of small businesses as entrepreneurs continue to open new businesses in different categories. As a result, the established businesses folded under. In addition, small businesses continuously offer new products and services to surrounding communities at affordable prices. In fact, they have become the beacon of innovation as they provide readily acceptable goods in the market as advanced. This has reduced the general market share of existing businesses. The small business sector has become very competitive, driving most existing businesses out of the townships. [Tabbah and Maritz \(2019\)](#)

concur with the entrepreneurial radicalism feature that the influx of small businesses in townships (disruptive innovation) has displaced some jobs, decreased the income-earning potential of individuals, and pushed some existing businesses out of the market. However, it has also created opportunities for different jobs, more income disbursements, and new businesses. Airbnbs are slowly replacing traditional BnBs, and butcheries are being replaced by Tshisa Nyamas, which offer both breaking services and alcohol at the same location (Udimal & Biyase, 2021). Therefore, radical, disruptive entrepreneurship positively impacts the economy, particularly business productivity, economic growth, efficiency, and profitability.

Every change comes with its own challenges, and township businesses are not exempted from the challenges experienced in the business world. The extant literature shows that even small businesses in townships have become targeted prey for criminals because their premises are often rudimentary and poorly secured (Ledingoane & Viljoen, 2020). However, despite the increased crime rate, small businesses have strived to overcome the challenges that affect them and the surrounding community (Malgas & Zondi, 2020). Thus, resources that could be invested elsewhere for business growth are channeled into security measures. Most entrepreneurs have diversified their resources by opening new businesses across townships. Their mindset is based on overcoming challenges, searching for opportunities, and remaining competitive while evolving with businesses. The following is a reflection of the radical entrepreneurial culture demonstrated by participants in group four who had the following to say:

“Challenges are now part of our daily lives; crime here is everywhere, but I think we have outgrown it. We keep on producing different ways of doing business. We have our way of doing business here, and almost all small business owners know their game very well. This is now in our DNA. Sooner or later, small businesses will be the only ones operating in the township areas”
– WG, Group 4.

“I grew up in these streets; I know every corner, and these are our people. Of course, some still attack the business, but that does not stop us. Trust me; this undying love for the business has developed in me. It is now in my nature to do business in a way that pleases my customers. We have our own way of doing that and you will not understand if you are not from here. We are taking the township small business to greater heights, as we no longer compete with just any small businesses, but already established businesses are feeling the heat. What worries us most is that we often get robbed or a crime is committed at our premises, which drives customers away for a while. However, we must remain resolute and competitive in the market” – BW, Group 3

The findings demonstrate that township entrepreneurs have developed an extraordinary way of conducting business despite challenges. Of importance is the unusual way of business practice, evolving every time and having the ability to diversify their resources while remaining competitive. Furthermore, entrepreneurs agree that they are now offering competitive, innovative products that will likely drive existing businesses out of business, given the different entrepreneurial skills (radicalism) that are now embedded in their business culture.

CONCLUSIONS

Disruptive innovation is a transformational process characterized by multiple challenges. Township entrepreneurs in South Africa have developed a unique way of conducting business that maintains a competitive edge and ensures business growth and profitability. This unique way of conducting business by township entrepreneurs is referred to as the radical and disruptive

entrepreneurial innovation culture in this study. Furthermore, this study concludes that using technology in small businesses significantly derives a disruptive innovation culture in South African townships. In addition, the study concluded that there is a growing need to cultivate entrepreneurial radicalism and entrepreneurial culture in South African townships. This approach assists township entrepreneurs in coping with the uncertain conditions of the township environments in which they operate. Furthermore, it helps township entrepreneurs maintain competition and create sustainable businesses.

Therefore, this study recommends that the government provide subsidies to the products and services produced by township entrepreneurs to reinforce their competitiveness in the business sector. In addition, policymakers should ensure that the education system or curriculum addresses the gap in entrepreneurship culture by having policies that make it mandatory for higher education institutions and even high schools to teach entrepreneurship skills as part of their teaching and learning curriculum to foster the entrepreneurial innovation culture in South Africa. Furthermore, the government should have entrepreneurial-friendly policies for both non-South Africans and native entrepreneurs. This will allow both entrepreneurs to learn from each other and from different entrepreneurial cultures to solidify their business pursuits. In fact, the government should take the lead in the cooperation initiatives between immigrant and native entrepreneurs. Suggestions have been made that government programmes should focus more on supporting all entrepreneurial businesses if they are to be successful without requiring them to be formalized.

LIMITATION & FURTHER RESEARCH

The study was conducted at an East London township in Eastern Cape, South Africa. Thus, future studies should be conducted in geographical areas other than the Eastern Cape. In addition, other entrepreneurial innovation cultures in towns or developed settings should also be included in the study sample. Future studies should focus on establishing the impact of technology on small businesses. Furthermore, future studies should also test if there is a relationship between disruptive technology and entrepreneurial radicalism.

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