

**INFORMAL ECONOMY IN THE CBD AND ITS CONTRIBUTION TO LOCAL
ECONOMIC DEVELOPMENT IN BLOEMFONTEIN**

BY

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DECLARATION

I hereby declare that this mini-dissertation submitted for degree Master Development Studies at the University of Free State is my original work and had not been submitted by any other person to any other university. I declare that all source of material used has been cited.

Signature:

Date:

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May God bless them abundantly.

DEDICATION

I dedicate this work to my late mother, Tshaletseng Vincentia Shounyane. Thank you for imparting in me the passion for learning and going out of your way to set me on the path of greatness. I will never forget the important values you have passed down to me -particularly endurance and perseverance.

MAY YOUR SOUL REST IN PEACE

ABSTRACT

As a developing nation, South Africa is faced with the triple challenges of unemployment, poverty, and inequality. Therefore, the informal economy is a critical sector for the country to provide livelihood, income and job opportunities for millions of unemployed people and business owners. The South African economy has always catered to developing and establishing formal businesses that meet minimum standards such as registration. Since 1994 when the transition to democracy took place, Local Economic Development has been raised from an isolated development intervention to a mandate enforced for all South Africa's local authorities. Without any economic activities in the formal sector, unskilled, poor and marginalised South Africans would rely on the informal economy and social grants for survival. Due to its easy access, the informal economy provides various economic activities for the poor.

- *The main objective of this study was to examine the informal economy in the Central Business District (CBD) and its contribution towards Local Economic Development (LED) in Bloemfontein. The sub-objectives included: to investigate the role of the informal economy for Local Economic Development; to examine the state of informal economy in South Africa, to analyse the importance of informal trading towards economic development in Bloemfontein, to examine the type of support and offer recommendations for informal economy in Bloemfontein CBD.*

A qualitative study using non-probability sampling was carried out on a sample of 20 informal traders and 5 government officials in the Central Business District of Bloemfontein. Informal traders were selected using a snowballing sampling procedure. Semi-structured interviews using questionnaires were conducted. The research objectives were analysed using a qualitative approach. The results show that informal traders are not supported to their satisfaction. To some extent, no support reaches them; hence the challenge of expansion and combating the triple challenges becomes hard to reach. Further results show a disconnection between local governments and an indication of a strained relationship.

Therefore, the study recommends that the government partner with relevant players to execute their policy plans on informal economy. These players may vary from infrastructure development to primary producers and high-end supermarkets. Informal traders are urged to formalise their businesses to leverage their support and opportunities presented by the government.

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ACRONYMS

ANC	: African National Congress
BBEE	: Broad Based Empowerment
CRDP	: Comprehensive Rural Development Programme
CBD	: Central Business District
GDP	: Gross Domestic Product
ILO	: International Labour Organisation
LED	: Local Economic Development
NBI	: National Business Initiative
RDP	: Reconstruction and Development Programme
RSA	: Republic of South Africa
UN	: United Nations

CHAPTER 1: INTRODUCTION OF THE STUDY

1.1 INTRODUCTION

The South African economy has always catered to developing and establishing formal businesses that meet minimum standards such as registration. This development strategy can be traced back to apartheid policies where black people were prevented from operating a registered business in urban areas. This was a clear indication that apartheid policies only favoured the social and economic development of the white minority at the expense of the black majority. As a result, the majority remain in underdeveloped areas (Rogerson, 2015). However, in the effort to address apartheid legacies, the democratic South Africa led by the African National Congress (ANC) government ushered in successive policies that aimed to address this uneven social and economic development created by the apartheid government (Rogan and Skinner, 2018).

Since 1994 when the transition to democracy took place, Local Economic Development (LED) has been raised from an isolated development intervention to a mandate enforced for all South Africa's local authorities (Rogerson, 2014). The legislative and policy context for LED has been shaped by several key pieces of legislation, such as the Constitution of South Africa Act. No 108 of 1996 which recognises the importance of local government and municipalities in promoting the economic development of local communities. This is where informal economic participation comes into play.

The informal economy is a critical sector for developing and developed countries that provides livelihood, income and work for millions of workers and business owners (Car and Chen, 2001). Without any economic activities in the formal sector, unskilled, poor and marginalised South Africans rely on the informal economy and social grants for survival. Due to its easy access, the informal economy provides various economic activities for the poor in South Africa (Chen, 2018).

The Constitution of the Republic of South Africa (1996) defines the informal economy 'as part of the labour market which incorporates all work that is not documented as a regular source of income and where taxes are not paid. Post-1994, the Constitution of South Africa Act No 108 of 1996 ensured well-founded economic rights such as

access to water, access to health services, housing, and social security (Constitution of RSA, 1996). The Constitution aimed to assist the country in getting rid of the apartheid legacies such as vast economic inequalities and deep-rooted poverty. However, after more than 25 years of democracy, South Africa still lingers with crucial development challenges such as inequality, joblessness, and poverty. These factors undoubtedly play a significant role in fostering informal economic participation by those with constrained opportunities to participate in the mainstream economy (Chen *et al.*, 2004). The government emphasising on Local Economic Development (LED) to focus on inclusive development at a local / community-driven by local municipalities and adopt the bottom-up approach to economic development and job creation is seen as something that addresses those factors. Additionally, the approach towards economic development where local people are encouraged to work together to achieve economic growth and improved quality of life for all residents in local municipalities shows how important it is for the researcher to understand the role of the informal economy for Local Economic Development.

This research looked at the theoretical analysis of the informal economy and theoretical understanding of local economic development and the significance of both informal economy and local economic development globally and in South Africa. Chapter One looked at the study's problem statement, aim, and objective. Chapter Two looked at local economic development followed by the informal economy in Chapter Three. Although the separation of the chapters, there is a link between two concepts highlighted later in the study. Chapter Four looked at the research methodology used to collect and analyse data. Moreover, a case study of street vendors was presented in Chapter Five and findings and results thereof. Lastly, Chapter Six presented a summary and recommendation of the whole study.

1.2 PROBLEM STATEMENT

According to Neves (2017), South Africa serves as one of the countries in the African continent with a resilient economy. However, in recent years, the country has faced political, social and economic uncertainties and, most notably, the highest unemployment rate. The country has become a global destination for migrant workers traders in town and cities from countries like Lesotho, Zimbabwe, South-Eastern Asia,

Pakistan and Bangladesh taking part in the informal economy to sustenance and survival. Closing mines, factories and declining agricultural productivity in rural areas has also accelerated rural to urban movement. Many rural people move from the countryside to towns and cities to secure jobs and seek business prospects. However, many are unqualified and cannot secure jobs in the formal sector, even trained graduates realize that employment prospects and means of subsistence can be limited, the socio-economic dilemmas of the cities and towns are probable to decline as the population continues to exceed economic development (Crush *et al.*, 2015).

According to Chichello and Rogan (2017), the South African government partially recognizes the informal sector by supplying support only to registered business entities; however, many businesses found operational at the sustainable level are not registered and therefore not recognized for funding. However, the pace at which the socio-economic activities are declining calls for the Local government to support local businesses and advance Local Economic Development (LED). For example, the central government policy, the National Development Plan (NDP), has expected that 1.2 Million new informal sector jobs will be needed by 2030 if the state meets its mark in reducing unemployment. However, the paper is almost entirely silent regarding how the informal sector should be funded or how the existing strategies can be applied to ensure that the informal sector expands in line with the general employment growth. Given this, there is a need for strict measures to ensure that all sustainable informal businesses operational in urban areas are registered and contribute to state revenue collection. This will strengthen the financial support of the informal businesses. The local government currently only has policies and by-laws that govern operations of informal businesses, however not optimally implemented to strengthen Local Economic Development (LED). This study seeks to find the gaps which must be filled to link the informal economy and Local Economic Development.

1.3 AIM

The study's main aim is to examine the informal economy in the Central Business District (CBD) and its contribution towards Local Economic Development (LED) in Bloemfontein.

1.4 OBJECTIVE

- To investigate the role of informal economy for Local Economic Development (LED) in Bloemfontein CBD
- To examine the state of informal economy of South Africa
- To analyse the importance of informal trading towards economic development in Bloemfontein
- To examine the type of support and offer recommendations for informal economy in Bloemfontein CBD

1.5 RESEARCH QUESTIONS

A research question leads to the research goal, “except that research question is an enquiring statement while research goals are declarative statements” (Bryman, 2012). The problem investigated in this study was the informal economy and Local Economic Development. Therefore, the specific research question or primary research question formulated to answer the problem investigated is:

Informal Economy and Local Economic Development: The case of Street Vendors in Bloemfontein in the Free State province.

The following research questions were posed to guide the study

- What is the role of the informal economy in Local Economic Development?
- What is the contribution level of informal trading, particularly street vending, in improving the socio-economic status of disadvantaged communities in Bloemfontein?
- What can be done to strengthen the informal economy to boost economic development in Bloemfontein?

1.6 CONCLUSION

This chapter gave background on the subject, supported by preliminary literature. This is followed by the problem statement, the aim of the study and the selected research objectives the study wanted to achieve. The next chapter will discuss the literature that is relevant to the study.

CHAPTER 2: LOCAL ECONOMIC DEVELOPMENT

2.1 INTRODUCTION

The previous chapter reflects the background, problem statement, and aim and objectives of the study. In this chapter literature review concerning Local Economic Development will be discussed. According to the International Labour Organisation (ILO), globalisation has changed the laws that rule world economies, bringing national, regional and local economies closer together (ILO, 2008). It contends that local economies are meaningfully influenced by policies and processes formulated at the supranational level, such as liberalisation, innovation and altering terms of trade (ILO, 2008). Globalisation has significantly impacted how local and regional development are planned (Pike *et al.*, 2006). It is known that “one of the fundamental characteristics of globalisation is that markets have become more ubiquitous and are affecting the entire world simultaneously” (Rodriguez-Pose, 2008). Moreover, globalisation brings changes, possibilities and challenges, and not all countries worldwide have the same capacity to level the playing field (Hampway and Rogerson, 2010).

2.2 ECONOMIC DEVELOPMENT

Economic development has dominated several development agendas around the world. In poor and developing countries, economic development was envisioned through the provision of technical assistance, free multilateral trade and foreign investment. Development is primarily a subject of economic productivity and capital accrual based on private investment and external support (Nel and Rogerson, 2005). According to Rist (1999), the concept of economic development was popularised by US President Harry S. Truman during his inaugural speech in 1949 following the end of World War II. In point four of his address, he stated that the US would provide impoverished countries with development aid.

The original goals of development were to promote equality to all people - by eradicating poverty through the transfer of skills, innovation and resource allocations between the developed and developing worlds. The primary variables influence achieving greater output through economic development (Rogerson and Rogerson,

2010).The assumption was made that economic development issues from the poor nations could be solved by using the western economic systems. The globe has seen this concept develop from obscurity to global dominance during the last decade. This dominance occurs within the economic and political segments through neo-liberalism. However, regardless of neo-liberal rhetoric intended at eradicating poverty and inequality, the gap between the rich and the poor continues to widen(Rogerson and Rogerson, 2010).

2.2.1 NEO-LIBERALISM

The critique of development was simply a process in which the assumption essential within neo-liberal economics received criticism. Neo-Liberalism was an economic system based on the free market premise maximising gross domestic product (GDP). In addition, neo-liberal development encourages neo-liberal reform as a strategy of lifting poor nations out of poverty and inequality into an advanced society marked by mass consumption and relative equality (Rogerson and Rogerson, 2010).

The neoliberal restructuring includes changes aimed at improving the economic situations of developing countries. Restructuring occurs in the form of deregulation of labour markets, modernisation, privatisation, and economic stabilisation through the World Bank type of Structural Adjustment Programme (SAP)

2.2.2 SUSTAINABLE DEVELOPMENT

The first significant environmental concerns marked the late 1970s and early 1980. As a result of these concerns, the notion of sustainable development was born. According to the Brundtland report of 1987, "Sustainable development" was defined as progress or growth that meets the current demands without jeopardizing future generations' ability to meet their own (Connelly and Smith,1992:2). The concept was developed in reaction to the environmental catastrophe, but it also included a section aimed at improving the lives of many marginalised people. The term sustainability incorporates a wide range of concepts. Essentially, it promotes a state of equilibrium in which economic requirements and progress coexist with the natural environment stably.

The United Nation's sustainable development goals comprise 17 goals with 169 interconnected and indivisible targets. World leaders have declared these goals as a collective action and effort towards a global policy agenda as a route towards long-term development (United Nations, 2016). LED contributes to long-term pillars of development while also being socially conscientious. SDGs becomes real at the local level, where individuals voice their needs, problems and goals at the regional level. SDGs have the potential to make a significant impact on people's life. In this regard, local economic development appears to be a very plausible strategy for achieving those 17 goals at the local level. LED was completely based on defining the local environment and was guided by the vision of many local actors and stakeholders. As a result, LED can effectively localize SDGs to identify locally innovative solutions to the world's most pressing global problems (Third World Forum of Local Economic Development, 2015).

2.3 LOCAL ECONOMIC DEVELOPMENT (LED) DEFINITION

There are numerous definitions of Local Economic Development proposed by various academics and organisations, each based on their unique approach. Nel and Humphry (1999) define LED as "the process or method through which local individuals or organisations use resources to change or increase local economic activity to benefit the majority in the local community". The World Bank (2016) defines LED according to its main goal of increasing the economic capacity of a local area and advancing its economic future and overall quality of life. The World Bank (2016) further expands its definition by stating that LED is a collaborative effort undertaken by many stakeholders, non-governmental organisations, corporates, communities, and community representatives to grow the local economy and create sustainable job opportunities. The United Nation Human Settlement (UN-Habitat, unknown) use what might look like a similar description as the World Bank; however, they define LED as a participatory course in which local people from various sectors collaborate to boost local commercial activity resulting in a vibrant and sustainable economy. According to the International Labour Organisation (ILO), LED is characterized as a tool that can assist in the creation of decent jobs and improvement of quality of life for all the people, including the poor and the disadvantaged. It places a greater emphasis on LED's pro-poor benefits (ILO, 2016).

2.4 THE EVOLUTION OF LOCAL ECONOMIC DEVELOPMENT (LED)

Although with varying approaches and focus, many countries have adopted LED as an economic development strategy. Therefore, this study needs to look at the history, stages, or LED waves. Different socio-economic conditions prevailed and influenced these waves.

2.4.1 FIRST WAVE: 1960 - EARLY 1980S

The origins of modern Local Economic Development (LED) practices can be traced back to the 1960s (Swinburn, 2006). According to Rodriguez-Pose (2009:1), Europe was the birthplace of LED methods. Although LEDs were first popular in Western Europe and North America (Blakely and Leigh, 2010; Clarke and Gaile, 1998), the concept and application of LED quickly expanded to other regions of the world (Rogerson and Rogerson, 2010). During this wave, the emphasis was on mobile industrial investment, mainly foreign direct investment. Investment in hard infrastructure was used to improve and enhance LED. Hard infrastructure refers to spending money to improve a company's physical environment to become more appealing to retain and recruit employees. Furthermore, the focus was also on constructing and upgrading access to roads, railways, airports, telecommunication, power systems, factories, and buildings to improve LED. The LED operations initially focused on location marketing and investor promotion and were frequently tied to incentives programmes such as tax exemptions, recruitment of cheap labour, grants and infrastructural subsidies (Swinburn, 2006; World Bank, 2003). The idea was to improve equity while increasing the demand (Bingham and Mier, 1993). The programmes aimed to help regions in poverty eradication and boost activities that expand economic opportunities through education, social services, job training, and community development (Koma, 2012).

2.4.2 SECOND WAVE: 1980S – MID-1990S

The second wave of LED emerged in the 1980s because of corporate retention strategies and the expansion of existing businesses (Swinburn, Goga and Murphy, 2006). The essential terms “public-private partnership” and “inward investment” were used to describe the process of generating employment. During this time, the main tools that aided LED were the provision of business incubators, start-up support and

technical assistance for small and medium-sized businesses (World Bank, 2003:5). The Government's goal was not to create jobs but make it easier for a market mechanism to generate wealth, which would lead to more jobs. (Bingham and Meir, 1993). The focus shifted from the construction of 'soft infrastructure' to enhancing the quality of life for the people (Swinburn, 2006). With increased globalisation and decentralisation, the 1990s saw a spread of LED concepts from the global North and South (Nel and Rogerson, 2005; Rogerson and Rogerson, 2010).

2.4.3 THIRD WAVE: 1990S ONWARDS

At the end of the 1990s, debates around LED began to gain traction as a growing policy priority in several developing countries around the globe. China, Brazil and Mexico are just a few significant developing countries where LED debates are prominent (Chen, 2007). Planning for LED is currently a prevalent facet of international development planning, in terms of ubiquitous trends towards decentralisation and deliberate transfer of resources from national towards local government and shifting structures of government and governance (Rodrigues-Pose and Sandall, 2008).

These practices include an all-inclusive approach where individual companies' support and sectoral development methods are enhanced by making the business and community environment more favourable to economic development and improving the general quality of life (Tassonyi, 2005). The focus was now creating a competitive local business environment to maximize the benefit of development within the local group

2.5. LOCAL ECONOMIC DEVELOPMENT (LED) AN INTERNATIONAL PERSPECTIVE

According to the HSRC (2003), LED initiatives have been adopted and implemented globally in response to a variety of factors, including a significant increase in the decentralization of powers and decision making to the local level, which has resulted in the weakening of central government/state in the economy during the neo-liberal era. Furthermore, Nel (2003) considers LED a reaction to globalization forces, strengthening the loss of the central state's ability to carry out local obligations. He further argues that the significant role of LED was realized after uncertain results contained during the era of "Reaganomics" and "Thatcherism", achievements produced by macro and regional development planning (Nel, 2003). Reaganomics

(named after the former American president, Reagan) and Thatcherism (named after British Prime Minister Margaret Thatcher) are terms used to describe a system of economic governance in which neo-liberal strategies were the driving forces of the economy. These strategies pushed federal governments to reduce subsidies for fundamental services, including grants, health care and education. Arguably, those neo-liberal strategies have resulted in unemployment and a massive increase in inequality among the rich and poor.

The causes of LED's emergence in the North are not dissimilar to LED stimulants in the South. The main component that made any substantial difference was that these trends took place at different levels (Nel, 2001). The impact of globalization and the global economic crisis played a significant role in establishing local economic initiatives worldwide (Taylor and Mackenzie, 1992). However, other factors that must be considered in the South include debt crises, imposed structural reforms, the inability of many states to engage at the local level, significant currency devaluation and the region's ongoing political and natural disasters (Nel, 2001). Regardless of all these factors, the concept of LED has come to represent similar objectives and/or end products across the globe, such as job creation, empowerment, and economic growth through the establishment of sustainable local economic activity. Nonetheless, how these objectives will be met was a point of contention.

2.5.1 INTERNATIONAL APPROACHES TO LOCAL ECONOMIC DEVELOPMENT

There are various approaches to economic growth that municipalities around the globe have used. Each is based on a different set of assumptions about local economies and the impact of local authorities. The following are some of the main approaches in Local economic development internationally.

Traditional approaches- suggest that the key opulence was luring (primary manufacturing) investment through incentives such as tax exemptions, lower rates, accessible land and even direct financial compensation in exchange for investing in the area. The premise was that investment produces jobs and generates taxes, which municipalities may use for service delivery. Efforts to attract other types of economic activity and funding, such as tourism, banks and expenditure on national social programmes, can also be included in this approach (Hemilsing, 2001).

Entrepreneurial/pro-market approach- competitive approaches stress the significant role of local comparative advantages and small enterprises in job creation (Hemilising, 2001). Local government play a critical role in identifying development industries and assisting small enterprises with research, technological infrastructure and even loans and grants. The local government must conduct research to determine the locality's economic strength (Rogerson and Rogerson, 2010).

Urban Efficiency- emphasis on local authorities to raise urban productivity by reducing the cost of living and broadening business in the locality, although others are insisting that urban efficiency will only be attainable if there was the minimization of state intervention, especially by cutting down on service charges and taxes and privatising a selected number of the services (Hemilising, 2001).

Human Resource Development- was recognized as a vital focus for the local economic development approach. The line of reasoning was that low skill levels, particularly amongst the disadvantaged, are key problems that potential investors face (Hemilising, 2001). Furthermore, the chances of disadvantaged people benefiting from a newly attained job are very slim unless they possess the appropriate skills. Local authorities can tackle this issue by supporting established training agencies in local areas, imposing conditions on companies that require them to do business with local municipalities and requiring firms to provide the minimum training for their employees (Hemilising, 2001).

2.5.2. ENTERPRISE DEVELOPMENT APPROACH

Enterprise development refers to improving the economic situation of an area. The economy consists of firms that focus on exports where the destination of these exports could be within or beyond our borders. These exporting firms usually revert to operating in the same area because of the benefits. These benefits may include decreased transaction costs due to proximity to each other, firms supporting each other, being able to lobby for better training and education, thus increasing the capacity to learn. The economic base is enhanced by attracting foreign direct investment, supporting invention, innovation and diffusion by local businesses (Hemilising, 2001). The economic base can also be improved by promoting small to medium enterprises, which presupposes having all allied services in place, including transport, freight financial support, and promoting industrial clusters. It is said that

Marshall (1919), cited by Hemilising (2001), was the first to realize the prospects of the industrial cluster. He describes an industrial cluster as the concentration of small multinationals in the same industry, invisible from the local industry and society. Fundamentally they are not one unit hence their usual reference in literature as agglomeration economies.

From the above definition, industrial clusters are distinguished by the specialisation of the division of labour. They are obscured from the local areas' values and norms, and they operate within proximity of each other. For example, clusters include the Massachusetts Biotech in the United States, leather agglomerate Tuscany Italy, fish processing in Lake Victoria, in Kenya generating income for the community.

2.5.3. LOCALITY DEVELOPMENT

LEDs need a certain type of infrastructure, services and socio-economic capital to succeed. LEDs are equipped with, through planning and placing, the infrastructure and the capital through local development planning (Hemilising, 2001). There is a certain type of planner who is accustomed to thinking in exceedingly long-term projects and becoming integrated into the culture of businesses. Some planners think in exceedingly short periods, incorporating the need to deliver outcomes to alleviate short- and medium-term poverty. Local development planning seeks to enhance positive externalities of LED to help eliminate conflict and, in the process, enhance the attractiveness of an area such that LED goals such as poverty alleviation are realized. The participatory LED, physical planning and development monitoring, urban planning and architecture, infrastructure and socio-economic overhead capital are just a few elements that go into locality development (Rogerson and Rogerson, 2010).

2.5.4 PRO-POOR/PRO-GROWTH

The response of LED encompasses the core and pursuit of transforming local regions into dynamic self-sustaining economic units that are competitive, nationally as well as on a global scale. Although there are some similarities between countries, their approaches and focus in LED differ. Countries' foci may differ from pro-poor approaches to pro-growth approaches (Rogerson and Rogerson, 2010). LED tackles different approaches; however, recent debates have been around two notable foci pro-growth or market. LED emphasizes promoting economic development and pro-poor or market, which critically looks at poverty alleviation approaches (Nel & Rogerson,

2005, Helmsing, 2003). According to literature, pro-growth approaches are particularly popular in Western Europe and North America. While in a developing world, there is an indisputable need to focus more prominently on poverty alleviation and the pro-poor approach. If one were to explore the difference between pro-growth and pro-poor LED approaches, one would find that on the one hand, the market -LED or pro-growth approach to business development strives to assist local economies in more successfully adapting to macro-economic reforms and stresses the importance of promoting individual self -reliance, entrepreneurship, expansion of market, competitiveness reduction of unemployment and sustainable growth (Rogerson, 2003:53) More so the critical market or pro-poor approach of community development was denoted by bottom-up approach geared to achieving local self -reliance, empowerment, participation, local cooperation and environmental sustainability.

2.6 LOCAL ECONOMIC DEVELOPMENT IN AFRICAN PERSPECTIVE

The post-independence years in Africa were pronounced by centralised, macro-economic and sectoral management. This centralised management of public policies brought significant inequalities regarding income, access to housing and basic services like water, health etc. Centralisation resulted in some obtrusive inefficiencies in the provision of local services. The adaptation of LED in Africa, Rodriquez-Pose and Tijmstra (2005) are ascribed as a result of ongoing issues of obtuse economic growth, poverty, changes in the national and international economic environment and the failure of the central government to intercede at the local level. Nel (2001) added that this situation was magnified by the debt crisis, colossal currency, involuntary structural adjustment, technological devolution, natural and political shocks. Similarly, the municipal service project (2001) connects the evolution of LED to the failure of traditional top-down planning policies and efforts of the government to achieve meaningful national development goals, leading to a shift in the policy to target the disadvantaged and underdeveloped areas. According to Nel (2001), the purpose of the policy shifts was to create favourable conditions such as subsidies and grants, to entice investors to areas that had previously been deprived of direct investment and subsequent economic growth and development. However, true LED cases in Africa

are scarce as most local governments do not engage with local businesses in developing these strategies instead of initiating limited pro-poor initiatives.

South Africa is one of the few countries in the Sub Saharan African region to have started formal LED programmes. Shortly after apartheid, a focus on so-called LED strategies was adopted (Rogerson, 2002). Although most of these projects can be considered community development or so-called pro-poor LED initiatives, larger metropolitan areas in South Africa such as Johannesburg and Durban have begun LED interventions similar to those in Western Europe, North America or portions of Latin America and ASIA. (Rogerson, 1999, Nel and Rogerson, 2005).

2.7 LOCAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA

According to Bond (2001), the South African government has also developed immensely like other countries to achieve its LEDs' aims and objectives. The LED strategies were implemented in reaction to the apartheid legacy. During the apartheid era, spatial planning was placed under substantial top-down regional policy intervention, orientated on fostering industrial decentralization in the country's marginalized Homelands and Bantustans regions (Rogerson, 2004). LED was purposely not developed as a government policy during the apartheid system in South Africa. During this time, economic development was only done in small projects for place marketing to attract inward investment, which could be related to the focus and tools used during the first wave of LED. However, the end of apartheid in South Africa has resonated as a foundational aspect of policy planning for rebuilding new local economies (Nel, 2001). The South African LED debacle took another aspect in the post-apartheid South Africa, particularly since the late 1990s. The debate was now centred on pro-growth and pro-poor-economic intervention (Rogerson, 2004). Moreover, cities are now seen as economic hubs, as mediators of economic processes and as providers of economic services (SACN, 2004). Municipalities are now responsible for initiating and implementing economic strategies and other important requirements to promote successful LEDs.

The significant objective for municipal LED strategies or programmes in South Africa is job creation, rural development and sustainable urban development, explicitly pro-

poor approaches within a holistic LED strategy (Rogerson and Rogerson, 2010). The LED approach promoted by municipalities needs to be innovative, creative and redistributive. Furthermore, must be expanded and enhanced to meet, the needs of the underprivileged, women, children, the disabled and persons living with HIV/Aids". However, the direction of LED has been confusing rather than being clear. Its methods and techniques have been altered, which has affected the well-functioning and focus of the South African municipalities. For example, a direction from pro-growth to pro-poor and now pro-poor-growth has been difficult for municipalities to understand or follow (Rogerson and Rogerson, 2010).

2.8 LOCAL ECONOMIC DEVELOPMENT POLICY AND LEGISLATIVE FRAMEWORK IN SOUTH AFRICA

Various spheres of government have outlined the South African guidelines for employing LED. The various pieces of legislation and policy on LED provide a legal foundation for municipalities to implement local development initiatives. A few, if not the most significant, of the policy and legislative frameworks pertinent to LED and the overall transformation of local government are discussed.

The first piece of regulation that was vital to local government reform and LED was the interim constitution (1994) which laid the groundwork for formal constitutional recognition of the local sphere of the state by acknowledging its autonomy while protecting the sphere's yielding ability together with the sphere's equal need and the right to receive a share of national revenue. The interim constitution also laid the framework for reorganising over 1000 pre -1994 local governments into fewer transitional local structures (Rogerson and Rogerson, 2010). The second important piece of legislation was the final constitution (1996), which solidifies local government as an established and mature level of government in South Africa. The constitution also made development a constitutional objective and a developmental obligation for the municipalities (Constitution of the RSA,1996: Section 152). It stresses the significance of LED by stating that " Each municipality in South Africa must manage and structure its budgets and the planning processes, must give priority to the basic needs of the community, and as well as promote the social and economic growth of the community (Constitution of RSA,1996: Section 152). The Reconstruction and

Development Programme (RDP) highlighted areas regarding LED. The first area was to make LEDs are more widely known in South Africa (Moloi,1996:8). The second was to establish capacity building to prepare for LED in the Reconstruction and Development Programme (RDP). The LED programme will work in tandem with other comparable initiatives spearheaded by the National Business Initiative (NBI) and the South African National Civic Organisation (SANCO)(Moloi,1996). The third was to conduct more studies to develop appropriate LED frameworks. Finally, the other area was to look into several case studies that highlight best practices in local economic development around the country and the relevance and applicability of various methods.

The White Paper is also a critical legislative framework for local economic development in South Africa (White Paper, 2008). The White paper emphasises the importance of integrated development planning for municipalities to enhance planning processes while also strengthening the link between development and institutional planning structures. It also identifies strategies that municipalities can utilize to engage community members and organizations in the issues of local government in their capacity as voters, people affected by municipal policies, consumers and end-users of municipal services, and allies in resources mobilisation for the development of municipal areas through performance management (White Paper, 2008). Another key point in the White Paper is that local government has the obligation of implementing local economic development, which will help greatly to create jobs and improve the local economy through friendly business services, local procurement, investment promotion, support for small enterprises and the development sector (Nel, 2005).

The change of local government institution was initiated by adapting the 1998 Local Government Municipal Demarcation Act, which called for the demarcation of local borders pursuant to the direction provided by an Autonomous Municipal Demarcation Board (MDB). This course followed the constitutional principle of establishing a comprehensive system of local government structures (constitution 1996: Section 151). Further changes were ushered by adopting the Local Government Municipal Structures Act of 1998, which presented a legislative basis for creating municipal institutions. In major cities, the Structures Act established a one-tier metropolitan system and two-tier district and local municipalities systems in the rest of the country

while also outlining a structure for the internal procedure of local government organizations (Nel, 2005). The creation of ward committees as drivers of community engagement at the local was another key contribution made by Structures Act.

By establishing integrated development planning as a legal obligation and granting local governments various roles, responsibilities, and functions associated with LED, the Municipal Act of 2000 continued to promote the ideals outlined in the White Paper. The purpose of the system act was to allow municipalities to move progressively towards social and economic upliftment of local communities and promote pro-poor development. (Municipal System Act, 2000). According to the White Paper, the system comprehensively explains local government development.

2.9 POLICY CHANGES AND CRITIQUE OF LED IN SOUTH AFRICA

The aftermath of the apartheid regime has been dominated by debates regarding local economic development. Similar to this, there has been (and continues to be) a considerable change in development and the country's wide directions of LED policy planning. Rhodes university et al. (2005:33) hinted that as early as the early 1920s through the beginning of the apartheid era, South Africa has been characterized by so-called "incipient LED", predominantly in major municipalities and state-assigned zones "in most cases, place marketing coincided with inward investment initiatives". The LED technique has the usual top-down approach prompted in large part with the aid of apartheid policies, and the primary focuses of the state or local government have been centred around attracting inward investment via place marketing and different "smokestack chasing" or "boosterism" strategies (Rogerson, 1994).

Post-apartheid, the South African government deviated from the traditional LED method. New legal frameworks such as the White Paper on local government, Municipal systems Act, Municipal structures Act arose as methods for developmental roles of the government, and LED was regarded as a component of local development. However, the first wave of LED policy in the democratic dispensation revolved around pro-growth LED policies interventions. This method triggered studies and questions by academics and authors such as Harrison *et al.* (1997), Rogerson (1999) and DBSA (2000) about the critical role of LED in poverty reduction and the improvement of

underprivileged communities. “The majority of municipal initiatives were centred on community development projects, many of which were financially unviable and had no long-term effect on the impact on poverty reduction” (Hindson and Hindson, 2005: 1)

Following the implementation of the new system of local government on 06 December 2000, after the fully democratic local government triggered debates around LED, which prompted studies to be conducted in order to see how well the newly elected local government can accumulate local economic growth that can solve social inequalities within the country. These debates were intensified by the draft paper on LED entitled “Refocusing on the Poor”, which emphasized the pro-poor approach. “Refocusing on the Poor” paper was interventionist in nature, pushing for permanent pro-poor municipal development (Hindson and Hindson, 2005).

The paper calls for the government to take the lead in reducing poverty and unemployment. (Hindson and Hindson, 2005: 1). In addition, the paper required the government to get involved not only in economic development challenges but also to deal with other LED threats such as HIV/AIDS. However, the paper was later downgraded by two papers entitled “Policy guidelines for executing local economic development in South Africa” and the new “National regulation for local economic development (LED) in South Africa”, both of which are considered to be seasoned pro poverty growth techniques.

These national LED policy adjustments have been complicated for municipalities, mainly because they have been conflicting in their approach and have a shifting direction that focuses on pro-poor and pro-growth strategy; Municipalities have struggled to respond to frequent policy changes. And as a result, LED has a variety of purposes and is interpreted differently by different people or practitioners (Rogerson, 1994).

According to Mayer-Stammer (2003: 4), LED in South Africa largely targets new start-ups, primarily under the headings of "emerging entrepreneurs " or “self-employed” as well as "black economic empowerment" (BEE). However, it tends to overlook established businesses and informal businesses transitioning to the mainstream economy and foreign investors in business endeavours. In addition, Hindson (2003) argues that even though it is legitimate and justifiable to focus on poverty as a concern,

the concept of economic growth in South Africa is either left largely unresolved or disregarded.

Furthermore, several issues in South Africa still need to be scrutinized, such as “top-down coordination and bottom-up implementation”, a hallmark of South African policymaking. As formerly stated, LED frameworks have been evolving, and there is currently no precise LED coverage in South Africa. As a result, assessing municipal performance using contradictory frameworks becomes difficult (Hindson, 2003).

2.10 LED PLANNING PROCESS IN SOUTH AFRICA

Local economic development (LED) planning includes assessing local conditions, identifying problems and solutions, creating goals, designing methods, coordinating activities to execute the strategies and evaluating success. LED planning is an organized process that involves communities in discussions about the local areas. It helps them assess local needs and set goals for their future. The process takes time, involves all community members, and addresses all the issues that affect the quality of life in local communities, particularly the most vulnerable who requires the most assistance (Swinburn et al., 2006). LED planning involves the following components: local economy assessment, organising effort, marketing strategy, implementation and review.

2.10.1 LOCAL ECONOMY ASSESSMENT

According to Swinburn *et al.* (2006), knowing the peculiarities of the local economy is vital if stakeholders are to discover and agree on a realist, sensible and plausible LED approach. An effective local economy evaluation will begin with the preliminary assessment of existing economic relationships within an area. It could employ quantitative and qualitative facts that highlight current structures and the traits in enterprise development, manufacturing, employment, competencies and other facts to help develop a strategic path to local economic development (Hindson, 2003). The goal is to elicit key information about the local economy.

2.10.2 ORGANISING THE EFFORT

Institutional planning and stakeholder involvement must be agreed upon during an early stage of planning to organize a local economic development approach

proficiently. An LED team should be formed, and this crew ought to be in charge of the strategic plan's system. Successful local economic growth necessitates the cooperation between private, public and non-profit sectors. The strategic planning technique starts with a list of people, public establishments, businesses, industries, civic agencies, expert agencies, education institutions and other groups that make up or impact the local economy (Swinburn et al., 2006).

The expertise, knowledge, and resources that stakeholders convey to the effort will contribute to the overall strategic decision-making processes. Building strong working connections and organizational systems to support the planning process will result in long-term public-private collaborations that will benefit everyone. These working partnerships might range from semi-formal, loosely linked networks to the formation of regional development agencies or formalise public-private collaborations. Maintaining and retaining such collaborations is frequently the crucial and difficult component in evaluating the efficacy of the LED efforts (Swinburn et al., 2006). The devolution of considerable and actual power to effect LED is hampered when the local government lacks the knowledge and capacity to effect the change. This applies to councillors and officials, and it is a significant restraint that the state should acknowledge (Khanya, 2006).

2.10.3 MARKETING STRATEGY

As in strategic comprehension planning, the goal is to achieve an incorporated approach to the local economic development strategic process. In formulating strategy, LED officials and key stakeholders will need to balance the LED environment and social needs (Swinburn et al., 2006). The LED comprises the following components

- vision: Describes the desirable economic direction as agreed up by stakeholders;
- goal: primarily based on the general and specific desired targeted goals;
- objective: establish the performance benchmark and activities for each goal development; and
- projects and motion: Execution of specific programme components should be prioritised, and costs must be established. Time sure and measurable.

2.10.4 STRATEGY IMPLEMENTATION

An LED strategy is a comprehensive plan that outlines short, medium, and long-term objectives and actions set out and how they will be achieved. It will build a plan to promote and strengthen the physical, social and environmental strength of the local community addressing both obstacles and possibilities (Swinburn et al., 2006). Every LED approach should have an execution plan detailing budgetary and human resource requirements and the institutional and technical implications of implementing the LED strategy programmes and initiatives. It acts as an integrated planning document that upholds strategic direction clarity and ensures that programmes and initiatives do not compete improperly for resources (Swinburn *et al.*, 2006).

2.10.5 STRATEGY REVIEW

Although LED plans are characteristically written for a period of 3 to 8 years, they ought to be evaluated at least once a year to allow for the changes in response to changing local environments. This review should consider the resources available to carry out the strategy and define and agree upon monitoring and evaluation indicators (Swinburn et al., 2006).

2.11 LOCAL ECONOMIC DEVELOPMENT APPROACHES IN SOUTH AFRICA

LED is considered one of the most essential strategies to reduce poverty and unemployment. Local economic development should strive to boost the local economy to create jobs. This implies that more businesses and factories must be established in the municipal area. As part of the integrated development planning course, municipalities, Non-profit Organizations, community groups, and enterprises should follow the following LEDs strategies.

2.11.1 INDUSTRIAL RECRUITMENT AND PLACE MARKETING

Place marketing is the process of promoting and advertising a location so that people, companies, firms and industries regard it as an attractive place to live, work, and visit. The term Industrial recruitment refers to drawing new industries to a given area. This expands the local tax base while also creating new job openings for locals (DPLG 2000: 3-4).

Place marketing and industrial recruitment are occasionally considered as two separate strategies. However, these two strategies are closely related. For instance, in addition to tax incentives, a municipality may provide other forms of incentive to entice new businesses and industries in its area. Besides these incentives, the municipality will likely promote the facilities and entertainment available in the area and good infrastructure. In other words, the municipality's commercial recruitment plan could be linked to its location advertising approach (Hindson, 2003).

Industrial recruitment strategies assume that companies and industries are expected to locate in regions with reduced production costs. Moreover, companies will also assess whether their products have a local market and whether the place has adequate infrastructure and services (Hindson, 2003). The elements additionally influence the overall value of making and selling merchandise. According to international research, firms increasingly consider social and environmental factors when deciding where to locate.

Place marketing has, consequently, emerged as a tool for distinguishing between local areas and ensuring that corporations and individuals are aware of positive qualities and unique characteristics in a town, a city, or a rural area. Place marketing strategies, for instance, highlight the benefits of rural lifestyle as living in a pollution-free environment or emphasise the cultural and leisure opportunities presented by towns such as artwork galleries, exhibition areas, golf courses (Swinburn *et al.*, 2006).

2.11.2 EXPORT PROMOTION AND INTERNATIONAL TRADE

Municipalities, especially cities, increasingly focus their LED policies on foreign trade and export. We live in a world that is increasingly globalized and competitive. This implies that businesses compete against one another on a global scale. When shopping for a television set at a local store, for instance, you may be faced with a choice of televisions manufactured in 10 different countries. Therefore, South African television manufacturers must compete with a wide selection of multinational firms producing a similar product (DPLG, 2003:40).

Local businesses must develop products at a lower cost than competitors, develop superior products, or offer products that cannot be found elsewhere to compete on a global scale. Local businesses must also establish themselves in a foreign

marketplace. They must ensure that consumers in their respective countries have the option of purchasing their items at the local stores (Swinburn et al., 2006).

Municipalities may assist local businesses in being more competitive by focusing on sectors with a comparative and competitive advantage and offering support to these businesses to compete on a global scale. In other words, municipalities can examine the global market to discover whether prospects for exporting products and amenities that can be manufactured locally at a competitive cost exist. Municipalities can therefore offer targeted assistance to local firms in order to assist them in producing competitive products and amenities and export them to international markets (DPLG, 2000b:6).

2.12 OTHER APPROACHES

- **National Spatial Development perspective (NSPD):** It was essentially designed to reconfigure apartheid spatial planning and put into effect spatial primacies in a way that meets statutory requirements (Meyer and Venter, 2013).
- **Broad-Based Black Empowerment (BBBEE):** The goal of BBBEE is to upsurge a number of Black people in administrative and senior management who own and operate new and established enterprises.
- **National Tourism Strategy:** The tourism strategy has been established by the Department of Tourism with the understanding that these segments can generate economic growth and job development.
- **Comprehensive Rural Development Strategy:** The CRDP provides LED - projects incentives in rural areas (Meyer and Venter, 2013). This includes service focus on enhanced service delivery, sustenance for farmers, infrastructure outlay, and business investment access. The strategy focuses on three steps; step one is the development plan that aims to meet basic services, i.e., education, health, water, and Sanitation. Step two is infrastructural growth, and step three is the creation of rural industries and credit fiscal parts driven by small, medium and macro initiatives and village markets.

- **National Development Plan:** South Africa's countrywide development plan 2030 acknowledges inclusive monetary growth as key to tackling inequality.

2.13 FUNDING OF LED IN SOUTH AFRICA

LED can be funded through revenue created locally via levying of taxes or externally through the state, corporations and non-profit enterprises with the mandate of helping in the development of local authorities (Meyer and Venter, 2013). In SA, the following funding is available to support the local economic development in reference to the duo.

- Local Municipality's own revenue amplified economic activities in the form of property taxes and sales of municipal services will help municipalities generate their own income.
- Municipal Infrastructure grants - The current stage transfers support mostly basic infrastructure. The municipality should spend and use this more efficiently and effectively. The funds are available from local authorities, and grants apportionment depends on the proposed project.
- Neighbourhood development Partnership grants (NDPG)- and urban improvement Incentives -Municipalities must organize themselves and use NDPG, available from the National Treasury. These are internal approaches designed to maximize the use of property development enticements from development zones (Meyer and Venter, 2013).
- Sector support (national departments and different country-owned companies). There are various funding sources available from the national government for specific sectors. Many programmes funded and delivered in the sector support. This fund can be channelled through municipalities to feel integrated impact and outcomes (DPLG, 2003:40).

2.14 SMME PROMOTION AND SUPPORT

According to Meyer and Venter (2013), promoting and supporting SMMEs is one strategy to address the critical challenge of joblessness and poverty alleviation. Their growth creates more jobs than big businesses because SMMES are labour intensive, so supporting SMMEs could alleviate poverty in developing nations.

According to the Banking Association of South Africa, SMMEs are critical contributors to South Africa's economic growth and job creation. Academics estimate that small and medium-sized businesses account for 91% of formal and informal businesses in the country. About 60% of the labour force is employed in the sector. In comparison, the total economic production accounts for an overall 34% of the GDP (The banking association South Africa, [Web] [Http://www.banking.org.za/index.php/our-industry/small-medium-enterprise](http://www.banking.org.za/index.php/our-industry/small-medium-enterprise) [Assessed on 13 September 2021]).

According to the National Credit Regulator, there is consensus amongst policymakers, economists and business professionals that small and medium enterprises (SMEs) are drivers of economic growth (Meyer and Venter, 2013). A robust SMME sector benefits the economy by boosting employment possibilities, creating higher production volumes, enhancing exports, and fostering innovation and entrepreneurship skills (Nel, 2005). The dynamic function of SMME in developing states assures that they help developing states realize their development goals.

2.15 SUMMARY OF THE CHAPTER

LED is a locally-led outcome-based initiative that is driven by stakeholders. It entails identifying and utilizing largely local resources, skills and ideas to boost economic growth. LED aims to create employment opportunities for the benefit of all residents. LED is a continuous process involving all role players in the local community who are active in a number of different initiatives designed at addressing a variety of socio-economic problems in that community (Hindson, 2003).

The fruition of the policy post-1994 in South Africa is directly linked with the transition to developmental local government. In South Africa, LED is delegated through local government or municipalities (Khanya, 2006). Municipalities must act as local agents to execute local economic development programmes in collaboration with the private sector and other stakeholders (Hindson, 2003). The policy paper relating to LED in SA clarifies that the local government is not responsible for creating employment. Rather, it will be in authority for ensuring locality's general economic and social conditions are favourable to job creation.

This Chapter provided a detailed analysis of Local Economic Development (LED) domestically and internationally, including its formulation, planning, stakeholders, constraints and supporting or enabling legislative framework. The next chapter will review the informal economy to bring the body of knowledge into the sector.

CHAPTER 3: INFORMAL ECONOMY

3.1 INTRODUCTION

Now that we understand what the study is all about, I will be elaborating on the informal economy. There is a new interest in the informal economy worldwide. The new interest has been driven largely by the growth in the size of informal economies in both absolute and relative terms (Godfrey, 2011). There is compelling evidence that the size of informal economies expressed as a percentage measured by the Gross Domestic Product (GDP) has virtually grown worldwide. South Africa is no exception to this trend. More and more of its population are entering the informal economy (Chen, 2012). The decrease in the percentage of formal employment, slow pace of economic growth, the promotion of small, medium and micro enterprises (SMMES) as well as “informalization” of formal enterprises are all aggravating factors of informal economy growth in South Africa (Valodia and Devery, 2012).

3.2 DEFINITION OF INFORMAL ECONOMY

Following its discovery in 1973 by Keith Hart in Accra, Ghana, the informal economy has created increasing literature that has been grappled with formidable theoretical and empirical difficulties associated with studying survival approaches of the urban poor (Skinner, 2016). The informal economy (also known as grey economy or shadow economy) refers to economic activities carried out by individual operations and economic units that do not have formal contractual arrangements in law or practice. These economic activities function outside recognized norms of society in that they are unregulated or unregistered with the government and thus are not taxable (Skinner, 2015). The informal sector employees often work at the lowest level of organization labour relations based on personal and social contact rather than contractual agreement with legal protection. Vanek et al. (2017) define the informal economy as a sector encompassing a broad range of unorganized economic activity units in commercial agriculture, mining, construction, manufacturing and transportation service. According to the UN statistics (2015), this sector accounts for 60% globally of adults working forces in urban hubs of emerging and developing countries.

3.3 INFORMAL ECONOMY: HISTORICAL BACKGROUND

The origins of the informal economy can be traced back to the economic development strategies of the 1950s and 1960s. It was generally believed that, with the right combination of economic policies, traditional low-income economies might shift into modest, contemporary economies. This meant that the traditional economies consisting of small-scale traders, small producers, and casual workers would then be absorbed into the formal economy, so the informal economy would fade (Leys, 1996). The rapid reconstruction of Japan and Europe following the end of the Second World War strengthened this presumption. Moreover, by the end of the 1960s, optimism around economic development in emerging countries started to give way to apprehensions around widespread unemployment. As a result, the International Labor Organization (ILO) assumed a series of exploratory missions to various countries to examine the nature of jobs and challenges (Tokman 1992).

The primary mission of these was implemented in Kenya. The Kenyan employment mission realized that the traditional segment has persisted and consists of lucrative and resourceful businesses and marginal activities. The Kenya mission used the term 'informal sector' instead of 'traditional sector' for the series of unregistered and small-scale activities and to highlight this element. The term informal sector was also used in 1971 by Keith Hart in his research of economic activity among rural immigrants in Accra, Ghana (Hart, 1973). He concluded in his analysis, given external limitations and capitalist domination, that most immigrants were involved in informal activities that had sovereign income-generating potential. Even though both Hart and the Kenya mission team had an optimistic predilection towards the informal sector, noticing its ingenuity, efficiency and resilience, the notion got mixed analyses within development circles. Many viewers donated to the belief that the informal segment was marginal or peripheral and not connected to the formal segment of the present entrepreneurial development (Tokman, 1978). At the same time, others sustained the belief that the informal sector in Kenya, Ghana and other emerging nations would fade once these countries reached adequate levels of financial development or contemporary industrial growth (Rodrick, 1997).

In the 1980s, the informal economy had appeared in industrial economies, reorganizing production into smaller, more regionalized and versatile economic elements. These changes were related to job informalization. Standard became non-standard or distinctive work, with hourly earnings and little support. Moreover, economic calamities in Latin America and Asia resulted in the loss of jobs in the formal sector leaving many citizens unemployed and reliant on informal businesses for sustenance (Lee,1998). The informal economy has, in the process, become a permanent, although the subordinate and dependent aspect of entrepreneurial expansion (Portes and Bebton,1989).

In the 1990s, the globalization of economies donated more to informalization (Standing, 1999). Although globalization created new jobs and prospects for new markets, there was evidence that not all jobs formed, particularly in the emerging economies, met the minimum or living salary requirements (Carr and Chen, 2001). Similarly, disadvantaged producers could not take advantage of new market prospects resulting from globalization (Standing, 1999). International competition continued to corrode workplace relations by allowing structured companies to employ low-wage staff with little benefits or subcontract and out-source goods and services. Globalization also decreased the attractiveness of many informal companies or self-employed producers' by-products imported into the domestic markets and vis-à-vis larger, more formal companies in export markets (Rodrik, 1997). However, in recent years, the informal sector stood for a large but largely unnoticed share of the international economy and workforce.

3.4 APPROACHES OF INFORMAL ECONOMY

Over the years, the informal economy has been based on several leading schools of thinking and approaches such as the dualist, legalist, structuralist, torado-lewis model and voluntarist (Skinner & Hayson, 2017). These approaches provide the informal economy with a conceptual foundation, largely highlighting the explanation for the emergency of the informal economy.

3.4.1 DUALIST APPROACH

The dualist approach describes the informal sector as a collection of secondary activities that offer income for the underprivileged, those who are unable (for different reasons) to enter the formal sector for employment (Narayan, 2011). Established by W.A Lewis in 1954, who believed that the economic progress in poor and underdeveloped countries would in the long-term generate enough jobs to absorb surplus labour from the traditional economy (Lewis,1954). The dual economy model distinguishes between formal and informal economic activities. It considers the informal sector distinct and unrelated to the formal sector, consisting primarily of labour-intensive activities such as agricultural work (Godfrey, 2011:243; Chen, 2012). According to the dualist school of thought -an informal economy exists mainly because of excess labour, implying that the population was disproportionately large compared to the economy.

The dualist argues that the informal economy would fade with increasing per capita incomes and development (Chen, 2012). More research on dualism has expanded the Lewis model by splitting the informal and formal into rural and urban areas. During his research in Accra, Ghana, Hart (1973) discovered that the Lewis model, which reflected inflexibility in the dual economy, did not hold; instead, Hart discovered a symbiotic dual economy. Moreover, Hart (1973) contends that the symbiotic dual economy comprises a small formal sector and a thriving urban informal economy with diverse bi-directional movement between the two sectors. Hart further went on to say that the low productivity informal sector fueled formal sector investment and output. Hence informal acted as a buffer for ups and downs of employment in the formal sector (De Ruiter, 2009).

3.4.2 STRUCTURALIST APPROACH

According to Altman, 2007; Castella & Portes,1989 and Chen, 2012, the structuralist approach, which dates to the 1970s, arose from the dualist method and was popularized by Cardines Moser and Alexandro Porters. Hypothetically, structuralist does not see the informal economy as a feature in the traditional economy but rather as a key part of modern capitalism. From its original view, the structuralist did not view unemployment and poverty, nor the paths of development chosen by individual countries, instead view issues of underdevelopment as attributed to the presence of

one sector of the economy that needed to be addressed (Godfrey, 2011:245). The structuralist school believes that the informal sector is part of a larger market continuum, but that subordinate it, believing that capitalism drives informality via formal enterprises cutting labour cost.

Many academics classify this model as Marxist because of its viewpoint (Henley *et al.*, 2006). In comparison to a dualist method which divides the sector to conceptualize informality, the structural view defines informality as a definite relationship in the organization of production. This viewpoint sees informality as characteristic of labour capital relations. Additionally, proponents of this approach recognize informal reliance of the formal (e.g. having firms where labour was less expensive, and prices are lower) or opposite (e.g. via subcontracting activities). (Davies and Thurlow, 2010). According to researchers, the exploitative relationship between workers and income was used to explain informal economy persistence. Thus the link between formal and informal sectors are a form of structural exploitation.

3.4.3 LEGALIST APPROACH

Legalists vary from dualists in that they do not consider informality as originating from the economy's underlying structure but rather a result of institutional planning and preference. Furthermore, they consider the informal economy as a voluntary choice. Legalists can be separated from structuralists, who see it as an imposed constraint (Chen, 2012.). De Soto (2000) describes the legalist view as forming a link between informality, poverty and legal systems in emerging countries. He argues that individuals engage in the informal economy because of overregulation and bureaucracies by the government, which makes it hard for individuals to participate in the formal economy.

Additionally, De Soto (2000) experimented with verifying the view in which he and his team tried to register a small company. In his outcomes, he reported that to have a small company registered. More than 100 administrative steps were taken and nearly full-time year. Therefore, informal economy participants' deliberate and conscious move was needed to bypass the expense, time, and effort related to formal business registration. Although the state has prioritised reducing red tape related to this, the number of unregistered companies exceeds those registered (Godfrey, 2011).

3.4.4 TODARO-LEWIS MODEL APPROACH

According to this school of thinking, lack of formal sector jobs and urbanization increases informal sector jobs (Kucera, 2008). “For every individual employed in the urban sector, either that person has migrated from the rural areas.” (Nolen, 2007) Migration has been primarily triggered by a lack of jobs in the rural areas and the hope of business and employment opportunities in cities (urban areas). However, jobs in the formal sector have not kept pace with the growth of the urban labour force; Instead, urbanization has raised the apprehension over urban jobs, underemployment and joblessness. In addition, Galli and Kucera (2004) reported that, although a large percentage of industrial work created jobs in towns, they were inadequate to offer all migrants formal jobs. This labour surplus led to the rise in informal sector jobs whereby immigrants would pursue this kind of labour market as a means of survival.

3.4.5 VOLUNTARIST APPROACH

Voluntarists pay relatively little attention to the economic relation between formal and informal undertakings. However, they believe that informal undertaking generates unfair competition to the formal undertaking because they escape formal control, taxes and other production costs. They contend that informal business must be brought under the formal control setting to upsurge the tax base and lessen the one-sided competition to the formal business (Masongane, 2010).

Each of these theoretical approaches gives rise to different definitions of the informal economy. However, it was important to understand the informal economy from different perspectives for this study

3.5 INTERNATIONAL PERSPECTIVE OF INFORMAL ECONOMY

The global informal economy comprises various activities that include street trading, different scale manufacturing and various products. This paper will give a global snapshot of the informal economy from the following countries:

3.5.1 EUROPE AND USA

Many families in first-world cities rely exclusively on the informal economy for their livelihoods and make ends meet. European cities have a wide range of dynamics concerning the operations of informal trading. There are sites in Paris where informal

economic activities are carried out. In areas like 'Chateau Rouge', informal trading take place daily, whereas, in other neighbourhoods, informal trading occurs on specific days of the week. However, these activities are only possible if the municipality issues a permit. This permit allows individuals to sell along the street on specific days and on sites that have been designated by the municipality (Godfrey, 2011).

There is an informal market for specified days in the Hague, Holland. Although municipal authorities provide selling permits to individuals that operate, one can also measure the level of informality. There are no warehouses where individuals can store their goods, no restrooms facilities within the vicinity, no administrative offices outside the market to keep track of goods being sold. Moreover, many commodities are industrial, and therefore, their source of supply must be clearly defined through proper management control

In Brussels, flea markets are known as "Marche de Midi" and are organised with restrooms and administrative offices, for those sources of products for sale entail both legality and illegality (Chen, 2012.). The most fruitful dynamics of the informal economy in European cities has been that of subcontracting the informal economy to the formal sector economy. Subcontracting has resulted in a classified dynamic of production and commerce. Within the production, there are subcontracts with small and medium businesses that focus on a certain feature of items used to do work for a large corporation. This phenomenon was pervasive in Western European countries, with Italy serving as the prime example of how this dynamic has produced spectacular results. Italy has an incredible reputation in specialized goods such as shoes, clothing, belts and other industrial goods (Godfrey, 2011).

Marcelli *et al.* (1999) argue that participants in the informal economy in the United States, notably in Los Angeles, are not self-employed but rather work for private companies under less than ideal favourable conditions. They work daily without legal contracts. Because of the low cost of labour, some have hailed the growth of informality as a sign of entrepreneurship. So far, no effective policy has been developed to sustain this alternative as a source of income for many families. They also argue that there was also an indication that domestic workers in the USA are also involved in informal economic activities.

3.5.2 ASIA

According to Caroline Skinner's presentation (2001), the degree of the informality of the economy in Asia fluctuates between 45-85 %, Hong -Kong was a definite case of the informal economy. This region in China has 75 % of export-oriented informal businesses and employ fewer than 50 people, yet are connected to the global markets via small import-export businesses. The Chinese market has now invaded the rest of the world through varied goods and services that target certain niches of the world market. On the other hand, informal businesses function within a legally controlled environment and contribute to their thriving economy.

According to Perra (1994), the informal economy accounts for 90% of employment in Indonesia, 62.3% in Bangladesh, 98% in Pakistan and 55.3 % in Thailand. Indonesian cities have many informal businesses and have assumed the concept of regulating informal sector businesses to incorporate them into the urban systems. In contrast to antagonism, limitations and eviction, many third-world states have embraced a policy of acceptance, accommodation and regulation of the informal sector. The attitude towards the latter must be altered without reservations to become part of the new urban development landscape in cities.

3.5.3 LATIN AMERICA

In Latin America, the informal economy accounts for 57% and provides 83% of employment in urban areas (Godfrey, 2011). Between the 1950s and 1980s, the informal economy played a significant role in the livelihood of many citizens around Latin American countries. The informal economy grew and caused economic growth of 5.5 % to the GNP. This sector occupied 30% of the active urban population. This report shows that 93 % of the world's informal employment was in emerging and developing countries.

3.6 INFORMAL ECONOMY: AN AFRICAN PERSPECTIVE

Even though the economic growth of African states has improved, it is difficult to ignore the existence of the informal economy in Africa. Many governments in Africa have not supplied adequate, decent jobs for millions of citizens and young people entering the labour market. Over the last decade, 37 Million jobs were generated by African states,

of which only 15 % were wages paid in the formal sector while 85% were wages derived from the informal sector (Medina and Schneider, 2017). The increase in unemployment in Africa has been attributed to globalization, sluggish pace of structural changes accompanied by the transition to more profitable labour intensive occupations in the industrial and high-end services. This has resulted in many people in Africa taking part in the informal economy as a source of employment and household income.

The reality of the informal economy in Africa cannot be denied. Informal employment accounts for two thirds (66%) of non-agricultural employment in Sub-Saharan Africa. However, variation within the region was significant. Informal economy accounts for a smaller share of non-agricultural employment in Southern Africa (33% in South Africa and 44% in Namibia) compared to countries in other sub-regions (82% in Mali and 76 % in Tanzania) (Medina and Schneider, 2017). In West Africa, informal employment comprises 76% (Niamey) and 83% (Lomé) of employment. Moreover, the informal economy was a great source of employment for 74% of women and 61% of men. The informal economy significantly impacts poverty reduction (Rogan and Cichello, 2017).

3.7 INFORMAL ECONOMY: A SOUTH AFRICAN PERSPECTIVE

To understand the informal economy, some microeconomic factors of the South African economy within which the informal economy operates are important (Crush and Frayne, 2011). South Africa today has the second-largest economy in Africa. However, government intervention heavily influenced the economy in the 1960s and early 1970s. The structural challenges of the time were tied to import policies and high tariff barriers. Even though high tariff barriers were not essential by the 1970s, the government continued to impose these policies to circumvent any shortages of strategic resources because of the threat of sanctions. Moreover, the oil crises and the Soweto uprising in the mid-1970s exacerbated these interventionist inclinations, amplified in the early 1980s by the slow global economic growth and the increased sanctions and disinvestment movement against South Africa (Rogan and Cichello, 2017).

The government responded by imposing stringent controls on the flow of international investment, requiring South African corporations to invest domestically. Because of

the level of protection provided to these corporations, they had little or no motivation to train and skill their personnel to increase their efficiency and become more competitive globally (Skinner, 2016). Disinvestment also resulted in a greater concentration of ownership in the economy as large South African conglomerates purchased out international corporations. The implications of this employment were slowing economic development and decreasing investor confidence, both of which resulted in fewer job openings (Valodia and Devey, 2012). In 1994, it was evident that the ANC administration would face a challenging task in restoring economic growth. Not only was there the legacy of apartheid to contend with, but there was also a global movement towards globalisation and the rise of international trade to contend with. South Africa had no alternative but to embrace globalisation to attract international investment and become globally competitive (Medina and Schneider, 2017).

The major corporations were required to unbundle their complicated corporate structures to boost productivity and adjust to new technologies. This frequently entailed significant retrenchment, resulting in high unemployment. South Africa's high unemployment rate was ascribed to the country's underperforming formal economy and the inability of the unemployed to enter the official labour market. As a result, it was expected that the unemployed would shift to the informal sector (Skinner, 2016). In 2003, former state president Thabo Mbeki famously and somewhat controversially identified South African economy as dual, consisting of 'first economy'(formal economy) and 'second economy(Informal economy), which was characterised by poverty and underdevelopment and which was structurally disconnected from the formal economy (Valodia and Devey, 2012) The informal sector constitutes a small share of the total workforce in South Africa, relative to other developing countries (ILO, 2015). Many stylised facts about the broad characteristics of employment in the informal economy in South Africa are now widely accepted. For example, activities in the informal sector are largely concentrated in wholesale, retail, transport and trade sectors.

3.8. SIZE, NATURE OF INFORMAL ECONOMY IN SOUTH AFRICA

Estimating the size of the informal economy was problematic, even though there are globally established measurement methods to describe the nature, size, and contribution of the informal economy to a national account (Becker, 2004). In practice, in mapping the informal economy to understand its size, the composition was a challenging and invariably imprecise task (ILO, 2015). International comparisons are additionally challenging due to the various definitions employed. Furthermore, the informal economy is heavily fragmented within different countries by location of work, economic sector and employment status across social groups and gender (Becker, 2004).

Over the years, a number of estimates on the size of the informal economy have been made in South Africa. Van der Berg (1990) and Hartezenburg & Leiman (1992) estimated that the informal economy accounted for 9% of the Gross domestic product GPD in 1989 using the currency demand technique. Using the October household survey of 1993 and 1994. Martins & Ligthelm (1995) calculated the informal economy as accounting for 9.2% of the GDP in 1993. According to Statistics South Africa (StatsSA, 2018) informal economy has contributed a projected 5.2% to GDP in 2015. In 2016, the informal economy employed a total of 2,56,000 people. This figure is significantly lower than in underdeveloped countries of comparable size. According to Skinner and Rogan (2014), informal trade has traditionally represented a larger component of informal work for women than for men. Much of the reduction in women in informal sector jobs occurred in wholesale and retail trading between 2008 and 2014. Devey et al. (2006) projected 72%-82% of street traders in 2014 sold food (fruits, vegetables).

It is unlikely that employment data will include all migrants in the country. Undocumented migrants, refugees and asylum seekers are predominantly left out from the formal labour market and have no option to create their own employment (Crush *et al.*, 2015). A 2010 study of Zimbabwean migrants in Johannesburg and Cape Town by the Southern Africa Migration Programme (SAMP) indicates that 20% of all migrants worked in the informal economy (Crush *et al.*, 2015). In addition, other

studies reveal that other migrant groups, such as migrants from Somalia, have a substantially greater percentage of the informal sector participation.

3.9 CHARACTERISTICS OF THE INFORMAL SECTOR IN SOUTH AFRICA

The informal economy is largely considered the uncontrolled non-formal part of the market segment that produces goods and amenities for sale or other forms of reward. The informal economy is largely characterized by:

i. Low Entrance requirements

This sector is usually characterized by low entrance requirements in terms of capital and skills. Thus, any individual or entity can readily enter and start conducting business, and if challenges arise, exiting is easy. Moreover, a low entrance barrier serves as an incentive for individuals entering the informal economy (Valodia and Devey, 2012).

ii. Un-incorporated private businesses

Most businesses are private and not formally registered with national registration bodies like the Companies and Intellectual Property Registration Office (CIPRO). In other words, businesses are not subject to any specific sort of national registration regarding regulation and legislation (Skinner, 2016).

iii. Small scale enterprises

One more significant aspect characterizing the informal sector in South Africa is that their operations are often small scale in nature (Skinner, 2016). There are no economies of scale to talk about. For example, the production and/or product or service supplies are generally unreliable.

iv. Labour-intensive methods

The level of output or service provision varies among the economic actors in the informal economy. Their activities are largely labour intensive (Crush et al., 2015). However, some integrate technology into their line of business. The majority of their production processes are labour intensive.

v. Lower product/service quality

The quality of goods or services provided by this sector is seen as inferior to identical items or services provided by the formal economy. Most informal economic actors do not comply with any Hazard Analysis Critical Control Point (HACCP), so their goods and services are generally lower in quality (Skinner, 2016).

The informal economy in South Africa exhibits many of the qualities listed above. However, more characteristics must be investigated to buy a deeper knowledge of the informal economy in South Africa.

3.10 CAUSES OF INFORMAL ECONOMY IN SOUTH AFRICA

The lack of consensus definition of the informal economy has led to a plethora of alternative causes of the informal economy (Makochekanwa, 2012). According to Medina and Schneider (2018), the size of the informal economy was determined by various factors. Hence, literature on the subject matter has proposed a variety of factors as the primary drivers behind the existence and growth of the informal economy. The following are the primary reasons for the informal economy.

3.10.1 TAX AND SOCIAL SECURITY CONTRIBUTION BURDEN

The alteration of the overall tax burden impacts labour choices and may encourage labour supply in the informal economy (Crush et al., 2015). The bigger the difference between the total labour cost in the official economy and after-tax earnings (from work), the greater the incentive to reduce the tax wedge and work in the shadow economy. This tax wedge depends on social security burden/payments and the overall tax burden, making them key determinants in the existence of the shadow economy.

3.10.2 HIGH UNEMPLOYMENT

Unemployment is one of South Africa's most pressing socio-economic challenges, affecting a quarter of the workforce. Rodrik (2008) finds manufacturing's poor performance relative to skill-intensive services as the main cause behind rising unemployment amongst lower-skilled jobs. High unemployment in South Africa has thus been attributed to the underperforming formal sector and the inability of the unemployed to enter the formal labour markets. Therefore, it was expected that the unemployed would turn to the informal sector (Crush et al., 2015).

3.10.3 HIGH LEVEL OF POVERTY

Poverty is one of the fundamental causes of the advancing informal economy. Impoverished and unemployed individuals often turn to the informal economy to sustain themselves and make ends meet (Crush et al., 2015). Nevertheless, this did not suggest that formally working individuals are not poor. Unfortunately, many formal workers cannot escape abject poverty, particularly in developing nations where remunerations in the public services and state-owned firms may not constitute a living wage to support a family.

3.10.4 QUALITY OF INSTITUTION

The important determinant in the growth of the informal sector was the eminence of government institutions. Bureaucracy with extremely corrupt government employees is linked to more unofficial activity. At the same time, the good rule of law improves the benefit of being formal by ensuring property rights and market contracts (Crush et al., 2015).

3.10.5 MIGRATION AND URBANISATION

The rapid rise of the informal sector in developing countries has been fueled by the rapid increase in population growth in urban zones (De seto, 2000). The city's growing population has reduced the number of job options available for the urban population (Lyons and Brown, 2007). According to Skinner (2008), urbanization and economic inclinations in Africa have resulted in a rapid increase in the number of informal economy businesses operating in inner-city areas. Skinner (2008) went on to say that given Africa's high rate of urbanization, which is presently at 39% and the urban growth rate at 32% (2009-2017), the formal economic sector cannot keep up with the expanding population in terms of job opportunities (Medina and Schneider, 2018). The informal sector is the primary source of employment for the city's poor population because the formal economy cannot provide employment.

In developing, nations, migration is one of the factors influencing the informal economy. The end of apartheid in South Africa in 1994 made it easier for local and international migrants to engage in entrepreneurial activities such as street vending to survive. After deregulation of the industry and the democratic political change in 1994, the informal economy grew quickly, particularly in inner cities numerous cities and towns which were formerly kept for white businesses (Medina and Schneider, 2018).

3.11 POLICY FRAMEWORK OF INFORMAL ECONOMY IN SOUTH AFRICA

The policy for the informal economy has been founded on regulation rather than a development approach. The regulation of informal activity, including defining roles of various stakeholders and actors in this sector, must be considered in the constitution.

3.11.1 CONSTITUTION OF SOUTH AFRICA NO 105 OF 1996

The constitution divides government into three spheres National, Provincial and Local government. It also supplies the fundamental legislative structure and a delegation of legislative authority in each government domain. The constitution gives municipalities legislative and executive authorities to administer matters in Part B of the schedules and added matters delegated by the national and provincial government. The municipalities have the authority to enact by-laws and rules about the informal economy (Constitution of Republic of South Africa, 1996).

3.11.2 BUSINESSES ACT NO. 71 OF 1991

The Business Act 71 of 1991 aimed to abolish or alter certain laws relating to business licensing, operations of the businesses, and shop hours, to create certain provisions relating to licensing and carrying on of the business and provide related things. The act makes it mandatory for business owners to register their companies.

3.11.3 MUNICIPAL BY-LAWS

The municipal by-laws are another vital form of regulation of informal trade, in which municipal council can pass, regulate and control informal trade within its jurisdiction. Any by-laws must adhere to the provisions of the constitution and the Business Act. The Business Act provides municipalities with the authority to enact municipal by-laws governing informal trade.

3.11.4 HEALTH ACT 63 OF 1977

The municipalities are given specific authorities and responsibilities in Chapter IV of the constitution, including taking all lawful, necessary practical measures- i.e. to keep its territory in a hygienic and clean state all the time. The municipality must follow the Act and the supplementary regulations, particularly about foodstuffs.

3.12 INFORMAL ECONOMY IN RURAL AND URBAN SOUTH AFRICA

The government wage and welfare programmes are the primary inflow of income for many in rural towns. Low wages primarily limit the informal sector scope, limited demand and limited space to generate more rounds of spending (Skinner, 2016). When social wages are spent on essential utilities and foodstuffs, the busy month end and bazaar phenomena present a vital prospect for informal market partakers. The local agribusiness retail sector stays a significant contender. Informal agriculture (generally excluded from informal sector analysis due to data and policy resolutions) is a key part of the rural economy. Informal sector farmers often suffer from a shortage of funds for production inputs (Valodia and Devey, 2012). The market they often supply is typically as follows: Bakkie traders, vendors and farm gate buyers include valued patrons.

In contrast to the urban informal economy, home-based workers, street vendors, and waste pickers are old age jobs, accounting for many city workers worldwide, particularly in South Africa. Most urban workers earn their livelihood in the informal economy. Few have stable trades; most have little and volatile incomes, and few are protected in contradiction of loss of work and income (Skinner, 2016). Many urban traders run beyond state control and protection. Many are harassed or suppressed by law enforcement agencies or local authorities and excluded from economic activities.

3.13 WOMEN IN INFORMAL ECONOMY

Women are disproportionately affected by the informalization of work, and they tend to be overrepresented in informal employment in underdeveloped and developed countries (Medina and Schneider, 2018). According to Chen (2018), the informal economy is principally a source of employment for women rather than for men in poor countries. Women face discrimination and lack access to essential resources such as education. As a result, they end up in the informal economy where education and skills are not a prerequisite for production. Medina and Schneider(2017) agree with this viewpoint, pointing out that women make up a majority of informal workforces and that they are the main victims of casualization of labour. According to Mitullah (2003), women's vocational placement is influenced by their level of education. Since women

have a lower level of education than men, they cannot effectively compete in formal employment. Various factors, such as poverty and greater demand for women's labour in household activities, restrict women from enrolling in formal education and training and subsequently qualifying for any job (Medina and Schneider, 2017).

3.14 CHALLENGES FACED BY INFORMAL ECONOMY IN SOUTH AFRICA

Informal businesses experience problems just like any type or form of business. The challenges in the informal economy are merely more serious since the informal sector was left out in the more organized formal economy. The greatest obstacle facing informal economy participants is their location of operations and rights to trading space (Skinner, 2018) which are usually subject to various issues which impede their ability to function and contribute to the economy. Besides the limited right to trading space, informal participants face challenges in transportation security and municipal services (Skinner and Hayson, 2016). Moreover, harassment and confiscation of their goods by municipal authorities (Skinner, 2018)

In many urban areas in South Africa, street trading areas are viewed as areas for thugs and robbers (Pieterse et al., 2018). A study of cities in South Africa has noted that an insecure environment results in loss of customers, frightens tourists, and cripple's informal business, reducing incomes and generally interfering with trading (Parnell and Pieterse, 2010). Most vendors find it difficult to transport their goods from the homes and markets to their trading sites. According to Rogan and Skinner (2017), the transport systems rarely service the areas where vendors live, and if it does, vendors can barely afford the services. The problem of transport was complicated further by lack of storage facilities, which means that traders carry unsold goods back to their homes. In some instances, the transport challenge can cause the informal traders to sleep in the street or build an illegal squatter settlement near the trading site for convenience, which gets them into trouble with the authorities as they move into areas not zoned for settlement (Chen, 2018).

In small towns, traders run without basic services like water and sanitation (Skinner and Watson, 2018). According to Skinner (2018), some informal traders use services such as water, sanitation, storage facilities from neighbouring markets, hotels and bars. Furthermore, municipal cleaning services are inadequate and often do not cover

informal trading hours. Most of the space traders occupy is illegal since the space has not been set aside for trade. In addition, the spaces have no tenure and are not distributed and sanctioned by urban authorities (Chen, 2018). In cases where they are allowed, the spaces are considered temporary, and eviction occurs at the will of urban authorities. There are various conflicts relating to sites of operations. A major conflict arises when the vendors must move to give way for planned development, bringing them into direct confrontation with urban authorities and land developers. At the same time, traders come into conflict with formal shop owners and landlords who contend that they infringe on their business and premises (Skinner and Watson, 2018).

The space occupied by traders are usually open to the elements, supply little shelter and expose them to harsh environmental conditions such as pollution. For example, vehicles spilt oil on the food sold by informal traders. Secondly, climatic factors such as rainfall can harm those traders trading under flimsy structures or those who do not have structures at all (Skinner, 2018). Most commodities such as fruits, vegetables and clothes are negatively affected by harsh environmental conditions resulting in loss of earnings to traders. Overall, informal traders have been perhaps the most regulated and least protected due to a lack of recognition and licenses.

3.15 INFLUENCE OF PLANNING LAWS ON INFORMAL ECONOMY IN SOUTH AFRICA

Urban spatial planning played a part in restricting or preventing, sustenance of informal activities. Skinner (2018) reflects this with reference to street traders since land zoning in a town plays an important part in enabling an entree to market and permitting business activity. Since areas were not historically earmarked for informal employment workers, urban planning has been required to recognize the emerging changing aspects of small-town trades and informal economy at the local level. Until the dawn of governance reform in Africa, the informal economy's greatest challenge was their site of operations and rights to trading space (Skinner, 2018). Yet, they are subject to many other challenges that hinder their functioning and contribution to the economy Zack (2017), largely commodities of trade peddled by urban authorities. This gives rise to planning regulations that do not consider the existence of informal sellers and street vendors. In most cases, such planning regulations locate the traders without any

engagement in the marginal zones of the metropolitan where there was no business (Skinner and Watson, 2018).

The practice across Africa demonstrates that sellers never stick to these areas but move back to the centre, resulting in remedial action from the municipal authorities. According to Rogerson (2015), most of the laws and enforcement on street and market sellers owe their roots to colonial strategies, which were retrogressive concerning home-grown trades. Informal traders need regulations that recognise their economic activities as a vital element of the urban economy, which safeguards their right to trading space.

The multitude of by-laws for traders limits their operations to working in certain areas, such as working within five meters from a junction, next to fire hydrants or places of worship, next to state offices, not in front of botanical gardens and certainly not on the pavement as to obstruct sidewalks (Skinner and Watson, 2018). In addition, street traders are prohibited from selling counterfeit goods, medicine, alcohol, and prepared food (take aways) without complying with municipal health regulations.

3.16 SUMMARY OF CHAPTER

The informal economy is a phenomenon that has evolved over the years, particularly in terms of economic activities it includes and excludes. This chapter has given a broad overview of the literature on the informal sector globally and in South Africa. This chapter's main focus has been on documenting the informal economy's heterogeneity and theoretical approaches. The term informal economy has been given numerous definitions and various interpretations. However, it is crucial to remember that definitions have tended to be context-specific and influenced by various academic influences (ILO, 2003; Devey et al., 2006; Chen, 2012). In this regard, the lack of consensus on defining the informal economy has a detrimental consequence for its measurement and broad understanding.

The literature above has looked at some of the most popular approaches to studying the informal economy. The dualist approach is the most researched in literature since it accounts for the most primitive work on the informal economy (Lewis, 1954; Hart, 1973; Swaminathan, 1991). The structuralist approach contends that capitalist

growth fosters informality by lowering labour costs and boosting competitiveness. Hence, researchers claim that the exploitative relationship between the formal and informal economies is understood as structuralist exploitation (Castells & Portes, 1989; Chen, 2012; Altman, 2007). On the other hand, the legalist approach contends that an oppressive and unfriendly legal system pushes unemployed people to work informally (De Soto, 2000). The literature on theoretical approaches in the informal economy allows one to reach broader conclusions about why and how the informal economy emerged. Importantly, South Africa's history has contributed to the literature recognising apartheid policies, particularly their influential impact on the informal economy (Chen, 2012).

This chapter focused on reviewing the literature on the informal sector using a global perspective and a South African perspective. And now the next chapter explains in detail the research methodology and activities undertaken during data collection and analysis in the study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter goes into detail to outline fully the research methodology activities used during data collection and analysis. Babbie and Mouton (2006:647) define research methodology as the systems and procedures employed in executing the research design or research plan, as well as the underlying principles and assumptions that underlie their use. The methodologies were selected to understand the informal sector, specifically street vendors and their influence on the Local Economic Development.

4.2 STUDY AREA: HISTORICAL BACKGROUND OF BLOEMFONTEIN

Bloemfontein, also commonly known as the “city of roses”, is the capital city of the Free State province and the judicial capital of South Africa. Bloemfontein was established by major Warden in 1846(Kotze and Donalson,1998, krige,1991). Between 1890 and 1904, Bloemfontein experienced massive urbanization. Factors contributing to rapid urbanization and increase in urban population includes the Anglo Boer war (which prompted labours to seek sanctuary in the city) and the completion of the Cape to Johannesburg railway line via Bloemfontein (Kotze and Donaldson,1998, Krige,1991).

The spatial transformation of Bloemfontein city is thought to have been separated into three categories, the colonial city (1846-1910), segregated city (1951 - 1985) and lastly neo apartheid city (1986 -1990). The Free State province was exclusive in applying segregation and apartheid laws. It was the first to enact general law in 1893, which permitted control of ownership and occupation of property in urban areas (Davenport, 1991). Also noteworthy is the fact only white people were allowed to own land. Between 1890 and 1986, Indians were officially prohibited from owning land, and this was the only province that did not change its borders after apartheid (Kotze and Donaldson, 1998).

Like many other cities in South Africa, Bloemfontein is developed around the central business district (CBD) (Kotze and Donaldson,1998). The apartheid city features the following characteristic; (Marais, 2008 cited Krige,1998) the city has a sectoral

structure in a circular form with each population group assigned to a sector that connects to the CBD, white restricted areas were higher-lying and with nicer residential settings while those in the other population groups were positioned away from white areas, moreover residential areas for Africans were split according to their ethnic groups.

Kotze and Donaldson (1998) go into greater detail to describe the spatial layout of Bloemfontein based on ethnic groups. In Bloemfontein, most people who lived north and west of the Central Business District were white. In essence, during apartheid, the Central Business District was essentially a white only zone (Marais, 2008). At the same time, areas such as Rocklands and Bochabela were meant for blacks, and Heideadal was zoned for coloured people. Additionally, Waaihoek was once a mixed-race community for African- coloured people, but an appeal in 1902 by the Cape boys resulted in the creation of a location called Cape Stands as a separate residential zone for coloureds

Black and coloured communities were largely sited South and Southeast of the city's industrial areas (Kotze and Donaldson, 1998). The apartheid planning used the railway line as the social boundary separating different racial groups (Krige, 1991). This was a kind of buffer zone that separated Bloemfontein on the South and Southeast and the white CBD.

Apartheid planning in Bloemfontein was especially targeted at black African people (Krige, 1991). This emphasis on spatial control of the black African people resulted in the formation of Botshabelo in 1979. Botshabelo was founded for two reasons: the first reason being that the population of Bloemfontein had increased. Botshabelo was to absorb a portion of this population. The second reason was that there was a need to develop a resettlement place for Sotho speaking people in the Thaba-Nchu district after the independence of the Bophuthatswana Bantustan (Krige, 1991). As a result migration of black Africans to Botshabelo and Thaba-Nchu had a significant impact on the region's spatial layout. The buffer zones were used to ensure that the South and South-East of the city and the white central business district were clearly separated (Kotze and Donaldson, 1998). This was made feasible by the Group Areas Act of 1968 to 1990, which permitted white people to live in the inner-city zones while the black

people were moved to apartheid dumping grounds such as Botshabelo and Thaba-Nchu.

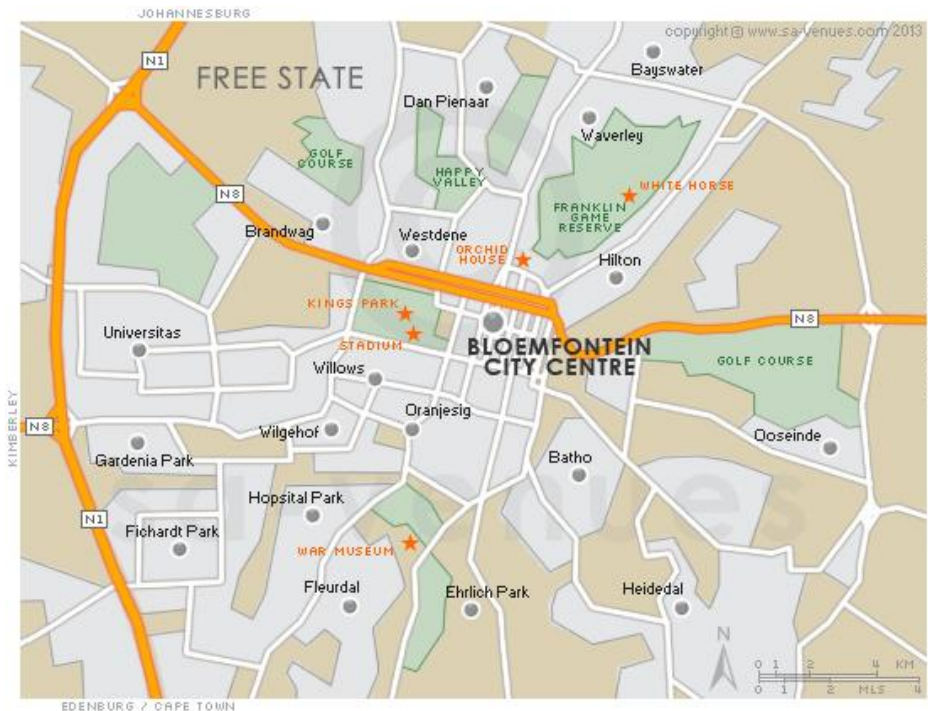


Figure 4.1: Map of Bloemfontein Central Business District

Source: www.samaps.co.za

4.3 RESEARCH APPROACH

Qualitative research data and analysis directed this study. Qualitative methods are based on words, feelings and perception rather than numbers, and they include focus groups, observation, and interviews. Qualitative methods are often regarded as providing rich data about real-life people and situations and being better able to make sense of behaviour and understand behaviour within its wider context. Therefore, the method was suitable for the study (Merriam, 2013).

Advantages and disadvantages of Qualitative Methods

Qualitative methods can provide detailed and all-inclusive information. Additionally, qualitative methods use independent data and participant observation to define the context or natural setting of variables in the setting. It seeks a wide thoughtful of the entire situation (Merriam, 2013). On the other hand, other limitations come with qualitative methods. The subjectivity of the inquiry leads to problems in establishing the consistency and rationality of the approaches and information, and it is very hard to notice researcher induced bias. Lastly, its scope is restricted owing to the in-depth wide-ranging data gathering approaches required (Tracey, 2012).

Therefore, this chapter will focus on the research tools below to answer the main research question.

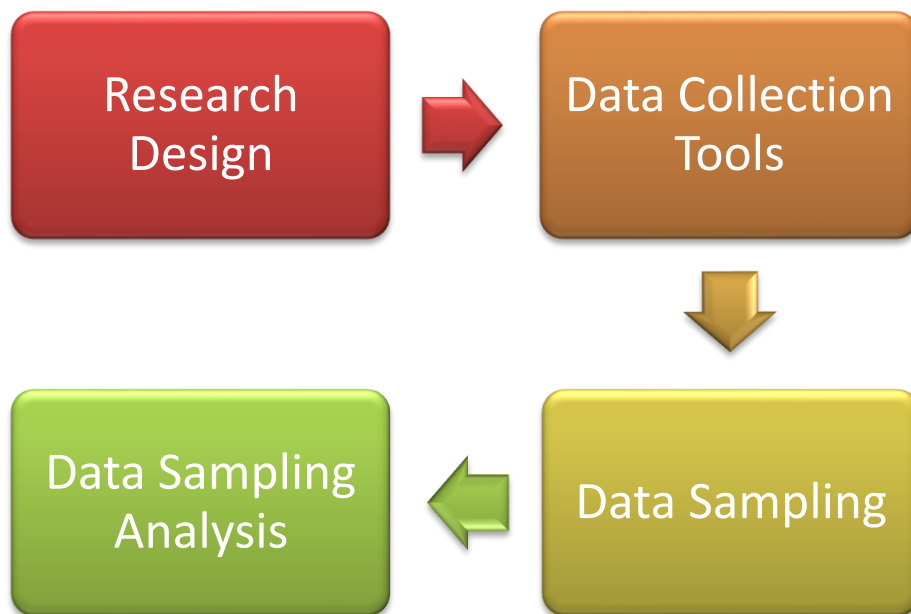


Figure 4.2: Systematic process regarding research methodology of the study

Source: Unknown

4.4 RESEARCH DESIGN

The case study was selected for this study. This helps the researcher to have an up-close or broad in-depth understanding of the phenomena set in the real world. Ishak (2014) explains that most development agencies rely on case studies to understand general phenomena or interests through their theoretical application or policy recommendation. The case study method is also preferred when research focuses on contemporary events. Therefore, it is the responsibility of the researcher to collect and examine as many facts as possible about the concept and produce a trustworthy and detailed interpretation of events. The case study used in this study is the inductive case study method. In unexplored research, the inductive phenomena seek to answer "How" and "Why" in unexplored research. Many researchers have adopted this method of analysing the informal sector. Yin (2012) reveals that inductive case studies demonstrate how informal workers are excluded from the formal sector and how the government regulates this sector to become sustainable.

4.5 DATA COLLECTION METHODS AND TOOLS

The researcher used primary and secondary data collection methods to gather information for this study.

Primary data collection

Primary data is an original data information source, that is, collected first-hand by the researcher for a reason or analysis. Primary data can be obtained in various ways. However, the most popular method is interviews, focus groups and field observations by the researcher (Creswell, 2013).

This study conducted semi-structured interviews with street vendors around Bloemfontein CBD and LED officials from Mangaung Metropolitan. The semi-structured interview questions were designed in English and translated in Sesotho, the most spoken language in and around Bloemfontein. The researcher clearly understands and can speak fluent Sesotho, which puts her in a good position to investigate and prompt the individual respondents. Also, the researcher has a cultural knowledge and understanding as she was born and raised in the Free State province, which will help her relate with respondents at that level.

During the interviews, the researcher used audio recording. Before recording, she asked for permission from the participants. She then asked general questions to create a conducive environment for the respondents and encouraged them to speak freely about the topic. The advantage of semi-structured interviews is that it provides rich data and create an opportunity for follow up questions, probing for additional information, which seeks clarity or justification on previously answered questions to establish connections amongst several issues (Baker and Edwards, 2012).

The semi-structured interview is important during fieldwork as it is the most important activity for collecting data to meet the study's overall objective. Moreover, the researcher has consulted the literature on the crucial variables on the subject matter. It is imperative for the researcher to comprehend and have some data, have background information to contextualise the topic and develop an interview schedule (Creswell, 2014). To minimize risk during the semi-structured interviews, the researcher conducted interviews in busy areas and requested a male volunteer to accompany her during the interviews.

4.6 SAMPLING STRATEGY

Gentles *et al.* (2015) describe sampling applied to qualitative research as “ selecting definite databases from which data is obtained to address research goals. Generally, the approach to qualitative research is distinctively different from that used in quantitative research. The main distinction is that, unlike in quantitative samples, the qualitative research samples are typically small and do not seek to generalize the result of a larger population. In this case, samples need to be analysed in-depth in their normal settings (Tracy, 2015). Sampling in qualitative research needs to be conducted with an appreciation of the need to reflect the following:

4.6.1 POPULATION AND SAMPLING

According to Bryman (2012), a population is an abstract idea of the large pool of many cases from which a researcher draws a sample and generalises conclusions. The size of the population determines whether it will be appropriate to include all members of the population or not. The population in this study referred to informal traders who operates within the central business district (CBD) in Bloemfontein and Municipal officials within the local economic development space. Selecting a sample is

necessary as it would be impossible for the researcher to study the entire population due to time and cost constraints. The sample size between 20-30 participants was applied to the study and research objectives. The sample group included in the research is 25 Semi-Structured Interviews with street vendors around Bloemfontein CBD and 5 Semi-Structured with LED officers in Mangaung Metropolitan.

The researcher concentrates on including street vendors aged 25 -60 years and both genders. The rationale was the observation that the majority population involved in informal trading are within the age of 25-35 and 36-60. In this research, the participants between the age of 18-24 and 61 and above were excluded by the researcher to partake in this study. The reason for exclusion is that majority of the population around the age of 18-24 do not prefer to operate as street vendors in the public eye. Instead, they prefer temporary jobs in the formal sector. Therefore it will be difficult for the researcher to find the participants within that age group. The rationale for excluding participants over 60 and above is that most of them are social grants recipients and that alone is a stable source of income for them. They do not feel obligated to source any additional source of income, especially with their deteriorating health, so it will be difficult to find participants within that age group for this research. Moreover, the researcher has opted to exclude foreigners who trade informally to mitigate xenophobic attacks, a common phenomenon.

4.6.2 SAMPLING METHODS

This study was designated using non-probability sampling. Non -probability sampling is a method in which the researcher chooses a sample founded on their personal judgment instead of random selection (Ishak, 2014). The researcher selected this method to give detailed and in-depth evidence about the phenomenon under enquiry. In addition, the researcher was involved in selecting participants who will be part of the analysis (Merriam, 2013). The research used two types of non-probability sampling: convenience and snowballing sampling. The researcher selected convenience sampling for its speed and cost-effectiveness. Snowballing assisted the researcher in identifying a sample when it was hard to locate subjects. Once the researcher finds appropriate subjects, she requests them for help to seek similar subjects to form a substantial good size sample.

The sample size is usually smaller than quantitative methods in the qualitative study. This is because qualitative approaches are mostly concerned with getting a detailed understanding of a phenomenon or meaning and often focus on the how and why of the issue, subculture or collection of social interactions between them (Creswell, 2013).

There are many discussions regarding the proper sample size. Many researchers argue that saturation in qualitative research is the most essential element to consider when making sample size decisions (Fluks, 2011). Saturation is described as the point at which the data collection course no longer offers any new or relevant information. Saturation relies on various variables, and not all of them are under the researcher's control. Some include: How heterogeneous and homogenous are the individuals being researched? What are the selection criteria? How much is the study budgeted for? What are the time frames the researcher faces? How skilled is the researcher assessing is and if she has reached saturation (Merriam, 2013)? Many researchers suggest that an adequate number of participants would be from 5-50. In this study, the researcher used a sample size of 25 ($n = 20$) participants. The 25 participants chosen were greater than the minimum statistical sample size required (10%) of the estimated population in Bloemfontein CBD (population = 150). The researcher identified sample until saturation was reached

4.6.3 RECRUITMENT OF PARTICIPANTS

The first duty for the researcher is to find and ask eligible individuals if they are willing to participate. The researcher chose street vendors and local government (municipal officials) as her key data sources and relevant subjects to talk about the informal sector's problems (Bryman, 2012). The researcher visited the informal vendors at their marketplace and the Local Economic Development municipal officials at their respective setups, scheduled appointments, and sought consent. The informal traders are considered as the most vulnerable population groups. Therefore, their rights for participation are explained in more detail in the ethical consideration section was also thoroughly explained to them. Upon approval, appointments were scheduled. The researcher arranged the appropriate time for the interview with street vendors and government officials. These interviews were not conducted during peak times. A suitable time was chosen, either early in the morning or late afternoon.

4.7 DATA ANALYSIS

The qualitative analysis consists of Hermetics, content analysis, narrative analysis, and how concepts interconnect. The researcher will use content analysis/thematic analysis. Once fieldwork is completed, the researcher uses the following steps to interpret and analyse data: Firstly, the researcher thoroughly arranged collected data by translating all audio and interview notes into text format. Secondly, the researcher then arranged information in an organized way, and then she will go back to study goals and arrange information based on research questions (Saldaña, 2015). Thirdly the researcher used coding of information. In a qualitative study, coding is an important phase. Coding involves categorizing and assigning collected properties and patterns. Fourthly, validating data is one of the significant steps in qualitative research. Thus, the researcher needs to validate the accuracy of the research design and reliability in order to produce accurate data. Lastly, it is necessary for the researcher to finally conclude the information and to present findings (Merriam, 2013).

4.8 ETHIC CONSIDERATION

An appropriate inquiry into research must be carried out with an ethical approach. The researcher must be ethical in the entire course of directing the study by shielding the respondents from any destruction by obtaining informed consent, preserving confidentiality, privacy, anonymity, operating honestly, not deceiving the participants and adhering to the covid-19 regulations. (Flyvberg, 2011).

Protection from harm

It is the ethical duty of the researcher to guard the subject from any harm while she conducts the research inquiry. (Flyvberg, 2011). The researcher must notify the participants thoroughly about research and the effects thereof. The participants were given time to make a well-versed decision concerning their involvement. Creswell (2013) recommends that the researcher look for and protect against subtle danger. The subject's privacy must be respected, confidentiality protected, and details collected anonymously. Before and after the interviews, the researcher had a debriefing meeting with participants. According to Flyvberg (2011), the participants'

debriefing provides the opportunity to clarify and fix any issues and assumptions that may emerge from the study. The researcher ensured that no names and participants' credentials were used and that only the University of Free State and Department of Higher Education would have access to study results.

Obtaining informed consent

The scholar must get permission from each participant. The researcher took time to clarify the full details of the study to individual participants, its intents and for whom it was planned. The scholar prepared a consent form containing a letter outlining the study specifics and selecting the participants. Each person was requested to sign the forms, and copies were presented to all the parties (Flyvberg, 2011). The consent form was also to be translated into the participants' language of choice to make sure they understood the purpose of the study and their participation.

Privacy, Confidentiality and Anonymity

The researcher would be responsible for shielding privacy, concealment, and anonymity. Interviews with the participants were performed in a private, relaxed and secured atmosphere that allowed the participants to share their views openly (Merriam, 2013). Information shared in the interview was treated as confidential. Names and identities were not disclosed in the research findings to ensure anonymity. The answers were given a fictitious code and/or number assigned to the responses for data analysis and reporting. The researcher and study leader are the only people who have access to the data (transcriber/external coder). Anonymous answers/responses may be reviewed by people responsible for ensuring that research is done properly, including the transcriber, external coder, and members of the Research Ethics Committee (Parker et al., 2011).

Hardcopies and audio devices were locked away in the cabinet, only accessible to the researcher. After five years, as per the South African law, the researcher will dispose of the data/answers collected; electronic information is stored on a password-protected computer. Only the researcher knows the password. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After five years, the hard copies will be disposed of by shredding and electronic records by deletion from the storage device.

Deception

Deception happens when the researcher purposely deludes, misleads, twists and withholds pertinent information from the participants. Deceiving participants will be eliminated by revealing the real essence of research (Antwi and Hamza, 2015). The researcher elucidated all the facts of the study, such as goals, objectives, research tools and the inferences of research thereof. The researcher ensured that participation in the study was voluntary, and if the participants wished to withdraw from participation or answer any questions may do so at any time. There will be no penalty or loss of benefit for non-participation (Fluck, 2014). Furthermore, the researcher explained to participants that there would be no financial benefits or incentives from participating in this study. However, the result obtained may provide knowledge and insight for development workers, policymakers, administrators and other interested parties.

Honesty and Integrity

The researcher must warrant her capability to assume the research. This also denotes the typical proficient behaviour and truthfulness of the individual leading the study. When reporting their conclusions, the researcher must be truthful and carried out proficiently. The researcher met with participants according to a planned schedule. The participants were treated with respect and dignity (Merriam, 2014).

Adhering to Covid-19 regulations

The researcher will be conducting fieldwork during the Covid-19 national disaster. Therefore, to ensure the participants' safety and comply with national disaster regulation, the researcher wore a mask, kept the required social distance, and sanitised her hands and those of the participants.

Cultural embarrassment

The researcher mitigated the cultural embarrassment by allowing the vendor to choose whether they are prepared to answer the questions and allow participants to withdraw from the research if, at any stage, they feel uncomfortable.

4.9 SUMMARY OF CHAPTER

This chapter details the research approach to the study, and its step by step process, which explains how data was collected. This chapter has indicated the research design and methodology in the following segments; choice and rationale of research design, population, sample, sampling methods and sample size, data collection, data analysis and ethical considerations

The next chapter will look at the case study of street vendors in Bloemfontein, particularly around the CBD. The case study gave an in-depth understanding of street vendors in Bloemfontein CBD and based in a real setting.

CHAPTER 5: CASE STUDY OF STREET VENDORS IN BLOEMFONTEIN IN THE FREE STATE

5.1 INTRODUCTION

The previous chapter outlined the step by step research methodology used during data collection and analysis. This chapter looks at street vendors in Bloemfontein, particularly around the CBD. Street vending is a global phenomenon that has existed for over a century. It is rapidly expanding and is a significant element of the informal economy, mostly in developing countries, as a response to poverty, a global concern (Gerhard and Simon, 2004). It is a source of income for those without a job in urban areas and cities, including Bloemfontein. The city of Bloemfontein has seen rapid and consistent growth of street vendors, notably in the CBD.

5.2 POST APARTHEID BLOEMFONTEIN

Before 1991, there was no interracial interaction due to the traditional and Afrikaans dominated heartland, except for domestic servants who resided in the suburbs due to work. (Jürgen et al., 2003). It was not until the 1990s that some type of desegregation began, culminating in a desegregation rate of over 50% in 1991. The growth of the informal sector within Bloemfontein CBD served as the catalyst for the Africanisation of the inner-city zones and in other parts of South African cities (Jürgen *et al.*, 2003). This has displaced the more formal economic sector such as retail within the CBD has left informalization and vacant spaces. Business has relocated due to decentralisation (Jürgen et al., 2003). Decentralisation from the CBD has resulted in the formal sector moving towards the west of the CBD, causing the white people to retreat from the CBD (Hooyedorn et .al 2008, Mairais, 2008). The effects of decentralisation have left vacant space and informalization within the CBD.



Figure 5.1: Aerial Map of Study Area, Bloemfontein Central Business District

Source: Google Maps, 2015

5.3 DEMOGRAPHIC PROFILE OF BLOEMFONTEIN

Table 5.1: Demographic information of Bloemfontein

Population	878 834
Population growth per Annum	5%
Gender	40 5876
• Female	
• Male	38 2054
Labour Market	32%
• Employed	
• Unemployed	48%
Education	30,3 %
• Matric	
• Higher Education	14%
• No Schooling	4.4%

Source: Mangaung IDP 2019/20

5.3.1 ENVIRONMENT

The city is featured by warm summers and cold winter. Annual temperatures range from a maximum high of 35 degrees Celsius in summer to a minimum of -5 Celsius in winter and sufficient summer rainfall with average rainfall between 630mm-700mm annually. They are three biomes represented in the Bloemfontein Metro Grassland, Savanna and Nama-Karoo (Skinner, 2018).

5.3.2 ECONOMIC ACTIVITIES IN BLOEMFONTEIN

Bloemfontein's economy is mostly based on agriculture, manufacturing and community service. The city is the major contributor to 18% of the Free State province's GDP. Bloemfontein experienced an average of 2,3 % economic growth between 2008 and 2017, which is attributed to the tertiary sector's performance, predominantly the community service sector

- Agriculture- The agricultural sector comprises commercial, subsistence and emerging farmers. The agriculture industry accounts for 1.7% of the GVA of the city. The most important agricultural activities are Livestock production (game, cattle, sheep, goats, pigs) and poultry (Skinner, 2018).
- Manufacturing – Bloemfontein's industrial sector is not particularly robust. The manufacturing sector accounts for 6.0% of GVA. The industries are light manufacturing or service orientated businesses specialising in assembling or reselling imported goods. Manufacturing in Bloemfontein mainly focuses on meeting local needs, with the growing dominance of food, beverages and tobacco increasingly dominating the market (Skinner, 2018). Bloemfontein's key industrial sites include Bloemindustria and Hamilton industrial zone. Some industrial properties with much potential and are in a good location in relation to the N8 Corridor are abandoned and vacant.
- Community service sector - The community services sector is the crucial subdivision of the economy in the Free State Province, accounting for R43 billion (25.3%) of the total GVA. The sector accounts for 33.2% of the city's GVA. The community service sector in Bloemfontein was the only one that saw an improvement of 3.5% between 2008 and 2017. (Marais et al., 2005) The configuration of this sector included the government buildings and the

three higher learning institutions. Several healthcare and other amenities were all part of this sector.

- Tourism - Bloemfontein's competitive advantage is built on four pillars, cultural-historic tourism, leisure tourism, events tourism, and Agri-tourism. The tourism market is primarily domestic with cultural and events tourism such as Macufe festival, Sporting events (Soccer, rugby and cricket games), the Bloemfontein Rose festival, and leisure tourism such as visits to Phillip Sanders, Maselspoort resort, and Naval Hill nature reserve (Marais et al., 2005).

MAJOR ROADS

Bloemfontein is well serviced in terms of National Highways, rail and transportation networks connecting the metropolitan region with many other provinces. Thus, it profits greatly from South Africa and the Free State province.

- The N1 (which links Western Cape, Eastern Cape and Gauteng),
- The N6 (which links Eastern Cape to Bloemfontein) and
- The N8 (which links Lesotho with Northern Cape via Thaba-Nchu, Botshabelo and Bloemfontein) (Khaya, 2001).

HUMAN DEVELOPMENT INDEX

Human Development Index (HDI) has been developed through United Nations Development Programme. It comprises the following indicators, i.e. Health measured by life expectation, Education measured by adult literacy and ultimately, income levels within the nation or area (Human Science Research Council, 2003).

The Gini coefficient is the income variation index, fluctuating from 0-1. There must be an inverse affiliation between the HDI and the Gini Coefficient. However, when the HDI is strong, fewer income differences can exist, but when the HDI depreciates, the income inequality increases. The Gini coefficient in Bloemfontein was estimated at 0.57 in 2016. (Human Science Research Council, 2003)

5.4 STREET VENDORS IN BLOEMFONTEIN

Street vendors in Bloemfontein are well known for selling low-cost items and amenities such as fruits and vegetables, smartphones accessories such as chargers, batteries, clothing, cooked foods and barbers/hairdressers (Marais et al., 2005). The street vendors in the Bloemfontein CBD can be classified into three groups: those with tables on sidewalks, those who sit on the pavement, and those that use a municipal kiosk to sell their products. Bloemfontein's urban landscape has become synonymous with street vending, illustrating the municipality's changing nature both in geographical and economic dimensions. The Mangaung Metropolitan Municipality identifies street vendors as enterprises not registered for business in South Africa or South Africa Revenue Service (SARS). Another significant element by Mangaung Metropolitan is that street vendors in Bloemfontein do not pay rates and taxes other than the stipulated rental fee paid to the municipality. Even though it is argued that Bloemfontein CBD requires more diversification in terms of services offered, one cannot deny the relevance of street vendors in the CBD (Marais *et al.*, 2005). In this city, small enterprises can reduce poverty and create jobs in this urban centre.



Figure 5.2: A picture of an informal hairdresser doing clients hair on the street pavement



Figure 5.3: A picture of informal street traders displaying their goods

This makes street vendors significant as they provide accessible and convenient retail options and form a very significant part of the economy and social life of urban centres.

5.5 MANAGEMENT OF STREET VENDORS IN THE CITY OF BLOEMFONTEIN

Bloemfontein and other major cities like Johannesburg, Durban and Cape town use management tools such as by-laws and permit systems to regulate street vendors (Marais et al., 2005). The street trading by-laws of Bloemfontein, which forms part of the Mangaung Metropolitan Municipality, are authorised by the mayoral committee to ensure that laws and mechanisms are put in place and in order to help manage the growing number of street vendors in the city, mainly in the CBD.

The laws governing street trading are designed to provide the following services to traders

- Give the informal traders a set of norms and standards to follow, such as trading hours and hygiene requirements
- Provide Traders with trading amenities such as trading space and stalls that may be rented out
- License – A trading license is required for Street vendors selling consumable goods, and it is renewable on an annual basis. The license must be endorsed by health and social development, community safety and city planning,

development and regional service section of the municipality. Informal traders have the choice to apply for a one-day trading licence to permit them to trade for only one day at specified events such as festivals and soccer matches, provided that they complete the pre-scheduled workshop (Skinner, 2018).

The major goal of by-laws (planning, registration, allocation and rental) is to provide employment and trading opportunities in the informal sector by incorporating street trading activities into the city's planning process (Marais et al., 2005). The planning strategy ensures that arrangements are made to provide traders with improved working conditions that satisfy their economic needs such as transport, health, and safety, as many traders continue to operate without a license. The goal of registration is to ensure that all traders are licensed, which will assist the municipality in facilitating payments of levies and space rentals by traders. In terms of space distribution, Mangaung Metropolitan will collaborate with all relevant stakeholders to assist both existing and new traders in becoming economically viable (Mangaung Metropolitan Municipality IDP, 2021).

5.6 METHODS

In this case study, the researcher focused on fieldwork done on street vendors around Bloemfontein CBD and the key role player within Mangaung Metropolitan Municipality. A comprehensive review of the research methodology was provided in Chapter 4. Two semi-structured interviews were conducted. The first interview was face to face interviews with 20 street vendors. The second was a face to face interview with 05 municipal officials responsible for Local Economic Development (LED) within Mangaung Metropolitan Municipality. The interview process and fieldwork were completed in two weeks. The copies of the Semi-Structured interview questions are attached as Annexures 1 and 2.

The semi-structured interviews for the street vendors were based on the socio-demographic profile of respondents and questions aiming at examining the street vendors within Bloemfontein CBD. The semi-structured interviews with Municipal officials were based on the role of the informal economy in the local economic

development of Bloemfontein CBD, which is located within Mangaung Metropolitan Municipality.

5.7 RESEARCH ANALYSIS AND FINDINGS

This part of the paper presents the analysis and findings from the collected data in terms of using thematic analysis to categorise themes and patterns of people's activities and occurrences. The themes identified include, among others, socio-demographic information of respondents, comments made by participants, the number of years the participants have been in business, the profile of business activities of participants, their future business aspirations, knowledge of by-laws, the impact of the by-laws, perception of the trading environment, enforcement of by-laws and support requirements. It also includes major findings from engagements with municipal officials.

Findings for the Semi-Structured interviews The participants were asked 13 questions. The first five were based on their demographic profile in terms of Gender, Age, Level of Education, Number Dependent and Household income. The semi-structured Interview (Annexure A) was distributed to 20 informal traders around Bloemfontein.

Table 5.2 Demographic information of Street vendors Bloemfontein CBD

	Number of street vendors Participants	Percentage
Gender		
A)Female	13	65%
B)Male	7	35%
Age		
A)18 -24		
B)25-35	10	50%
C)36-50	7	35%
D)51-60	3	15%
E) Above 61		
Educational		
A)Below grade 12	13	65%
B)Grade 12	5	25%
C)Degree/Diploma	2	10%
D)Honours/BTech		
E) Masters		
Number of Dependents		
A)0-3 dependents	4	20%
B)4 -6 dependents	14	70%
C) 6-9 dependents	2	10%
D)10-above		
Household Income		
A)0-R500	3	15%
B)R600-R1100	7	35%
C)R1200-R1700	6	30%
D) R1800-above	4	20%
E)Other		

The result in Table 5.2 is based on the response to the Semi-structured interview questionnaire response, showing the demographic profile of informal traders in Bloemfontein CBD. The sample size includes 20 Informal traders around the Bloemfontein CBD

5.7.1 GENDER

The gender representation of the 20 participants interviewed in the Bloemfontein CBD indicates 65% were female respondents, and 35% were male respondents. In this regard, the findings tally with the literature in Chapter 3. According to Chen(2018) informal economy is the main source of employment for women than for men in developing countries. Many women in these developing countries lack access to essential resources such as education. As a result, they end up in the informal economy where education and skills are not a prerequisite for production.

5.7.2 AGE

Table 5.2 above represents the age of the 20 participants interviewed. 50% were respondents who range between the ages of 25 to 35 years. 35% of the respondents were between the ages of 36 to 50 years. 15% of the respondents were between the ages of 51 to 60 years.

5.7.3 LEVEL OF EDUCATION

Low levels of education characterize the informal sector because it does not require any formal qualification Table 5.2 above shows 65% of the respondents are found to have no matric. In comparison, 25% and only 10% had matric and a post-matric qualification, respectively One has a National Diploma in traffic and the other in Business administration. This indicates that these two respondents maybe be entering the informal trading sector due general shortage of job opportunities

5.7.4 NUMBER OF DEPENDENTS

Table 5.2 also represents the number of dependents of the respondents. 70% of the respondents have either 4 or 5 dependents. 20% of the respondents have, at most, 3 dependents, while only 10% of the respondents had 6 to 10 dependents

5.7.5 HOUSEHOLD INCOME

The household income distribution is shown below. 50% of the participants have an income of between R550 to R1000 per month. Households with an income above R1000 were represented by 30%. Lastly, 20% of the participants earn between R0 to R500.

Table 5.3: Reasons for partaking in informal trading

Reason	Percentage
Unemployment	68%
Poverty	23%
Desire for business	9%

Table 5.3 above shows that 68% of the participants engaged in informal trading due to being unemployed. The rest of the participants highlighted poverty (23%) and their desire or affection for business (9%) as the main reason for informal trading. Below find a few snapshots of unfiltered responses from some respondents.

“I was retrenched from the mine therefore it difficult to find proper employment in town. Street trading sustain my livelihood and I’m able provide for my family and pay for my children’s education”. “This statement demonstrates that people enter into the informal trading sector due to unemployment and to supplement income in order to support their family and pay for their children’s education.

Another respondent was quoted as having said, *“We enter street trading because of the high rate of unemployment”.* This shows that the unemployment rate is high in Bloemfontein. Literature indicates this, and various authors in general and Rodrik (2008) in particular argue that unemployment is one essential variable that drives informal trading participation and remains one of the country’s most pressing issues.

In addition, one respondent was quoted and said, *“We partake in the street trading in order to fight poverty and to earn an income”.* This shows that the major reasons why people enter street trading are poverty, as mentioned in literature by Skinner (2008), who further recognise poverty as a motivating force behind street trading because it provides a means of subsistence. Furthermore, he contends that the high cost of living and level of poverty force people to seek out other means of surviving, which is passive income.

The results above illustrate that informal street trading fills a big vacancy gap created by a lack of jobs because many people engage in this sector as their last resort to make a living. It also demonstrates the importance of this industry, not just to the city of Bloemfontein’s economy but also to the country’s overall economy. Poverty has also

been quoted as a key motivation for entering this industry because people have to provide for their families. If no family member is working somehow, informal trading becomes their last alternative to feed their loved one.

However, it is worth noting that only 9% of the respondents entered this industry of their own free will to become self-employed and manage their own businesses. So, it is evident that most street traders lack entrepreneurial drive even though they are “entrepreneurs”, However the fact that they are counted as business people means they must be provided with the essential support to build and sustain their enterprises.

5.7.6 NUMBER OF YEARS IN THE INFORMAL STREET TRADING

Table 5.4: Number of years on informal trading

Years	Percentage
< 10	25%
10 – 20	40%
21 – 29	15%
30 – 40	10%
41 – 55	10%

According to the responses from the semi-structured interview, 5(25%) of respondents have been trading for less than ten years, eight (40%) have been trading for 10 to 20 years, three (15%) for 21 to 29 years, two (10%) for 30 to 40 and two (10%) for 45 to 55 years. The majority of the respondents have been trading for over 10 years. This illustrates people enter this sector and stay in their chosen business regardless of the challenges and all the experience they have while trading

5.7.7 WHAT ARE YOUR BUSINESS GOALS?

Table 5.5: Business Goals

Business goals	Percentage
Second source of income	10%
Create jobs	40%
No business goals	50%

According to the interviews, 50% of informal street traders do not have business goals. The only reason for involvement in informal trading is that it was the only available job they could find when they migrated to Bloemfontein, 40% have the desire to grow and create jobs, 10% see informal street trading as a quick way of making a living and making money for the daily needs.

The percentage above illustrates that most individuals migrate from rural to urban areas to seek better opportunities. Bloemfontein’s status as the capital city of Free State Province boosts the likelihood of local and foreign migrants coming to the city searching for work (Skinner and Watson, 2018). However, many of these migrants have a low level of education which makes it difficult to secure jobs in the formal sector. As a result, they have no option but to look for jobs in the sector. This sector is usually characterized by low entrance requirements in terms of capital and skills. Thus, any individual or entity can readily enter and start conducting business, and if challenges arise, exiting is easy. On the other hand, others see informal street trading as an opportunity to grow their business (Skinner and Watson, 2018).

5.7.8 WHAT DO YOU NEED TO ACHIEVE AS AN INFORMAL TRADER

Table 5.6: Improvements needed by informal traders

Improvements
1. Trading sites with structures
2. High volume sales and earnings
3. Financial support

The respondents indicated that they need at least three improvements for their informal trading. One participant was quoted as having said, “*We need Improved trading sites and structures for displaying our working condition are just not good*”. The participant’s response depicts the infrastructure available to street vendors and what they require to succeed in their businesses. This statement is supported by Mittullah (2003), who argues that many traders locate themselves at strategic points where there is a high volume of human flow which result increase of making sales and profit. Different structures such as tables, wheel burrows, handcarts and even bicycle seats are used to display what they offer. Most street vendors work in areas with inadequate

infrastructure and services such as water, sanitation and storage facilities. Furthermore, there are few sites where garbage is collected to maintain a clean environment (Dewar, 2005).

In addition, another respondent indicated, " *We need high volume of sales and earnings*" Majority of the informal street vendors do not have high-volume sales and earnings. The profit margins made by street vendors are determined by several factors like the size of the business, its location, tax burden and the commodities traded (Mittullah, 2003).

Furthermore, another respondent *mentioned that "I need financial support in order for me to achieve as trader"*. This shows how informal street traders struggle to cope financially. This is supported by Mittullah (2003), who highlights that financial services are essential for the development and security of the business. Moreover, access to finance is crucial for starting a business, diversifying and helping with the cash flow issues and even investing in business assets. Many informal street traders are powerless and unable to borrow money from banks because they have nothing to put up as collateral for loans (Dewar, 2005). Access to finance is one of the most serious issues that informal street traders are confronted with. The financial services available to informal street traders are limited, and their primary source of funding includes cooperatives, Rotating Savings Credit Association (ROSCAS) and most notably, assistance from their families. This form of financing is insufficient for growing a business (Dewar, 2005).

5.7.9 KNOWLEDGE OF TRADING REGULATIONS THAT GOVERN INFORMAL STREET TRADING

The participants were asked questions such as "Do you know of any trading by-laws/ regulations that govern informal trading in the city of Bloemfontein?" Only 50 % of participants responded in the affirmative.

Participant X: "Yes, I do know about by-laws." This respondent admits that she knows by-laws, revealing that failure to follow them might be caused by her disregarding the by-laws and not taking them seriously.

Participant Y: *“Yes, I know about the by-laws. The Margaung Metropolitan Municipality does not want us to trade on unauthorized pavements and parks.”* This response demonstrates that she disagrees with them regardless of knowing the rules.

Participant said Z: *“No, I do not know by-laws; they alter with each new administration, and the Margaung Metropolitan does consult us when do these changes.”* This participant demonstrates a lack of public participation and consultation by the municipality when drafting by-laws.

According to the responses, barely 50 % of the informal traders are aware of the current by-laws that govern them and 50%. This, therefore, means that there is some inadequacy in the way by-laws are endorsed and regulated within Margaung Metropolitan Municipality. This shows that while the municipality may have certain steps to ensure the sector is administered properly, nothing is done to ensure that all stakeholders are kept informed and that all stakeholders follow the set rules and regulations.

5.7.10 HOW THE REGULATIONS AFFECT BUSINESS OPERATIONS

The number of informal street traders’ participants who stated that they are not affected by the by-laws is 14%, while 86% of informal traders stated that they are affected. Those who have been impacted gave explanations as to why they are affected. Below are a few of them:

Participant A: *“Margaung Metropolitan Municipality’s failure to grant trading permits is a problem for us. We can’t function freely, since they could detain our goods”,* consequently illustrating the negative effects of by-laws.

Participant B: *“We are oppressed by (Municipal Law -enforcement officials) who do not want to see our business flourish”,* demonstrating their viewpoint that their business is not flourishing as a result of the way municipal law enforcement officials enforce by-laws.

Respondent C: *“The municipal officials take our stock and sell it”,* demonstrating that the enforcement of by-laws should be reconsidered in order to avoid brutal and illegal behaviour of the municipal law enforcement official.

These statements demonstrate that more could be done if more discussions were held during the writing of these by-laws and when applying them to ensure that those individuals who would be affected by them are involved in the planning process. Furthermore, the preceding comments demonstrate that the traders do not favour the current by-laws.

5.7.11 LEVEL OF SATISFACTION ON ENFORCEMENT OF INFORMAL STREET TRADING BY-LAWS IN BLOEMFONTEIN

According to the interviews, 80% of the city's informal traders have expressed dissatisfaction with enforcing the city's by-laws. They claim that the Mangaung Metropolitan is unkind to them. This is demonstrated by the following statements below:

Participants D: *“Mangaung Metropolitan Municipality’s execution of by-laws is unjust and brutal. Some people have permit, and some don’t. “Several traders find the by-laws to be a bit unjust, particularly in the way they are enforced within the city, according to Participants D. The problem of a permit should be considered to ensure all informal traders receive one.*

Participant E: *“Some of them are hostile to traders, for instance, they frequently demand that we produce selling permits whereas they fail to provide us with them.”* Participant E illustrated that informal traders do not have an issue obtaining permits. However, most of them have applied for a permit and have been waiting for a response without success from Mangaung Metropolitan Municipality. To some extent, this implies that the traders do not have an issue with complying with the by-laws but rather with how these by-laws are implemented.

Respondent F: *“Only foreigners are handled with dignity and respect. We as the residents do not receive that treatment and will suffer till we flee. We are been accused of been lazy. They treat us as if we were animals, vandalising our goods.”* The preceding comments demonstrate that South Africans have an issue with outsiders.

The data above indicates that a number of traders are dissatisfied with the way things are going within this sector. There is no formal discussion with informal traders before by-laws are enacted. Only 20% of traders are happy with how the city's by-laws are

enforced. They agree with the by-laws, which specify that they must not hinder pedestrian crossings, parking or loading bays or even constitute a health hazard

5.7.12 WHAT CHALLENGES DO YOU FACE IN INFORMAL STREET TRADING

In this section of the discussion, the participants were asked to reflect on the problems they had faced as informal street traders. The following themes emerged from the discussion

- Lack of infrastructure
- Safety and Security
- Storage space is limited
- Working circumstances that are intolerable
- Current Covid 19

In terms of the obstacles faced by informal street trading participants, a number of themes have been found to illustrate the nature of obstacles. The absence of infrastructure was unanimously regarded as the most crucial concern by participants

Participant A *“Trading space and lack of infrastructure”*. Participant A proceeds further with his statement by saying, *“The space we use is generally unallocated by local government; we occupy it because we often find ourselves desperate to make a living and feed to our families. We work in areas where there are no municipal amenities such as water, electricity, sanitation and storage. Moreover, our products are subjected to adverse environmental condition resulting in loss of revenue and income”*. This statement illustrates trading space and lack of infrastructure pose a serious challenge for these street vendors.

Participant B: *“Safety and security, there is a lot criminality around CBD, we suffer thieves who steal our goods. Moreover, we are scared for our safety as there are people who sell drugs and we even more scared to report this activity to the Police “* The Participant B express anxiety around the issue of their safety which he says makes it hard for them to make a living if they feel that their lives in danger. This is supported in the literature. According to Skinner and Watson (2018), a safe working environment is a requirement for any type of business. Security is a key concern for many individuals involved in economic operations in the street. Municipal officials have been the main cause of insecurity for these traders as they have to constantly run

away from them out of fear that their merchandise will be taken away because they do not have permits. They often go and stand in unsafe spots to sell their merchandise. This jeopardises the security of traders and that of their consumers.

Participant C: *“Covid 19 has presently become our greatest challenge, especially during the lockdown. Many of us have lost our income and had to give away our stock as most of the goods we sell are highly perishable. Many of us were not allowed to trade without permit and getting a permit from Municipality was difficult. This was a very difficult time for our families as we did not have food and income. Many of us had to start over and our business has not recovered, and business is not really doing well as most our clients are working from home”* Participant 20’s statements show that many traders and their households became vulnerable to poverty and food insecurity because of Covid restrictions. The literature supports this. According to the Ministry of Health (2020), the first case of Covid 19 was reported on 5 March 2020 by the Health Minister Dr Zweli Mkhize. In line with measures taken by other states to limit the spread of the coronavirus, the South African government implemented the lockdown. The term lockdown was used to describe measures that limited the free movement of citizens to prevent the spread of the virus. At the beginning of the Covid 19, there was a heavy restriction of movement known as the total lockdown. This was a restricted stage where only essential workers such as nurses, police, and those in the food value chain were allowed to leave their homes for work while the rest of the population was urged to remain indoors (Ministry of Health, 2020)

According to the interviews, 68 percent) of the participants are faced with a challenge trading space and lack infrastructure, 23 percent of participants say covid 19 lockdown and restriction pose serious challenge their business, only 9% participants highlighted safety and security is a challenge affecting vendors in the Bloemfontein.

The percentage above shows that the most significant difficulties facing informal street traders, mainly in Bloemfontein CBD, include trading space and lack of infrastructure. Most of the space used by traders is considered illegal because it is not set aside for trade. If they have been assigned a location to work, the location is considered temporary. Major struggles arise when traders are forced to relocate to make space for the planned development. Skinner and Watson (2018) state that apart from. In trading space, street traders lack municipal services such as water, storage facilities

and sanitation. The Covid 19 pandemic has adversely impacted informal street traders, leaving them vulnerable to poverty and food insecurity. Most importantly, one of the challenges faced by street vendors is safety which makes it hard to make a living when they are constantly targeted by municipal law enforcement, the thieves who not only steal from them but also rob their clients

5.7.13 TYPE OF SUPPORT RECEIVED FROM MANGAUNG METROPOLITAN MUNICIPALITY

Respondents were asked what types of support they were getting from Mangaung Metropolitan Municipality. 85% percent of them said that the Municipality does not support them. Only 15 % agreed that they are getting support from Mangaung Municipality:

Participant A said, *“We have never received any help from the Mangaung Metropolitan Municipality, we can’t even get simple things like information to improve our business.”*

Participant B said, *“We have never received any help from Mangaung the only time we see their officials is when they come remove and take our goods”* The response of participant shows a strained relationship between the Metropolitan and the street traders due to lack of support to the street traders

Participants C: *“They give us some stall which we pay for.”* Participant C acknowledged that Mangaung Metropolitan Municipality supports informal traders by offering them stalls or trading space.

The percentage above demonstrate informal street traders are not receiving support from Mangaung Metropolitan Municipality. Informal street traders play a significant role in job creation, not just for themselves but also porters, transport providers, storage providers. Moreover, many contribute to the city’s payments for licenses and permits, penalties and taxes. Despite this contribution, street traders are frequently neglected as economic agents and, unlike other businesses, are often shunned rather than aided by local government.

5.7.14 IS THE SUPPORT SUFFICIENT IN RELATION TO INDIVIDUAL AND COLLECTIVE NEEDS?

The participants were asked if the support they were getting from Mangaung Metropolitan Municipality was sufficient in relation to individual and collective. 100% percent of participants said the support provided by the municipality is not sufficient to them as individuals or as a collective.

5.7.15 IF NOT, WHAT TYPE OF SUPPORT DO YOU NEED FROM MANGAUNG METROPOLITAN TO IMPROVE INFORMAL STREET TRADING?

Participant D: *“We also need them to build stall lockable with shades for us so that we are able to sell even when it is raining, and our stock will be protected from the sun and from thieves.”*

Participants E: *“We need toilets near us because you cannot go to a restroom far away while your stock is left unattended.”*

Participant F: *“We need financial support in order to expand our business.”*

The support requirements of the informal traders vary. However, to a certain extent, 50% of traders require the municipality to offer them trading shelter and storage to organise their stuff, 40% require the municipality to assist the finances, and 10% require the municipality to provide them with restrooms.

5.8 FINDINGS FROM MUNICIPAL OFFICIALS

The researcher approached a total of five (05) participants to participate in this study. Among the participants were officials from different levels within Local Economic Development and Tourism. Three (03) were from the permits, one (01) from trade and the last one (01) was Economic Development and Planning

5.8.1 THE ROLE OF INFORMAL TRADING IN MANGAUNG METROPOLITAN

The discernment of the Mangaung Metropolitan officials is that the informal trading sector is crucial not just to the city of Bloemfontein but also to the economy of the Mangaung Metropolitan and the country as a whole. Bloemfontein has the highest unemployment rate in Mangaung Metropolitan Municipality; therefore, the informal trading sector plays a vital role in job creation and poverty alleviation. The following

are statements made by Mangaung Metropolitan Municipal officials regarding the role of informal traders:

Participant 01: *“Informal trading contributes to a reduction of unemployment within the Mangaung Metropolitan Municipality. It acts as a stepping stone to formal business and increases the number of people working in the formal business. It is one of the significant mechanisms in addressing poverty”.*

Participant 02: *“Informal trading plays a fundamental role in poverty alleviation within the Mangaung Metropolitan Municipality.”*

Participants 01 and 02 demonstrate that the informal street trading sector plays a significant role within the city. The informal trading sector contributes to job creation, poverty alleviation and the overall growth of the economy in the city.

The statements above illustrate that the city of Bloemfontein is faced with the triple challenge of poverty, unemployment and inequality, which is cited by authors such (Skinner and Watson, 2018; Chen, 2018 and Cichello and Rogan, 2017) as the driving factors to the informal economy for many countries in the global south. Additionally, the incapacity of the formal sector to generate adequate jobs is a fundamental barrier, and it will remain so until such time the informal trading sector is taken seriously and recognised as a source of employment.

5.8.2 THE ROLE THE MUNICIPALITY PLAYS IN THE BUSINESS OPERATIONS OF STREET TRADERS IN BLOEMFONTEIN CBD

Participant 03 said, *“The role of the Municipality in Informal Trading is support and development. Supporting in a sense of providing infrastructure for trading in a form of demarcated trading zones and hawking stalls, recognising Informal traders Association as a key stakeholder in decision making. Development in a sense of on-going support in terms of co-ordination of national and provincial small business development initiatives for the benefit of informal trading participants, these would include financial and non-financial support measures, including capacity building, information dissemination etc. However, we do not have capacity and resources perform our duties.”*

Participant 04 said, *“To provide for the right to engage in informal trading; to establish informal trading areas and informal trading sites on municipal property; to provide for the granting of trading permits to trade on municipal property; to restrict and prohibit informal trading in certain areas; to regulate the conduct of informal traders; to regulate informal trading at special events; to provide for measures to ensure health and safety; to create offences and penalties; to distribute information ,capacity building ;to provide for the repeal of laws and savings; and to provide for matters incidental thereto”.*

Participant 03 and 04 statements demonstrate that the Mangaung Metropolitan Municipality officials understand the significant role they have to play to ensure that the informal sector is supported and developed.

The above statement is supported by literature according to (SALGA,2016). Municipalities have an important role in enabling the informal street trading sector. Thus, Mangaung Metropolitan Municipality must create a favourable environment for the informal economy through how it governs, plans, regulates, invests in infrastructure and urban space, supports SMMEs and furthers social inclusion.

5.8.3 STRATEGIES PUT IN PLACE FOR INFORMAL TRADING

The Municipal officials were asked questions such as “What policies/strategies are in place for regulating informal trading?” The purpose of these questions was to learn more about how Mangaung Metropolitan Municipality manages the informal traders in Bloemfontein. The participants made the following comments.

Participant 05 said: *“The Municipality has a well-structured document that is called street-trading by-laws. This document consists of numerous policies that are implemented to regulate street trading”.*

Participant 01 said, *“The IDP of the Municipality identifies Pro-poor LED as a key thrust to supporting Informal trading sector. Local Economic Development Strategy also emphasizes the importance of supporting this critical sector of the economy. At provincial level the PGDS and the NDP at national level”.*

Participant 03 said: *“Chapter 7 (152) (1) (c) of the Constitution states that one of the objectives of Local Government is to promote social and economic development. Policies in place are street trading by-laws, and the By-law Enforcement and Local*

Government Municipal Systems Act 32 of 2000, which deals with the aspects of local government.”

The constitution in South Africa divides government into three spheres: national, provincial, and Local government. It also supplies the fundamental legislative structure and a delegation of legislative authority in each government domain. The constitution gives municipalities legislative and executive authorities to administer matters in Part B of the schedules and added matters delegated by the national and provincial government. The municipalities have the authority to enact by-laws and rules about the informal economy (Constitution of Republic of South Africa, 1996)

The statements above (Participants 01, 05 and 03) demonstrate that Mangaung Metropolitan municipalities have aligned themselves with National legislation policies in management and regulation of informal street traders in the city of Bloemfontein.

5.8.4 DO YOU THINK THESE STRATEGIES ARE EFFECTIVE?

Participant 02 said, *“I think the challenge still lies with alignment of these strategies or policies. Better alignment and co-ordination or streamlining of these could in my view, accelerate the achievement of the intended outcome”.*

Participant 03 said, *“The strategies are inconsistent and contradictory. For example, the municipality would allocate trading space and subsequently evict the very same traders.”*

The above statement indicates that Municipal officials are on the front line of regulating and managing the informal street trading sector. However, they have a problem balancing developmental initiatives while also managing their relationship to other economic activities (Skinner and Watson, 2018). Moreover, the municipal response to the informal economy is frequently inconsistent and conflicting, and one department may encourage informal activities while another takes a restrictive attitude. For example, there are divergent views politically and administratively within one city on dealing with the informal economy (Skinner and Watson, 2018).

5.8.5 DO YOU HAVE A DATABASE FOR INFORMAL TRADERS?

Participant 03 said, *“Yes, everybody trading in the City has to apply and the database of all approved traders is kept and maintained.”*

Participant 05 said, *“Yes, the municipality has the database of the informal traders in the vicinity.”*

The above statements illustrate that the municipality records activities in the Informal street traders in Mangaung Metropolitan Municipality. This is crucial because the database for enterprises determines the quality of information, accuracy and relevancy. Information is thus always presented in an updated way to avoid data discrepancies and replication, most important marketing of street traders if business opportunities are presented within the city.

5.8.6 WHAT IS THE PROCESS OF REGISTRATION?

Participant 05 said, *“A permit can be applied for in a specific trading area, e.g. African Craft Market or for permission to trade as a house shop, etc. Containers are only allowed in designated areas. If there is no available space, the applicant’s name will be placed on a waiting list. **Cost:** A trading permit will cost a fee for a three-month period and will be renewed if traders comply with code of conduct and following routine inspections. **Requirements to trade:** Proof of address, ID, Details of type of goods or service, completed application form, receipt of permit fee (Customer Care). The application will be processed, and payment instruction will be forwarded. Once the proof of payment is submitted a permit will be issued which will be renewable within a month or 3 months, depending on the application.”*

Participant 02 said, *“Anyone interested to trade in a specific trading area should apply as space is limited. All applicants will be screened according to the Informal Traders Policy and Street Trading By-law. Various trading areas have a committee which assists in the management of the area.”*

The statement illustrates that the registration process is lengthy and costly, resulting in many informal street traders avoiding registering. In contrast, others prefer to register to avoid harassment and confiscate their goods by municipal officials despite registration processes. This often leads to debates, and mainstream critics argue that street traders compete unfairly against the formal establishment because they do not

pay registration and taxation fee and do not have to pay for things like power bills (Chen, 2018). Following this logic, the municipalities should legalize street trading by relocating street traders away from the street to premises and requiring them to register, pay taxes and rent or own their workshop.

5.8.7 THE CRITERION USED TO ALLOCATE INFORMAL TRADERS WITH LOCATION IN THE CBD

Participants 02 said, *“Allocation in terms of location is based on first come first served basis. When a person applies for a site, and it is available upon application, such an applicant will receive a site.”*

Participant 05 said, *“A circular on vacant site or sites will be issued to Councilors to advise them about sites available”.*

The statement above shows that the Mangaung Metropolitan has a transparent method of allocating trading stalls to street traders, including the councilors. This is good for the Municipality as most of the time. Municipal officials are accused of corruption, taking bribery and favoritism.

5.8.8 THE KIND OF SUPPORT OFFERED TO INFORMAL TRADERS

When informal traders were asked earlier about the type of support they receive from the Municipality, most informal traders stated that they did not receive any support. In order for the researcher to find a balance between informal traders and the Municipality, municipal officials were also asked, “what kind of support do you offer informal traders?”

The officials identified the following areas of support:

- Skills development in the form of workshops, mentoring and training;
- Essential Basic health care, waste and fire management; and
- Provide infrastructure that is essential for the proper functioning of the enterprise.

Some of the officials' remarks:

Participant 01: *“Mangaung Metropolitan Municipality offers basic health, waste management and fire management/fighter training on a quarterly basis. It also assists with financial literacy workshop.”*

Participant 03: *“The municipality offers training to informal traders /workshops in order to capacitate hawkers and, for others, seek, source funding from other government department and agencies on their behalf.”*

According to Participants 01 and 03, Mangaung Metropolitan Municipality does everything they can to assist informal trading within the City of Bloemfontein by offering training.

The purpose of the abovementioned question was to learn more about the relationship between the informal traders and the Municipality. The answers reveal a disconnection between them, indicating a strained relationship.

5.8.9 DO YOU THINK THAT INFORMAL TRADERS ARE CONTRIBUTING TO THE LOCAL ECONOMIC DEVELOPMENT IN BLOEMFONTEIN?

Participant 03 said, *“Yes, Informal economy is quite a critical sector of the economy in the City. Sizeable part of the population of Mangaung is employed in the Informal sector. The importance of Informal sector in sustaining livelihoods cannot be over-emphasized and the subsequent contribution the sector is making in the City’s GGP”.*

Participant 01 said, *“NO, The turnover levels and profit margins are not sufficient for most informal businesses in the vicinity to provide for family and sustained their livelihood.”*

Table 5.7: Responses Yes and No

Response	Count	Percentage
Yes	4	80%
No	1	20%
Total	05	100%

The statement above demonstrates that most officials agree that informal trading contributes to the economic development in Bloemfontein, while one participant did not agree. Most of the reasons given were informal street trading curbing unemployment and giving sustenance to the majority of poor households in Bloemfontein and surrounding areas in Mangaung Metropolitan Municipality.

5.9 CONCLUSION

In conclusion, this chapter presented the case study of street vendors in Bloemfontein CBD within Free State province. Fieldwork was conducted using the research methodology explained in Chapter 4. Lastly, presentation of research findings. The general findings are based on the participants' answers. The researcher's observation is that the informal traders are concerned about the lack of support from Mangaung Metropolitan Municipality and the enforcement of by-laws. The informal street traders find it difficult to accept the municipality's support due to their attitudes and treatment. Some informal traders have claimed that they are left out when Mangaung Metropolitan Municipality drafts by-laws and frequently change the by-laws without proper engagement and consultation.

The widespread consensus from traders and municipal officials is that this sector is booming and has a bright future if properly supported. Therefore, more focus is required on promoting the benefits of this sector in a positive light to ensure the future viability and desirability of the sector. The next chapter focuses on the conclusion and provides recommendations

CHAPTER 6: CONCLUSION AND RECOMMENDATION

6.1 INTRODUCTION

The previous chapter looked at a case study of street vendors in Bloemfontein CBD. This chapter provides major recommendations for how street vendors within the informal economy can strengthen Local Economic development in Bloemfontein. This chapter aims to provide recommendations and conclusions on the research objectives raised in Chapter 1.

6.2 CHAPTER SUMMARY

Chapter 1 gives background information and an overview of the study, including the research objectives, aim and definition of the research problem. In order to address the research problem, a research question was raised. The study objectives were designed to help address the research question. The study's main objective is to examine the informal economy in the Central Business District (CBD) and its contribution towards Local Economic Development (LED) in Bloemfontein. The research objectives were articulated as the research question to solve the research problem. The purpose of Chapter 1 was to contextualise the study and elucidate its relevance and significance.

Chapter 2 of the study covers a literature review on Local Economic Development Literature. The chapter provides a detailed analysis of Local Economic Development (LED) domestically and internationally, including its formulation, planning, approaches, implementation and constraints.

Chapter 3 focused on the literature review looks at the historical background of the informal economy and the approaches that lead to the informal economy as captured by different authors. Furthermore, focused on the drivers of the informal economy and challenges confronted by informal economy participants. Regulations governing this sector were also discussed in this chapter.

Chapter 4 of the study offers details regarding the study methods and research design and the demographic from which the sample was drawn. Data tools and techniques were also described in this chapter. The data collection method was discussed. Two semi-structured interviews were used as a means of collecting data from informal street traders and municipal officials

Chapter 5 presented the case study on street vendors in Bloemfontein CBD within Free State province. The chapter also contained fieldwork conducted using the research methodology explained in Chapter 4. Lastly, presentation of research findings.

Chapter 6 of the study entails a conclusion and recommendations concerning the research findings is the focus of this study.

6.3 GOAL AND OBJECTIVE OF THE STUDY

AIM

The study's main aim is to examine the informal economy in the Central Business District (CBD) and its contribution towards Local Economic Development (LED) in Bloemfontein. The research objectives guiding the study were

- To investigate the role of the informal economy for Local Economic Development (LED) in Bloemfontein
- To interrogate the informal economy of South Africa;
- To analyse the importance of informal trading towards economic development in Bloemfontein
- To examine the type of support and offer recommendations for a thriving informal economy in Bloemfontein CBD
-

OBJECTIVE 1

- To investigate the role of the informal economy for Local Economic Development (LED) in Bloemfontein

This objective was answered by the evidence presented in the literature review in chapter 2 and 3 (subsection 2.3 and 3.10, respectively) and the empirical study in chapter 5 (subsection 5.8.1), which demonstrate that the informal sector plays an important role in the livelihoods of many people in emerging economies such as South Africa including the city of Bloemfontein, it is one of the major driving forces in economic growth in the country. It serves various functions and provides income to the less educated and unskilled people. The business within this industry is flexible and can adjust swiftly to fluctuating market demand and supply situations. It can create jobs, assist in diversifying economic activity, make a vital contribution to export and trade, offer raw materials to local producers, and help in poverty reduction. The informal economy plays a role in local economic development in Bloemfontein through the following elements:

- Job creation: Informal is considered the driving force behind job creation courses since it characteristically includes many small and medium enterprises. Informal occupations are a vital source of income for many unskilled Bloemfontein, This is supported by the research findings in Chapter 5, shows 65% of the respondents are found to have no matric which makes it difficult to secure jobs in the formal sector. Moreover the sector accounts for 18 % of the informal workforce, which is an estimated three million workers (Stats SA, 2018). Because it is so labour-intensive, the informal sector has a high labour absorption rate, which makes it capable of creating a large number of jobs.
- Poverty: Poverty is an economic condition in which one does not have enough money to meet fundamental needs. Thus, the informal sector is the answer for reducing poverty.
- Gross Domestic Product: This sector is vital in many countries' economies. In South Africa, for example, the informal sector accounts for 8 % of the GDP. While many think that 8% is insufficient, nevertheless, in reality, the contribution of the sector could be larger than previously thought for the following reasons; one most of the informal businesses avoid registering to avoid paying taxes, yet if they were all registered and their output recorded, then their contribution to the GDP would appear higher than is estimated. Secondly, if this sector is

encouraged and given all necessary support, its contribution will be greater than this figure.

OBJECTIVE 2

- To interrogate the informal economy of South Africa

This objective was reached through consulting literature in Chapter 3 and the empirical study in Chapter 5 (subsection 5.8.1). The history of this country heavily influences the informal economy in South Africa. During apartheid (1948-1994), the National Party enacted segregation laws throughout the country to reinstate white dominance. Along with relocating non-white South Africans out of the white city zones, the national party administration also tried to divide wealth and power among non-whites and whites by providing non-whites with poorer education, limiting their entree to high-paying occupations. The apartheid increased inter-racial gaps by giving whites more chances and suppressing non-whites entirely based on race. As a result, the wealth disparity between whites and non-whites has widened. The apartheid lasted a decade. However, the government became tolerant at times (specifically in the 1970s), allowing certain highly educated non-whites South African to advance in their careers, and lower-skilled professions such as mining began to disappear over time, leaving many non-whites unemployed this statement is supported in the findings in Chapter 5 (subsection 5.3 reasons for partaking in informal economy pg. 68) .

Post-apartheid, many unemployed people migrated to urban areas and big cities like Johannesburg, Durban, Bloemfontein, Port Elizabeth, and Cape Town to look for job opportunities. However, many were unskilled and unable to get jobs in the formal sector, and many had no option but to seek jobs in the informal sector. This statement is supported in the finding in Chapter3 sub section3.10.5 and findings in chapter 5 .

In South Africa, informal economy denotes all work done by individuals and businesses, which by law or practice are not covered through formal arrangements. Examples include flea markets street vendors, mostly in rural and urban centres.

Since 1994, there have been several informal sector policy pronouncements and efforts. According to the constitution of South Africa, municipalities have the right to

enact laws and rules regarding the informal economy sector (Constitution of Republic of South Africa, 1996). Furthermore, municipalities must play a critical role in enabling the informal economy sector. However, municipal authorities' ambivalence towards the informal sector and street trading sector, in general, has been noted numerous times in literature and response to study participants in chapter 5 (subsection) (Rogan and skinner, 2018). The sector does not receive adequate support from the municipalities regardless of its job creation and poverty reduction input. Moreover, the municipal approach to the informal economy is often unreliable and contradictory, and one department encourages informal operations while another takes a restraining attitude.

OBJECTIVE 3

- To analyse the importance of informal economy towards economic development in Bloemfotein

The objective was achieved through consulting literature in chapter 3 and the empirical finding in Chapter 5(subsection 5.8.1). The informal sector has been lauded for its contribution to entrepreneurship growth. It is recognized as a key component of any country's economic success. Local entrepreneurship is fostered by encouraging grassroots inventions, creativity, investment and markets development. In most informal sector operations, an entrepreneur plays a part in finding and reallocating resources. Consequently, the informal sector is a seedbed for local enterprises (Skinner, 2016).

According to the study findings, the sector is critical for job creation and revenue generation. The sector provides more direct and indirect jobs to women than men in Bloemfontein, supported by the empirical study subsection.

Unlike formal enterprises, the industry plays an important role in local resource mobilisation, relying on imported inputs (Chen, 2018). The informal economy sector in Bloemfontein utilises local labour and resources for their day-to-day operations. They thrive by sourcing many of their inputs used in the manufacturing process locally. The industry supplies basic requirements of low incomes. It gives them easy access to affordable products. Many of the products are conveniently situated and reasonably priced, allowing purchasers to save money. This means that the industry helps reduce

economic inequality by ensuring that the majority of the population has access to essential goods and services (Skinner, 2016).

Informal sector enterprises aid industrialisation by increasing wealth, investment and invention, knowledge transfer, and market access in diverse settings. They encourage entrepreneurship while also facilitating manufacturing on a local level

OBJECTIVE 4

- To examine the type of support and offer recommendations for informal economy in Bloemfontein CBD

The Constitution of South Africa Act. No 108 of 1996 which recognises the importance of local government and municipalities in promoting the economic development of local communities. The municipality also have role in managing the informal sector economy ,however the municipality is currently faced with structural in this area. In chapter 4 Sub section When informal traders were asked earlier about the type of support they receive from the Municipality, most informal traders stated that they did not receive any support. In order for the researcher to find a balance between informal traders and the Municipality, municipal officials were also asked, “what kind of support do you offer informal traders?”

The officials identified the following areas of support:

- Skills development in the form of workshops, mentoring and training;
- Essential Basic health care, waste and fire management; and
- Provide infrastructure that is essential for the proper functioning of the enterprise.

The purpose of the abovementioned question was to learn more about the relationship between the informal traders and the Municipality. The answer divergence and reveal a disconnection between them, indicating a strained relationship.

-

6.4 RECOMMENDATIONS FOR GOVERNMENT

The following recommendations can be made to influence policy that affects informal street trading:

- The Mangaung Metropolitan Municipality(MMM) should lead the informal economy sector to formalise and execute its LED policies towards the informal economy in collaboration and partnership with other role players in the region. It is essential to prioritise LED policies informal economy and to have capacity at Mangaung Metropolitan Municipality LED and Tourism Department (Administration and officials) and the LED and Tourism portfolio (councillors) to properly accomplish this. The MMM has must join and play a constructive role in forums like Mangaung Business Chambers, for instance, to show the strategic partners in the private sector the urgency and commitment of MMM to this sector.
- The collaboration with other role players must follow a logical, systematic approach to planning and executing the informal sector for local economic development in Mangaung Metropolitan Municipality. A common vision for MMM must be created. Development goals such as job creation, poverty reduction and economic development must be initiated. Subsequently, a few LED approaches such as SMME promotion must be devised to achieve the developmental goals.
- MMM officials and councillors must be capacitated. The skill and competence of MMM officials and councillors will influence the sector's performance at large.
- The government and municipalities should make it easier for informal economy entrepreneurs to register their businesses. People should be educated and informed about the registration procedures, and incentives should be created to encourage individuals to register their unregistered businesses.
- The Bloemfontein city should work with banks to build a credit system that allows informal street traders to take small loans to help grow their businesses, and they can repay the credits over time at low interest rates.

- Resource and information centres should be established so informal economy traders can quickly access resources and become more cognizant of the offered resources.
- The Bloemfontein city should create commercial spaces where small businesses can operate and rent at lower prices.
- Sector departments, MMM, private organizations, and NGOs should collaborate to provide skills development and training in business management, entrepreneurial abilities, and other talents to aid the income of women-headed households.

6.5 RECOMMENDATIONS FOR INFORMAL STREET TRADERS

- It is recommended that individuals or enterprises engaged in informal street trading take initiatives to get necessary information relating to the formalization of their enterprises. They must educate themselves on government instituted frameworks that help enterprises in the informal sector transition to the formal segment.
- The business owners in the informal street trading sector are encouraged to advance their skills and educational level. The Sector Education and Training Authority (SETA) can address the challenge of skills and education in the informal sector can be addressed by the Sector Education and Training Authority (SETA). The government founded the SETA in 2005 to offer education and training in 23 economic sectors, including the informal sector.
- Employers and labour unions should, when possible, offer membership and services to workers and economic units in the informal sector.

6.6 RECOMMENDATIONS FOR FUTURE RESEARCH

It is recommended that quantitative research be carried out with a larger sample scope. Larger sample size is more representative of the entire population. There is also a need for further research to be conducted in other parts of the city of Bloemfontein with different population samples (cross-sectional study) because this data was solely obtained in the Bloemfontein CBD. The study used qualitative

methods where 25 participants (20 informal street traders and 5 Municipal officials) were interviewed. Perhaps longitudinal studies on the subject could be undertaken over a longer period of time to see if the results and the patterns will differ from those found in this study or if they remain the same. This future study could aid in identifying trends and patterns, resulting in more precise outcomes.

6.7 CONCLUSION

The informal sector has provided work opportunities for many over the years. The crucial role that the informal sector plays in the global economy has prompted many states to acknowledge the sector and devise better ways to control the sector. Based on the results of this study, various reasons why individuals get to participate in street trading activities were given as follows unemployment, flexibility to trade, migration from rural areas to urban areas, low levels of education and poverty.

The study also revealed that informal street trading characteristics include a wide range of activities. The study found out that most street traders in Bloemfontein CBD are women compared to the percentage of men. Furthermore, most street trading activities occur in the busiest zones, such as the inner city and CBD. While the informal sector continues to rise, the street traders are confronted by many obstructions, including a shortage of business space, lack of infrastructure, funding, and bad working conditions.

Street trading activities contribute to the economy, produce work opportunities and help people get out of poverty. Therefore, the need for financial literacy, training programmes, enhanced business registration process, and supply of basic infrastructure are urgently needed.

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ANNEXURE 1: SEMI- STRUCTURED INTERVIEW QUESTIONNAIRE FOR STREET VENDORS

SEMI-STRUCTURED INTERVIEW

TITLE OF THE STUDY: INFORMAL ECONOMY AND LOCAL ECONOMIC DEVELOPMENT: CASE STUDY OF STREET VENDORS IN BLOEMFONTEIN IN THE FREE STATE PROVINCE

Morero wa hlahlobeloa ke ho thusa mofubutsi Ms Tsholofelo Shounyane ho arabela patlisiso ho dithutong tsa hae tsa Master of Development Studies. Ka kopo ke o netefaletsa bankakarolo fubutsona ena batla e sa tsejoeng le hore tlhahisoleseling e tla tsoaroa jwale ka lekunutu. Hlahlobeloa ena e tla hatiswa e be e tla sebidiswa fela bakeng sa morero wa dithuto hale lintlha tse amanang le uena boitsebiso bo tla ba lekunutu mme bo tla sebelisoa feela ka ho ithutha ka sepheo. Puisano e tla nka metsotso e 30 feela

Information and contact details of the Researcher

Name: Tsholofelo Confidence Shounyane

Contact no: 0763732932

E-Mail: Tsholofelo.shounyane@drdlr.gov.za

KAROLO A :

1. DEMOGRAPHIC INFORMATION

ka kopo beya lets'oao X mo ho nepahetseng or fana ka Karabo seabakeng se dumeletsweng

1.1 Letsatsi la Puisano

<i>dd</i>	<i>mm</i>	<i>yy</i>

1.2 Bong

M	F
---	---

Lilemo

1.3

18-24	25-35	36-50	51-60	61+
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/Tekanyetso e phahameng ka ho fetisisa ea thuto

1.4

Below Grade 12	
Grade 12	
Degree/Diploma	
Honours	
Masters	

1.5 Palo ea ba itsetlehileng ka lelapa la hau

1- 3 Ya itsetlehileng	
3-5 Ya itsetlehileng	
5-10 Ya itsetlehileng	
10 -Hofeta	

1.6 Lekeno la lelapa ke bokae?

0-R500	
R550-R1000	
R1000-above	
Other	

KAROLO 2 : KAROLO MORUO O SA RERONG

2.1 KE LEBAKA LEFE LE ETSANG HORE O NKE KAROLO MOROU O SA RERONG WA TSELENG?

.....
.....

2.2 KE NAKO E KAE OLE BOHWEBI WA MORUO O SA RERWANG WA TSELENG?

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

2.3 SEPHEO SA HAU SA KHOEBO KE ENG?

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

2.4 U HLOKA ENG HORE OBE MOHWEBI WA MORUO O SA RERWANG WA TSELENG YA ATLAHILENG?

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

2.5 NA U TSEBA MELAWANA E TATAISANG BAHWEBI BA MURUO O SA RERWANG WA TSELENG MO TOROPONG BLOEMFOTEIN?

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

2.6 NA MELAWANA ENA, E NA LE TSHOTSHOMETSO TSAMAIKONG YA KGWEBO, HOLENG JWANG?

.....
.....

.....
.....

2.7 NA O NAHANANG KA HO KENYWA TSHEBETSONG YA MELAWANA HO BAHEBI BA MORUO O SA RERWANG WA TSELENG MO BLOEMFOTEIN?

.....
.....

.....
.....

2.8 KE DIPHEPHETSO TSE FE TSE BAHEWEBI BA MORUO O SA RERWANG WA TSELENG BA SHEBANENG LE TSONA?

.....
.....

.....
.....

2.9 KE DITHUSO TSE FE TSE LE DI FUMANANG HO TSWA MANGAUNG METROPOLITAN

.....
.....

.....
.....

2.10 IS NA DITHUSO DI LEKANE HO BORAGWEBO BONGWENG KAPA KA KAKARETISO?

.....
.....

.....
.....

2.11 HE SENG JWALO KE MOFUTA OFE WA DITHUSO TSE TLA ENTLAFATSANG MAEMO A BAHEWIBI BA MURO O SA RERWANG?

.....
.....

.....
.....

BOKHUTLO

THANK YOU! KA LEBOHA ! BAIE DANKIE !

ANNEXURE 2: SEMI STRUCTURED QUESTIONNAIRE FOR MUNICIPAL OFFICIALS

SEMI-STRUCTURED INTERVIEW

TITLE OF THE STUDY: INFORMAL ECONOMY AND LOCAL ECONOMIC DEVELOPMENT: CASE STUDY OF STREET VENDORS IN BLOEMFONTEIN IN THE FREE STATE PROVINCE

The purpose of this interview will enable the researcher Ms Tsholofelo Shounyane to answer the research questions in her study Master of Development Studies. Please be assured that participants in this study will remain anonymous and that information provided will be treated as confidential. The interview will be audio-recorded and will be used for the purpose of academic research, and all the personal information and identity will be confidential and will be used only for the purpose of this study. The interview will take only 30min.

Information and contact details of the Researcher

Name: Tsholofelo Confidence Shounyane

Contact no: 0763732932

E-Mail: tsholofelo.shounyane@dalrrd.gov.za

MANGAUNG METROPOLITAN OFFICIALS

DEPARTMENT : LOCAL ECONOMIC DEVELOPMENT

RANK :

DATE OF INTERVIEW:

CORE QUESTION:

1. WHAT IS THE ROLE OF INFORMAL TRADING IN MANGAUNG METROPOLITAN/

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.....
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2. EXPLAIN THE ROLE THE MUNICIPALITY PLAYS IN THE BUSINESS OPERATIONS OF STREET TRADERS IN BLOEMFONTEIN CBD.

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3. WHAT STRATEGIES ARE IN PLACE FOR INFORMAL TRADING?

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4. DO YOU THINK THESE STRATEGIES ARE EFFECTIVE?

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5. DO YOU HAVE A DATABASE FOR INFORMAL TRADERS?

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6. EXPLAIN THE PROCESS OF REGISTRATION

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7. DESCRIBE THE CRITERION USED TO ALLOCATE INFORMAL TRADERS WITH LOCATION IN THE CBD

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8. WHAT KIND OF SUPPORT DO YOU OFFER INFORMAL TRADERS?

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9. DO YOU THINK THAT INFORMAL TRADERS ARE STEMMING THE REQUIRED ECONOMIC PROFITS FROM DOING INFORMAL BUSINESS WITHIN THE CITY OF BLOEMFONTEIN?

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THE END

THANK YOU! KA LEBOHA! BAIE DANKIE !

DECLARATION

ALTHOUGH THE ETHIC CLEARANCE LETTER WAS APPROVED ON THE INFORMAL ECONOMY AND LOCAL ECONOMIC DEVELOPMENT :CASE STUDY ON WHICH IS NOW CHANGED TO THE CURRENT TOPIC . INFORMAL ECONOMY IN THE CBD AND ITS CONTRIBUTION TO LOCAL ECONOMIC DEVELOPMENT IN BLOEMFOTEIN THE NEW TOPIC STILL SERVES THE PURPOSE AS THE TOPIC APPROVED ON THE ETHICS CLEARANCE LETTER

ANNEXURE 3: ETHICAL CLEARANCE LETTER



GENERAL/HUMAN RESEARCH ETHICS COMMITTEE (GHREC)

02-Mar-2021

Dear Ms Confidence Shounyane

Application Approved

Research Project Title:

Informal Economy and Local Economic Development: The case of Street Vendors in Bloemfontein in the Free State province.

Ethical Clearance number:

UFS-HSD2020/1789/0103

We are pleased to inform you that your application for ethical clearance has been approved. Your ethical clearance is valid for twelve (12) months from the date of issue. We request that any changes that may take place during the course of your study/research project be submitted to the ethics office to ensure ethical transparency. Furthermore, you are requested to submit the final report of your study/research project to the ethics office. Should you require more time to complete this research, please apply for an extension. Thank you for submitting your proposal for ethical clearance; we wish you the best of luck and success with your research.

Yours sincerely

Dr Adri Du Plessis

Chairperson: General/Human Research Ethics Committee

Adri Du Plessis

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