



AN EXPLORATION OF THE DIFFERING ADMINISTRATIVE SKILLS AND TRADING PRACTICES OF LOCAL AND FOREIGN MICRO BUSINESSES OPERATING IN THE INFORMAL SECTOR WITHIN ETHEKWINI MUNICIPALITY

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DECLARATION

This work is completely my independent research, except where otherwise stated and where a citation is provided. I confirm that this work has not been submitted nor accepted for any degree at a tertiary institution. All resources consulted during the course of this research study have been fully acknowledged with detailed references.

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ABSTRACT

The informal sector in South Africa plays a significant role in alleviating current high levels of unemployment and it has become an economic alternative not only in eThekweni but in the whole of South Africa. The motivation for the study was thus to understand the informal trading practices employed by local and foreign informal traders and something of their impact on the community life and economy of eThekweni, focusing specifically on the administrative practices of different groups of traders, local and foreign. In reaching this aim a set of related issues were investigated in order to be in a position of fully understanding the current situation. This enabled the making of informed recommendations concerning the administrative, economic and educational support structures that could enabled better trading practices.

There was a need to understand the requirements of informal traders, the nature of their business practices, and the regulatory context of this sector. The research involved a case study using a mixed methods approach. Questionnaires and follow-up interviews with both local and foreign traders and with their customers were used as the data collection instruments. The study explored the administrative skills and practices of both foreign and local informal traders trading in eThekweni; the experiences of foreigners as regards their reception by local traders; and the perceptions of end consumers concerning the goods and services offered by both groups. The administrative strengths and weaknesses in this business sector were identified.

The findings indicated that there is a potential for the informal business sector to become a major role player in sustaining the livelihoods of many people – however, there are constraints that prevent informal businesses from prospering. These include: administrative weaknesses amongst the traders themselves, and local policies and bylaws which fail to provide sufficient support for trading, along with continued harassment by law enforcement officials, bribery demands, and confiscation of traders' goods. The findings reveal that the location of any business is very important for maximizing the number of customers available and that re-locations by the authorities are

often damaging in this respect. Despite some good experiences, the findings showed overall that traders do not have adequate shelters to prevent their goods from getting damaged, nor adequate security.

The perceived greater success of foreigners was found to be a point of division and tension between the two groups. Differences in their business practices appeared to be a central issue at the heart of the divisions and therefore a factor in the persistence of xenophobia in the country. The findings indicated that foreign traders' administrative practices are learned informally but that, as indicated in the literature, they are generally more effective than those of local traders. Unlike local traders, foreigners collaborate with each other, for instance buying in bulk from a specific foreign wholesaler, and uplifting each other by lending capital to start other businesses, trusting that the loans will be repaid once the new businesses prosper.

The study also shows that informal trading has created a number of employment opportunities for local South Africans as well as foreigners, and that foreign traders provide services which are appreciated by their customers. It also reveals that most traders, both foreign and local, do not use formal accounting systems and that the business training currently offered by the municipality is not ideal. Foreign traders tend to learn from practical experience but often seek formal certification in South Africa that can allow them to operate freely within the law.

The study therefore recommends that institutions of higher learning, local business owners, and the private sector partner with informal traders to provide intensive relevant training, directly designed for groups offering common services. Local traders should also be prepared to consider foreign practices where these have proved successful. The study also recommends that all stakeholders need to be part of committees drafting /amending Municipal traders' bylaws, thus including informal traders themselves. A committee that includes informal traders, municipal officials, legal experts, ordinary citizens, and university representatives could be formed to deal decisively with the issues, policies or bylaws affecting both local and foreign informal traders.

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“Giving up is never an option”

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CHAPTER ONE: INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Informal trading has become an established way of life in South Africa as in other developing countries. It is characterized in South Africa by a disturbing divide between local and foreign traders that is unresolved. The perceived greater success of foreigners has become a point of division and tension between the two groups. Differences in their business practices appear to be a central issue at the heart of the divisions and therefore a factor in the persistence of xenophobia in the country. The literature is fairly sparse on the details of administrative practices of each group – although some broad points of difference have been documented involving some evidence of greater drive, more business acumen and experience, higher qualifications (although this is challenged by the findings of the present research) and closer support networks found amongst foreigners (Kerr, Kerr and Xu, 2017).

The aim of this study is therefore to find out more about the business practices of the two groups from the perceptions and experiences of the traders themselves and their customers within a case study of eThekweni Municipality. The aim also encompasses an exploration of the restrictions on good business practice apparently imposed, consciously or unconsciously, by local and national laws and regulations as well as the positive developments which are proposed, or which have been initiated, by the relevant authorities. The findings allow for recommendations to be made regarding possible ways forward in improving business administration practiced by informal traders both through more appropriate legal and regulatory frameworks and through more innovative educational channels.

This chapter will provide a context for the study by exploring these issues further. It will also provide a theoretical framework, including a discussion of the place of the informal economy in the broader economy. The chapter will then provide a rationale for the study

and discuss the aims, objectives and research design before providing an outline of the succeeding chapters.

1.2 CONTEXT

A commentator with intimate knowledge of business at all levels in the southern African context, Andrew Plastow, has pointed to the specific role of foreign informal traders which he feels often goes unrecognized:

Given that by 2010 the vast majority of spazas were run by immigrant traders, you could argue that one of the largest direct foreign investments in the country since democracy was underpinned by the buying power of the immigrant spaza store sector (Plastow, 2017:1)

Plastow also argues that it is not only the traders themselves, but their customers, who benefit and that the easy availability of cheap goods has been crucial for Africa's development of a consumer class. Therefore, more effective running of small businesses, which employ about 15 million people in the country at large, and created over 650 000 jobs in 2013 (Stats SA, 2014) could be increased further and the rate of unemployment lowered if microenterprises were supported and developed to enable them to operate more successfully as an integral part of the wider economy. At the same time the statistics indicate that South Africa has one of the highest unemployment rates recorded internationally: 27, 5 % (Statistics SA, 2018).

According to Legodi and Kanjere, (2014) the majority of traders in the informal sector do not have skills that are needed in the formal employment sector, others are semi-literate and a small percentage has some level of qualification. Businesses in the informal economy in most cities are a by-product of inadequate education and training, high rates of unemployment in the formal economy, and the poor and working poor striving to improve their economic conditions (International Labour Organization, 2018). Even with Sub Saharan Africa's most modern and industrialized economic base, South Africa's formal business sector cannot absorb the rising number of entrants into the labour market

every year. Many South Africans, both male and female, therefore turn to informal enterprise, often in similar lines of business (Charman and Piper, 2011).

Jackson, (2016) states that evidence of causes of informality, especially in Africa, validate the idea that the informal economy is here to stay. It, in fact, represents about three quarters of non-agricultural employment, and 72% of total employment in southern Africa. Dhewa, (2016:4) asserts that Africa's informal economy was originally thought of by many as a temporary stage in the development process – it was believed that as developing countries went through industrial development, the informal sector would gradually fade away. However, the opposite has proved to be true and the informal economy in South Africa increasingly offers an alternative, and often long-term, means of survival to thousands of people who cannot find formal employment (Blaauw, 2017).

The informal economy is not necessarily adequately reflected in the national accounts. Consequently, the use of, for instance, the Gross Domestic Product (GDP), as a way of measuring economic development, does not always reflect the actual situation in a country (Dhewa 2016:7) as much informal trading is not captured within the formal figures.

Several years ago it was recognized that cities exist as points of economic competitiveness within the global context with a diminished sense of geo-political boundaries (Hess, Yeung, Dickson and Henderson, 2004). In this regard, Lai (2006:5) indicated that decisions on capital and investment flows between cities and regions occur daily, based on information gained by global actors whose only knowledge of the locality is often in the form of “fiscal digits”. There is therefore a critical role for cities and regions to, “on the one hand, enhance their competitiveness as economic hubs, while simultaneously creating the conditions for local actors to enter the stage and incorporate the unemployed to create a virtuous cycle of growth and prosperity” (Draft Economic Development and Job Creation Strategy (DEDJCS, 2012:58)

Within eThekweni Municipality an integrated approach was accepted as early as the 1990s with the significant development of the Warwick Triangle trading area and Mkhize, Dube

and Skinner (2013:8) noted the municipal government's recognition of the informal economy as an important contributor to output in the eThekweni Municipality. The municipality also realised that it was important to work directly with street vendors' organizations and both were crucial factors in the early successes of the integration of street vendors into urban plans. It appears that this initiative is no longer strongly supported.

Gardener (2013: 178) believed that South African small businesses, including informal micro enterprises, could form a key component of strategies to address unemployment and poverty and to support the creation of sustainable livelihoods. Borat, (2018:1) states more recently that small, medium and micro enterprises (SMMEs) have been identified as a key component to advancing inclusive growth and development in South Africa. However, there is a substantial gap between these goals and the current economic climate in South Africa.

According to Vuba, (2019:1) the National Development Plan envisions that by 2030 SMMEs will contribute 60-80% to GDP increase, and generate 90% of the 11-million new jobs envisaged. However, according to the Seda Quarterly Report 1st quarter (July 2018) SMMEs are not growing as was expected, and in many forums, it has been recognized that the issue of lack of funding has been the main problem preventing their growth.

While it is not necessarily correct to see the informal economy as a sphere of marginalization, Meagher (2005: 268) argued that, in Africa, the informal sector is mostly populated by the poor and marginalized, and that genuine entrepreneurs are a small minority, while the DEDJCS (2012:04) stated that there are low levels of competitiveness and low levels of entrepreneurial enterprise and that support mechanisms provided by the authorities have proven to be ineffective in supporting new and small businesses.

1.3 THEORETICAL FRAMEWORK.

Evidence of causes of informality, especially in Africa, validates the idea that the informal economy is here to stay. For instance, Skinner as early as 2002, was opposed to conceptions which see the informal economy as a 'second economy' separated from the main economy and argued that the informal economy is integrated into the formal economy. This school of thought, often described as the 'underground economy' approach, was formulated several years before and is illustrated in the work of Portes, Castells and Benton (1989) which Skinner refers to. The focus is on the way in which forms of production, productive units, technologies, and workers are integrated into local, regional and international economies. More recently Stuart, Samman and Hunt (2018:2) agree and confirm that the informal sector remains "the main contributor to GDP and to employment"

Prichard and Heady (2014) indicated that the current state of knowledge of the informal economy still required much development, given that existing theoretical frameworks did not adequately explain the internal dynamics of micro-enterprises in the informal economy. Stuart, Samman and Hunt (2018) show that informality remains a pervasive challenge as, on average, seven in ten non-farm workers in countries in sub-Saharan Africa and Southern and South-East Asia are in the informal economy, and the scale of the challenge has been increasing in many regions. They find that South African citizens in particular are being forced into trading often without specific skills. The Quarterly Labour Force Survey (2019:4) also finds that in the second quarter of 2019, the informal sector employment increased by 114 000 persons compared to the first quarter of 2019. The gains in the informal sector employment were mainly driven by trade (95 000), construction (44 000) and community and social services (20 000) industries. Employment losses were recorded in transport (18 000), finance and other business services (13 000), manufacturing (9 000) and utilities (4 000), while informal sector employment in mining remained unchanged.

This survey claims that economic restructuring has tended to generate formal economy employment policies that are incompatible with the human development capabilities of

poor people, involving cost-cutting strategies within all social services and 'inflation targeting' which hampers growth. Globalisation has also been accompanied by 'capital flight' from developing countries such as South Africa adversely affecting all sectors of the economy. There is a growing acceptance that in the absence of sufficient wage employment or low paid jobs, the informal economy will remain an alternative field of activity to earn a living for most of the world's unemployed and working poor people (especially women), who congregate in and around cities.

The real debate is therefore not about whether a legal framework is needed or not, but about the appropriate one for increasing the productivity of those operating in the informal economy to boost their incomes. In the case of street or market traders, this would mean being enabled to sell a maximum number of goods without hindrance and with active official support.

One of the main themes of discussion on the informal economy concerns government intervention. Madi (2015:23-24) asserts that there are those (chiefly orthodox economists) who oppose government intervention based on a free market position that government intervention would distort the economy, or on the premise that the informal economy will disappear as the formal economy grows. On the other hand, those who support intervention feel that it is necessary to address concerns over equity in the context of pervasive and growing inequality in South Africa and globally, including continuing unequal relations between men and women in the economy. These argue that intervention could enhance the growth of the informal economy and the productivity of its inhabitants. This study adopts this theoretical position.

Research findings as well as practitioners in the developing world have begun to acknowledge the significant role of the informal economy in employment provision and generation and its function as a buffer between employment and unemployment (Yusuff, 2011:625). The informal economy has particular relevance for the creation of livelihood opportunities and alleviating poverty as part of individual survival strategies of the poor. There is also growing evidence from food security studies (Skinner, 2015) that informal

traders sell goods which are more nutritious than those available from small branches of large supermarket chains, therefore meeting the health needs of poor communities in important ways.

1.4 RATIONALE FOR THE STUDY

While the problem of xenophobia in general is beyond the scope of this study there is some evidence to suggest that within the informal sector problems arise due to observed discrepancies in administrative skills and practices between South African and immigrant traders, and this may be fuelling tensions between them. Particularly noticeable is the greater cooperation observed amongst foreign traders and greater flexibility in their trading practices which emerged from the findings resulting from the immersion of the researcher in these traders' lives during the course of this study. It is therefore arguably in the interests of all stakeholders (local and foreign traders, their customers, municipal authorities and education providers) for a better understanding to begin to emerge concerning the challenges that each group of traders faces – along with the opportunities open to each to further their skills. It is important to discover whether the current skills sets are in reality enhancing or impeding the ability of enterprises to thrive and contribute to the South African economy.

Therefore, the realities of these traders' lives and livelihoods are explored and some recommendations and interventions are suggested which might be offered by educational institutions and local municipal policy makers, which could strengthen and support optimum administrative practices of informal traders, both local and foreign. A scan of the literature reveals that there are very few studies which have researched the details of administrative practices of informal traders and the opinions of their customers at a micro level.

PROBLEM STATEMENT

Thus the problem to be investigated involves the challenges apparently experienced at micro level by informal traders in the pursuance of their trade within eThekweni Municipality, which inhibit the successful operation of their businesses. The issue of the greater success experienced by foreign traders as compared with local traders is a specific focus to be investigated.

1.5 AIMS AND OBJECTIVES

The aim of the study is to determine the level of administrative skills and practices amongst different groups of informal traders with a view to suggesting policy recommendations which could benefit each group.

In order to achieve this aim, the following objectives have been set:

Objective 1: To examine the nature of administrative practices employed amongst both foreign and local informal traders and compare approaches where these differ.

Objective 2: To examine the regulatory context in which these traders operate and its impact on the administration of their businesses.

Objective 3: To investigate some of the realities of these traders' lives and livelihoods.

Objective 4: To recommend interventions which might be offered by educational institutions and local municipal policy makers, which could strengthen and support optimum administrative practices of informal traders, both local and foreign.

RESEARCH QUESTIONS

Question 1. What is the nature of the administrative practices currently employed by local street traders within the eThekweni Municipality and how do these compare with those of foreign traders operating within the same area?

Question 2. What is the regulatory context within which these traders operate and how does it impact on their businesses?

Question 3. What are some of the realities of these traders' lives and livelihoods?

Question 4. What interventions could be recommended to local educational institutions and municipalities to strengthen and support optimum administrative practices for both local and foreign informal traders?

In order to achieve these aims, and to answer these questions, the research will examine the nature of administrative practices employed amongst both foreign and local informal traders by means of detailed questionnaires (see Appendix A) completed by both local and foreign traders and their customers within the Durban (eThekweni) Municipality. In addition, informal discussions and observations of the researcher which developed from the open-ended questions and from

other discussions on taxis and at social gatherings, added an extra research dimension to the study.

1.6 OUTLINE OF CHAPTERS

This study consists of six chapters, as follows.

1.6.1 Chapter One: Introduction and overview of the study

Chapter One is an introduction and provides the rationale for the study. This chapter also indicates the aims and objectives of the study as well as the context of the study and its conceptual framework, and provides an overview of the chapters.

1.6.2 Chapter Two: Literature Review

Chapter Two provides a review of the existing literature on informal trading in Southern Africa, from both scholarly sources and newspaper and other reports of the informal trading context. It focuses on traders' administrative practices, and the support they get in order for their businesses to grow.

1.6.3 Chapter Three: Research Methodology

Chapter Three discusses the research design and the methodology used in the study. It describes the choice and design of two separate questionnaires (for traders and their customers) as the primary data collection instrument, and the translation of these into isiZulu. The expansion of the open-ended questions to become informal discussions is explained and the reliability and the validity of the research instruments used in the study are discussed along with ethical considerations.

1.6.4 Chapter Four: Analysis of the Results from Customers

Chapter Four presents the data analysis in the form of graphs and tables, and provides an analysis of the results gathered from customers who buy from both local and foreign traders within eThekweni municipality.

1.6.5 Chapter Five: Analysis of the results from Local and International traders

Chapter Five presents the data in graphs and tables gathered from the traders. It provides an in-depth analysis of the results gathered from each group of traders (local and foreign). This chapter focuses on how each group conducts its business, particularly focusing on the level of, and differences in, administrative skills and practices amongst different groups of informal traders. The regulatory context in which these traders operate and its impact on the administration of their businesses is also analysed from the data.

1.6.6 Chapter Six: Conclusions and recommendations

Chapter Six presents a discussion of the findings, draws conclusions and makes recommendations based on the findings of the study. It also notes the limitations of the study and makes suggestions for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

A literature review is 'an account of what has been published on a topic by accredited scholars and researchers' (*University of Toronto*, online). Ramdhani, Ramdhani and Amin, (2014:56) describe a literature review as a comprehensive summary of previous research on a topic that consists of surveys, scholarly articles, books, and other sources relevant to a particular area of research. This chapter will therefore review the relevant literature concerning the phenomenon of informal trading in cities globally and in South and southern Africa and Durban in particular. It will focus particularly on the administrative practices of these traders and will point to gaps in this literature where these appear to exist. The regulatory framework of central and local government laws and regulations regarding the informal economy will also be noted along with evidence of educational and economic support which may be available to traders.

Administration is defined as "the process or activity of running a business or organization" or "to manage (business affairs)" (Oxford, 1992: 8) and "practice" to "carry out in action". (Oxford, 1992: 654). Small business administration (SBA statistics, 2019) reveals that in many cases informal traders do not have the required administrative skills, while international research indicates that approximately 50% of small businesses fail within a year, and 95% fail within the first five year of operation. Therefore, the challenges are not confined to the African continent only.

Due to the nature of this research, which deals with a dynamic situation at a micro level, additional material, drawn from local and national newspapers and from reports written by observers, some of whom are not themselves accredited scholars or researchers, has been included.

2.2 THE INFORMAL TRADING CONTEXT

Rogan and Skinner (2018:3) states that a recent International Labour Organization report showed that informal employment makes up roughly a third (five million) of total non-agricultural employment in South Africa – and yet the informal economy in South Africa is relatively small compared with other developing or emerging economies. Abdulnasir (2015:1) indicates that SMMEs produce more jobs than large enterprises and they are therefore important drivers of growth in an economy, while Richards (2014) indicates that SMMEs are also the drivers of competition and innovation in most economic sectors internationally.

Majadibodu, (2016) states that globally, it is acknowledged that the informal sector is an important sector in promoting and achieving economic growth and development, as well as a major contributor to job creation, innovation and social stability. Nenzhelele (2013) and Vermaak (2014) cited in Selepe (2018:507) agree that informal trading contributes to the economic viability and dynamism of cities, creates employment, alleviates the hardships of unemployment and poverty, and develops entrepreneurial skills. Rogan and Skinner (2019) state that official statistics suggest that the informal sector accounts for a large share of total employment and that statistics often underestimate the true figures.

Roever and Skinner (2016:362) also confirm that informal traders frequently face extreme situations, where they experience large-scale, violent evictions, being removed from public spaces and/ or relocated, often to more marginal locations, with low pedestrian footfall and inadequate facilities. These authors note that there has been ongoing harassment and evictions of informal traders by predatory state officials relocating them to marginal trading sites, often facilitated by legislation. This harassment is prompted by the belief that street trading harbours dirt, impacts negatively on tourism and is blocking investors from investing in the municipality or the country at large.

There is a great diversity of economic activity and forms of employment in informal micro-enterprises in South Africa (Rogan, 2019). Charman, Petersen and Piper (2012) state that

most of these traders either engage in trade, often starting as street traders selling goods on the street or by working for others doing the same or providing personal services such as child minding. It was thought that about fifty percent of the economic activity of the poor in the South African informal economy involves trade (Ligthelm, 2008:373). It is also important to note that there is considerable demand for goods and services within poor communities, especially where formal businesses are largely absent, and this provides an opportunity for the emergence of micro-enterprises that are modelled on formal businesses, but operate informally (Ligthelm, 2013:57).

Research conducted in 2010 by the non-profit organisation Finmark Trust indicated that “SMEs offer over 11.6 million employment opportunities. They are a significant player that we need to pay attention to” (Jere, 2010). However, SMEs suffer from a lack of financial support and access to markets, an increase in competition and consumer demands, and skills shortages. The low skills profile of SMMEs may also present a barrier to growth, as skills, experience and education are important requirements for the growth and development of a business (Bhorat, 2018:7).

The Organization for Economic Cooperation and Development (OECD) Report of 2013 found that economic growth in South Africa resulted in significantly greater employment than in other BRICS countries (Brazil, Russia, India, China and South Africa), concluding that growth here should be a policy priority in the efforts to create jobs. However, income inequality and unemployment remain stubbornly high.

According to Malebana (2014, cited in Alimo, 2015:26) growth is an important measure of business success and around the world SMEs’ growth leads to job creation and employment and hence, to economic development. This sector of the economy has contributed to job creation within the broader context of the South African business and trading industries. Thus, SMMEs are an important source of employment and economic growth, supporting the arguments of Skinner et al (2018) that the informal economy is integrated into the formal economy. The ‘underground economy’ approach mentioned above is of particular relevance to this project.

Since the 1990s, the South African government has encouraged private sector, small business development. Rolfe, Woodward, Lighthelm and Guimaraes (2011:01) state that it is recognized that microenterprise thrives in a range of endeavors and has the potential to spread income and generate employment. However, small-scale business activity has taken place in the “untaxed, unregulated informal economy”. Thus, while SMEs receive attention and support (not always effectively) from the government, micro enterprises are often excluded (Bushe, 2019).

2.3 FOREIGN TRADERS IN THE INFORMAL SECTOR

South Africa is one of Africa’s most culturally diverse nations with eleven official languages and five racial groups: black African, white, coloured, Indian and Asian. According to the last census in 2011, South Africa is also the home to nationals from 53 African countries giving the country a wider range of ethnic variety than any other country on the continent. Marschall, (2018:39) states that the most recent South African Census (2011) also indicated that there were about 2.2million foreign born people living in South Africa. However, these numbers may include documented as well as undocumented foreigners, and therefore there are no reliable statistics as to the number of foreigners living and working in South Africa. It is likely however that since the political transition in 1994 numbers have substantially increased. In the street trading sector this has become an increasingly controversial issue.

South Africa at a Glance (2012:345) stated that investors utilize South Africa and particularly KwaZulu-Natal (Durban and Richards Bay) because of their advanced infrastructure and harbour facilities which they see as a trading gateway into deeper parts of Africa. This regional economy has lured many foreign traders to South Africa on a macro and micro scale.

The role of foreigners, particularly from other African countries, has been recognized as a significant feature of the informal economy for several years (ILO, 2007:1; Cant and van

Scheers, 2007). This ILO report also explains that the “informal economy” includes mostly small-scale activities in traditional sectors of the economy, but can also be seen as a part of new production strategies and changing patterns of employment in the global economy.

The presence of foreigners has caused tensions from the start as “migrants from other African countries play an increasingly important role in the sector and experience considerable success, something that eludes many locally-owned start-ups” (Crush 2017:1). Liedeman, four years earlier (2013), noted that the increasing presence of foreign nationals, who started vending in South Africa, caused problems and frequently compelled local traders to rent out their shops or sell them to the foreigners in order to generate income. He noted that local traders could not compete with the cheaper prices of goods sold by foreign traders. This indicates some greater skills or better business approaches practiced by foreign traders.

This therefore appears to have been one factor, in the years subsequent to the beginning of the democratic dispensation that has led to xenophobic violence increasingly becoming a feature of South African society. The particular targets of this violence have not been foreigners in general, but specifically those from other African countries (Plastow and Amit, 2012). The site of xenophobic attacks has often been the businesses of foreigners and the traders themselves, while on a more continuous basis most foreigners receive constant harassment and insults from various South African nationals (Mothibi, Roelofse, Tshivhase, 2015:153). It is notable also that other African countries, including the Congo Ghana, Kenya and Nigeria (Gastrow and Amit, 2013) frequently forbid foreigners from operating small businesses.

Andrew Plastow explains that around 2008, when there was a wave of xenophobic attacks, was also a time when the large chain stores were making inroads into African areas formerly dominated by small traders, with the result that many spaza shops, unable to compete, closed. However as local store owners closed shop, they were often reopened by immigrant traders, paying rent to the previous store keeper or landlord.

This is confirmed by Magubane who claimed that the immediate cause of the 2015 outbreaks of violence had apparently been associated with the greater business success perceived to accompany foreign enterprises. Attacks on foreigners were triggered by the failure of locally owned businesses who decided to shut down due to the influx of foreigners opening up shops where they were selling at much lower prices than local traders (Magubane, 2015). Woseng also confirms that some local businesses have closed as a result of competition from foreigners (Woseng, 2016). For example, the Somalians trading in Cape Town, who are known to the researcher, have adopted an approach whereby they have combined with other Somalian traders to identify a wholesaler owned by Somalians. Therefore, every Somalian trader is buying from this one wholesale outlet at a very competitive price. This indicates that more successful business strategies are fuelling tensions at the same time that they are bringing benefits to the foreign traders and their customers.

Andrew Plastow maintains that:

In the long term, the biggest impact of this violence [he is referring to the violence of 2015] is perhaps on the township shopper. With their local spaza now closed, they are back to travelling to town or across the township to do all their grocery shopping...Transport costs are a lot higher now than in 2008, and traffic is worse, and with food inflation already running at around twice CPI, the real price impact of this extra transport leg will be noticed most by the most vulnerable in our society, the poor. Scrap that: by the second most vulnerable; that is, after the immigrant shopkeeper, who has contributed so much more to our economy than they have taken from it (Plastow, 2017:2).

Thus, it appears that the more successful trading practices adopted by the foreign traders not only increased tensions between the two groups often leading to violence, but that they became a factor in the disadvantages felt by the customers of both groups of traders.

2.4 Entrepreneurial practices and challenges of informal traders

According to Lacoma, (2017) globally over 50% of small businesses fail in the first year of operation and 95% fail within the first five years. The challenges of running small

businesses are therefore not confined to the African continent. However, according to Burger and Fourie (2019), optimizing the use of the informal sector can have positive short-term effects in alleviating unemployment. It is also the case that the informal economy in developing countries such as South Africa provides an entry point for persons otherwise excluded from the formal labour market due to a lack of education and skills to pursue business opportunities or gain employment in the formal sector. However, the success of the business is necessarily based to a great extent on its sound administration.

Ziphozenkosi Goba and other informal traders who have been trading for more than twenty years in Durban confirmed that he and most of his co-workers didn't choose to become street traders, but circumstances forced them to venture into this space. One of the reasons is that they had to support their families and send children to school.

Therefore, informal traders are often at a severe disadvantage from the start in their attempts to make their businesses thrive. Nkosi, Bounds and Thomas (2013) cited in Shangase (2016:3) state that entrepreneurs require certain skills in order to manage their businesses – skills such as business management, marketing management, customer service skills and financial management knowledge. Cent (2015:4) indicates that informal traders' lack of financial skills and marketing skills are major factors preventing their businesses from being successful.

Some of the traditional practices of South African traders may also be inhibiting their success. For instance, the literature on entrepreneurship in the informal sector suggests that South African traders often reach agreements not to undercut each other and therefore a form of 'price-fixing' exists (Charman, 2012) while, in the experience of the researcher, foreign traders are not part of these agreements and may be found, in Durban and elsewhere, selling comparable goods at slightly lower prices than their local competitors. It has also been found that local traders do not make savings through central buying which, as mentioned above, some foreign traders' practice (These differing business practices are discussed further below).

A study on the viability of South African micro businesses found that start-up capital, male/female ownership and positive urban externalities were the greatest predictors of success, male ownership being a positive predictor (Rolfe et al, 2011). This research also found that: “Inadequate financial management skills are a major constraint in South Africa. Businesses following fundamental financial and accounting practices have a far lower chance of encountering cash flow problems”. On the other hand, Charman, (2012:50) states that increasing availability of qualitative studies in this field now recognizes that the rules of doing business in the informal economy do not (necessarily) mirror those of formal businesses. For example, working capital is typically raised from family and friends, where surety rests on the strength of social relations and repayment terms are flexible. Doing business through social networks and family makes sense and it is not optional, it is integral to their business success, while utilising social media makes it easier for their customers to create “brand loyalty” (Hoisington, 2017:17)¹. Charman, Piper and Petersen (2016) also point out that social media enables the ‘micro entrepreneur to enforce implicit contracts and insure against risks’, whereas ‘participating in the formal institutions of civil society is needlessly expensive’. Studies have found that there is a rationale, on the basis of an implicit cost-benefit analysis, for micro entrepreneurs and informal workers to position themselves in the informal economy (Charman et al, 2012:50). No generalisation can therefore be made on whether the terms of employment in informal businesses are inferior to the formal labour market or whether the failure of micro-enterprises to expand indicates that they are trapped in a low growth cycle as was recognized several years ago (Davey, Skinner and Valodia, 2006).

2.4.1 Foreign traders’ contribution to the economy

In a keynote address at an event organised by the Scalabrini Centre and the Holocaust Centre in Cape Town (2015) Caroline Skinner, senior researcher at The African Centre

¹ In the experience of the researcher, as the technology changes, informal traders are now able to advertise their business on social media. For instance, if you go on Point Road to cut your hair, they will now even ask for your Facebook name, Twitter handle, Instagram account or even for the number that you use on WhatsApp - so that they will share everything that is new which you might be interesting to buy. Therefore, they have now adapted to the new world’s way of doing business.

for Cities (ACC) at the University of Cape Town, shared new research about the role of migrants and refugees in the informal economy. The ACC and partners initiated a large-scale research project to examine the role of migrant entrepreneurs in the informal economy. They conducted over 2,000 interviews with migrant business owners in Cape Town and Johannesburg, and also interviewed cross-border traders. The findings of the project confirmed that migrants are making a significant contribution by servicing the needs of poorer consumers who can access cheap goods often in appropriate quantities, at places and times of day that are convenient, or have their niche demands met. Immigrants also introduce new products, business activities and opportunities, and bring scarce skills like manufacturing into the township economy.

Washinyira (2015) adds that one of the contributions made by foreigners is paying rent largely to South Africans. In this regard 56% of 500 migrants interviewed in Cape Town and 43% of Johannesburg interviewees were found to be paying rent to either South Africans or the City Council. Cape Town interviewees were paying on average R2,200 a month, while in Johannesburg 60% of interviewees who paid rent, paid R1,000 or more.

The data also refutes the xenophobic conception that migrants take jobs from South Africans. It appears that in the bigger picture foreign entrepreneurs generate employment. For instance, in Johannesburg, where interviews were conducted with both South African and foreigner informal operators, foreigners were found to be twice as likely to employ people as their South African counterparts (Peberdy, (2015) – although this was not confirmed in the data from the current study. Migrant businesses also support South African business. Cross-border immigrants are largely using South African owned taxis, buses and staying in South African owned and run accommodation establishments. Goods are generally sourced from the formal economy wholesalers, supermarkets and South African factories (Washinyira, 2015).

2.4.2 Better business practices

There is a lot of evidence over the past decade that informal traders' business model has changed dramatically as immigrants have introduced a more entrepreneurial model based

on price competitiveness through co-operative ownership, procurement and distribution practices, supplanting the survivalist practices of South Africans. (Chebelyon, Dalizu, Garbowitz, Hause and Thomas, 2011).

At first these foreign traders were usually Somali refugees, fleeing their “failed state” but joined in their new business model by new immigrants from many African and Asian countries. This new business model has been much written about, but effectively revolves around providing what your shopper wants, reducing margins and selling more, whilst cutting your overheads to the bone. Not that different in essence, Plastow claims, to what made Raymond Ackerman and Whitey Basson household names (Plastow, 2017).

Foreign traders also tend to have a competitive advantage when compared with local traders because they were operating informal businesses even before they migrated to South Africa (Crush, Tawodzera, McCordic and Ramachandran, 2017:2). Zwane, (2014) concurs, stating that foreign street traders are introduced to street trading at an early age. . It is also interesting that a study from Kyelitsha in Cape Town found that 91% of migrant spaza owners kept business records, while only 28% of South Africans did (Gastrow and Amit, 2013).

Dludla (2013) states that there is a collective or cooperative ownership among foreigners whereby the majority of foreign owned spaza shops are either owned through a shareholding agreement or a single entrepreneur owning several stores, therefore networking enables foreign spaza shops to purchase within buying collectives and achieve greater economies of scale. The researcher was able to confirm this practice in discussions with traders. Foreign traders are also said to be more customer friendly compared to the more 'survivalist' local business model where individual owners look to supplement existing household income rather than generate an entire livelihood.

This Somali business model has rapidly outcompeted local owners, bringing spaza prices down and forcing many locals to rent out their shop space to foreign shopkeepers as noted above.

It is also important to note that that new immigrant traders have access to greater amounts of start-up capital, often in the form of loans of containers, stock and cash from fellow foreign nationals – and a bed to sleep on until they are on their feet and able to repay the lender – and the barriers to entry are much lower in the food sector which is dominated by South Africans as the initial spend on stock is likely to be much lower than for businesses selling personal goods (Schreeder, Whittaker and Mckay, 2010). Selepe (2018: 507) argues that unlike foreign traders, local traders are faced with a stiffer legal and regulatory environment, less easy access to finance and business premises, and more restricted access to markets, acquisition of skills and managerial expertise, although none of these may be in the traditional form recognized by business schools.

The Department of Trade and Industry (DTI) (2008), cited in Selepe, (2018:11), acknowledges that a shortage of skills and limited entrepreneurship capacity act as constraints to employment growth, as the sector is negatively affected by shortage of skills. With increasing numbers of people venturing in street trading, it is interesting that Wotela and Letsiri (2015), cited in Shangase (2016:80), indicate that foreigners have many practical skills, which are not utilized when it comes to employment by the public sector, but that the private sector often takes advantage of these skills while paying minimum wages. Campbell (2013) suggests that these foreign skills should rather be seen as a tool that can be used to improve the public sector for productivity and accelerated service delivery.

According to Crush and Ramachan (2017:23) choosing the location is very important for business practice. Whereas foreign traders generally choose to locate their businesses based on access to services, property rentals, safety concerns and distance from competitors, local traders generally prefer a location where there is the greatest number of customers, on cheapness of land and limited police enforcement. Osathanunkul (2015) asserts that a good business starts with a good location considering the desired population's need in order to generate profitable and sustainable revenue source. The foreigners' model is thus the more successful one.

Gastrow adds more concerning the trading and administrative practices of these immigrant traders which made them very competitive as compared with the local traders' stores:

If you're resilient enough to find your way to running a store in a far off land, you are resilient enough to stick it out in the tough times. Informal traders build and try to assimilate into their new communities, employing some local staff, sometimes marrying locals, paying rent and protection money, however their survival and success is driven by the service they offer. Local people are able to send their children to tuck shops knowing very well that they will buy several goods which charge little as compared to local traders' spaza shops (**Gastrow**, 2018).

Obasana, (2014) cited by Shangase, (2016) states that small business operators must learn how to adapt and cope with competition and technological changes, infrastructural facilities accessibility, as well as changing consumer behaviour. Foreign owned shops open for long hours and were keeping more products than ever before, not just the basics (Sustainable Livelihoods Foundation, 2015).

In the experience of the researcher the owners of these spaza shops are always available in their shops and they help out when a community member needs credit. Therefore the community rely on them when they are unable to pay. A respondent discussing this with the researcher agreed, and added: "Even in tough times of January, these shops are always open and willing the give credit when one needs it". This is also appreciated "since the taxi fare to town is constantly rising in South Africa".

Immigrants are also active in the wholesale business (as mentioned above) and the success of foreign traders is often attributed to their exclusive access to wholesalers from their own countries of origin (particularly Somalia). Fortuin (2015) adds that most foreign traders buy in bulk, generally from another foreign owned shop where the charges will be much less than the price charged by the local traders. However, Plastow (2015) argues

that more innovative administration and trading practices had the greater impact. He explains that foreign traders buy where the price is right and transport is convenient and the shopping experience meets customer needs. He also found that when there was a resurgence of xenophobic violence against immigrant traders, which spread across South Africa, this forced shopkeepers to adopt new strategies such as keeping less stock.

Overall, Charman et al (2014) state that the retail market has become a site of fierce competition between South African shopkeepers and foreign entrepreneurs, especially Somalis, and that this was often cited in the media as one reason behind the xenophobic attacks on foreigners.

2.4.2.1 Working together ².

Wilkinson (2015) states that working in a team is always important for the business to grow, and this applies to any business, either small or large, in any sphere of the economy. Therefore street traders, both foreign and local, need to work together sharing ideas and knowledge in order to achieve their goals – as mentioned by the Minister of Small Businesses Development, Ms Lindiwe Zulu (SA Government Speeches: 22 February 2019)

However, the literature reveals, and the experience of the researcher confirms, that local traders are generally unwilling to cooperate with foreigners and the difficulty of creating cooperative networks can be explained by a hostile competitive environment, mutual distrust between groups, and perceptions of a low level of work ethic amongst local traders (Spilkova, 2018:01).

Rene Munye who runs the African Askari Project in Midrand, north of Johannesburg, which helps both local and foreign nationals run their spazas professionally, claims that, while locals operate on their own, their foreign counterparts are working in groups, buying in groups from the wholesalers [as discussed above] which enables them to get large

²The lack of full references in this section and the next is acknowledged. Although noted and transcribed at the time, some of these references were subsequently lost and were not recoverable on account of the nature of the publications in which they had appeared.

discounts. Munye explains: “A local guy takes R500 to buy stock, maybe three times a week. Now this means he’s spending more money on transport and is unable to get the same discount as people who approach a wholesaler with R2000”. This puts the foreigners at an advantage because “they are able to sell at lower prices, and they also have a greater variety of stock, which attracts more customers”. Similarly, Amir Sheikh, a leader of the Somali Community Board, an organisation that helps Somali nationals in trade and social issues, explains: “A foreigner will look for a 30c margin, while a South African will look for R2. The reality is that people buying in bulk can afford to do that, but if you are acting on your own, it will ruin your business.” Crush et al (2017:3) explain further that foreign traders collaborate with each other in the bulk purchasing of goods, but they then compete with each other in other ways, in that they are able to supply in different scales and “have figured out a way to differentiate themselves from each other”.

The motto ‘unity is strength’ (recognised in African cultural traditions as well as in western ones), is a reality for foreign spaza shop traders who are beating their local counterparts in the highly competitive spaza marketplace according to René Munya, and Naidoo (2013:28) agrees that “It is essential that all major stakeholders, in both the private and public domain, work together in order to develop a positive entrepreneurial culture that supports and encourages local entrepreneurs”. Naidoo also sees “the need to start making use of our neighbouring countries as examples when it comes to entrepreneurship” (Naidoo, 2013). African Askari is doing this and is planning an exchange programme for local traders to work with their foreign counterparts and, in the long term, visit their countries of origin to give them a better understanding of where the other comes from.

It is also interesting to note that South African traders in a supportive environment are able and willing to work closely together and support each other, as is illustrated in the early years of the Warwick Triangle Project in Durban where, for instance, a cook at the Bovine Head Market commented: “We work well together. There are so many reasons why people could have bad relationships...but we don’t fight about all of that. We help each other a lot” (Dobson and Skinner; 2009: 15).

2.4.2.2 Customers benefit

It was reported from Soweto in March 2014 that “Bangladeshi, Pakistani and Somali vendors have their own loyal customers”. This is according to GG Alcock of Minanawe, a marketing agency that specialises in informal retailing. Alcock finds that there is less xenophobia in Soweto than in other places: “it’s just that most foreign shopkeepers have assimilated. Those who are attacked tend either to be new arrivals or to operate in newer, more divided settlements” (The Economist. South African business. Africa. Mar 22nd). Khayelitsha residents were also found to be fighting hard in 2015 to protect their local Somali shop owners. On March 21 in the informal settlement of Harare “residents stood in front of Somali-owned shops to prevent members of the Zanokhanyo Retailers Association from burning them down (News24 2016.05.25 online). Isaac Motoko, who is a member of the Midrand-based United African Trading Network, which helps spazas buy consumer goods at discounted prices, also says he has seen how township landlords work together to protect foreign nationals trading on their premises. “Its business,” says Motoko. “People want to eat and they realise it’s not going to help them to discriminate against these people because they make money from their rent.”

Masud Alam, who owns a string of spaza shops in Mangaung, provides another reason for the success of foreign businessmen “In the first six months you have to invest all the money back into the business. You have to keep your shop properly stocked and you have to work hard and irregular hours.” <https://www.thebalancesmb.com/cash-flow-how-it-works-to-keep-your-business-afloat-398180>). Tembisa businessman, Samuel Motaung, who rents out business space to a consortium of Somalis, agrees that working as a united front gives foreign nationals an advantage: “They are together, united, unlike our people here. Their prices are also quite good. For instance, they would sell a packet of headache powders for R1, but when you go to local businesspeople you find that they sell the same product for R1.50 or even R2”.

Sheikh says one of the secrets to their success is selling basic commodities such as bread at a much lower price, which helps to attract customers who are interested in more than just the basics: “What then happens is that one is able to recoup that money from other

products like maize meal because then you will charge higher margin on other goods”. He finds that there are “significantly higher odds of [foreigners] keeping business records, selling goods more cheaply than competitors, purchasing in bulk with others, and negotiating prices with suppliers”. Also “Somali shops open until late and open very early. The locals close at eight, sometimes they’re short of stock, and they are very expensive.” This report indicates that residents of Khayelitsha support Somali traders because they are cheaper, trade from 5am to 10pm, are friendlier and extend small amounts of credit to regular customers. It reports that Somali trader, Abubakar Hassan, says pooling money to buy stock in bulk from wholesalers is key, along with more conservative mark-ups.

However, even in Du Noon, an informal settlement on the other side of Cape Town where relationships between local and foreign traders are amicable, the competition Somalis pose remains a concern.

The reason South African shop owners struggle, according to local trader Erick Mdaka (44), is because the South African business community is driven by jealousy: “We don’t want to see our friend excel,” Mdaka said. An earlier report confirmed that ‘immigrants seem to be doing slightly better than their South African counterparts in the spaza market because of hard work or long hours put in, careful attention to sourcing of products and servicing customer needs, and a culture of thrift’ (GroundUp 2015 *online*)

2.5 THE REGULATORY CONTEXT: MUNICIPAL BYLAWS, LOCAL AND GOVERNMENT POLICIES

Dhewa (2016:6) states that informal enterprises are seen as informal because of the fact that they rarely comply with all the regulations that apply to the formal businesses – for instance, registration, and operating licenses. However, he explains that informal trading is not performed with the deliberate intention of evading payment of taxes, social security contributions, or of infringing labour legislation or other regulations – it is rather that traders are facing various regulations that hinder their progress, which include restrictions on their places of trading. Khumalo, (2015:14) agrees that the greatest challenge facing

informal traders is their site of operation and rights to trading space. Informal traders are subject to many other challenges which hinder their functioning and their contribution to the economy of eThekweni, as indicated in many of the informal discussions which the researcher had with traders.

The South African Local Government Association (SALGA) believes that the informal sector should be viewed as an “important part of government’s strategies to address unemployment, support livelihood creation and reduce vulnerability” (Hovsha and Meyer 2015:36). South Africa’s economy and its related development may benefit greatly from expanding to include and prioritise the informal sector. “Indeed, the creation of incomes and accompanying livelihood opportunities cannot be seen in the context of formal business alone. Such an approach may only slow the growth of job and livelihood development. Instead, income and employment generation become possible when people are encouraged and enabled to participate in a diverse range of livelihood activities” Hovsha et al. (2015:33).

However, according to the Department of Economic Development and Tourism (DEDT) (2013) legislation dealing with national and provincial government is often silent on the informal economy. However, responses to the informal economy, through unstructured and uncoordinated legislative and policy intervention do exist. The Province of KwaZulu-Natal, for instance, did not have any policy that aims directly at supporting the informal economy. The regulation and development of the informal economy in the Province thus lacked overall co-ordination and was sometimes absent or outdated (DEDT, 2013).

In South Africa, street trading is largely governed and regulated by municipal bylaws and policy at the local government level. Section 229 (2) of the Constitution states that “the power of a municipality to impose rates on property may not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour” (Constitution of the Republic of South Africa, 1996). Thus, while the freedom of trade is extended to informal trading, it can be regulated.

It is vital to establish suitable premises for informal businesses which includes designated areas for informal traders; constructing appropriate buildings and providing services (electricity, water, internet, security, ablution facilities) and inclusion of informal-business in town planning and spatial development frameworks with appropriate building standards. (DTI 2014: 41).

EThekwini municipal bylaw (2018:10) suggest that officials who remove or impound goods in terms of section 35A, subsection (1) are obliged to ensure that important details of the informal traders are captured accurately and customers goods to be removed are itemised as well as stating the section contravened by the informal trader.

On the other hand, Subsection (7) of section 35A of the municipal bylaw gives the right for the municipality to sell, destroy or dispose perishable goods in 72 hours after impoundment, EThekwini municipal bylaw (2018:12). This bylaw reveals one of the challenges that informal traders face, whereby they are expected to pay fines in 72 hours while their stock had been impounded.

The eThekwini municipality bylaw as per the criminal procedure act, 1977 (Act no 51 of 1977) allows the removal and impoundment of any goods of an informal trader which are used for trading where trading is prohibited, or involving trading with illegal goods. The removal and impoundment of goods in terms of subsection (1) could be carried out irrespective of whether or not such goods are in the possession of a third party at the time of impoundment (EThekwini municipality amendment bylaw (2018:8)). This bylaw poses a huge challenge to informal traders as they often have to move out of a place where they have built up a relationship with their customers, to go where they are not known – and these alternative places are often less busy. The municipality's developmental and service delivery roles are negated when traders are forced away from their livelihoods by municipal councils (Hovsha et al., 2015:36).

According to the Department of Economic Development and Tourism (DEDT) (2013) legislation dealing with national and provincial government is often silent on the informal economy. However, responses to the informal economy, through unstructured and uncoordinated legislative and policy intervention do exist. The Province of KwaZulu-

Natal, for instance, did not have any policy that aims directly at supporting the informal economy. The regulation and development of the informal economy in the Province thus lacked overall co-ordination and was sometimes absent or outdated (DEDT, 2013).

According to Zulu (2015:37) governments are crucial in the management and regulation of policies and structures that affect the informal economy and therefore, without this, municipalities face various challenges in developing and implementing policies that can create an enabling environment for this sector. In fact, the majority of South African municipalities fail in providing friendly local economic development and developmental and inclusive informal economy policies and by-laws (Fourie, 2018).

This is in contrast to the successful initiative started in Durban from 1995 where the Warwick Triangle Project was fully integrated into the city's urban plans with such success that the initiative became internationally recognized. This was an example of planners and city officials working closely with the traders in order to ensure that the needs of the traders and the needs of the city officials were fully understood and appreciated by both sides.

Funds for the project came from the municipality, although provincial and national government allocated amounts for specific projects such as road infrastructure or public transport. The National Department of Transport, for example, funded the establishment of taxi ranks... The project was ultimately answerable to the elected representatives of the council, the councilors. These politicians approved funding allocations and received regular reports (Dobson and Skinner, 2009: 53)

Since that time, however, Charman, (2012) cited in Zulu, (2015) argues that the South African government harms the informal economy in trying to pursue efforts to 'migrate' informal enterprises to the formal sector. Tax regulations, for instance, restrict business start-ups and where the 'migration' would require informal businesses to get registered and pay taxes, small businesses with significant growth and development, though non-tax compliant, are still a very positive force in the economy. Taxing them hinders

successful performance and growth and contributes to business failure according to Akinboade and Kinfack (2012). Skinner and Roever (2016:3) also argue that informal traders / vendors are burdened with a number of costs that formal traders do not bear. These include: cash payments to access trading spaces or bribes to ward off evictions, fines levied for real or imagined transgressions of by-laws, and payments for confiscated merchandise that the municipality officials never bring back.

More recently Crush (2017) has asserted that one of the major obstacles to the growth of the informal traders is the oppressive regulatory environment enforced by metro police who make regular raids, issue fines, and confiscate goods. Harassment by police officials is compounded by police misconduct including demands for bribes and illegal confiscation of business inventory and stock. Migrants report daily harassment, extortion and bribery by officials as a cost of doing business in South Africa. Many entrepreneurs, especially in informal settlements and townships, face constant security threats and enjoy minimal protection from the police. While recent (2019) attacks have been violent and widespread, research tracking collective violence against foreigners shows that this dates back to 1997.

According to Pahwa, Bester, Nieuwenhuyzen, Dawood and Pieterse (2006) bureaucratic systems are also not geared toward providing a letter assuring banks of the trading rights of the informal trader and there is no clarity regarding whether banks would accept this in order to grant loans. The impact of this is potentially significant as it inhibits informal businesses and traders from moving along the development continuum toward formalization and growth of their enterprises. The majority of informal firms therefore use internal funds, families or moneylenders for financing their businesses and they cite a lack of access to finance as a major constraint in growing their businesses (Farazi, 2014).

A research project conducted in Cape Town and Johannesburg by Washinira (2015) found that female migrants are often reluctant to be interviewed. Many have additional challenges such as household responsibilities and many face sexual violence. Skinner, in discussing the findings of this research, said that there ought to be robust sanctions

against perpetrators, through hate crime legislation and other measures, but this is not currently in place. The primary initiative of the Inter-ministerial Committee on Migration has been Operation 'Fielu' in which over 1,650 migrants have been arrested. Skinner argued that this was a wholly inadequate response which was likely to exacerbate xenophobic sentiments. This report also concluded that the state and many citizens view migrants as undesirable simply because of their national origins. As discussed above, migrant entrepreneurs also face administrative problems including exclusion from access to financial services and hostile municipal regulators, while informal border traders face harassment by police and border guards, demands for inflated customs duties, and transportation problems.

The fact that neither local nor foreign traders are welcomed within municipalities is illustrated by informal traders in Johannesburg taking government to court seeking an interdict against the city for removal of their stalls on 21 November 2013, (Nxumalo, 2013). Scores of informal traders and their supporters protested outside the High Court in Johannesburg where their applications against the removal of their stalls was to be heard. The South African Informal Traders Forum (SAITF) and South African National Traders Retail Association (Santra) brought urgent applications seeking an interdict against the city of Johannesburg from removing informal traders from the streets (Ledwaba, 2013).

In another incident reported in the Sowetan, in March 2013, foreign traders were 'hounded out of the township and forced to flee for their lives'. They were now 'taking their battle to run spaza shops to the Supreme Court. "Lawyers representing Somali Association of South Africa, the Ethiopian Community of South Africa and four other applicants were preparing for a legal fight" Lawyers for Human Rights Attorney, Anjull Maistry, said. Again, applicants brought an application against the Limpopo Provincial Government, several government ministries including police, home affairs, standing committees and two Limpopo Ministries. They submitted in the application that refugees and asylum seekers who were in South Africa legally were "entitled to trade and operate businesses to earn a living in circumstances where they have no other means of livelihood" (Sowetan 2013,

August). The frustration this unleashes has led to accusations of unfair practices claimed by the Johannesburg traders.

The issue of trading permits for informal traders has also been an important one especially in Johannesburg where the City blamed the informal traders for having duplicated permits and for renting out some of the spaces illegally. They resolved that they would re-register the traders so as to again take control of the situation, while on the other side the SANTRA claims that the City had failed them and that they had no plan for re-registration after they evicted thousands of informal traders (Ledwaba, 2013).

Another key obstacle is that foreign traders struggle to be granted work permits or ID documents allowing them the freedom to expand their businesses and do business legitimately. They generally have no right to sites or no right to permanent sites.

In Durban the objective of the “Economic Development and Job Creation Strategy” developed for the period 2013 - 2018 was to set out a new growth path for the EMA, based on a long-term approach, but within an implementable time-scale of 5 years”. The strategy was intended to feed into the development programme (IDP) of the Municipality. It seeks to provide direction on the strategic issues and where large-scale investments are required to enhance the economy; to deal with the softer issues that improve competitiveness; to encompass spatial economic issues, and to address underdevelopment and neighborhood level LED. While the strategy proposes programmes aimed at poverty and underdevelopment to address the current problems, it also seeks to put in place programmes that are aimed at expanding the formal economy. (South Africa, Durban Services/ Economic Development)

This report presents the summary of key challenges and strategies to place the local economy on a new growth path in addressing unemployment, poverty and inequality. The national and provincial policy context as well as an analysis of the global to local economy has informed this report.

However, Durban's informal economic policy, as explained in Durban Unicity (2012) highlighted the fact that there was very little information about foreigners living and working in the Durban Unicity boundaries. This includes their numbers, where they come from, what economic activities they are involved in and which part of the city they live and work in. In an interview that the researcher conducted in 2016 with one of the employees in Durban Chamber of Commerce, who wanted to remain anonymous, she confirmed that indeed there is still little information about foreigners who work in the City and conduct their businesses in Durban. The evidence outlined in the NIBS document of 2013 suggested that there are no regulatory restrictions controlling the influx of foreigners, Chinese and Pakistanis in particular, while the 2014 NIBS document attends to the violence and the anger shown by local communities with regard to foreign traders taking over local business including a number of foreign traders deemed to be illegal and conducting illegal practices (South African Migration project (SAMP) (2015: 42).

Local and national party politics also influence the stand taken concerning foreign and local traders. The Cape Argus of 25 June 2012 reported that "The ANC in the Western Cape wants the government to cut the number of foreign-owned spaza shops and will push for this during the party's policy conference in Joburg this week". Also "ANC provincial secretary Songezo Mjongile said party branches, especially those in townships, were concerned that the majority of the Province's spaza shops were owned, managed and staffed by foreigners, and that locals were "losing out". "The ratio between the number of migrants who own spaza shops and locals is completely out" Mjongile said "We need a balance around small enterprises in our communities". On the positive side it was said that the government must find a way to support locals so that they too can open shops and be economically active, "but then the number of foreign-owned spaza shops has to be cut."

Again, this reporter noted that "In its Peace and Stability policy document... the ANC proposes that non-South Africans should not run spaza shops without adhering to "certain legislated prescripts", which may or may not be different from those applying to South Africans. The document also "argues that the renting of houses by asylum seekers from

South Africans for informal trading may contravene by-laws” and calls for “a strengthening and proper enforcement of municipal by-laws”.

Responses from immigrants included those from Passop (People Against Suffering, Oppression and Poverty) which described the proposals as “unconstitutional and foolish”. Braam Hanekom of Passop said that it was “extremely concerning that some of the proposals in this discussion document were already being implemented”. “This is anti-immigrant and violates refugee rights. The spaza shop owners feed these communities, their prices are the cheapest. The ANC seems to be more concerned about the businessmen and elite in the townships and not the poor families who depend on the foreign-owned spaza shops for cheaper loaves of bread and cups of rice.”

It is also interesting to note that immigrants are not necessarily against regulation. For example, the article quotes Nigerian Oscar Ikem who owns a hair salon and a mobile tuckshop at the Du Noon taxi rank. He said the government should not ban foreigners from opening businesses but should rather regulate the industry. “Spaza shops have been popping up on every street corner in the past two to three years,” Ikem said. “The government needs to control it better and not just bar people from opening. They should license us and have a registration process to monitor things better.” Again, the owner of a Chinese Shop in Du Noon’s main road, said: “The government must allow more foreigners to do business here. Business is very good for us.”

In Durban it was claimed by Philip Sithole, head of the Business Support Unit, that public protests over informal trading licenses had been hijacked by troublemakers with ulterior motives. Sithole said the protests, which were outwardly about trading licenses’ and allocations of trading spots, could have been escalated by people who were on the verge of having their licenses revoked. This comes after investigations into a group of formal business owners who have allegedly been fronting to receive trading licenses. Sithole also confirmed that some are guilty of leasing out designated trading areas to other people. “There are people who are benefiting from the pandemonium. People knew we were investigating them, and they would lose their income if we withdrew their licenses,”

Sithole said. Sithole added that the allocation of 150 vacant trading sites, relaxed payment methods for licenses, and the regulation of the industry were discussed and agreed on at the meeting. Despite this, the article concluded, Metro Police will continue cracking down on unlicensed people. "Enforcement will continue, those who don't have permits cannot trade. If we don't enforce the bylaws very soon streets will be blocked by stalls to the detriment of formal business". "There was also an agreement in 2003, in which formal business and traders themselves asked for policing of the sector and we will uphold that agreement." Sithole said that when the Daily News questioned Metro Police spokesperson John-Thomas Tyala on the traders rioting outside the Durban magistrate's court: "The people were aggressive and began throwing stones at our officers. They were not peaceful and were getting violent. Officers tried to disperse the crowd using water cannon and when that did not work, they resorted to using their batons," he said.

Thus overall the informal sector feels that the Government is not recognizing them as economic actors.

2.6 EVIDENCE OF EDUCATIONAL SUPPORT FOR TRADERS

Skinner (2003:51) mentions that foreign street traders appear to be relatively well educated. Her study she indicates that there was an average of nine years for schooling amongst those immigrant traders that she interviewed. A quarter of foreign traders had twelve years of schooling or more, while another survey of 550 South African traders revealed that only one tenth of local traders had completed matric, while 14% of foreign respondents had some tertiary education or had completed it, compared with less than 1% of South African traders. (There is an interesting strong discrepancy here between these findings and those of the current study, as discussed in Chapter 5 below). **Skinner** further shows in her study that almost two thirds of foreign traders had been employed in their home country before coming to South Africa, which suggests that foreigners bring employable skills and or the ability to be self-employed. Local traders believe that the Government is not doing enough to develop their businesses. However, Skinner found that most traders are looking for loans rather than the proper training of how the business can be administered. (**Skinner**, 2003; Mail and Guardian, 2013 March). Maas and

Herrington (2007) argue that South African education and training efforts should find ways to cultivate an entrepreneurial outlook. Their study found that only 11 percent of respondents reported having business training (Woodward et al, 2011, 73 -74).

According to Insah et al (2013) the determinants of business success include market accessibility, entrepreneurial quality, human resources, and market support as well as help from government. And, according to Insah, Mumuni, Bangiyel (2013) cited in Limo (2015), although these resources are necessary for any business success, the traders must also possess the required skills and training to be productive. There is therefore a need for a conference on informality to assist these business people to evolve (Dr Mlengi, 2019).

There is a need to get small business owners and informal traders to discuss with big institutions their challenges and how to overcome them". James Sibeko, managing member of Jabatha Paper & Stationery, added that informal traders don't think out of the box. "Currently the status quo with SMEs or informal traders is that they sell products in one street to the same market and don't think of collaborating, creating better prices and selling as one large shop,". This is in line with issues discussed earlier but Sibeko added that education is therefore important in order to get small-business owners to implement better, more effective, business models. "Some businesses grow their companies to a point where it is only viable to look after their families; they don't take into account expansion strategies and creating more jobs for others." Rogan and Skinner (2019) find that regulations like municipal by-laws often criminalise work in the informal sector and that these need to be reviewed.

In discussions with the many of the street traders, as well as in the researcher's experience, the municipality offers training on how to start a business and also holds a number of workshops addressing such issues as compliance, bulk buying, and small business empowerment, but there is little evidence of workshops or training concerned with issues of administration of these businesses. Sandile Sokhela, an informal trader

who has been trading for more than seven years, states that “it might be easy to start a business, however the hardship is more on the administration part”. A literature search of educational support for informal businesses found little that was current, and nothing specifically on support for their administrative practices.

2.7 CONCLUSION

This chapter discussed the context of informal trading in South Africa and especially the issue of the prevalence of foreign traders and their different approaches to running their businesses. It also explained the challenges which traders face with regard to regulations imposed by municipal authorities and the police, which are often experienced as negative.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The preceding chapter presented a review of the pertinent literature underpinning the study. In this chapter the research design, population and data collection are discussed. The chapter further discusses the ethical considerations and reliability and validity issues within the scope of the study.

3.2 RESEARCH DESIGN

As explained by Tobi (2018: 39) a research design is a logical plan for getting from one step to another in research, while he also emphasises that the object of a research design is to answer the research questions. Anastas (2012:297) explains further that a research design stems from the fact that the phenomena to be studied are preselected and pre-identified. Peersman (2014) describes a research design as a framework for conducting the research project: it specifies the details, methods and procedures to be used for acquiring the detailed information needed. Munigal, (2016:48) adds that research designs are plans and procedures for research that span decisions from broad assumptions to detailed methods of data collection and analysis, and that the selection of a research design is based on the nature of the research problem. A good research design gives the researcher confidence in the solidity of the conclusions drawn from the data (Bechhofer and Peterson, 2012:9).

The research design for this study required the cooperation of informal traders and their customers, many of whom were not fully literate, especially in English. The responses of foreign respondents in particular, which were required for the study, were difficult to get as these traders were initially reluctant to take part in view of the xenophobia prevalent at the time of data collection. However, the researcher's position as one of the community himself (as discussed below) involving a close familiarity with the traders and customers proved to be an advantage.

The questionnaires were translated into isiZulu and collection methods modified with questionnaires being completed by the researcher to aid those respondents who requested this help.

3.3 Mixed Methods Research

Almalki (2016:04) defines mixed methods research as the methodology for conducting research that involves collecting, analysing and integrating quantitative research (experiments, surveys) and qualitative research (such as focus groups, and individual interviews), it is deemed as a research method in which the researcher combines elements of qualitative and quantitative research approaches in order to achieve the advantages of both methods. Mixed methods research also allows for the examination of complex problems within a single study by providing data allowing for triangulation or corroboration of findings with multiple source of evidence (Decuir-Gunby, and Schutz, 2010). Multi-method research generally, both qualitative and quantitative, has been a significant element within discussions of paradigms in the social sciences (Brannen, 2017). Social surveys and experiments are viewed as prime examples of quantitative research and are evaluated against the strengths and weaknesses of qualitative methods such as interviews and observations (Baran, 2016:69).

The research employed questionnaires, observations and informal discussions and interviews with traders and their customers along with formal secondary data from scholarly sources and some more informal published material.

3.4 DATA COLLECTION

An appropriate data collection plan is an essential element in the production of useful data for analysis (Couper, Fowler, Groves, Lepkowski, Singer and Tourangean, 2011:149). Grinnell and Unrau (2011:414) describe data collection as the 'heartbeat of a research project' where the goal is to have a flow of data collected systematically and with the least amount of bias.

According to Pride and Ferrell (2014: 93) there are two types of data that can be collected for research purposes, namely primary and secondary data. Primary data is collected specifically to address the problem in question and is often personally collected by the researcher (Brincat, 2014: 33) as in this research. Secondary data, on the other hand, is defined as data collected and recorded by a different person for a different study (Johnson and Christensen, 2013: 243). Secondary data in this study includes newspaper articles, scholarly articles, journals, media, magazines, information collected from government departments, and data that was collected for other research purposes. The secondary data was used as a foundation and assisted the researcher in understanding the background underpinning the study.

Durand and Chantler (2014:10) argue that selecting appropriate data and deciding upon an appropriate collection technique, and what collection tools to use, plays a major role in the success of any research study undertaken. They explain that data collection constitutes the next stage in the process following the research design, and that collection is then followed by analysis and interpretation of the data collected.

According to Phillips and Stawarski (2016) an excellent response rate is also critical to the success of the collection process, and well-designed action plans, as well as multiple data collection techniques, should be considered. The researcher in this study gathered the completed data using questionnaires, interviews and observations from all the respondents, and then submitted the information to a qualified statistician for analysis. The questionnaires, interviews and observations were in practice often conflated within a design which emerged in the process of data collection, in response to the particular challenges and opportunities presented by the context of the research as explained further below.

3.4.1 Research Population

Taherdost, (2016:21) explains that a research population is the complete population of individuals or objects that is the main focus of a scientific investigation. The population of

this study was the body of informal traders operating micro enterprises within the boundaries of eThekweni municipality.

3.4.2. Data collection instruments

The questionnaire was selected as an appropriate instrument, as it was a (comparatively) easy and convenient way to reach a fairly large number of respondents (Volkan, 2014:145). The particular circumstances of this study, however, required the researcher to modify the normal use of self-administered questionnaires in ways which are discussed further below.

3.4.1.1 Questionnaire design

Questionnaire design is “a process that starts with the objectives of the research, followed by identification of information needs, question content, question structure, phrasing of the questions, developing response categories, question sequencing, layout of the questionnaire, style and presentation of the questionnaire, and pretesting” (Neelankavil, 2015:184). Two questionnaires (See Appendix B and C) were constructed in line with these guidelines, one being for foreign and local small traders operating in EThekweni Municipality, and the second for customers or the general public who purchase from these traders. These questionnaires were each provided in two languages – IsiZulu and English – the languages which are most commonly used in eThekweni Municipality.

The researcher personally translated the questionnaire into IsiZulu with the help of Mr Simiso Ntuli, who has expertise in translation as he is employed by eThekweni Municipality within the Communications Unit. This was done in order to accommodate as many respondents as possible and to ensure that the researcher obtained widespread, reliable information enabling him to understand fully the customers’ and traders’ experience when trading in eThekweni.

Each of the questionnaires was designed in a similar manner: Section A covered the biographical information of the respondents. Section B covered the administration of their

businesses and related issue, indirectly probing their skills levels, in the case of the traders, and the level of service and the quality of goods that they buy from these traders, in the case of the customers thus addressing Objectives 1 and 3 of the study since positive comments about foreigners from local customers could confirm their superior trading skills (as proved to be the case). The questionnaire for traders had an additional section, Section C, which asked questions concerning the kinds of support that the traders would like to have for the better administration of their businesses (See Appendix C).

3.4.1.2 Questionnaire for traders

Local and foreign traders were given the same questionnaire. Whether they were local or foreign had to be stated in the questionnaire so that differing responses could be compared. As stated above, Section A covered bibliographical information: age, gender, educational background, years of experience in trading in eThekweni, and country of origin. This data helped the researcher to document whether traders were men or women and their age group, as well as to understand on how long they have been trading and, most importantly, their country of origin in order to be able to compare responses from local South Africans with those from other African countries.

The educational background data also played a significant role for the researcher to gain information as to whether there is a need for educational assistance or training that can be offered by the Municipality or by educational institutions. Overall, this information was gathered to help the researcher make comparisons between foreign and local traders. Section B was designed to give an insight into the administrative practices followed by both local and foreign traders as well as the policies of the Municipality that they experience and that impact on their business practices. The information was designed to understand and compare foreign and local traders' ways and means of sustaining and developing their businesses including, but not limited to, their budgeting practices, keeping of records, marketing strategies, development plans, and methods of saving.

Section B also gathered data on any financial assistance the traders may receive, on the number of people dependent upon the income generated, and whether traders are sole

traders, if they employ others to work for them and if they intend to employ more people. Amongst other things this data would reveal the impact small traders have on poverty alleviation and job creation in eThekweni.

Section C of the questionnaire gathered information on traders' opinions as to whether there are any improvements, they would like to see in terms of their business administration and the overall running of their businesses which would help them to be more profitable and efficient. The traders were asked to provide information on any support they currently get from eThekweni Municipality and also on what additional support they may need in order to develop their businesses successfully. The section covered the data on whether they get any financial assistance from the Municipality and what kind of assistance they believe they need, and also to understand if traders require business related courses or training for their businesses to grow.

3.4.1.3 Questionnaire for customers

This was shorter and, beyond biographical data probed customers' experiences of shopping in different areas of informal trade, and their responses to the goods they bought from both local and foreign traders.

The questionnaires for customers included Section A and Section B, having the following categories:

3.4.2 Section A

Category 1. Biographical data. This section involved the following descriptive statistics of biographical data obtained from customers: gender and age group.

3.4.3 Section B

Category 2. Frequency and place of shopping

Category 3. Experience of the service encountered in shopping from the informal traders: level of service, quality of goods, quality of foods, prices charged, organization of the businesses and their administration.

Category 4. Additional Comments

3.4.4 Pilot testing

According to Blessing and Chakrabanti (2009:114) the aim of a pilot study is to identify potential problems that may affect the quality, reliability and validity of the outcomes of the study. Burns and Grove (2011: 528) agree that a pilot is a small version of the proposed study and researchers conduct these to refine their methodology. The pilot study enables the researcher to conduct a 'dry run', facilitating the progress of the main study (Nagelhout and Plaus, 2010:55).

For this study the pilot testing was done amongst five customers, five local and five foreign traders in eThekweni Municipality, randomly selected. The pilot testing was done in order to check for any ambiguity or vagueness in questions, to provide clarity to questions that respondents might find unclear, and to ensure that the questions in the questionnaire spoke to the main objectives of the study. No problems occurred as the respondents appeared to understand the questions correctly. Therefore, no changes had to be made after the pilot study was done. This allowed the researcher to proceed with the main study.

3.5 Sampling

Davies and Shiland (2015:190) explain that a sample is a subset of the population or a representative section of the population of the study. It must have of a sufficient size to warrant statistical analysis. The study used convenience sampling which involved requesting traders and customers individually to take part in the survey, explaining to them the background and providing those who agreed with the letter of information and consent for them to sign.

3.6 Research Sites

Research Sites within the City were: The Workshop, Russel Street, North Beach, South Beach, Pinetown, St Georges, Kwamashu, Ntuzuma, Lindelani, Inanda and Springfield.

3.7 Response Rate

Return or response rate refers to the number of people who answered the survey divided by the number of people in the sample. It is usually expressed in the form of a percentage (Dillman, 2011). In this study the response rate was 100% because the researcher did not use e-mails or drop off the questionnaires to collect them at a later stage. Instead the questionnaires were distributed by the researcher himself and, being present at the time when the respondents were answering the questions in the questionnaire, the response rate was 100%.

3.8 Data Analysis

Hair (2015:294) explains that the primary task of data analysis is to convert data into knowledge. In quantitative research this entails that data must be examined, then it can be edited, coded and sometimes transformed so that it can be properly used in statistically analyses. Data in this study was examined and coded using SPSS 22.0, which is quantitative in nature.

3.8.1 Reliability and Validity

Measurement validity concerns the accuracy with which concepts are measured, on the other hand reliability pertains to the precision of measurement. The extent to which results are consistent over time and have an accurate representation of the population under study is deemed reliable on the other hand validity in qualitative research entails the extent to which data is plausible and trustworthy and can be defended when challenged (Tanveer, 2015:35).

Reliability is a way of assessing the quality of the measurement procedure used to collect data in a dissertation. In order for the results from a study to be considered valid, the measurement procedure must first be reliable. This study, as in any other social studies

research, is not strictly replicable – however the process was rigorous. Reliability was assured by the use of SPSS and validity was supported through pilot testing.

3.9 Interviews and Observations

As explained above this research involved informal discussions within informal settings over many days and weeks, sometimes at braais, or in shabeens or on taxis where the research questions could be further probed and where respondents could expand on issues which were important to them in regard to the conduct of their businesses.

3.10 Ethical Issues

The Economic and Social Research Council of the United Kingdom, founded in 1965, published a research ethics framework that required that most research proposals should be subjected to vetting procedures within the universities (Leavy, 2014:67). The operation of the new institutional review boards and ethics committees were prospective, effectively determining whether particular research projects could go ahead and frequently entailing a mandatory requirement for the prior and meticulous review of social research proposals (Hammersley and Traianou, 2012: 6) In research, funding bodies and universities are now extremely mindful of the importance of research ethics and it is now an obligation for all research to adhere to a rigorous ethical approval process in order to ensure the well-being of research participants and to ensure research ethical integrity (Francis, 2010:04).

Therefore, the researcher followed all the processes required by the Institutional Research Committee at DUT to obtain ethical clearance approval to undertake this research. On 18 November 2014 the Committee granted the researcher an approval letter for the researcher to proceed with conducting this study (See Appendix A).

3.10.1 Anonymity and confidentiality

Anonymity is guaranteed in a research project when neither the researchers nor the readers of the findings can identify a given response with a given respondent (Babbie, 2010:519).

Lenz, Strickland and Waltz (2016: 20) explain that anonymity of subjects must be preserved whenever possible and that information that would allow identification of the subject must be held in confidence by the professional. This right protects the subject and has the important measurement implication of increasing the likelihood that responses will be more truthful and complete. Even, for instance, in an online study, the researcher can direct any personal details to a particular database that is separate from the main questionnaire (Boyle and Scmierbach, 2015:87).

3.10.1.1 How was anonymity ensured?

In this particular study the questionnaire was distributed to respondents by the researcher. The respondents were not required to write their names or contact numbers. Also there were no pictures taken of the respondents so that it was impossible to link a particular respondent with a particular questionnaire. This process also made bias on the part of respondents, in completing the questionnaire, unlikely.

3.10.1.2 Confidentiality

Ethics is an issue for any type of research, and there may be particular difficulties with qualitative research because the researcher may be party to confidential information and it is hard for qualitative researchers to remain apart from their work because, by the nature of their study, they are involved with people (Sanjari, 2014).

Confidentiality develops trust between the two parties; it gives one party an opportunity to freely disclose information and the other access to more unbiased data than could otherwise be obtained. It is the responsibility of a researcher to protect the identity of the participants and the organization that provides the context for their research (Bucknall, 2013:7). The names of the individuals and key identifying information must be modified so that there cannot be any link made between the participants and information the respondents provide (De poy and Gitlin, 2013:150). It is unethical to withhold information which may have negative effect on the decision of whether participants will continue participating in a particular study. It is the duty of a researcher to fully provide information about his or study. (Helzemer, 2010:174). This study followed all the confidentiality processes where participants were asked for their consent before the data was collected and this was also reiterated at the time the actual data was generated. This was done in

order to give the respondents a surety that whatever they say will be treated professionally and as confidentially as possible.

In this study the researcher also assured the respondents that information supplied by them in confidence was not going to be disclosed except for research purposes. The researcher was a sole person who was interacting with the respondents, writing points that they were making during the discussions. The researcher handled these himself, ensuring that the response from the participants was not accessible to anyone except himself and his supervisors. As stated by Dawson (2011: 27) “participants need to know what they say cannot be used against them in future and the information they provide cannot be easily accessible to third parties”. Every questionnaire that was distributed to participants had a paragraph in the beginning and at the end that assured the respondents they would remain anonymous and that the information they provided was not going to be attributable to any individuals. Information was provided in the covering letter.

3.11 Limitations of the Study

Limitations are restrictions in a study that may decrease the credibility and generalisability of the findings, generalisation being the assumption that the findings from the sample are applicable to the population as a whole (Susan et al, 2014:48). This study involved a limited number of customers, and local and foreign traders operating in the informal sector within the central business district of Durban and other surrounding areas of eThekweni Municipality. The limitations were caused by time and financial constraints.

3.12 Conclusion

This chapter outlined the methodology used in conducting the study. A mixed methods approach was applied. Questionnaires and semi-structured interviews were used to collect both qualitative and quantitative data to address the research objectives. A pilot study was employed to ensure reliability and validity of the data collection. Ethical clearance was granted by the institutional research ethics committee to ensure that the

research was conducted professionally and in an ethical manner. Anonymity and confidentiality were maintained during the administration of the questionnaire. The following two chapters table the analyses of the data and discussion of the outcomes.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF CUSTOMER'S RESPONSES

4.1 INTRODUCTION

Chapter Three presented the study's research methodology and research design which included a discussion and description of how data was gathered, using questionnaires and informal interviews and discussions, both with traders trading in eThekweni Municipality, and the community of eThekweni who are their customers. In line with research objectives 1 and 3, this Chapter provides a detailed analysis of the data and interpretation of the findings from the customers' responses. The customers' responses were of interest in making comparisons between the success of the traders in the eyes of the end users of their products, and for adding to the qualitative data required for Objective 3. The questionnaires were the primary tool used to gather the data.

The data collected was analysed, by a trained statistician, using SPSS version 22.0. The results are presented in the form of graphs and cross tabulations. Inferential techniques include the use of correlations and chi-square test values which are interpreted using p-values. The purpose of inferential statistics is to show how likely it is that a given finding is simply the result of chance. Inferential statistics would not be necessary if investigators studied all members of a population (Best and Kahn, 2016). Nestar and Schutt, (2015:23) explain that descriptive analysis aims at summarizing and presenting data in a meaningful way while it also reveals important objectives of the research.

Informal traders' questionnaires and customer questionnaires are presented separately as these focus on different aspect of trading. In the case of the informal traders the researcher was keen to find out how local and foreign traders operate, while, on the other hand, customer questionnaires focused mainly on the experience the customers have when buying from these traders.

4.2 QUESTIONNAIRE FINDINGS AND INTERPRETATION

This section presents the results and discusses the findings obtained from the questionnaires distributed and collected from customers located in Durban. The questionnaire was the primary tool used to collect data. However, as explained in Chapter Three, informal interviews also developed during the collection of data. This allowed the researcher to probe deeply into the issues and challenges faced by both customers and traders.

4.3 THE RESEARCH INSTRUMENT

The research instrument consisted of 6 items in the customers' questionnaire and 16 items on the questionnaire for traders, with a level of measurement at nominal or an ordinal level.

4.4 Research Findings

4.4.1 Research Findings from Section A

4.4.1.1 Biographical information of customers

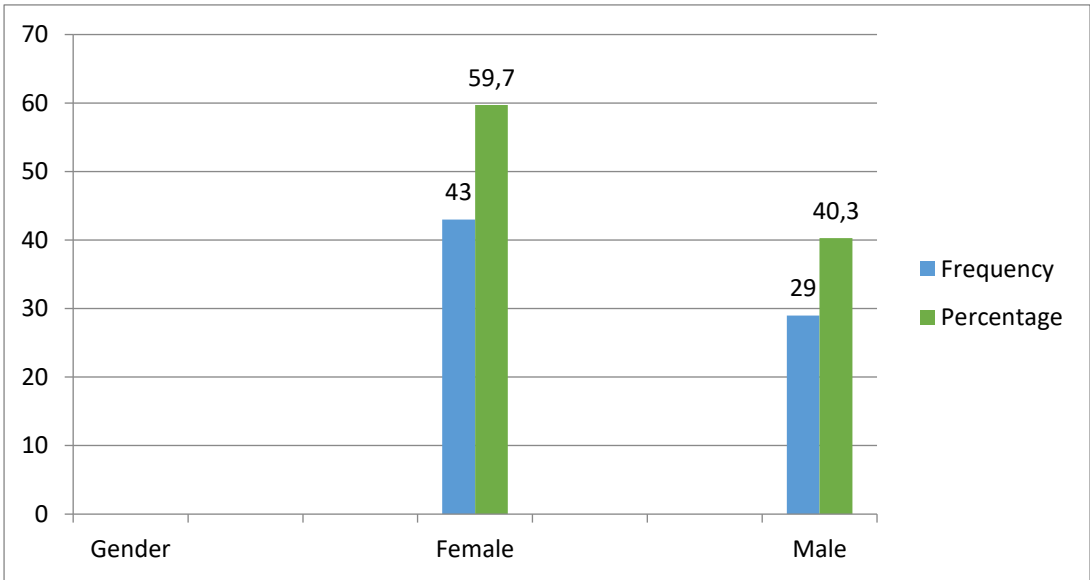


Figure 4-1: Biographical information

Figure 4-1 above shows well over half (59,7%) of the respondents were females. These statistics could be seen as predictable in that women are generally perceived as the ones more likely to shop, or it may be simply because the researcher interacted with more women than men when conducting the study. The statistics indicate a reasonable balance between males and females who participated in the study.

4.4.1.2 Age of customers³ ...

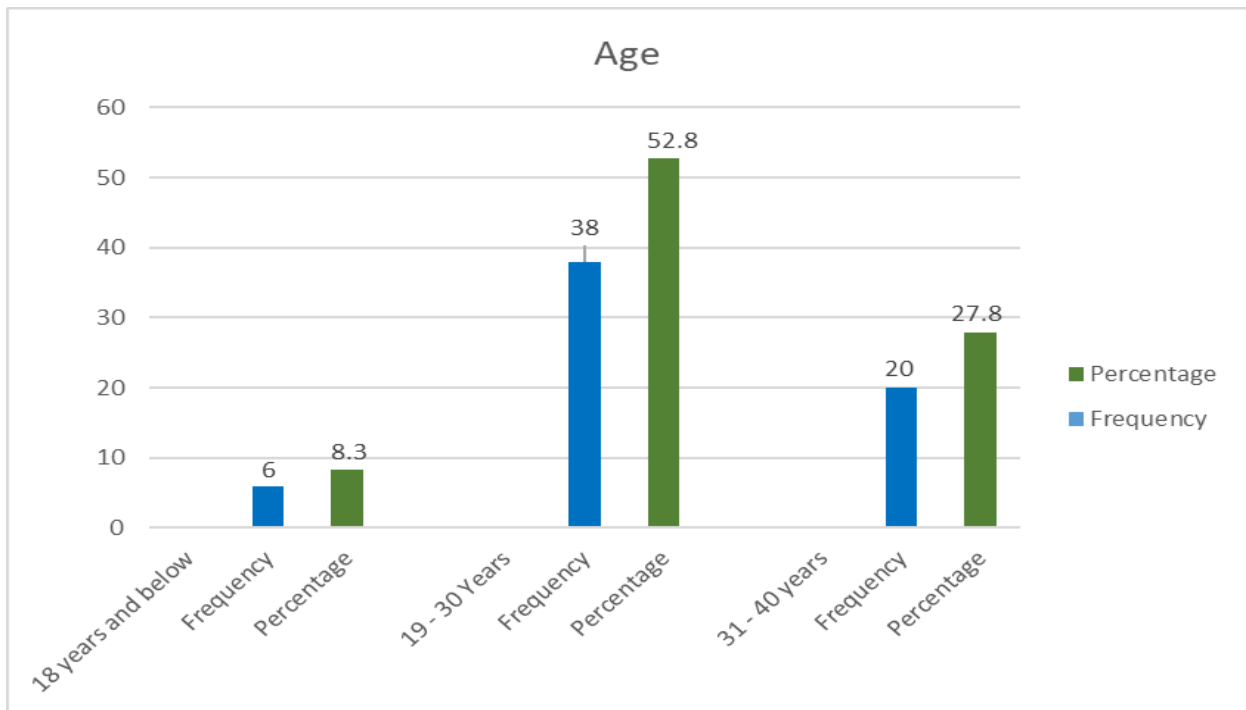


Figure 4-2: Age of customers

Figure 4-2 above indicates the age of the respondents participated in this study. These indicate that just over half (52,8%) of respondents were between the ages of 19 – 30. Just over a quarter (27,8%) were between the ages of 31 – 40, and fewer than 10% of respondents were below the age of 18. Considering the fact that the researcher is also a young person, interacting with people at his age may have been easier leading him to approach a young to fairly young age group. The willingness of these respondents to participate may also be an indication of youth’s interest in a study of this nature as the

³ A flaw in the statistical analysis between 72 and 68 respondents is acknowledged.

informal sector in South Africa is a significant source of employment and is viewed as an important space that can be utilised to alleviate poverty (Fourie, 2018:05).

4.4.1.3 Nationality of the Customers

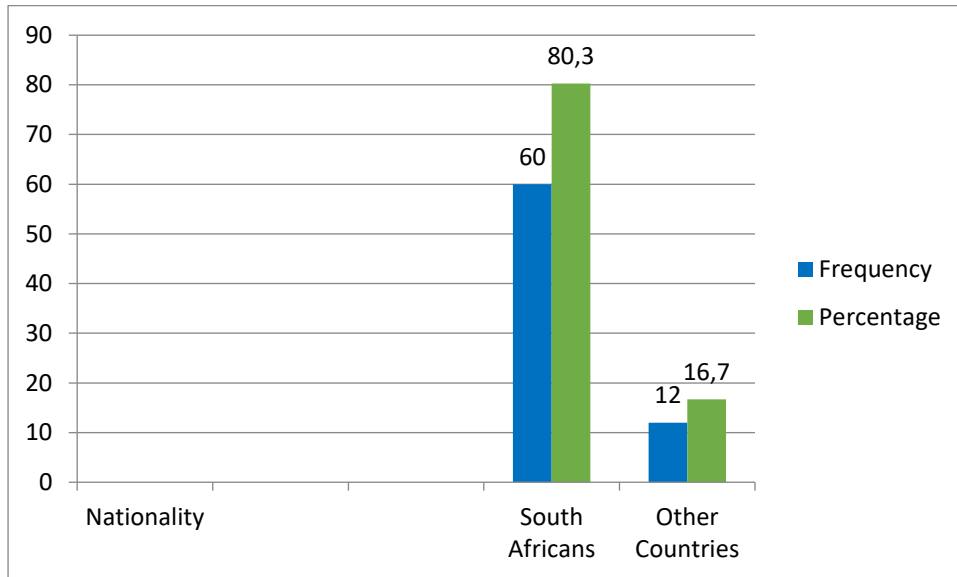


Figure 4-3: Nationality of the customers

Figure 4-3 above shows above $\frac{3}{4}$ (80,3%) of respondents participated in this study were South Africans. 19,3% of respondents were foreign nationals. This indicates a fairly significant proportion of foreign traders amongst those living and shopping in the Durban area.

4.4.2 Research Findings from Section B

4.4.2.1 Area customers prefer to shop

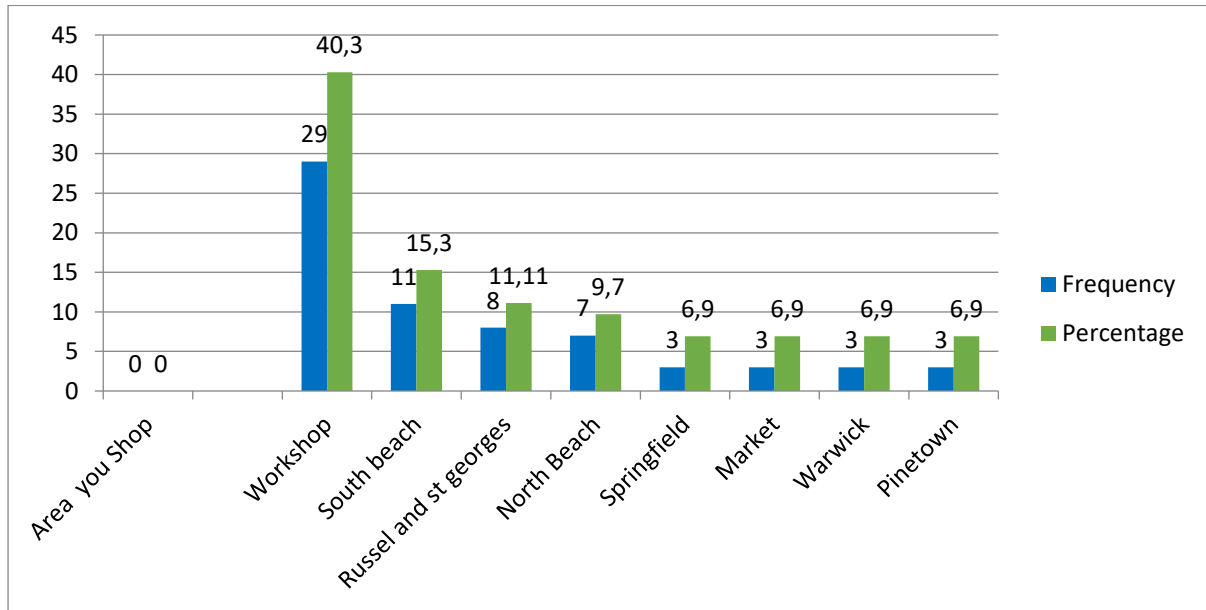


Figure 4-4: Area customers prefer to shop

Figure 4-4 above shows 40% of respondents prefer buying from the Workshop area, followed by South Beach, and Russell and St Georges. Respondents who prefer shopping at Springfield, Market, Warwick or Pinetown each represented only 6,9 % of the respondents. The study reflects that most people prefer to shop at the Workshop because of different reasons, indicated in conversations with the researcher to include: better policing, a lower crime rate, and cleanliness.

4.4.2.2 Frequency (choice) of shopping in different areas

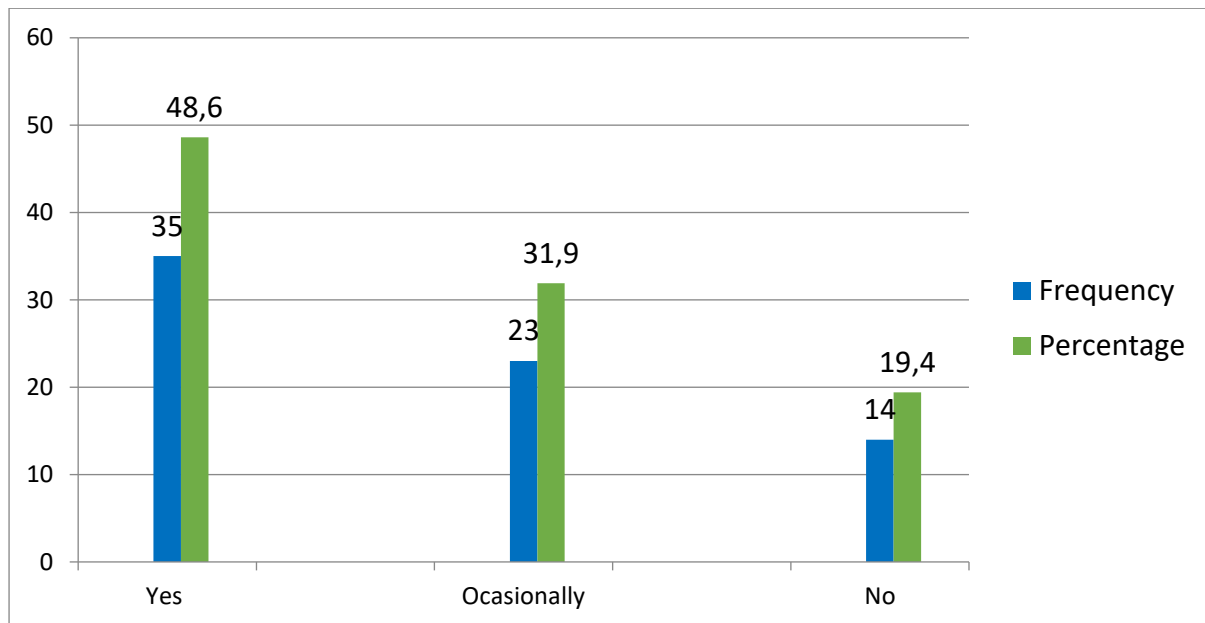


Figure 4-5: Do you shop frequently in this area?

Figure 4-5 above shows nearly half (48,6%) of respondents confirm that they frequently shop in the areas stated in figure 4.5.1.8. Nearly a third (31,9%) of respondents occasionally shop in the areas specified in the above figures. Around 20% (19,4%) of respondents seldom shop in these areas. Their reasons included that shoppers felt comfortable to shop at their usual areas and the cost of transport to areas further from their homes.

4.4.2.3 Frequency of shopping in the area.

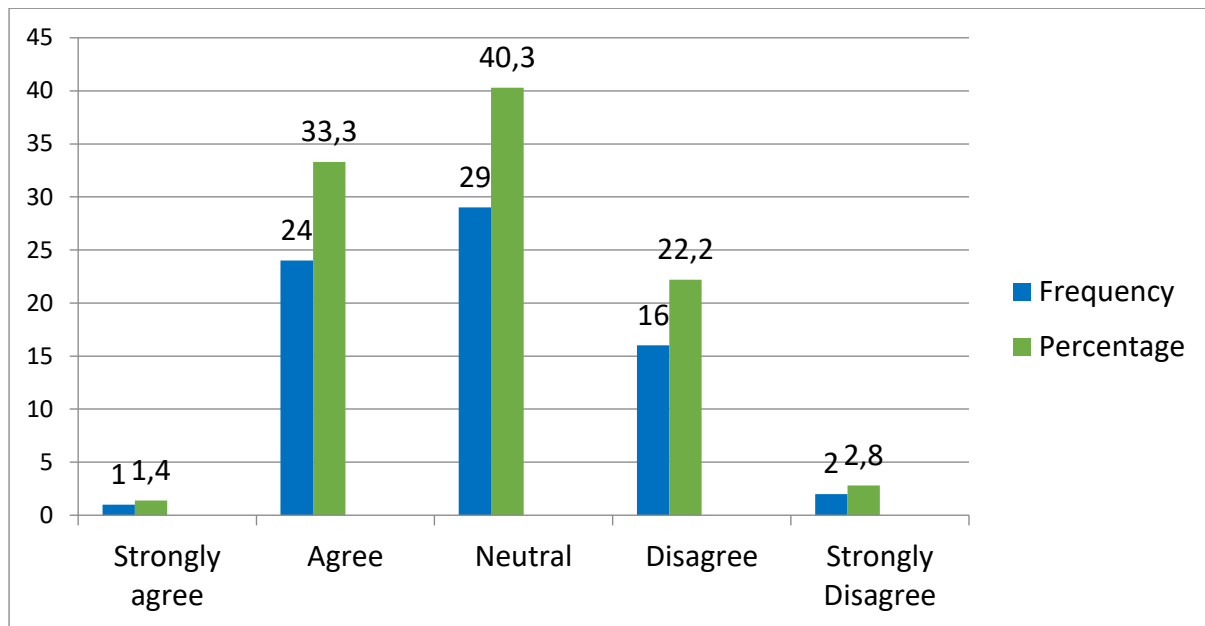


Figure 4-6: Do you shop frequently in this area?

Figure 4-6 above shows well over a third (40,3%) of respondents remained neutral, symbolizing that they were not sure if the services offered are of a high quality. Exactly a third of the respondents believed that the service offered by traders is of a high standard, while around one fifth disagreed.

4.4.2.4 Quality of goods sold in the estimation of customers

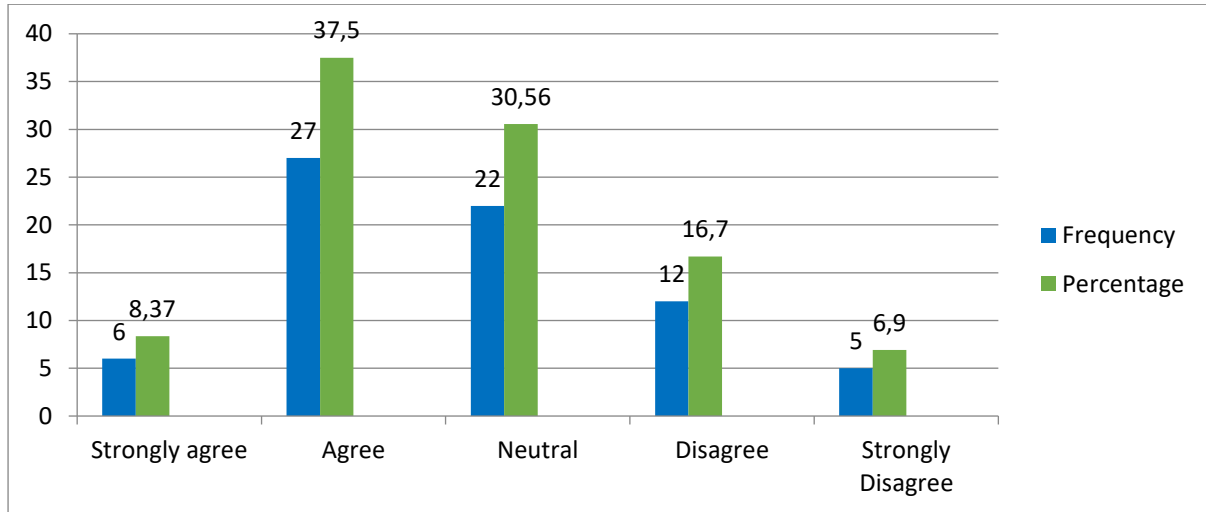


Figure 4-7: I generally find the quality of goods sold here is of a high standard

Figure 4-7 above shows over a third (37,5%) of the respondents agreed with the statement and feel that the goods sold by traders are of a good standard. However, nearly a third (30,56%) remained neutral which is also a large proportion of the respondents. Discussions with the shoppers, along with the researcher's personal experiences suggested that many of their purchases (such as second-hand clothing) are not bought with a view to expecting high quality and so they preferred to remain neutral as regards this question. Also the question was general and shoppers may have found some goods of a good quality and some not.

4.4.2.5 Quality of food sold in the area

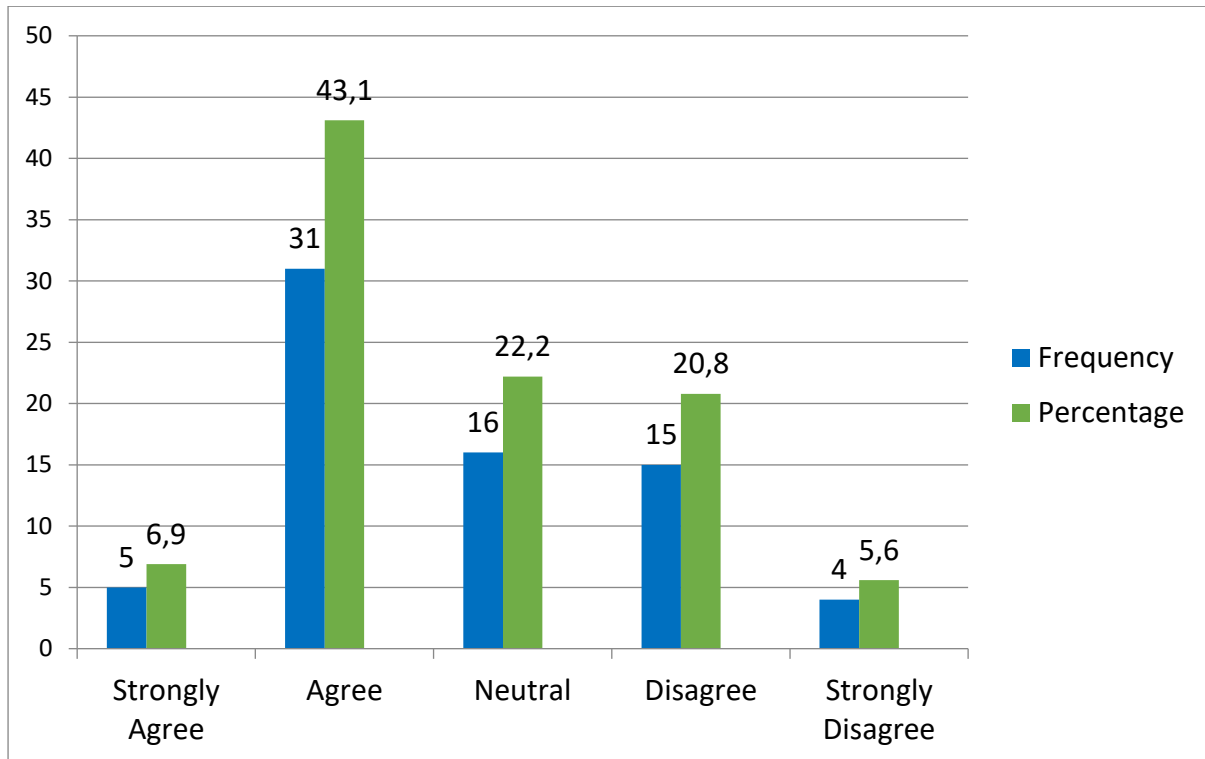


Figure 4-8: I generally find the quality of food sold here of a high standard

Almost half of the respondents agreed with the statement while only a quarter disagreed, and again nearly a quarter remained neutral.

Informal discussions and the researcher's personal view suggest that when people are hungry they are not specifically concerned with judging quality. It is, however, also interesting that the quality of food is rated above the quality of goods in general (see above statistics), as informal discussion amongst customers also indicated that they find the traders' fruit and vegetables frequently of a very high standard. This is confirmed by recent research which finds that the nutritional value of food sold in the informal sector exceeds that sold in the formal sector (de Pee, Taren and Bloem, 2017).

4.4.2.6 Fairness of prices charged in the estimation of customers

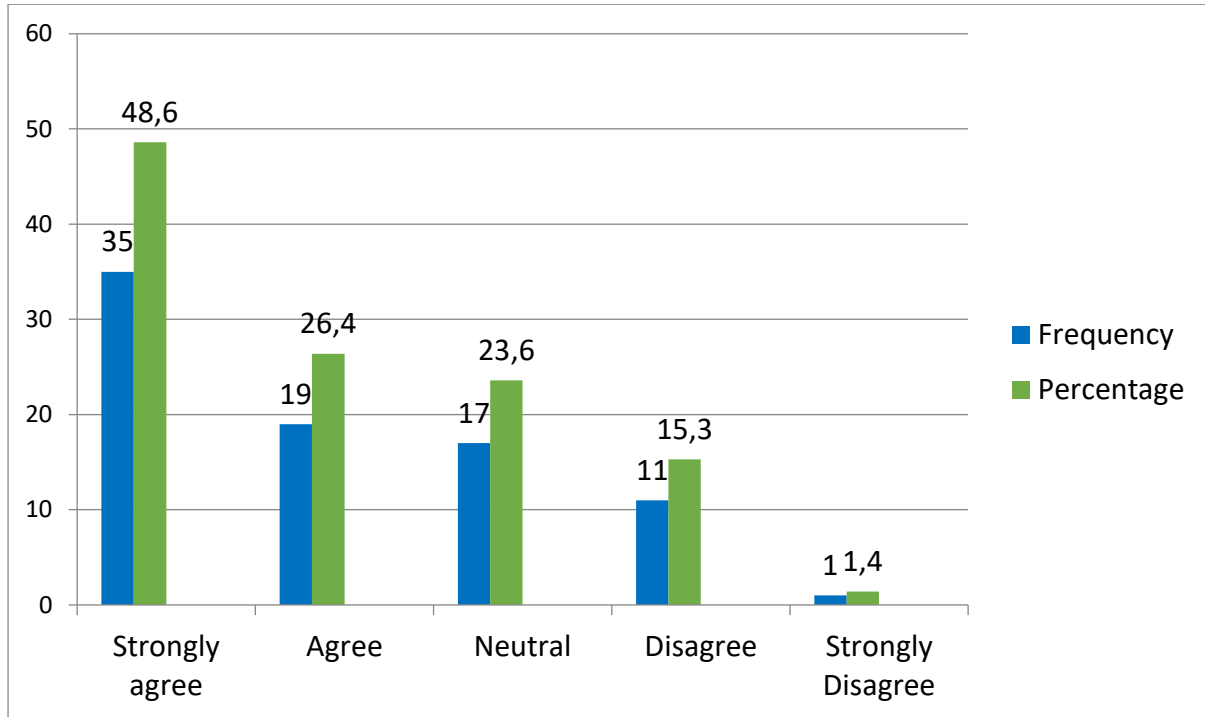


Figure 4-9: I generally find the prices charged here to be reasonable

Figure 4-9 above shows nearly half of the respondents strongly agree with the statement that prices charged by traders are reasonable and 26,4% also agree while nearly a quarter remained neutral preferring not to comment on the prices charged by traders. Only 17% disagreed or strongly disagreed with the statement that prices charged are reasonable.

4.4.2.7 The level of organisation and administration of businesses in the estimation of customers.

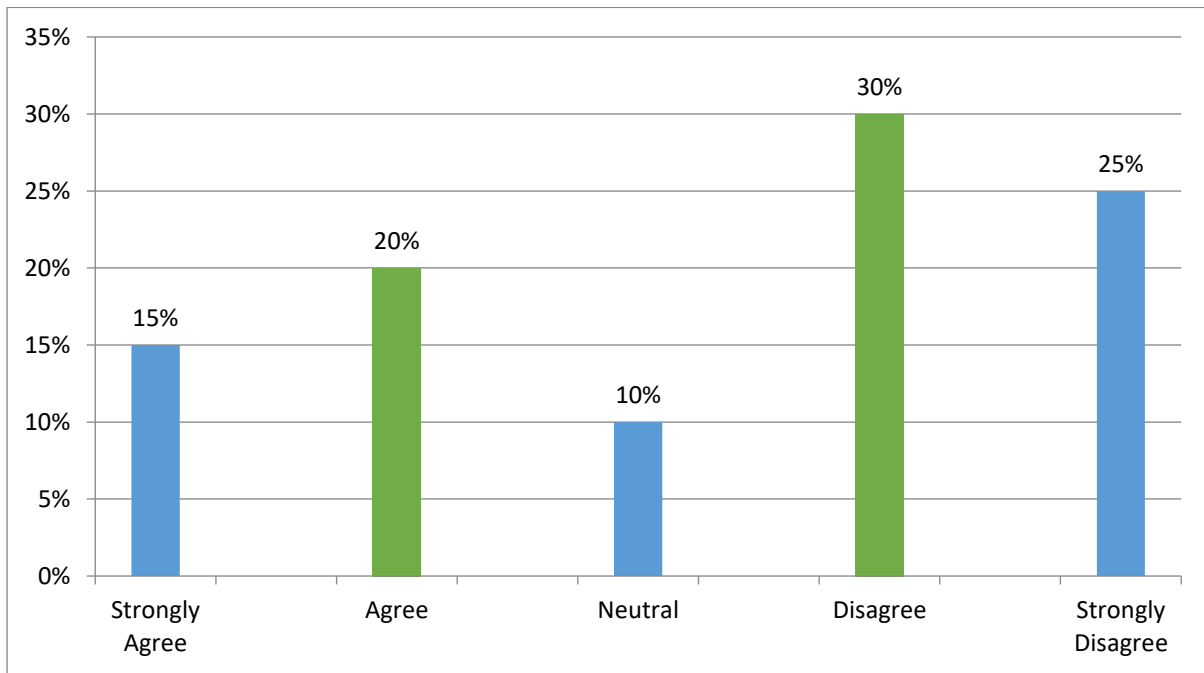


Figure 4-10: I generally find the businesses operating here to be well organised and administered

Figure 4-10 above shows that over half of the respondents disagree with this statement (55%), 25% of them strongly disagreeing, while 35% either agree or strongly agree. A smaller percentage (ten percent) of respondents were neutral.

It is significant for this study that over half of customers disagree with the statement and feel that informal traders' businesses are not well organized. The statistics may indicate a need for intervention from the municipality as well as the relevant educational institutions to assist in organizing the informal trading sector as this is one of the factors that boost the economy of eThekweni. It is also noticeable that a fairly large proportion of the customers, who are mostly locals, are yet prepared to criticise local traders in this way.

4.4.2.8 Preferences indicated by South African customers between buying from local and foreign owned businesses

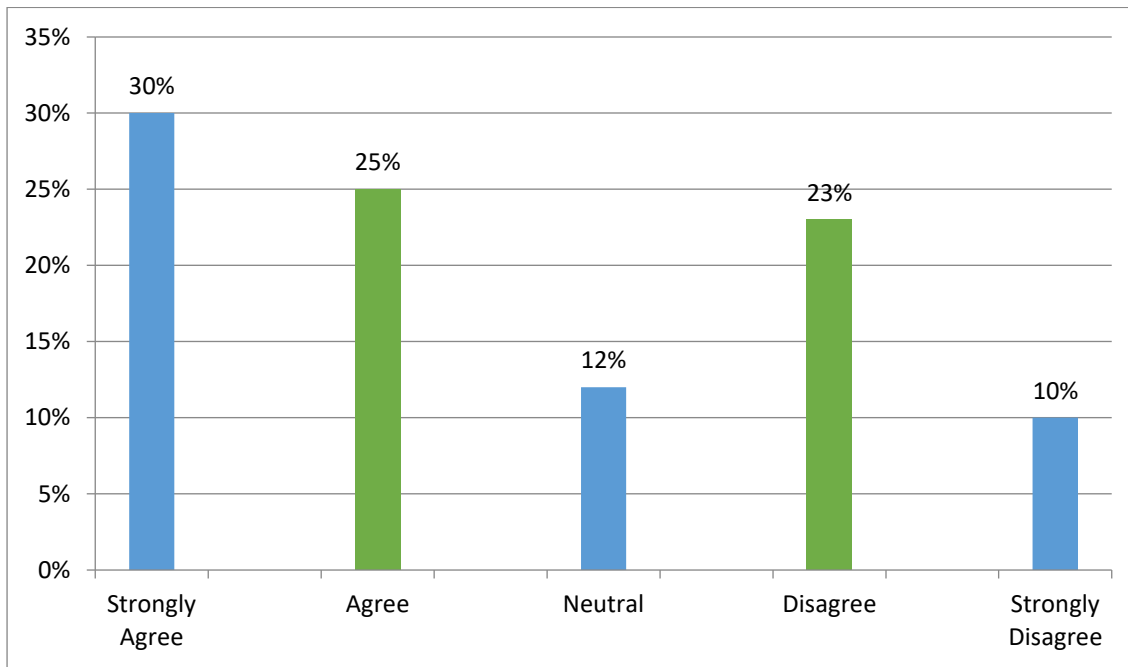


Figure 4-11: South Africans prefer buying from foreign traders to buying from local traders

Figure 4-11 above again shows an interesting willingness amongst the shoppers to buy from foreigners. The statistics show that more than half of the customers (55%) (when combining those respondents who strongly agree and those that agree with the statement), prefer buying from international traders. Again, there are 12% of customers who prefer to remain neutral which might also be caused by the tension between local and international communities. These statistics are in line with the findings below indicating that foreign trader's bargain better than local traders, and also that they are understood to manage their businesses better.

4.4.2.9 Comparison of management skills between local and foreign businesses in the estimation of customers.

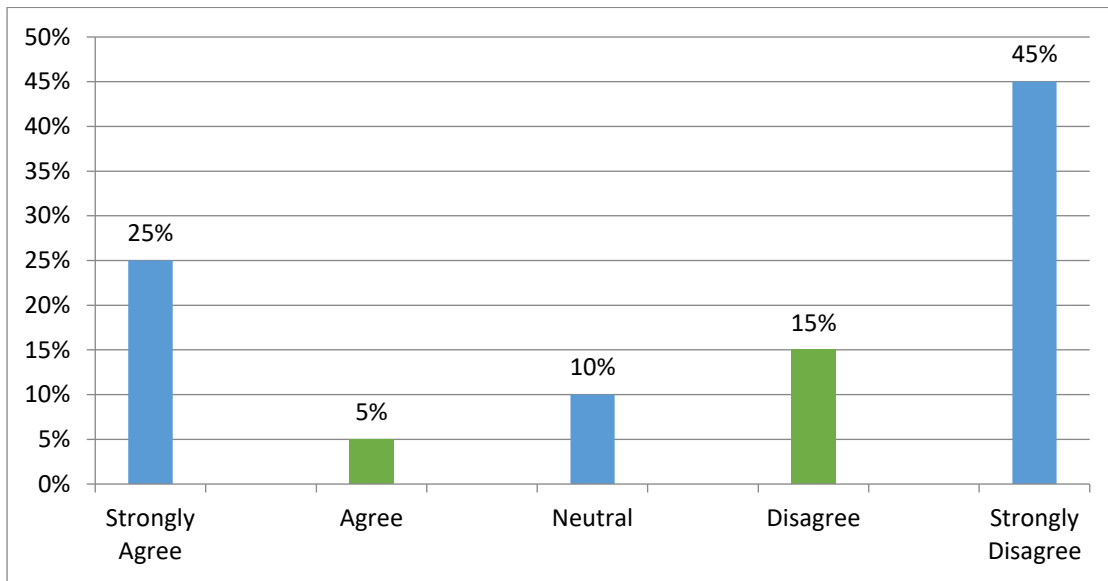


Figure 4-12: Local Traders manage their businesses better than foreigners

Figure 4-12 above shows that as many as 60% of the respondents disagree with the statement that local traders manage their businesses better than foreigners. However, 30% disagree, with a quarter strongly disagreeing. Overall, this is however an indication that local traders are not perceived as able to manage their businesses as well as foreigners.

These statistics appear to support the finding that there have been a number of foreign traders who have opened small businesses in the townships occupying spaces previously occupied by local traders. Govender (2018) indicates that local traders accused foreign traders of putting them out business, resulting in simmering resentment.

4.4.2.10 The quality of Local Government policies aimed to overcome obstacles to trading in the estimation of customers

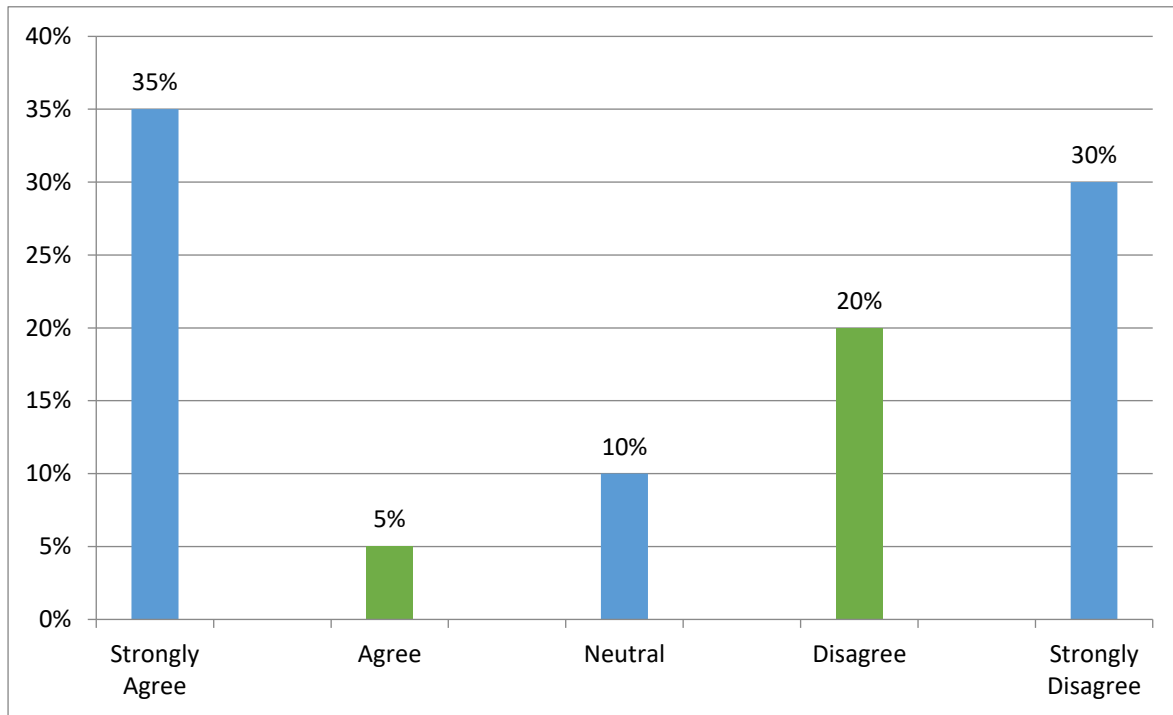


Figure 4-13: Government policies address local challenges

Figure 4-13 indicates that a comparable number of respondents agreed (40%) and disagreed (50%). There were a large number who strongly agreed and an almost equal number who strongly disagreed. This contradictory finding may be related to the fact that all had been told (in agreeing to participate) that the researcher worked for the municipality. It is therefore possible that some were anxious not to criticise, while others had experiences which made them very critical of government policies. The fact that only ten percent remained neutral, appears to indicate that shoppers are aware of the policies of the municipality in this regard.

The concerning issue raised by customers during informal discussions was that of government failing to implement bylaws or to review them regularly, as well as the issue of metro police confiscating traders' stock.

4.4.2.11 The level of skills of South African traders in the Running of their Businesses in the Estimation of their Customers

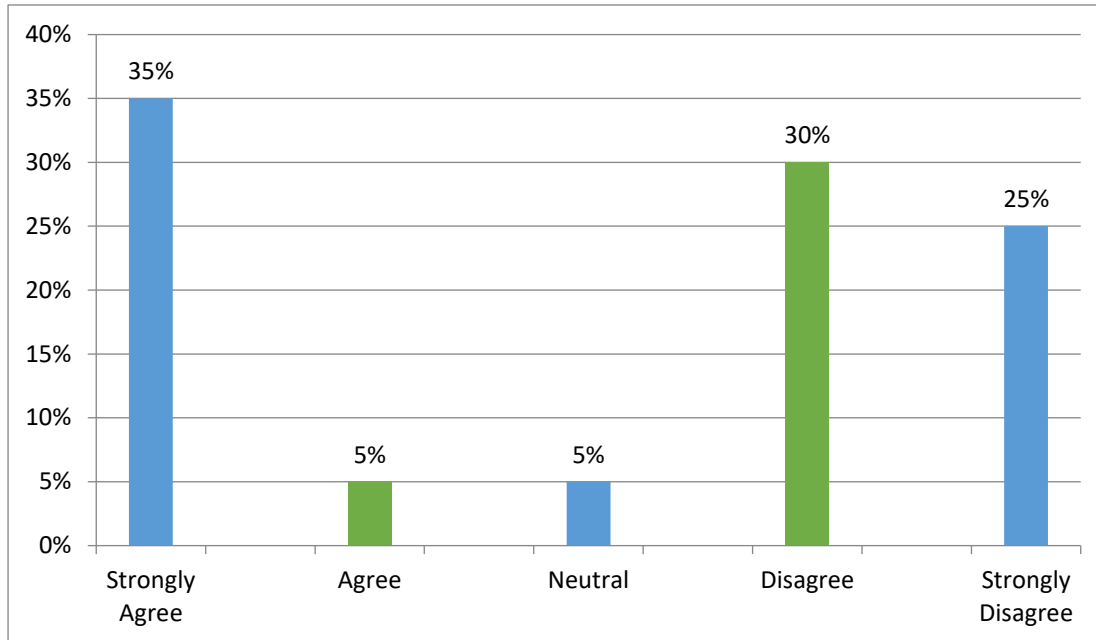


Figure 4-14: Local Traders have skills

Figure 4-14 above again shows an interesting contradiction since 40% agree (35% strongly agreeing) while slightly more (55%) disagree. Again the respondents felt strongly about their positions on this question.

It is also interesting that the respondents not in favour of the statement were more than those that supported the statement, indicating that shoppers on the whole are not confident that local traders have sufficient skills. This may indicate a need to provide skills to local traders.

4.4.2.12 The Contribution of eThekweni Municipality towards the development of local trading in the estimation of customers

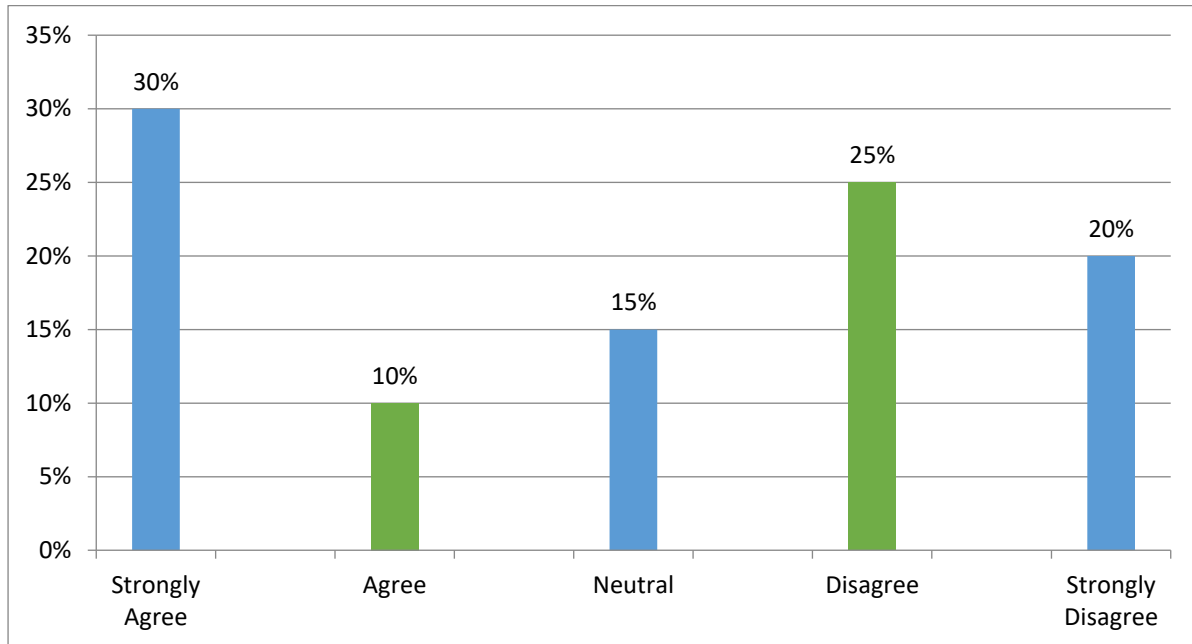


Figure 4-15: eThekweni Municipality develops local traders

Figure 4-15 above again shows a similar contradiction with 40% of respondents agreeing (30% strongly) while 45% of respondents disagree with 20% strongly disagreeing. 15% of the respondents remained neutral, indicating either that they were unsure if the municipal does have programmes in place to develop local traders or they just chose not to say anything at all. This may either indicate that the municipality is doing something to develop the traders, while others may feel that it is not enough and the municipality needs to do more. The same possible bias due to an awareness of the researcher's links to the municipality (discussed above) could apply here.

4.4.2.13 The Bargaining Skills of Foreign Traders as Compared with Local Traders in the Estimation of Customers

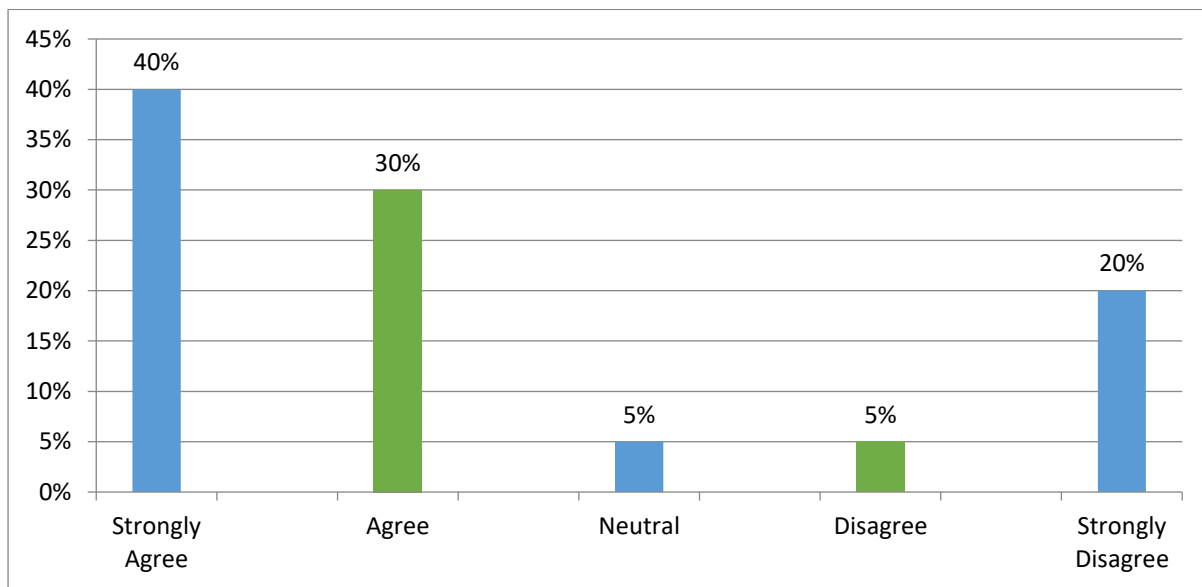


Figure 4-16: Foreign Traders bargain better than local traders

Figure 4-16 above shows a large proportion (70%) of respondents in agreement with the statement. Only a quarter of respondents disagree or strongly disagree that foreigners are better at bargaining than locals. These statistics therefore show a significant proportion of customers who are of the view that indeed foreign traders bargain better than local traders. This is in accordance with the literature: <http://www.702.co.za/articles/1854/demystifying-foreign-traders-perceived-competitive-advantage-over-sa-shopkeepers>. (Collocot, 2019) again finds that foreign informal traders' shops are cheaper and better stocked, thereby capturing the market from the existing stores and causing a major shift in ownership of spaza shops to foreign nationals.

4.4.2.14 CONCLUSION

This chapter recorded the responses of customers who buy from informal traders. Overall the responses supported the literature in that, despite coming from the local community themselves, the majority confirmed that foreign traders do indeed often offer better service than the local traders.

CHAPTER FIVE: DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF TRADERS' RESPONSES

5.1 INTRODUCTION

Chapter 4 presented the results and discussed the findings obtained from respondents who are the customers of informal traders trading in eThekweni municipality and surrounding areas. This Chapter provides a detailed analysis of the findings from the data and interpretation of results from local and foreign traders. The questionnaires were the primary tool used to gather the data (See Appendix C).

5.2 THE RESEARCH INSTRUMENT

As with the customers' questionnaire, the data collected was analysed using SPSS version 22.0. The descriptive statistics are presented in the form of tables, figures and cross tabulations. Inferential techniques are reflected in correlations and chi-square test values which are interpreted using the p-value, as explained in Chapter 4.

5.3 Response rate

As with the customers, 100% response rate was achieved by the researcher as he was the one who was selecting and interacting directly with the respondents in order to complete the questionnaires.

5.4 Interpretation and discussion of findings

This section presents the results and discusses the findings obtained from the questionnaires distributed and collected from both local and international traders operating in eThekweni municipality. While the questionnaire was the primary tool used to collect data, as explained in Chapter 3, informal interviews also developed during the collection process. This allowed the researcher to probe more deeply into the issues and challenges faced by the respondents.

5.5 BIOGRAPHICAL INFORMATION

5.5.1 Gender



Figure 5-1: Gender

Figure 5-1 above shows just above half (52,83%) of the respondents were males and 47,17% were female. Thus, the study is balanced and shows that there is a different norm than before, where street trading was seen as a female dominated sector.

5.5.2 Age

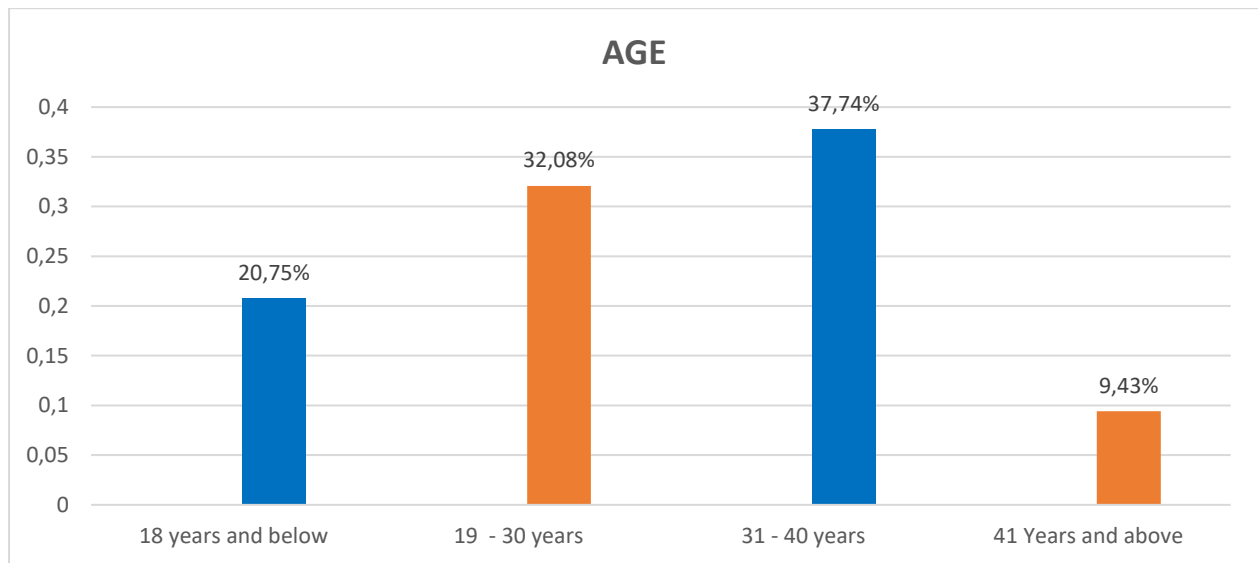


Figure 5-2: Age

Figure 5-2 above shows that well over a third (37,74%) of the respondents were between the ages 31 to 40 years; slightly below a third of the respondents were between 19 to 30 years, and less than a quarter of the respondents were 18 years or younger. A few of the respondents were over 40 years of age.

The statistics suggest that street trading is now likely to be dominated more by young people who venture into this sector due to the higher rate of unemployment, engaging in street trading being seen as a means to provide for their families.

5.5.3 Numbers of South African Respondents and of Foreign Respondents

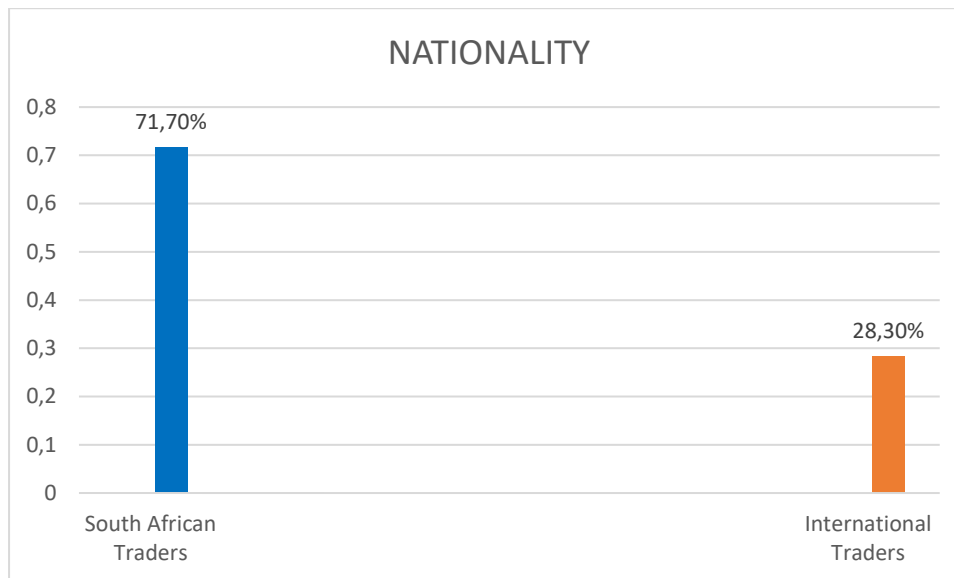


Figure 5-3: Nationality

Figure 5-3 above shows just below three quarters (71,7%) of respondents in this study were South African while 28,3% of respondents were foreign traders. The fact that the study was done in South Africa ensured that the majority would be local South Africans. It was also the case that most of the foreign traders were hesitant to participate in the study because the violent protests that aimed at foreign nationals made it hard for the researcher to get many foreign traders to participate in the study.

5.5.4 Business location

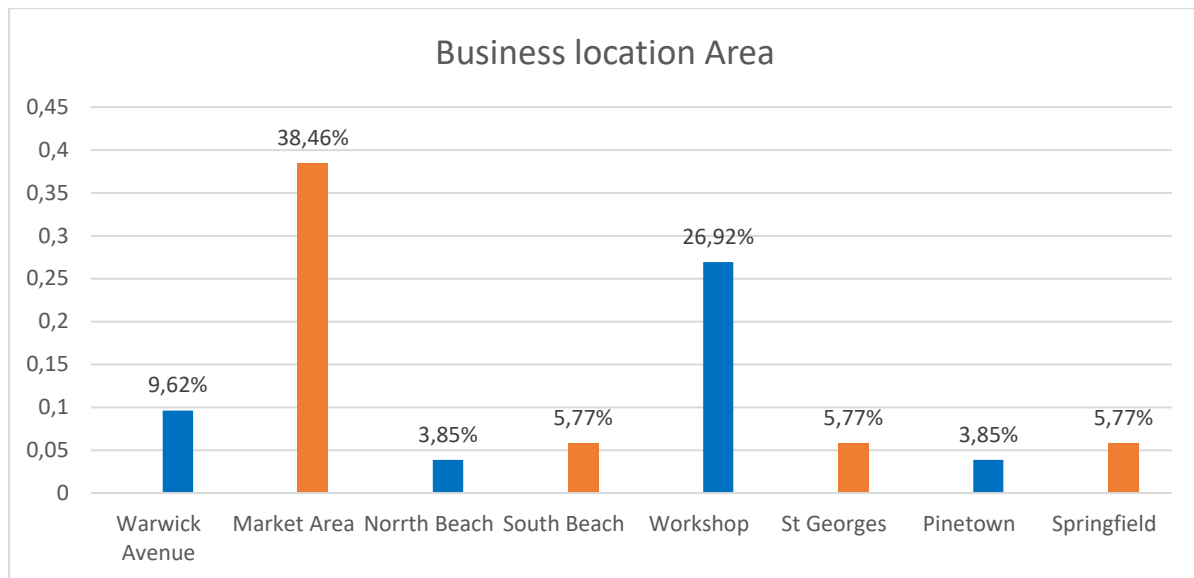


Figure 5-4: Business location

Based on figure 5-4 above the largest number of the traders interviewed were situated in the Market Area, followed by just above quarter of traders who were located in the Workshop. Less than 10% were located in Warwick, while all the other represented fewer than 6% of the respondents. These statistics do not indicate that there are fewer traders in places like Pinetown than in the Workshop and Market areas, but only that the researcher spent more time and spoke to as many traders as he could in these places. There is no significant difference between where foreign traders or where local traders were located.

5.6 LEVEL OF EDUCATION

5.6.1 Level of education: Foreign traders

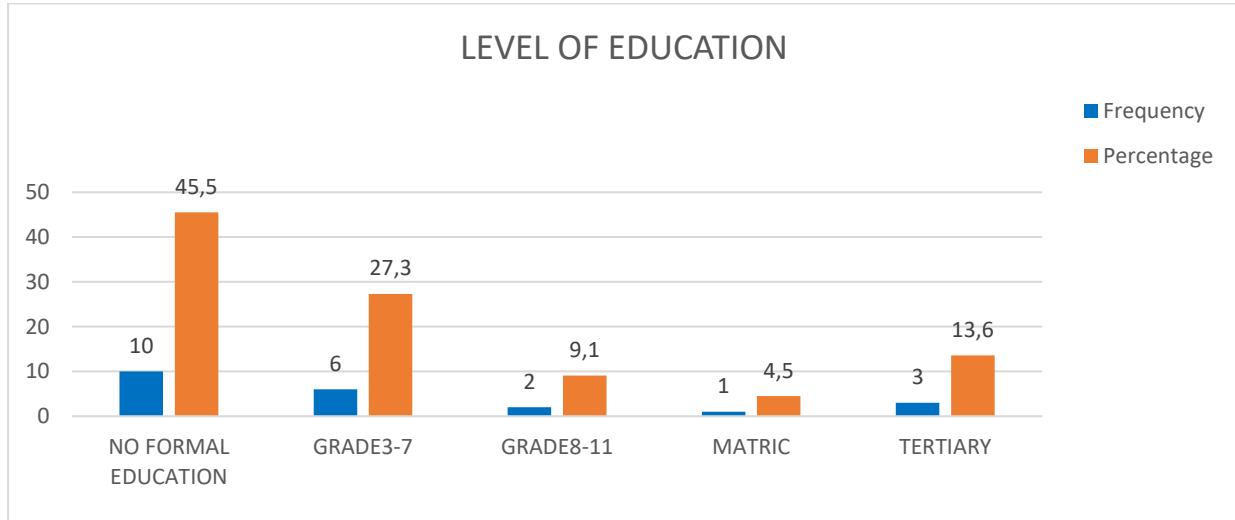


Figure 5-5: Level of education: Foreign traders

Figure 5-5 above shows nearly half (45,5%) of foreign traders had no formal education while just above a quarter had studied from grade 3 to grade 7. Traders who had a tertiary education made up less 14% of the respondents; less than 10% had studied between Grade 8 to Grade 11, and only one of the foreign traders had a Matric or Senior Certificate as his/her highest qualification, although three had some tertiary training.

The statistics were supported and developed further in informal discussions between the researcher and a number of additional foreign traders, in which they indicated that they had come to South Africa to acquire professional business and trade certificates having previously been exposed to a practical rather than a theoretical type of education. In their countries of origin they had learned to do things on their own, and to be employers rather than employees. This is evident on the streets of Durban where, for instance, salons, phone repair shops, and car repair shops are run mostly by foreigners. In discussions with the researcher foreign traders indicated that they had acquired certificates and others diplomas in hairdressing, manicure and pedicure certificates, mechanical engineering, teaching, manufacturing from South African educational institutions.

5.6.2 Level of education: South Africans

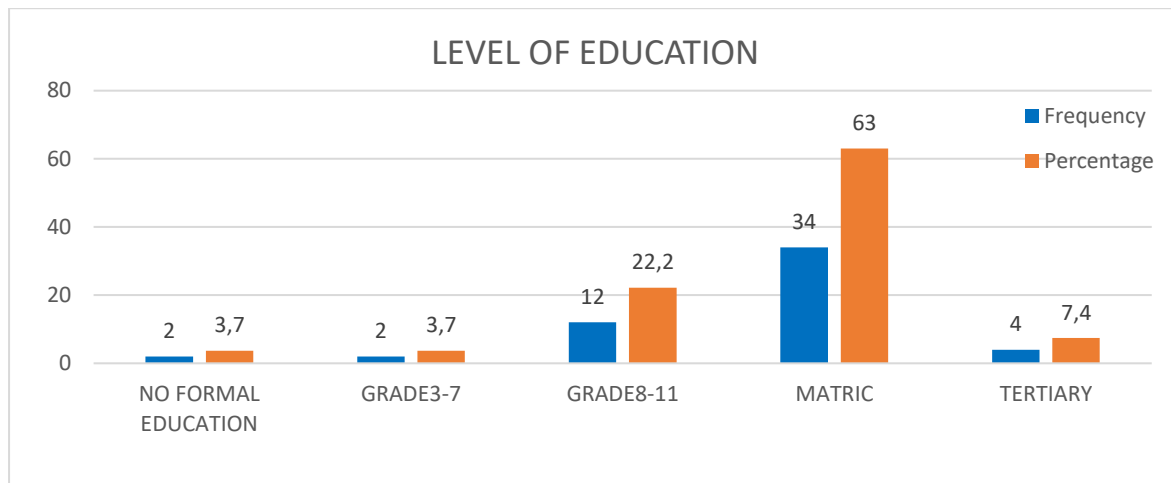


Figure 5-6: Level of education: South Africans

Figure 5-6 above shows that well over half (63%) of the respondents had matriculated and less than a quarter had left school between grade 8 to grade 11, although the respondents who had tertiary education were only 4 (7.4%). Only two respondents were without any formal form of education.

These statistics are very interesting as they show that over 63% of South African traders had passed matric, while only four foreigners had matric or post-matric qualifications. On the other hand, there are local traders who have tertiary education and they have taken the route of street trading. This may again indicate the increasing unemployment rate in South Africa.

In the follow-up question the respondents who had tertiary education were asked to name the certificate, diploma or degree they had, although the questionnaire did not ask them to produce their certificates or diplomas. The South African traders indicated that they were in possession of certificates in marketing, computer certificates, or had diplomas in auditing, teaching, public management and journalism. This was another indication of the scarcity of jobs available in these fields.

5.7 YEARS OF TRADING

5.7.1 Foreign traders' years of trading

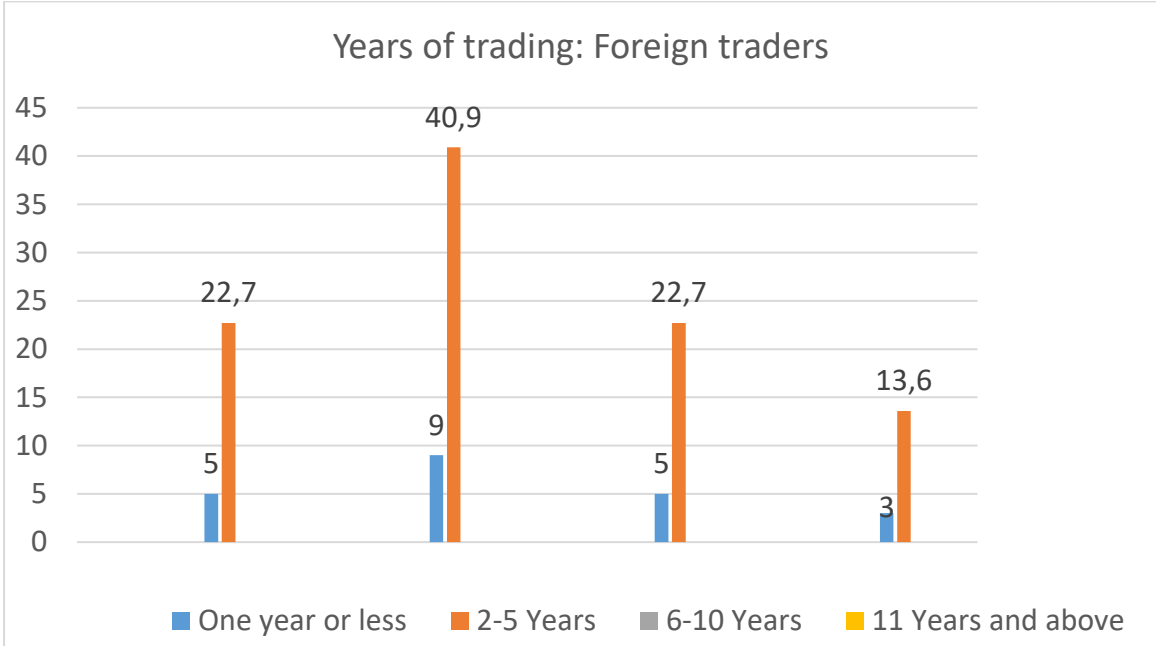


Figure 5-7: Foreign traders' years of trading

Figure 5-7 shows that just over 40% of the traders had been trading for 2 to 5 years. The numbers who had been trading for between six and ten years were the same as those who had been trading for less than a year – 22,7%. A small number (14% or three traders) had been trading for 11 years or more.

The finding above may be an indication that the type of skills the foreigners can offer makes street trading a viable business to pursue in South Africa, an indication that they view South Africa as a country with business opportunities in street trading, despite the dangers which they face.

5.7.2 Years of trading: South Africans

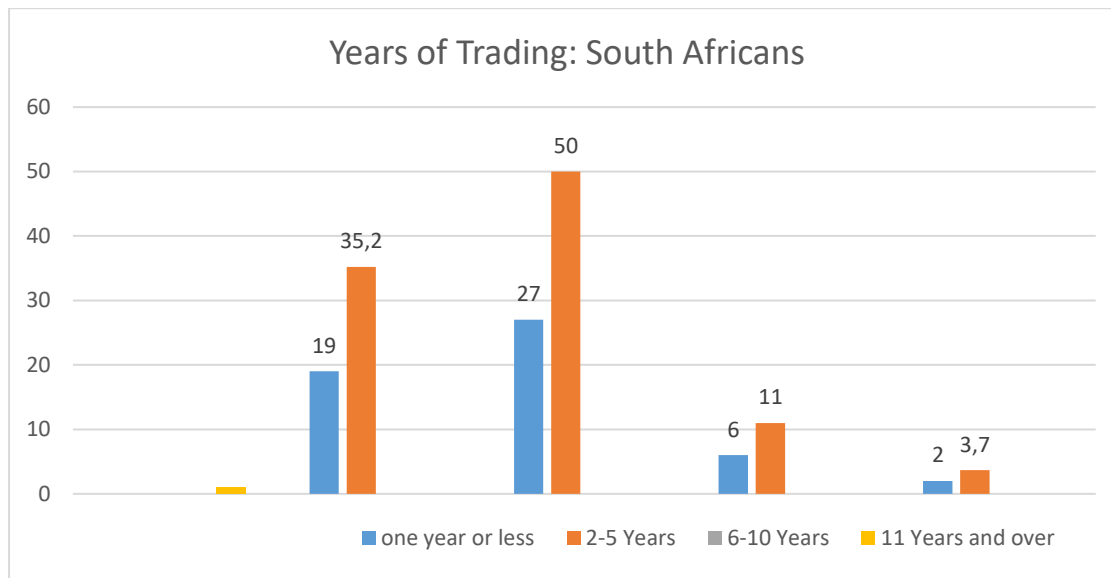


Figure 5-8: Years of trading: South Africans

Figure 5-8 above shows that half of the respondents had been trading for between two and five years, while a significant proportion (35,2%) had been trading for only one year or less than a year. 11.1% of the respondents have been trading for six to ten years, but only two respondents have been trading for eleven years and above. The statistics would seem to indicate that a growing number of people are venturing into the trading space, and there is also an indication that while most traders are able to keep and sustain their businesses beyond one year, a smaller percentage were able to sustain them beyond that period than is indicated for the foreigners. Thus despite the apparent advantage in educational achievement of the local traders, their business success appeared not to be influenced by this advantage – indicating possibly that the type of education possessed by the South African traders was not appropriate, and /or that the particular business approaches adopted by the foreigners was a greater predictor of success than formal education.

Section B

5.8 Dependants reliant upon the income of traders

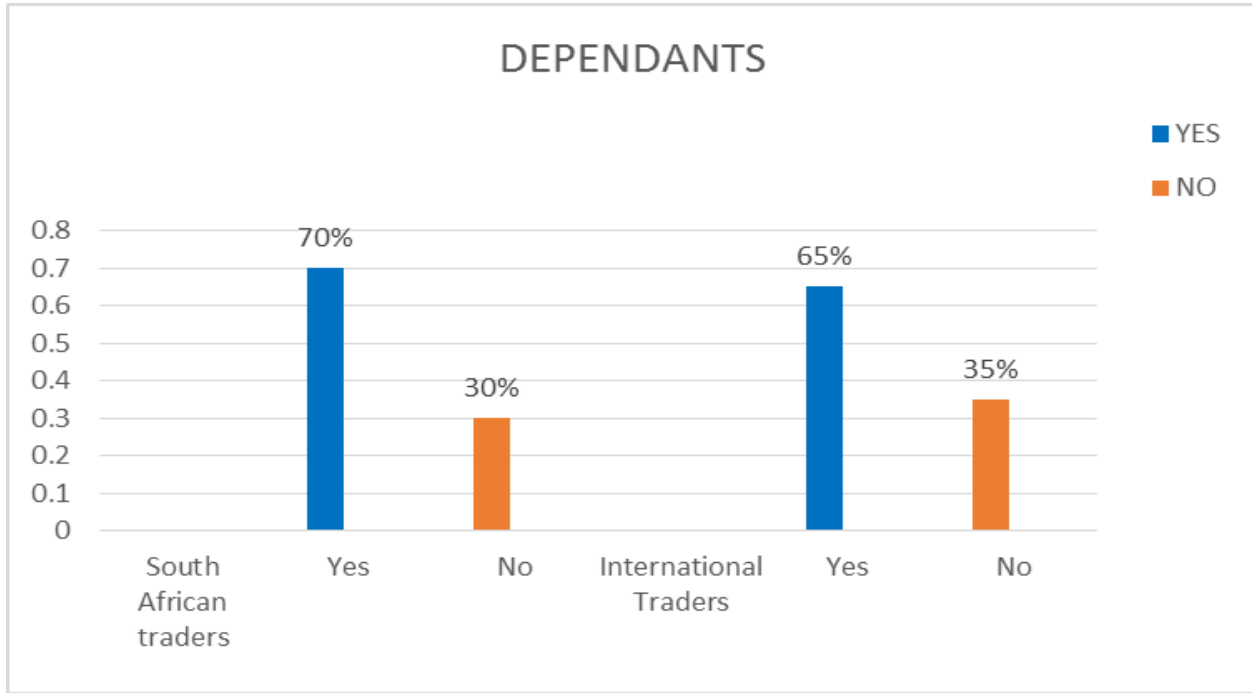


Figure 5-9: Do you have dependents that rely on your income as a sole trader?

Figure 5-9 above shows that the majority of both South African traders and foreigners have dependents that rely on their income from street trading. The statistics seem to indicate that, for both groups, street trading has become their source of income that enables them to feed their families and take their children to school.

5.8.1 Numbers of dependants. (For those who answered 'yes')

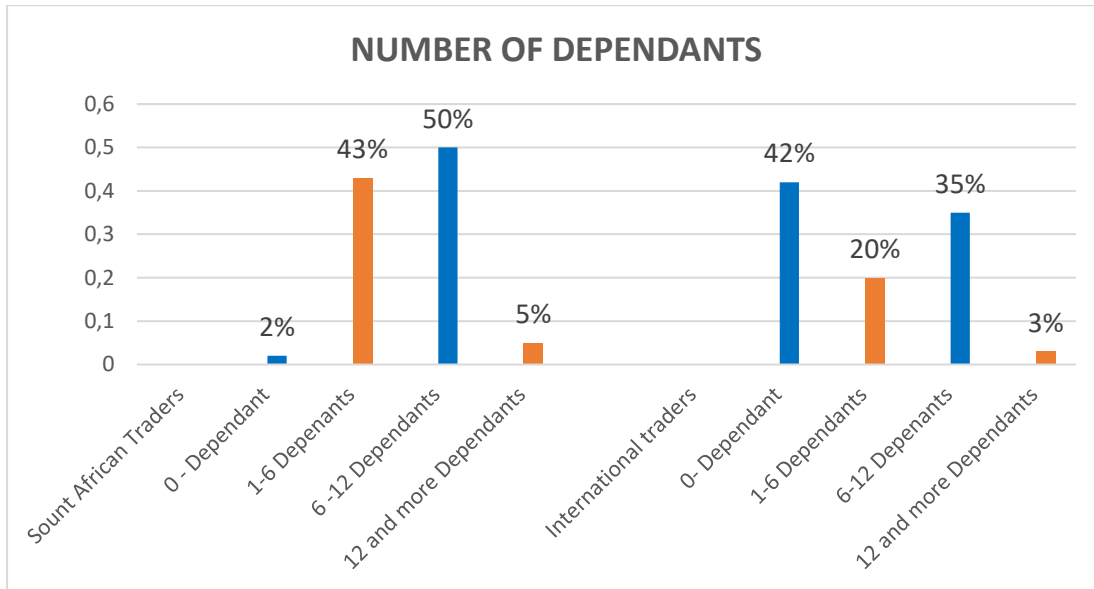


Figure 5-10: How many dependants do you have? (For those who answered 'yes')

Figure 5-10 above shows half of the South African traders have between 6-12 people depended upon them, while 35% of foreigners have a similar number. In discussions with the researcher they explained that some of the dependants they support are not their biological family members, but extended family members who have no one to look after them, therefore they have taken the initiative to support them.

The statistics show that slightly more South Africans than foreign traders have between six and twelve people depended on them. However, a striking statistic is the significant number of foreign traders (42%) who have no dependants surviving on the money derived from their street trading. It was explained to the researcher that this allows many of the foreign traders to uplift their “brothers” (being others from the same foreign community) to start their own business so that they can be independent. In these cases, the traders explained that, once established, they would repay those brothers who had supported them.

5.9 Business Training Undertaken by Foreign Traders

5.9.1 Business training foreign traders

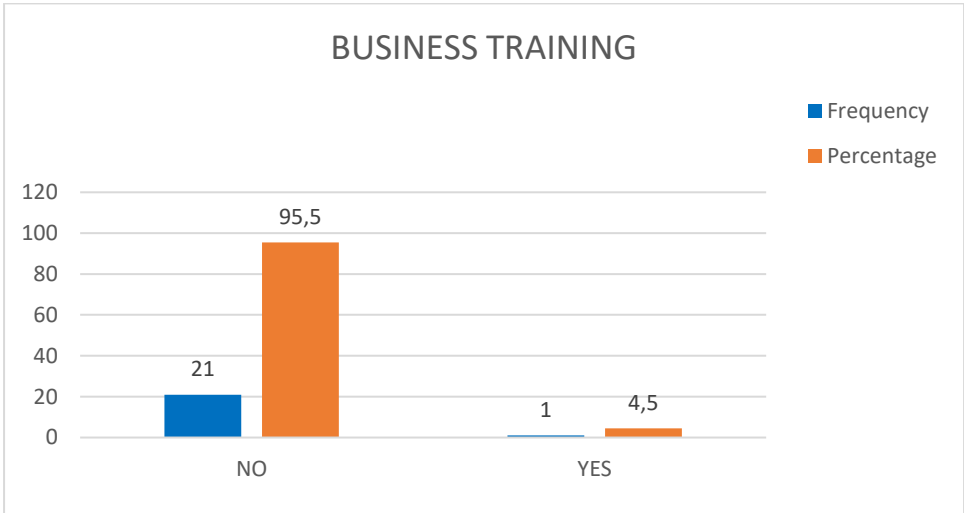


Figure 5-11: Business training foreign traders

Figure 5-11 above shows almost 100% of the respondents had never had any business-related training – just one respondent had attended some business training. These statistics support the views expressed in figure 5.4.6 above, where it was indicated that most of foreign traders have no formal training. They were taught to do things in a practical way and therefore they come to South Africa partly in order to obtain some professional business qualifications.

5.9.2 Business Training undertaken by South African Traders

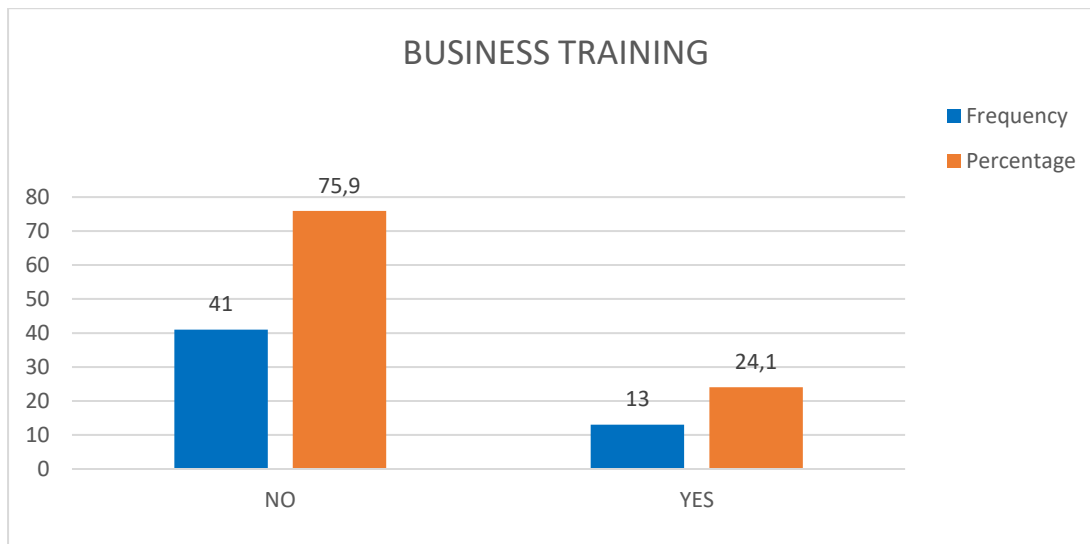


Figure 5-12: Business training South Africans

Figure 5-12 shows slightly above three quarters of South African traders have never had relevant business-related training. When comparing the two sets of statistics it shows that South African traders have more business training than foreign traders. In discussions with the researcher, most of the South African traders did indicate that they had been to some form of training, many of them referring to training offered by the Municipality, but the value of the training they received had not been ideal. It didn't add the value they anticipated, further indicating that facilitators in most of these training sessions lack training skill and therefore attendees tend to drop out. The respondents indicated that they attended the training courses such as marketing and customer relations as well as accounting related courses.

5.9.3 Existence of Accounting Systems Foreign traders

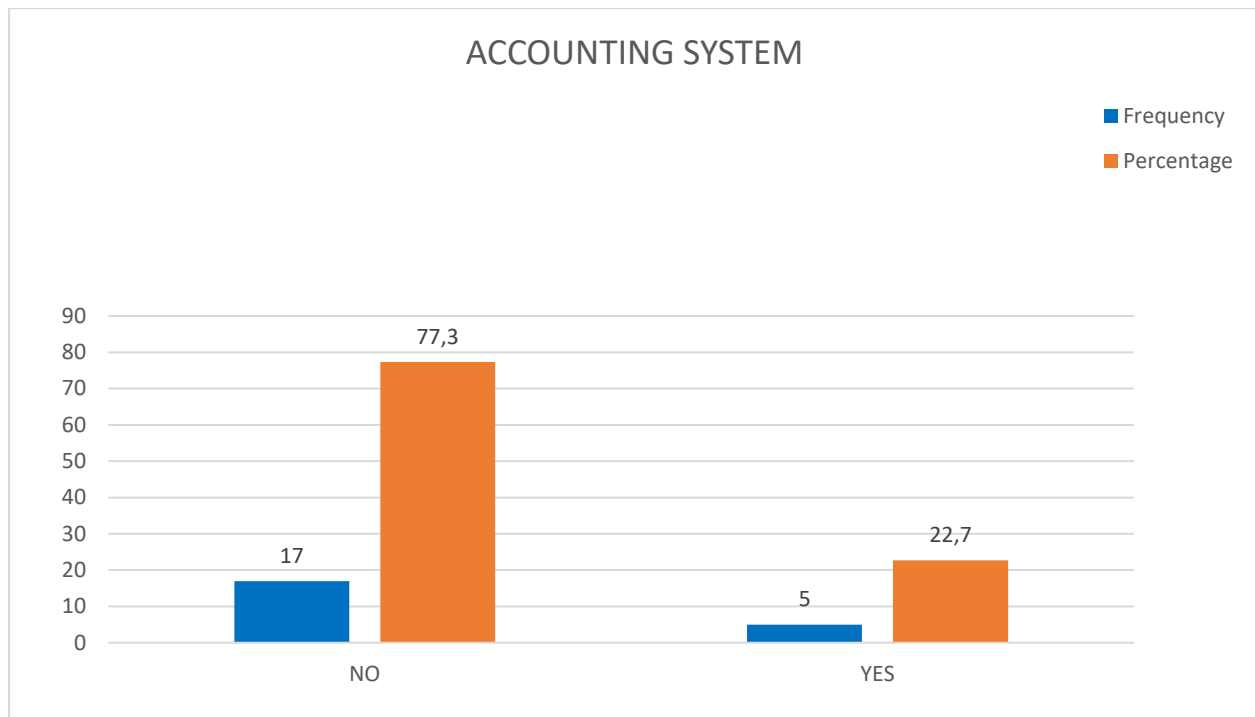


Figure 5-13: Foreign traders

Figure 5-13 above shows that more than three quarters of international traders have no accounting systems while 22,7% do have an accounting system in place in order to run their businesses. The statistics support the information the researcher got from conversations with a number of these traders, most of whom explained that they do not have accounting systems – they only rely to a traditional way of saving, whereby they will randomly calculate the profit and then save it, or send the money back home, as it will be more valued there where it is known that South African currency is more powerful than currencies of other countries in Africa.

5.9.4 Accounting system: South Africans

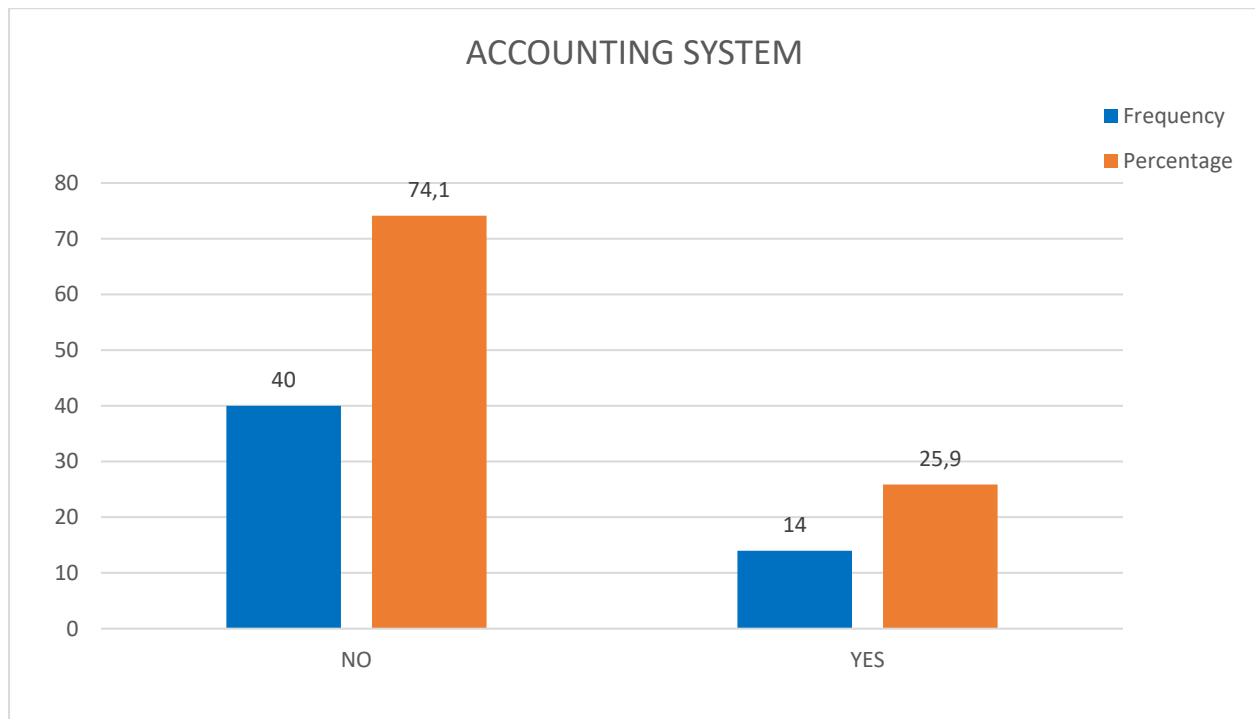


Figure 5-14: Accounting system: South Africans

Figure 5-14 shows a similar pattern to the foreign traders as nearly three quarters of South African traders also have no accounting system in place, while a quarter do have accounting systems of some kind. This may indicate that local street traders also prefer the traditional way of doing things, whereby they follow the principle of “cash for goods or services received” and they manage their businesses the way they see fit.

It must also be noted that traders do not have the luxury of access to accounting software like bigger businesses. Also, as the statistics have indicated above, the majority of traders do not have tertiary education where they would have possibly learnt basic accounting. It should be noted, however, that some of the businesses have been in existence for over 11 years which indicates small traders’ businesses can survive without a formal accounting system in place.

5.9.4.1 If your answer was 'yes' please briefly describing your system

In discussions with traders a common response was received in terms of accounting systems, where both international and local traders indicated that they use only a basic accounting system, whereby they have books for cash received, a cash payment book and a ledger where they check if their money is balancing or not. This indicated that there exists some form of education in the trading sector.

5.10 DESIRE FOR ADDITIONAL BUSINESS

5.10.1 Foreign traders



Figure 5-15: Foreign traders

Figure 5-15 above shows 60% of international traders would appreciate additional training, while 40% stated that they do not need any additional training.

The findings from these statistics indicate the need for appropriate training as Galbraith (2018:23) states that business skills training helps small business get an edge on the competition, and that skills development facilitation is of vital importance and has a major impact on business sustainability and growth.

5.10.2 Intention/ Desire to have Additional Employees. South Africans



Figure 5-16: Would you like to employ more people in your business? South Africans

Figure 5-16 shows nearly three quarters of the South African Traders wanted additional business-related training but a quarter do not want any additional training. These statistics show similarities between the foreign and local traders where the majority of respondents were willing to do additional training, while also showing that there are some traders who have no confidence in training, as provided by the municipality, as they have indicated in informal discussions that the value of the training they receive does not help them, and does not meet their expectations.

5.10.2.1 Kinds of Training Desired. Foreign traders

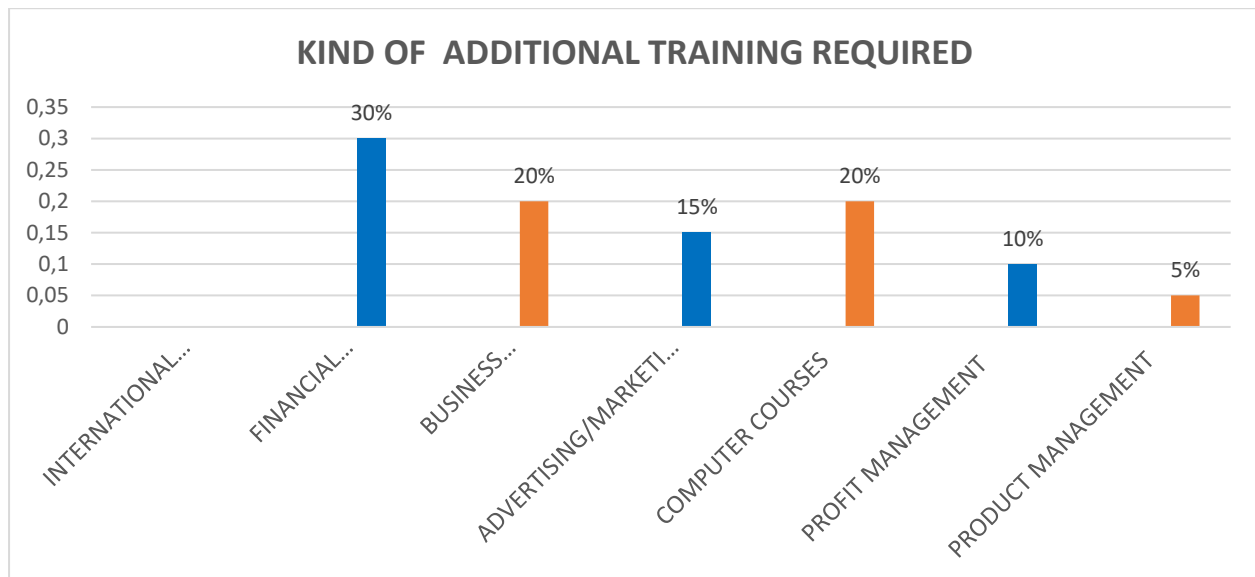


Figure 5-17: If your answer was 'yes' please briefly explain what kind of training you would like to have. Foreign traders

Figure 5-17 above shows 30% of the respondents would like to have financial management training, while 20% of the respondents would like both business sustainability and computer courses. 15% of respondents said they would like additional training in advertising, 10% in profit management, and only one respondent said he would like training in product management.

The statistics show that most of the respondents want additional training in financial management, business management and computer courses. This shows that traders do understand and realize the needs of their businesses and where they should be capacitated. In further discussion with foreign traders regarding this question, respondents highlighted that as much as they had previously taken courses that are more practical in nature, they feel the need to be fully equipped in terms of administration of their businesses. They also pointed to the fact that they need accredited certificates in order to open their businesses legally and without any hindrances, particularly here in South Africa.

5.10.2.2 South African traders

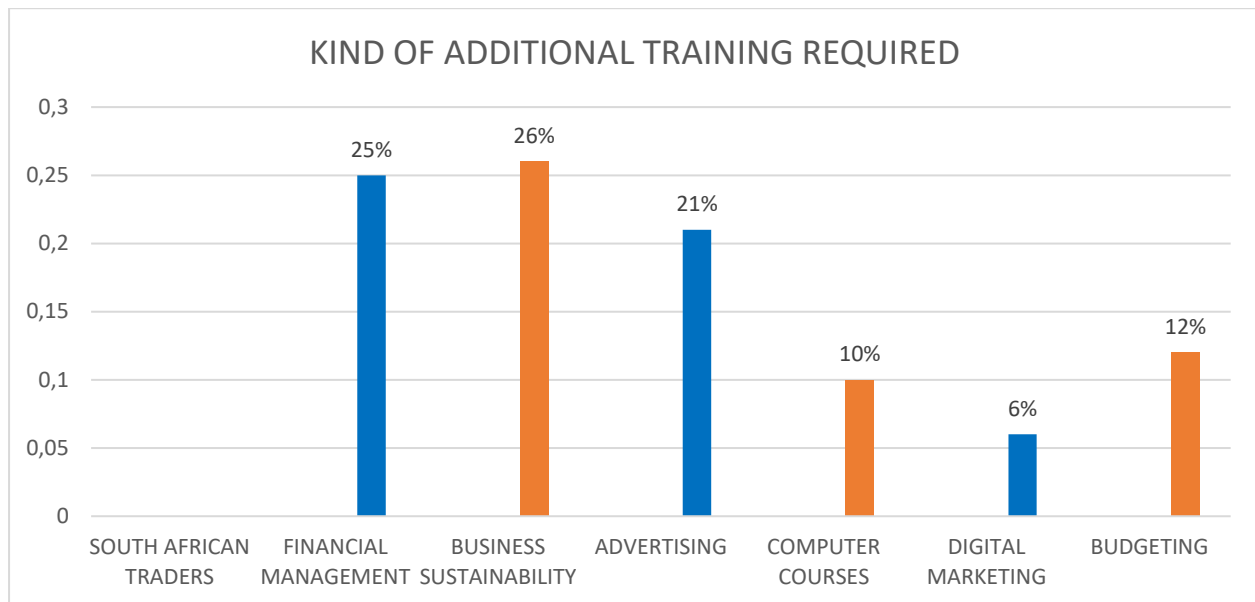


Figure 5-18: South African traders

Figure 5-18 above shows just above a quarter of the respondents want additional training in business sustainability, while a quarter would like to have additional training on financial management. A fifth would like additional training in advertising, 12% in budgeting and two traders mentioned digital marketing.

There is therefore a similarity between the foreign traders and local traders where most of the respondents feel that they are in need of additional training courses such as financial management, business sustainability and advertising. It is also interesting that two local traders are keen on attending digital marketing which is a very important aspect of any business as technology is playing an increasingly important role in the growth of any business.

5.11 Existence of Additional Employees.

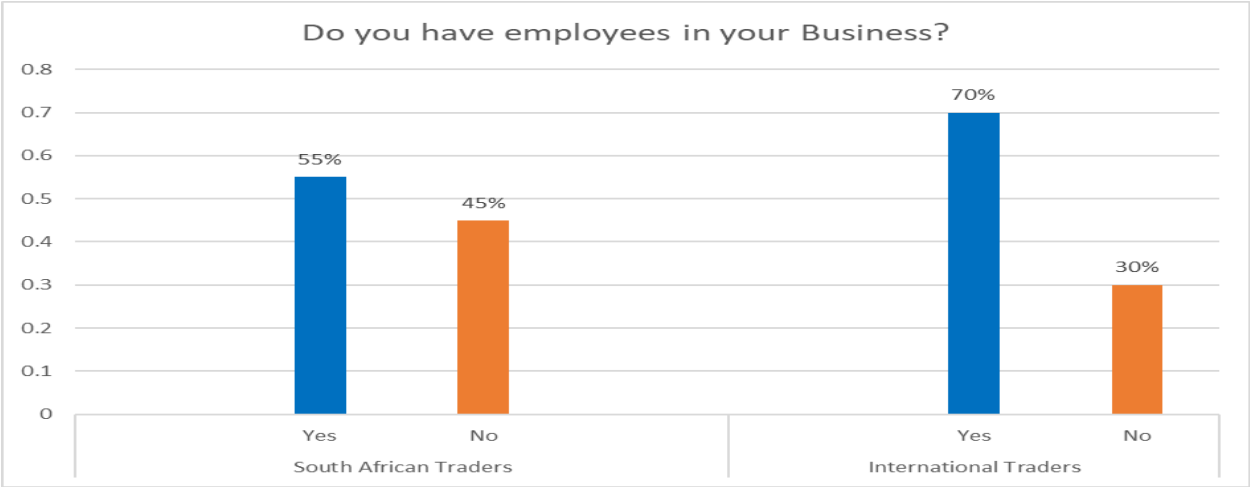


Figure 5-19: DO YOU HAVE PEOPLE THAT YOU EMPLOY IN YOUR BUSINESS?

Figure 5-19 above shows over half (55%) of local traders have employees that they have taken on in their businesses, while a larger proportion (70%) of international traders have employees in their businesses. The statistics therefore indicate that the foreigners have created job opportunities for South Africans as well as other foreign nationals. This is an indication that indeed street trading is a viable way in alleviating poverty in South Africa and Africa at large if the traders can be fully supported by the government.

5.12 Intention to Employ Additional Staff.

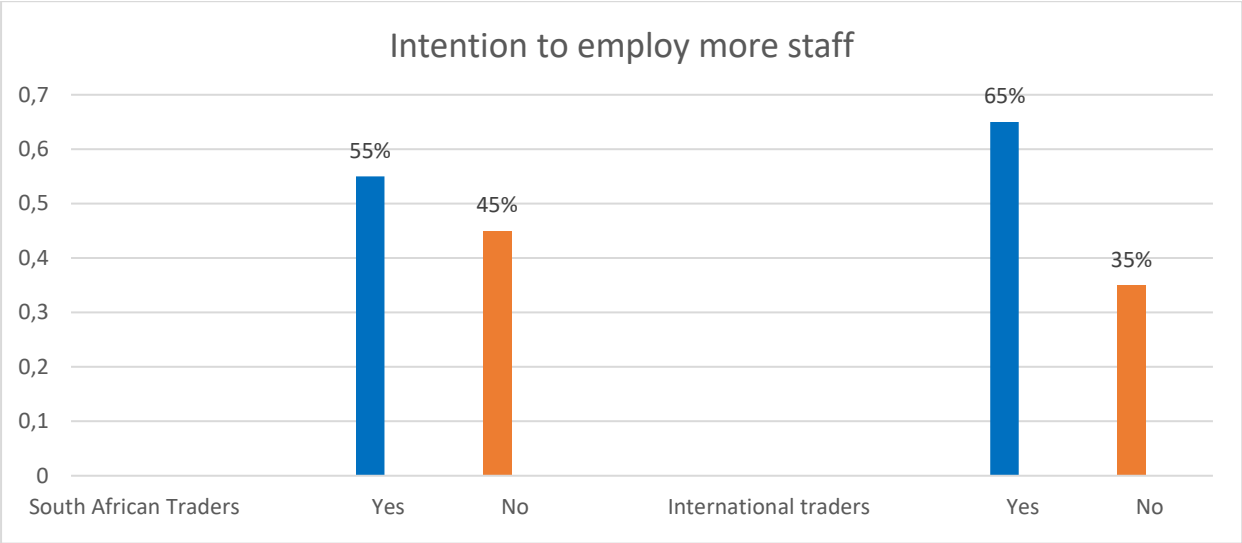


Figure 5-20: DO YOU HAVE ANY INTENTION OF EMPLOYING MORE STAFF?

Figure 5-20 above shows 65% of foreign traders wish to employ more staff in their businesses while slightly fewer (55%) of South African traders intend to hire more employees. The above statistics are fairly balanced, both indicating a willingness to contribute to decreasing the unemployment rate in eThekweni municipality.

Assistance Provided by the Municipality.

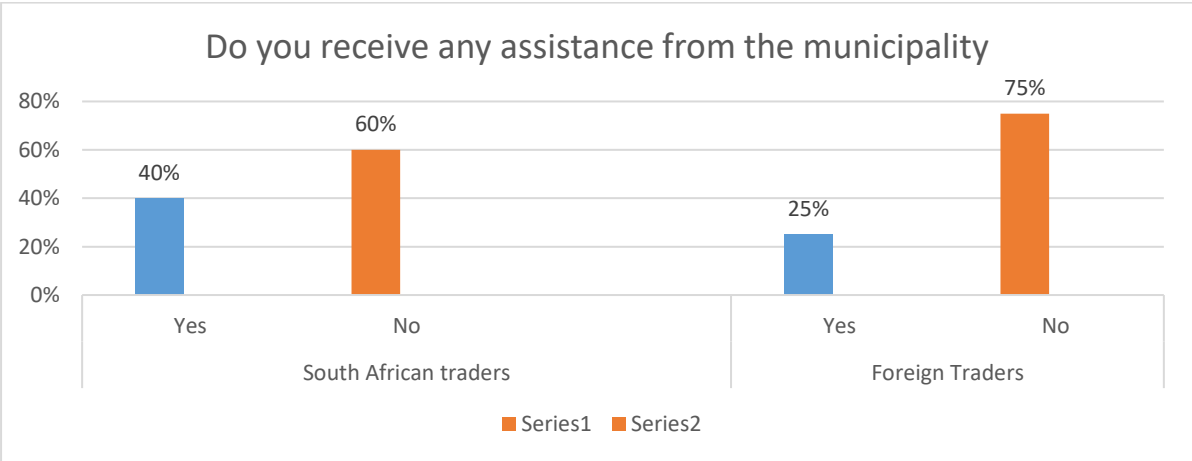


Figure 5-21: DO YOU RECEIVE ANY ASSISTANCE FROM THE MUNICIPALITY?

Figure 5-21 shows 60% of South African traders indicated that they receive no municipal assistance from eThekweni municipality while exactly three quarters of International traders indicated that they do not receive assistance from the municipality.

The Businesses Act 72 of 1991 together with the Businesses' Amendment Act 186 of 1993, give municipalities the mandate to draw up and implement bylaws. Municipal bylaws must, however, ultimately be in line with the Constitution of the Republic of South Africa Act 108 of 1996 and legislation which gives effect to it e.g. the Local Government: Municipal Systems Act 32 of 2000 (Municipal Systems Act).

Section 22 of the Constitution relates to freedom of trade and states that “every citizen has the right to choose their trade, occupation or profession freely”, however this is qualified by the clause that states “the practice of a trade, occupation or profession may be regulated by law.” Therefore, while the freedom of trade is extended to informal trading, it can be regulated (Constitution of the Republic of South Africa, 1996).

5.13 Registration of Businesses with the Municipality

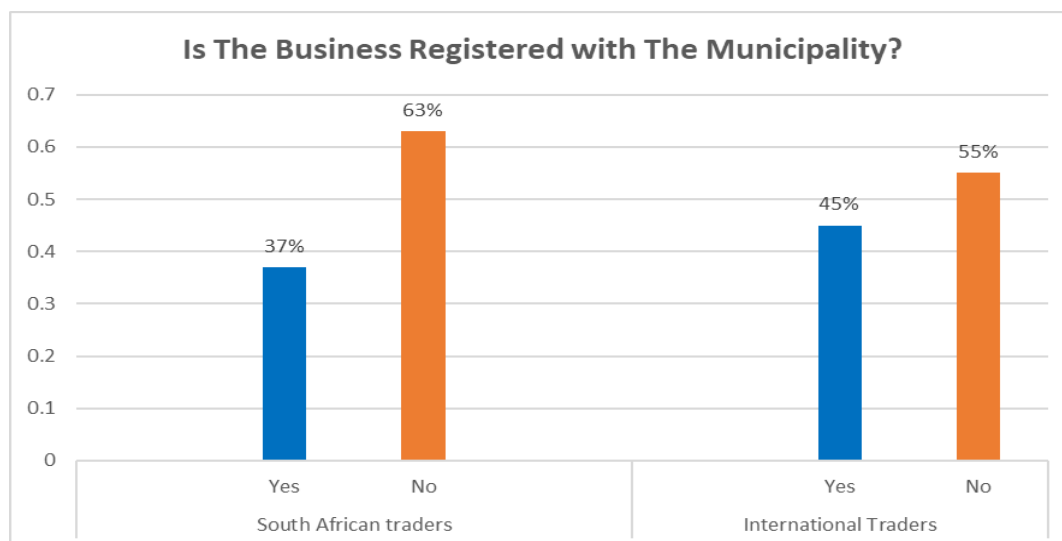


Figure 5-22: IS YOUR BUSINESS REGISTERED WITH THE MUNICIPALITY?

Figure 5-22 above shows over 60% of the South African traders' businesses are not registered with the municipality. Interestingly, slightly fewer (55%) foreign traders'

businesses are not registered with the municipality. The concerns mentioned above may have contributed to the number of traders in both local and foreign groups having no trading permits when this research was conducted.

Section C. Open-ended Questions

In the follow-up question, where respondents were asked to explain what kind of assistance they get, and also the assistance they would like to get, some South African traders and also foreigners, indicated that some of their shelters have been renovated, while they have been trained in how to manage their businesses through workshops run by the Business Support Unit of eThekweni Municipality. Some traders also indicated that their places are well cleaned by the municipal workers.

Many of the traders (both local and foreign) who said that they do not get any assistance, indicated that they would like the municipality to build more “conducive” shelters for their businesses, clean their places of trading regularly, arrange workshops and training of value, and provide security in their work places. They also indicated that the issue of permits must be revised to ensure equity in the treatment of traders and not selective treatment based on nationality. The issue of bribery was also frequently raised during these discussions.

The open-ended discussions with foreign traders, both the formal respondents and others that the researcher engaged with elsewhere, allowed him to build up a picture of the independent approaches favoured by foreigners. As discussed above foreign traders normally work as a unity. They have adopted a concrete way of helping other foreigners start their own businesses by forming fundraising groups. They approach local communities who have space in their homes and they rent those, or sometimes buy the whole place, for a particular foreigner that is without a job. Once the business is doing well, the owner of that business returns all the money that helped him start his business, and they will then do the same to other foreigners. In this way the number of foreign traders depending on each other for income is reduced, unlike the norm with local traders. Foreigners also involve family members and relatives in their business at an early age

thereby instilling confidence in their entrepreneurial capability (Booyesen, 2015). Shangase (2015:77) also attests that foreign internationals want, and are used to, being independent while most South Africans depend more on Government to provide. This was confirmed by the informal discussions and observations of the researcher.

5.14 CONCLUSION

This chapter contributed to each of the research objectives in that the administrative practices of the traders were investigated along with the regulatory context within which they operate, while some of the realities of their lives were revealed along with the educational levels and requirements which could assist in the better administration of their businesses. The findings reflected the numerous challenges faced by the traders, both foreign and local, especially concerning the insecurity of their trading spaces and the threat of eviction and confiscation of their goods. It is true, however, that these spaces are often occupied illegally and are seen by the authorities as inhibiting more formal trading rather than as sources of economic growth for the municipality and employment for the community members. The insecurity and lack of municipal services offered in their trading sites was also cited by the traders, despite some exceptions also being noted.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

Chapters Four and Five presented the results from customers and from foreign and local traders respectively. This chapter will discuss the achievement of the objectives of the study and make recommendations regarding what could be done as a result of the findings. It will also note the limitations of the study and consider further research which could be undertaken.

6.2 ACHIEVEMENT OF OBJECTIVES FROM KEY FINDINGS

This section presents the overall conclusions that have been reached regarding the objectives of the study.

6.2.1 OBJECTIVE 1: To examine the nature of the administrative skills and practices employed amongst both foreign and local informal traders and compare approaches where these differ.

The findings from this study confirmed that the majority of informal traders do not have formal business skills as most of them venture into the informal trading sector without the objective of starting a business, but rather as a means of earning money to feed their families. There is therefore evidence that the high rate of unemployment compelled many of the respondents to start informal businesses without the necessary qualifications and they are just striving to improve their economic conditions.

This study shows a fairly wide gap between the customers who feel that the informal traders in eThekweni Municipality are well organized, and those who do not. However, over half of respondents feel that these businesses are not well organized. The study also shows that over half of their customers prefer buying from international traders rather than from local traders, and also 60% of customers indicated that foreign traders manage their informal businesses better than the local traders and that they are better at bargaining than the local traders. This can help to explain why there has been simmering tension

between local and international traders as foreign traders are accused of taking business away from local traders (Govender, 2018).

The study reveals that more than half of their customers believe that foreign traders have better business skills than local traders, but an interesting statistic shows 45.5% of foreign traders have no formal education in contrast to only 3% of local traders. Only 20% of foreigners had matric or post-matric certificates in contrast to 63% of locals who have passed matric. Neither foreigners nor locals normally operated any kind of formal accounting system – only 22% of foreigners and 25% of locals indicating that they had any such systems.

The fact that foreign traders appear to possess more trading skills and generally manage their businesses better than local informal traders therefore indicates that formal education may not be as necessary as has been generally assumed in this economic sector, where traders have developed successful business approaches for themselves. The research shows that there have been a number of foreign traders coming to South Africa in recent decades which has contributed to foreigners being familiar with how informal trading operates in the country. They see street trading as a viable business to pursue and they now occupy small businesses in the townships that were previously owned by local traders, either renting those businesses or buying them.

The study also reveals that South African traders have a tendency to determine their hours of trading according to the estimated number of customers and purchasing assurance. This is different from foreign traders who are prepared to open their shops early and close very late in all circumstances. The latter has proved to be the more successful business model. Also foreign traders generally charge discounted prices for food and services which gives them a competitive advantage over local traders. Both the literature and evidence from the customers reveal that foreign traders' shops are nearly always fully stocked as well as being open for trade at longer and more irregular hours.

Another significant difference is that foreign traders work together, they are united, and they generally buy their goods in bulk which enables them to sell at a very much cheaper price than their South African competitors, and to give credit to customers. Their prices are also not rigidly fixed as responses showed that 70% of the customers believe that

foreign traders bargain better than local traders. Initial support in the form of accommodation and purchasing of stock is another significant support frequently provided by foreigners to their trading “brothers”.

6.2.2 OBJECTIVE 2. Examine the regulatory context in which these traders operate and its impact on the administration of their businesses.

A number of informal economy activities provide goods and services whose production and distribution are perfectly legal. However, various negative aspects are frequently associated with the informal economy ranging from undeclared labour, tax evasion, unregulated enterprises, illegality, and criminal activity.

As noted above, in South Africa, street trading is largely governed and regulated by municipal bylaws and policy at the local government level. Section 229 (2) of the Constitution states that “the power of a municipality to impose rates on property may not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour” (Constitution of the Republic of South Africa, 1996). Thus, while the freedom of trade is extended to informal trading, it can be regulated.

The regulatory impact of municipalities on small enterprise is linked to their developmental and service delivery roles. The ultimate impact of regulations is a function of a particular municipality’s capacity to implement transformation. While uneven enforcement may be as a result of capacity constraints, municipalities may often choose to implement certain regulations selectively. This is especially true in relation to informal trading where businesses are exposed to an unpredictable environment and there is a general lack of information about municipal regulations and their enforcement.

Roever and Skinner (2016:362) also confirm that informal traders frequently face extreme situations, where they experience large-scale, violent, evictions, being removed from public spaces and/ or relocated, often to more marginal locations, with low pedestrian footfall and inadequate facilities. These authors note that there has been ongoing harassment and evictions of informal traders by predatory state officials relocating them

to marginal trading sites, often facilitated by legislation. This harassment is prompted by the belief that street trading harbours dirt, impacts negatively on tourism and is blocking investors from investing in the municipality or the country at large.

Overall there is a general lack of information about municipal regulations and their enforcement. That this is an issue which the community would like to see remedied is shown by the calling of a recent meeting held in kwaMashu: “If the municipality need arrange campaigns on informing/ updating informal traders about municipal bylaws, this can be done through media campaign, printing of pamphlets, radio interviews and holding productive meetings with informal traders where they will engage on the bylaws before they can be made official’, said Mzomuhle Mthethwa, a community member from kwa Mashu in a stakeholder engagement workshop that seeks to deal with issues affecting informal traders held on 25 March 2019 at KwaMashu C Hall.

The informal traders themselves mentioned security as a big issue in many trading spaces. This is indicated also by customers who favoured shopping at the Workshop which they experienced as a much safer place to shop because of better security. Informal traders also operate in places where there is no access to basic services.

The issue of trading permits also is a challenge where the customers as well as the traders feel the government should intervene. Traders mentioned their concern about other traders using bicycles, or others who walk on foot, so that it is not easy to locate them. They do not have a place that is assigned to them, which those who have trading sites feel to be an advantage as they can easily avoid paying for trading permits which are renewable yearly.

The lack of security around trading spaces has created a situation where these areas are often viewed as areas for thugs and robbers while, on the other hand, the insecurity in the streets is sometimes used as an excuse by the authorities for evicting street traders. As discussed above, the insecure environment where Informal traders do their business is a disadvantage because customers are scared to buy at those places. A low crime rate in any business is a necessity for its survival and growth (Bushe, 2019:10).

The study shows 50% of customers feel that government policies do not adequately address challenges facing local traders. Therefore, there is a clear need for better

communication, and participation by all the stakeholders involved, in order to address such problems. Traders feel that the policies regulated by the local authorities do not take into consideration the conditions that they work under. The study also shows half of respondents feel that there is not much that is being done by the municipality to develop local informal traders.

Informal trading bylaws can impact on a range of trading activities including formal markets sites, individual trading sites, and trading at traffic intersections – the most obvious cost implication of this type of regulation being the general requirement to obtain a trading permit or rental agreement and the ever-increasing charges for permits and rentals for trading spaces is an additional burden for traders. Informal traders also have huge constraints in acquiring loans as banks are unwilling to grant unsecured loans to traders, while the risk of fines and the confiscation of goods remain a huge threat to those informal traders operating outside of any regulatory framework.

As noted in Chapter 3, eThekweni municipality bylaws, as per the criminal procedure act, 1977 (Act no 51 of 1977), allow the removal and impoundment of any goods of an informal trader which is used for trading where trading is prohibited or trading with illegal goods, the removal and impoundment of goods in terms of subsection (1) could be carried out irrespective of whether or not such goods are in the possession of a third party at the time of impoundment. EThekweni municipality amendment bylaw (2018:8). These regulations clearly have a very negative impact on informal traders and trading.

6.2.3 OBJECTIVE 3. Investigate some of the realities of these traders' lives and livelihoods.

The South African Local Government Association (SALGA) believes that the informal sector should be viewed as an “important part of government’s strategies to address unemployment, support livelihood creation and reduce vulnerability” (Hovsha et al, 2015:36). South Africa’s economy and its related development may benefit greatly from expanding to include and prioritise the informal sector. “Indeed, the creation of incomes and accompanying livelihood opportunities cannot be seen in the context of formal business alone. Such an approach may only slow the growth of job and livelihood

development. Instead, income and employment generation become possible when people are encouraged and enabled to participate in a diverse range of livelihood activities” (Hovsha and Meyer, 2015:33).

This study suggests that there has been an influx of foreigners coming to South Africa and that the skills they have make street trading a viable possible business here, which is an indication that international traders see South Africa as a country with business opportunities despite its dangers.

From a South African perspective, the study shows that there is a growing number of people venturing into this trading space, while the study also indicated that traders are able to keep and sustain their businesses beyond two years, the largest proportion of respondents amongst both international and local traders being those who had traded for between two and five years. On the other hand, informal traders have experienced a loss of income because they cannot continue working at their work sites, and their expenditure has increased because of fines and bribes for city authorities. Informal trader’s livelihoods are also greatly affected by the fact that their goods are damaged during the confiscation and their removal from their trading sites despite regulations in Durban forbidding this practice. The strong indications of more successful trading practices employed by foreigners has also been shown in the literature, and confirmed in the experience of the researcher, to have led to local traders giving up their businesses and often selling them or renting their premises to foreigners. This contributes to resentment and xenophobia.

Both international and local traders have people dependent on them with nearly three quarters of South African traders and sixty-five percent of foreign traders having dependants relying on their income. Both foreign and local traders report having between 6 – 12 dependents that depend on the income they derive from trading. However, there was also a significant number of foreign traders who reported having no direct dependents, which allows them to help each other so that each new individual is able to start his/ her own business. As noted above, informal discussions with foreigners established that it is common practice for foreigners to help fellow nationals to start their own businesses before, or as well as, sending money home. Therefore, here in South Africa, foreigners mostly support their brothers in acquiring their own businesses, in

contrast to local traders, where, most frequently, only one person is working or controlling a business in a large family.

This study shows that nearly 100% of foreign traders have never had business training, and this concurs with the statistics that indicate that foreign traders very often have no formal education as they have been taught in their home countries “on the job” in a more practical way. As a result, they often come to South Africa for professional business qualifications. This is evident in eThekweni municipality where salons, clothing shops, and car mechanic workshops, for instance, are almost exclusively owned by foreign traders, who explained in informal interviews that they come here hoping to acquire certification in order for them to operate in a legal business environment and to avoid facing criminal charges.

6.2.4 OBJECTIVE 4. Recommend interventions which might be offered by educational institutions and local municipal policy makers, which could strengthen and support optimum administrative practices of informal traders, both local and foreign.

6.2.4.1 Introduction: The study shows that informal trading has contributed to job creation and, while some South Africans have closed their businesses in the light of competition from foreigners, others have found employment working for foreign traders.

A major problem in the informal sector is that government policies and legislation are progressive on paper while on the ground local government fails to implement such policies.

The study recommends that courses like financial management, business management, computer courses, digital marketing, and advertising using social media, are important for the growth of these businesses, and therefore this additional training needs to be prioritised. Personality characteristics and other attributes of informal traders, as well as

the correlation of those characteristics with business performance imply that there may be scope for including some personality development modules in entrepreneurship education.

The study also recommends that local traders should learn to work together and take from the foreign traders' ideas of buying in bulk. Local traders must come together and form a united front, whereby they can also buy in bulk from a chosen wholesaler in order to get good discounts. This practice will enable the local traders to sell goods at a much more reasonable price. The municipality and the Department of Trade and Industry could ensure that they make arrangements with the wholesalers that traders get a discount of a certain percentage when buying from every wholesaler operating in eThekweni.

Xenophobic acts in South Africa have been a major problem in the past years. Authorities must seek an amicable solution to this issue. In the informal discussions with respondents, the issue of people taking out their frustration on foreigners because of government action was often debated. Therefore, informal traders, eThekweni municipality and other stakeholders need to work together and build a working relationship between foreign and local traders.

eThekweni municipality should try to encourage the culture of *vuk'uzenzele*, whereby, in the old days, local people had saloons, women knitting, making *vetkoeke*s, and operating successful tuck shops along with building projects. In the current situation, informal discussions showed that people are increasingly depending on government support rather than taking these initiatives themselves.

The study also recommends that all stakeholders should be part of the committees drafting / amending municipal traders' bylaws, thus including informal traders themselves⁴ so that they can contribute to any bylaws and policies that affect them and ensure that progressive policies are implemented. A committee that includes informal traders, municipal officials, legal experts, ordinary citizens, and university representatives, could be formed to deal decisively with the issues, policies or bylaws affecting informal traders.

⁴ It should be noted that this approach was found to be successful in the Warwick Triangle project (Dobson and Skinner, 2009)

6.2.4.2 Specific recommendations

More effective training opportunities. The study recommends that institutions of higher learning, local business owners, and the private sector should partner with informal traders to provide some intensive but relevant training, directly designed for groups of traders offering similar services. This could include seminars and business idea sharing platforms, where both local and foreign traders can exchange ideas about what they can do for the betterment of their businesses (for example, bargaining techniques). Institutions of higher learning, especially those in close proximity to trading sites, also need to engage with traders in order to fully understand the challenges they face and to address them accordingly.

Support centres must be accessible to support informal traders. Although there is existing support offered by eThekweni Municipality, there is a dire need to put more effort particularly in funding of informal traders. EThekweni municipality and other stakeholders must link the informal traders with the Integrated Development Plan that talks directly to their needs, since informal traders contribute immensely to the economy of eThekweni and South Africa in general.

Lowering of fees: The administrative fees for business registration are relatively low. However, as far as businesses that are located in townships are concerned, public sector assistance with the preparation of business plans needs to be increased further. Consideration should be given to waiving contributions towards bulk services for business infrastructure and rapid approval processes should be explored for issuing business licenses.

Stronger co-ordination: Health Departments and similar licensing authorities should co-ordinate and liaise with support structures such as business support agencies as their roles are of a complementary nature. In addition, the support centres which provide training and support in terms of starting up of small businesses, should also make aspirant entrepreneurs aware of the regulations involved as well as any incentives that could be provided.

De-centralisation of services: Satellite municipal facilities in disadvantaged communities, which are located far from centralised services, could lessen the transport cost burden that entrepreneurs incur when applying for business licensing and other services.

Awareness: The non-compliant nature of some informal traders could be attributed to a perception of saving on extra, unnecessary costs that could be incurred. However, this perception could be altered if informal traders were more aware of the satellite services provided by local authorities and institutions.

Law-enforcement divisions: It is recommended that capacity problems in enforcement of regulations in municipalities could be addressed through the establishment of law enforcement divisions. These divisions could ensure that all businesses are equal before the law and, in the long run could be a major deterrent to corruption. The confiscation of goods by police officers should be criminalised and heavy sentences imposed on police officers caught re-selling confiscated informal traders' goods.

Allocating of trading sites according to the needs of informal traders. Informal traders must be placed in busy places, like taxi ranks, in order for them to make a profit and grow their businesses. The nature of the work activities in the informal sector, and who is located in what sector, also influences earnings and employment status. Basic services should be provided to the informal traders at their trading sites as they do not have access to safe and organized storage for their goods. Shelter from the elements and storage for trading goods are key to the productivity of vendors but also to better functioning and aesthetically pleasing urban environments. The municipality should provide clean toilets, easy access to water, better safety and security, and address health issues such as the provision of mobile toilets. Priority must be given to basic services, such as shelter and the provision of electricity, as these play a pivotal role in the productivity and the better functioning of informal trading.

Easy access to transport. With better transport, traders who stay far away from town and who have to rent storage spaces as a result, could take more of their stock home and back into town the following day.

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6.2.5 Limitations of the study

The main study was limited to traders and their customers within the eThekweni Municipality. That there were only a relatively small number of foreign informal traders, is also a limitation. This was influenced by the xenophobic violence that broke in the whole of South Africa at the time, and therefore foreign traders felt that they were putting themselves in danger when they agreed to participate in this study. However, the informal discussions which the researcher had with traders, while travelling by taxi in both eThekweni and in the Western Cape, ensured that foreign international traders contributing informally to the findings of the study included various additional traders from across Africa.

The main data involving trading conditions was limited to eThekweni municipality and its surroundings and therefore a generalisation may not be made to other municipalities. However, the findings from this study may be used as guidelines to understand the significance of the business administration of informal trading, and for other municipalities to be able to support informal traders with appropriate bylaws, as well as for municipalities and educational institutions to intervene to provide more specific educational support.

6.3 SUGGESTIONS FOR FURTHER RESEARCH

Additional research could be conducted with a wider sample of both local and foreign traders and their customers, not only in eThekweni, but in other metros and municipalities in the other Provinces of South Africa.

6.4 CONCLUSION

This chapter discussed the achievement of the aim and objectives of the study, its limitations and how the research could be extended. Recommendations were made in line with the findings. The research as a whole reveals the numerous challenges which face the informal trading sector in South Africa which currently remain unresolved, but which could be improved through a more open approach to joint policy making, involving traders themselves, and recognising their contribution to the local and national economy.

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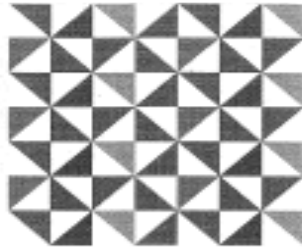
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APPENDICES

Appendix A: Ethical Clearance



Institutional Research Ethics Committee
Faculty of Health Sciences
Room 115 49, Manfield School Site
Gate 8, Ritson Campus
Durban University of Technology

P.O. Box 1334, Durban, South Africa, 4001

Tel: 031 373 2900
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http://www.dut.ac.za/research/institutional_research_ethics

www.dut.ac.za

18 November 2014

IREC Reference Number: **REC 66/14**

Mr M S Ntombela
169 Grouper Gardens
Newlands East
Durban
4037

Dear Mr Ntombela

An exploration of the administrative skills and practices of local and foreign small business owners operating in the informal sector within eThekweni Municipality

I am pleased to inform you that Provisional Approval subject to piloting of the data collection tools has been granted to your proposal REC 66/14.

The Proposal has been allocated the following Ethical Clearance number IREC 083/14. Please use this number in all communication with this office.

Approval has been granted for a period of one year, before the expiry of which you are required to apply for safety monitoring and annual recertification. Please use the Safety Monitoring and Annual Recertification Report form which can be found in the Standard Operating Procedures [SOP's] of the IREC. This form must be submitted to the IREC at least 3 months before the ethics approval for the study expires.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the IREC according to the IREC SOP's. In addition, you will be responsible to ensure gatekeeper permission.

Please note that any deviations from the approved proposal require the approval of the IREC as outlined in the IREC SOP's.

Please note that you may continue with validity testing and piloting of the data collection tools. Research on the proposed project may not proceed until IREC reviews and approves the final documents. If there are no changes to the data collection tools, kindly notify IREC in writing.

Yours Sincerely


Prof J K Adam
Chairperson: IREC



Appendix B: Customer questionnaire

Research topic: an exploration of the administrative skills and practices of local and foreign small business owners operating in the informal sector within eThekweni Municipality

Dear Respondent

Thank you for agreeing to participate in this study. I am a postgraduate student at the Durban University of Technology in the Faculty of Accounting and Informatics in the Discipline of Office Management and Technology. My name is Mnotho Slam Ntombela. I am enrolling in a master's degree in Commercial Administration. My student number is: 20720421

I am speaking to people like yourself who are customers of informal traders in the Durban area in order to ask you about your opinion of the goods and services these traders provide. I am hoping to find ways in which I can recommend improvements to support the work of these traders. It is important that you give me your honest opinion in order that I can get a clear picture of your experience of shopping here.

I want to assure you that your name will not be used in the report that I will write and I will ensure that any information you give me will remain completely confidential.

Should you wish to discuss this further please feel free to contact me (0798316694) , my supervisor Dr Jane Skinner(083 658 5951) or my co-supervisor Dr Lawrence Lekhanya (072 335 3411).

Your assistance will be much appreciated.

Kind Regards

Mnotho Ntombela

(061 4277 478)



Isihloko Socwaningo: Ucwangingo ngamakhono nokusebenza kosomabhizinisi abasafufusa bakuleli KanyeNabangaphandle abahweba ngaphansi komkhandlu dolobha wetheku namaphethelo.

Ngiyakubingelela.

Ngizwakalisa ukubonga kakhulu ngokuvuma ukuzibandakanya nalolucwaningo. Ngingumfundi wasenyuvesi ogama layo kuyi Durban University of Technology emkhakheni we accounting ne informatics ngaphansi kwe office Management and Technology. Igama lami ngingu Mnotho Slam Ntombela. Ngiphokophele ekuhlenganiseni iziqu ze Masters ku mkhakha we Commercial Administration. Inombolo yami yase Nyuvesi ithi: 20720421.

Ngikhulumisana nomphakathi waseThekwini namaphethelo okuyiwona othenga kubahwebi basemgwaqeni (informal traders) endaweni yase Thekwini, ngiphokophele ukuthola umbono wakho ngezinto abazithengisayo Kanye nendlela abaphatha ngayo amabhizinisi abo. Lolucwaningo luphinde lubheke nempilo yabo uqobo abadayisi basemigwaqeni.

Ngalolucwaningo ngiphokophele ekutholeni izindlela engingaziphakamisa ezingathuthukisa izimo zokusebenza kwabathengisa emigwaqeni. Kubaluleke kakhulu ukuthi unginika umbono wakho othembekile ukuze ngibe nesithombe esiphelele sokwazi ukuthi abathengi bon bawubuka kanjani noma yini abayicabangayo ngomkhakha wosomabhizinisi abasafufusa.

Ngithanda ukukuqinisekisa ukuthi igama lakho angeke lisetshenziswa kwimiphumela yalolucwaningo engizolubhala kanti futhi lonke ulwazi noma izinto ozongitshela zona ziyoba yimfihlo yami nawe.

Uma unesifiso sokudingida lokhu engikubeke ngenhla, wamukelekile ekungitinteni kulenombolo yami elandelayo (061 4277 478), okanye umeluleki wami kulolu cwanningo okungu Dokotela J. Skinner kulenombolo ethi (083 658 5951) okanye isekela lakhe okungu mnumzane Musawenkosi Ngibe kule nombolo ethi (074 481 0982).

Usizo lwakho kulolucwaningo luyongijabulisa luphinde lwamukeleke ngezandla ezimhlophe.

Ozithobayo

U Mnumzane

Mnotho Slam Ntombela

CUSTOMERS' QUESTIONNAIRE

Please tick the appropriate block. Please answer all the questions.

SECTION A

1. Please state your gender / Sicela usho ubulili bakho

1.1	Female	
1.2	Male	

2. Please indicate your age/ Ngicela usho iminyaka yakho

2.1	18 years or below	
2.2	19 – 30 years	
2.3	31 – 40 years	
2.4	41 years and above	

3. Please state your nationality / yisho ubuzwe bakho

3.1	South African	
3.2	Other (please specify) shono obuzwe bakho uma ungasiye owase South Africa	

4. Which area are you currently shopping in? iyiphi indawo othenga kuyo kulezizinsuku?

4.1	Warwick Avenue	
4.2	Market Area	
4.3	North Beach	
4.4	South Beach	
4.5	Workshop	
4.6	St Georges and Russell	
4.7	Pinetown	
4.8	Springfield	

5. Do you shop frequently in this area? Yingabe ujwayele ukuthenga kulendawo?

5.1	Yes	
5.2	No	
5.3	Occasionally	

6. Please indicate how far you agree with the following statements: yisho ukuthi uvumelana kangakanani nalomusho ongenzansi?

6.1 I generally find the level of services (e.g. hairdressing) of a high standard here/ Ngihlale ngithola ukudla, usizo olusezingeni oluphezulu kulendawo?

Strongly agree	Agree	Neutral	Disagree	Strongly disagree

6.2 I generally find the quality of goods of a high standard here / izimpahla engizithola kulendawo zisezingeni eliphezulu.

Strongly agree	Agree	Neutral	Disagree	Strongly disagree

6.3 I generally find the quality of food sold here of a high standard / ukudla okudayisa la kusezingeni eliphezulu.

Strongly agree	Agree	Neutral	Disagree	Strongly disagree

6.4 I generally find the prices charged here to be reasonable/ izimpahla ezidayisa kulendawo zibiza amanani avumelekile

Strongly agree	Agree	Neutral	Disagree	Strongly disagree

6.5 I generally find the businesses operating here to be well organised and administered / ibhizinisi liphethwe ngendlela ehlelekile.

Strongly agree	Agree	Neutral	Disagree	Strongly disagree

6.6 Please give any additional comments you would like to make about how you experience shopping in this area. Ngicela usiphe ukuphawula kwakho uma kukhona ofisa ukukwengeza ngendlele ozizwa ngayo uma uthenga kulendawo noma usho ukuthi lendawo ikuphethe kanjani selokhu waqala ukuthenga kuyo

Thank you very much for your time.

If you would like to hear the results of this survey please give me a contact phone number:

Mnotho Ntombela



Appendix C: Traders questionnaire

Research topic: an exploration of the administrative skills and practices of local and foreign small business owners operating in the informal sector within eThekweni Municipality

Dear Respondent

Thank you for agreeing to participate in this study. I am a postgraduate student at the Durban University of Technology in the Faculty of Accounting and Informatics in the discipline of Office Management and Technology. My name is Mnotho Slam Ntombela. I am enrolling in a Master's Degree in Commercial Administration. My student number is: 20720421

I am speaking to informal traders like yourself in the Durban area in order to ask you about your working conditions and the challenges you face in your day to day operations. I am hoping to find ways in which I can recommend improvements in your trading conditions. It is important that you give me your honest opinion in order to get a full picture of what is really happening.

I want to assure you that your name will not be used in the report that I will write and I will ensure that any information you give me will remain completely confidential.

Should you wish to discuss this further please feel free to contact me (061 4277 478) , my supervisor Dr Jane Skinner(083 658 5951) or my co-supervisor Mr Musawenkosi Ngibe (074 481 0982).

Your assistance will be much appreciated.

Kind Regards

Mnotho Ntombela

(061 4277 478)



Isihloko Socwango: Ucwango ngamakhono nokusebenza kosomabhizinisi abasafufusa bakuleli kanyeNabangaphandle abahweba ngaphansi komkhandlu dolobha wetheku namaphethelo.

Ngiyakubingelela.

Ngizwakalisa ukubonga kakhulu ngokuvuma ukuzibandakanya nalolucwango. Ngingumfundi wasenyuvesi ogama layo kuyi Durban University of Technology emkhakheni we accounting ne informatics ngaphansi kwe office Management and Technology. Igama lami ngingu Mnotho Slam Ntombela. Ngiphokophele ekuhlanganiseni iziqu ze Masters ku mkhakha we Commercial Administration. Inombolo yami yase Nyuvesi ithi: 20720421.

Ngikhulumisana nosomabhizinisi abasafufusa njengawe endaweni yase Thekwini ukuze ngibuze mayelana nezimo kanye nezinqinamba enihlangabezana nazo ekusebenzeni kwenu kwansuku zonke. Ngalolucwango ngiphokophele ekutholeni izindlela engingaziphakamisa ezingathuthukisa izimo zokusebenza kwenu. Kubaluleke kakhulu ukuthi unginika umbono wakho othembekile ukuze ngibe nesithombe esiphelele sokwazi ukuthi kwenzakalani ngempela kulomkhakha wosomabhizinisi abasafufusa.

Ngithanda ukukuqinisekisa ukuthi igama lakho angeke lisetshenziswa kwimiphumela yalolucwango engizolubhala kanti futhi lonke ulwazi noma izinto ozongitshela zona ziyoba yimfihlo yami nawe.

Uma unesifiso sokudingida lokhu engikubeke ngenhla, wamukelekile ekungitinteni kulenombolo yami elandelayo (061 4277 478), okanye umeluleki wami kulolu cwango okungu Dokotela J. Skinner kulenombolo ethi (083 658 5951) okanye isekela lakhe okungu mnumzane Musawenkosi Ngibe kule nombolo ethi (074 481 0982).

Usizo lwakho kulolucwango luyongijabulisa luphinde lwamukeleke ngezandla ezimhlophe.

Ozithobayo

U Mnumzane

Mnotho Slam Ntombela

079 831 6694

QUESTIONNAIRE

Please tick the appropriate block. Please answer all the questions.

SECTION A

Umbuzo Wokuqala

Question 1

7. Please state your gender

7.1 Yisho ubulili bakho

1.1	Female	
1.2	Male	

Question 2.

Umbuzo wesibini

8. Please indicate your age

8.1 Beka uphawu eduze kweminyaka yakho

2.1	18 years or below	
2.2	19 – 30 years	
2.3	31 – 40 years	
2.4	41 years and above	

Question 3

Umbuzo Wesithathu

9. Please State your Nationality

3.1 beka uphawu eduze kobuzwe bakho

3.1	South African	
3.2	Other (please specify)	

Question 4

Umbuso wesine

4. Please indicate the location of your business

4.1 Sicela ubeke uphawu eduze kwendawo la usebenzela khona

4.1	Warwick Avenue	
4.2	Market Area	
4.3	North Beach	
4.4	South Beach	
4.5	Workshop	
4.6	St Georges and Russell	
4.7	Pinetown	
4.8	Springfield	

Question 5

Umbuzo Wesihlanu

5. Please indicate your level of education

5 (a) Beka uphawu eceleni kwebang lemfundo yakho

5.1	No formal education	
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5.2	Grade 3 - 7	
5.3	Grade 8 - 11	
5.4	Matric	
5.5	<u>Other</u>	

5.1.1 Have you acquired any tertiary education (course, diploma or degree)?

5.1.2 Ungabe ikhona imfundo onayo yamabanga aphakeme, sicela uphawule endaweni efanele

Yes	
No	

5.2 If your answer to question 5 was 'yes' please give the name of the diploma, certificate or degree you possess

5.2.1 uma impendulo yakho ibe u "yebo" embuzweni ongenhla! Sicela ubhale igama lemfundo yakho ephakeme.

--

Question 6

Umbuzo wesithupha

6. How many years have you been trading?

6.1 Uneminyaki emingaki usebenza njengo somabhisinisi omncane odayisa emgwaqni

6.1	1 year or less	
6.2	2 - 5years	
6.3	6 - 10 years	
6.4	11- years and above	

SECTION B / ISIQEPHU B

Question 7

Umbuzo wesikhombisa!

Do you have dependents that rely on your income as a sole trader?

Ingabe bakhona yini abantu obondlayo ngenzuzo oyithola ngokudayisi emgwaqeni, Sicela uphawule endaweni efanele.

Yes	
No	

Question 7.1

If your answer to Question 7 was 'yes', please state how many dependents you have

Uma impendulo yakho embuzweni ongenhla bekungu "Yes" sicela usho ukuthi bangaki labo bantu

--

Question 8

Have you have any training related to business, for instance a bookkeeping course or other business-related course or diploma?

Ingabe kukhona yini ukuqeqeshwa uke wakwenza okuphathelene ne bhizinisi, mhlampe nje singabala uqeqesho lokugcinwa kwamabhuku nanoma yikuphi ukuqeqeshwa oke wakuthola okumayelana nezamabhizinisi. Sicela ubeke Uphawu endaweni efanele.

Yes	
No	

Question 8.1

If your answer to Question 8 was 'yes' please give the name of the course

Uma impendulo yakho kube u "yebo" embuzweni ongenhla sicela usho igama leziqu noma lesitifketi onaso esikhaleni esingenzansi.

--

Question 9

Do you have any system in relation to managing your accounting books?

Ingabe unalo uhlelo lokulawula amabhuku akho ezimali?

Yes	
No	

Question 9.1

If your answer to Question 9 was 'yes' please briefly describe your system

Uma impendulo yakho kungu "yebo" embuzweni ongenhla, sicela usichazele kafushane ngenzansi. ngohlelo olusebenzisayo lokuqhuba ibhizinisi.

--

Question 10

Would you like to have additional training with managing your business?

Ingabe uyadinga yini ukuba nokuqeqeshwa okwengeziwe ukuze ukwazi ukumelana nebhizinisi lakho?

Beka uphawu esikhaleni esifanele ngenzansi.

Yes	
No	

Question 10.1

If your answer to Question 10 was 'yes' please briefly explain what kind of training you would like to have

Uma Impendulo yakho kube u "Yebo" embuzweni ongenhla ngicela uchaze ukuthi ingabe ikuphi ukuqeqeshwa ongakuthokozela.

--

Question 11

Do you have people that you employ in your business?

Ingabe Bakhona abantu obaqashile ebhizinisi lakho?

Yes	
No	

Question 11.1

If your answer to Question 11 was 'yes', please state how many people you employ

Uma impendulo yakho kungu yebo, ngicela usho ukuthi uqashe abangaki

--

Question 11.1.1

If your answer to Question 11 was 'yes', please also state if the people you employ are family members or not family members.

Uma impendulo kungu "Yebo" Ngicela ukuba usho ukuthi abasebenza bakho ingabe uqashe abantu Ohlobene yini nabo noma cha.

--

Question 12

Do you have any intention of employing more staff?

Ingabe unayo yini inhloso yokuqasha abasebenzi abengiziwe

Yes	
No	

Question 13

Do you receive any assistance from the municipality?

Ingabe lukhona yini usizo oluthola Ku Mkhandlu Wetheku?

Yes	
No	

Question 13.1.

If your answer to Question 13 was 'yes' please explain briefly what assistance you receive

Uma Ipendulo yakho embuzweni ongenhla kungu "Yebo" sicela usitshele kancane ukuthi hloboluni losizo oludingayo.

--

Question 13.2

If your answer to Question 13 was 'no' please explain briefly what assistance you would like to receive

Uma impendulo yakho kungu "CHA" Ngcela ukuba usho ukuthi ingabe hloboluni losizo ongaludinga

--

Question 14

Is your business registered with the municipality?

Ingabe Ibhizinisi lakho libhalisiwe ku Mkhandlu weTheku?

Yes	
-----	--

No	
----	--

SECTION C / ISIGABA C

Question 15

In your opinion is there is any improvement that is needed by the local traders in terms of business administration and how traders run their businesses which could help them to be more profitable and more efficient? Kindly elaborate.

Ngokubona kwakho: Ingabe kukhona yini la osomabhizinisi abancane okumele bathuthuke khona mayelana nokusebenza kwamabhizinisi nanendlela abaphethe ngayo amabhizinisi abo futhi engabasiza ukuba benze inzuzo ethe thuthu ibe sezingeni eliphezulu? Sicela uthi ukuchaza.

.....

Question 16

Please give your opinion on how EThekweni Municipality is supporting small traders like yourself in ways which could influence the success of your business especially in relation to how you are able to administer it efficiently.

Sicela ubeke umbono wakho mayelana nokuthi ingabe iziphi izindlela uMkhandlu wetheku osiza osomabhizinisi abancane njengawe okungaba nomthelela ekuthuthukeni kanye nokuphumelela kwamabhizinisi enu ikakhulukazi ezintweni ezingenza amabhizinisi enu njengosomabhizinisi abancane basemgweqeni nikwazi ukuqhuba amabhizinisi enu ngendlela okuyiyona

.....

.....
.....
Thank you for participating in this study

Ngiyabonga ngokuvuma ukuba yingxenye yalolu cwaningo



Appendix D: Letter of information

LETTER OF INFORMATION

Title of the Research Study: An exploration of the administrative skills and practices of local and foreign small business owners operating in the informal sector within eThekweni Municipality

Principal Investigator/s/researcher: Mr Mnotho Ntombela, Masters: Commercial Administration. (Cell 061 4277 478)

Co-Investigator/s/supervisor/s: Dr J Skinner (Supervisor) ; Dr M Ngibe (Co –Supervisor)

Brief Introduction and Purpose of the Study: An exploration of the administrative skills and practices of local and foreign small business owners operating in the informal sector within eThekweni Municipality with a view to making recommendations for further support which might improve the competitiveness and efficiency of these businesses.

Outline of the Procedures: The participant is asked to complete a questionnaire and may be asked to be part of an individual interview or focus group interview session. This will be conducted at a time convenient to the participants. The questionnaires will take approximately 20 minutes to answer and the interview will take about 15 – 20 minutes.

Risks or Discomforts to the Participant: In this study there will be no foreseeable risks or discomfort to the respondents.

Benefits: This study will not have immediate benefits for the participants but it is hoped that in the medium term the findings will influence the municipality and/or local educational institutions, including DUT, to provide services which will enhance the success of these informal trading businesses.

Reason/s why the Participant May Be Withdrawn from the Study: Participation is voluntary, respondents may withdraw at any time.

Remuneration: No remuneration will be received by respondents for participating in this study.

Costs of the Study: The participants will not have to cover any cost towards the study.

Confidentiality: Respondents' responses will be kept confidential and their names will not be mentioned in the research report or any subsequent publications.

Research-related Injury: No injuries can be expected in this study

Persons to Contact in the Event of Any Problems or Queries:

Dr. J Skinner (Supervisor) on 083 658 5951, or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

General:

Potential participants must be assured that participation is voluntary and the approximate number of participants to be included should be disclosed. A copy of the information letter should be issued to participants. The information letter and consent form will be translated and provided in the primary spoken language of the research population e.g. isiZulu.

Appendix E: Proofreading and editing confirmation letter

126 Sandown Village
27 Harvey Road
Pinetown
3610

20th June 2020

Proof of Editing

This is to confirm that the attached dissertation by Mr Mnotho Ntombela has been formally edited for language by Dr Jane Skinner, who is a qualified teacher of English with several years' experience in editing academic dissertations and theses.

Dr JP Skinner