



THE ROLE OF INFORMAL SECTOR IN POVERTY ALLEVIATION IN MTUBATUBA,  
KWAZULU-NATAL.

BY

SIBONGOKUHLLE SAM GUMEDE

Dissertation submitted in partial fulfilment of the degree of  
MASTER OF TECHNOLOGY IN BUSINESS ADMINISTRATION  
IN THE  
DEPARTMENT OF ENTREPRENEURIAL STUDIES AND MANAGEMENT  
FACULTY OF MANAGEMENT SCIENCES  
DURBAN UNIVERSITY OF TECHNOLOGY,  
DURBAN, SOUTH AFRICA

December 2019

APPROVED FOR FINAL SUBMISSION

SUPERVISOR: DR N.S CHILI

DATE

## **DECLARATION**

This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed.....

Date.....

### **STATEMENT 1**

This dissertation is being submitted in partial fulfillment of the requirements for the degree of Masters in Business Administration.

Signed.....

Date.....

### **STATEMENT 2**

This study represents my original work and has not been submitted in any form to another university. Where use of other people's work is used, duly acknowledgements are made both in the text and in the list of works cited.

Signed.....

Date.....

### **STATEMENT 3**

If accepted, I hereby give consent for my dissertation to be available for photocopying and inter-library loans after expiry of a bar on access approved by the University, and for the title and summary to be made available to outside organisations.

Signed..... Date.....

## REFERENCE DECLARATION

### REFERENCE DECLARATION IN RESPECT OF A MASTER'S DISSERTATION/DOCTORAL THESIS

I,.....

(full names of student)

I, .....

(full names of supervisor/promoter)

do hereby declare that in respect of the following dissertation/thesis:

.....  
.....  
.....

(1) As far as we know and can ascertain:

\*(a) no other similar dissertation /thesis exists;

\*(b) the only similar dissertation(s) that exist(s) is /have been  
referenced in my dissertation as follows:

.....  
.....  
.....

(\*delete which is inapplicable)

(2) All references as detailed in the dissertation are complete in terms of all personal  
communications engaged in and published works consulted.

.....

Signature of Student Date

.....

Signature of Supervisor/Promoter Date

## **ABSTRACT**

In the developing world, especially in Africa, informal sector businesses in rural areas, have been found to be the engine driving in poverty alleviation and in creating employment opportunities, economic development and poverty reduction. Although the government of South Africa has embarked on various interventions to address the growing problem of poverty and unemployment rate that is facing the country especially in the rural areas. As a result, many unemployed people and poor households venture into informal sector to escape poverty especially those people who live in rural areas where there are less job opportunities. It is against this background that this study attempts to document the role of the informal business sector in poverty alleviation in rural areas.

The following objectives were implemented in order to achieve the intention of the study: to document the profile of informal business traders in Mtubatuba Local Municipality, assessing their knowledge in operating a business and the challenges they face, examine the contribution informal enterprises contribute to rural households in alleviating poverty. A multi-stage sampling technique was adopted to randomly select 180 controlled informal traders. A mixed research method was used on this study where, field observations, key informants and open-ended and closed questionnaires were used to gather the information. Analysis of the data was done with Statistical Package for the Social Sciences.

The outcome of the study revealed that informal traders in KwaMsane and Mpukunyoni are from 40-45 years old on average and about 74.5% are female. Most of entrepreneurs came from a background of poverty. The most dominating type of businesses around the study area was tuck-shops. However, the sector is still confronted with various challenges that are obstructing its growth, sustainability and profitability. About 90% of entrepreneurs responded that they are breadwinners in their households meaning that their business income is the only source of income for their families. The study therefore recommends that the state and policy-makers need to recognise and involve entrepreneurs in drafting of policies so that these businesses can grow.

## **DEDICATION**

To my Mother and Father for all the support and installing all the good morals, respect and passion in me. I love and thank you for all that you have done for me. And also include all of my family members who have supported me through my ups and downs.

## **ACKNOWLEDGEMENTS**

First and foremost, I would like to extend my sincere appreciation to my Supervisor Dr N C Chili for his dedication towards my work, patience, encouragement, his excellent critical input towards my study and also allowing me to do things my way. Even though sometimes his input will surpass mine but he will explain why. Thank you Doctor

To my fiancé Miss Ntombehle, whose patience was always tested during the project. Your support gave me the drive and energy to focus on the goal I had set to complete this study

# TABLE OF CONTENTS

	Page
<b>DECLARATION BY STUDENT</b>	<b>i</b>
<b>REFERENCE DECLARATION</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>DEDICATION</b>	<b>iv</b>
<b>ACKNOWLEDGEMENTS</b>	<b>v</b>

## **CHAPTER 1**

### **NATURE, SCOPE AND ORGANISATION OF THE STUDY**

1.1	Introduction	1
1.2	Problem statement	3
1.21	Objectives	4
1.3	Statement of purpose	4
1.4	Research questions	5
1.5	Overview of the methodology	5
1.5.1	Research design	5
1.5.2	Population/target population	5
1.5.3	Sampling	5
1.5.4	Research instrument and data collection	6
1.5.5	Data analysis	6
1.5.6	Delimitation/scope	6
1.5.7	Reliability and validity	7
1.5.8	Pilot study	7
1.5.9	Descriptive and inferential statistics	7
1.5.10	Anonymity and confidentiality	7
1.5.11	Ethical considerations	8
1.6	Rationale and significance	8
1.7	Role of the researcher	9

1.8	Organisation of the dissertation	9
-----	----------------------------------	---

## **Chapter 2: Literature review**

2.1	Introduction	11
2.2	Definition of Informal Sector	11
2.3	Characteristics of the Informal Sector	12
2.3.1	Small-scale businesses	12
2.3.2	Labour intensiveness	13
2.3.3	Low levels of education and skills	13
2.3.4	Lack of infrastructure and facilities	13
2.3.5	Inadequate access to capital	13
2.3.6	Low levels of income	14
2.3.7	No legal rights for employees	14
2.3.8	The prime importance of social and family networks	14
2.4	The economic importance of the Informal sector	14
2.5	Activities falling within Informal economy	19
2.5.1	Informal trading businesses	19
2.5.1.1	Spaza shops and tuck shops	19
2.5.1.2	Street trading	20
2.5.1.3	Sheeben	21
2.5.1.4	Crafts	21
2.5.2	Other informal traders and services within the sector	22
2.5.2.1	Waste pickers	22
2.5.2.2	Domestic workers	22
2.6	Job creation in South Africa by the informal sector	23
2.7	The Informal economy in developing countries: regional differences	23
2.8	Poverty and unemployment in rural communities	25
2.9	Relationship between education and Informal Sector	30

2.10 Relationship between Informal Sector and rural-urban migration	31
2.11 Need for poverty alleviation	33
2.12 Measures used in tackling poverty alleviation	35
2.12.1 Measures used in tackling poverty in South Africa	36
2.12.2 Success stories attributed to the War on Poverty by government	37
2.13 Role played by the local government in developing informal business in Mtubatuba	39
2.14 Shortfalls to the initiatives used in tackling poverty alleviation	39
2.14.1 How the government has addressed some of these shortfalls	40
2.14.2 How the informal sector can play a role in supporting the government in addressing these shortfalls	41
2.15 Informal enterprise and poverty alleviation in rural communities	42
2.16 Role and contribution of informal sector in Mtubatuba	43
2.17 Motivating factor in starting informal business in rural areas	44
2.18 Challenges of informal business owners in rural communities	45
2.18.1 Lack of management skills	45
2.18.2 Lack of financial assistance	46
2.18.3 Lack of a fixed place for trade	46
2.18.4 Lack of training, skills development and financial assistance	47
2.19 Sources of capital for informal businesses	47
2.20 Predominant businesses among Mtubatuba entrepreneurs	47
2.21 Conclusion	48

### **CHAPTER 3: Research methodology**

3.1 Introduction	49
3.2 Insight into Mtubatuba	49
3.3 Research Approach and Design	50
3.4 Population	52

2.4.1 Target population	52
3.5 Sampling	53
3.5.1 Sampling method	53
3.5.2 Sample size	53
3.6 Data Collection	54
3.6.1 Research Instrument	54
3.6.2 Questionnaire design	56
3.6.2.1 Questionnaire format	56
3.6.3 Pilot study	56
3.6.4 Questionnaire and interview administration	57
3.6.5 Response rate	57
3.6.6 Response rate achieved	58
3.7 Limitations of the study	58
3.8 Bias Avoidance	58
3.8.1 Questionnaire bias	58
3.8.2 Subjectivity	59
3.9 Data analysis	59
3.10 Conclusion	60

## **Chapter 4: STATEMENT OF FINDINGS, INTERPRETATION AND DISCUSSION OF THE DATA**

4.1 Introduction	62
4.2 Sample	62
4.3 The Research Instrument	62
4.4 Reliability Statistics	63
4.5 Factor Analysis	63
4.6 KMO and Bartlett's Test	64
4.7 Rotated Component Matrix	65
4.8 Section A: Biographical Data	66
4.8.1 Overall gender distribution by age	66
4.8.2 Education levels of respondents	68
4.8.3 Marital status of the respondents	69
4.8.4 Number of dependents of respondents.	70
4.9 Section Analysis	71
4.10 Section B	72
4.10.1 How was your business financed when you started?	72
4.10.2 Please indicate the type of business conducted	73
4.10.3 Were you previously employed in the formal business sector?	73
4.10.4 Number of years your business has been operating	74
4.10.5 What are the reasons for conducting business at your current location?	75
4.10.6 How many people are employed in your business?	76
4.10.7 Status of your employees before they started working for you?	77

4.10.8 Weighted mean rank of the factors that posed challenges	78
4.10.9 Factors contributing to the success of a business	79
4.10.10 Cross tabulation between “Have you ever attended any skills development training workshops?” and “If “yes” to question 11 above, was the training beneficial?	80
4.10.10.1 Government's role in providing training for the informal business sector	80
4.10.10.2 Addressing poverty through Social Grants	81
4.10.11 Average net income/ profit per week from your business/es?	81
4.10.12 How will you rate the success of your business?	82
4.11 Cross tabulations	83
4.11.1 Test for the relationship between Gender and were you previously employed in the formal sector?	83
4.11.2 Relationship between Gender and High rate of crime	84
4.11.3 Relationship between Gender and the Success of their business	84
4.11.4 Relationship between Age and Lack of proper accommodation	84
4.11.5 Relationship between Age and Lack of business skills	84
4.11.6 Relationship between Age and Financial management skills	85
4.11.7 Test for the relationship between Age and Good marketing skills	
4.11.8 Relationship between Age and Owners who have attended any skills development training workshops	85
4.11.9 Relationship between the Highest level of education and financial management skills	85
4.11.10 Relationship between the highest level of education and General	

management skills	85
4.12 Correlations	86
4.13 Hypothesis Testing	87
4.13.1 Relationship between Gender and The history of being employed in the formal sector	87
4.13.2 Relationship between Age and Number of years your business has been operating	88
4.13.3 Relationship between Gender and Number of people that your business employs	88
4.13.4 Relationship between Age and Lack of proper accommodation	88
4.13.5 Relationship between Gender and High rate of crime	88
4.13.6 Relationship between Age and Lack of business skills	88
4.13.7 Relationship between Age and Poor support from the local municipality	89
4.13.8 Relationship between Current marital status and Poor support from the local municipality	89
4.13.9 Relationship between Age and Financial management skills	89
4.13.10 Relationship between highest Level of education and Financial management skills	89
4.13.11 Relationship between Age and Good marketing skills	89
4.13.12 Relationship between highest level of education and General management skills	90
4.13.13 Relationship between Age and Attending skills development training Workshops	90

4.13.14 Relationship between Gender and The average net income/ profit per week from your business/es	90
4.13.15 Relationship between Gender and Rating the level of success of the Business	90
4.13 Part B. The qualitative findings	91
4.14.1 key Themes	91
4.14 Conclusion	99

## **CHAPTER FIVE**

### **RESEARCH SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

5.1 Introduction	101
5.2 Research objectives achieved	101
5.2.1 To examine the contribution that informal enterprises make in assisting rural households in poverty alleviation	101
5.2.2 To investigate the role played by the local government in developing informal business in Mtubatuba	102
5.2.4 To investigate the challenges faced by informal business owner's in Mtubatuba	102
5.2.3 To investigate the types of businesses run by informal business owners in Mtubatuba,	102
5.2.4 To investigate the challenges faced by informal business owner's in Mtubatuba	103
5.3 Restrictions and Limitations of the study	103
5.4 Recommendations	104
5.4.1. Public-private partnerships	104
5.4.2 Partnership with BRICS municipalities	105

5.4.3 Mentorship and capacitation by Corporate business	105
5.6 Recommendations for the future Research	105
5.7 concluding remarks	106
<b>Bibliography</b>	107
<b>Appendices</b>	138

## **LIST OF FIGURES**

Figure	Page
2.1: Poverty Reduction in South Africa	38
4.1 level of education	68
4.2: Marital status of the respondents	69
4.3: Source of capital	72
4.4: Types of business that participants conduct	73
4.5: Number of years since the business being operating	74
4.6: Reasons for conducting business at the current location	75
4.7: Number of employees	76
4.8: Status of the employees	77
4.9: Average net income/ profit per week	81
4.10: Rating the level of success	82

## LIST OF TABLES

Table	Page
2.1: Percentage of informal sector Employment in selected Countries and cities	16
2.2: Informal sectors contribution into Gross Domestic Product (GDP) from different countries	18
2.3: Reduction of Poverty Across Nine Provinces OF South Africa	38
3.1: Sample Size	54
4.1: KMO and Bartlett's Test	64
4.2: Rotated Component Matrixa	65
4.3: Age distribution of the informal businesses owners	67
4.4: The summary of dependents that respondents had	70
4.5: Breadwinners	70
4.6: History of employment	73
4.7: Reasons for leaving their jobs	74
4.8: Challenges faced by informal business	78
4.8: Factors influencing success of informal business sector	79
4.9: Owners who have attended skill development training workshops	80
4.5: Themes and sub-themes	91

## **LIST OF ABRIVATIONS**

SPSS	Statistical Package for the Social Sciences
Stats SA	Statistic South Africa
GDP	Gross Domestic Product
ILO	International Labour Office
IDP	Integrated Development Plan
ANC	African National Congress
NPC	National Planning Commission
RDF	Rural Development Framework
UBPL	Upper Bound Poverty Line
QLFS	Quarterly Labour Force Survey
NDP	National Development Plan
HIV and Aids	Human Immunodeficiency Virus Infection/ Immunodeficiency Syndrome Acquired
SASSA	South African Social Security Agency
SRDs	Social Relief of Distress
NDA	National Development Agency
NYDA	National Youth Development Agency
ECD	Early Childhood Development
EPWP	Expanded Public Works Programme
KZN	KwaZulu-Natal
CPS	Cash Paymaster Services
OECD	Organization for Economic Co-operation and Development
SMMEs	Small Micro Medium Enterprises
SADC	Southern African Development Community

CBD	Central Business District
IDP	Informal Trading Policy
VAT	Value Added Tax

## **CHAPTER 1**

### **NATURE, SCOPE AND ORGANISATION OF THE STUDY**

#### **1.1 Introduction**

According to May, Carter, and Posel (2009: 41), the legacy of apartheid has contributed to poverty in South Africa as it dispossessed the black population of assets such as land and livestock. It also denied black communities the avenue to acquire new assets by restricting access to the market place; by not investing in basic infrastructural amenities in areas designated for blacks; and by denying them a quality education (Posel 2013: 45). Thus, the apartheid era created and exacerbated poverty amongst the black communities of South Africa.

Statistics South Africa (2014) states that the official unemployment rate at the end of June 2015 was 25%, representing 5.2 million people - the highest level since the inception of the Quarterly Labour Force Survey, in 2008. However, in terms of the expanded definition of unemployment, which includes people who are not actively searching for jobs, the unemployment rate at the end of June 2015 stood at 34.9% (Statistics South Africa 2015). The high levels of unemployment and poverty in South Africa are major contributors to the many social problems in the country, like crime and HIV/Aids infection. Unless the economy grows at a rapid pace, unemployment and poverty will remain a huge problem in South Africa.

Poverty is growing and it is a worldwide problem, especially on the African continent, where about 48.5% of people live in absolute poverty when the poverty level of US\$1.25 per day is considered (United Nations Economic Commission for Africa 2014: 32). While South Africa is regarded as a developing country, about 27% of the population lives under the same poverty level of S\$1.25 per day, and the percentage is growing every year due to the high unemployment rate (United Nations Economic Commission for Africa 2014: 45).

According to Bernabe (2014: 54), poverty in Africa is rife in rural areas. This is supported by Dewar (2014: 57) who states that over 70% of poor people in Africa reside in rural areas and rely on agriculture for food and livelihood, yet such people do not receive

enough assistance in their agricultural efforts. Cichelo (2013: 94) states that more than 218 million people in Sub-Saharan Africa live under extreme conditions of poverty. This can, for example, be seen in Eastern and Southern Africa where the majority of people are poor. The rural population is not well organized and it is usually ignored when it comes to developmental programmes (Daniels 2011: 47). In other words, developmental programmers tend to focus more on urban areas rather than rural areas (Cichello 2013: 85).

Given the limited opportunities in the formal sector, Fields, Mazumdar and Bernabe (2012: 32) argue that developing countries should consider employment in the informal sector as an alternative. According to Fields, Mazumdar and Bernabe (2012: 43), while income earned in the informal business sector can be low and at times unpredictable, it is nonetheless, a means of survival for millions of people.

According to Barker (2010: 48), informal business provides an important substitute for unemployment, particularly in situations where the national or local government does not provide social security. Thus, in such instances, citizens cannot depend on governmental aid and have to find an alternative source of livelihood. In South Africa, most people who work in the informal sector come from disadvantaged backgrounds (Nelson 2011: 41). The informal sector is gaining prominence as white-collared jobs are getting scarcer, whereas potential job-seekers are continuously on the rise across South Africa. This is of greater concern in rural areas where employment rates in the formal sector are low and there are fewer industries to employ job-seekers. Hence, the informal sector plays an important role in employing these rural communities to earn a living (Kempe 2015: 55).

Newman and Cullen (2010: 34) assert that the imperativeness of the informal sector plays an integral role in a community's well-being, as well as its socio-economic concerns. The informal sector provides individuals with a variety of goods and services. Some of these may include Vendors selling vegetables and fruits or barbers or hairstylists working in salons. This range of choices amongst rural communities of South Africa is however limited, but informal businesses can make an income to support their households (Tustin 2011: 31). Informal businesses are normally situated in small, unsophisticated and simplistic business environs or business owners' homes. The informal business sector

serves as convenience stores mainly in the personal and retail services sector and their customers are usually lower-income groups. One home type of informal business is a spaza shop run by family members. Several spaza stores run as family enterprises while involving their relatives in retail concerns such as hawking of food items, drinks, and paraffin, alongside other household needs. Another commonly found type of informal business amongst poor rural communities of South Africa are Taverns (Sheebens), which are often situated in townships or in predominantly black communities. Morris, Jones, and Nel (2013: 44) are of the view that taverns are the resultant effect of poverty and lack of opportunities.

In line with the views iterated above, several other authors have re-affirmed the significance of informal businesses as employment generators (Brown and Suter 2014: 101)

## **1.2 Problem Statement**

The Investment in the skills development of South African people, especially the rural communities, just like any other emerging country, has been the most paramount challenge and forms part of the government's agenda (Hallberg 2014: 38). Harper (2015: 30) asserts that the informal sector has been perceived by many as the important sector that can lead towards improving the living conditions of the poor majority, particularly since it offers business prospects to those who have less skill, but the sector still provides them with income opportunities. Consequently, in South Africa, it has been identified that the number of informal businesses is increasing more rapidly in urban than rural areas (Webster 2015). To recognize the significant role of the informal sector, according to Hallberg (2013: 45) a country with a great volume of informal business sectors has a solid base for its future development due to the fact that as its economy matures, some of this informal business sector will end up joining the formal sector and become big and competitive enterprises. Based on these arguments, the study will investigate the role played by the informal sector in poverty alleviation in the rural area of uMtubatuba.

### **1.2.1 Objectives:**

- To examine the contribution of informal enterprises to rural households in alleviating poverty;
- To investigate the role played by the local government in developing informal business in Mtubatuba,
- To investigate the types of businesses run by informal business owners in Mtubatuba; and
- To investigate the challenges faced by informal business owners in Mtubatuba.

### **1.3 Statement of purpose**

Studies show that unemployment is the leading cause of poverty and crime, not only in South Africa but globally as well (Ulrich 2015). At the end of June 2015, there were 5.2 million officially unemployed people in South Africa, and if one were to take into account those who have given up looking for jobs, the number increases to approximately 7.26 million, which represents an unemployment rate of 34.9% (Statistics South Africa 2016).

One of the main obstacles facing South Africa is job creation in the formal business sector due to the low economic growth rate of 2% and poverty, which has been forecast for 2015 and 2016 (Statistics South Africa 2017). As a result of the limited job opportunities in the formal sector, many people, especially the uneducated or poorly educated who are unemployable in the formal sector, seek to earn a living in the informal sector and the situation is even worse in the rural areas of South Africa (Lakibul 2016: 41). Recognition and the significance of the role played by the informal sector in job creation and reducing poverty in developing countries has begun to be discussed by practitioners and scholars (Ulrich 2015).

In pursuit of the above, the researcher plans to adopt a mixed research approach, using some structured and unstructured questionnaires as an instrument of data collection from informal traders operating in two of the largest wards in Mtubatuba, namely KwaMsane and Nkombose.

## **1.4 Research questions**

1. How do informal enterprises alleviate poverty amongst the households of Mtubatuba?
2. What role are local government officials playing to ensure that the development of informal businesses alleviates poverty in the rural communities of Mtubatuba?
3. What types of businesses are being run by informal business owners in Mtubatuba?
4. What challenges do informal business owners in Mtubatuba face?

## **1.5 Overview of the methodology**

### ***1.5.1 Research design***

Kumar (2011:94) describes research design as “a plan, structure and strategy of the investigation so conceived as to obtain answers to research questions or problems.” The primary objective of a research design is to aid an investigator or researcher in proposing a suitable research procedure with the intent of maximizing the credibility of the result. For this study, a survey design method will be used since the researcher wants to understand the population being studied by collecting information from a sample of individuals through their responses to questions (Creswell 2009).

### ***1.5.2 Population/target population***

The target population refers to members or elements of a group under study (Wenger 2010: 25). The target population for this study will be approximately 250 informal businesses located in two of the largest wards in Mtubatuba, namely KwaMsane and Nkombose.

### ***1.5.3 Sampling***

Thompson and Steven (2012) explain sampling as the selection of a portion of a population as a means of making inferences about the entire population. Sampling could also be a method used to draw representative data by choosing participants because of

availability, easy access and convenience (Fong 2013). A table developed by Krejcie and Margan (2011) was used to determine that 152 was an appropriate sample size for this study for the quantitative component and for the qualitative component, 15 participants will be interviewed.

#### ***1.5.4 Research instrument and data collection***

Primary data is obtained through the self-administration of questionnaires by the researcher to participants of the study, ie. informal business owners. The questionnaires will be available in both English and IsiZulu. The questionnaire includes a mix of structured closed-ended and open-ended questions. The posed questions in the questionnaire emanated from literature reviews, as well as earlier questionnaires from similar research. Furthermore, face-to-face interviews are also conducted as these are a predominant means of obtaining relevant data in qualitative studies (Neuman 2012) since the study adopts a mixed methodology.

#### ***1.5.5 Data analysis***

According to Tustin (2013: 70), data analysis is a systemic technique of evaluating data through logical and analytical reasoning in examining each unit of the data provided. Tukey (2011: 42) also defines data analysis as the process of examining, cleaning, converting and displaying data to unravel meaningful information. Such accumulated data is thus used in drawing conclusions and recommendations. For quantitative analysis, the study data will be gathered from questionnaires and then analysed to form findings or conclusions. The researcher will use SPSS (Statistical Package for the Social Sciences) for this purpose. For the qualitative analysis, data will be gathered through interviews and then analysed with the use of thematic categories to form findings or conclusions.

#### ***1.5.6 Delimitation/scope***

The study will be conducted in only two wards of Mtubatuba, which is located in the Northern part of KwaZulu-Natal, and will be limited to informal businesses only.

### ***1.5.7 Reliability and validity***

Gray (2010: 39) describes the term 'reliability' as the degree to which a measurement procedure is exempt from inaccuracies and errors, as well as the degree to which the collected scores can be generalized to a different measuring circumstance. The Cronbach Alpha was used to address the reliability concern through 'measuring inter-item consistency' (Gray 2010: 48). Validity, on the other hand, is the degree to which a 'measurement process' is exempt from both random and systemic errors. Validity also implies how well the instrument measures what is intended to be measured (Creswell 2009). To ensure validity in this study, the researcher conducted a pre-test as a means to remove ambiguities, while ensuring the research aim and objectives are in line with the questions in the questionnaire.

### ***1.5.8 Pilot study***

A pilot study, also known as feasibility studies, is a 'pre' or 'mini' version of 'full-scale research', wherein a peculiar research instrument (questionnaire) is being pre-tested. (Ford and Tusting 2013). While a pilot study does not guarantee success in the main study, it does increase the likelihood thereof. A pilot test will be conducted amongst five informal business owners in Mtubatuba and the feedback will be used to improve the validity of the measuring instrument.

### ***1.5.9 Descriptive and inferential statistics***

A descriptive statistic comprises the use of means, frequencies and percentages (Wegner 2010: 55). According to Wegner (2010: 45), Inferential Statistics is a method or technique that allows researchers to use the sample in making generalizations about the population from which the sample was drawn. For the purpose of this study, the inferential statistics were used in association with the poverty alleviation and informal business sector.

### ***1.5.10 Anonymity and confidentiality***

When respondents complete the questionnaires, they are not required to reveal/record their names or contact details, and the completed questionnaires will be safely stored by

the researcher for three years and thereafter shredded. Hence, anonymity and confidentiality will be maintained.

#### ***1.5.11 Ethical considerations***

One of the important aspects of ethical considerations is asking for permission before the questionnaire can be administered. In this regard, participants will be given letters of information and consent. The researcher will adhere to the ethical standards required by the Durban University of Technology.

### **1.6 Rationale and significance**

Substantial research work has been conducted on several aspects concerning the role of the informal sector in urban areas (Witt and Chukuezi 2015: 108), but only a few studies have been done concerning its role in rural areas. Studies show unemployment as a leading cause of poverty and crime, not only in South Africa but globally as well (Escher 2014: 97). At the end of June 2015, there were 5.2 million officially unemployed people in South Africa and if one were to take into account those who have given up looking for jobs, the number increases to approximately 7.26 million, which represents an unemployment rate of 34.9% (Statistics South Africa 2015: 18). One of the main obstacles to job creation in the formal business sector is the low economic growth rate of 2% (as in the fourth quarter of 2015), which has been forecast for 2015 and 2016. As a result of the limited job opportunities in the formal sector, many people (especially the uneducated or poorly educated rural community members) who are unemployable in the formal sector seek to earn a living in the informal sector (Olawale 2015: 54).

The recognition of the informal business sector experts from across the world has begun to acknowledge its role in employment provision and poverty alleviation, especially in rural areas where job opportunities are scarce (Stewart 2014: 81).

Hence, the main reason for conducting this study is to examine the role played by the informal business sector in alleviating poverty in Mtubatuba. Poverty is a result of being unemployed and not having any source of income. From this research, possible solutions

may be found to assist poor rural communities in combating the problem of poverty and unemployment through the informal sector. Furthermore, the researcher intends to contribute to the already existing scientific knowledge of researchers in the field of business studies. Additionally, such study on the role of the informal business sector in poverty alleviation has been conducted in Mtubatuba.

## **1.7 Role of the researcher**

### **Plan of Research Activities**

<b>Activity</b>	<b>Completion date</b>
Proposal	30 September 2015
Chapter 1: Introduction	01 March 2017
Chapter 2: Literature Review	31 May 2016
Chapter 3: Research methodology	31 June 2017
Questionnaire Administration	31 August 2017
Chapter 4: Data analysis and interpretation	30 November 2017
Chapter 5: Conclusion and Recommendations	28 January 2018

## **1.8 Organisation of the dissertation**

### **Chapter 1: Introduction**

Chapter One is the introduction to the study and the objectives of the study are outlined.

### **Chapter 2: Literature Review**

Literature pertaining to, inter alia, the informal business sector, unemployment and poverty and rural areas will be critically discussed.

### **Chapter 3: Research Methodology**

Chapter Three outlines the research methodology and the research design that will be used in this study.

#### **Chapter 4: Data analysis and interpretation**

Chapter Four summarizes the collected data, discussed in terms of research objectives and related theory.

#### **Chapter 5: Conclusion and Recommendations**

Chapter Five will draw the conclusions and offer recommendations for future studies.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

The previous chapter provided an insight into the current study. The current chapter provides literature in consonance to the study's aim, objectives and research questions. Literature within the field of the study highlights the progressive role of informal businesses across the globe. In South Africa, this sector has also progressed over the years and contributes immensely to the eradication of poverty and unemployment. As a means to incorporating the study's aim and objectives, themes such as features of an Informal business; contribution of informal business to the economy; Poverty and unemployment in rural communities; the relationship between Informal businesses and poverty alleviation amongst rural communities; significance of informal businesses in Mtubatuba; reasons for starting an informal business; and challenges confronted by informal business owners are discussed extensively. This section also discusses literature on measures used in tackling poverty alleviation and sources of capital for informal businesses.

### **2.2 Definition of Informal Sector**

Castells (2011: 67) defines the informal sector as income-generating activities that are unregulated by the government but co-exist within a structural, legal and social environment whereby similar income-generating concerns are regulated. On the other hand, Williams (2011) defines the informal sector as businesses that engage in legitimate business activities, but do not directly remit taxes to the government, taxed through indirect taxes via their respective purchases. However, the unlawful concern attributed to the informal sector is the non-declaration of monetary dealings to the state authorities.

The informal sector is also defined as a place or set up where individuals earn a living (Lund 2011: 82): "People who work in the informal economy are those who earn an income outside the formal economy. They may be self-employed or employed by the

owners of small, unregistered businesses, or under contract to large businesses”. Lund (2012: 24) also describes the informal sector not only as a setup or place to a large number of activities, but equally as a domain filled with a large number of individuals. According to Statistics South Africa (2015), informal micro-enterprises, otherwise known as the informal sector, are unregistered business activities that operate from street pavements, business owner’s homes, or in other informal setups. This study, however, adopts the definitions by Chen and Collins (2012: 62) that, the informal sector comprises entrepreneurs or individuals operating on a small scale, with little capital within the trading, manufacturing, agricultural and employment market and who are unregistered by the state authorities. Chow and Dunkelbergs (2017: 110) definition has been chosen in this study as it depicts the area of study wherein a majority of individuals involved within the informal sector are unregistered, run small businesses and often have no capital or little capital.

## **2.3 Characteristics of the Informal Sector**

The characteristics and features of the informal sector differ across different regions and countries, just as its definition does (Larsson, Field and Chen 2014: 54). Nonetheless, specific features are dominant in the respective regions or countries. Common features (of the informal sector) found across each region or country are inclusive of low or zero capital, low levels of skill and education, non-payment of tax and are often labour-intensive. Thus, the remaining portion of this section will discuss the main features of the informal sector within the South African context. However, these will be discussed in line with the theme of– ‘poverty alleviation’.

**2.3.1 Small-scale businesses:** Informal businesses are often characterised by the smallness of their sizes, inadequacy of assets, few employees and low productivity. Thus, their productive capacity is minimal (Fields 2012: 112).

**2.3.2 Labour intensiveness:** The majority of businesses in this sector are usually non-technologically- inclined. Thus, while the extent of technology adoption may vary across

industries or sectors, a common feature amongst this sector is the lack of modern technology or machinery (Stewart 2013: 67).

**2.3.3 Low levels of education and skills:** Due to a lack of opportunities or employment, graduates and qualified college students often resort to the informal sector in under-developed countries (Bhorat 2013: 78). Such individuals are often compelled to be involved in the informal sector while they search for better employment opportunities or grow their businesses. Most of these small business owners possess low levels of education and little skills. However, over time, they begin to acquire skills and knowledge within their respective businesses through a traditional apprenticeship approach. These features are a hindrance to the growth of their businesses as the literacy level often prevents them from accessing relevant information that may adversely impact their business. More so, a lack of access to capacity development programmes often denies informal business owners the ability to expand their businesses into larger ones or transform them into a formal model of business (Escher 2012: 88).

**2.3.4 Lack of infrastructure and facilities:** This deficiency has been considered a core threat to the sustainability and growth of the informal sector as the lack of infrastructure and required facilities impedes productivity within this sector. Moreover, this exposes informal business owners, alongside their employees, to hazards and unsafe working conditions. Restricted access to facilities, social amenities and infrastructure, working from their respective residences, as well as the shortage of secure storage, are some of the factors adversely impacting productivity. Furthermore, a lack of water, and electricity and poor transportation networks also significantly affect productivity within the informal sector (Ranis 2015).

**2.3.5 Inadequate access to capital:** A lack of access to sufficient capital is often one of the most dominating attributes of the informal sector. Hence, such business owners are unable to save. Usually, there is no difference between the informal business owner's resources and that of his or her enterprises. Oftentimes, the revenue and financial expenses are undocumented. Moreover, informal business owners and their employees often do not qualify for loans as they are unregistered and cannot provide proof of their employment (Ranis 2015). The commercial banks do not take into consideration informal

business owners or their employees as they are perceived as 'non-creditworthy'. Hence, they rely on alternative means of funding from avenues such as relatives, money lenders, social circles or micro-loans to finance their businesses, which often may be exploitative (Stewart 2014: 84).

**2.3.6 Low levels of income:** The extent of paucity is relatively higher amongst informal business owners and their household members (Schneider 2012: 42). According to Braund (2015: 42), the monthly income of informal business owners in South Africa is 84 % less in comparison to their counterparts in the formal sector.

**2.3.7 No legal rights for employees:** Employees do not have any legal protection against any form of abuse from their employers and they can be easily exploited (Fields 2013).

**2.3.8 The prime importance of social and family networks:** The level of reliance on the extended family network by informal business enterprises for providing capital or labour is very high (Hallberg 2012: 68). Family and social networks play a significant role in informal business as the driving force and sustainability of the informal sector often rests upon the immediate family members or near relatives. For instance, small-scale businesses often have relatives and family members as their employees. Ranis (2015) states that in circumstances where a non-family member is absent, family members often fill in the role temporarily or permanently. Furthermore, investments normally come from family savings, while the family members also play an important role marketing products or services to potential clients (Webster 2013). Grimm (2012: 22) also argues that a small-scale business's recommendations or reputation could also substitute formal certificates or contracts.

## **2.4 The economic importance of the Informal sector/ the role of the informal sector**

A variety of studies on the informal sector have emphasised the significance of the informal businesses within the South African context (Harper and Shinder 2015: 102). Most have stressed its importance, particularly on the country's economy. Besides the 'general' economic role played by the informal sector, it has also helped in reducing poverty, contributes to South Africa's GDP and has also provided a source of livelihood

for several citizens (Hay and Minniti 2015). This section will elaborate on the contribution of the informal sector to the South African economy.

The South African economy has been sluggish in recent times (Charman 2012: 78). Thus, the divestment and slow growth has resulted in retrenchments in different sectors. This was prominent amongst sectors such as mining and manufacturing where a significant number of employees lost their jobs. In search of an alternative livelihood, some of these retrenched workers now participate in the informal business sector as a way of support for their families. *“A great majority of people who enter the informal economy do so because they have to. They do not choose it freely”* (Hay and Skinner 2013: 76). This statement validates that the informal business sector is often a substitute for the formal sector when there are no other alternatives.

Scholars, alongside practitioners, in emerging countries have acknowledged the importance of the informal economy in job creation, as well as its role in alleviating poverty (Billetoft 2010: 41). Henley (2011: 45) also alludes that the informal business sector signifies an important component that combats poverty while providing employment in many developing countries where the government and formal sectors have failed. Activities within the informal business sector form a crucial part form in the production where its output is a vital source of poverty alleviation method and a way of providing a means of earning a living. According to Gennari (2015:112), the benefits accrued are not only beneficial to rural communities, but also beneficial to urban communities. Harper (2015: 54) states that the sector contributes immensely in Sub-Saharan Africa where it contributes 55% to the GDP and 80% in the labour force. According to Chen (2014: 44), a majority of African employees who are employed by the informal sector come from a poor family background. Shinder (2015: 32) asserts that most African youth and women who reside in rural areas get involved in the informal sector due to their vulnerable situation (poverty and unemployment). Economic development policies around the activities of the informal sector have been a debatable issue (Morris 2014: 82). Schenck (2013: 123) states that policy-makers have different opinions about the introduction of the informal sector. Some take it as positive means of earning a living where a massive number people can come out of poverty and gain a grip on the mainstream economy,

while others take it as an issue that needs to be sorted or as a symptom of developmental backwardness. The sector provides opportunities for those individuals who are marginalised and historically disadvantaged groups, such as women (Schenck 2013:124). Galbraith (2018: 96) claims that, informal sector offers employment and entrepreneurship opportunities to those who are poor, and unemployable in the formal sector (due to their low skill levels). Thus, the informal sector provides such individuals an opportunity to support their families financially wherein they are found to be breadwinners and have a large number of dependents that they look after.

**Table 2.1** below describes countries where the informal sector contributes more on job creation than the formal sector. Benin contributes about 61.8% in the city Cotonou and in Niger in the city Niamey, it contributes 93%. There are many other countries where the sector contributes more than the formal sector. This just indicates the major role that the sector contributes in job creation (Hay 2014: 36). Hay (2014:56) states that the fact that the informal sector provides employment means that the level of poverty is also reduced because of the role that it plays in providing income for the poor. Recognition of the sector in its role of employment opportunities and the fact that it reduces unemployment is very important for the South African economy because the country is facing high rates of unemployment, crime and poverty (Fields 2018: 103).

**Table 2.1: Percentage of informal sector Employment in selected Countries and cities**

Country	City	Percentage
Benin	Coutonou	61.8%
Cameron	Doula	93.2%
Niger	Niamey	54.7%
Mali	Bamako	51.0%
Congo	Brazzaville	61.4%

According to Coetzee, Schenck and Millin (2014: 74), the informal business sector is frequently established for the survival of people and families living in the rural areas where

a formal job or formal ways of earning a living are scarce. According to Luiz (2013: 121), about 71% of people who engage in the informal sector enter it mainly to sustain their means of support. This assertion confirms the role that the informal sector plays as it provides alternative ways of making or earning an income, where the sector is referred to as 'survivalist entrepreneurship' and where poor rural communities have no other alternatives. Statistics South Africa (2017) revealed that the sector employs about 1.5million people. Therefore, it is a major player in job creation in the country. This implies that about 10% of the country's total employment comes from the informal sector. If private household employment is added to this number, it increases to 25% (Statistics South Africa 2016).

According to Luiz (2013:45), the sector provides a variety of activities and it is growing fast. Barret (2014: 62) states that over the years of operation, the informal business sector has presented the most development and value in monetary value and social terms. Skinner (2012: 82) states that, "street traders are poor and black, so have been disadvantaged throughout their lives. He added that most of these street traders come from rural areas looking for better opportunities in cities. From the assessment reviewed on the contribution of the informal sector in the development of the lives of the poor and deprived people living in rural areas, the informal sector has provided people who participate in a chance to earn an income and fight poverty and where participants are not required to have a high degree of skills (Skinner 2015). The informal sector fills the gap where the formal sector is unable to employ people who are regarded as uneducated and unskilled. These individuals are absorbed into the informal sector where they get an opportunity to earn an income for living and can fight poverty (Chen 2012: 88).

The province of KwaZulu-Natal is represented by 19 percent of participants who are involved in the informal economy. Of this 19%, the majority are women who form 48% (Barrett 2015: 70). According to Barrett (2015:104) a vast majority of those who are involved in the informal economy are African who constitute 98%. South African Black people are 86%, while foreigners are 14% and, of that, 98% are informal economy operators. Concerning age diversity, youth is leading in terms of the participants in the informal business sector, with 60% from the age bracket of 16-35 years. According to

Ulrich (2012: 106), the informal sector provides more job opportunities for unemployed youth in Africa. Other than the fact that the informal business sector provides legal employment for the youth, but it also provides them with self-employment and relevant experiences (Ulrich 2012: 107). Therefore, an improvement in poverty reduction strategies and on economic development policies by the state is crucial or critical because of the contribution that the informal business sector works towards youth employment (Visser 2015: 75).

Portes (2011: 69) states that the economy of many countries depended on the informal sector as it plays a significant role in driving the economy. The contribution of the informal sector in driving the economy to success can be identified in the following countries: Kenya, Pakistan, Nigeria and India. Rainey (2017: 104) added more underdeveloped as well as developing countries where the informal sector plays a significant contribution in the economy; namely countries such as Brazil, Bangladesh, and Ghana.

**Table 2.2: Informal sector's contribution Gross Domestic Product (GDP) indifferent countries**

<b>Country</b>	<b>Contribution of Formal sector to GDP</b>	<b>Contribution of Informal sector to GDP</b>
Algeria	38%	68%
Mexico	41 %	65 %
Indonesia	61 %	46%
Singapore	48 %	56%
Nigeria	43 %	58%

**Table 2.2** painted a clear picture of the significant role that the informal sector plays in the economy of the countries shown in the table. However, in the case of South African GDP, the informal sector is not a major contributor to the economy as it only contributed 5% between year 2001 to 2015 (Visser 2014:112). According to Visser (2014: 116), the main cause of low contribution by the informal sector to the country's economy and the

Gross Domestic Product is because the state does not offer the informal sector enough support needed for its growth.

## **2.5 Activities falling within the Informal sector**

Activities within the Informal sector across the globe share certain commonalities, inclusive of street traders, tuckshops, transport (taxi and bus operators) and builders. However, this section highlights the activities falling in the informal sector within the South African perspective. These activities can be categorised into five main areas.

The province of KwaZulu-Natal has different types of informal businesses operations. These enterprises involve individuals who are self-employed or employers who are not complying with the normal business guidelines like paying tax and other business reporting requirements, but other than that, they are not involved in any criminal activities (Dunne 2012: 59). These businesses usually use cash as their means of exchange. They do not involve credit cards (Dunne 2012: 87). The informal business sector workforce is dominated by two groups; street traders and Home-based workers. Together, they constitute 10-15% of the entire workforce in developing countries (Gorden 2015: 55). According to Scott (2015: 92), females constitute 30-90% of all street traders, whereas they constitute 35-80% of all home-based workers and 80% of homeworkers (industrial workers who are now unemployed and are now working at home). On the contrary, from these two groups, the less dominating types of businesses include plumbers, builders and bush mechanics.

### ***2.5.1 Informal trading businesses:***

**2.5.1.1 Spaza shops and tuck shops:** During the era of apartheid, Black people were segregated from the cities and were forced to live in townships in South Africa. This is where the Spaza shops originated (Kirsten 2016: 78). Spaza shops are generally home-based types of businesses as they are mainly found in a part of an occupied home. They are relatively family-orientated because in many cases they are managed by family members and family members are commonly involved in the day-to-day activities of the business. They involve retail activities selling goods. On the other hand, tuck-shops are

called micro-retailers as they operate independently and away from residents. They are commonly found around crowded taxi ranks, kiosks and train stations (Petersen 2011: 57). Petersen (2011: 77) adds that these types of businesses play a crucial role in rural and poor communities, where customers benefit by paying less due to transport costs which they cut by bringing products closer. Moreover, they break goods that other suppliers only sell in bulk and they also reduce the transaction costs for customers.

**2.5.1.2 Street trading:** For many people who are involved in this type of business, they do not view the business as just a passing activity, but rather as a form of business because it is their only way of earning a living or a means of income (Williams 2012: 107). Many individuals who participate in street trading are unskilled and poor, but through their involvement in the sector they gain a sense of pride, are independent due to them being able to provide for their families or being able to assist financially in their families (Kirsten 2010: 102). William (2011: 67) asserts that the majority of street vendors are black women in South Africa who have a variety of goods that they sell. These include sweets, clothes and snacks amongst them, but the sector is dominated with fruits and vegetables that are often bought from the farmers in the formal sector (Williams 2016).

The sector is the one that is dominating in the informal business sector, regardless of its appearance to the outsiders (Lund 2014: 97). Statistics, according to the Labour Force Survey (2016), estimated that the total number of street traders in South Africa was 600000 across the country, where 75% were dealing with food items only. The age group that was dominant was the 25-49 (years) group. Women were deemed to be older than male street traders. Another similar study was conducted by Lund (2014: 80) who found that more men than women get involved in street trading at an early age within the age group of 21-30, whereas more women than men were in the 41-50 group. Lund (2015: 101) suggested that generally, man start trading at an early age and pursue other interests at the late stage while on the other hand women enter at a later stage. According to Lund (2015: 116), individuals who participate in this sector are unskilled, generally poor and are at the bottom end of the socio-economic ladder. Cities and small towns are filled with informal business activities. They are also found in places where there are large groups of people, places such as bus terminals, train stations, streets and truck stops.

Street traders have become the main source of income for most poor, urban households and for those individuals who reside in major African Cities (Nepal 2015: 74). Street trading plays a significant role and can reduce poverty and create employment opportunities for old and young individuals (Nepal and Sedgwick 2013: 90).

**2.5.1.3 Sheebens:** Sheebens or taverns are another form of informal business sector that originated from the South African township known as Soweto in the Gauteng Province. People who came up with this type of informal business sector were blacks with a poor background (Teel 2010: 14). Other researchers found that South African sheebens were “entrepreneurially motivated and opportunity is driven by poverty” (Morris, Jones and Nel 2017: 64). Statistics South Africa (2014) estimates that about 200 000 sheebens remain unlicensed in South Africa. There are between 220 000 and 265 000 informal liquor retailers or sheebens. Never-the-less the product that they sell is legally bought from informal suppliers, the only illegal thing is the fact that they do not have a license to sell liquor (Herrick 2015). The state is trying by all means to form policies that will assist in legalizing the sheebens and regulate operations. By so doing, the sector will have a great impact on the South African Economy (Charman 2012: 57). (Charman 2012: 77) states that even though sheebens are usually small, they do provide employment opportunities and people who are employed are provided with a standard of living from the sector and live above the subsistence level. Most of these businesses grow due to them responding to demand and business opportunities (Rogerson 2011: 68). South Africa is a good example of where sheebens have been seen to grow to formal restaurants and spaza shop owners have become wholesale dealers for beverage companies (Woodward and Teel 2016: 117).

The case of Mtubatuba is not far-reaching from the aforementioned informal activities in other South African communities or within the KwaZulu-Natal Province. The predominant activities within the informal sector of Mtubatuba comprise (Mtubatuba IDP 2014: 2):

**2.5.1.4 Crafts:** Under crafts, most people are involved in woodwork and it is dominated by young males. Sewing is dominated by mothers and grandmothers.

**Small-scale manufactures/manufacturing:** most people are involved in food catering which is dominated by middle-aged females. In tailoring, no gender is dominant.

**Construction at a small scale:** The majority of people of Mtubatuba are involved in plumbing, which is dominated by old and middle-aged males and in building, males dominate this business.

**Informal business providers:** This includes transport providers that are commonly known as the taxi industry and it is dominated by males due to its high risk. Bush mechanics is also dominated by males. Domestic workers is dominated by females and most of them work in cities or townships.

### ***2.5.2 Other informal traders render services within the sector***

**2.5.2.1 Waste pickers:** Waste pickers are sometimes called or referred to as ‘declaimers’ by the literature. People call them garbage pickers, scavengers and sometimes waste salvagers (Schenck 2012: 53). In South African cities, waste pickers can be seen pushing their trolleys and they are an everyday sight to city people (Schenck 2012: 66). They are self-employed agents and their activities are characteristically encountered in the urban informal sector (Hayami 2012). According to Samson (2012: 55), waste pickers sometimes collect items for their use or collect items to sell to buy-back centres or higher-level traders. Issues of poverty and unemployment in third-world countries has resulted in most individuals getting involved in the waste picking trade industry and roughly about 2% of the population worldwide makes a living from this type of business by collecting, using and selling usable material from garbage (Medina 2014: 105).

**2.5.2.2 Domestic workers:** Tens of millions of domestic workers across the globe offer essential services without which home-owners would have been prevented from working outside their homes (International Labour Office ILO 2014). Because of the services that domestic workers provide to home-owners, economies and labour markets can function fully across the globe (ILO 2014). The sector is predominated by women due to the type of work that they do and most of these individuals come from poor sections of society (ILO 2014). They provide services for home-owners and in return are paid for their services. Their services range from cleaning and sweeping; to cooking and buying food for the household; taking care of children while their parents are at work or caring for the elderly and disabled members of the family (Feder 2013). Domestic workers can be employed full-time and stay with the family that they are looking after or sometimes they

are employed part-time whereby come during the day and leave in the afternoon or sometimes they work under an agent. They will provide services and the employer will pay the agent and they will get their money from the agent (Feder 2013).

## **2.6 Job creation in South Africa by the informal sector**

Many studies across the globe agree that the role of the informal sector has contributed significantly to job creation (Altman, Bagachwa and Nayo 2015: 55). Statistics South Africa (2016) affirms this allegation from other authors upon its statistical release of 2016, titled, “Survey of employers and self-employed”, which revealed that even though there was a decrease in the number of self-employed informal business owners in 2001 from 2.3 million to 1.1 million in 2009 before going up again in 2016 to 1.5 million it showed a significant growth. Statistics South Africa (2016) also noted that “informal businesses in South Africa play an important role in job creation and income generation amongst the most marginalised in society, like female heads of households, disabled people and rural-based households”.

Data collected by Statistic South Africa (2014) indicate that informal sector businesses have better chances of survival ability, even during an economic recession when the formal sector is failing to create employment opportunities and when social security systems are unstable and poverty is high. To reiterate, the informal sector in Mtubatuba is similar to the one depicted above. In Mtubatuba, the dominant sector is retail. There are a vast number of people involved in street trading. They sell along the N2 route and the products that they are commonly selling are fruits and vegetables. The less dominant are sheebens, spaza shops, domestic workers and car mechanics (IDP 2015: 2).

## **2.7 The Informal economy in developing countries: regional differences**

Workers who are employed on the basis of casual work are regarded as informally employed since they do not have a binding contract with the employer and are not protected by any unions. (Chen 2012: 90) states that they do not receive any form of benefits from the employer as they are just temporal employees. Examples of such employees are seasonal employees in the agricultural field where they work on

commercial farmers in different seasons and construction day labour when a building is under construction who when it is completed, will be unemployed again. Their wage rate competes with formal workers' wages. A good example can be found in distinguishing between an informal worker to formal producers from the textile industry, which is commonly found in third-world countries (Goldberg 2013: 45). In the textile industry, informal producers may produce products that will be sold in the local markets and that product will not only compete against informal producers, but also with the formal producers and imported products as well. Again, workers that are casually and full-time employees can manufacture products in the formal sector and the goods can be sold in foreign and local markets (Becker 2012: 54). According to Goldberg and Pavcnik (2013: 72), even though the first type of informal and formal connection is through price competition in product markets, the second type is over salaries competition in labour markets.

Becker (2012:45) states that when people try to map the informal economy to understand its size, the structure and development becomes difficult to exercise. Due to because its different definitions, it becomes difficult to make international comparisons. Furthermore, the concept of the informal economy within different countries is highly segmented by the place of work, economic sector, the status of employment and the social group and gender. After considering all of these facts, common ground can be reached on a regional basis (Becker 2013: 96).

Reimer (2014: 53) determines that when comparing between self-employment and wage employment from all developing countries, self-employment has a greater share. To be precise, the self-employment rate is at 75% of the total employment in the informal sector of Sub-Saharan Africa. The rate of 75% excludes South Africa. If it is included, the rate becomes 83%, while in North Africa it is 65%;62% in Asia and 63% in Latin America (Reimer 2015: 85). Subsequently, the wages that informal employees earn contribute 32% to 45% in developing countries. These wages exclude agricultural employment (Gibson 2016: 52).

The informal sector has become a solution to the unemployment challenge facing the country, as it has created job opportunities of about 14 000 of the 26 000 new jobs added

in the November and December period (Adcorp 2015: 48). The contribution by the sector during November and December was significant in job creation and reducing poverty for those individuals who were now able to put food on the table because of the sector's contribution (Reimer 2015: 58).

## **2.8 Poverty and Unemployment in rural communities**

When defining poverty, definitions can be debatable. However, there are common features when finding the degree of poverty (Sachs 2011: 51). There is an absolute or also known as 'extreme' poverty. There is also moderate poverty and lastly, there is relative poverty. Defining absolute poverty condition is where household members are unable to meet even the basic needs of survival. Members of the family are regularly hungry with no food they are also unable to access basic healthcare; they lack the facilities of getting and drinking clean water and safe sanitation; they cannot take their children to school and do not have a proper shelter that they can call home. They also do not have clothes, like shoes (Sachs 2011: 39). Moderate poverty is when the basic needs of survival are met, but they are barely met as there is no surplus after their basic needs are met. Relative poverty is generally perceived as households when their income is below a given proportion of average national income. Unemployment is always accompanied by inequality and poverty.

For many decades in South Africa, all attempts to put the rural areas on a course of development have not resulted in the desired outcomes. Conditions have continued to worsen and poverty has become a major issue in the rural areas in spite of their potential. Therefore, a major concern to governments, multilateral institutions and policy-makers in different countries is to identify an appropriate strategy for poverty alleviation, especially in the rural areas (Harper 2015: 55)

Rural areas of South Africa have been faced with the issue of poverty and unemployment for a very long time (Packer 2013: 47). Esser and Dekker (2014: 67) revealed that the country's socio-economic needs go hand-in-hand when trying to explain the present trends that indicate the bigger picture on the development issues facing rural areas. A

study conducted by Billy (2011: 56) found that different issues that rural communities are faced with proved a need for the state or private entities to form development programs that will assist rural communities. Moreover, community members need to become part of those programs.

The gap between rural and urban in terms of socio-economic development is becoming wider and wider with the rural areas becoming more and more neglected. Rural people find it difficult to access and benefit from the very scarce opportunities available to them (Leibbrand 2013: 15). Some of the contributions to the inequality between these two areas can be attributed to the legacy of an apartheid system where there was segregation between Whites and Blacks. According to (Horn and Motala 2017: 104) another cause can be colonialization and some rural areas are far from civilisation. The historical disadvantage that rural communities were faced with resulted in only a minority having an advantage in employment opportunities and rural people having a disadvantage in employment opportunities. Therefore, they ended up being desperate, thus creating room for the exploitation of the rural populace who wants to earn a living in the informal sector and they end up traveling long distances for less pay (Horn 2014: 25). Thus also contributed to the living cycle of rural poverty where there is common socio-economic exclusion (Horn 2014: 45). The rural populace from the nine provinces of South Africa makes up about 35.7% of the entire population in the country. Hence it is of paramount importance for the state to understand the issues facing rural communities. Many of these individuals live in an isolated part of the country where; they do not receive necessary service delivery. If they do receive these they are of a low level. Large numbers of rural people are faced with absolute poverty (Leibbrand 2013: 27). Gennari (2015: 117) argues that unemployment, poverty and inequality are the trio-challenges undermining the social, economic and political stability of South Africa.

Even though the status of South Africa is of a developing country, South Africans still face poverty and the level of employment is getting lower each year as the formal sector is failing to absorb unemployed people (Millin 2014:34). The unequal distribution of wealth and income compared it to the rest of the world is amongst the worst, as many South Africans cannot afford decent education. They also cannot afford proper healthcare and

they cannot access the most essential need, is clean water (Husmanns 2012: 59). Situations like these do not only affect the country's political and social stability, even the development part of it is also affected by nations that fail to distribute wealth and income equally as it tends to slow economic growth compared to those with equitable distributions (Millin and Coetzee 2011: 89).

Literature regarding the rural community of South Africa has a common result: that most of the rural populace is faced with the poverty issue (Chen 2016: 84). The rate of rural people living in poverty is 60%, which is higher than those who live in urban areas at 40% (Creswell 2016). Even though the number of people residing in the rural areas of South Africa is less than 50%, literature reveals that the level of poverty within the nine provinces of the country is unevenly distributed (Creswell 2016). For instance, in 2015 Human Development Research revealed that when one excludes the Western Cape and Gauteng and combines the seven remaining provinces, half of their population lives in poverty. Provinces with the highest rate of poverty were KwaZulu-Natal, Limpopo and Eastern Cape. Their level of poverty was above 60%. However, in the province of the Western Cape, the poverty rate is 29% and Gauteng is 20.3%. Kwazulu-Natal, Eastern Cape and Limpopo have about 63% of the total of poor South Africans from the total number of 22.5 million (Human Development Report 2016: 14).

Underprivileged rural households are amongst the most affected households, with a high unemployment rate of 52% when compared with the overall national rate of 29% (Woolard 2012). According to Statistics South Africa (2016), more rural poor people are outside the labour market. The consequence of having more rural individuals outside the labour market, is a lower percentage of employed people from rural households who are living below the poverty line that is significantly lower than average compared to urban people (Wenger 2014). Herber (2015: 105) compared the employment rates of rural and urban according to adult statistics for the year 2014. It was found that rural areas had 24% adults poor where only 2million people were employed and urban had 48% adults poor where 8million were from non-poor households.

Sub-Saharan Africa holds some of the underprivileged populations living in rural areas and those households depend mostly on farming for survival (James 2015: 44). These

rural farmers are faced with multi-scale poverty traps due to their reliance on seasonal staple production systems (Barrett and Swallow 2015: 55). From an individual perspective/ point of view, these farmers together with their dependent family members, live on under R15 per individual per day and as a result, their bodies suffer from not receiving enough nutrition for survival (Chen and Sangraula 2013: 35). These farmers spend most of their earnings on food for their families and many do not produce any surplus on the crops that they grow or plant (Lund 2014: 95).

Rural communities residing in the following Provinces (KwaZulu-Natal, Limpopo and the Eastern Cape) are amongst the worst, poorest rural communities in South Africa (Baden, Hasim and Meintjies 2015). Banerjee and Duflo (2011: 57) state that households headed by men have better chances of surviving poverty than those headed by females, who have more chances of facing absolute poverty. More rural African women who are employed are either employed as casual agricultural workers or in the informal sector or as domestic workers. According to (Verick 2015: 84) and many of them are paid low salaries and face daily abuse by their employers and are sometimes liable to any job loss.

Rural entrepreneurs and individuals who are looking for employees living in the Province of KwaZulu-Natal are faced with issues such as unemployment, poverty, illiteracy, lack of resources and poor infrastructure. They lack resources such as land, credit, capital, appropriate technology, training and markets (Ackerman 2013: 76). Households depend on farming and are faced with a shortage of food because they are only able to produce enough food to last them until the next harvest (Wegner 2013:76). Very few families can sell their products from their harvest in the rural areas of KwaZulu-Natal (Erasmus 2015). Female farmers who participate in food production farm for survival. They only sell stock that is in excess for their family's consumption. Moreover, the only reason that they sell is that they do not have proper storage facilities and are not trained to preserve food (Ackerman 2013: 84).

According to Rogerson (2010: 57), one of the most common features affecting urban areas in developing countries is the high level of unemployment. These unemployed urban individuals have no other choice but to enter into the informal business sector to earn something and survive poverty (Samson 2012: 45). The African National Congress

(ANC) noted the presence of two economies existing in South Africa. They exist separately but depended on one another (Samson 2012: 60). These economies were categorised as follows: “The first is an advanced economy based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalized, unskilled economy populated by the unemployed and those unemployable in the formal sector.”

Statistics South Africa (2014) defines employment as individuals within the age group of 16-65 years, who were unable to secure employment seven days before the survey interview but were actively looking for employment or were taking steps to become entrepreneurs four weeks prior to the survey and were unable to find a job within two weeks of the interview. Verick (2015: 87) also defines unemployment as a phenomenon that happens when an individual is looking for employment, but is unable to secure any employment opportunity. When economists measure the health of the country’s economy, they use unemployment as a measurement instrument (Verick 2015: 90). When looking for an unemployed rate, statisticians take the number of unemployed individuals divided by individuals who are in the labour force (Statistics South Africa 2016)

According to Statistics S.A. the unemployment rate stood at 26.7% in the second quarter in 2016, even though the economy was observed as performing well from the past decades (Labour Force Survey 2016). The issue of unemployment continued affecting South Africans who are actively looking for employment and in 2018, the unemployment rate in the second quarter went up again to 27.2% (Labour Force Survey 2018). The unemployment rate has never dropped below the rate of 23%, even when the economy was progressive and was sustainable. (Gennari 2015: 117) states that the issue of unemployment always affected rural people as they were always victims of unemployment. The economically active population in this context, refers to the 16-64 age bracket. Even after South Africa gained its freedom in 1994, poverty remained a major issue for South Africans, especially rural communities (Shinder 2015: 45). The issue of crime in South Africa can also be linked to poverty and unemployment (Shinder 2015: 49). The National Planning Commission (NPC) in 2011 found that a vast majority of graduates and young adults are unemployed and therefore resort to alcohol and other

drugs/substances to overcome their depression of being unemployed. Most rural households are supported by individuals who earn low incomes and have many dependents (Horn 2014: 48).

## **2.9 Relationship between education and the Informal Sector**

People living in rural areas of South Africa have continued being the most disadvantaged societies across the globe as they are still faced with the issues of unemployment, education, shelter, health services and there is still a division between them and their urban neighbours (Wenger 2014). Rural people in South Africa still live in object poverty and they have very few or no development activities happening in their communities (Herber 2015: 110). A study conducted by Orford (2014) found that rural people residing in South Africa are a cause of great concern with the issues facing them. The state seems to neglect them and as a result, they suffer from deprivation and great poverty (Orford 2014). A practical approach to addressing this challenge lies in empowering the rural populace through their involvement in developmental initiatives (Gutmann 2014).

In South Africa, there is a very strong relation or correlation between people's level of education and their standard of living (Woolard 2012). Woolard (2012) found that South Africans with a low level of education were poorer than those who had more education. For example, 58% of adults with no education at all were poor, yet only 5% of people with tertiary level education were poor. Parents in rural areas are more eager in making sure that their kids do not fall victim to being less qualified when they are applying for jobs. They make sure that their kids obtain the highest qualifications that they can afford (Lawanson 2010: 103). The idea of better job opportunities with education is shared by many people, while the fact that education in rural areas is of great concern due to no income opportunities, food security and most families rely on their children to make ends meet (Gardine 2011).

Poor people in rural areas are faced with many challenges and the age group that suffers the most is children. Rural children are very disadvantaged when it comes to their education. They spend more time doing household chores before they go to school and

after school, they do not have sufficient time to do their homework and study. Some children attend school without having any meal from home and thanks to the South African Government feeding schemes, they are able to eat at school. When school starts, most of them are physically exhausted because they walk long distance to school; and most rural schools don't have latest resources for learners to strengthen their learning capacity (Gardine 2011).

The majority of rural schools are faced with shortages in learning equipment like scientific material and computers for advanced learning, whereas other schools are faced with government lack of infrastructural development such as no water, libraries, and electricity (Woolard 2011: 54). When one combines these problems with the issue of overcrowded classrooms and the issue of the dysfunctional relationship between parents and teachers, together with the ill-discipline learners; these issues hamper the success of pupils and bring a gap between rural and urban education (Woolard 2011: 69).

The informal sector has provided employment opportunities even for those who are uneducated in rural areas of South Africa, the sector has improved the unemployment challenge, it created employment opportunities of 12 000 people for two months November and December (Adcorp 2015: 51).

## **2.10 Relationship between Informal Sector and rural-urban migration**

Rural areas are defined as areas or places where people depend on farming for their survival or they depend on natural resources to provide them with means of survival, these places include small towns or villages where people are spread across these areas (Rural Development Framework 2010). 'Rural clusters' in the former homelands (large settlements without an economic base except for transfer payments) clusters are also included when defining rural (Rural Development Framework 2010).

One of the biggest issues affecting rural communities is poverty, where food insecurity and malnutrition tends to be viewed as rural problems, these issues are not as big in cities compared to rural areas (Senay 2012). But due to migration, the urban population is

growing rapidly and now the policymakers are forced to take another look at this issue of poverty and migration in urban areas (Senay 2012).

According to Tollens (2013: 34) late in 1970 when the first concept of the informal sector first appeared, the highlight was that rural people were migrating to urban areas. The process of migrating gave rise in many people living in urban areas, however, that growth did not manifest to employment in the formal sector but more people were involved in small-scale activities that were in the informal sector (Schwarz 2010: 68). Rural migrants and urban residents were provided with employment opportunities from this new modern sector and it provided them with means of survival (Tustin 2013: 73).

When people started making money outside the modern system (Formal sector) they did it for survival, and the sector appeared to everyone as a common and practical method of creating employment and fighting poverty for the poor (Schwarz 2010: 68). In other words, rural people found a substitution for their unemployment issue in urban cities and therefore they were able to live in the city (Sharan 2015: 59). This implies the unemployed rural migrant who is unable to find a job in the urban setting often settles for the informal sector (in the urban community) to sustain his or her livelihood (Pretorius 2013: 50).

Ulrich (2015: 107) argues that sometimes the decline in rural poverty is a result of urban migration that results in urban poverty since people move without finding work and means of earning a living. Most urban methods of fighting poverty usually involve social welfare-oriented, while an effective rural development initiative aimed at fighting poverty regularly works with raising or increasing the productivity of the rural poor (Valodia 2015: 45). Thus, (Valodia 2015: 50) recommends poverty alleviation in rural communities as a means of reducing urban poverty

According to Pretorius (2013: 41), as in the second quarter of 2016, a vast majority of underprivileged people in emerging countries live in rural areas. He further posits that, by the year 2020, the projection of the majority world population is estimated to live in urban areas; wherein, 60% of poverty-stricken people will be found amongst households of rural communities. More so, it is arguable that rural decline is among the root causes of premature urbanisation and urban poverty (Pretorius 2013: 49).

The common trend of migration from rural to urban, as it is known from the general literature, is a process that happens when an individual or an entire household from the rural area willingly move intending to maximize their benefits in the urban area (Ladzani 2013: 32). When migrants move most of them end up working in the informal sector to earn for a living, it only survival strategy, mostly because jobs are limited in the formal sector and they don't have sufficient skills to compete with the urban dwellers (Talmage and Freeman 2013). One of the reasons they migrate is that they assume that urban areas will provide them with higher income than what they were making in the rural areas (Talmage and Freeman 2013).

The informal sector assists rural people by absorbing the labour of new dwellers when they arrive in the urban cities (Madziakapita 2013: 82). If the informal sector never existed, it is most likely that a social-economic decline can emerge, therefore threatening the whole society in general. The informal sector can create more job opportunities than the formal sector because of its low capital costs and maintenance (Madziakapita 2013: 91).

## **2.11 Need for poverty alleviation**

South Africans are faced with poverty that has an immense racial element (May 2013: 54). The author also argues that even though it cannot be limited to a single racial group, poverty is however dominant amongst black people. The issue of extreme poverty is a global problem amongst rural communities, especially on the African continent and it calls for international attention (Ladzani 2013: 50). Statistics conducted by Thinkers Forum (2013) found that more than 101 billion people have a consumption level that is under \$1 a day; people who do not have access to safe drinking water are more than 1 billion; more than 6 million children below the age of five years die every day due to hunger, and at the year-end of 2013, the number of orphans grew to 143 million under the age of 18. These statistics were conducted amongst 93 developing countries.

Lifting rural poor people from the issue of poverty and bringing an end to their poverty cycle with investing in their basic capital (physical, human and social) is sound economic that adds an advantage that will bring high-quality growth to a country (Sharan 2015: 59).

However, for rural communities to overcome poverty and not fall back into poverty again there is no guarantee against that, especially if assets are centralised and if rural poverty reduction mechanisms are not properly acknowledged (Sharan 2015: 55).

South African people celebrated years of equality and democracy and the demise of the apartheid era (Taylor 2015: 50). Even though there is major progress amongst other government departments such as the department of education, healthcare provision of basic services and housing, there is still a general concern amongst development practitioners and institutions. They are all concerned about the widespread poverty amongst South Africans, especially those who reside in rural areas (Taylor 2015: 57).

The issue of fighting poverty and reducing its level is identified as the ultimate global challenge and South Africa is identified as the country that has a triple threat: one is poverty and the other two are inequality and unemployment (World Bank in 2013). Many people who were able to come out of poverty were 3.6 million and those people who were living on less than \$1.25, due to the South African progressive tax system and “progressive government spending” (World Bank 2013). Government-issued grants, a tax system that was favouring the poor and the provision of basic services, saw the poverty rate amongst South Africans dropped from 46.2% to 39% (Nicolson 2013:49). However, the statistics have changed in 2018 and more people are living in poverty due to the South African high VAT rate at 15%, high fuel prices and the corrupt government (Nicolson 2018: 54).

According to Statistics South Africa (2011) reports that were used to count those living in poverty it showed different figures. When an income-expenditure survey was conducted for the period of 2010/11, it re-weighed and updated a basket of goods and services after data of 25 000 was collected. Statisticians came up with a new poverty line which came from a cost of basic needs approach that included both food and non-food items. It also calculated a minimum amount of money that individuals need to survive with and those who fall below that line were considered to be poor (Statistics South Africa 2013). According to the data that was collected amongst different provinces, KwaZulu-Natal had the most people living in poverty in 2016, followed by Western Cape. People who were

living in poverty were people who were earning below R354 per capita per month (Statistic South Africa 2016)

## **2.12 Measures used in tackling poverty**

“No political democracy can survive and flourish if the majority of its people remain in poverty, without land, without their basic needs being met and without tangible prospects for a better life. Attacking poverty and deprivation will therefore be the priority of the democratic Government” (African National Congress 1994: 47).

“Endemic and widespread poverty continues to disfigure the face of our country. It will always be impossible for us to say that we have fully restored the dignity of all our people as long as this situation persists. For this reason, the struggle to eradicate poverty has been and will continue to be, a central part of the national effort to build the new South Africa” (Mbeki 2004).

For South Africa to be a more equitable society, one of the debates is the distribution of social grants amongst the poor and disadvantaged (Wills 2015: 81). Many households have become dependent on the grant system and studies have shown that grants have increased significantly since its introduction. For the government to keep up with the provision of grants, state expenditure has grown high and since the introduction of free tertiary education, it went even higher (Nicolson 2018: 57). Wills (2015: 82) states that grants cost the state 3.4% of the budget, compared to 3.2% in the year 1992.

The unemployment rate stood at 25% according to the Quarterly Labour Force Survey (QLFS) for the year 2014. When taking into account discouraged job seekers and expanding the definition of unemployment, the rate increases to 35%. Also in the same year, Statistics South Africa (STATS SA) released statistics on poverty and the level of poverty for that year showed an increase from 45.5% to 53.8% in terms of the upper-bound poverty line (UBPL) measurement. Stats SA also uses an upper bound poverty line when defining poverty. It is one of three measuring methods. The bound poverty line calculates the lowest amount of money that one needs to survive when taking into consideration food and non-food items. People who can afford food and non-food items

are considered to be falling within the UBPL category. Those individuals are still classified as poor since their earnings are below R 753 per capita per month.

### ***2.12.1 Measures used in tackling poverty in South Africa***

The South African government has used the National Development Plan (NDP) as one of its tools for addressing concerns such as poverty, unemployment and inequality. Initiatives such as the NDP for economically disadvantage people provide a positive platform for collaboration among businesses, government, civil society and labour (Devey 2015). The program also accelerates or promotes rural development through expanded infrastructure, enhanced competitiveness, and greater spatial efficiency in growing cities. Although the NDP encourages business growth and investment, it also prioritises measures that will enable it to build an effective, capable state that delivers services to citizens. According to Valodia (2015: 45), the South African government has come up with a plan to create an estimated six million employment opportunities over the next five years. This plan is to reduce the unemployment rate that the country is faced with.

The South African government has a duty in ensuring that every South African citizen has clothes and shelter, as well as food and clean water (Havenga 2015: 94). Due to the widespread poverty in South Africa, the South African government introduced a program called social grants as a means of supporting poor citizens to combat poverty for both rural and urban areas. Children as well as families, including those that are orphans due to HIV and Aids, have been benefiting for years through the social grants system. Due to the unstable economic climate, it is difficult to find employment. Moreover, some job-seekers do not have the necessary skills that employers are looking for, but the program of grants makes life possible for those families that would not be able to put food on the table (Naidoo 2016: 103).

The South African Social Security Agency (SASSA) was established in 2004 by the Thabo Mbeki-led administration but started operating in 2005. One of the most effective programs for poverty alleviation amongst poor South African citizens declared to be effective was SASSA (Langa 2016). The establishment of SASSA as an agency for Social Development was in terms of the Social Assistance Act 13 of 2004 to provide comprehensive social security services to deserving vulnerable and poor South African

citizens. Ever since its inception, the programme has assisted more families and played an important role by breaking the cycle, hence providing for families who were previously unable to buy food and send children to school and also bringing Social Relief (SRDs) and the provision of school uniforms to orphans and those children from poor households. The social assistance program comprises the following grants and numbers of beneficiaries that benefit from SASSA: Child support Grant (R11, 9 million); old age grant (R3.2 million); care dependency grants (R131 375); foster care grants (R493 012); war veterans (R230 million) and disability grant (R1.7 million) (Southern Africa Labour and Development Research Unit 2016: 12). Social grants go a long way for South African poor rural or urban communities by providing them with financial assistance (Langa 2016).

To further improve the standard of living amongst South Africans, the South African government also provided RDP Houses for some of the poorest households. This was initiated as a means to improving accommodation standards to the homeless or those with dilapidated homes; facilitate a secure tenure for the poor; while also offering affordable home finances. Additionally, the South African government also initiated approaches such as the National Development Agency (NDA), National Youth Development Agency (NYDA), Early Childhood Development (ECD) and Expanded Public Works Programme (EPWP) to address poverty amongst the South African populace.

### ***2.12.2 Success stories attributed to the War on Poverty by government***

Through initiatives such as social grants, free education as well as primary healthcare, the South African government has been able to reduce the extent of poverty amongst her citizens. An estimated nine million poor children have benefited from these initiatives (Patterson 2016: 14). Furthermore, Table 2.3 provides a synopsis of some of the landmark achievements made by the South African government in tackling poverty.

### Table 2.3: Successes in poverty alleviation

**Table 2.3** illustrates how poverty had reduced significantly across the nine provinces of South Africa over seven years (2006-2011) and even in 2016, the number is still reducing from the programs put in place by the South African government.

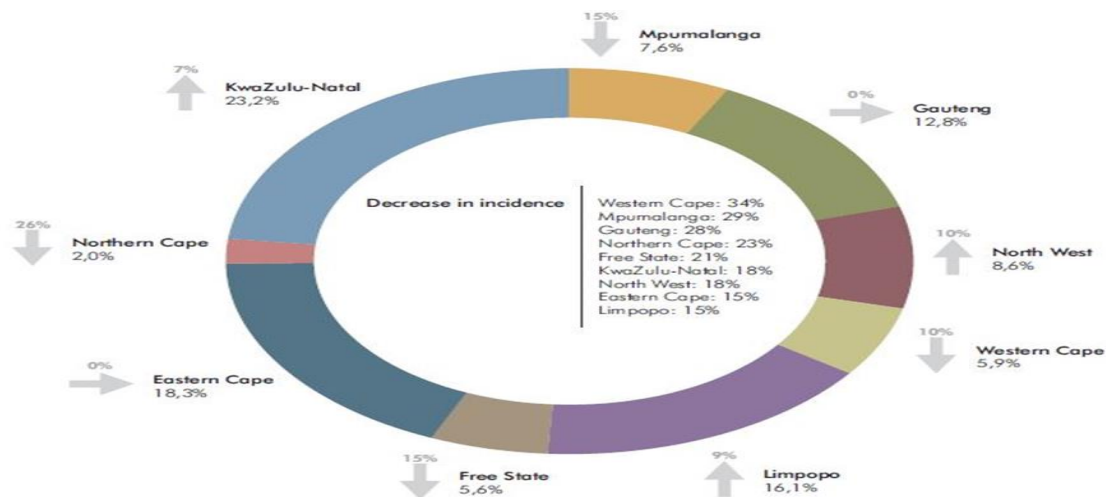
**Table 2.3: Reduction of Poverty Across Nine Provinces OF South Africa**

s/n	Province	2006	2009	2011
1	Western Cape	27,0	25,2	17,8
2	Eastern Cape	55,8	55,0	47,5
3	Northern Cape	47,5	49,0	36,5
4	Free State	47,5	49,0	36,5
5	KwaZulu-Natal	51,3	48,7	42,0
6	North West	45,2	46,6	37,2
7	Gauteng	22,6	24,0	16,2
8	Mpumalanga	53,8	53,1	38,3
9	Limpopo	59,8	67,7	50,9

Source: Adapted from Statistics South Africa (2011: 76)

The following Pie chart also illustrates poverty reduction in South Africa

**Figure 2.1: Poverty Reduction in South Africa**



Source: Adapted from Statistics South Africa (2011)

### **2.13 Role played by the local government in developing informal business in Mtubatuba**

A sustainable livelihood for rural people is not the only way of life, it is the only way to survive (Muiruri 2014: 98). The most common way of survival that the informal business sector knows is informal trading. Most of the informal business sector take pride in the fact that their survival in business is because they work hard themselves, as they do not depend on state handouts or employers (Cross 2013: 47). In Mtubatuba, the informal business sector has become an economic alternative for some rural community members who earn their living through trading in the informal sector (Donaldson 2015). The informal business sector is further supplemented by tourism, as Mtubatuba is a tourism gateway to Isimangaliso Wetlands Park and Hluhluwe Umfolozi Park. In KwaZulu-Natal in general, 19% of the workforce operates in the informal economy (Dedtea 2014: 120), which further emphasises the importance of the sector in local economic development, especially in the rural areas of South Africa.

The role that the informal business sector plays in the economic development of the communities around Mtubatuba is significant, especially to those people who are poor. Opportunities offered by the informal business sector have been identified by the Municipality because they assist them in the fight against poverty. These opportunities stimulate the economy and enable people to become economically active. According to Skinner (2014: 84), for people who earn low incomes and sometimes are at the bottom of the pyramid, the informal business sector market provides simple consumable goods and services. One of the advantages that the informal business sector has in Mtubatuba is that participants can provide competitive products at much lower prices because some of them do not pay rent and those who do, pay low rent (Spring 2017: 92).

### **2.14 Shortfalls in the initiatives used in tackling poverty alleviation**

Dlamini (2015: 64) cited by Petersen (2015: 45) alleged that while millions of poor and well-deserving South Africans have benefited from social grants, some criminal activities have also taken advantage of siphoning the funds through illegal means. A large number

of cases of corruption and fraud were registered, amounting to 7734 million, for the 2012/13 financial year and disputes that were finalised, had a monetary value of R59 million. However, some progress has been made in addressing these unethical concerns.

One example of progress was the arrest of 50 culprits at Mahlabathini area (KZN). These individuals were found with 127 unregistered SASSA cards, three Cash Payment Services (CPS) registration machines and R47 000 in cash in their possession. When adding all their illegal litigation costs it was just over R10 million rand (Petersen 2015:47). Thirty fraud cases were reported to law enforcement agencies. These cases involved eighty-four officials and had a combined value of R15 091 076 for the financial year 2013/14. For the period 2017/18, R224 574 137 was recorded as irregular expenditure and R190 444 771 was irregular expenditure relating to the prior year and more individuals were arrested. SASSA also introduced new methods to minimise the level of corruption within the agency (South African Social Security Agency 2018).

Additionally, studies conducted by the Southern Africa Labour and Development Research Unit (2016: 15) maintain that the “Child support grant” has fuelled teenage pregnancy. This study further mentions that many teenagers do not practice protected sex as they take advantage of the social benefits. Furthermore, there have been circumstances where the teenagers deliberately want to make more babies as a means to enriching themselves through the Child support grant.

#### ***2.14.1 How the government has addressed some of these shortfalls***

Millions and millions of rand that were meant to benefit poor South Africans ended up in the wrong hands. The agency lost money totalling R20 950 255 91 for the 2014/15-year-end (South African Social Security Agency 2014). The government has identified the fraudulent activities within SASSA and have made concerted efforts to address every fraud issue timeously and adequately (Cullen 2015: 35).

As reported by Dlamini (2015), Minister of Social Development), SASSA has taken more proactive interventions to fight fraud and corruption. Such interventions are inclusive of the introduction of physical barriers as a means to restricting employee movement; split authorisation; staff vetting systems, as well as the use of a new and improved biometric

system to control the use of passwords and making them more effective. Beneficiaries were sequestered to re-register and also given the biometric payment system which gave the agency a credible database. Over 300 000 grant payments were cancelled due to fraudulent activities by staff members. This included duplicated grants. Over 700 000 child recipients were removed from the system since they were fraudulent and could not be presented by their primary caregivers for their re-registration. For SASSA's Fraud Prevention Strategy to work, they cooperated with whistle-blowers to help them identify fraud and corruption, and there was an improvement in policy procedures and internal control (South African Social Security Agency 2018).

#### ***2.14.2 How the informal sector can play a role in supporting the government in addressing these shortfalls***

South Africa's poor have heeded the government's call to do it for themselves in the spirit of 'Vukuzenzele'. Ever since the launch of the Vukuzenzele initiative in 2006, several thousands of rural-based women who were previously unemployed have been empowered through this initiative. The main aim of Vukuzenzele was to contribute to the government's 2014 objectives of halving poverty, growing the economy and creating job opportunities for rural communities by supporting their small informal businesses (Kalu 2014: 59). To millions of people affected by poverty and unemployment, the most obvious option to 'do it for yourself' is to start small business initiatives such as selling fruits and vegetables, clothes, fast food at a street corner and operating 'spaza' shops. The initiation of commencing own businesses by the poor has been a means to ensuring that they participate meaningfully in the informal economy, provide for their families and create jobs for the unemployable. However, the government is seen as not doing much to help informal traders (Schneider 2015: 56).

On Vukuzenzele intervention, Jacobs and Hart (2013: 31) also affirm that the informal sector can address governmental poverty strategic shortfalls through initiatives such as agriculture programs for rural communities.

Providing support to the informal sector could help South Africa relieve some of its unemployment pressures. The informal sector has low barriers to entry and exit and is quick to identify and provide for the basic needs of the poor local community. If the

government can provide sufficient assistance to the informal sector while encouraging the populace to work for their money, then crime, theft and other criminal activities will likely reduce significantly (Knight 2017: 54).

For a large proportion of the South African population, social welfare grants are an important source of income. Rapid increases in government expenditure on social security between 2010 and 2015 have further increased poor households' reliance on welfare grants and have been important in the fight against poverty. Providing support to the informal sector could help South Africa relieve some of its pressure on government spending as a reduction in the dependent populace will enable the South African government to divert such funds to other progressive initiatives (Taylor 2015: 55).

Social welfare policies often have very broad objectives. In addition to alleviating poverty, they often form part of a broader agenda of economic development and social transformation (Mkandawire 2014: 67). Gertler (2015) asserts that one of the “greatest tragedies” of poverty is its inter-generational transmission: children who grow up in poor households tend to remain poor. Due to malnourishment and poor quality or low levels of education, they lack the capabilities of escaping poverty. It is therefore crucial that the government formulate policies capable of re-invigorating the informal sector in the short, medium and long-terms (Gertler 2015: 60). This would allow the broader goals of economic development and economic transformation to be reached in the long-run (Gertler 2015: 34).

## **2.15 Informal enterprise and poverty alleviation in rural communities**

The informal business sector is a heterogeneous mixture of activities involving more than one million individuals, who engage and trade goods and services. It is represented by diverse people who reside in cities and rural communities, but most have a similarity that is poverty (Nel 2015: 56). Common types of informal businesses such as tuck-shops, sheebens, street traders, car guarding, hair salons, home-based and care work, waste collectors are some of the important activities for healthy local communities and cities in two ways: firstly, they serve as a creative method for those individuals who become self-

employed by providing them with opportunities to earn an income, especially for those who are struggling to earn a living in the formal sector. Secondly, these entrepreneurs provide convenience and affordable goods and services to local members of the community (Chan 2014: 43). When comparing informal sector to formal sector profits due to not paying direct tax, the informal sector has an advantage of making more profit and therefore sustaining a larger number of dependents in a household located in the poorer parts of the rural and urban areas of South Africa (Skinner 2013: 41).

## **2.16 Role and contribution of the informal sector**

Weaker economic growth prospects, tighter fiscal conditions, corruption by government officials, high rates of poverty and unemployment are the main issues coercing government into not achieving their main objectives in creating decent jobs, reducing inequality and fighting poverty more rapidly (Organisation for Co-operation and Development 2014). For individuals to overcome extreme poverty and unemployment, they involve themselves in various subsistence activities such as self-employment in informal entrepreneurship (National Labour & Economic Development Institute 2014). The evidence is that more people are employed through the informal sector and it is still growing. More people are self-employed through the creation of micro-enterprises, which implies a shift from the two sectors (formal and informal). Any country that does not acknowledge this shift is destined for failure (Erasmus 2015). Statistics South Africa (2016) reports that 248 780 informal entrepreneurs are operating in the informal sector and these employers play an important role in job creation. These entrepreneurs give a positive trend towards an increase in informal employment. For what these entrepreneurs are doing to fight against poverty and unemployment, there is a need for skills and development for these entrepreneurs to succeed (Erasmus 2015). After the recession in 2009, formal employment declined significantly and ever since, never recovered. People turned to informal trading or employment for employment opportunities (Ackerman 2015: 20). The shift from formal businesses to informal businesses is a wake-up call for researchers and policy-makers who need to acknowledge the role that informal

businesses in the informal sector are playing and can play in the economy (Ackerman 2015: 20).

The inclusion of many micro-enterprises by the informal sector makes it a driving force in job creation as more opportunities are available in this sector. Biggs and Srivastava (2017: 45) support this statement with their findings that small enterprises with less than 50 employees are one of the important sources of employment. One of the countries they used as an example is Kenya, where businesses with 10-49 employees employed 41% and industries that employed more than 100 employees only employed 12.5%. When the overall employment rate was counted, the informal sector employed 5.1 million individuals, which is 15% for the year 2013. The sector's vital characteristic of growing anywhere indicates that it is the fastest growing sector that adds to employment. Hope (2017: 75) believes that with the fast rate of growth of this sector in Africa, it will overtake the informal sector by the year 2020.

Findings from the World Bank's informal businesses survey for 2015 acknowledge that informal sector businesses are more into labour-intensive production and hence they absorb more labour than the formal sector because of their lack of technology, implying that more people are employed in the informal sector which leads to achievement in the fight against poverty and unemployment (Tang 2017: 82).

## **2.17 Motivating factors in starting an informal business in rural areas**

Poverty is one of the most dominant factors that influences rural informal business enterprises to start their businesses. For most rural communities, agriculture was one method that they used to sustain a living. However, with the current climate change, it has become difficult for them to use agriculture (Thompson 2016:54). For some families, they used to live below even the poverty line of S\$1.25 per day and the percentage is growing every year due to the high unemployment rate (United Nations Economic Commission for Africa 2014). Trading in the informal sector functions as a survival or coping strategy for the poor to avoid starvation by generating limited income (Fonchingong 2015:35). Income accrued from the informal sector is used to increase

household income and; very little income is used for growing businesses because more money is used to buy family clothes, educate and feed children (Tang 2017: 88).

The informal sector prevents people from involving themselves in unethical means just to earn some money by providing employment opportunities and entrepreneurship to those individuals who could not find employment in the formal sector (Tambunan 2014). South Africa is faced with a high rate of unemployment, with rural communities the ones that are highly affected (Hansenne 2015: 45). When the mining sector started retrenching miners, the unemployment situation became even worse as many people lost their jobs and many rural homes lost their breadwinners. As a result, poverty also rose (Devey 2015: 48). Furthermore, the number of unemployed South Africans rises every year as more graduates complete their studies and join the army of unemployed (Herber 2012: 23). Countries worldwide have acknowledged that the growth and development of informal businesses can play a significant role in turning this situation around (Tambunan 2014). For a prosperous democratic government to succeed and create a better life for its citizens, they will need good programs and policies that support the development of informal businesses (Visser 2013: 65).

Prompted by poverty, economic necessity and business opportunity, informal entrepreneurs are an enduring facet of the African business landscape and their work cannot be ignored (Margan 2016: 87).

## **2.18 Challenges of informal business owners in rural and urban communities**

**2.18.1 Lack of management skills:** Even though informal businesses play a significant role in the economic growth of the country, these businesses are still classified as those that possess minimum entrepreneurial skills. They also do not have proper administration; they are managerially incompetent; and have inadequate international trade strategies as most do not consider international markets (Ladzani, Smith and Pretorius 2012: 34). Rural informal businesses are often faced with a shortage of entrepreneurial skills, as these businesses only attract and supply a restricted niche market where their customer base is only local communities in small quantities and most customers are poor and cannot afford to buy in large quantities (Ligthelm 2011: 96). The way in which these businesses operate as a day-to-day family survival activity, affects their growth capabilities. Their

profit margins are low due to the trading or operating in a simple market where their clientele are financially marginalized with low income and less spending capabilities (Ligthelm 2011: 27).

**2.18.2 Lack of financial assistance:** One of the biggest challenges facing the growth of the informal business sector is financing, which has been a focus area for both informal traders and policy-makers because of the great contribution that the sector makes to the growth of a country (Parker 2015: 54). Abel (2014:14) states that one of the major contributors of the high rate of failure in the rural informal business sector is financial challenges and the heterogeneous nature of this businesses. They include a wide range of businesses and these businesses differ in their dynamics, risk attitude and technical advancement. These business owners find it very difficult to obtain a loan or get even the smallest amount of capital that they need for their day-to-day expenses. Informal businesses' shortage of funds to finance their businesses is about the complex loan administration system posed by financial institutions (Manu 2014: 72). The manner or process to get a loan is too long. As a result, many loan applicants give up before financial institutions can even grant them their loans (Manu 2014: 73). As a result, many informal business owners come up with their start-up capital and also provide their own finances for the growth of their businesses.

**2.18.3 Lack of a fixed place for trade:** Most business owners or traders have the same priority: having a fixed place or location to trade (Amin 2013: 38). Clients want traders to be consistent in their trading locations and it is also economically significant as it brings stability to the business owners' clientele. Thus, any form of disturbance due to improvements or upgrading in public spaces where informal businesses are located can disrupt the business clientele and therefore affects business returns. Trading conditions of the informal business sector needs to be supported by city services and amenities (Visser 2013: 70).

The outcomes of the regulations governing the informal sector by providing a framework on how informal traders should operate often do not involve the opinions of informal traders themselves. Additionally, regulations can harm the flexibility of the informal sector that allows them the ability to conduct business (Babbie 2013: 34).

For most cities in South Africa, getting a licence or permission to conduct business for most informal traders view it as onerous (Mouton 2014: 56). Some authority members use their power to harass informal traders. They abuse their power. Traders often felt as if municipalities do not take their businesses seriously and prioritised as part of the cities landscape. They find it challenging to negotiate the policy processes.

Often, these informal business sectors are left with no coping strategies that will assist their businesses but instead are left to absorb any financial burden. According to Mouton (2014: 66), the crippling cost provided by this bureaucracy can be compounded by microeconomic variables that can affect trading conditions.

**2.18.4 Lack of training, skills development and financial assistance:** According to The Province of KwaZulu-Natal, 80% of informal businesses fail in operations within a period of two years and even more barely survive beyond the period of three years since they lack any form of training, they are also not financially assisted and there is no skills development (Ramela 2012).

## **2.19 Sources of capital for informal businesses**

The majority of business owners are faced with a challenge when it comes to raising capital for their businesses as, they cannot even raise the smallest amount that they need through financial institutions (Allen 2015: 34). Informal business owners are required to provide more information when trying to obtain loans from financial institutions, and thus the shortage of funds is a complex issue (Manu 2014: 72). For those businesses who manage to obtain start-up capital for their businesses, they take funds from their savings, loans from their relatives or 'omashonisa', retrenchment payments and stokvels (Tanzi 2014: 64).

## **2.20 Predominant informal businesses amongst Mtubatuba entrepreneurs**

Mtubatuba is dominated by the following types of informal businesses: sheebens, spaza-shops or tuck-shops. Other people sell their products on streets to passing cars on the

N2; and they also sell foodstuff around schools. There are also salons, bush mechanics, plumbers and builders.

## **2.21 Conclusion**

The informal sector in rural areas has helped the state in the battle against the high rate of poverty and unemployment. The South African government has tried to help rural communities but the gap between rural and urban areas is big and the informal sector has assisted in bridging that gap by providing a source of income (Fraser 2015: 45). The majority of rural poor and unemployable South Africans are employed in the informal sector for their survival. Moreover, those who reside in the urban areas but are unemployed in the formal sector also find employment in the informal sector for survival. Both rural and urban informal workers or employers engage in informal activities due to different circumstances. The reasons are as follows: some they were unable to complete their education; downsizing or retrenchments of employees; others are widows who are forced to seek ways to make a living; and others are entrepreneurs with entrepreneurship skills (Walther 2011). The benefits of participating in the informal sector are that the sector provides households with employment opportunities as well as supplementary income where there was no other option or possibilities (Brennan 2010: 34). South African economic development can be improved even more by recognising the role of the informal sector in job creation and reducing household poverty. Recognition and forming ways to legalise it, can lead to an improvement in the sector's capacity in providing sufficient earnings for its employees so that they can meet their basic needs by increasing their income. The government needs to raise awareness, and come up with better policies that will benefit the informal sector, by improving the level of financing and providing information to participants.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the research methodology adopted in this study. It further describes the study's geographical area, the population, target population, sample, as well as the sample size. Also discussed are the data collection instruments; and approaches used in ensuring the reliability and validity of the instruments. This chapter also explains how the data is analysed.

### **3.2 Insight into Mtubatuba**

Data for this study were collected from the informal businesses operating in two wards called KwaMsane and Nkombose. These wards are under Mtubatuba Municipality which is a rural settlement in KwaZulu-Natal (IDP 2015: 10). Unemployment, poverty and marginalization are some of the characteristics that define or describe the population around Mtubatuba and it is not different from other rural areas around South Africa (IDP 2015: 14). The municipality is situated within the Umkhanyakude District. Mtubatuba is under the District of uMkhanyakude and forms part of the Southern end (IDP 2015: 32). Based on a 2010 Statistics South Africa survey, the total population of Mtubatuba is estimated to be around 145 105 people, with about 109 895 additional people through the latest addition of the Mpukunyoni Traditional Authority location that was added to Mtubatuba Municipality's area of jurisdiction (Review of Mtubatuba Municipality Integrated Development Plan 2010/11-2012/13)

Mtubatuba Municipality comprises 19 municipal wards and 15 of them fall under the Mpukunyoni Traditional Council area. This confirms that Mtubatuba Municipality is predominantly rural. Only four municipal wards are outside the Mpukunyoni Traditional Council area and one of them was chosen to form part of the study, that is KwaMsane Township. Even though 15 wards are part of Mpukunyoni Traditional Council, portions of wards 2 and 6 also fall within the Mpukunyoni Traditional Council authority area.

Mpukunyoni Traditional Council area is the underdeveloped part of the Municipality and is characterized by a lack of service development, a lack of economic investment, land degradation, unemployment, and poverty. The location of the Mtubatuba Municipality is strategically located along the N2 road, which links important areas such as Ethekezi Metropolitan area, Richards Bay, Mpumalanga province and other African Countries such as Swaziland and Mozambique and other Southern African Development Community (SADC) countries.

Mtubatuba Municipality is no different from other municipalities in that, it has two types of sectors: the formal and informal. The formal business sector is represented by those businesses found mostly in the central business district (CBD) and they are regulated by all laws governing the operation of businesses in South Africa. They also abide by the Mtubatuba Town Planning Scheme and by-laws. Informal businesses, on the other hand, are found more along the major transport routes (N2 and R618) and within the central business district areas in town. They are found at busy intersections and taxi ranks. Some are found in townships and the rural areas of Mpukunyoni. The Mtubatuba municipality is yet to develop an Informal Trading Policy (IDP 2015: 25).

The author's knowledge of Mtubatuba is a reason for the area being chosen as the case study of the research. These two wards consist of a large number of individuals who participate in various informal business activities (IDP 2015: 25). Poverty due to the high rate of unemployment is a day-to-day struggle for most households.

### **3.3 Research Approach and Design**

The research approach is a systematic investigation to establish factors or principles or to collect information on subjects (Hult 2013: 150). (Hult 2013: 180) states that Research is also used to investigate subjects or problems. Burns (2014) states that there are three types of research methods: quantitative, qualitative and mixed. According to Marais (2012), the quantitative approach is closely linked to the post-positivist/ positivist paradigm. This approach often deals with the gathering and conversion of data to a numerical format. Conclusions are thus drawn from such numerical data through

statistical calculations. On the contrary, Donaldson (2015: 12) explains that a qualitative approach is associated with the 'social constructivist paradigm'. This approach often places emphasis on the 'socially constructed nature of reality'. A mixed-method is both a method and methodology that researchers use in conducting research that involves collecting, analysing and integrating both qualitative and quantitative research in a single study (Creswell 2015: 15). Furthermore, Walsham (2014: 54) explains the research approach and design as a process of recording, analysing and uncovering a more concise and in-depth interpretation and significance of human experiences, attitude, perception, emotions and contradictory beliefs. Researchers are interested in gaining a rich and complex understanding of people's experience and not just in obtaining information which can be generalised to other larger groups.

Before choosing a research method, the researcher has to consider and deliberate on many issues in conjunction with the study, after taking into account such factors, which are fully explained in the following paragraphs. The study pursued a mixed research approach, wherein relevant and pertinent information was solicited from informal business owners. Creswell (2016: 45) argues that the mixed research approach does not only aid the researcher in collecting and analysing output derived from questionnaires and interviews, but also provides in-depth insight to a study. It is of greater relevance than either the quantitative or qualitative approaches being employed individually. Creswell (2016: 56) further argues that the usage of either the qualitative or quantitative approach (alone) may not suffice in providing sufficient reliability or validity to the research findings. Hence, through both approaches, the researcher was able to obtain an aggregated set of remarks through the questionnaires; while the face-to-face interviews also provided the researcher with deeper insights into the study's aim and objectives. Joseph (2015) also emphasises that the qualitative approach offers a researcher the privilege to have a first-hand experience of participants' daily activities.

Thus, the researcher utilized the self-administration approach while administering questionnaires to the participants, which were collected thereon by the researcher after completion by the research participants. Subsequent to this, interviews were also conducted by the researcher. A total of 152 questionnaires were distributed and the

researcher waited for the participants to answer all the questions and collected them upon completion. A total of 15 interviews were also conducted by the researcher. The sampling method was refined by the participant's willingness to take part in the study. They did not want to reveal their personal information because they thought that their information was going to be disclosed to the authorities since they were not VAT registered. The respondents were assured that the information would be strictly used for this study and would be confidential. This was done with a letter of informed consent presented to them.

### **3.4 Population**

Fong (2014) defines a population as units, individuals or elements that attain a specific criterion which is representative of that group, from which a researcher intends to select a sample for further examination. Fong (2014) also describes 'population' as a set of elements identified by the researcher which possesses specific characteristics.

The study population consisted of all informal businesses in the Mtubatuba Local Municipality. Due to high levels of poverty and unemployment in Mtubatuba and the area being rural, there are no industries that can assist with employment. Hence the role of the informal sector can be best identified there (Verma 2014).

#### ***3.4.1 Target population***

The target population refers to members or elements of a group under study (Wenger 2010). Groove (2013) also defines a target population as the entirety of objects or individuals on which an investigator anticipates to base his conclusions. The results of the study are generalized to this population because they all have significant traits in common (Grove 2013). The target population for this study was the approximately 250 informal businesses located in two of the largest wards in Mtubatuba, namely KwaMsane and Nkombose. The target population was chosen around the area where the researcher believed that businesses are homogenous, which is where the bulk of informal traders are situated.

### **3.5 Sampling**

Thompson and Steven (2012: 74) explain that sampling refers to the selection of a part of a population in order to use such selection in making judgments about the entire population. It is also a method used to draw representative data through the choosing of participants due to their availability or easy access (Fong 2013: 60). The total number of informal businesses in KwaMsane and Empukunyoni amounts to 250. This formed the population of the survey and enabled the researcher to understand the sampling frame of the population representation.

A total of 250 informal businesses were randomly selected and 152 were given questionnaires, while 15 were interviewed to make inferential observations from survey data. A table developed by Krejcie and Margan (2011) was used to determine that 152 was an appropriate sample size for this study.

#### ***3.5.1 Sampling method***

One hundred and thirty-seven informal businesses were randomly selected to characterize the entire scope of informal businesses within kwaMsane and Nkombose. According to Kothari (2016), random sampling provides an equal probabilistic opportunity for the participants within the population to be selected. The questionnaires were personally administered to all participants and fifteen interviews were also conducted by the researcher.

#### ***3.5.2 Sample size***

Amongst the 250 informal traders of Kwamsane and Nkombose (Umkhanyakude District 2013), 152 informal traders comprised the sample size of this study. This sample size was based upon Cresswell's (2013) assertion that an above 60% of a homogenous population is justifiable for a social study. Moreover, a table developed by Krejcie and Margan (2011) was used to determine that 152 was an appropriate sample size for this study. The table below represents the calculations from the table that was used to determine the appropriate sample size for this study.

**Table 3.1 Sample Size**

Required Sample Size†									
Population Size	Confidence = 95%					Confidence = 99%			
	Margin of Error					Margin of Error			
	5.0%	3.5%	2.5%	1.0%		5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10	10
20	19	20	20	20	20	19	20	20	20
30	28	29	29	30	30	29	29	30	30
50	44	47	48	50	50	47	48	49	50
75	63	69	72	74	74	67	71	73	75
100	80	89	94	99	99	87	93	96	99
150	108	126	137	148	148	122	135	142	149
200	132	160	177	196	196	154	174	186	198
250	152	190	215	244	244	182	211	229	246
300	169	217	251	291	291	207	246	270	295
400	196	265	318	384	384	250	309	348	391
500	217	306	377	475	475	285	365	421	485
600	234	340	432	565	565	315	416	490	579
700	248	370	481	653	653	341	462	554	672
800	260	396	526	739	739	363	503	615	763
1,000	278	440	606	906	906	399	575	727	943
1,200	291	474	674	1067	1067	427	636	827	1119
1,500	306	515	759	1297	1297	460	712	959	1376
2,000	322	563	869	1655	1655	498	808	1141	1785
2,500	333	597	952	1984	1984	524	879	1288	2173
3,500	346	641	1068	2565	2565	558	977	1510	2890
5,000	357	678	1176	3288	3288	586	1066	1734	3842
7,500	365	710	1275	4211	4211	610	1147	1960	5165
10,000	370	727	1332	4899	4899	622	1193	2098	6239
25,000	378	760	1448	6939	6939	646	1285	2399	9972
50,000	381	772	1491	8056	8056	655	1318	2520	12455
75,000	382	776	1506	8514	8514	658	1330	2563	13583
100,000	383	778	1513	8762	8762	659	1336	2585	14227
250,000	384	782	1527	9248	9248	662	1347	2626	15555
500,000	384	783	1532	9423	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	9603	663	1354	2654	16586

† Copyright, The Research Advisors (2006). All rights reserved.

Source: The Research Advisor (2006)

### 3.6 Data Collection

This subsection highlights the following aspects – research instrument, questionnaire design, pilot study, questionnaire administration and response rate.

#### 3.6.1 Research Instrument

Creswell (2013) describes research instruments as measuring instruments designed for obtaining information on a chosen subject matter, which may include tools such as scales or questionnaires. The researcher used questionnaires and Interviews to collect data, as identified below:

**Questionnaire:** This tool serves as an instrument that can be used to obtain data from a large group of participants, wherein their understanding of a specific phenomenon is being understood. Additionally, this tool is affordable in comparison to obtaining information from a large population group through the interview method (James 2015).

**Interview:** interviews as compared to questionnaires provide a far deeper insight into participants' views on a subject matter. Interviews enable researchers to enquire about

random but relevant questions that may come up during the interview. Due to the one-on-one interaction between a researcher and participant, researchers can have participants' personal and intimate views' (Wenger 2014).

Creswell (2014) further describes a questionnaire as a measuring instrument which comprises a set of questions aimed at collecting information from a pre-determined set of participants. Popoola (2014) further mentions that questionnaires offer researchers advantages such as the ability to gather a significant amount of data from a large population within a limited time frame, and also at a minimal cost. He further notes that despite the high number of participants that may be involved in this, the reliability and validity of this tool are not compromised. All participants were allowed to provide feedback. Feedback is generally anonymous, which encourages openness and honesty. From a total number of 152, 137 participants completed the questionnaires distributed by the researcher and formed part of the study.

Interviews were also used as a research instrument and a total number of 15 participants participated and formed part of the study. Interviews were conducted by the researcher and the information used was based on what the respondents said. According to McNamara (2017), the significance of interviews cannot be over-emphasized as they serve as a tool for getting a clearer perspective on 'participants' experiences'. Thus, this enables the interviewer to pursue precise and concise information on the topic of interest. Moreover, McNamara (2017) adds that interviews are particularly useful in doing follow-ups to the questions posed to participants in a survey or questionnaire. In such situations, a mixed research approach is used. A total number of fifteen informal businesses allowed the researcher to interview them and also form part of the study.

The questions posed were closely linked to the research aim and objectives as a means of gaining insight into how informal businesses address poverty in the area of study. The questionnaires were printed and personally administered by the researcher to the respondents. The research instrument was adapted from (James 2015).

### **3.6.2 Questionnaire design**

To gain a background to this research, insight and an understanding, the study area was explored. To do this, the researcher formulated a problem statement and drew up a research proposal. The proposal and questionnaire were drafted in October 2015. The questionnaire and the proposal were drawn up based on literature from various articles and books on the role of the informal sector in poverty alleviation in rural areas. The study focused on the perception of the role of the informal sector in alleviating poverty in Mtubatuba, mainly the KwaMsane and Nkombose areas.

The questionnaire format followed the Likert scale and open-ended line of questioning. The Likert scale was used to measure the respondents' level of agreement or disagreement with specific questions attributed to the study's aim and objectives (McBurney 2013: 123).

#### **3.6.2.1 Questionnaire format**

Likert scale

Dichotomy

Open and Closed-ended questions

### **3.6.3 Pilot study**

Ford and Trusting (2013) define a pilot study as a pre-version of a 'full-scale' study which is often used in testing the validity and reliability of a questionnaire. While a pilot study does not guarantee success in the main study, it does increase the level of success after the pilot study has been conducted. To detect any problems associated with the research design, there is a need for a pilot study as well as a statistical test (Muijs 2013:37). Its purpose is to find out whether there is a need to change, delete or add some questions. A pilot test was conducted amongst five informal business owners in Mtubatuba and the feedback was used to improve the validity of the measuring instrument. Questionnaires were personally self-administered to participants by the researcher.

After making changes, Cronbach's Alpha was applied by the statistician who analysed the questionnaire and confirmed that reliability and validity measured high and, was

therefore acceptable. This meant that the questionnaire could be administered to the entire sample.

#### ***3.6.4 Questionnaire and interview administration***

Questionnaires were self-administered to informal business owners in Mtubatuba. While administering the questionnaires, respondents were given a letter of informed consent as a means of providing more information on the purpose of the study. The questionnaire was available in both English and IsiZulu. The estimated time each participant took to respond to the questionnaire and interview was 10-15 minutes for the questionnaire and it also took 45minutes-1 hour for the researcher to conduct the interview. The presence of the researcher enhanced the response rate and equally contributed to the participants' level of understanding. For the questions that were not understood by participants, the researcher further explained them until participants were satisfied and were able to answer them.

The questionnaires consisted of a set of pre-set questions which had open and closed-ended questions. The researcher administered questionnaires to respondents (see Appendix B). In cases where the respondents could not read and write, the researcher read out the questionnaires asked the respondents to answer and filled in the answers given by the respondents. In cases where the respondents did not understand English, the researcher translated the questions into isiZulu. During the period of interviews, some new data were added. Heerden (2012: 70) came across a similar case in his study and also had to add some data. The researcher distributed the questionnaires and conducted interviews in the selected areas where informal traders were more concentrated, following the sampling method. It took the researcher one and a half months to complete collecting data from the participants because of the interviews that were conducted.

#### ***3.6.5 Response rate***

Maxwell (2015:121) describes the 'response rate' as a percentage of respondents who completed and returned a questionnaire over the entire number of respondents involved in a sample. Researchers have often debated about 'what percentage' suffices as an ideal response rate. This varies amongst authors based on a variety of circumstances

such as the homogeneity of participants. However, a conceding view amongst authors is 60% and above (Kiess and Bloomquist 2012).

### **3.6.6 Response rate achieved**

According to Maxwell (2013: 98), a suitable or appropriate response rate in a social sciences study is an above 60% response rate. A total number of 152 informal businesses were given questionnaires but only 137 participated and formed part of the study. There were only 15 participants when allowed the researcher to interview them. The response rate achieved in the current study was 90.1% and that formed a limitation.

## **3.7 Limitation and delimitation of the study**

As mentioned in the previous sections, this study is only confined to the Mtubatuba community, situated in the Northern part of KwaZulu-Natal. Due to the broadness of this community, the researcher focused only on KwaMsane and Nkombose. Moreover, formal forms of trading were excluded from the current study as only informal business traders were involved. Thus, the findings of the current study cannot be generalized to the entire informal mode of business in Mtubatuba, KZN or South Africa. Furthermore, limitations such as time constraints and financial constraints were concerns in the current study.

## **3.8 Bias avoidance**

In carrying out research, bias is likely to occur, especially during sampling and interviewing. Nevertheless, the researcher took the following steps to limit forms of biasness:

### **3.8.1 Questionnaire bias**

The questionnaire was developed to its final form through testing. The researcher paid special attention to the sequencing of the questions; question wording for misunderstandings; and recording errors caused by questionnaire layout as identified by the pilot study and the statistician.

### **3.8.2 Subjectivity**

The researcher made sure that the interpretation of data was only done after the recording of the events and remained neutral towards all aspects of the study.

### **3.9 Data analysis**

Data analysis is described by Tustin (2013: 70) as the process of assessing raw data and sorting out each component of such data logically and analytically. Tuky (2011) also defines data analysis as the act of obtaining raw information and transforming such data into useful information in order to make informed decisions. Data analysis could also be described as a process of examining, converting and modelling information with the intent of finding out specific information while deriving useful recommendations and conclusions (Tuky 2011). For this study, 137 sets of data were gathered from questionnaires and then analysed to form findings or conclusions. Fifteen interviews were also conducted and then analysed to form findings and conclusions. Quantitative data were coded in the form of numbers and analysed through SPSS Version 24.0. Information gathered from fifteen interviews were analysed through themes. One hundred and thirty-seven questionnaires were completed adequately with the full information needed to achieve the research objectives. Fifteen interviews were conducted and analysed and they gave sufficient information concerning the study. Data were divided into two categories, namely qualitative and quantitative.

After the data were collected, it was organized and analysed. For the analysis of closed-ended questions, a computer program called the Statistical Package for the Social Sciences (SPSS) was used. Data was analysed by using descriptive statistics. Frequency tables were drawn and from these, the data were presented in pie diagrams and bar graphs. Concept analysis is the process of analysing verbal or written communications in a systematic way to measure variables quantitatively (Hungler 2013). Qualitative data were not coded into the SPSS program, but were applied directly from the questionnaires and analysed using context analysis.

### **3.10 CONCLUSION**

KwaZulu-Natal province is the home of 10.27 million of South Africa's citizens. In terms of per capita income, the province is regarded as the poor province in comparison with other South African provinces, but it is not the worst of all provinces (Stats South Africa 2011). The magnitude of poverty and unemployment characterize the socio-economic profile of the rural areas of the province. Owing to the high degree of inadequacies and inequalities, informal and personal services are the main employment outlets (Verma 2014).

The researcher used the mixed-method as a tool for collecting data. Questionnaires were administered by the researcher in order to collect data from a convenience sample out of 152 subjects but only 137 formed part of the study. The line of questioning of the questionnaire was open and closed questions. The sample characteristics included informal businesses. Interviews were also conducted and only 15 participants participated.

Permission was obtained from the ward Councilors of the two wards. After collecting data from the participants, the researcher organized and analysed data. The Statistical Package for the Social Sciences (SPSS) system is a computer program that was used for analysing the closed-ended questions. A descriptive statistic was used to analyse data. Frequency tables were drawn and from these, the data were presented in pie diagrams and bar graphs. According to Hungler (2012), the term 'concept analysis' is the method of analysing written or verbal communications in an orderly way in order to measure variables quantitatively.

The research methodology was described in this chapter. To investigate the contribution of the informal sector to poverty alleviation in Kwamsane and Mpukunyoni under the municipality of Mtubatuba in the province of KwaZulu-Natal, a multi-stage sampling procedure was administered with random sampling to select the studied population (137 informal businesses). To address identified gaps, a mixed research methods approach was employed to achieve the research objectives. Information received from these instruments collected during fieldwork was converted into data represented by numbers or characteristics. This included the population, sample, data collection instruments as

well as strategies used to ensure the ethical standards, reliability and validity of the study. The following chapter focuses on data analysis and interpretation.

## **CHAPTER 4: STATEMENT OF FINDINGS, INTERPRETATION AND DISCUSSION OF THE DATA**

### **4.1 INTRODUCTION**

After capturing the data, it was analysed to categorise and summarise the research findings with the main purpose of answering the research question (Lund 2016: 57). This chapter presents the results, while discussing the findings obtained from the questionnaires as well as the interviews conducted by the researcher. The questionnaire and interviews were the primary tools used to collect data. Questionnaires were distributed to the informal business sector in Mtubatuba (KwaMsane and Nkombose), KwaZulu-Natal. Furthermore, interviews were conducted with 15 prominent informal business owners in Mtubatuba. SPSS version 24.0 was used to analyse quantitative data. The findings were then presented by using descriptive statistics, which were represented by graphs, cross-tabulations and figures. P-values were used to interpret inferential methods which involved chi-square and correlation test values. Thematic analysis was used to analyse qualitative data. Different challenges restricting the growth of the informal business sector in Mtubatuba are also addressed and pertinent literature used to support the research findings.

### **Part A: The quantitative findings**

#### **4.2 The Sample**

A response rate of 90.1% was obtained. From a total of 152 questionnaires that were distributed to prospective participants, only 137 participated. Two of the questionnaires were not completed/ filled, while some participants decided to withdraw.

#### **4.3 The Research Instrument**

There were 14 questions posed by the research instrument, with the measurement at the ordinal or nominal level. The questionnaire was divided into two sections that measured different themes as indicated below:

Section 1 Biographical data

Section 2 Business Profile

#### **4.4 Reliability Statistics**

Validity and reliability are two of the most significant aspects of precision. Measuring reliability, information is put on the computer and numerous measurements are taken on the same subjects. For a newly developed construct, a reliability coefficient of 0.60 or higher is considered as “acceptable”.

The reflection of all Cronbach’s alpha scores on all items that constituted the questionnaire are reflected on the table below.

Reliability Statistics

Cronbach's Alpha

N of Items

.3335

The reliability scores for one section are lower than expected. This is mainly due to the interpretation of the questions by the respondents. Moreover, some of the statements were negatively stated and re-coding did not improve the scores by much.

#### **4.5 Factor Analysis**

##### **Why is factor analysis important?**

For data reduction, researchers use factor analysis as a statistical technique. Survey research is a typical study that uses factor analysis, where a researcher wishes to represent many questions with a small number of hypothetical factors (Cooper 2015: 57).

For example, with regard to environmental policy, participants can give three different answers, forming part of a national survey conducted on political opinions. Those answers will be reflecting problems at a national, local and state level. Considering all questions together, they may provide a better measure of attitude than if they were isolated. They would be an inadequate measure of attitude towards the environmental policy. To be accurate and understand that the three measures were measuring the same thing, factor analysis can be used. If so, those three responses can create a new variable by combining them, for a score variable that contains a score for each respondent on the factor. Factor techniques apply to a variety of situations. During a decathlon, a researcher may need to know if more or small number of core skills are required to be successful in the decathlon, or to be a decathlete the skills required are as varied as the ten events. To perform a factor analysis, one requires not to believe that factors exist, but in reality or practice factors are commonly interpreted, spoken or real things, and given names (Emory and Cooper 2014: 60).

The matrix tables are preceded by a summarised table that reflects the results of KMO and Bartlett's Test. The requirement is that the Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allow for the factor analysis procedure (McLeod 2015).

Factor analysis is done only for the Likert scale items. Certain components are divided into finer components. This is explained below in the rotated component matrix.

#### 4.6 KMO and Bartlett's Test

**Table 4.1: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.500
Bartlett's Test of Sphericity	Approx. Chi-Square	36.585
	Df	15
	Sig.	0.001

Source: Field survey data (2018)

All of the conditions are satisfied for factor analysis. That is, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy value should be at least 0.500 and the Bartlett's Test of Sphericity sig. value should be less than 0.05.

## 4.7 Rotated Component Matrix

**Table 4.2: Rotated Component Matrix<sup>a</sup>**

	Component		
	1	2	3
Lack of proper accommodation	0.656	-0.031	-0.097
Distance from suppliers	0.656	0.016	0.155
High rate of crime	0.321	0.821	-0.171
Lack of finance	-0.432	0.651	0.289
Poor support from the local municipality	0.166	-0.015	0.936
Good marketing skills	0.563	0.103	0.201

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 a. Rotation converged in 7 iterations.

Source: Field survey data (2018)

The main aim of factor analysis is to do data reduction through a statistical technique. Survey research is usually used for factor analysis, in an instance where a researcher wishes to represent several questions with smaller hypothetical factors. Regarding the table above:

- The method that was used as the extraction was the principal component analysis and for the rotation, a Varimax method was used with Kaiser Normalization. This is an orthogonal rotation method that minimizes the number of variables that have high loadings on each factor. The reason for using it was to simplify the interpretation of the factors.
- Loading/ factor analysis displays inter-correlation between variables.
- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along with the various components.

It is noted that the variables that constituted the ordinal question loaded along 3 components (sub-themes). This means that respondents identified different trends within the section. Within the section, the splits are colour-coded, with yellow being important, green being fairly important and the blue being very important.

## **4.8 Section A: Biographical Data**

This section summarises the biographical characteristics of the respondents.

### **4.8.1 Overall gender distribution by age**

The results from Table 4.3 reveal that the mean age of the majority of the informal business owners in Mtubatuba is 36-40 years. The study suggests that the female gender is dominant in the informal business sector as 66.1% of participants were female. On the contrary, the male participants only accounted for 33.9%. Additionally, when other age brackets were accounted for, that is informal business owners across all age brackets, females accounted for 74.5%, while men were only 25.5%. This age distribution is consistent with studies conducted by Adonget *et al.* (2014: 42), as well as Celik (2013: 50). Both studies did affirm that the 36-45 age bracket formed the majority of informal business owners, and further accentuated women been the dominant group. Adonget *et al.* (2014: 45) also indicate a male-female ratio of 1:3 amongst informal business owners. Independently, gender and age distributions were also skewed ( $p < 0.001$ ).

The lower percentage of men engaged in informal trading within the area of study may be attributed to the fact that in small towns and rural areas such as Mtubatuba, the formal sector is unable to generate enough employment opportunities. As a result, unemployed men often migrate to cities in search of better livelihoods. The rising incidence of migration of men from this small town or rural areas is an escalating indication of high unemployment and poverty levels in rural areas (such as Mtubatuba). This trend has been noted by several scholars (Kyei and Gyekye 2011; Van der Merwe 2014; Jiyane *et al.* 2013; Modirwa and Oladele 2012; De Cock *et al.* 2013). Table 4.3 further illustrates the age distribution amongst the informal businesses in Mtubatuba.

**Table 4.3: Age distribution of informal business owners**

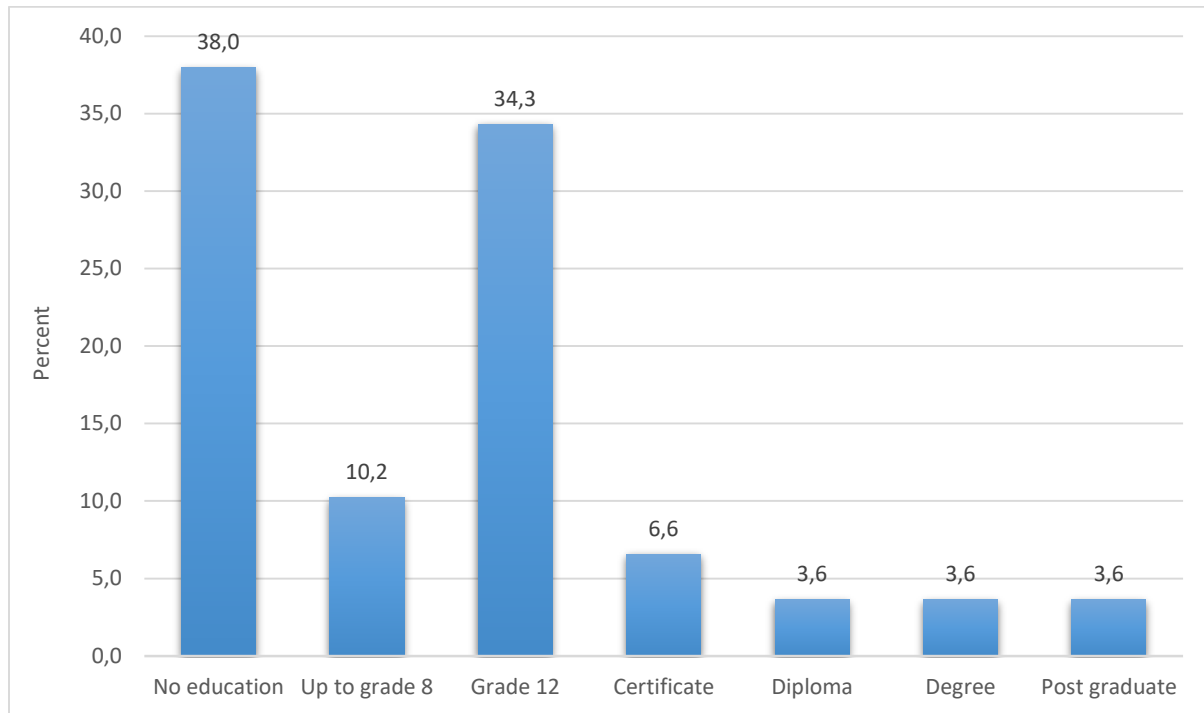
			Gender		Total
			Male	Female	
Age	18 – 25	Count	3	6	9
		% within Age	33.3%	66.7%	100.0%
		% within Gender	8.6%	5.9%	6.6%
		% of Total	2.2%	4.4%	6.6%
	26 – 30	Count	0	11	11
		% within Age	0.0%	100.0%	100.0%
		% within Gender	0.0%	10.8%	8.0%
		% of Total	0.0%	8.0%	8.0%
	31 – 35	Count	2	2	4
		% within Age	50.0%	50.0%	100.0%
		% within Gender	5.7%	2.0%	2.9%
		% of Total	1.5%	1.5%	2.9%
	36 – 40	Count	19	37	56
		% within Age	33.9%	66.1%	100.0%
		% within Gender	54.3%	36.3%	40.9%
		% of Total	13.9%	27.0%	40.9%
	> 40	Count	11	46	57
		% within Age	19.3%	80.7%	100.0%
		% within Gender	31.4%	45.1%	41.6%
		% of Total	8.0%	33.6%	41.6%
Total	Count		35	102	137
	% within Age		25.5%	74.5%	100.0%
	% within Gender		100.0%	100.0%	100.0%
	% of Total		25.5%	74.5%	100.0%

Source: Field survey data (2018)

#### 4.8.2 Education levels of respondents

Figure 4.1 describes the educational attainment amongst the participants who were involved in informal businesses in Mtubatuba

**Figure 4.1: Level of education**



Source: Field survey data (2018)

Figure 4.1 provides the educational attainment amongst the participants in the study. This line of questioning sought to ascertain if their level of education in any means adversely or inversely impacted on the growth of their businesses. The level of education ranged from those who do not have any form of education to those who have attained tertiary education.

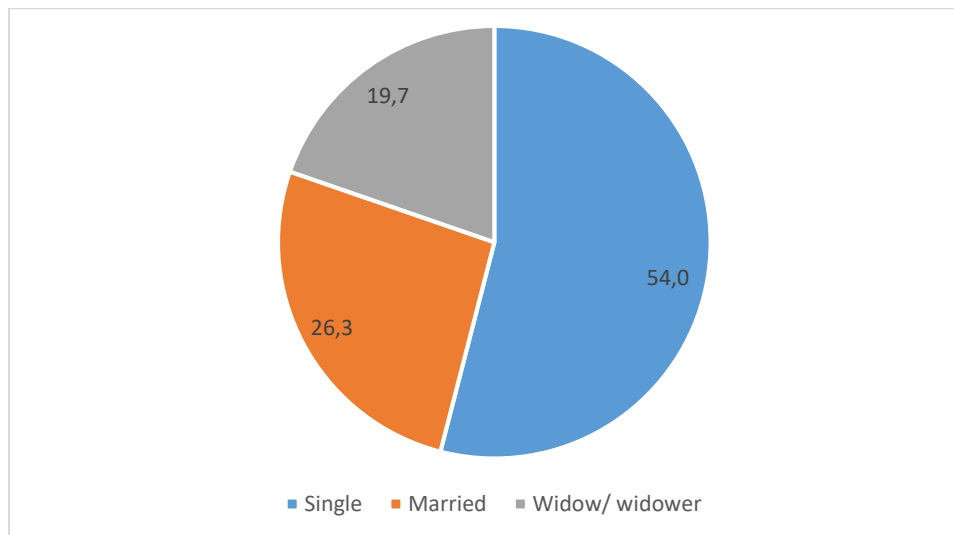
The majority of respondents (82%) had at most a high school certificate. The remaining respondents had a post-school qualification ( $p < 0.001$ ). The results of the survey reveal a significant percentage of illiterate respondents (38%) and those with primary education only (10%). Furthermore, 34.3% of the respondents had received a formal secondary education. The findings of this study contravene similar studies conducted in other countries within Africa., One such is Kojo (2014: 167) whose study revealed that 68 % of

informal business owners in Kwabulawayo in Zimbabwe had at least a University Degree. A similar study in Ghana revealed that an estimated 70% of the informal business owners had a tertiary qualification (Amidu, Effah and Abor 2011). From the findings on the educational level, the study further sought to find out whether improvements in education could impact positively on their business's performance. Masuko (2013: 43) noted that education is fundamental to the creation of a competitive, knowledge-based economy characterised by the diffusion of information within the economy, which is crucial for entrepreneurs to increase their productivity, which will lead to the growth of their businesses. Results from cross-tabulations reveal the relationship between the highest level of education to the financial management skills and general management skills of .000, which shows a significant relationship between these variables.

However, studies within the South African context do align with the findings of this study. One such is Terblanche and Macleod (2017: 62), who allege that a majority of rural informal business owners have little educational attainment.

#### **4.8.3 Marital status of the respondents**

**Figure 4.2: Marital status of the respondents**



Source: Field survey data (2018)

Findings from Figure 4.2 reflect that more than half of the respondents (54.0%) indicated that they were single ( $p < 0.001$ ), while 26.3% were classified as married and 19.7% were

widow/widower. This assertion is consistent with studies conducted by Jiyane and Hendriks (2012: 70) that observed a similar trend where more than 60 percent of respondents were single in a study conducted in the rural area in Eastern Cape. The view was also supported by Marchal and Wathen (2016), who mention that most rural informal businesses were found to be operated by single people who had to support their families.

#### **4.8.4 Number of dependents of respondents.**

**Table 4.4: summary of dependents of respondents had.**

N	Minimum	Maximum	Mean	Std. Deviation
137	0	5	2.99	1.558

Source: Field survey data (2018)

**Table 4.4** reveals that on average, respondents had 3 dependents, with a minimum of zero and a maximum of 5 ( $p = 0.023$ ). Concerning household size and dependents, literature shows that the majority of households involved in the informal sector are more likely to live in larger households (Wills 2015: 56). The results reveal that the majority of respondents lived in households that consist of three members, with a standard deviation of 1.558 people per household. It is interesting to note that the size of the households was slightly lower than the overall household size of the province, yet higher than the average national household size (Adong and De Cock et al. 2013). 4.5 Two-thirds of the respondents indicated that they were the sole breadwinners in their households.

**Table 4.5: Breadwinners**

	Frequency	Percent
Yes	90	65.7
No	47	34.3
Total	137	100.0

Source: Field survey data (2018)

**Figure 4.5** indicates that about 90% of respondents indicated that they are breadwinners in their households, which means that the income from their businesses is the only source of income for their families. This assertion is supported by Amidu, Effah, and Abor (2014: 65), alleging that, about 80 percent of rural household's income in Ghana comes from the informal businesses. The same view was also buttressed by Amidu et al. (2015:149), who

found that most rural families in South Africa survive through the income that comes from the informal business sector.

## 4.9 Section Analysis

The section that follows analyses the scoring patterns of the respondents per variable per section.

The results are first presented using summarised percentages for the variables that constitute each section.

Results are then further analysed according to the importance of the statements.

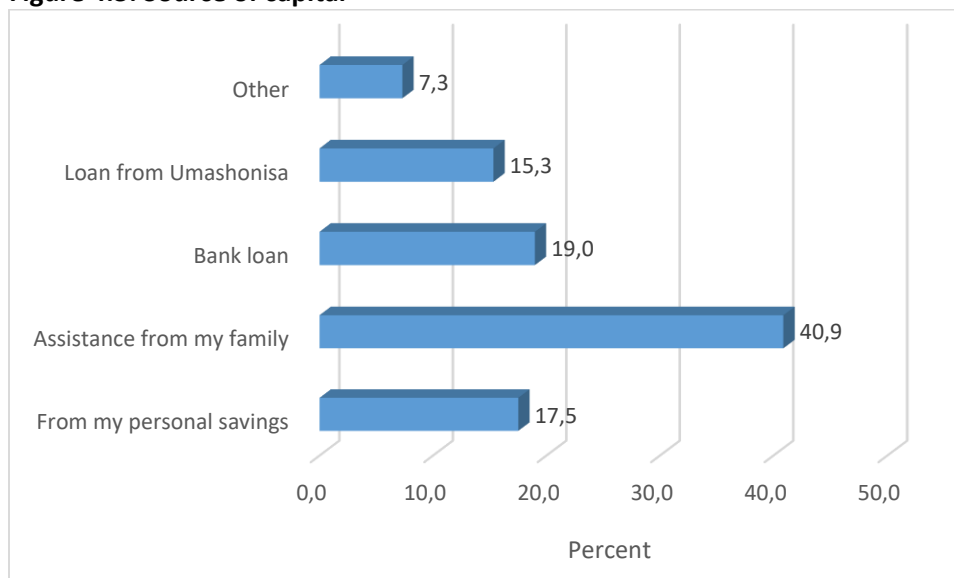
## 4.10 Section B

This section deals with the business part or aspect of informal business entrepreneurs.

### 4.10.1 *How was your business financed when you started?*

Figure 4.3: Depicts sources of finance for the inception of the informal business

**Figure 4.3: Source of capital**

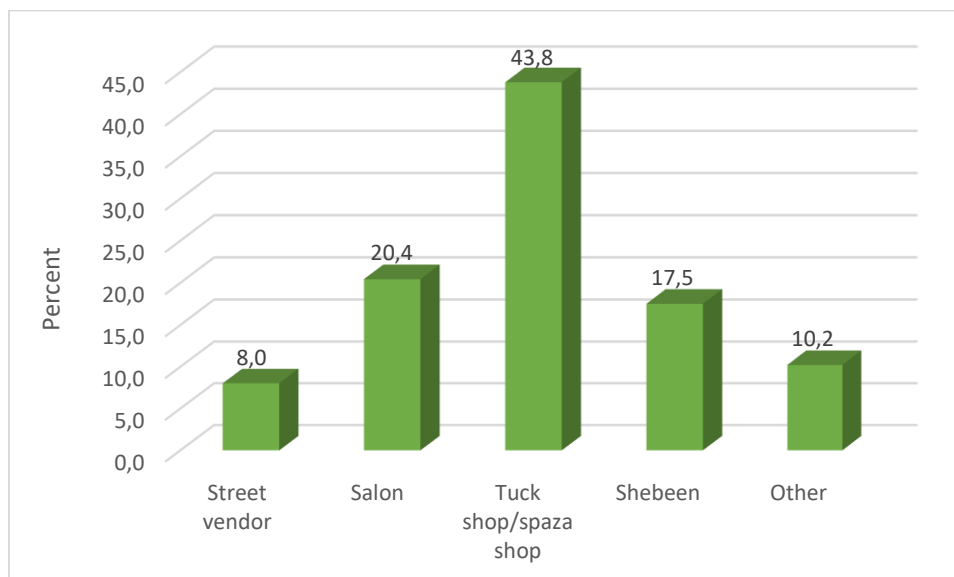


Source: Field survey data (2018)

Approximately 41% of the respondents indicated that finance was obtained from family, with 18% using money that they had saved. Smaller numbers of respondents resorted to institutional lending ( $p < 0.001$ ). This finding is in line with earlier studies carried out by Rahm and Byrd (2015: 78) in which they claim that most informal business owners rely more on their family members and personal savings for “start-up” capital. This view is also buttressed by Govender and Pillay (2014: 82), who mention that informal business owners find it difficult to raise capital for their business through financial institutions. This lack of capital concern has over the years affected the sustainability and growth of informal businesses in rural communities, thus exacerbating the level of paucity amongst rural communities.

#### **4.10.2 Please indicate the type of business conducted**

**Figure 4.4: Types of business that participants conduct**



Source: Field survey data (2018)

A majority (43.8%) of the respondents did allege that they run tuck-shops, with salons and sheebens each forming half of this ( $p < .001$ ). This assertion is consistent with previous studies conducted by Nieman and Chuthamas et al. (2012: 90) who affirm that most informal businesses found in South African rural areas are tuck-shop as they are easy to start and manage. They also receive more support from the surrounding residents as long as it prices are competitive and they are well-stocked.

#### **4.10.3 Were you previously employed in the formal business sector?**

**Table 4.6: History of employment**

	Frequency	Percent
Yes	32	23.4
No	105	76.6
Total	137	100.0

Source: Field survey data (2018)

Significantly more respondents (76.6%) had not been previously employed ( $p < 0.001$ ). This was not surprising to the researcher regarding countries with a high rate of unemployment in the formal sector. A similar trend was also observed in other studies conducted by Wills and Macleod (2016: 99), who found that similar results where about 78 percent of people who were involved in the informal business sector were also previously not employed in the formal sector.

Of those that had been employed, the reasons for leaving their jobs are shown below.

**Table 4.7: Reasons for leaving their jobs**

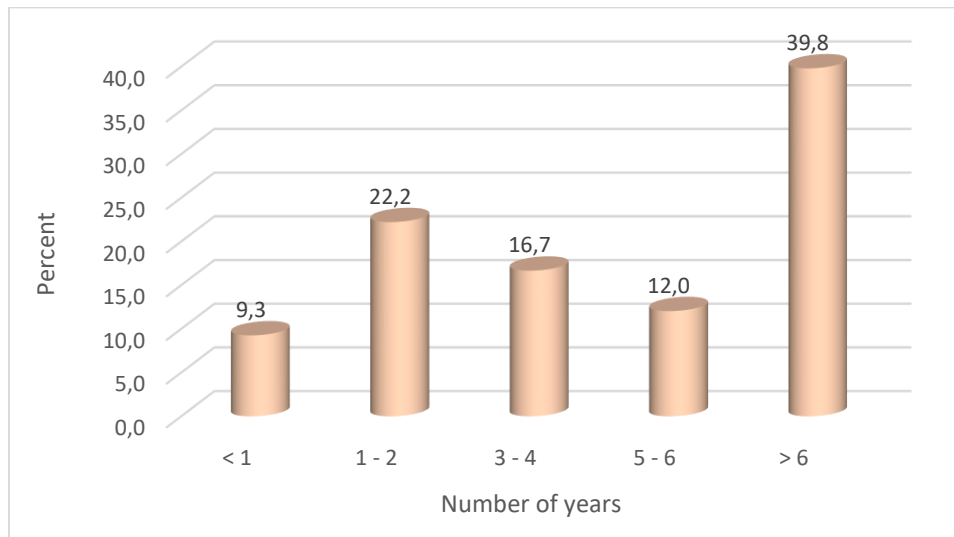
	Frequency	Percent
I was retrenched	17	53.1
There was an opportunity to make more money	5	15.6
I did not want to be separated from my family	7	21.9
Other	3	9.4
Total	32	100.0

Source: Field survey data (2018)

About 53.1% of the participants were retrenched from their jobs, with 15.6% who thought that there was an opportunity to make more money than if they were in the formal sector, while 21.9% of the participants did not want to be separated from their families. The high rate of unemployment is the leading cause of people from Mtubatuba engaging in informal business. The finding is supported by Gerry (2015: 85) who also had similar findings in a study conducted in Limpompo, where 58 percent of the informal business owners were previously retrenched from the formal sector which resulted in them trading in the informal sector.

#### 4.10.4 Number of years your business has been operating

Figure 4.5: Number of years since the business has being operating

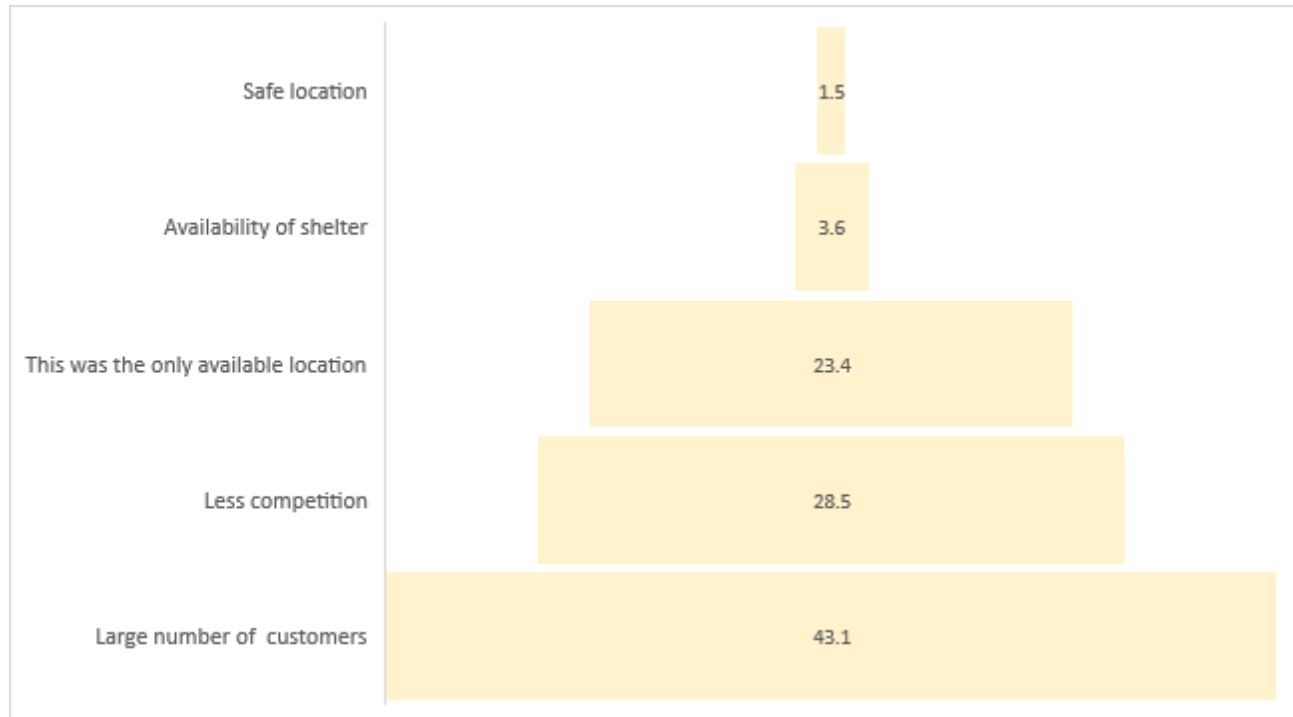


Source: Field survey data (2018)

More than half of the respondents (51.8%) indicated that the business had been in operation for more than 5 years ( $p < 0.001$ ). Participants in the current study were in different business growth stages where (51.8%) of them were found to have been operating for more than five years. Makumbe (2014: 45) explained that ever since South Africa experienced a recession, the country's employment rate never recovered completely from the number of job losses. Thus, the growth in the informal sector came from that period of economic decline in South Africa.

#### 4.10.5 What are the reasons for conducting business at your current location?

Figure 4.6: Reasons for conducting business at the current location



Source: Field survey data (2018)

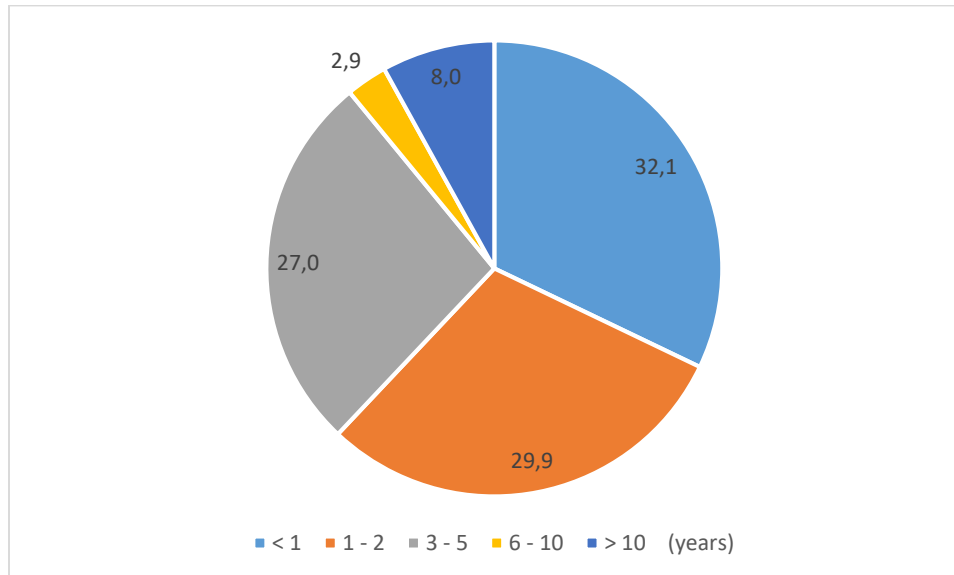
There are significantly different patterns ( $p < 0.001$ ). When participants were asked to give the reason for conducting business at their current location 43.1% responded by saying that they have a large number of customers. Safety was of the least concern (with 1.5%) when it comes to the location of their business. Findings from the current study pose a different viewpoint on the rural informal business sector, from those that are found in the urban sector (Abdel et al. 2016: 95). The research findings in his study revealed that informal traders in urban areas do not consider large customers as their main reason for trading where they are trading as the municipalities often influence the location of their trade.

#### 4.10.6 How many people are employed in your business?

Aswani (2015: 74) interpreted the issue of employment under the informal sector when positing that the informal sector should be looked at as the sector that offers income opportunities rather than the sector that creates job opportunities. The sector

accommodates those who were previously retrenched, uneducated, unskilled and displaced workers (Aswani 2015: 79).

**Figure 4.7:** Number of employees



Source: Field survey data (2018)

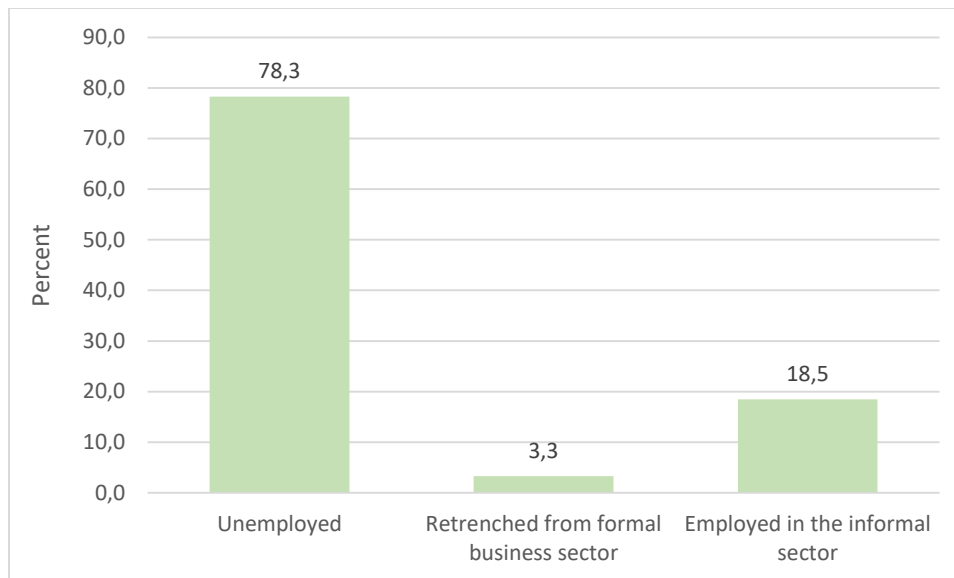
As illustrated in Figure 4.9, the majority of participants did not have any employees as they solely operated alone. The finding is typical of rural informal business owners across South Africa (Charlton and Crush 2017). Similar numbers of respondents indicated that they employed 1 – 2 or 3 – 5 people, with higher numbers of employees being significantly less ( $p < 0.001$ ).

In Mtubatuba, those businesses that employed more than 5 employees were usually involved in the taxi industry, hairdressing and catering businesses. The most prominent businesses in Mtubatuba such as tuck-shops mainly had family members as their employees or supporters who assisted in the daily running of the business. A similar case by Skinner (2015) found that most informal businesses operating in the rural and township areas rely mostly on family members as part of their labour, as it is cost-effective and reliable. The narration above relates to the first objective of the study: “to examine the contribution of informal enterprises to rural households in alleviating poverty”. Hence, it can be inferred that informal businesses contribute to rural households while reducing the extent of poverty.

#### 4.10.7 What was the status of your employees before they started working for you?

In a period of one-year in 2013, more than half a million jobs were created in the informal sector (Stats SA 2014). About 60 000 jobs were lost due to cutbacks in the formal sector and the informal sector absorbed most of those individuals who lost their jobs (30%) (Stats SA 2014). The above statistical figure relates to findings illustrated in Figure 4.8 which suggest that 78.3 percent of unemployed individuals were later re-absorbed into the informal business sector.

**Figure 4.8: Status of the employees**



Source: Field survey data (2018)

Significantly more employees who were previously unemployed were employed in the informal sector ( $p < 0.001$ ). Lehloenya's (2013: 78) study had a similar result in the study conducted in Lusikisiki where 68% of the employees in the informal sector were those who could not find employment opportunities in the formal sector. The scenario in Mtubatuba is similar to a host of other rural communities in South Africa that often does not have companies, industries or other employment opportunities (Fourie 2018: 96).

#### **4.10.8 The table below indicates the weighted mean rank of the factors that posed challenges**

Even though the informal business sector has been reported to play an important role in many rural families, the sector still faces challenges restricting growth, sustainability and profitability. A most concerning issue is 'household's inability to rise above the poverty cycle' (Coates 2014:58). Very little has been done to reduce the challenges that they encounter and to improve their chances of becoming profitable. As illustrated in Table 4.7, the most prominent challenges faced by informal business owners in Mtubatuba are inclusive of a lack of finance, poor support from the local municipality, a lack of business skills, distance from suppliers, high rates of crime and the lack of proper accommodation.

**Table 4.8: Challenges faced by informal businesses**

	N	Minimum	Maximum	Mean	Std. Deviation	Weighted Mean rank
Lack of finance	137	1	2	1.15	0.362	1
Poor support from the local municipality	137	1	6	2.14	1.290	2
Lack of business skills	137	1	6	3.20	1.189	3
Distance from suppliers	137	1	6	4.59	1.370	4
High rate of crime	137	1	6	4.66	1.126	5
Lack of proper accommodation	137	3	6	5.91	0.353	6

Source: Field survey data (2018)

Tuck-shop owners in Limpopo were confronted with similar challenges to those identified by informal business owners in Mtubatuba (Abdulla; Lalthapersad-Pillay; Ligthelm and Van Wyk; Skinner 2006; Celik; Woodward et al and Willemse 2013: 72). The greatest challenge faced by the Tuck-shop owners in Limpopo was the lack of access to capital, which was a concern raised amongst 59% of the informal traders in a particular community. On the other hand, some of the informal business owners argued that due to the lack of capital, they could not purchase products in bulk. Purchasing in bulk may have allowed them to sell their commodities at relatively lower prices, while competing with other relatively larger businesses than theirs. Various scholars have argued that to develop the informal business sector, the provision of financial support forms an imperative (Bukaliya; Aleck; Masuko and Chani 2013: 91). However, it is vital for informal business owners to note that financial institutions fail to offer loans because empirical evidence shows that the majority of such business owners are perceived incompetent,

and who may not have the capacity to utilise such loans efficiently; do not meet requirements to qualify for such loans; or are unable to pay them back (Bukaliya and Aleck 2012: 100). Lack of finance is not only experienced by Tuck-shop owners; as other types informal sector businesses face similar constraints (Adam and Pettenella 2017: 89).

#### **4.10.9 Factors contributing to the success of a business**

This sub-section outlines factors contributing to the success of informal businesses in Mtubatuba. The three main factors highlighted herein have been ranked in order of importance. Thus, participants were requested to rate the skills that they felt they need the most: with 1 being the most important; 2 – important; and 3 the least important skill.

**Table 4.9: Factors influencing the success of the informal business sector**

	N	Minimum	Maximum	Mean	Std. Deviation	Weighted Mean rank
Financial management skills	137	1	3	1.18	0.457	1
General management skills	137	1	3	2.26	0.458	2
Good marketing skills	137	2	3	2.74	0.438	3

Source: Field survey data (2018)

Most respondents indicated that they need more financial management skills to run their businesses to their full potential. Financial management played a big role in the success of the business (Benjamin 2017: 54). The participants indicated ‘good marketing skills’ as the last skill that they require to run their businesses successful since most of them depend more on word-of-mouth as their marketing tool.

**4.10.10 The table below is a cross tabulation between “Have you ever attended any skills development training workshops?” and “If “yes” to question 11 above, was the training beneficial?”**

#### **4.10.10.1 Government’s role in providing training for the informal business sector**

**Table 4.10: Owners who have attended skills development training workshops**

			Have you ever attended any skills development training workshops?
			Yes
If “yes” to question 11 above, was the training beneficial?	Yes	Count	11
		% within If “yes” to question 11 above, was the training beneficial?	100.0%
		% within Have you ever attended any skills development training workshops?	78.6%
		% of Total	78.6%
	No	Count	3
		% within If “yes” to question 11 above, was the training beneficial?	100.0%
		% within Have you ever attended any skills development training workshops?	21.4%
		% of Total	21.4%
Total	Count	14	
	% within If “yes” to question 11 above, was the training beneficial?	100.0%	
	% within Have you ever attended any skills development training workshops?	100.0%	
	% of Total	100.0%	

Source: Field survey data (2018)

This study identified a ‘Lack of training’ as a retrogression to the growth of the informal business sector in Mtubatuba. Amongst the 137 participants, only 14 had undergone training. All of these trained informal business owners did however attest that the training sessions they received were external, as none such was conducted within Mtubatuba Municipality. Moreover, amongst these 14 participants, 3 alleged that they did not find the training beneficial. However, the remaining 11 participants did claim that they learnt vital skills such as financial management skills; how to deal with customers; and how to draft a business proposal should they require more financial assistance, amongst other business skills. The training received may be perceived as beneficial as most of the trained participants were running a profitable business. A study conducted in Jozini had the similar result, wherein more than 95% of the respondents indicated that assistance by government in providing training is most important to them for their businesses to grow (Mnguni 2014: 84). During data collection, several respondents indicated that they have lost trust in the local municipality and government organisations.

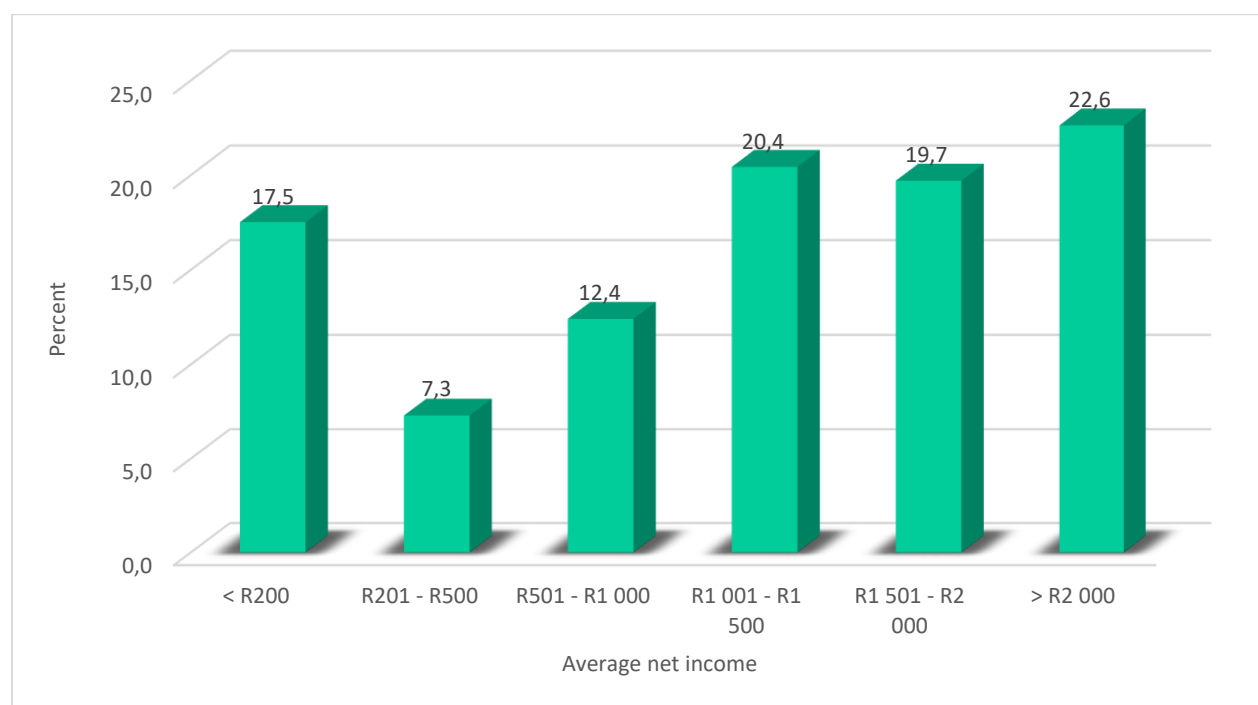
This suggests that the local government or the municipality does not provide the much-required support, either through training or the provision of funds/loans, to most of the participants involved in this study.

#### **4.10.10.2 Addressing poverty through Social Grants**

Social grants play an important role in addressing the poverty epidemic in South Africa, particularly amongst rural communities. As at the fourth quarter of 2016, more than 17 million South Africans amongst its estimated 55 million citizens were receiving social grants monthly (SASSA 2017). The South African government has allocated over R151.6 billion to social grants in its 2017/2018 budget. Despite being targeted to specific vulnerable groups of people (such as the young, old or chronically sick), these grants not only benefit grant beneficiaries, but in most cases households as a whole benefit from them (Klasen and Woolard 2013: 45). This implies that the impact of social grants extends further than the intended beneficiaries. However, one of the adverse consequence of social grants is that households who may have been self-reliant may choose free support from the state instead (Devereux 2018: 78)

#### **4.10.11 What is the average net income/ profit per week from your business/es?**

**Figure 4.9: Average net income/ profit per week**

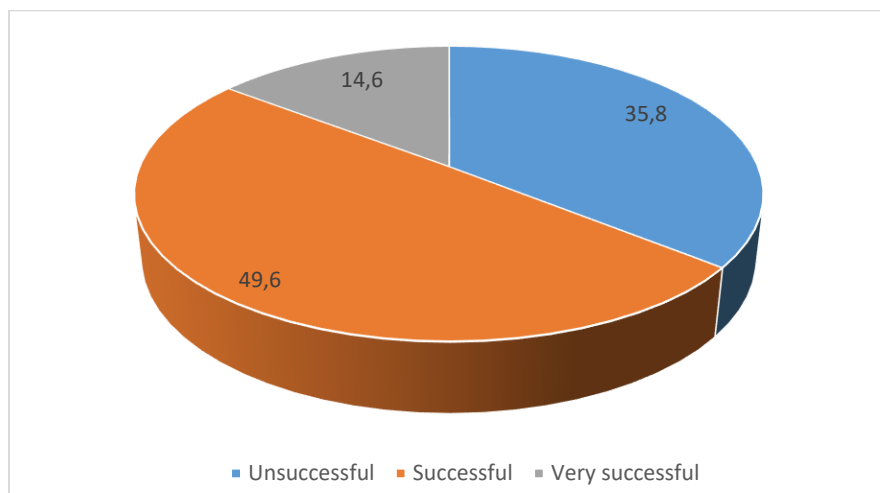


Source: Field survey data (2018)

The Total Consumption Poverty Line (TCPL) in South Africa was R441 per person per month (South African Statistics 2015). Using the TCPL as a baseline, the proportion of the population living in poverty declined from 66.6% in 2006 to 55.5% in 2015 (Statistics South Africa 2015). This reduction was partly attributed to a high number of individuals who got involved in informal businesses. Furthermore, participants were requested to provide an estimate of their weekly income made from their businesses. A little less than two-thirds indicated they made at least R1000 per week ( $p = 0.018$ ). Hence, this indicates that informal business played a significant role in providing income for many households in Mtubatuba.

#### ***4.10.12 How will you rate the success of your business?***

**Figure: 4.10: Rating the level of success**



Source: Field survey data (2018)

Approximately a third rated the venture as unsuccessful, with the remainder being happy with their success ( $p < 0.001$ ). The last question asked of the participants was to rate the success of their business. About 49.6% of participants rated their businesses as successful. Their success was not based on a large amount of income, but their businesses' ability in supporting their families, in combating poverty and being able to provide them with a sustainable life. The unsuccessful ones were those businesses that were struggling to grow and that were unable to provide for their respective families.

Successful to very successful businesses were those that were able to support their families and most of them were managed by educated people who were able to manage their business financials. Their respective involvement in the informal business sector assisted these small business owners to move slightly above the poverty line as benchmarked by Statistics South Africa (2017).

#### **4.11 Cross-tabulations**

A cross-tabulation enables the researcher to understand how different variables are related to each other (Michael 2014). Variable groupings of correlations can how they change from one variable to another. The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with " $p < 0.05$ ".

A second Chi-square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs columns).

The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association.

The chi-square goodness-of-fit test results are summarised in paragraphs 4.11.1 onwards (*See Appendix C*). *The test was done on all questions to affirm the significance of the relationship between variables.*

##### ***4.11.1 Test for the relationship between Gender and were you previously employed in the formal sector?***

The p-value between "Gender" and "Were you previously employed in the formal business sector?" is 0.025. This means that there is a significant relationship between the variables. That is, the gender of the respondent did play a significant role in terms of them being employed previously in the formal business sector. As deduced from the participants, the majority of informal business owners who were previously employed in the formal sector were 'male'. Most of these individuals (males) had lost their jobs in the coal and mining industries or factories where they previously worked.

#### ***4.11.2 Test for the relationship between Gender and High rate of crime***

The p-value between “Gender” and “High rate of crime” is 0.007. This means that there is a significant relationship between the variables. The Gender of respondents did play a significant role in terms of them being cautious or being victims of crime. The study revealed that ‘female’ business owners were more likely to be victims of crime.

#### ***4.11.3 Test for the relationship between Gender and the Success of their business***

The p-value between “Gender” and “How will you rate the success of your business?” is 0.001. This means that there is a significant relationship between the variables. The Gender of respondents did play a significant role in terms of their businesses being successful. A higher percentage of businesses which were thriving were often male-owned. This suggests that there was a higher likelihood for a male small business owner to be successful in comparison to their female counterpart.

#### ***4.11.4 Test for the relationship between Age and Lack of proper accommodation***

The p-value between “Age” and “What are the reasons for conducting business at your current location?” is 0.000. This means that there is a significant relationship between the variables. The Age of respondents did play a significant role in terms of them being faced with a challenge of not having a proper accommodation. A higher percentage of younger entrepreneurs were found to have problems with accommodation, since the majority of them were renting properties as opposed to their older counterparts.

#### ***4.11.5 Test for the relationship between Age and Lack of business skills***

The p-value between “Age” and “Lack of business skills” is 0.003. This means that there is a significant relationship between the variables. The Age of respondent did play a significant role in terms of their challenge in lacking business skills. As deduced from the participants, the majority of ‘old generation’ business owners had more problems in business skills than ‘younger generation’ business owners.

#### ***4.11.6 Test for the relationship between Age and Financial management skills***

The p-value between “Age” and “Financial management skills” is 0.011. This means that there is a significant relationship between the variables. The Age of respondents did play a significant role in terms of their challenge in financial management skills. As indicated by the participants, the majority of ‘old generation’ business owners had more problems in financially managing their businesses than ‘younger generation’ business owners. This suggests that there was a higher likelihood for a ‘younger generation’ small business owner to be more successful in managing and running their businesses in comparison to their ‘older generation’ counterparts.

#### ***4.11.7 Test for the relationship between Age and Good marketing skills***

The p-value between “Age” and “Good marketing skills” is 0.015. This means that there is a significant relationship between the variables. The Age of respondents did play a significant role in terms of their challenge in good marketing skills.

#### ***4.11.8 Test for the relationship between Age and Owners who have attended any skills development training workshops***

The p-value between “Age” and “Have you ever attended any skills development training workshops?” is 0.036. This means that there is a significant relationship between the variables. The Age of respondents did play a significant role in terms of owners who have attended skills development training workshops. The participants who attended the training were young.

#### ***4.11.9 Test for the relationship between the Highest level of education and financial management skills***

The p-value between “Highest level of education” and “Financial management skills” is 0.000. This means that there is a significant relationship between the variables. The highest level of education of respondents did play a significant role in terms of financial management skills. Those who had obtained the highest level of education were able to manage their business finance better than those who were less educated.

#### ***4.11.10 Test for the relationship between the highest level of education and General management skills***

The p-value between “Highest level of education” and “General management skills” is 0.000. This means that there is a significant relationship between the variables. The highest level of education of respondents did play a significant role in terms of general management skills. Those who had obtained the highest level of education were able to keep more customers and grow their businesses faster than those who were less educated.

All values without an \* (or p-values more than 0.05) do not have a significant relationship.

#### **4.12 Correlations**

Bivariate correlation was also performed on the (ordinal) data. The results are found in the **Appendix D**. The results indicate the following patterns:

**4.12.1 Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship.** All significant relationships are indicated by a \* or \*\*.

a) The correlation value between “Distance from suppliers” and “Poor support from the local municipality” is 0.204. This is a directly related proportionality. Respondents did allege that the closer the location of their businesses was to a supplier, the better support they received from the municipality, and vice versa.

**4.12.2 Negative values imply an inverse relationship.** That is, the variables have an opposite effect on each other. That is, as one increases, the other decreases.

(a) The correlation value between “Lack of proper accommodation” and “High rate of crime” is -0.204. That is, the better the accommodation, the lower the crime rate.

(b) The correlation value between “Good marketing skills” and “General management skills” is -0.204. That is, the better the marketing skills, the less general management skills are needed.

### 4.13 Hypothesis Testing

A Hypothesis, as defined by Willemse (2015: 85) “is a statement or claim about a population characteristic”. To determine whether there is sufficient statistical evidence to enable the researcher to conclude that a hypothesis about the parameter is reasonable, a hypothesis test is performed. According to Willemse (2015: 88), it is necessary to decide whether the difference that exists between the sample result and the hypothesis is significant (not supportive), or chance.

The null hypothesis ( $H_0$ ) states that there is no association between the two variables, whereas the alternate hypothesis ( $H_1$ ) indicates that there is an association.

The traditional approach to reporting a result requires a statement of statistical significance. A p-value is derived from a test statistic. The values highlighted in the table show the summary results of the chi-square (**Appendix C**). They are interpreted under the following conditions:

- (a) A p-value of greater than 0.05 indicates that there is no statistically significant relationship amongst or between variables.
- (b) A p-value of equal or less than 0.05 indicates a statistically significant relationship amongst or between variables.

In order to determine whether there was a statistically significant relationship between the variables (columns vs rows), a Chi-Square test was performed (Appendix D). the test results are presented and explained in the following paragraphs, numbered 4.13.1 to 4.13.

#### ***4.13.1 Test of the relationship between Gender and The history of being employed in the formal sector***

The p-value for “gender” and “were you previously employed in the formal sector” is 0.025. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, gender does have an influence on people who were previously employed.

#### ***4.13.2 Test of the relationship between Age and Number of years your business has been operating***

The p-value for “age” and “number of years your business has been operating” is 0.013. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, age does have influence on the number of years the business has been operating.

#### ***4.13.3 Test of the relationship between Gender and Number of people that your business employs***

The p-value for “gender” and “number of people that are employed in your business” is 0.014. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, gender does have an influence on the number of people that are employed in the business.

#### ***4.13.4 Test of the relationship between Age and Lack of proper accommodation***

The p-value for “age” and “lack of proper accommodation” is 0.000. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, age does have an influence on the lack of proper accommodation.

#### ***4.13.5 Test of the relationship between Gender and High rate of crime***

The p-value for “gender” and “high rate of crime” is 0.007. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, gender does have an influence on the high rate of crime.

#### ***4.13.6 Test of the relationship between Age and Lack of business skills***

The p-value for “Age” and “Lack of business skills” is 0.003. Since the value is less than the level of significance, it implies that there is a significant relationship between the variables. That is, age does have an influence on the lack of business skills.

#### ***4.13.7 Test of the relationship between Age and Poor support from the local municipality***

The p-value for “age” and “poor support from the local municipality” is 0.002. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, age does have influence on poor support from the local municipality.

#### ***4.13.8 Test of the relationship between Current marital status and Poor support from the local municipality***

The p-value for “your current marital status” and poor support from the local municipality” is .014. Since the value is less than the level of significance, it implies that there is a significant relationship between the variables. That is, current marital status does have an influence on poor support from the local municipality.

#### ***4.13.9 Test of the relationship between Age and Financial management skills***

The p-value for “age” and “financial management skills” is .011. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, age does have an influence on financial management skills.

#### ***4.13.10 Test of the relationship between highest Level of education and Financial management skills***

The p-value for “highest level of education” and “financial management skills” is 0.000. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, the highest level of education does have an influence on financial management skills.

#### ***4.13.11 Test of the relationship between Age and Good marketing skills***

The p-value for “age” and “good marketing skills” is 0.015. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, age does have an influence on good marketing skills.

#### ***4.13.12 Test of the relationship between highest level of education and General management skills***

The p-value for “highest level of education” and “general management skills” is 0.000. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, the highest level of education does have an influence on general management skills.

#### ***4.13.13 Test of the relationship between Age and Attending skills development training workshops***

The p-value for “age” and “have you ever attended any skills development training workshop” is 0.036. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, age does have an influence on attending skills development training workshops.

#### ***4.13.14 Test of the relationship between Gender and The average net income/ profit per week from your business/es***

The p-value for “gender” and “the average net income/ profit per week from your business/es” is 0.045. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, gender does have an influence on the average net income/ profit per week from your business/es.

#### ***4.13.15 Test of the relationship between Gender and Rating the level of success of the business***

The p-value for “gender” and “rating the level of success of the business” is 0.001. Since the value is less than the level of significance, it implies that there is a significant relationship between variables. That is, gender does have an influence on the level of success of the business.

## 4.14 Part B. The qualitative findings

### Section B

The next sections will give the themes and sub-themes to analyse the qualitative findings of the study.

#### 4.14.1 KEY THEMES

The following section represents the key findings of the study and organises the findings into thematic categories.

**Table 4.11** represents the themes and sub-themes as they emerged from the data analysis.

**Table 4.11: Themes and sub-themes**

Themes	Sub-Themes
Household poverty reduction	<ul style="list-style-type: none"><li>• Income accumulation</li></ul>
Households had improvement in their consumption patterns	<ul style="list-style-type: none"><li>• Housing</li></ul>
Inception or capitalisation of the informal sector	<ul style="list-style-type: none"><li>• Personal savings, family and friends, loans and umashonisa</li><li>• Retrenchment packages</li></ul>
The role of the government or municipality in the informal sector	
Survival strategies of the informal businesses around Mtubatuba	<ul style="list-style-type: none"><li>• Use of family members</li><li>• Business strategies</li></ul>

#### Theme 1: Household poverty reduction

The study aimed to assess the role played by the informal business sector in poverty alleviation in Mtubatuba.

There was a consensus amongst all 15 traders interviewed with regards to the relationship between their respective informal businesses and poverty. They alleged that through their involvement in the informal business sector, household poverty had been significantly reduced. The following statements were made by some of the traders.

“I think we play a big role in reducing poverty because you know salaries are very low and people do not have jobs around here since there are fewer industries around the area. We put food on the table, so I can say that we play a big role in reducing poverty.”

“As you know.... there are no jobs around the area. We are surviving because we can take care of our families from what we make from our businesses, our children are going to school and our families are eating every day. So yes, our businesses are helping to reduce poverty. If I didn't have this business.... and since I am a breadwinner for this family, I don't know where my family will be right now.”

“Informal businesses have become a source of income for a lot of families in Mtubatuba, so one can conclude by saying that they do play a big role in poverty alleviation in Mtubatuba.”

## **Theme 2: Households had an improvement in their consumption patterns**

Hazell and Haddad (2017: 48) define poverty as the, “Inability of individuals to meet or achieve their basic needs, which can be measured either as a lack of income, which limits access to food and education, or by failure to achieve desired outcomes, such as tertiary educational attainment and the quality of health.” The participants reported that they do notice the improvement in the general welfare of their families because of their engagement in the informal business sector. The following are the sub-themes that emerged from this theme:

### **Sub-theme 2.1 Housing**

Two types of responses were given by the respondents with regard to how engagement in the informal business sector had influenced their accommodation status. The first group stated that as far as household improvements, they have not experienced any changes

as they still live in their old house units. From this group, it was those entrepreneurs who were employed in the formal sector who managed to buy and own their households before they were retrenched. The second group was informal business owners who have been involved in the sector for a period longer than five years and managed to obtain a steady stream of income and were able to develop their already existing households or managed to acquire new residential units. The first response came from a business owner or trader. This person has been involved in the sector for a period longer than five years:

“When I was retrenched, I was renting with my newly wedded wife. But when we started having kids I realised that we needed a bigger place for our family, so I started building my house from the income that I was making from my tuck-shop. It took us five years to complete the house, but now it is complete and we are living on it now.”

Respondent response on the question regarding the household improvement when he was still employed in the formal sector working for Spar:

“There haven’t been any changes as far as my housing is concerned. I was able to construct my house while working in the formal sector at Spar. I was a manager there and I still live in the same house.”

Interviews revealed that there is a significant variance in chronological age and time spent in the sector. The result indicates that there is a more economical gain for those traders who have more years in the business as their housing status is different than those who have just started. Those business owners who have spent more years in the business managed to acquire residential units for their families. Eight of the participants out of fifteen recorded an improvement in their housing situation with the assistance of informal businesses. Cartaya, Mupedziswa and Gumbo (2015: 114) also state that individuals who engage in informal business activities increase their household income and as a result, their household conditions are improved.

### **Them 3: Inception or capitalisation of the informal sector**

The following are the findings from respondents regarding the funding dynamics for their businesses in Mtubatuba. There are four sources of capital that they use, namely retrenchment packages, their savings, umashonisa and loans from family and friends.

#### **Sub-theme 3.1: Personal savings, family and friends, loans and umashonisa**

Most participants indicated that their businesses were capitalised by funds mobilised from a variety of sources which included personal savings, family and friends, loans and umashonisa. This is the responses they gave regarding the source of capital:

“My sister Thabile gave me a loan because I couldn’t secure a loan from the bank on my own. I also had a bit of money from my previous employment.”

“I used my pension money from my previous employment as a nurse and my daughter who is a teacher also assisted.”

“I struggled for capital. I had some savings, but they were not enough, so I ended up using umashonisa and it took me a while to repay them back, but in the end, I ended up paying them in full.”

“I didn’t have capital but my mother gave me the money for my business because I was an unemployed graduate, but I ended paying her back from the profit that I am making.”

Most informal business owners responded by saying that they get funds or loans to start their businesses from their families and friends and when their businesses are at a better state and they start making a profit, they return their loans. Some family members offer them funds for free, but they still pay them back anyway as a matter of principle. All of the participants indicated the difficulties in obtaining capital from the conventional financial entities/bodies. Another observation was made by Dhaka and Nieman (2017: 87) who stated that due to the difficulties that informal business owners face in acquiring funds from financial institutions, they end up accessing capital from friends and family members.

Thus the social capital networks characterised by generalised reciprocity lubricated informal business entities as they enabled the transfer of capital between and among societal members (Dhaka 2017: 90).

### **Sub-theme 3.2: Retrenchment packages**

To keep their income going for their families, six participants who were previously employed in the formal sector used their retrenchment packages to fund their informal businesses. Some of the statements they gave are:

“I received my pension fund and that is what I used to finance my business. It was the only source of capital that I had.”

“I was previously working on a farm and looking after the farmer’s kids, but when our employer went back to America, he paid me very well and I used that money to start my business.”

“I got a very good retrenchment package from the company that I was working for. So I used that money to start my business.”

These findings affirm the International Labour Office (2012) assertion that the share of bank credit from total financing is systematically lower for informal businesses compared to the formal sector. Hence difficulties make the use personal savings, or loans from family members to fund the inception of their business enterprises.

### **Theme 4: The role of the government or municipality in the informal sector**

There are several community development organs or programs that the government provides which are meant to support different types of business activities, even small businesses. These programs are found in urban and rural areas and are managed by the Department of Trade and Industry (2010).

The ones that are selected focus on the rural areas of South Africa, as follows:

**National Empowerment Fund (NEF):** It provides funds for disadvantaged communities and also focuses on rural areas. Funds range from R250 000 up to R10 million.

**South African Micro-Finance Apex Fund (SAMAF):** The program is designed to fund micro-enterprises, disadvantaged areas and survivalist enterprises. The funds are R10 000 maximum. The main objective is poverty reduction amongst rural poor communities of South Africa (South Africa Yearbook 2006/2007:178).

**Umsobomvu Youth Fund:** For this program, its main focus was to support and assist developing skills for the youth and promoting job creation from formal or informal small businesses. The program was designed to provide sufficient counselling, information and entrepreneurship support for struggling businesses. Part of the business development activities is a development plan, market research and business plan.

Even though there are programs designed to assist rural communities, the responses given by respondents indicated that of the fifteen respondents, only thirteen participants stated that the government played no role in facilitating the development of their informal businesses. There was no form of any assistance from the government. Participants indicated that the state should play a role in making sure that the implementation of the programs is observed because there are programs in place, but they are not implemented in Mtubatuba. These are the following responses obtained from traders concerning the role of government in the informal business sector:

“The government as far as I am concerned is not playing any role in assisting us small informal traders since there is no skills development training that we get and we don’t receive any funding. It is very difficult for us informal businesses to obtain a loan from a commercial bank. The government can assist by first starting to recognise the role that we play in the economy. There is a high rate of unemployment and we create employment. So if we can get support from the government, we can create even more job opportunities. The government can make a way for us informal traders to be able to take loans from the banks with affordable rates, provide training and infrastructure, especially in rural areas because in cities there are some training, but in rural areas such as Mtubatuba we never had any training”.

“The government or the municipality? The government has never supported us at all. We come up with our capital.”

There is only one participant who said that he has previously received government assistance in his informal business. The following is the statement given by him regarding the role played by the government:

“The government assisted my business through skills development training that I received but those training were not provided in Mtubatuba. I only received them while I was in Durban.” Byrd and Megginis (2016) assert that policy frameworks provided by the state for assisting informal business traders do not really benefit informal businesses, especially those informal traders who reside in rural areas.

The South African government has tried to introduce new policies that provide solutions to informal business traders. Despite those policy changes, only one participant has benefited from the provisions of these policies and it was because they are provided in cities and urban areas, not in rural areas. By not involving the stakeholders when formulating policies to assist informal business, the state fails to actively help informal traders, especially the ones from the rural areas of South Africa.

### **Theme 5: Survival strategies of informal businesses around Mtubatuba**

Many strategies are adopted by informal business traders around Mtubatuba to ensure that the sustainability and profitability of the organisation is maximised. Only one strategy was mentioned in this study: the use of family members as labour.

#### **Sub Theme 5.1: the use of family members as labour**

The findings reveal the common norm that the informal business sectors around Mtubatuba do use family members as labour. The role that they play depends on the complexity and nature of the business entities. Their contribution varies from keeping records of transactions, placing orders or stock-taking and being in front selling goods. The study result revealed that entrepreneurs that are involved in tuck-shops use more family members in their business operations as they do not require more complex decision making.

Below are some of the responses given by participants:

“My kids help me a lot in the running of my business. They assist by buying stock and they do the stocktaking for me. My son assists by selling at my tuck-shop after school when I am not available”.

“My girl Mbalenhle has just completed her degree in financial accounting, is smart when it comes to numbers, so she is the one who assists me with the financial side of my business. She is currently looking for work so I am using her. I didn’t complete my matric so I am not good with accounting, so my daughter assists me weekend with my books.”

“My son Vusumuzi is my business partner. He is the one who is involved on a daily basis in my business, since I am running a sheeben and I am old. So I don’t know what is in and out and he is young and knows more than me so I let him run the business. And the business is doing very well with him in charge.”

Participants’ assertions affirm the observation made by Santos and Byrd (2015: 58), who allude to the fact that informal businesses are family organised and rely heavily on family labour. When informal business entrepreneur use family members as labour, it reduces operational cost and results in increased profits, which consequently reduces household poverty.

### **Sub Theme 5.2: Strategies to maximise profits**

There was a common consensus on the response when informal traders were asked which methods they use to make maximise profit. Some responded by saying that they do market research and buy quality products for their clients. Others operate more hours. These are the statement that they gave:

“I wake up early in the morning to sell to those that are going to work and those that are going to school. The shops around the area open at 8, by then I am already selling my

products. I make a lot of money in the mornings and I also close at 7:30 in the evening. I also buy in bulk to save money. I re-package some of the commodities into smaller portions for those customers who don't have enough money to buy them in their original quantities."

"There is no salon around the area where I operate and I know how to treat my customers and I also keep the place clean."

According to Santos (2016), most customers in rural areas prefer to buy goods from informal traders who they are familiar with than going to town or cities. Participants in the current study also confirm the same statement. The following are their responses:

- Customers know me
- Quality products
- Good location
- Long working hours

#### **4.15 Conclusions**

Information obtained from the participants was discussed in terms of the research methodology that guided the study. The researcher also followed the ethical aspect that was relevant to the study and the findings were formulated. The findings of the study show that most informal businesses around the study area are consistent with the literature reviewed.

This chapter objectively presented the fieldwork conducted amongst the informal business sector in Mtubatuba. Data obtained through the questionnaires and interviews were analysed and interpreted using descriptive statistics and themes. Findings were also compared to those of the previous literature in trying to determine the objectives of the study.

From the study's results, a broader view of the informal business sector was gained on the economical impotency of its operations. The information also revealed that individuals

who participate in informal business activities are able to provide for their family's needs. They are able to provide financial assistance for their children and dependents and they are able to provide employment opportunities for their unemployed family members. The employment extends to community members.

The next chapter presents the key findings, conclusions of the study, as well as recommendations.

## CHAPTER FIVE

### RESEARCH SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

In the previous chapter, the results from the field study were analysed and interpreted using graphs, figures, inferential statistics and themes. A set of key conclusions can now be formulated from the results of the previous chapter. The findings and conclusions are based on previous studies by various researchers that were mentioned in Chapter Two, as well as the results from this study done to ascertain the role of the informal business sector in poverty alleviation in Mtubatuba (KwaMsane and Nkombose), KwaZulu-Natal. A discussion of the significant findings, as well as the explanation and conclusions to confirm the research objectives will be provided in this chapter. Furthermore, restrictions encountered during the study, along with the recommendations reached from the investigation are presented in the current chapter. The chapter concludes by suggesting future research opportunities.

#### 5.2 Research objectives achieved

Research objectives are the backbone in any study and achieving them is of vital importance. Results obtained in Chapter Four have provided support to the main objectives of the study. The extent to which they were achieved is elaborated as follows:

##### ***5.2.1 To examine the contribution that informal enterprises make in assisting rural households in poverty alleviation***

The findings showed that about 90% of the respondents indicated that they are breadwinners in their households. This is shown by their responses to Question 5 in which they agreed to the given statements in Table 4.4, in Chapter 4. These reveal that on average, respondents had 3 dependents, with a minimum of zero and a maximum of 5 ( $p = 0.023$ ). Respondents were also interviewed and reported that ever since they started operating in the informal sector, they were now able to provide for their families and were also able to take their children to school.

The informal business sector provides livelihoods, work and income for those individuals who were unemployed by the formal sector. More than 2.5 million workers and business owners are affected, a fact that is recognized by policy-makers (Pretorius 2015: 116). Pretorius (2015: 115) also suggested that one in every South African who had worked were working in the informal sector and therefore were able to combat poverty through the informal sector.

### ***5.2.2 To investigate the role played by the local government in developing informal business in Mtubatuba***

Results from the analysis revealed that a minority of 14 respondents had attended training that was provided by the municipality or government agency, out of 137 participants. Warwick (2017: 95) views the role of the government in assisting informal businesses as a crucial part that can assist informal business owners from skills development to financial assistance.

Out of 14 respondents who stated that they attended training, 11 of them found the training to be useful for their businesses and as a result, their businesses were found to be making more money, Question 13 in Table 4.9. Government at a national level has put means to assist informal businesses, but the problem is that those measures are not being implemented at a local level, especially by rural municipalities.

### ***5.2.3 To investigate the types of businesses run by informal business owners in Mtubatuba,***

Most (43.8%) of the respondents alleged that they run tuck shops, with salons and sheebens each forming half of this ( $p < .001$ ). According to Chuthamas, Warwick and Nieman (2018: 105) the assertion is that the most common businesses found in the rural areas of South Africa are tuck-shops as they are easy to start and manage. They receive more support from the surrounding residents so long as prices are competitive and well-stocked. Their study agrees with previous studies.

#### ***5.2.4 To investigate the challenges faced by informal business owners in Mtubatuba***

In Table 4.8, respondents revealed that the biggest challenge facing informal businesses in Mtubatuba is a lack of finance, which was a concern raised among 59% of the informal traders in a particular community. A majority of them were self-financed because of the inability to access finance from financial institutions. Another problem that the informal business sector around Mtubatuba faced most was poor support from the local municipality. Business owners complained about the lack of training programs and that the municipality was not providing training.

### **5.3 Restrictions and Limitations of the study**

Limitations are the influences that the researcher cannot control while conducting a study. They are the shortcomings. The limitations of a study may be intrinsic to future research opportunities. The restrictions and the limitations which became apparent during the study are highlighted as follows:

- The study area was based only in two areas which are under uMtubatuba (KwaMsane and Mpukunyoni), but the findings are broader in their general application. A substantial amount of data is available as it pertains universally and is not limited to South Africa. Findings relate only to the informal business sector in Mtubatuba and cannot be generalised to all rural informal businesses in South Africa or the rest of the world.
- Even though an effort was made to improve the reliability and validity of the study through triangulation, the researcher recognized that the quality and size could be improved. The sample size that the researcher initially intended for distribution of questionnaires was about 152 informal business owners for the quantitative method, but only 137 business owners participated.

- Sometimes getting clear and adequate information from the respondents was difficult when conducting interviews since normally, most people are not comfortable providing information regarding their financial status and they hate being interviewed. Some respondents were reluctant to provide information because of previously conducted research around the area of study, where they were given false hope by the people who wanted to be elected as ward councillors. Therefore, they were reluctant about forming part of the study until the researcher assured them that the information was solely for research purposes.

## **5.4 Recommendations**

The recommendations made herein have been deduced from responses made by owners of informal businesses within the Kwamsane township and Mpukunyoni, which are both situated within the Mtubatuba Municipality. More so, some of the recommendations emerge from deductions made by earlier studies. Thus, the researcher was able to provide recommendations which aptly fit the needs of these informal business owners. These recommendations are thus categorized into three themes:

### ***5.4.1. Public-private partnerships***

A variety of studies allude to the claim that the exclusion of the private sector in townships and rural communities are amongst the reasons for the sluggish growth of businesses in these communities (Saunders, Lewis and Thornhill 2018). Hence, as a means to ensuring business sustainability and viability within these communities (particularly rural communities), the involvement of private entities is imperative. Local municipalities such as Mtubatuba should entice entities such as the World Bank Group, Gift of the Givers, United Nations, alongside private entities to participate/ be involved in rural economies. Through such partnerships, informal business owners may acquire financial literacy skills, start-up capital and other business imperatives required to grow their businesses.

#### **5.4.2 Partnership with BRICS municipalities**

Through partnerships with BRICS municipalities, South African local municipalities may possibly gain economically. For instance, agricultural zones within the Mtubatuba municipality may acquire some competence and skills from the already advanced Agro-business sector of Brazil. Through such potential skills transfer, informal business owners may diversify their businesses and exploit the agricultural potentials within their community. More so, the Mtubatuba Municipality may provide incentives to BRICS counterparts to invest in Mtubatuba's tourism, mining and retail sectors. Such investments will possibly support informal business owners in the medium and long-term.

#### **5.4.3 Mentorship and capacitation by Corporate business**

As emphasised in this study, one of the reasons informal business has stagnated is due to a lack of resources and capacitation. To fill this vacuum, the Mtubatuba Municipality should make concerted efforts in bringing corporate entities into the Mtubatuba community. In mentoring and capacitating owners of informal businesses, corporate entities may provide internship opportunities for these individuals. During such internship, informal business owners could be groomed on business-related concerns such as financial literacy, how to draft business proposals, how to access loans, how to invest and how to expand their businesses. Such mentorship and capacitation initiatives may possibly transcend some of the small businesses into larger and more sustainable ventures, while also alleviating poverty and providing employment opportunities.

### **5.5 Recommendation for future research**

There are many gaps in knowledge around the role of the informal business sector in poverty alleviation around Mtubatuba. Recommendations that were made, then the avenues for further research consist of the followings in research that follows from the findings:

- There is a need to conduct an investigation into how the government in particular, through a small business policy, can be instrumental in providing business support.

- To investigate the policies and the actual application of those policies by the municipality or local government agencies in assisting informal businesses.
- Since the findings of the study were only limited to informal businesses in Mtubatuba particularly (KwaMsane and Mpukunyoni), it would be of interest to conduct further research involving other parts of Mtubatuba.

## **5.6 Conclusion**

This dissertation demonstrated that given the nature of the high levels of unemployment and poverty challenges facing most rural communities in South Africa, the number of people embarking in the informal sector continues to increase as the majority of people and poor households try to find alternatives to escape poverty and also to create employment opportunities for others. The informal sector has become one of the fastest-growing sources of employment to rural communities. South Africa's government needs to come up with a strategy where the informal sector can be used as a tool to combat poverty due to the role that it plays in job creation. The sector contributes 32.7 % to the creation of non-agricultural jobs (Statistics South Africa 2014). Concerning the contribution of the sector to the GDP of South Africa, its contribution ranges between 7.1% and 11.1% (Statistics South Africa 2014). Informal trading in the rural areas of Mtubatuba (Mpukunyoni and KwaMsane) contributes to poverty alleviation and the creation for employment of people in the poor households of the traders.

## BIBLIOGRAPHY

Abdel, K.H. 2016. The global entrepreneurship index. Foundation and trends in entrepreneurship, 7 (2): 95-110.

Ackerman, R.M. 2013. Social sustainability in informal sector-driven development, *Journal of International Development*, 2(3). 76-85.

Adonget, A.R. and Celik, I. 2014. Skills training for the informal sector, analysing the success and limitations of support programmes, 5(3): 42-50.

Abdulla, M., Lalthapersad-Pillay, R., Ligthelm, A.B., Van Wyk, B., Skinner, G., Celik, B., Woodward, B. & Willemse, L. 2013. On becoming an entrepreneur: An evolving typology. *International Journal of Entrepreneurial Behaviour Research*, 8(4): 72-84.

Adam, S.P. & Pettenella, R. 2017. Linkages, access to finance and the performance of small-scale enterprise in Kenya. *Journal of Accounting and Business Research*, 3(2): 89-105.

Adong, C.J. 2012. Patterns of food consumption and expenditure among households in the Limpopo province, South Africa. Master's thesis, Universities Gent.

Adong, C.J. & De Cock, K. 2013. Human settlement needs assessment in South Africa: critical review and proposed methodology. Government of South Africa.

Adcorp, P.D. 2015. Ghana Institute of economic affairs publication, 2(2): 48-60.

Abor, K.A. 2014. Accounting skill as a performance factor for small business in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 2 (2): 1-14.

African National Congress. 1994. Transform second economy 26 november-2 December 1994, Volume 4, No. 47: South Africa. (online) Available: <http://www.anc.org.za/docs/ancoday/2004/at47.htm>. (Accessed 29 March 2016)

Allen, J. 2015. Young man and woman empowerment through entrepreneurial activities of self help groups. *Journal of Ghana and African Studies*, 8(1):34-51.

Altman, B., Bagachwa, G.B. & Nayo, D.K. 2015. Informal sector, poverty and gender: A review of empirical evidence. Background for the world Development Report. WIEGO, 1(1): 55-60.

Amidu, H.J. 2015. Entrepreneurship and network externalities. *Journal of Economic Behaviour and Organization*, 4: 149-151.

Amidu, H.J. Effah, G.D. & Abor, D.K. 2014. The central question in entrepreneurial cognition research. *Entrepreneurship Theory and Practice*, 5(3), 177-180.

Amidu, H.J, Effah, J. & Abor, J. 2015. Accounting practices among informal businesses in Ghana. *Journal of Management Policy & Practice*. 12 (4): 149-155.

Aswani, P. & Lekezwa, B.I. 2015. Entrepreneurship, economic development and institutions. *Small Business Economics*, 11(3): 74-82.

Barker, H. 2010. Entrepreneurship skill as a performance factor for small business in South Africa. *Journal of Emerging Trends in Economics and Management Sciences*, 2 (2): 48-55.

Barker, H. & Stoffers, W. 2010. Measuring informal sector employment in Pakistan: Testing a new methodology. *International Labour Review*, 134(1): 48–66.

Babbie, G. 2013. The geography of informal sector operations: A perspective of South Africa. *Journal of Geography and Regional Planning*, 2(1): 34-50.

Baden, G. Hasim, M. & Meintjies, P.D. 2015. Survey: What's stopping small business growth? Uncertainty. (Journal, Electronic) Available:

<http://dut.summon.serialsolutions.com/link/0/>. (Accessed 20 March 2017).

Banerjee, M.T. & Duflo, K. 2010. The changing nature of informal street trading in post-apartheid South Africa. *Urban Forum*, 8(2): 57–62

Barrett, M.S. 2014. Impact of education on poverty reduction. Munich Personal Repec Archived (MPRA) 32-70.

Barrett, M.S. 2015. Social Work: A social partner in economic development. *Social Work/Maatskaplike Werk*, 44(2):70-105.

Barrett, M.S. & Swallo, P. 2015. Understanding the crisis of development in Africa: Reflections on Bedford Umez's analysis. *African Journal of Political Science and International Relations*, 3(9): 55–59.

Baiyegunhi, Y.B. 2014. Changing the regulatory environment for small-medium size enterprises and their performance in Ghana. Institute of Statistical, Social and Economic Research, University of Ghana, Legon.

Becker, T. 2012. The cause of poverty. *Political Science*, 23(2): 45-60.

Becker, T. 2013. Redistribution of wealth and Welfare: Toward Social Investment in African Countries. *Social Service Review*, 60(1):96-105.

Benjamin, P. 2017. The influence of models on entrepreneurial intentions. *Journal of Developmental Entrepreneurship*, 3(1): 54-65.

Bernabe, J. 2014. The informal sector with particular reference to South Africa. Functional role and prospects for growth, School of Social Work Staff paper. 1(1): 54-60.

Bhorat, R. 2013. Challenges affecting informal business funding in Zimbabwe: Implications for the Zimbabwe open university. *Journal of African Educational Research Network*, 2(3): 78-90.

Billy, H. 2011. Factors that affect the long-term survival of micro, small and medium enterprises in Ethiopia. *South African Journal of Economics*, 76 (3): 56-80.

Brennan, G. 2010. Informal business failure: Recovery for the self-employed. *Academy of Management Review*, 28(2): 34-38.

Braund, E.Z. 2015. Factors affecting business success of small & medium enterprises (SMEs) in Thailand. *Asian Social Science*, 5(5): 42-78.

Brown, A. & Suter, I. 2014. Street traders and emerging spaces for urban voice and citizenship in African cities, *Urban Studies Journal Foundation*, 47(3): 101-140.

Byrd, M.J. & Megginson, L.C. 2016. Small business management: An Entrepreneurs guidebook. Boston: Mc Graw Hill Higher Education.

Bukaliya, J. & Aleck, A. 2016. Opportunity costs and entrepreneurial activity. *Journal of Business Venturing*, 2(1): 100-110.

Bukaliya, J., Aleck, A., Masuko, M. & Chani, H.B. 2013. Discovery and creation: Alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal*, 1(2):91-96.

Burns, G. 2014. Tax: Notes on South African Income Tax. 28th ed. Roggebaai (South Africa): H&H Publications.

Biggs, R.G. & Srivastava, J. 2017. An empirical analysis of a private company's corporate social investment in Informal business sector development in South Africa. *Southern African Business Review*, 14(1):58-78.

Billetoft, D. 2010. The business strategy development among informal businesses in the KwaZulu-Natal trading sector. Master's in Business Administration, Durban University of Technology, 1(2): 11-50.

Blaauw, D. 2011. Looking at poverty from a radical perspective. *Review of Radical Political Economics*, 5(4): 21.

Carter, M.J. 2009. Data analysis. (Journal, Electronic). Available:  
<http://scidiv.bellevuecollege.edu/rkr/Biology211/Labs/pdfs/DataAnalysis211.pdf>  
(Accessed 15 July 2017).

Castells, D.R. 2011. The viability of informal microenterprise in South Africa. *Journal of Developmental Entrepreneurship*, 16(1): 67–86

Cartaya, J. 2015. The informal economy worldwide: trends and characteristics. *The Journal of Applied Economic Research*, 6(2): 34-80

Cartaya, J., Mupedziswa, P. & Gumbo, N.B. 2015. Informal trading as a local development strategy in South Africa. *The Business Journal*, 8(2): 114-121.

Celik, I. 2013. Local economic development in Africa: New generations of policies and instruments. Working paper no. 12. Regional and local development studies, Addis Ababa University.

Chan, M.A. 2014. Rethinking the informal economy: Linkages with the formal economy and the formal regulatory environment. DESA Working Paper No. 46: 43-66.

Charman, A.J.E. 2012 Local survivalism to foreign entrepreneurship: The transformation of the spaza sector in Delft, Cape Town. *Transformation*, 8(1): 57–79.

Charlton, V. & Crush, J.V. 2017. Obstacles to formal employment creation in South Africa: Evidence from Recent Firm Surveys. Working Paper, Development Policy Research Unit (DPRU) and Friedrich Ebert Stiftung (FES), Johannesburg.

Chen, M.A. 2012. Entrepreneurship in Africa: Challenges for Human, Social and Economic Development. *Social Work/Maatskaplike Werk*, 39(3):88-90.

Chen, M.A. 2013. Informality, poverty, and gender: an economic rights approach. In: *Women in informal Employment: Globalizing and Organizing*. Oxford University Press.

Chen, M.A. 2014. Strategic planning in growth oriented small firms. *International Journal of Entrepreneurial Behaviour & Research*, 15 (4): 44-55.

Chen, M.A. 2014. The geography of informal sector operations (ISOs): A perspective of urban Zimbabwe. *Journal of Geography and Regional Planning*, 2(1): 84-99.

Chen, M.A. & Collins, J. 2012. Opportunities and constraints facing informal traders: Evidence from four South African cities. *SSB/TRP/MDM*, 59: 62-63

Chen, M.A. & Sangraula, G. 2013. The small business sector in recent recoveries. *Business Economics*, 2(3): 25-40.

Chow, M.J. & Dunkelberg, W.C. 2017. Business management : A South African approach, Pretoria: Van Schaik Publishers, 46(4):110-112.

Chuthamas, Q.R., Warwick, E. & Nieman, G. 2018. Entrepreneurs who are risk takers. *Academy of Management Journal*, 23(3):105-120.

Coates, E. 2014. African culture and business markets: Implications for marketing practices. *Journal of Business and Industrial Marketing*, 1(3): 58-70.

Coetzee, T., Schenck, D.M. & Millin, G. 2014. Factors affecting business success of Small & Medium Enterprises (SMEs) in Thailand. *Asian Social Science*, 7 (5): 74-90.

Cooper, A.H. 2015. Statistical methods for the social sciences. Upper Saddle River, New Jersey: Pearson/Prentice Hall, Fall: 57-59

Creswell, J.W. 2009. Research design: Qualitative, Quantitative and mixed methods approaches. ASGE: London.

Creswell, J.W. 2016. Research design: Qualitative, quantitative, and mixed methods approaches. 3rd ed. Thousand Oaks: Sage Publications.

Cross, R.L. 2013. Poverty and mass unemployment in mineral rich Botswana. *American Journal of Economics and Sociology*, 46(1): 47-55.

Cichelo, P. 2013. Extending the theoretical horizons of family business research. *Entrepreneurship Theory and Practice*, 1(27): 85-95.

Cullen, J.H. 2015. Government systems for fight against corruption. The *Journal of Applied Economic Research*, 6(2): 34-64.

Daniels, Q. 2011. The crisis of food insecurity in African cities. *Journal of Hunger & Environmental Nutrition*, 7(3): 47.

Dedtea, S.M. 2014. Support for rural small businesses in Limpopo Province, South Africa. *Development Southern Africa*, 26 (2): 120-135.

Department of Trade and Industry, 2015. National Trade Act. Government Gazette 400, 1-60. Pretoria. <http://www.info.gov.za/view/DownloadFileAction?id=70243> accessed. (Accessed 6 June 2016)

Devey, T. 2015. Informal economy employment data in South Africa: A critical analysis. Paper presented at the TIPS and DPRU Forum.

Devereux, R.M. 2018. Informal income opportunities and urban employment in Ghana. *Journal of Modern African Studies*, 11(1): 78-100.

Dewar, D. (2014). Urban markets-developing informal retailing. Routledge London and New York. *Journal of Modern African Studies*, 1(5): 57-58.

Dhaka, T.H. 2017. Improving food security in the rural areas of KwaZulu-Natal province, Sochelouth Africa: Too little, too slow. *Development Southern Africa*, 30(4): 90-105.

Dhaka, T.H. & Nieman, G. 2017. The dynamics of corporate governance in South Africa: Broad Based Black Economic Empowerment and the Enhancement of Good Corporate Governance Principles. *Journal of International Commercial law and Technology*, 3(3): 87- 120.

Dlamini, N. 2015. South African's informal economy: A statistical profile. Urban Policies Research Report 7, Working Series, WIEGO. 1(1): 64-70.

Donaldson, H. 2015. Introduction to research methods: A practical guide for anyone undertaking a research project. 4<sup>th</sup> ed. Oxford: How To Books.

Dunne, E.A. 2012. Validity and reliability in social science research. *Education, Research and Perspectives*, 38(1):59-100.

Emory, I. & Cooper, A.H. 2014. The dynamics of corporate governance in South Africa: Broad Based Black Economic Empowerment and the Enhancement of Good Corporate Governance Principles. *Journal of International Commercial law and Technology*, 3(3): 60-140.

Eresmus, B.P.J. 2015. On route in South Africa. Jonathan Ball Publishers: Jeppestown.

Esser, k. & Dekker, J.M. 2014. The changing nature of informal street trading in post-apartheid South Africa. *Urban Forum*, 10(2): 67-80.

Escher, P. 2012. Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1), 98-150.

Escher, P. 2014. Research on entrepreneurship in the informal economy: Framing a research agenda. *Journal of Business Venturing*, 2(5) : 97-108.

Feder, N. 2013. Trade liberalisation and informality: New Stylized Facts. Research Paper, University of Glasgow, Glasgow.

Fields, G.S. 2012. Rural–urban migration, urban unemployment and underemployment, and job search activity in LDCs. *Journal of Development Economics*, 2(4): 112–120.

Fields, G.S. 2013. Entrepreneurship: An African Perspective. 8<sup>th</sup> ed. Pretoria: Van Shaick.

Fields, G.S. 2018. Alternative funding for sustainable Enterprises. *Economic Development and Cultural Change*, 62(4):103-114.

Fields, G.S., Mazumdar, H. & Bernabe, B.O. 2012. Financial literacy and youth entrepreneurship in South Africa. *African Journal of Economic and Management Studies*, 1(2): 32- 65.

Ford, W. & Tusting, D. 2013. Research design: Qualitative, Quantitative, and Mixed Methods Approaches. 2nd edn. Sage Publications, New Delhi, India.

Fonchingong, H. 2015. Four proposals for improved financing of SME development in Russia. *Russian Development Review*, 2(2): 46-82.

Fong, H. 2014. Introduction to research methods: A practical guide for anyone undertaking a research project. 6<sup>th</sup> ed. Oxford: How To Books

Fourie, G.J. 2018. The pervasive effects of family on entrepreneurship: Towards a family embeddedness perspective. *Journal of Business Venturing*, 24(4): 96-120.

Fraser, D. 2015. The theoretical basis for my plenary speech about our success and failures at research on business failure proceedings: Regional Frontiers of Entrepreneurial Research. Brisbane, Feb: 45-64.

Galbraith, C.R. 2013. Support for rural small businesses in Limpopo Province, South Africa. *Development Southern Africa*, 26 (2): 36-77.

Gardine, E. 2011. Statistical Techniques in Business and Economics. 13th ed., New York: McGraw.

Gennari, L.B. 2015. Deliberate practice among South African small business owners: Relationships with education, cognitive ability, knowledge, and success. *Journal of Occupational & Organizational Psychology*, 82 (1): 112-118.

Gertler, H. 2018. Global poverty and hunger: An assessment of Millennium Development Goal 1. *Journal of Poverty*, 16(4): 58-69.

Gerry, G.D. 2015. Falling through the policy gaps? Evidence from the informal economy in Durban, South Africa. *Urban Forum*, 17(2): 85-100.

Gibson, A.T. 2016. Women working in informal sector in India: A saga of lopsided utilization of human capital. 2016 International Conference on Economics and Finance Research IPEDR, 3: 52–59.

Gorden, P. 2015. The determinants of new-firm survival across regional economies: The role of human capital stock and knowledge spill over. *Papers in Regional Science*, 86(3):55-70.

Goldberg, Q. 2013. Introduction, Entrepreneurship and Economic development. *Regional Studies*, 38(8):45.

Goldberg, Q. & Pavcnik, O.S. 2013. Entrepreneurship in developing countries. *Foundations and Trends in Entrepreneurship*, 6(1):72-75.

Govender, D. & Pillay, R. 2014. Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 2(4):82-90.

Gray, J. 2010. Why research on women entrepreneurs needs new directions. *Entrepreneurship Theory and Practice*, 30(5):39-48.

Grimm, N.H. 2012. Exploring behaviours associated with business failure: A comparative study of SME founder-owners in Australia and Malaysia. *Proceedings of the fifth AGSE. International Entrepreneurship Research Exchange*, 5(8):22.

Groove, V. 2013. Target population. (Journal, Electronic). Available: <http://scidiv.bellevuecollege.edu/rkr/Biology211/labs/pdfs/DataAnalysis211.pdf> (Accessed 23 March 2018).

Gutmann, T.K. 2014. Poverty, human development and entrepreneurship. Preliminary manuscript prepared for a chapter in “The dynamics of entrepreneurship: Theory and evidence”. London: Oxford University.

Heerden, R. 2012. A profile of the Limpopo province: Demographics, poverty, income, inequality and unemployment from 2000 till 2007. *Agrekon* 1(9)  
<http://purl.umn.edu/58059>. (accessed 1 October 2012).

Hallberg, F. 2013. Enterprising education and training: the professional artisan? *Journal of Enterprise Development*, 11(1): 68-70.

Hallberg, F. 2013. Role typologies for enterprising education: the professional artisan? *Journal of Small Business and Enterprise Development*, 15(2): 45-55.

Hallberg, F. 2014. World class cities for all: Street traders as agents of union revitalization in contemporary South Africa. *Labour Capital and Society*, 44(2): 38-41.

Hansenne, P. 2015. Determinants of entrepreneurial engagement levels in Europe and the US. *Industrial and Corporate Change*, 17(6):45-55.

Hart, B. 2013. Problems of definition, description and meaning, *International Journal of Entrepreneurship and Innovation*, 9(4):312-325.

Harper, A.R. 2015. The role of the informal sector in rural/ urban areas. *International Journal of Entrepreneurship and Innovation*, 9(4):30-60.

Harper, A.R. & Shinder, T. 2015. Clarifying the entrepreneurship concept. *Journal of Small Business and Enterprise Development*, 10(1):102-111.

Hay, J.B. 2014. Inducing entrepreneurial creativity, innovation and opportunity-finding skills. *South African Journal of Economic and Management Sciences*, 1(3):36-60.

Hayami, H. 2012. Run your own business and make lots of money. 3<sup>rd</sup> ed.  
North cliff, South Africa: Frontrunner Pub.

Hay, J.B. & Minniti, T. 2015. South Africa survey. Johannesburg: South African  
Institute of Race Relations.

Hay, J.B. & Skinner, H. 2013. Towards better measurement of household food security:  
Harmonizing indicators and the role of household surveys. *Global Food Security*, 2(1):  
76–80.

Havenger, G. 2015. South African small business owners: Relationships with education,  
success and knowledge. *Journal of Occupational & Organizational Psychology*, 82 (1):94-  
99.

Hazell, G.H. & Haddad, D. 2017. The motivation of entrepreneurs: Are employed  
managers and self-employed owners different? *Intereconomics*, 43(4): 48-60.

Herber, A. 2015. The role of the public library in economic empowerment and poverty  
alleviation among informal sector women entrepreneurs a preliminary study in the  
Umhlathuze municipality. *Mousaion*, 21(6): 105–117.

Herber, A. 2016. A market-oriented strategy for small and medium scale enterprises.  
World Bank and International Finance. Discussion Paper number 23.

Herrick, F. 2015. Livelihood strategies in rural South Africa: Implications for Poverty  
Reduction. Paper prepared for presentation at the International Association of Agricultural  
Economists (IAAE) Triennial Conference, Foz do Iguaçu, Brazil.

Henley, M. A. 2011. Who's out there? A profile of informal traders in four South African  
city central business districts. *SSB/TRP/MDM*, 5(2): 45–56.

Horn, G. 2014. Bankruptcy law and entrepreneurship. *American Law and Economics Review*, 10(2): 25-50.

Horn, G. & Motala, B.Q. 2017. Combating poverty in South Africa. *Development Southern Africa*, 16(2): 104–133.

Hope, K. 2017. Entrepreneurial alertness in the pursuit of new opportunities. *Journal of Business Venturing*, 7(1):75-95.

Husmanns, E. 2012. Behind the rhetoric, the institutional basis of social exclusion and poverty. *IDS Bulletin*, 29 (1): 59-65.

Hult, A.B. 2013. Linkages, access to finance and the performance of small-scale enterprise in Kenya. *Journal of Accounting and Business Research*, 3(1):150-200.

Hungler, D. 2012. Research methods for business: A skill Building Approach. 5th edition. Chichester: John Wiley and Sons Ltd.

ILO, 2002. Decent work and the informal economy. International Labour Conference 90<sup>th</sup> Session Report VI. Geneva.

Corner, P. 2016. Coping with entrepreneurial failure. *Journal of Management and Organisation*, 13(4):65-84.

Jacobs, D.M. & Hart, G. 2013. Intellectual foundations of entrepreneurship, in *Entrepreneurship: the way ahead*, edited by H. P. Welsch. New York: Routledge: 31-38.

James, G.V. 2015. Basic steps in drafting a questionnaire research. From question to proposal. 5th ed. London: Jones & Bartlett.

Jiyane, H.P & Hendriks, L.G. 2012. Culture and entrepreneurial potential: A nine country study of locus and innovativeness. *Journal of Business Venturing*, 7(4): 70-80.

Joseph, 2015. Proactive work behaviour: forward-thinking and change oriented action in organisations, APA handbook of industrial and organisational psychology. Washington, DC: American Psychological Association.

Kalu, A.G. 2014. Entrepreneurial characteristics, strategic choice and small business performance. *Small Business Economics*, 9(1): 59-75.

Kempe. D. M. 2015. Factors that affect the growth and long-term survival of micro, small and medium enterprises in South Africa. *African Journal of Economics*, 76 (3): 55--58.

Klasen, G. & Woolard, H.O. 2013. Establishing a robust technique for monitoring and early warning of food insecurity in post-conflict South Sudan using ordinal logistic regression. *Agrekon* 50(4): 45-55.

Krejcie, I.J. & Margan, P. 2011. Empirical research:How to Recognize and Locate (online). [Available: http://users.library.fullerton.edu/cbruns/empirical\\_research.htm](http://users.library.fullerton.edu/cbruns/empirical_research.htm) (Accessed 25 May 2016).

Knight, H.C. 2017. Entrepreneurial dispositions and goal orientations: a comparative exploration on South Africa and Lesotho entrepreneurs. *Journal of Small Business Management*, 6(3):54-65.

Kiess, H. & Bloomquist, G. 2012. Respond rate in research. 4<sup>th</sup> ed. Quezon City: Goodwill Trading Co., Inc.

Kirsten, N. 2012. Growth in the informal sector, Redistribution and Welfare: Toward Social Investment. *Social Service Review*, 73(1):102-120.

Kirsten, N. 2016. Informal Financial Institutions and Poverty Reduction in the Informal Sector of Offa Town, Kwara State: A Case Study of Rotating Savings and Credit Associations (ROSCAs). *Journal of Social Sciences*, 20(1):78-90

Kumar, G.C. 2011. Assumptions underlying quantitative and qualitative research: Implications for Institutional Research. *Research in Higher Education* 36 (5): 94-95.

Kothari, M. 2016. The good researcher guide: For Small-Scale Social Research Projects. Buckingham: Open University Press.

Kojo, V.M. 2014. Employment, unemployment and the Evolution of Labour Policy in Zimbabwe. *Zambezia*, 4 (4): 167-170.

Kyei, F.G., Gyekye, A., Van der Merwe., R, Jiyane et al, H.P., Modirwa, B. & Oladele, G.H. 2014. Cross border trade: A Strategy for rising out of poverty in Masvingo, Zimbabwe. *Zambezia*, 4(2):120-132.

Laband, D.N. 2017. Entrepreneurial success and occupational inheritance among proprietors. *The Canadian Journal of Economics*, 23(3):93-110.

Ladzani, H. 2013. Size estimate of the informal sector in South Africa, *Southern African Business Review*, 10(2):32-52.

Ladzani, H., Smith, P.G. & Pretorius, F. 2012. How South Africa can boost support to informal businesses: Lessons from India and China. Trade and Industrial policy strategies (TIPS). South Africa. Pp. 34-81.

Langa, P. 2016. Food security and agriculture 2002–2011: In-Depth Analysis of the General Household Survey Data. Statistics South Africa, Pretoria [www.statssa.gov.za](http://www.statssa.gov.za) (accessed 7 February 2017).

Lakibul, K.D. 2016. The importance of education in South Africa: Where does gender matter? *Agenda: Empowering Women for Gender Equity*, 24(86): 41–42.

Larsson, P., Field, G.S. & Chen, M.A. 2014. Trade reforms and labor market adjustment in morocco. *Journal of Labor Economics*, 15 (3): 54-70.

Lawanson, T. 2010. The home as workplace: Investigating home enterprises in low income settlements of the Lagos metropolis. *Ethiopian Journal of Environmental Studies and Management*, 5(4): 103-115.

Lehloenya's, D.T. 2013. Entrepreneurial environments and growth: Evidence from South Africa GEM data. *Journal of Chinese Entrepreneurship*, 4(3): 78-98.

Leibbrand, M. 2013. Trends in South African income distribution and poverty since the fall of apartheid. Organisation for Economic Co-operation and Development (OECD) Social, Employment and Migration Working Papers No. 15-25

Lund, M. 2012. The causes of poverty. *Political Science*, 23(1): 24-35.

Lund, M. 2014. Looking at poverty from a radical perspective. *Review of Radical Political Economics*, 5(4): 80-100.

Lund, M. 2016. Street traders and emerging spaces for urban voice and citizenship in African cities, *Urban Studies Journal Foundation*, 47(3): 57-89.

Luiz, B.F. 2013. Entrepreneurial success . *The British Journal of Economics*, 22(2):121-130.

Madziakapita, G. 2013. Finance and small and, medium-sized enterprise in developing countries. *Journal of Developmental Entrepreneurship*, 6 (1): 82-98.

Margan, U.R. 2016. Unemployment in South Africa: The nature of the beast. *World Development*, 32(3): 87-89.

Makumbe, M. 2014. Determinants of unemployment in Limpopo province in South Africa: Exploratory studies. *Journal of Emerging Trends in Economics and Management Sciences*, 2(1): 45–53.

Marchal, D. & Wathen, B. 2016. Migration and unemployment in South Africa: When motivation surpasses the theory. Monash University, Department of Econometrics and Business Statistics. Working Paper, 02/04.

<http://www.buseco.monash.edu.au/depts/ebs/pubs/wpapers/2004/wp2-04.pdf>

(Accessed 16 April 2017)

Maxwell, K.P. 2015. Responsible entrepreneurship in developing countries: understanding the realities and complexities. *Journal of Business Ethics*, 2(5):121.

Manu, D.M. 2014. Measuring the effectiveness of the Women Entrepreneurship Programme on potential, start-up and established women entrepreneurs in South Africa. *South African Journal of Economic and Management Sciences*, 10(2):74-110.

Marais, J. 2012. Qualitative and quantitative research. Report by the World Health Organisation/Geneva Foundation for medical education and research. Afghanistan. January 2008.

Masuko, P.Z. 2016. Informal enterprises as an approach for promoting economic development in social work: lessons from Self Employment Investment Demonstration. *International Social Work*, 9(1):43-52.

May, J.H. 2013. The relevance of operational and management skills towards business sustainability : a focus on SMME manufacturers in the Free-State triangle region. *Acta Commerci*, Volume 10 54 - 58.

May, J.H., Carter, B.H. & Posel, B. 2009. Poverty in South Africa: A Profile Based on Recent Household Surveys. A working paper of the Department of Economics and the Bureau for Economic Research, University of Stellenbosch, 2(4): 41-50

Mazumdar, H.I. 2009. Stabilizing an unstable economy, University of Cape Town: University Press.

Mbeki, T. 2004. Millennium Development Country Report, Republic of South Africa.

McBurney, W.E. 2013. Financial literacy and Youth Entrepreneurship in South Africa. *African Journal of Economic and Management Studies*, 1 (2): 123-143.

McNamara, J. 2017. Business research methods. 3<sup>rd</sup> ed. Oxford: Oxford University Press.

McLeod, B. 2015. Empirical research:How to Recognize and Locate (online). Available: [http://users.library.fullerton.edu/cbruns/empirical\\_research.htm](http://users.library.fullerton.edu/cbruns/empirical_research.htm) (Accessed 31 May 2015).

Medina, N. 2014. The challenges facing empirical estimation of household poverty and insecurity in South Africa, *Development Southern Africa*, 2 :( 3): 105–115.

Mkandawire, Q.Z. 2014. Transforming cultural villages in the spatial development initiatives of South Africa. *South African Geographical Journal*, 8(10): 67- 80.

Michael, P. 2014. Academic technology services. What does Cross tabulation mean? Available: <https://www.ats.ucla.edu/stat/spss/faq/alpha.html> (Accessed 15 June 2017)

Millin, R. 2014. The changing nature of informal street trading in post-apartheid South Africa. *Urban Forum*, 10(2): 34-45.

Millin, R. & Coetzee, J.W. 2011. Locating xenophobia: debate, discourse, and everyday experience in Cape Town, South Africa. *Africa Today*, 56(3): 89–92.

Mouton, J.M. 2014. Using two-factor theory of achievement motivation to examine performance-based outcome and self-regulatory processes. *Personality and individual differences*, 6(4):56-85.

Morris, M.P. 2014. Micro-entrepreneurs: motivations challenges and success factors. *International Research Journal of Finance and Economics*, 56(3): 32-43.

Morris, M.P., Jones, M. & Nel, E. 2013. The informal sector, entrepreneurship and economic development. *Journal of Developmental Entrepreneurship*, 2(2): 44–98.

Morris, P., Jones, M. & Nel, E. 2017. Informal retail structures in South Africa: an exploratory study. *Southern African Business Review*, 7(1): 64-75.

Mtubatutuba local municipality, Integrated Development Plan (IDP) Review for 2013/14. Available; <http://dissertation.laerd.com/articles/sampling-the-basics.php> (online). (Accessed 20 February 2014).

Muiruri, P. 2014. The relationship among national institutional structures, economic factors and domestic entrepreneurial activity: A multi-country study. *Journal of Business Research*, 5(11): 98-107.

Muijs, G. 2013. Unemployment in South Africa: The nature of the beast. *World Development*, 32(3): 37-55.

Mnguni, N. 2014. Structural aspects of manufacturing in Sub-Saharan Africa, world bank discussion. *Journal of Developmental Entrepreneurship*, 1(3): 84-90.

Naidoo, U.R. 2016. Alternative funding methods for sustainable Enterprises. *Cultural Change and Economic Development*, 2(4):103-108.

National Labour & Economic Development Institute. 2014. Decent work and the informal economy. International Labour Conference 90th Session Report VI. South Africa.

Nelson, I. 2011. The coping strategies adapted by rural poor to food insecurity in Eldoret Municipality, Kenya. *Journal of Emerging Trends in Economics and Management Sciences*, 4(2): 41-70.

Nepal, K. 2015. Note on optimum tax evasion, *Journal of Public Economics*, 1(2): 74-90.

Nepal, K. & Sedgwick, P.Q. 2013. The hidden economy in Norway with special emphasis on the hidden labor market, *Underground Economy: Tax Evasion and Information Distortion*, Cambridge University Press, 1(5): 90-100.

Neuman, E. 2012. Research instrument: Qualitative, quantitative, and mixed methods approaches. 4<sup>th</sup> ed. Thousand Oaks: Sage Publications.

Newman, J. 2015. A contribution to the theory of taxation, *Economic Journal*, 1(3): 55-61.

Newman, J. & Cullen, G.H. 2010. Nigerian institute of business studies affairs publication, 1(2): 34-40.

Nicolson, F.K. 2018. Engaging small and medium-sized businesses in sustainability. *Sustainability Accounting, Management and Policy Journal*, 1 (2): 54-58.

Nieman, G. & Chuthamas, Q.R. 2012. Informal business as a local development strategy in South Africa. *The Business Journal*, 3(1): 90-107.

Nieman, G. 2018. Uncomfortable entrepreneur. *Psychology Today*, 6(2):105-110.

Nel, P. 2015. Business development in the SADC region: the opportunities and challenges. *Development Southern Africa*, 4(1): 56-78.

Olawale, D. 2015. Making Honesty the Best Policy, *Journal of Public Economics*, 2(1), 54-66.

Orford, E. 2014. Starting your own business in South Africa. 10<sup>th</sup> ed. Cape Town, South Africa: Oxford University Press in South Africa.

Organisation for Co-operation and Development .2014. Integrating the Unofficial Economy into the Dynamics of Post-Socialist Economies: A Framework of Analysis and Evidence, Mimeo, World Bank.

Packer, A.B. 2013. A profile of poverty in the Eastern Cape province of South Africa. *Eastern Africa Social Science Research Review*, 9(2): 47–59

Petersen, T. 2011. Employment, unemployment and the Evolution of Labour Policy in Zimbabwe. *Cameroon*, 4 (4): 57-80.

Petersen, T. 2015. Informal businesses performance in Iranian SMEs. *International Journal of Economics and Finance*, 3 (4):45-60.

Perks, S. 2017. Training intervention needed for developing black-micro entrepreneurial skills in the informal sector: A qualitative perspective. *South African Journal of Human Resource Management*, 4(1):85-96.

Posel, A. 2013. The relevance of management skills towards business sustainability: a focus on SMME manufacturers in the Vaal triangle region. *Acta Commercii*, 1(1): 45-65.

Popoola, K.G. 2014. *Gripping GAAP*. 12<sup>TH</sup> ed. Durban, South Africa: LexisNexis.

Portes, C.H. 2011. Micro-enterprises as an approach for promoting economic development in social work: lessons from self employment investment demonstration. *International Social Work*, 39(1): 115-125.

Use of information and communication technologies by women hawkers and vendors in South Africa. *African Journal of Library, Archives and Information Science* 2(1): 44–61.

Ramela, J.W. 2012. *Doing social research*. South Africa: Free Press.

Ranis, F. 2015. *Global entrepreneurship monitor 2012*. Executive Report, London.

Rainey, D.V. 2017: Essential forms of capital for sustainable community development. *American Journal of Agriculture Economics*, 85(3):104-111.

Reimer, Z. 2015. Poverty reduction through strengthening small and medium enterprises. *Botswana Journal of African studies*, 17(2): 54-89.

Rogerson, V.P 2010. Forecast of economic indicators and formal retail sales Pretoria, bureau of market by product group for 2010. *Journal on small business*, 2(24): 57-90.

Rogerson, S.K. 2011. Loan repayment and its determinants in smallholder agriculture: A Case Study in the Southern highlands of Tanzania. *East Afr. Econ*, 9(1): 28-43

Rahm, L. & Byrd, C. 2015. SME's access to debt finance: a comparison of male-owned and female-owned business in Zambia. *The International Journal of Entrepreneurship and Innovation*, 4(7):78-98.

Rural Development Framework .2010. Dealing with the informal economy. A challenge for Trade Unions in Southern Africa. Country paper: South Africa.

Sachs, H.M. 2011. The size of the informal sector and Labor market competitiveness . *Journal of Population Economics*, 25(1): 39-70.

Samson, M. 2012. Overcoming underdevelopment in South Africa's second economy. *Dev. Southern Africa*, 23(1):45-61.

Santos, E. 2016. South Africa's growing black market. Challenges from the 1990s. Speech at the Spotlight on the Black Market Conference, sponsored by the Small Business Development Centre in Johannesburg, South Africa.

Santos, E. & Byrd, C. 2015. Informal retail structures in South Africa: an exploratory study. *Southern African Business Review*, 1(1): 58-63

Saunders, M., Lewis, P. and Thornhill, A. 2018. Research methods for business students. 7th ed. Essex: Pearson Education.

Schneider, B.K. 2012. Loan repayment and its determinants in small, micro and medium businesses: A Case Study in the Southern highlands of Zambia. *East Afr. Econ. Rev*, 5(1): 42-70.

Schneider, B.K. 2015. Loan repayment and its determinants in small businesses: A Case Study in the Southern highlands of Tanzania. *East Afr. Econ. Rev*, 9(1): 56-78.

Schenck, L. 2012. The poverty dilemma in Africa: Towards policies for the poor. *Progress Dev. Stud.* 4(1):53-70.

Schenck, L. 2013. Promoting the informal sector as a source of employment in developing countries: Insights from Zimbabwe. *The International Journal of Human Resource Management* 11(6): 123-130.

Schwarz, R. 2010. Exploring the epistemology of eco-tourism. *Journal of Applied Recreation Research*, 22(1): 62-69.

Scott, G. 2015. Women and poverty in Morocco: The many faces of social exclusion. *Feminist Review*. 69: 92-102.

Senay, E.S. 2012. Starting your own business in South Africa. 8<sup>th</sup> ed. Cape Town, South Africa: Oxford University Press in South Africa.

Sharan, A. 2015. Transforming cultural villages in the spatial development initiatives of South Africa. *South African Geographical Journal*, 83(1): 55-60

Shinder, R.J. 2015. The Urban Informal Sector: Concept, Measurement and *International Labor Review*, 14:32-55.

Skinner, C. 2012. Local government support for women in the informal economy in Durban, South Africa. *Int. J. Politics, Culture Society*, 16(3): 82-86.

Skinner, C. 2013. Dealing with the informal economy. A challenge for Trade Unions in Southern Africa. Country paper: South Africa.

Skinner, C. 2015. Optimism, work/life choices, and entrepreneurship. NBER. Reporter: 52-53, Spring. Available: Academic Search Elite.

Solow, R. & Sobel, R.S. 2016. Closure versus exposure: Assessing alternative mechanism in the intergenerational inheritance of self-employment. *Research Social Organisation*, 25:75-93.

Spring, P.F. 2017. Rural entrepreneurship a research framework and agenda. *Intenational Journal of Entrepreneurial Behaviour and Research*, 10(6):92-112.

Statistics South Africa .2016. Labour force survey. Statistical release (25 September 2014).

Statistics South Africa 2016. Southern Africa Labour and Development Research. Labour force survey (Accessed 16 March 2016).

Statistics South Africa. 2017. Southern Africa Labour and Development Research. Labour force survey (Accessed 16 September 2016).

Statistics South Africa. 2018. Labour force survey. Statisticsl release. (online)  
[Available: www.statssa.gov.za](http://www.statssa.gov.za) (Accessed 15 September 2018).united

Statistics South Africa. 2016. Labour force survey. Statistic release. (online)  
[Available: www.statssa.gov.za](http://www.statssa.gov.za) (Accessed 10 Febryary 2018).

Statistics South Africa. 2014. Stats. In brif. Pretoria; Statistic release. (online)  
[Available: www.statssa.gov.za](http://www.statssa.gov.za) (Accessed 27 November 2017).

Stewart, G. 2013. The Challenges facing sustainable and adaptive of informal businesses in South Africa. *Entrepreneurship SA*, 37 (1): 97-75.

Stewart, G. 2014. A review of the possibilities of alleviating poverty and Unemployment challenges in South Africa through Informal Sector cooperatives. *African Journal of Agricultural Research*, 8(16): 84-90.

Department of Social Security Agency, 2017. Millennium Development Country Report, Republic of South Africa.

Talmage, F. & Freeman, R 2013. A critical analysis of poverty policy and expenditure in South Africa. Master's thesis, Rand Afrikaans University, South Africa.

Tambunan, H. 2014. Entrepreneurship. Start your Business. Cape Town: Kagiso Education.

Tanzi, M. 2014. Strategic planning in growth oriented small firms. *International Journal of Entrepreneurial Behaviour & Research*, 15 (4): 64.

Tang, J. 2017. Measuring Brazil entrepreneurial motivation, personality and environmental influences. *International Journal of Entrepreneurial Behaviour & Research*, 3(4):82-91.

Taylor, T. 2015. The effects of the informal sector on income of the poor in Australia. *Social Indicators Research*, 11(3): 50-66.

Teel, G.W. 2010. How has the rural farming woman progressed since the setting up of the Millennium Development Goals for eradication of poverty and hunger? *Agenda: Empowering Women for Gender Equity*, 26(1): 14-30

Terblanche, F.B. & Macleod, D.E. 2017. Cross cultural entrepreneurial competency in identify International business opportunities. *European Management Journal*, 5(3): 62-75.

Thinkers Forum, (T.F) 2013. Citizenship, violence and xenophobia in South Africa. Johannesburg: HSRC Xenophobia Team.

Thompson, G.H. 2016. A review of the poverty and food security issues in South Africa: is agriculture the solution? *African Journal of Agricultural Research*, 7(28): 54-66.

Thompson, G.H. & Steven, N. 2012. methods of sampling: Qualitative, quantitative, and mixed methods approaches. 3<sup>rd</sup> ed. Thousand Oaks: Sage Publications.

Tollens, A.S. 2013. Distributional Implication of halving poverty in South Africa. Cambridge Working Papers in Economics 34.

Tustin, J.B. 2011. Profile of informal micro-enterprises in the retail sector of South Africa. *Journal for Southern African Business Review*, 8(1): 31–42.

Tustin, J.B. 2013. Opportunities and constraints facing informal street traders: Evidence from four South African cities. SSB/TRP/MDM 59: 70–75.

Tuky, E. 2011. Informal markets in Tshwane: Entrepreneurial incubators or survivalist reservoirs? Research Report No. 54, Bureau of Market Research. Pretoria: UNISA.

Ulrich, D. 2012. The contribution of informal food trading to urban food security in Zimbabwe: The Case of Gweru 2000-2007. *Journal of Sustainable Development in Africa*, 10(2):106-109.

Ulrich, D. 2015. Business Partners [Limited](http://www.businesspartners.co.za/forum/topics). <http://www.businesspartners.co.za/forum/topics>. Date accessed: 18 April 2016.

United Nations Economic Commission for Africa (UNECA), 2014. Human development report. New York: Oxford University Press, 1(2): 32-45.

Valodia, S. 2015. What are the distributional implications of halving poverty in South Africa when growth alone is not enough? *Applied Economics*, 44(5): 35-50.

Verma 2014: Designing social research: the logic of anticipation. Cambridge, UK: Blackwell.

Visser, H.G. 2014. Grameen bank-style micro credit: Impact on dowry and women's solidarity. *Development Bulletin*, 57:112-117.

Visser, H.G. 2015. Growth, Redistribution and Welfare: Toward Social Investment. *Social Service Review*, 73(1):75-86.

Visser, H.G. 2018. Problems facing informal businesses in Swaziland. *Journal of Service Science and Management*, (2):65-84.

Verick, B.M. 2015. Management Practices among Informal traders and Medium Enterprises in Ghana. *Journal of Management Policy & Practice*, 12 (4): 84-98.

Walther, E. 2011. Street trading in Cape Town CBD: A Study of the Relationship Between Local Government and Street Traders. Master's thesis, University of Stellenbosch.

Walsham, M. 2014. Research on entrepreneurship in the informal economy: Framing a research agenda. *Journal of Business Venturing*, 28: 54-60.

Webster, G. 2013. Small businesses and economic growth in Eastern Africa. A speech read Obwocha, H - Minister for Planning and National Development, Republic of Kenya, to the IFC Credit Reporting Conference, Nairobi.

Wenger, B. 2010. Method and measurement in sociology, New York:Free Press.

Wegner, B. 2013. Measuring the informal sector and informal employment: The experience drawn from 1-2-3 surveys in African countries, *African Statistical Journal*, 9(1):76-79.

Wenger, B. 2014. Conducting research. 5<sup>th</sup> ed. Quezon City: Goodwill Trading Co., Inc.

Witt, Y.J. & Chukuezi, A. 2015. Factors that affect the stability and long-term survival of micro, small and medium enterprises in Congo. *South African Journal of Economics*, 76 (3): 108-112.

Williams, I. 2012. Cross border trade: A Strategy for climbing out of poverty in Soweto, South Africa. Johannesburg, 4(2):107-122.

Williams, I. 2012. Adverse shocks and social protection in Africa: What Role for Formal and Informal Financial Institutions. Report prepared for the European Report on Development. Accra. Ghana.

Woolard, H.D. 2011. Unemployment in South Africa: The nature of the beast. *World Development*, 32(3): 54-70.

Woolard, H.D. 2012. Leading in the top team: the CXO challenge. Cambridge: Cambridge University Press.

Woolard, H.D. & Teel, G.B. 2016. The business strategy development among SMMEs in the KwaZulu-Natal clothing Manufacturing Sector. Master's in Business Administration, Tshwane University of Technology, 1(2): 117-119.

World Bank. 2013. South Africa: national resource issues in environmental policy. Washington DC: The World Bank.

World Bank . 2015. World development report. 2015. Reshaping Economic Geography. Washington, D.C. The International Bank for Reconstruction and Development/World Bank.

Willemse, D.E. 2015. Entrepreneurship capital and economic growth. *Oxford Review of Economic Policy*, 13(9):85-99.

Wills, R.M. 2015. Informality of the informal sector: Concept, facts and models. Introduction to special issue, *Margin – The Journal of Applied Economic Research*, 1(3): 56-88.

Wills, F. A. & Macleod, W. 2016. The determinants of new-firm survival across regional economies: The role of human capital stock and knowledge spillover. *Papers in Regional Science*, 29(1): 99-112.

Warwick, E. 2014. Strategic planning in growth oriented small firms. *International Journal of Entrepreneurial Behavior & Research*, 15 (4): 45-60.

Warwick, E. 2017. Entrepreneurship as a field of research. *Academy of Management Review*, 25(4):95-116.

Willman, J.C., Kruger, S.J. & Mitchell, B. 2011. Poverty, participation and social exclusion in north and south. *IDS Bulletin*, 29 (1): 50-57.

Winkelmann, Z.G. 2010. Entrepreneurs operating in the informal economy: necessity or opportunity driven? *Journal of Small Business and Entrepreneurship*. 20(4): 309-315.



## APPENDIX A

### LETTER OF INFORMATION

Faculty of Management Sciences

Department of Entrepreneurial Studies and Management

Date: November 2017

Dear Participant

#### **LETTER OF INFORMATION**

**Title of the Research Study:** The role of the informal business sector in poverty alleviation in Mtubatuba, KwaZulu-Natal.

**Principal Investigator/s/researcher:** Sibongokuhle Sam Gumede (B Tech Taxation)

**Co-Investigator/s/supervisor/s:** Dr N Chili

**Brief Introduction and Purpose of the Study:** The limited ability of the government and the formal business sector to provide sufficient employment opportunities to people in South Africa is one of the main reason for informal trading. Informal business sector plays an important role in providing a security for millions of the unemployed in the South African economy. This study seeks to investigate the role played by informal businesses in Mtubatuba in poverty alleviation.

**Outline of the Procedures:** Data will be collected by means of a questionnaire, which should take between 10-15 minutes to complete.

**Risks or Discomforts to the Participant:** None

**Benefits:** There won't be any direct benefit to you.

**Reason/s why the Participant May Withdraw from the Study:** If they feel uncomfortable answering the questions; therefore, should they need to withdraw themselves from the study they can do so without having any implications.

**Remuneration:** No remuneration will be given to any participants.

**Costs of the Study:** Nil

**Confidentiality:** The questionnaire does not compel participants to give their names; therefore, participant confidentiality is guaranteed. All the information will be kept under control according to the dictates of DUTs Institutional Research Ethics Committee (IREC) requirements.

**Research-related Injury:** No participants will be injured during the participation of this study as it will only require the answering of a questionnaire.

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

Sibongokuhle Sam Gumede

Student

Mobile: 0826285278

Email: [luayathanda@yahoomal.com](mailto:luayathanda@yahoomal.com)

Dr N Chili

Supervisor

Work no: 031-3735395

Email: [nsizwazikhonac@dut.ac.za](mailto:nsizwazikhonac@dut.ac.za)

**APPENDIX B**  
**QUESTIONNAIRE AND SEMISTRUCTURED INTERVIEWS**

**Part A DRAFT QUESTIONNAIRE**

**Title:** The role of the informal business sector in poverty alleviation in Mtubatuba, KwaZulu-Natal

**For each of the questions below, please indicate your choice by writing “X” in the column which represents your response.**

**Section A: Personal profile**

**1. Gender**      replying

Male	Female
1	2

**2. Age**

18-25	26-30	31-35	36-40	Above 40
1	2	3	4	5

**3. Highest level of education**

No education	Up to grade 8	Grade 12	Certificate	Diploma	Degree	Post graduate
1	2	3	4	5	6	7

**4. Your current marital status**

Single	Married	Widow/ widower
1	2	3

**5. Number of dependents?**

0	1	2	3	4	5	More than 5
1	2	3	4	5	6	7

6. Are you the sole breadwinner in your household?

Yes	No
1	2

## Section B: BUSINESS PROFILE

1. How was your business financed when you started?

From my personal savings	1
Assistance from my family	2
Bank loan	3
Loan from Umashonisa	4
Other (please specify)	5

2. Please indicate the type of business conducted

Street vendor	1	Sheeben	4
Salon	2	Other ( please specify)	5
Tuck shop/spaza shop	3		

3. Were you previously employed in the formal business sector?

Yes	No
1	2

4. If your answer was “yes” to question 3 above, why did you leave the formal sector?

I was retrenched	1
There was an opportunity to make more money	2
I did not want to be separated from my family	3
Other (please specify)	4

**5. Number of years your business has been operating?**

Less than 1 year	1-2 years	3-4 years	5-6 years	More than 6 years
1	2	3	4	5

**6. What are the reasons for conducting business at your current location?**

Large number of customers	1	Safe location	3
Less competition	2	Availability of shelter	4
This was the only available location	5		

**7. How many people are employed in your business?**

0	1-2	3-5	6-10	More than 10
1	2	3	4	5

**8. What was the status of your employees before they started working for you?**

Category	Number of employees
Unemployed	1
Retrenched from formal business sector	2
Employed in the informal sector	3

**9. Please rank the following challenges, in order of importance, with 1 being most important, and 6 being least important.**

9.1. Lack of proper accommodation	9.1
9.2 Distance from suppliers	9.2
9.3. High rate of crime	9.3
9.4 Lack of business skills	9.4
9.5 Lack of finance	9.5
9.6 Poor support from the local municipality	9.6

**10.** Please rank the following skills, in order of importance, (with 1 being most important, and 3 being least important), in terms of their importance to the success of your business.

10.1 Financial management skills	10.1
10.2 Good marketing skills	10.2
10.3 General management skills	10.3

**11.** Have you ever attended any skills development training workshops?

Yes	No
1	2

**12.** If “yes” to question 11 above, was the training beneficial?

Yes	No
1	2

**13.** What is the average net income/ profit per week from your business/es?

Under R200	R201-500	R501-1000	R1001-R1500	R1501-R2000	More than R2000
1	2	3	4	5	6

**14.** How will you rate the success of your business?

Unsuccessful	Successful	Very successful
1	2	3

## **Part B SEMMI STRUCTURED INTERVIEW QUESTIONS**

1. Have you and your family experience any changes in your living and household conditions since embarking in the informal business sector. Please explain the effect
2. Does your business have any family members that are involved on it? If the answer is yes, what role (s) they play?
3. What are the sources of capital?
4. Do you keep the financial records of your business? If the answer was yes, how do you keep elaborate?
5. What role is the government playing in assisting the growth of the informal businesses in Mtubatuba?
5. What are survival strategies used by informal businesses around uMtubatuba?

**Thank you for being part of the study.**

## APPENDIX C

### STATISTICAL ANALYSIS

#### Chi-square goodness-of-fit tests – significant results

The test was done on all questions to affirm the significance of relationship between variables.

The table below summarises all the results of the chi square test.

		Pearson Chi-Square Tests			
		Gender	Age	Highest level of education	Your current marital status
How was your business financed when you started?	Chi-square	2.949	25.996	16.878	6.061
	df	4	16	24	8
	Sig.	0.566	0.054	0.854	0.64
Please indicate the type of business conducted	Chi-square	8.158	17.167	22.015	6.103
	df	4	16	24	8
	Sig.	0.086	0.375	0.578	0.636
Were you previously employed in the formal business sector?	Chi-square	4.990	6.244	8.108	7.507
	df	1	4	6	2
	Sig.	.025*	0.182	0.23	.023*
If your answer was “yes” to question 3 above, why did you leave the formal sector?	Chi-square	5.610	21.353	14.194	4.532
	df	3	12	18	6
	Sig.	0.132	.045*	0.716	0.605
Number of years your business has been operating	Chi-square	8.152	31.025	18.610	8.651
	df	4	16	24	8
	Sig.	0.086	.013*	0.772	0.373
What are the reasons for conducting business at your current location?	Chi-square	1.286	20.868	29.229	5.490
	df	4	16	24	8
	Sig.	0.864	0.184	0.212	0.704
How many people are employed in your business?	Chi-square	12.464	17.729	28.387	10.810
	df	4	16	24	8
	Sig.	.014*	0.34	0.244	0.213
What was the status of your employees before they started working for you?	Chi-square	2.226	10.519	6.978	5.003
	df	2	8	12	4
	Sig.	0.329	0.23	0.859	0.287

Lack of proper accommodation	Chi-square	0.638	28.030	17.583	9.108
	df	2	8	12	4
	Sig.	0.727	.000*	0.129	0.058
Your current marital status	Chi-square	4.751	50.688	52.775	21.906
	df	5	20	30	10
	Sig.	0.447	.000*	.006*	.016*
High rate of crime	Chi-square	15.991	19.188	42.064	13.931
	df	5	20	30	10
	Sig.	.007*	0.51	0.071	0.176
Lack of business skills	Chi-square	3.488	41.421	34.079	14.756
	df	5	20	30	10
	Sig.	0.625	.003*	0.278	0.141
Lack of finance	Chi-square	2.053	4.330	5.399	2.636
	df	1	4	6	2
	Sig.	0.152	0.363	0.494	0.268
Poor support from the local municipality	Chi-square	7.807	43.901	33.090	22.185
	df	5	20	30	10
	Sig.	0.167	.002*	0.319	.014*
Financial management skills	Chi-square	2.498	19.718	36.686	9.294
	df	2	8	12	4
	Sig.	0.287	.011*	.000*	0.054
Good marketing skills	Chi-square	0.001	12.361	11.312	3.198
	df	1	4	6	2
	Sig.	0.979	.015*	0.079	0.202
General management skills	Chi-square	0.772	13.483	36.116	4.404
	df	2	8	12	4
	Sig.	0.68	0.096	.000*	0.354
Have you ever attended any skills development training workshops?	Chi-square	0.847	10.287	12.197	0.677
	df	1	4	6	2
	Sig.	0.357	.036*	0.058	0.713
If “yes” to question 11 above, was the training beneficial?	Chi-square	0.009	2.121	5.091	1.791
	df	1	4	4	2

	Sig.	0.923	0.713	0.278	0.408
What is the average net income/ profit per week from your business/es?	Chi-square	11.332	24.068	25.176	7.322
	df	5	20	30	10
	Sig.	.045*	0.239	0.716	0.695
How will you rate the success of your business?	Chi-square	13.420	9.029	8.807	1.677
	df	2	8	12	4
	Sig.	.001*	0.34	0.719	0.795

For example, the p-value for “Age” and “Lack of business skills” is 0.003. Since the value is less than the level of significance, it implies that there is a significant relationship between the variables. That is, age does have an influence on the lack of business skills.

## APPENDIX D

### Correlations

			Lack of proper accommodation	Distance from suppliers	High rate of crime	Lack of business skills	Lack of finance	Poor support from the local municipality	Financial management skills	Good marketing skills	General management
Spearman's	Lack of proper accommodation	Correlation Co	1.000								
		Sig. (2-tailed)									
		N	137								
	Distance from suppliers	Correlation Co	.198*	1.000							
		Sig. (2-tailed)	0.021								
		N	137	137							
	High rate of crime	Correlation Co	-.204*	-0.015	1.000						
		Sig. (2-tailed)	0.017	0.858							
		N	137	137	137						
	Lack of business skills	Correlation Co	0.011	-0.146	0.094	1.000					
		Sig. (2-tailed)	0.897	0.088	0.272						
		N	137	137	137	137					
	Lack of finance	Correlation Co	-0.113	-0.164	0.092	-0.126	1.000				
		Sig. (2-tailed)	0.190	0.055	0.285	0.144					
		N	137	137	137	137	137				
	Poor support from the local municipality	Correlation Co	0.081	.204*	-0.049	-0.135	0.060	1.000			
		Sig. (2-tailed)	0.346	0.017	0.570	0.116	0.486				
		N	137	137	137	137	137	137			
	Financial management skills	Correlation Co	-0.106	-0.104	-0.046	0.050	0.046	-0.061	1.000		
		Sig. (2-tailed)	0.220	0.226	0.592	0.560	0.594	0.477			
		N	137	137	137	137	137	137	137		
	Good marketing skills	Correlation Co	0.160	0.027	0.099	0.103	-0.122	0.122	0.107	1.000	
		Sig. (2-tailed)	0.062	0.750	0.250	0.232	0.154	0.156	0.215		
		N	137	137	137	137	137	137	137	137	
	General management skills	Correlation Co	-0.148	-0.013	-0.037	-0.094	0.154	-0.093	-0.061	-.889**	1.000
		Sig. (2-tailed)	0.083	0.881	0.669	0.276	0.072	0.281	0.477	0.000	
		N	137	137	137	137	137	137	137	137	137
*. Correlation is significant at the 0.05 level (2-tailed).											
**. Correlation is significant at the 0.01 level (2-tailed).											