

AN INVESTIGATION INTO THE FACTORS AFFECTING STREET TRADING IN  
MNQUMA LOCAL MUNICIPALITY

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**AN INVESTIGATION INTO THE FACTORS AFFECTING STREET TRADING IN**

**MNQUMA LOCAL MUNICIPALITY**

**BY**

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## DECLARATION

I, *Mziwoxolo& 209400807*, hereby declare that the *treatise/ dissertation/ thesis* for *Students qualification to be awarded* is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.

P.M. Bota

## **DEDICATION**

This is a special dedication to my beloved sister Mposh Siphokazi Bota and my grandfather Ogeqa Samson Bota who had passed away few years ago. I wish God will bless them with everlasting peace and undying spirit wherever they are.

## **ACKNOWLEDGEMENTS**

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Lastly, I would like to thank my dearest friends (Mr M. and Mrs N. Buso) for the words of encouragement they were always sharing with me during tough times.

## **ABSTRACT**

This study investigates the challenges faced by street traders in Mquma Local Municipality. The purpose is to examine the factors affecting street traders trading at N2 Mthatha Street at Butterworth in Mquma Local Municipality. For this reason, it was necessary to study the literature on local economic development. The challenges facing street traders were also investigated and analysed in order to formulate recommendations for solving challenges facing street trading in Mquma Local Municipality.

In order to fulfil the objective of the study and to address the research problem face-to-face interviews were conducted with the street traders, municipal officials and Hawkers' Association. The literature review and the interviews enabled the recommendation of possible answers to the problem. These recommendations would be valuable and, one hopes, will also be of assistance to the Mquma Local Municipality.

Findings of this study indicate that challenges faced by street traders in Butterworth include lack of financial support to start their businesses. Also, the fact that there is no water taps that can be used by the members of the public in the Central Business District (CBD) in Butterworth as well as street lights at night is one of the challenges. Recommendations were made with regard to support and assistance for street traders, environmental management and also a recommendation on business registration and licensing. The study concludes that if the Mquma local municipality can implement all the proposed recommendations, all the factors raised by street traders as disturbing the functionality of their businesses particularly in Butterworth will be rectified.

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## LIST OF ACRONYMS

BCC	Butterworth Civil Court
CBD	Central Business District
CCP	Cleaning Campaign Programme
CSU	Community Services Unit
CSD	Corporate Services Department
ECSECC	Eastern Cape Socio-Economic Consultative Council
GDP	Gross Domestic Product
IRP	International Republican Institute
ILO	International Labour Office
KEF	Khula Enterprise Finance
KHFET	King Hintsa Further Education and Training
LED	Local Economic Development
OECD	Organisation for Economic Co-operation and Development
MHA	Mnquma Hawkers' Association
MIDP	Mnquma Integrated Development Plan
MLM	Mnquma Local Municipality
SAPS	South African Police Services
SEDA	Small Enterprise Development Agency
SETAs	Sector Education and Training Authorities
STCC	Street Trading Cleaning Committee
WIEGO	Women in Informal Employment and Globalising Organisation
WSU	Walter Sisulu University of Technology

## **CHAPTER 1**

### **GENERAL INTRODUCTION**

#### **1.1 INTRODUCTION**

In regard to this chapter, the researcher presents a general introduction which will focus on the topic entitled '*An investigation into the factors affecting street trading in the Mquma Local Municipality*'. This chapter will also discuss briefly the background and rationale of the study, research methods, research design, population and sampling and data collection instruments and data analysis and presentation.

#### **1.2 BACKGROUND AND RATIONALE OF THE STUDY**

Eastern Cape Socio-economic Consultative Council (1999:20) stipulates that prior to the birth of South Africa's democracy; Butterworth was within the boundaries of the former Transkei homeland. Eastern Cape Socio-economic Consultative Council (Ecsecc) also reveals that Butterworth was the main centre of industrial activity in this homeland. The specified Council (Ecsecc) (1999) further declares that, the establishment of industries in Butterworth peaked at 115 industries in 1989. Butterworth is now regarded as one of the three towns of Mquma Local Municipality. Mquma Local Municipality is Category B municipality consisting of three towns, namely, Nqamakwe, Centane and Butterworth. It is characterised by series of large rural areas as a result it comprises of 31 wards. Craythorne (2006:51) cites section 155 (1) (b) of the Constitution of the Republic of South Africa, 1996 which declares that a Category B municipality shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls.

However, the Mquma Integrated Development Plan 2010-2011 reveals that the Mquma Local Municipality comprises destitute households with high levels of unemployment and a community in dire need of various sources of income. About 40% of the households in the municipal area have no income and approximately 27% survive with incomes less than R9600 per month. This means that approximately 40% of households in the local municipal community need subsidy

arrangements for survival and this may be the reason why residents are unable to pay for services, for example, property rates.

This, therefore, has a huge implication on the municipality's financial status in that they cannot rely on residential cross subsidisation for revenue. Furthermore, the Mngquma Integrated Development Plan also discloses that Mngquma Local Municipality is one of the municipalities with the highest levels of poverty, illiteracy and unemployment (Mngquma Integrated Development Plan, 2010-2011). An estimated 21% of the population is unemployed, only 13% is employed while 66% of the municipal population is considered economically inactive. The specified plan of 2010-2011 also unveils that this area has limited employment opportunities and this has huge implications on the increased need for welfare and indigent support in the municipal area.

This state of affairs is a consequence of the dismantling of the apartheid regime in 1990. Ecsecc (1999:21-22) indicates that approximately 20 companies in Butterworth affiliated to the Border-Kei Chamber of Business closed down, three large industries including South African Breweries with 340 jobs which were lost, Tramatax with 888 jobs lost and Premier Milling with an unspecified number of jobs lost. Ecsecc further elaborates that the decline of an incentive-driven industrialisation in Butterworth marked an end of an era in development planning for the area (Ecsecc, 1999:21-22).

Subsequently, people devised other means of survival, for instance, there was an emergence of street traders. In most cases, some of these businesses are unregistered and they do not have licences and, as a result, do not pay taxes. However, they make a remarkable contribution to the economy of the Mngquma Local Municipality. For example, according to Ecsecc (1999:48) as there are small business operators who are renting space in the factories and engaged in economic activities such as sewing, that is how they do contribute to the economy of this town (Butterworth). Kate (2009:4) defines street trading as an act of selling goods and services on the street-pavements, in the middle of the road or in other public spaces-undertaken by a street trader or street vender in an activity that forms part of the informal economy.

Kate (2009) further states that informal economy is a type of economy that consists of people who operate inside this domain (informal economy) and may be self-employed, or employed by owners of small, unregistered businesses or under contract of large businesses.

According to Schneider (1986:194) informal economy entails all economic activity that contributes to value added tax, but which is presently not registered by National Measurement Agencies (NMA). Smith (1994:17) defines the informal economy as 'market production of goods and services, whether legal or illegal that escapes detection in the official estimates of Gross Domestic Products (GDP).' This study aims to encourage municipal officials to improve their role of facilitating innovative programmes so as to enable all the small emerging businesses specifically street traders to benefit.

This study also aims to improve relationships between municipal officials and street traders of Butterworth to resolve their challenges without the formality of the court proceedings as they constantly do. Implementation of bylaws known by street traders will be another issue in which this research aims to improve in the end. Lastly, this research also aims to encourage the municipal officials to provide strategic business sites so as to enable street traders to operate in a good environment. The research also aims to improve the business infrastructure, for instance, providing clean water, toilets and other business facilities for street traders. The main purpose of this study is to investigate the factors that obstruct street trading in Mnquma Local Municipality with specific reference to Butterworth.

### **1.3 PROBLEM STATEMENT**

Butterworth Central Business District is highly congested with street traders/hawkers in nearly every yard of the town's pavements. Street traders are selling shoes, bags, sunglasses, clothing, perfume, combs, sweets, cigarettes, fruit and vegetables as well as traditional medicines are among the many wares that are displayed for trading.

Various authors give different perspectives on how they view street traders' challenges, for example, Powerman (2010:5) claims that the greatest challenge facing street and informal traders is with regards to site of operation and right to trading space. Most of the spaces traders occupy are considered illegal since the spaces have not been set aside for trade. He further argues that in cases where they are allowed to operate, the spaces are considered temporary and eviction occurs at the will of urban authorities.

Powerman (2010) further elaborates that there are various conflicts relating to their sites of operation. A major conflict often arises when the street traders are required to move in order to give way for planned development. Powerman (2010) continues to assert that most of the spaces the street traders occupy have no tenure, and are not allocated and spaces are sanctioned by urban authorities.

At the same time, traders find themselves at loggerheads with formal shop owners and landlords who contend that the traders infringe on their businesses and/or premises (Powerman, 2010:5). Recently, street traders' business properties have been recovered after having been evicted by Mngquma local Municipality on account of the illegal trading spaces where they (street traders) have operated their businesses on, for example, at the taxi rank/bus rank and in the Central Business District (Butterworth Magistrate Civil Court, 13 January 2011).

Nonetheless, Section 22 of the Constitution of the Republic of South Africa, 1996, asserts that all citizens have rights to choose their trade, occupation or profession freely. This section, however, further states that the practice of trade, occupation or profession may be regulated by the law. Therefore, it is a mandatory obligation of the various municipalities, for instance, Mngquma Local Municipality, to create a positive environment for street trading. For example, it may be in the form of the provision of a trading space, finance, business registration and so forth.

Given the plight of street traders in Butterworth, the main question is: To determine what extent can the Mngquma Local Municipality support the street traders to do business in Butterworth in a manner that will be in harmony with the requirements of the law?



#### **1.4 MOTIVATION FOR THE STUDY**

What has prompted the researcher to embark on a study of this nature is an ongoing conflict and harassment of street traders by local authorities without proper regulations for the management of street trading activities in Butterworth. The observation of the researcher is that there is lack of interaction between street traders and local authorities of Mnquma Local Municipality.

This research will also take into cognisance the issue of the municipal officials and street traders of being unable to address their challenges, for instance, lack of administrative policies on regulating and managing business sites for street trading activity.

The researcher has also developed an interest on how the problem outlined above is going to be resolved in order to create harmony for both rivals, that is, street traders and Mnquma Local Municipal officials.

#### **1.5 HYPOTHESIS OF THE STUDY**

The researcher agrees with other authors on the following: well executed administrative measures will regulate street trading so as to address the factors that obstruct their development (street trading development) in Butterworth under Mnquma local Municipality. The researcher is also of the view that this (policy execution on street trading function) will manage and regulate the functionality of street trading activity in Butterworth.

Furthermore, a harmonious relationship and interaction in terms of working together between street traders and Mnquma Local Municipality will also be attained.

#### **1.6. AIMS AND OBJECTIVES OF THE STUDY**

The main aim of this study is to investigate the factors affecting street trading in Butterworth, Mnquma Local Municipality.

**The objectives of this study include:**

1.6.1 To investigate the challenges faced by street traders in Butterworth.

1.6.2 To examine factors affecting the street traders in Butterworth.

1.6.3 To identify the role of the Mngquma Municipality's Local Economic Development department in street trading function.

## **1.7 RESEARCH METHODOLOGY**

There are two major approaches that are used in scientific research, they are qualitative research and quantitative research approaches. Denzin and Lincoln (2000:8) make a comparison of the two methods. They state that qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied. In contrast, quantitative studies emphasise the measurement and analysis of causal relationships between variables, not processes.

Terre Blanche and Durheim (2006:47) concur that qualitative methods allow for the selected issues to be studied in depth, openness and detail while quantitative methods, in contrast, begin with a series of predetermined categories usually embodied in standardised qualitative measures.

The researcher will employ a qualitative research approach. The researcher will use semi-structured interviews. The researcher felt that qualitative approach is relevant to the study because it intends to evoke interest from the selected subjects/population of the study on the followings: meanings, experiences of the livelihoods and so forth.

The researcher is guided by Creswell (1994:145) when he contends that qualitative researchers are interested in meanings, that is, how people make sense of their lives, experiences, and structures of the world. Also, the researcher will have an opportunity to interact with the participants and work very closely with them in order to get to the roots of their responses. For example, the researcher will get more information by interacting with the street traders.

## **1.8 THE RESEARCH DESIGN**

Rassel and O'Sullivan (1999:24) describe research design as having two meanings, that is, the general meaning and the specific meaning.

The general meaning should clearly describe the methodology of the study and should align with the purpose of the study. The specific meaning describes the time as well as the frequency of data collection. Labovitz and Hagedorn (1981:42) define research design as a set of logical procedures that, if followed, enables one to obtain the evidence to determine the degree to which one is right or wrong. They further add that research design designates the logical manner in which individuals or other units are compared and analysed.

For the purposes of this study a qualitative case study will be used, as Maree (2007:76) proffers that case study research is aimed at gaining greater insight and understanding of the dynamics of a specific situation. According to Bromley (1990:302) 'case study is a 'systematic' inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest.' Yin (1984:23) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used.

The researcher agrees with Yin (1981) that an investigation of contemporary issue within its real life content will reveal the factors that hinder the development of street trading in Butterworth. Furthermore, this will also assist in the booming of local economic development, creation of jobs and go a long way towards the alleviation of poverty. The researcher will use primary sources for example scheduled interviews. Furthermore, secondary sources will be used for instance Journal articles, research books, thesis, newspapers and government publications.

### **1.8.1 Population and Sampling**

Labovitz and Hagedorn (1981:59) declare that representativity is to some extent dependant on the degree of precision to which the population is specified. They

further declare that confidence in the representativity of a sample is increased if the population is well defined. In addition, Rassel and O'Sullivan (1999:133) concur by saying that a target population must be clearly defined.

The researcher will use convenience sampling in this study. Maree (2007:1) contends that convenience sampling refers to situations when population elements are selected based on the fact that they are easily and conveniently available. The reason for making use of convenience sampling is because Maree further postulates that this kind of sampling is usually quick and cheap and it does not result in representative samples. The sample of this study will include street traders trading in N2 Mthatha Street, Butterworth, executive members of the Mquma Hawker's Association as well as Butterworth municipal officials working in the Local Economic Development Department (LED). This sample will consist of thirty (30) participants. These participants will include five (5) Butterworth municipal officials working in the Local Economic Development Department (LED), five (5) executive members of the Mquma Hawker's Association and twenty (20) street traders trading in N2 Mthatha Street. This sample is selected because it will be easily accessible, with low costs and less time will be spent on the field.

### **1.8.2 Data Collection Instruments**

In this research data will be obtained from both secondary and primary sources. McNeill (1990:99) elaborates that secondary data is available from some other sources, and comes in various forms. The secondary sources include newspapers, journal articles, books, internet, legislations and government documents. The primary data will be obtained by conducting an empirical study. McNeill (1990:99) defines primary data as information that is collected by the researcher at first hand, mainly through surveys, interviews or participant observation. In this study interviews will be used to collect primary data.

The face to face interviews will be conducted by making use of open ended questions and semi-structured interviews. The reason for utilising the face to face interviews is because most of the street traders are not well educated. Another reason is that the researcher will be able to probe more information from the

Butterworth municipal officials and the members of the Mquma Hawker's Association. The items of the interview schedule will be in both isiXhosa and English.

Tape recorder will be used to gather more information during the course of the interviews to ensure that valuable information is not omitted. The researcher will request an ethics clearance from Nelson Mandela Metropolitan University institution to get a go-ahead with the topic-understudy, that is, 'An investigation into the factors affecting street trading in Mquma Local Municipality'.

### **1.8.3 Data Analysis and Presentation**

De Vos (1998:334) indicates that 'data analysis starts with data collection'. Saunders, Mark, Lewis, Philip, Thornhill and Adrian (2000:8) proffer that the nature of qualitative data has an implication for both its collection and analysis. It is therefore important that the researcher enters the research study with an open mind and without any preconceived ideas regarding emerging themes, patterns or categories. For the purposes of this study the data will be analysed using themes, patterns and relationships as suggested by Hussey and Hussey (2000:40) that the analysis of qualitative data: reduces data by considering the material in some systematic way to make it more manageable; structures the data in terms of themes, patterns and relationships; and desexualises the data by converting extended texts into more manageable forms such as summaries, charts, diagrams and illustrations. The researcher will analyse the data collected by pursuing the eight stages of development for organising data, as shown below (Turner, 1981:225-247). For example, data collected will be used to develop category labels for classifying the data; examples of each category will be identified in the data of sufficient number to completely define or saturate each category, making it clear how future instances would be classified.

Creation of an abstract definition will be based on the examples of each category by stating the criteria to be used for classifying subsequent instances into each category; definitions that have been created will be used as a guide to both data collection and theoretical reflection; there will also be an attempt to identify additional categories that suggest themselves on the basis of those already identified, for

instance, opposites, more specific ones, more general ones and so forth, the researcher will also look for relationships between categories, develop hypothesis about these links, and follow up on them; there will be an attempt to determine and specify the conditions under which relationships between categories occur, and lastly, the researcher will make connections between categorized data and existing theories where it will be appropriate (Turner, 1981:225-247).

## **1.9 ETHICAL CONSIDERATIONS**

In this study confidentiality, privacy and anonymity will be upheld. An application for ethics clearance will be sought from the Nelson Mandela Metropolitan University Ethics Committee. The researcher will also seek a written permission to conduct this study from Mngquma Local Municipality.

Permission to make use of the tape recorder during the interview will also be sought from the participants. The researcher will first inform the participants about what is going to happen during the course of the research process before starting with the interviews. The researcher will have to ensure the following: participant's information will be protected from being accessed by the public. Questions will remain the same to all the participants, all participants will be treated equally, irrespective of academic qualifications they possess, interview duration time will be stipulated, anyone who wants to withdraw from the interview will be permitted to do so. The whole process of the interview will also be monitored by the Nelson Mandela Metropolitan University to check whether or not there are irregularities. Having explained the rules and regulations to the participants, time for interrogation will be allocated, that is, asking questions, making clarification whenever necessary and so forth will be offered. Then, the researcher will start interviewing participants selected to take part in the study. The information being provided by the participants will not be publicised to any one, as this may result to a victimisation of the participants in this study. The data will only be used for the benefit of this study not for other purposes.

Participants' names will remain unknown until the end of this research. Again, the researcher will destroy all the questionnaires which have been used during the research process. Participants' names and the data they have provided will be

destroyed completely to avoid any negative confrontation that can be directed to the participants by the municipal officials. The tape recorder will also be destroyed so as to protect the information collected during the course of the interviews. The information will be kept secretly so that there could be no harm to those (participants) who have made a remarkable contribution to this study.

## **1.10 CHAPTER OUTLINE**

### **CHAPTER 1**

#### **INTRODUCTION, BACKGROUND AND RATIONALE OF THE STUDY**

This chapter will deal with the following aspects: background, rationale to this study, problem statement, hypothesis, research questions, aims and objectives, review of literature, research methodology, research design, sampling, data collection and data collection instruments, ethical consideration, confidentiality, privacy, anonymity, validity and reliability.

### **CHAPTER 2**

#### **LOCAL ECONOMIC DEVELOPMENT IN THE SOUTH AFRICAN CONTEXT**

This chapter will deal with how to build a sustainable 'Local Economic Development'. Again, it will also outline the purpose of Local Economic Development and the role of street trading towards the development of local economy. It will clearly demonstrate how the involvement and consultation of street traders can promote Local Economic Development in their respective local areas.

### **CHAPTER 3**

#### **FACTORS AFFECTING STREET TRADING IN MNQUMA MUNICIPALITY**

It will be focusing on factors affecting street trading in the Mquma Local Municipality. For example, the formulation of street trading sites, financial assistance, installation of street traders' stalls, conflict management skills, establishment of agricultural projects, training and workshops, security and protection of street traders, environmental management and licensing and registration.

## **CHAPTER 4**

### **RESEARCH METHODOLOGY AND DESIGN**

This chapter will deal with research approach and design samplings. In this particular chapter, the researcher has chosen qualitative research method which is narrative, where the reasoning and the feelings of the participants will be observed. In this chapter data will be collected through the use of face to face interviews.

## **CHAPTER 5**

### **DATA ANALYSIS AND PRESENTATION**

This chapter will focus on data collection and presentation. The specified data analysis instrument (categorising and classifying data) will be used after the researcher has collected data. The collected data will be presented through summaries, charts, diagrams and illustrations.

## **CHAPTER 6**

### **CONCLUSION, FINDINGS AND RECOMMENDATIONS**

All the chapters that will be dealt with as various themes will be summarised. This chapter will be concluded with a set of recommendations for the Mngoma Local Municipality to consider. The next chapter, which is chapter 2, will review the literature on Local Economic Development. It will also discuss definitions of terms like economy, Local Economic Development, building sustainable development as well different sections of the economy.



## **CHAPTER 2**

### **LOCAL ECONOMIC DEVELOPMENT IN THE SOUTH AFRICAN CONTEXT**

#### **2.1 INTRODUCTION**

This chapter will review the literature on Local Economic Development. This will be achieved by dividing the discussion of Local Economic Development into four sections.

The sections will be arranged in this fashion: will focus on definition of terms for example economy and Local Economic Development; purpose of Local Economic Development, building as sustainable Local Economic Development as well as different categories of the economy. However, the first part of this chapter will begin with the definition of terms.

#### **2.2 DEFINITION OF TERMS**

This chapter will discuss number of aspects including: definition of terms for example, economy, Local Economic Development, the purpose of local economic development, building a sustainable local economic development as well as different types of the economies.

##### **2.2.1 Economy**

Longman Dictionary (1978:538) defines economy as the system by which a country's money and goods are produced and used. It further contends that a country considered in this way attains a successful economy. Eloff, Nel and Pretorius (2011:1) describe economy as means of how individuals, businesses and other organisations choose to use scarce resources in an attempt to achieve the maximum satisfaction of their unlimited needs and wants.

Economy refers to an extent to which inputs accomplish outcomes or the achievement of maximum outcomes by selecting optimal mixes of inputs (Visser and Erasmus, 2002:244). Sheldon (1996:5) describes economy as obtaining resources at

the lowest possible cost. Venables and Impey (1991:427) view economy as the 'measure of input'.

### **2.2.2 Local Economic Development**

International Republican Institute (1998:2) defines Local Economic Development as a logically-driven process designed to identify, harness and utilise resources to stimulate the economy and create job opportunities in South Africa.

Kroukamp (2006:23) maintains that LED is about local people working together to achieve sustainable economic growth and development for the benefit of all the people in the local area.

World Bank (2003:5) views LED as a process by which public, business and the non-governmental sector-partners work collectively to create better conditions for economic growth and employment creation. Blakely (1994:16) sees LED as the 'process in which local governments or community-based organisations engage to stimulate or maintain business activity and employment opportunities in sectors that improve the community, using existing human, natural and institutional resources'. It is further described as a process that emphasises the full use of existing human and natural resources to build employment and create wealth within a defined locality (Blakely, 1994:62-63). It is clear that the success of Local Economic Development largely depends on Local businesses, community participation, use of natural resources are important.

### **2.3 THE PURPOSE OF LOCAL ECONOMIC DEVELOPMENT**

The purpose of LED is to build up the economic capacity of a local area to improve its economic future (Haffajee, 2002:24). Trash (2004:1) writes that 'LED is aiming to stimulate the local economy to grow, and create jobs in particular by making better use of locally available resources'. According to International Labour Office (ILO) (2006:2) LED is a development process that local people can take part in. It further elaborates that, 'LED' is a mechanism of utilising the local resources in an appropriate manner that can stimulate economic growth, create jobs and allow local residents to take part in the processes of their development (International Labour Office, 2006:2).

Local Economic Development offers a municipality, the private sector, the not-for-profit sectors and the local community the opportunity to work together, and aims to enhance competitiveness and thus encourage sustainable growth that is inclusive (Malefane, 2009:160). International Republican Institute (IRI) (1998:2) says that the aims of the LED is to address challenges of previous backlogs and other economic challenges being experienced by the largest metropolitan area to the villages, for instance, decaying central business district and rural areas lacking basic infrastructure and neighbourhoods and townships with few economic opportunities. Binza and Ntonzima (2011:657) disclose that LED aims at creating wealth through the organised mobilisation of human, physical, financial capital and natural resources in a locality.

Binza and Ntonzima (2011) also explain that LED's ultimate aim is to produce high standards of living, alleviate poverty, create more and better jobs, advance skills and build capacity for sustained development in the future. They also see LED as offering local government, the private and not-profit-sectors and local communities the opportunity to work together to improve the local economy, and also that LED has to invest in the socio-economic infrastructure, employment, and improvement of the quality of life of the local people.

The main objective of the economic development is also to raise the standard and general well-being of the people in the economy on a sustainable basis. Nigel (1997:1) details that the manner in which this is carried out can have either positive or negative effects on the situation of the poor. Kanye (2008:698-700) contends that, 'the broad aim of the LED is to create employment opportunities in the local government sphere, alleviate poverty and redistribute resources and opportunities to the benefit of all community members'.

Malefane (2009:160) also observes LED as a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. However, LED is also viewed as a shared process in which local citizens from all sectors work together to stimulate local businesses to produce a resilient and sustainable economy.

The LED is indeed a mechanism to create decent jobs and improve the quality of life for everyone, including the poor and the marginalised individuals (UN-Habitat, 2009:1). Moyo (2007:220) uncovers that important as the concept may be, its implementation has met with mixed success and has faced many challenges.

The proponents of LED which have been used in this study agree unanimously in terms of the definition of Local Economic Development, its purposes and who should participate in the whole issue of Local Economic Development.

## **2.4 BUILDING A SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT**

Moyo (2007:220) explains that, Local Economic Development is one of the South African Government's strategies for the creation of robust and sustainable local economies which can help combat the scourge of unemployment and poverty in the country. Rogerson (2011:999) declares that there is an integral component of re-engineering of local government in the LED.

Etienne (1999:33) remarks that authority based strategies are usually led by the local authority and focus on boosting the local economy through investment, marketing and partnerships between key local stakeholders which often occur without true community support, and that authority based strategies are instances whereby an external agency-government or non-governmental body seeks to catalyse LED within a locality, in cases whereby local leadership is weak and there is a perceived need to attempt to unify communities. Glasson (1992:512) says that a community-based strategy is characterised by a more flexible decentralised approach, geared to regional innovation, techniques and services rather than manufacturing, indigenous rather than inward investment, programmes rather than projects, small intermediate rather than large firms.

Stohr (1990:138) maintains that these strategies (authority-based strategy and community-based strategy) have been described as being a priority area of activity in all regions and receives significant support from private business, local government, the church, trade unions, community, neighbourhood groups and financial institutions.

Binza and Ntonzima (2011:657) remark that LED is important for locality partnerships between local government and other spheres of government; business and civil society sectors; community empowerment and local communities. They also pronounce that, taking part in considering, designing, and implementing LED policies and programmes; and using local resources effectively is so imperative, and that LED can be encouraged through tourism, when the attention of the local government is focused on three categories, namely the development of enterprise, locality and community.

LED is a sustainable development in the long term and it takes time to change local conditions to build ability, organise shared processes, and empower stakeholders, especially the marginalised and the poor. Furthermore, the creation of LED strategy is a joint process, and an effort that does not lay down laws (UN-Habitat, 2009:1).

LED is not about quick fixes or creating a wish list. This requires a concerted effort of all community members to embark on a good community planning, where realistic goals for Local Economic Development are made, capacitating where necessary in order to provide jobs (UN-Habitat, 2009:1). Hindson and Vincente-Hindson (2005:21) declare that in South Africa, particularly, in rural communities in areas like Transkei Wild Coast, results from LED initiatives to improve the situation of the current community are hardly visible because of weak LED planning and implementation.

Binza and Ntonzima (2011:658-662) also hold that the practice of LED can be undertaken at different geographical places, and should include not only business development initiatives, but also community development initiatives, combining business and community development could increase employment opportunities, improve the country's rating on human development as measured through the human development index, and narrow the deep gap between the rich and the poor. International Republican Institute (1998:1) refer to the responsibility of the government to stimulate economic growth and job creation which is no longer reserved for national and provincial spheres but point out that even the local authorities must now play an essential role.

## **2.5 DIFFERENT CATEGORIES OF THE ECONOMY**

There are many different categories of the economy and the below-stated authors share different views into which the economy is divided. Schneider (2002:42) contends that, there are three types of the economy. These include: the first economy, second economy and the third economy or underground economy. Lippert and Walker (1997:5) declare that South Africa is categorised into three components of the economy as specified above.

Mbeki (2003:5) observes that, there are two parallel economies existing in South Africa, that is, first and second economies. This study will therefore discuss all the three categories of the economy, that is, first, second and third economy or underground economy.

### **2.5.1 The relationship between the informal and formal economy**

There is a very strong link between informal and formal activities as a result of formal institutions informalising, that is, there are supply relations from the formal to the informal (International Labour Office, 1972:6). For example, Lund and Sirivinivas (2009:9) say that formal sectors are procurers of fruit and vegetables from agri-business who supply to informal traders as 'trading in indigenous resources'.

Weeks (1975:1-4) maintains that 'the distinction between a formal and informal sector is based on the organisational characteristics of exchange relationships and the position of economic activity vis-a-vis the State'. Basically, the formal sector includes government activity itself and those enterprises in the private sector which are officially recognised, fostered, nurtured and regulated by the State and operations in the informal sector are characterised by the absence of such benefits. Rogerson (2000:136) reveals that another key factor in the growth of the informal economy relates not to the demise of the formal economy as such, but to a growing relationship between the formal and informal economies.

Furthermore, there is a trend that has been observed towards the so-called 'informalisation of formal economy'. This refers to situations in which larger businesses seek by-pass regulations concerning employment protection and labour security by establishing or relating their production to informal enterprises in 'terms

which make those who work within them particularly vulnerable to exploitation' (Rogerson, 2000:1).

Schaefer (2001:136) developed a theoretical model which assumed that formal economy output was determined independently of informal economy output (and without a rise in formal output) would result in an excess supply of informal economy goods. As a result, informal economy worker's consumption demand is crowded out. Schaefer (2001:138) also concludes that, even though informal sector employment is better than unemployment, the implications of an informal economy expansion should not be envisaged as a solution to a lagging formal economy.

International Labour Office (1999:87) discloses that, a Southern African Development Community (SADC) Employer's Workshop on Challenges facing Employers' Organisations in the 21<sup>st</sup> Century in July 2001 called on employers' organisations to urgently address the problems of the informal economy, noting that employers in the informal economy often collectively employed more workers than employers in the formal economy. A growing number of employers in South Africa are concerned with supporting the relationship between the formal and informal economies.

The development of production chains means that there is a symbiotic relationship between the two economies. So as to improve, such relationships have to be nurtured. Also, it is in the interest of the formal economy to ensure that individuals in the informal economy have sufficient purchasing power to support the formal economy (International Labour Office, 1999:87). Altman (2008:9) contends that there is an interaction between informal and formal whether in buyer-supplier relationships, or in employment relationships such as, contracting out or casualisation. It is further concluded that the informal sector contributes to the formal sector's risk mitigation and cost reduction strategies. In this view, the informal economy is not seen as a feature of a traditional sector, but instead a central feature of modern capitalist development.

Altman (2008:9) further recognises that there may be inter-linkages, but also displacing qualities. In other words, the informal and formal activities may grow in a

complementary or inverse fashion depending on circumstances. Complementary growth may be found where there are buyer-supplier relationships. In addition, the employment in the informal sector may be conducive to that in the formal, such as when intra-household transfer enables informal investments or where households with formal wage earners increase their purchases from informal enterprises.

Naylor (2005:3) pronounces that, non-formal economies do not operate independently of their formal counterparts, yet the idea of 'co-existence' does not grasp the complex engagement and interplay between the two. The formal and non-formal face each as dependence, each working with and through the other. For example, in the analysis of modern black markets with which there exists a mix of individual entrepreneurs along with institutions large and small all engaged in essentially-arm's length commercial exchanges.

### **2.5.2 First economy**

Mbeki (2003:5) defines the first economy as a type of economy which is modern, operating with advanced technology, integrated with the global economy, and produces the bulk of the country's wealth. OECD (2002:38) confirms that, the first economy or modern economy is responsible for the bulk of South Africa's economic production. Ligthelm (2006:32) states that the first economy or modern economy is not only responsible for the bulk of South Africa's economic production but it is also integrated with the global economy, and the first economy operates with advanced technology, is generally well managed and is well endowed with entrepreneurial acumen.

Basson, Beutement and Smith (2011:29) have linked the first economy with the formal sector which is defined as a type of sector which consists of all the legally registered purposes whose value of production is recorded in the official Gross Domestic Products (GDPs). Altman (2008:18) associates the first economy with formal sector which views its workers to be relatively well off, being guided by a central guiding policy document known as Accelerated and Shared Growth Initiative for South Africa (ASGISA).



### **2.5.3 Challenges of the first economy**

There are wide-spread opinions that people shift from first economy to informal economy on account of the number of reasons. Schneider (2002:42) outlines a very rich literature on the possible reasons why businesses in the first economy opt for informalisation. The OECD (2002:39) proclaims that, the informal sector represents an important part of labour market, especially in developing countries. Schneider and Klinglmair (2005:37) add that, 'the major driving forces behind the process of informalisation are an increasing burden of taxation and social security contributions or payments, combined with rising state regulatory activities'. There are five categories of reasons why people decide to leave first economy.

These reasons include: the burden of direct and indirect taxation both actual and perceived, an increasing tax burden provides a strong incentive to work in the informal economy, avoiding payment of social security contributions, the burden of complying with certain legal standards, such as, maximum working hours, minimum wages, safe and health standards and other burdensome restrictions, avoiding compliance with certain administrative procedures, such as, completing statistical questionnaires or other administrative forms and tax morality which describes the readiness to leave their official occupations and enter the informal economy (Schneider, 2002:42).

### **2.5.4 The Second Economy**

Du Toit and Neves (2007:6) view the 'second economy' as negatively consisting of those phenomena and activities which are not in the first economy. Furthermore, it means that the 'second economy' discourse can have a distinctly circular aspect which is used in causal explanations at any business or activity which does well, transcend survivalist owner and which would be assumed no longer to be 'trapped' in the second economy, and also succeed in becoming part of the first economy.

Altman (2008:18) accentuates that the marginalised economy in South Africa was introduced in 2004 state of the nation address by the former President Thabo Mbeki. However, Mbeki introduced the second economy with the intention of mobilising more government effort to meet the needs of the poor. Again, this kind of the

economy (second economy) is often treated synonymously with the 'informal sector'.

Mbeki (2003:5) further explains the second or marginalised economy as a type of economy that contributes little to the Gross Domestic Product (GDP) but accommodates a high percentage of the population, especially the poorest of the poor. Mbeki further elaborates that, the second economy is not integrated with the first or global economy and is incapable of generating-growth. It is relatively low income levels generated within the informal economy which depicts a disproportionately low GDP contribution in relation to its large accommodation of labour.

The second economy is also perceived as a unique type of economy which includes any form of unlicensed but tolerated private entrepreneurial activities. It is also alleged that the marginalised economy includes unlicensed activities in the private sector that were not officially recorded as well as the clandestine use of state property, for example, raw materials, machines, labour, and services for private business activities (David, Hans and Dylan, 2009:342).

Ligthelm (2005:32) contends that informal economy constitutes an important part of the South African economy. This form of the economy (informal economy) has attracted considerable research attention during the past two to three decades, not only because of its sheer size but on account of its potential role in providing income-generating and employment, particular for the unemployed in South Africa.

Mbeki (2003:5) and Ligthelm (2005:32) both confirm that informal economy plays a pivotal role in providing income-generation and employment-creation. According to Organisation for Economic Co-operation and Development (OECD) (2002:40), most informal sector activities generate goods and services that are produced and distributed in a perfect manner, there is also distribution between production in the second and first economies, although it may be more blurred.

Furthermore, the production in the second economy is not performed with the deadline intention of evading payment of taxes or social security contributions, nor to infringe legislation or regulations. Infringements of regulations and noncompliance

with laws by businesses in the second economy are often caused by ignorance rather than avoidance (OECD, 2002:40). Lastly, it is also contested that the informal economic activities are not conducted with the aim of avoiding any government regulations and are therefore perfectly legal, it further acknowledges the production in this sector as normally undertaken in small household and unincorporated enterprises (OECD, 2002:40).

Ligthelm (2004:72) is of the view that the South African informal sector of the second economy is characterised by survivalist businesses established as, inter alia, curb side traders, at train stations and taxi ranks (mainly hawkers) and small based-businesses such as spaza shops. The overwhelming majority of informal businesses may be typified as survivalists with limited dynamism or entrepreneurial spirit and hence lacking in the capacity for self-generating growth Schneider (2002:4) confirms that the informal sector includes all currently unregistered and unrecorded economic activities that contribute to the country's GDP.

### **2.5.5 The Underground economy or Third Economy**

The OECD (2002:3) defines underground economy as all illegal and productive activities that are deliberately concealed from public authorities for the following reasons: avoiding payment of taxes (income), for instance, value added tax (vat) and other taxes, avoiding payment of security contributions and having to meet government regulations, such as, minimum wages. This sector of the economy (underground economy) closely relates to already-mentioned unrecorded economy. Feige (1990:4) define underground activities as those activities that circumvent, escape or are excluded from the institutional system of rules, rights, regulations and enforcement penalties that govern formal agents engaged in production and exchange.

OECD (2002:38) also alleges that, third economy consists of solely forbidden activities which include the production and distribution of illegal goods, such as, drugs, illegal services, for instance, prostitution, also involves the production and sale of counterfeit products like, false trademarks, smuggling with tobacco and weapons, resale of stolen goods, bribery and money laundering. It has been written

that, an illegal economy or third economy is made up of quasi-criminal activities, such as, state enterprises and also criminal private activities, for instance, bribes and theft of resources.

David, Hans and Dylan (2009:342) further state that, previously, any type of private business activity could technically be considered to be part of the illegal economy or third economy, as prior to the part of the reform process in the late 1980s, and no private business activity was legally accepted, particularly in Soviet Republics. Feige (1990:4) further identified various characteristics of illegal activities which involve for example:, illegal economy consists of the income produced by those economic activities pursued in violation of legal statutes defining the scope of legitimate forms of commerce, illegal economy participants engage in the production and distribution of prohibited goods and services, criminologists and law enforcement officials have a natural interest in monitoring the size, growth and social consequences of illegal activities and the most notable about illegal activities are the production of prohibited substances (drug trafficking) and black market currency exchange.

## **2.6 CONCLUSION**

In conclusion, the main purpose of this chapter is to portray how the 'local economic Development' can be achieved at local level using all available resources like private organisations, Non-profit Organisations; Street trading Associations and public institutions (DTI) to facilitate street trading function in order to enhance LED in the Mnquma Local Municipality. Having adopted this initiative, income-generation, and local economic growth can also be a great achievement. It also shows that the significance and the contribution of street traders can become predominant if street vendors can be capacitated in order to learn how to use the available resources around them (street entrepreneurs) effectively and in an efficiently manner (Skinner, 1998:4).

Skinner (1998) further says that street trading activity should get the same recognition as the formal activities. Also, street traders as the type of activity that is being ill-treated by unfair labour practices of local authorities should also be considered, another aim of this chapter is also to register the fact that they play a

major role in contributing to the Gross Domestic products and also in the mainstream of the South African economy.

This kind of informal economy (street vending) has also addressed the major setback of the high unemployment rate of South Africa, to be precise in Butterworth. One could imagine how life would be if this type of activity did not exist as it is well-known that, 'formal activities' are no longer known for creating jobs for the residents of the country.

There would be more crime, poverty and other negative things that demoralise the development of any community if the issue of street trading can be left alone in the lurch without any prospects of development. The next chapter focuses on the factors that street traders would encounter whilst conducting their business, that is, street trading activity.

## **CHAPTER 3**

### **FACTORS AFFECTING STREET TRADERS IN THE MUNICIPALITIES**

#### **3.1 INTRODUCTION**

Chapter 2 dealt with the literature on Local Economic Development. It also discussed definitions of terms for instance economy, Local Economic Development, building of a sustainable Local Economic Development as well as different categories of the economy. Therefore, chapter 3 will also provide an overview of street trading, conceptualisation of street trading, characteristics of the street trading sector and challenges facing street trading functionality.

The purpose of this chapter is to discuss the factors affecting street trading in the South African perspective. This chapter will provide a conceptualisation of street trading, characteristics of the street trading sector and challenges facing street trading. It will conclude by a very brief conclusion of the whole chapter.

#### **3.2 CONCEPTUALISING OF STREET TRADING**

According to Bromley (2000:1), street trading is an ancient and important occupation found in virtually every country and major city around the world. Street traders are consequently often a controversial component of the informal sector. Mitullah (2003:7-8) reveals that street trade and service provision in African cities occur in different parts of streets and roads. Most traders locate themselves at strategic points with heavy human traffic, while others walk from one place to the other. Street traders locate themselves along main roads and streets, near shopping centres or at corners where they can be seen by pedestrians and motorists. Traders settle in streets spontaneously without any official allocation.

However, the case study from Kenya shows that there are informal methods used in locating and operating within a particular site. Furthermore, a few traders consult the owners of neighbouring yard, others negotiate with acquaintances, and others are allocated spaces by the Local Authorities, while some share with friends and

colleagues. In all cities covered, availability of an acceptable site of operation is a pre-condition for compliance with various laws relating to business operation (Mitullah, 2003:7-8). According to National Policy for Urban Street vendors, 04/05/2011, a street vendor or trader is broadly defined as a person who offers goods or services for sale to the public without having a permanent structure built-up with a temporary static structure or mobile stall.

Asiendu and Agyei-Mensah (2008:191) describe street vendor or trader as a person who offers goods for sale to the public without having a permanent build-up structure from which to sell. Kate (2009:4) argues that street trading is an act of selling goods and services on the street-pavements, in the middle of the road or in other public spaces undertaken by a street trader or street vender in an activity that forms part of the informal economy. Motala (2002:7) refers to street trading as those traders who belong to the informal economy and who trade in the streets. It is further pointed out that street trading or survivalist activities refer to those traders that can be found in varying locations and different circumstances which are important alleviation mechanisms for those operating this kind of activity.

Nieman, Hough and Nieuwenhuizen (2003:36) view the street traders or survivalist entrepreneurs as the informal activities that are not merely confined to the periphery of large towns but as a way of doing things, characterised by ease of entry, reliance on indigenous sources, family ownership of the enterprise, small scale of operation, labour-intensive and adapted technology, skills acquired outside of the formal school systems and unregulated and competitive markets. According to Edwards (2002:28) the street traders or subsistence entrepreneurs are referred to as a category of traders that refers to self-employed, independent income generation, with temporary market stalls or stands which are characterised by the inexperience in management that still needs general support and training in order to get both technical and management skills.

Cross (1999:580) describes 'street trading' as a production and exchange of legal goods and services that involves the lack of appropriate business permits, violation of zoning codes, failure to report tax liability, non-compliance with labour regulations governing contracts and work conditions and the lack of legal guarantees in relations

with suppliers and clients. Hence street vending usually falls within the category of informal economic activity the urban authorities give them little attention in terms of improving their functionality (Bromley, 2000: 36-37). Yankson (2007:42) asserts that, street traders involve all kinds of people who use the streets and pavements for commercial purposes, they include; traders who use particular sites on pavements and sidewalks on a permanent and semi-permanent basis, traders who do not have permanent sites from what they trade but who carry their wares from one spot to the city centre in search of customers.

Lund and Skinner (2003:8) describe street entrepreneurs as the informal operators whose enterprises are not subject to taxation, and many believe that the 'choice' to operate informally is motivating the desire to avoid or evade taxes.

### **3.3 CHARACTERISTICS OF THE STREET TRADING SECTOR**

Motala (2002:1) has identified various characteristics of the street trading sector which includes:

- Its predominance of women who, due to the legacy of cultural norms practices, are concentrated in low-income, low skilled and mostly scattered activities which in turn weakens their bargaining position and their ability to organise and act collectively.
- For women, it is an important source of survival and escape from poverty.
- Unlike other sectors of the economy, local government is the key part with which street trader organisations currently negotiate. Organisations in other sectors negotiate with formal sector suppliers and distributors and with other spheres of government (namely, principal and national) with various ministers and with organised labour.
- Street traders may also negotiate with suppliers in the formal or informal economy.
- The street trading sector includes examples of different types of organisations, such as unions, bulk-buying clubs, trader organisations, and public benefit groups, such as Traders against Crime, for example.



- Lastly, street trading encompasses a wide range of entrepreneurial activities (production, sales, buying) and a wide range of products (clothing, fresh produce and household goods).



Swaminathan (1991:9) adds other characteristics of informal enterprises to the aforementioned above. For example, small scale of operation, reliance on indigenous resources, family ownership, labour intensive activity, adapted to local conditions, skills acquired outside the formal schooling system, easy of entry into the activity and operation in unregulated, competitive markets.

Kuznets (1971:91) states that, more detailed list of characteristics distinguishing formal from informal enterprises is termed to be the upper and lower circuits of an economy covered the spheres of organisation, technology, relations of enterprises with governments and other institutions such as, banks, the nature of product and factor markets.

Yankson (2007:41) stipulates other basic characteristics of street trading which include, gender participation, the type of goods sold, the location of street traders, the type of structures used, and whether they are fixed in one location or moved from one location to another.

### **3.4 CHALLENGES FACING STREET TRADING SECTOR**

Small Enterprise Development Agency (SEDA) (2008:21) has revealed several constraints which are negatively impacting on the informal or street trading. Some of the main constraints include:

- Lack of access to financial services such as credit and savings.
- Limited access to training in areas such as business skills, technical training and other basic education and training.
- Sector specific problems especially with improper linkages with and supplies from formal businesses.
- Limited access to infrastructure and basic services like housing, water, electricity, rubbish removal.

- Limited access to business related infrastructure such as manufacturing space, closeness to others involved in similar activities, as well as trading and storage space.
- Government regulations, particularly on how public space is regulated, but also issues like liquor licensing.
- Lack of or limited or uncoordinated communication strategies and channels.
- Lack of or limited capacity in collective bargaining among those working informally.
- Crime including violent crime, shoplifting and employee theft, especially among hawkers or street traders who do not take stock of their products.
- Unwillingness of informal traders or street traders to undergo training because they will lose out on the trading hours as most of them are one person traders.
- Lastly, instances of 'fronting' to subvert the licensing processes coupled with a general reluctance by informal traders to pay retailers (SEDA, 2008:21).

### **3.5 FACTORS AFFECTING STREET TRADING**

Tambunan (2009:46) contends that informal street traders face four common constraints: economic pressures; socio-cultural challenges; adverse political conditions and policies; and operational challenges. Onyenechere (2009:85) believes that, 'economic barriers' are the primary hindrances people face to successfully enter informal street trading. In addition, there are other various factors affecting street trading that will also be discussed below to add to those discussed above. These factors include: trading space, policy failures, education and training, lack of access to finance, lack of entrepreneurial skills and business, security and municipal services, registration and licensing, conflict between street traders and authorities, and devastation of commodities.

#### **3.5.1 Street trading sites**

Powerman (2010:4-7) contends that a trading space is also one of the greatest constraints facing street traders; most of the spaces have not been set aside for trade. The spaces occupied by traders are open and expose traders to harsh environmental conditions. According to Mitullah (2003:1-18) urban authorities view trading sites and structures for displaying goods as temporary vending sites and they

(authorities) also see street trading as a type of trading which should not be provided with proper facilities to operate their businesses. Traders display their goods on the ground over a mat or gunny bag. Lund and Skinner (2003:12) declare that officials are unskilled with regard to conflict resolution; there are no appeal mechanisms to settle disputes and there is a high potential for violence to be used to address conflicts around property asserts and trading space.

Lund and Skinner (2003:12) also proffer that informal enterprises and formal enterprises both need secure space, with transparent contracts for access to it which comes with a known and reliability delivered set of services, for instance, lighting, water, toilets, garbage removal security and storage. Transberg-Hansen and Vaa (2004:13) say that violent confrontations between urban authorities and street vendors over the commercial use of public space are recurrent events in many African cities. Urban authorities frequently seek to remove street vendors, dismissing them as untidy, disruptive of established business, and allege that they are illegal immigrants if not criminals.

### **3.5.2 Policy failures**

Hansenne (1991:38-39) accentuates that the 'inability of the informal sector to comply with certain aspects of labour legislation is a reflection of the unsatisfactory conditions in which the informal sector operates'. Hansenne (1991:6) also states that informal traders operate on the fringes of the law. Street vendors are often associated with criminal activities and are consequently subjected to harassment.

Ligthelm and Masuku (2003:58) state that there are difficulties faced by informal traders such as fear of violence, crime and theft of stock, which are all not properly controlled by policies. In terms of the by-laws, informal street trading is restricted to certain areas while it is prohibited in other areas (Rogerson, 1996:168). Madichie and Nkamnebe (2010:310) suggest that the deprived 'operating conditions' resulting from policy failures could deter informal traders from accessing informal trading. For example, one will find that their business operations are seasonal, like in summer they switch on to sell their goods from this area to another looking for clients to sell their commodities.

In addition, street trading policies, where they are obtainable, are typically written in legalistic and unintelligible manner (Lund and Skinner, 2003:7). WIEGO (2001:1) expresses that workers in the informal enterprises and informal jobs are generally not covered by protected by labour legislation. For example, one of the legislations whereby workers must be protected is known as 'Basic Conditions of Employment Act 75 of 1997'. WIEGO means Women in Informal Employment and Globalising Organisation.

The policies and registration licenses which are being executed by local authorities in South Africa are still a major obstacle to the development of informal sector activities, for instance, the Black Urban Areas Consolidation Act, No 25 of 1945 and Group Areas Act, No. 36 of 1966. According to Lund and Skinner (2003:3) apartheid restrictions not only limited opportunities in the formal economy for Black South Africans, but also placed a series of restrictions on the right of non-white entrepreneurs to establish and operate businesses.

Nesvag (2000:35-36) confirms that, 'the Group Areas Act 36 of 1966 and Black Urban Areas Consolidation Act, 25 of 1945' disallowed black South Africans from accessing the more viable trading or manufacturing points, and the latter imposed restrictions on economic activities even in so-called 'Black areas?'. These acts also restricted the right of these Black entrepreneurs to establish and operate their businesses, for example, these legislations limited the range of goods that could be sold, blocked the formation of companies by Black people, and set up an array of bureaucratic processes that discouraged the registration of small-scale economic activity (Lund and Skinner, 2003:3). Lund (1998:10) corroborates that, the 'move on laws' for instance, Group Areas Act 25 of 1966 and Black Urban Areas Consolidation Act, 25 of 1945 are still available in this new democratic society hence street vendors are grappling with the sites of operating their businesses because of the slow pace at which the government moves in addressing the imbalances of the past. Again, most local authorities use out-dated restrictive policies, by-laws and regulations originally intended to control and regulate the growth of indigenous enterprises.

The policies did not provide for any trade within the Central Business District (CBD), most street trading activities that take place within the CBD had no legal provisions (Mitullah, 2003:1-18). The policies did not appreciate the role of street trading in an urban economy. On the other hand, Skinner (2005:35) comments that the national government also lacks a coherent policy on the informal economy and this is reflected in the lack of programmatic approach to dealing with developments and supporting economic activity in the informal economy.

However, in cases of eviction, the traders are often provided with an option of operating outside the Central Business District (CBD) by the municipal officials or authority where there are hardly any customers (Mitullah, 2003:1-18). This option is based on an exclusion framework which reserves the CBD to large-scale traders and businesses. Powerman (2010:4-7) concludes that the urban authorities argue that they (large businesses) pay taxes as opposed to the street vendors. Chad (2008:3) utters that business conditions have a fundamental impact on entrepreneurial activity, and small business owners frequently cite regulatory policies as a concern. Furthermore, moving forward, it will be important for policymakers to consider the impact of regulations on small business owners and would be entrepreneurs. Amis (2004:145) contends that, 'it is often easier for city governments to destroy the livelihoods of the poor than it is to create, sustain or enhance them [livelihoods].'

### **3.5.3 Education and training**

According to Chad (2008:11) education and training are important as there are strong linkages between entrepreneurship and human capital. Moreover, small business owners devote significant resources to training their workforce. Secondly, small business owners should look at education, not just as means of retraining their workers, but also as a method of building new human talent and preserving employee morale. Lastly, failure to do so might result in a reduced competitive position for the most talented employees. Liimatainen (2002:4) has evaluated the literature on training and skills acquisition in the informal economy, and points out 'the development of relevant skills and knowledge is a major instrumental for improved productivity.'

According to Lund and Skinner (2003:13) formal education levels among the older generation of Black South Africans are low. Secondly, all formal education in South Africa, and especially that for Black people, emphasised obedience and uncritical rote learning. No business training was in the school system. Training under apartheid work for Black South Africans was illegal, and so there has been little inter-generational transmission of knowledge about informal work.

It is assumed that this kind of training does not really respond to street traders' interests and needs as it will sometimes be offered by not well knowledgeable people in terms of street trading development. Lastly, training for street traders is largely done by the civil society organisations that provide financial support or those working in the area of human rights (Mitullah, 2003:1-8). Low levels of professionalism due to low technical education among vendors and low access to modern information communication for example; technology on productivity information hinders their performances in business marketing (Mitullah, 2003:1-8). For instance, it will be difficult for street traders to access information if they are illiterate. Small business owners should look not just as means of profit but as means of retraining their workers. Lack of capacity building of most street vendors is preventing them (street vendors) from accessing funds from formal institutions on account of the standard of their business nature (Mitullah, 2003:1-8). In addition, in most cases informal activity is not trusted by formal institutions because they have a perception that those traders still require more capacitating on business issues.

#### **3.5.4 Lack of access to finance**

Du Toit and Neves (2010:14) proffer that street traders are inundated with permit fees to get demarcated areas in other towns so as to operate their businesses (in places where bylaws are accessible). These fees however, are illegal, that is, they are charged by law enforcement agencies for their own benefit not being authorised by their institution of work. Bhowmik (2005:22-57) highlights that many informal street trading businesses are started with loans from social networks – friends, and family, which emphasises that the lack of formal financing is still a mammoth task. Soetan (1997:44) argues that finding start-up money through savings or loans is especially problematic for the poor.

Furthermore, if informal street vendors cannot provide collateral, they cannot obtain access to formal credit from banks for example. Kusakabe (2010:128-129) believes that, they have to find alternative ways to obtain money to start their informal businesses. An access to credit is important to start a business because it assists with cash flow problems, to diversify and to invest in business assets (Lund and Skinner, 2003:18). Hansenne (1991:28-29) verifies that, 'an alternative financing occurs through savings or loans' from informal sources, including family or moneylenders. Secondly, high interest rates are typically charged on such loans which the informal traders battle to repay thereby increasing their debt, often disastrously.

According to Lund and Skinner (2003:16-17), access to financial services for poor people has been underdeveloped in South Africa. In most rural areas financial services simply do not exist while in urban areas the poor are excluded by eligibility criteria, for example, to open a bank account, potential clients are often required having a track record of a formal job. In many cases they (street traders) still have high minimum deposits and high charges or transactions. Bauman (2002:3) argues that, the focus on entrepreneurs in South African micro finance policy overlooks important features of South African economy. Powerman (2010:4-7) adds that most vendors rely on money-lenders or informal sources of credit in order to buy their merchandise especially in a town known as Kisumu in Kenya. However, they (street traders) also pay exorbitant interests rates, and their businesses rarely grow beyond subsistence levels.

### **3.5.5 Lack of entrepreneurial skills and business**

Cichello (2005:26) comments that 'lack of knowledge on technical, business and entrepreneurial skills deter informal street vendors from effectively conveying the opportunities of their informal businesses to financiers'. Companion (2010:87) reports that lack of proper social and market knowledge is also often an inhibiting factor to informal street traders because they often teach themselves how to do their jobs, or they (street vendors) learn from someone else who is unqualified. Canagarajah and Sethuraman (2001:14) argue that street traders are unable to

minimise the cost, nor are they able to diversify their output as a result they have few incentives to accumulate capital, acquire skills, and improve technology.

However, this contributes to the slow growth of their businesses and provision of services due to the lack of necessary skills. Therefore, training and making use of technology, according to Mitullah (2003:1-8), has a negative impact on enabling street vendors to access information. For example, it is not easy for them to access information due to the lack of training on business capacity; in other instances they are unable to read messages from their phones, internet and so forth.

### **3.5.6 Security and municipal services**

Powerman (2010:4-7) asserts that street vendors are disadvantaged in the area of security, transport and municipal services. Acquisition and security of storage facilities are often a predicament for informal traders who live far from their business sites or stalls. Some street traders transport their goods in taxis or trolleys, while others pay fees to store their products and goods in storage facilities (Skinner, 2008b:235). For example, other hawkers keep their goods in the nearby shops of their business' points of operations.

Canagarajah and Sethuraman (2001:14) summarise the constraints of informal trading well by stating that, informality compounded by market imperfection, renders the activities of the informal street traders less viable and more vulnerable. Their ability to compete in the market is diminished, especially against some products and services of the formal sector, which tends to enjoy favoured treatment in the policy framework.

According to Mitullah (2003:1-18) the notion of crime and security refers to a secure environment which is regarded as pre-requisite for any type of business to operate. In most streets of major cities in Africa, security is a major concern for both informal and formal businesses as well as the general public. Mitullah points out that street traders worry about their own security and the security of their goods and customers. Street traders view security and safety as an economic priority, and not simply one of personal safety. It is public knowledge that crime results in loss of customers,



frightens tourists, cripples businesses and generally interferes with trading. Lastly, services through Business Development Strategy (BDS) are hardly provided to street traders. Those services that are created through Business Development Strategy include: storage facilities, sanitary services, water and electricity (Mitullah, 2003:1-18).

### **3.5.7 Registration and licensing**

Lund and Skinner (2003:8) affirm that the procedures to secure a license to trade with the local authority are complex and costly, for instance, street traders have to apply to the licensing Department for a license to trade and to the Information Trade and Small Business Branch for a site permit. Mitullah (2003:1-18) alleges that 'registration and licensing' are not taken seriously t by urban authorities as a result there are no consistent policies and regulations applying to vendors as far as regulations and registrations are concerned'. Furthermore, the urban authorities still view street trade as a nuisance, and in some cases, even the licensed vendors are harassed in general raids. For example, a Ghanaian case study notes the arbitrary nature of urban authorities and their inability to formulate clear and consistent policies and regulations. Powerman (2010:4-7) stipulates that, lack of street trading licenses expose traders to harassment and punitive measures, including confiscation of goods. During harassment, traders lose their commodities, with some closing their businesses after losing their capital goods.

It is further demonstrated that daily fee charges are more expensive than lump sum payment for a license. However, the street traders make minimal profit and are not able to make lump sum payments. It has also been observed that license does guarantee safety and recognition by the council, in most cases vendors are issued identification showing that they (street traders) have a legitimate right to sell their goods in urban streets. The urban authorities are consistently harassing street traders by confiscating their goods, assault and demand money for bribery. However, it goes beyond harassment because street traders are also beaten up and street vendor' business wares get lost in the process.

### **3.5.8 Conflict between street traders and local authorities**

Mitullah (2003:1-8) reported a number of conflicts amongst street vendors and their Local Authorities. These conflicts also extend to their urban authorities and also affect formal traders as well. In other countries, such as Kenya, conflicts between street traders and local authorities frequently happen.

Furthermore, conflicts arise from the side of operation, for example, street traders usually fight against each other over the site of operation and the consequent arrest and confiscation of goods become predominant as well.

### **3.5.9 Devastation of commodities**

Powerman (2010:4-7) uncovers that most commodities of trade, such as, fruits, vegetables and clothes are affected by the harsh environmental condition, consequently resulting in loss of earnings to the traders. In many cities of Africa, trading of street vendors is viewed by urban authorities as dens of thugs and robbers. The knowledge of the volume of sales is relevant for efficient planning and appreciation of the contribution of street trade. However, this information is lacking since most traders lack written records of income and expenditure.

The volume of sales and earnings entails the profit margins made by street traders which depend on the size of business, the location of the business, tax burden, and the commodities of trade. Given the poor conditions of work, most traders make minimal profits (Mitullah, 2003:1-18).

## **3.6 THE BENEFITS OF STREET TRADING**

This section discusses how local people, public and private enterprises will benefit if the smooth operations of street trading activity can be done in full swing.

### **3.6.1 Street trading overview**

Kusakabe (2010:127) announces that informal street trading can enhance the confidence levels of street vendors because they feel a sense of economic independence by being able to take care of their families by earning small incomes

### **3.6.2 Street trading creates employment opportunities**

According to Fonchingong (2005:249) trading informally on the streets can function as a survival or coping strategy for the poor to avoid starvation by generating limited income. Barker (1999:94) claims that the informal sector provides an important alternative to unemployment, especially in countries without a system of social security. It is also proclaimed that in developing countries, such as, South Africa, unemployed persons cannot rely on government support and have to fend for themselves.

Elaine, Edgcomb, Erika, Vivian, Jan, John and Marcia (2002:11) identify the informal sector activity as an important survival strategy for participants to care for their families. Akinboade (2005:263) concludes that an income accrued from their businesses (street trading) is used to supplement family income; expand businesses; make remittances to family; clothe, feed and educate children, and save money in informal rotating savings and credit associations. Middleton (2003:97) reports that street traders indicated that improving skills allow them to take advantage of employment opportunities offered by the expansion of tourism in the country and assist them in expanding their informal street trading businesses by setting up micro-enterprises.

Tambunan (2009:41) clarifies that offerings in the informal trading, therefore, tend to be flexible, relative to its larger competitors, because it has to be able to rapidly adapt to changing market conditions. It is also argued that collectively, informal trade tends to contribute significantly to the Gross Domestic Product (GDP) of developing countries and street trading is playing an important role in the mainstream economy of South Africa (Hunter and Skinner, 2003:308). Skinner (2008b:239) comments that informal street traders also rely on opportunities of collective bargaining.

Cohen (2010:279) refers to cases which exist where informal street traders used collective action and tax evasion as bargaining tools; if taxes were to be paid guaranteed services were demanded from the government. Skinner (2008b:239) further sees 'joint action' as one of the few routes to secure gains for traders, since individually they are weak in the face of large private sector bureaucracies.

### **3.6.3 Street trading provides entrepreneurial skills**

Fonchingong (2005:247-248) sees informal street vending as a unique activity that provides informal training to people who would otherwise have remained unemployed or might have engaged in criminal activities. Du Toit and Neves (2010:3) mention that 'starting informal trade operations and saving small amounts of money'; informal traders take risks which enhance the entrepreneurial abilities of the poor.

### **3.7 CONCLUSION**

This chapter deals with a number of factors affecting street trading in the municipalities. Street traders are operating under unacceptable conditions as they are not recognised by urban authorities. The capacity building of street trading activity needs to be addressed, for instance, financial constraints, street trading sites, business stalls and so forth. They (street traders) should also be acknowledged for their role in contributing to the mainstream economy. Motivation of street vendors to take their businesses to greater heights in terms of development is highly required for the benefit of local residents to get commodities.

As can be inferred from the views of the various authors above, a conducive environment should be created in order to allow street traders to attain their development that does not revolve only on issues of developing street trading, but which will also further focus on other issues, like street traders' bylaws. There should also be a creation of an enabling environment whereby, without any fear of harsh punishment by their authorities (municipal officials), traders will be provided with proper guidance to their work.

## **CHAPTER 4**

### **THE RESEARCH METHODOLOGY AND DESIGN OF THE STUDY**

#### **4.1 INTRODUCTION**

Chapter 3 discussed all the factors obstructing the smooth running of street trading business activity. This chapter 4 will focus on the research methodology, the research design, population and sampling, data collection and instruments, data analysis, interpretation and presentation, research procedures and the conclusion. Lastly, a brief summary will be provided at the end of the chapter.

#### **4.2 RESEARCH METHODOLOGY**

There are two major approaches that are used in scientific research, they are qualitative research and quantitative research approaches. Denzin and Lincoln (2000:8) make a comparison of the two methods. The aforesaid authors further state that qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied (Denzin and Lincoln, 2000:8). In contrast, quantitative studies emphasise the measurement and analysis of causal relationships between variables, not processes.

Terre Blanche and Durheim (2006:47) concur that qualitative methods allow for the selected issues to be studied in depth, openness and detail while quantitative methods, in contrast, begin with a series of predetermined categories usually embodied in standardised qualitative measures. Creswell (1994:145) contends that qualitative researchers are interested in meanings, that is, how people make sense of their lives, experiences, and structures of the world. Also, the researcher would have an opportunity to interact with the participants and work very closely with them in order to get to the roots of information. For example, the researcher would get more information by interacting with the street traders.

### **4.3 THE RESEARCH DESIGN**

Rassel and O'Sullivan (1999:24) describe research design as having two meanings, that is, the general meaning and the specific meaning.

The general meaning should clearly describe the methodology of the study and should align with the purpose of the study. The specific meaning describes the time as well as the frequency of data collection. Labovitz and Hagedorn (1981:42) define research design as a set of logical procedures that, if followed, enables one to obtain the evidence to determine the degree to which one is right or wrong. They further add that research design designates the logical manner in which individuals or other units are compared and analysed.

For the purposes of this study a qualitative case study was used as Maree (2007:76) proffers that case study research is aimed at gaining greater insight and understanding of the dynamics of a specific situation. Bromley (1990:302) defines 'case study' as a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest. Yin (1984:23) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used. It is for this reason that a case study was chosen in this study because an investigation of contemporary issue within its real life content would reveal the factors that hinder the development of street trading in Butterworth.

The researcher will use primary sources for example scheduled interviews. Furthermore, secondary sources will be used for instance Journal articles, research books, thesis, newspapers and government publications.

### **4.4 POPULATION AND SAMPLING**

Labovitz and Hagedorn (1981:59) declare that representativity is to some extent dependant on the degree of precision to which the population is specified.

They further declare that confidence in the representativity of a sample is increased if the population is well defined. In addition, Rassel and O'Sullivan (1999:133) concur by saying that a target population must be clearly defined.

The researcher used convenience sampling in this study. Maree (2007:1) contends that convenience sampling refers to situations when population elements are selected based on the fact that they are easily and conveniently available. The reason for making use of convenience sampling here was informed by Maree who further postulates that this kind of sampling is usually quick and cheap and it does not result in representative samples.

The sample of this study included street traders trading in Mthatha Street, Butterworth, executive members of the Mquma Hawker's Association as well as Butterworth municipal officials working in the Local Economic Development Department (LED). This sample consisted of thirty (30) participants.

Those participants included five (5) Butterworth municipal officials working in the Local Economic Development Department (LED), five (5) executive members of the Mquma Hawker's Association and twenty (20) street traders trading in the Mthatha Street. This sample was selected because it would be easily accessible, with low costs and less time would be spent on the field.

#### **4.5 RESEARCH PROCEDURE**

There were 30 interviewees that participated in this research study. The targeted population was the one operating along the N2 Mthatha Street of Butterworth. The participants were informed about the duration of the interview, their right to participate voluntarily and their guarantee of anonymity. The questions remained the same to all the participants, all participants were treated equally. . Having explained the rules and regulations to the participants, time for interviews was allocated, i.e. asking questions, making clarifications when needed and so forth was catered for. Then, the researcher started interviewing participants selected to take part in the study. The information being provided by the participants has not been publicised to any one so as to protect both participants and the information collected from them

(informants) during the course of the interviews. The informants were also notified that a tape recorder would be used, and the importance of using a tape recorder in an interview before interviews commenced was explained to them.

The possibility of audio taping before scheduling the interview in this scenario is so important to emphasise, namely, that the interview will be recorded so that none of their important insights and discussions are missed, the interview will not be recorded if they do not prefer it to be, and the audiotape will not have their names on it and will be kept in a secure location [http://www.dec.org/pdf\\_docs/pnabs541.pdf](http://www.dec.org/pdf_docs/pnabs541.pdf).

#### **4.5.1 Conducting interviews**

The purpose of the research was explained to the participants. Respondents were also assured that their names would remain confidential and that they can withdraw from the study anytime. The sample of this study included street traders trading in the N2 Mthatha Street in Butterworth, executive members of the Mnquma Hawker's Association as well as officials working in the Local Economic Development Department in Mnquma Local Municipality.

#### **4.6 DATA COLLECTION INSTRUMENTS**

In this research, the data was obtained through face to face interviews from respondents. It was also attained from both secondary and primary sources. McNeill (1990:99) elaborates that secondary data is available from some other sources, and comes in various forms. The secondary sources included newspapers, journal articles, books, internet, legislations, and government documents. The primary data was obtained by conducting an empirical study. McNeill (1990:99) defines primary data as information that is collected by the researcher at first hand, mainly through surveys, interviews or participant observation.

In this study face to face interviews were used to collect primary data. The reason for utilising the face to face interviews was because most of the street traders of Mnquma Local Municipality, specifically Butterworth area are illiterate. There are number of other reasons why the face to face interviews method was adopted in this study: For example: Leedy and Ormrod (2005:165) write that, face to face interviews



allow the researcher to clarify ambiguous answers and when appropriate, seek follow-up information. Babbie and Mouton (2001:257) write that questions posed to respondents and answers given are unaffected by the way the interviewer dresses or looks, it is possible to probe into more sensitive areas, though it is not necessarily the case.

According to Wengraf (2001:174) there are number of advantages of using face to face interviews which include: easy termination of the interview, compared to other interview methods, the interaction between the interviewer and interviewee is characterised by enough clues which can be given to end the interview, for example, shuffling the papers and turning off the tape recorder. It is also divulged that an explicit way to terminate the interview is by thanking the interviewee for co-operating and asking the participant if there are further remarks that might be relevant to the topic or the interview process. However, this can lead to the emergence of a whole new era of information.

According to [http://www.dec.org/pdf\\_docs/pnabs541.pdf](http://www.dec.org/pdf_docs/pnabs541.pdf) website, face to face interviews also provide a technique of a free-exchange of ideas, and lend itself to asking more complex questions and getting more detailed responses. Dickey-Bloom and Crabtree (2006:314-321) are of the opinion that face to face interview has the following: the synchronous communication of time and place in a face to face interview have the advantage that, the interview has a lot of possibilities to create a good interview ambience, the interviewee has got an advantage of social clues, such as, voice, intonation, body language etc. Furthermore, this interview technique has no significant time delay between questions and answers because the interviewer and interviewee can directly react on what the other says or does, and the answer of the interviewee is more spontaneous, without an extended reflection (Dicicoo-Bloom and Crabtree, 2006:314-321).

The items of the interview schedule were both in isiXhosa and English. This would enable equal participation of all the street traders to contribute as much as possible to this study competently. The information was also collected through the use of a tape recorder and note-taking. The reason was that, using a tape recorder has the advantage that the interview report is more accurate than writing out notes (Kvale,

1983:174). Wengraf (2001:194) clarifies that note taking during the interview is important for the interview, even if the interview is tape recorded for the reasons stated below: to check if all the questions have been answered, in the case of malfunctioning of the tape recorder, and in case of malfunctioning of the interview. This approach of recording also allows the interviewer to freely engage in the conversation without worrying about note-taking. Secondly, the interviewer may take brief notes during the interview, write down and organise notes at the end of the interview and use the tape recording to fill in information gaps or details [http://www.dec.org/pdf\\_docs/pnabs541.pdf](http://www.dec.org/pdf_docs/pnabs541.pdf).

This study used semi-structured interviews with open ended questions for data collection. Woods (2011:2) declares that a semi-structured interview may be conducted in various modes, for example, face to face is probably the best. Furthermore, there is a great deal of qualitative research which uses semi-structured interview material (Woods, 2011:2). Kvale (1983:174) defines the qualitative research interview as 'an interview' whose purpose is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena.

#### **4.7 DATA ANALYSIS AND PRESENTATION**

De Vos (1998:334) indicates that 'data analysis starts with data collection'. According to Saunders, Lewis & Thornhill (2000:8), the nature of qualitative data has implications for both its collection and analysis. Furthermore, it is imperative that, the researcher enters the research study with an open mind and without any preconceived ideas regarding emerging themes, patterns or categories. For the purposes of this study, the data was analysed using themes, patterns and relationships (Hussey and Hussey, 2000:40). Hussey and Hussey further mention that the analysis of qualitative data incorporates: reduces data by considering the material in some systematic way to make it more manageable; structures the data in terms of themes, patterns and relationships; and desexualises the data by converting extended texts into more manageable forms such as summaries, charts, diagrams and illustrations.

The researcher analysed the data collected by pursuing the eight stages of development for organising data, as shown below (Turner, 1981:225-247). For example, data collected will be used to develop category labels for classifying the data; examples of each category will be identified in the data of sufficient number to completely define or saturate each category, making it clear how future instances would be classified. Creation of an abstract definition will be based on the examples of each category by stating the criteria to be used for classifying subsequent instances into each category; definitions that have been created will be used as a guide to both data collection and theoretical reflection; there will also be an attempt of identifying additional categories that suggest themselves on the basis of those already identified, for instance, opposites, more specific ones, more general ones and so forth, the researcher will also look for relationships between categories, develop hypothesis about these links, and follow up on them; there will be an attempt to determine and specify the conditions under which relationships between categories occur, and lastly, the researcher will make connections between categorized data and existing theories where it will be appropriate (Turner, 1981:225-247).

#### **4.8 CONCLUSION**

In this chapter, the researcher has discussed the two major research methodologies, that is, the qualitative and quantitative approaches.

Having examined both paradigms, the researcher has preferred to use a qualitative paradigm as a result of the reasons stated below: the researcher regards a qualitative research method as a narrative; it is where the reasoning and the feelings of the participants will be observed. The researcher will also have an opportunity to interact with the participants and work very closely with them in order to get to the roots of information. The researcher also decided to use face to face interviews (for data collection) to observe participant's personal feelings about the subject under study. The next chapter which is chapter 5, will be dealing with data presentation and analysis of the topic under-study/ research study *"An investigation into the factors affecting street trading in the Mquma Local Municipality"*

## CHAPTER 5

### DATA ANALYSIS AND PRESENTATION

#### 5.1 INTRODUCTION

Chapter 4 dealt with various aspects which incorporate: research methodology, research design, population and sampling, research procedures, data collection instruments, data analysis instruments and presentations.

This chapter presents findings and interprets the responses of respondents of the study conducted in the Mquma Local Municipality. The responses are based on products sold by street traders, the challenges street traders encounter and support given to street traders to enable them to do their business in a decent environment and it will also provide a conclusion.

#### 5.2 CHALLENGES OF STREET TRADERS

##### 5.2.1 Responses to the question on wares and services sold by street traders

Respondents indicated that street vendors sell, among other wares, fruit and vegetables, clothes, cosmetics, traditional medicines, snacks (sweets, peanuts, and chips), coats, liquid soap, dish cloth, caps, earrings, tooth paste, tooth brushes, socks, shoes, cutlery, airtime from different networks, for example, Vodacom, Cell C and MTN, fresh and sour milk, beadwork (traditional necklaces), artwork (traditional outfits, models, and wood-sculptures) and also trade with different kinds of seeds like potatoes, spinach, sweet potato, beetroot, carrots, turnip and some own barber shops and hair salons According Motala (2002:1), street trading encompasses a wide range of entrepreneurial activities for instance production, sales, buying and also a wide range of products like clothing, fresh produce and household goods.

The overwhelming majority of respondents reported that they commenced with street hawking 22 years ago after Butterworth companies closed down in 1990s. Respondents further reported that ever since they lost their jobs in the factories they trade in the Butterworth streets, particularly in the N2 Mthatha Street which is the

Main Street. Most of the respondents said that though, at times, they are being driven away from the Mthatha Street by municipal authorities, they make a good profit in the Main Street as compared to other parts of the town. Mitullah (2003:7-8) states that most street traders locate themselves at strategic points with heavy human traffic, while others walk from one place to the other. Furthermore, street traders locate themselves along main roads and streets, near shopping centres or at corners where they can be seen by pedestrian and motorists. The majority of the respondents also revealed that fruit and vegetables are the most popular products sold in Butterworth.

### **5.2.2 Responses to the question on challenges of street traders**

Hansenne (1991:38-39) accentuates that the 'inability of the informal sector to comply with certain aspects of labour legislation is a reflection of the unsatisfactory conditions in which the informal sector operates. The respondents said that there are no trading stalls for street trading in Butterworth. Some of the respondents also reported that the money which was reserved for this purpose was mismanaged by officials, a clear indication is that Butterworth area is seen by street traders to be characterised by corruption and maladministration by officials. According to <http://www.saflii.org/za/cases/ZAECBHC/2009/14.htm> 7/31/2011, in early December 2008 the Member of the Executive Council of the Eastern Cape Province responsible for Local Government Affairs (the MEC) advised the municipality in writing that they had been informed of possible maladministration in the municipality. The municipality was instructed to 'halt all activities within financial implications until further notice'. The MEC further informed the municipality in the same letter that a Special Investigating Unit had been appointed to investigate these matters (maladministration and corruption) and doing so in terms of section 106 (1) (b) of the Local Government: Municipal Systems Act 32 of 2000 (the Systems Act). On the other hand, an administrator was appointed to operate the Mquma Local Municipality's activities.

Respondents also revealed that there are no trading sites allocated to street entrepreneurs because even those who trade along the N2 Mthatha Street do not

have trading permits. Powerman (2010:4-7) contends that a trading site is also one of the greatest constraints facing street traders; most of the spaces have not been set aside for trade. Transberg-Hansen and Vaa (2004:13) say that violent confrontations between urban authorities and street vendors happen over the commercial use of public space are recurrent events in many African cities. This has a negative impact on spatial development plans of the municipality. Street traders are of the opinion that fighting over trading sites will end if this issue can be addressed instantly. There are certain popular spots which street traders perceive as being busy. It is these spots that they all want to occupy for providing goods and services because they claim it is here where their products sell faster than in other areas.

It was reported that vendors are vulnerable to frequent illness due to their exposure to ever varying weather conditions. The municipal police confiscate street hawkers' goods because officials state that street traders trade illegally, which is, operating their businesses without business permits which are issued out by the municipality. The respondents also complained about high registration fee which is paid by street traders when they want to register their businesses with the municipality. However, the danger of not registering creates an opportunity for unscrupulous street traders to sell disastrous and illegal goods like dagga, cocaine and alcohol substances.

The officials also accused street traders of contributing to the dirtiness and littering of the town. The street traders said that there are no dust bins in the streets, hence the members of the public litter. Street traders claim that there is poor co-ordination of environmental awareness programmes by officials; a programme which respondents believe would help street traders to keep their trading sites clean. This will in turn attract tourists and investors.

Street traders also attributed insufficient security and protection of street vendors' businesses to poor visibility of police. Respondents expressed their concern about the absence of police patrols because wrong doers do not only steal street traders' commodities but also take advantage of the congestion in N2 Mthatha Street and pickpocket people. Another factor which contributes to high rate of theft and robbery in Butterworth is that there are insufficient lights and most people do not have jobs.

Consequently, street traders cannot trade when it is dark in fear of robbery, even though they might still get customers.

Small Enterprise Development Agency (2008:21) pronounces that there are various crimes including violent crime, shoplifting and employee theft, especially hawkers or street traders who do not take stock of their products which are frequently existing. There is also inadequate provision of safety and security by Mnyama officials, lack of storage facilities for keeping safe street traders' wares. Street entrepreneurs are also characterised by high payments of transport costs by themselves to their sites of business operations. Powerman (2010:4-7) asserts that street vendors are disadvantaged in the area of security, transport and municipal services. Acquisition and security of storage facilities are often a predicament for informal traders who live far from their business sites or stalls.

Respondents expressed their dissatisfaction on the unavailability of water and public sanitation facilities that can also be used by street traders. They said water will also enable the street vendors to drink, wash their hands and fruit and vegetables for hygienic purposes before they are sold. Respondents also highlighted the issue of poor attendance of street traders' meetings convened by leadership of street traders. In these meetings critical issues pertinent to the welfare of street traders are discussed and these issues include pickpocketing and stealing, conflicts among street traders, insufficient lights and unavailability of drinking water, sanitation facilities, financial support, littering, cleaning of trading sites because the municipality blame the street traders for the latter.

### **5.2.3 Responses to the question on support of street traders**

Respondents indicated that street traders need to be supported by the municipal officials through funding street trading activity. Financial assistance should also be provided by formal successful businesses for support purposes. This results to the lack of financial assistance and support by officials. Lund and Skinner (2003:16-17) unveil that access to financial services for poor people has been underdeveloped in South Africa. This can assist street traders to grow and develop their businesses further. Loans and credit must be organised by the officials to give financial support

for street hawking activity. Street hawkers also lack business entrepreneurship skills and knowledge to do and manage their small businesses. Insufficient business skills like financial management can create poor performance on the side of street vendors.

Mnquma Hawker's Association claims that they provide assistance on street trading development. For example, they organise workshops on financial matters. Respondents proclaimed that those workshops are not happening frequently. The LED of Mnquma Local Municipality is accused of not providing innovative workshops on business operations and co-operative initiatives. This means that street traders are not empowered to learn to do business in groups rather than individually. Another finding is that products sold by street traders do not only generate income for the street traders but also contribute to the local economy. Ligthelm (2005:32) contends that informal economy constitutes an important part of the South African economy.

What is apparent from the above-mentioned presentation is that street traders in Butterworth also lack various skills in street trading function. For instance they need to be provided with training in areas such as business skills, technical training and other basic education and training. For example, Chad (2008:11) reveals that education and training are important as there are strong linkages between entrepreneurship and human capital. Street traders spend most of their time in the streets, trading. They do not have storage places where they can store their goods and tables they may use to display their products.

This state of affairs contributes to untidiness of Butterworth. One will remember that Mnquma Local Municipality was once announced as the dirtiest area in South Africa back in 2006 (Mnquma Local Municipality official Newspaper- April 2011, p. 3). Street trading activity cannot function properly without being regulated by relevant trading policy, for example, street trading site policy.



### **5.3 CONCLUSION**

This chapter dealt with the analysis and presentation of respondents' responses of the study. It has also revealed some of the constraints that the street vendors experience. Chapter 6 concludes the study by presenting findings, conclusions and recommendations.

## CHAPTER 6

### CONCLUSION, FINDINGS AND RECOMMENDATIONS

#### 6.1 INTRODUCTION

This chapter provides conclusion, findings as well recommendations of the study. These recommendations are based on the responses of street traders, leadership of Mngquma Hawkers Association and Local Economic Development officials. Recommendations will focus on: street trading sites, financial assistance, business stalls, conflict management, establishment of agricultural projects on fruit and vegetables, training and workshops, security and protection of street entrepreneurs, business registration and licensing and environmental management.

Chapter 1 paid attention to the background, rationale to this study, problem statement, hypothesis, research questions, aims and objectives, review of literature, research methodology, research design, sampling, data collection and data collection instruments, ethical considerations, confidentiality, privacy, anonymity, validity and reliability.

Chapter 2 focussed on how to build a sustainable 'Local Economic Development'. It also outlined the purpose of Local Economic Development and the role of street trading towards the development of local economy. It demonstrated how the involvement and consultation of street traders could promote Local Economic Development in their respective local areas.

Chapter 3 focussed on factors affecting street trading in the Mngquma Local Municipality. For example, the formulation of street trading spaces/sites, financial assistance, advocacy and training (empowerment), issues of licensing and registration, conflicts and environmental management.

Chapter 4 dealt with research approach and design samplings. In this particular chapter, the researcher has chosen qualitative research method which is narrative, where the reasoning and the feelings of the participants would be observed.

Chapter 5 focussed on data collection and presentation. The specified data analysis instrument (categorising and classifying data) was used after the researcher has collected data. The collected data was presented through responses from street traders, Mnyama Hawkers Association and Local Economic Development officials.

Chapter 6, which is the current chapter, provides recommendations for this study. These recommendations are based on the responses of street traders, leadership of Mnyama Hawkers Association and Local Economic Development officials. Recommendations will focus on: street trading sites, financial assistance, business stalls, conflict management, establishment of agricultural projects on fruit and vegetables, training and workshops, security and protection of street entrepreneurs, business registration and licensing and environmental management.

## **6.2 RECOMMENDATIONS ON SUPPORT AND ASSISTANCE FOR STREET TRADERS**

### **6.2.1 Street trading site**

Trading site is a matter of high contestation between street traders and municipal officials in the Mnyama Local Municipality. This rivalry of trading site is caused by street vendors who are selling goods in the N2 Mthatha Street in Butterworth. On the other hand, municipal officials claim to be trying to increase cleanliness by chasing away street traders trading along the main street as they perceive traders as littering. Suggestions in this regard include: Trading sites must be established by local authorities in order to create good working environment for street traders.

Trading sites must also be demarcated with street vendor site numbers so that street traders will not be disturbed by local urban authority's spatial development programmes. This means that their trading sites must be numbered so that one knows his/her trading site number. An establishment of trading sites will also reduce the high rate of infighting and conflicts which normally happen amongst street traders, for example, fighting about trading sites. The old buildings such as the Monument Building in the Central Business District in Butterworth may be utilised to display traditional wear like beads, *iinkciyo* and *imibhaco*.

### **6.2.2 Financial assistance**

There is a great challenge in terms of financing street trading activity because it is widely believed by owners of financial institutions that street traders will be unable to repay loans because of their inability to manage their finances. For example, financial institutions like banks do not provide loans because street traders do not have collateral. Therefore, street traders can be assisted financially by introducing street traders to Khula Financial Schemes, Umgalelo Scheme and Bank loans. These various means of financial assistance are briefly discussed in the following paragraphs:

### **6.2.3 Khula Financial Scheme (KFS)**

Street traders should be linked to financial schemes such as Khula Financial Scheme (KFS) which helps in financing small business, such as street traders. It is also known as Khula Enterprise Finance. The Khula Financial Schemes offer loans which are disbursed to street traders using a drawn-down method of disbursement. This method means that loans are paid bit by bit to street traders; they do not get the exact amount they have requested. For example, a street trader who has applied for R10000 000 (one million rand) will get R500 000(Five hundred thousand) for monitoring and assessment of the business progress. Whilst the business performs at its utmost best another amount of money will be drawn-down or disbursed.

### **6.2.4 Umgalelo Scheme (US) or stokvel**

There is also an effective mechanism that street traders can think of which is known as 'Umgalelo Scheme' (US) or 'stokvel'. There are billionaires today who have survived through this kind of financial support scheme which is popularly known as Umgalelo. This is a contribution that is done by a group of people in an effort to support each other (street traders) financially. It depends on that particular group of persons, for instance, at what time of the month it should happen, when, how much one must donate and who will be receiving a certain amount of money first and so forth. Umgalelo could be facilitated by Mnquma Hawkers' Association.

### **6.2.5 Bank loans**

The Mnyama Hawkers' Association can negotiate with local banks so as to organise loans for small business owners including street traders. They can also negotiate for low interest rates. It would be appropriate for officials to also organise financial experts to continuously advise and educate traders about financial management skills such as financial planning, budgeting and investment matters.

### **6.2.6 Installation of street traders' business stalls**

The business stalls are a prerequisite before any street vendor can be in a position to function properly, that is, to sell all out his/her merchandise. Whilst the municipal officials have not yet built permanent business structures/business stalls for street entrepreneurs, movable structures/stalls in the form of small carts and bicycles should be given to the street hawkers. Secondly, the municipal officials in collaboration with Mnyama Hawker's leadership for street vendors must organise sponsors to donate more umbrellas to protect traders' products.

### **6.2.7 Conflict management skills**

The Mnyama Local Municipality is notorious for a number of conflicts amongst street vendors themselves and also between street vendors and municipal officials. The recommendations are: there should be a special committee whose aim should be to maintain a good relationship between street hawkers and municipal officials. The committee would ensure that both parties, that is, street vendors and officials are represented equally in decision-making forums, such as Imbizo forums by municipality officials on matters affecting street traders, for example, capacity building.

### **6.2.8 Establishment of agricultural projects**

Street vendors should be encouraged to start agricultural projects such as vegetable gardens and small scale farming of animals as well as to grow chicken with the purpose of selling. In order to ensure that this is achieved, local authorities can identify unused land for farming and the establishment of vegetable gardens. If these initiatives can be implemented well, street vendors can benefit a lot from such

projects (agricultural projects) as part of their street trading activity. The Department of Social development and the Department of Traditional Affairs and Local Government can facilitate the whole notion of agricultural projects through funding and also by encouraging rural dwellers to produce more fruit and vegetables in their agricultural projects for the benefit of all local businesses, especially street traders. This will enable street traders to buy their commodities locally and not travel to East London, which is 100 kilometres away, to buy fruit and vegetables. This will not only cut the transport costs of street vendors but it will also boost the local economy of the Mngquma Local Municipality. This will not only create job opportunities but it will also transfer skills and knowledge to other people who might be interested in farming and growing vegetables. The projects specified above like farming of animals, growing of chickens and agricultural projects will also equip other street traders with skills to produce meat and agricultural products.

For hawkers who would not be interested in farming, officials and leadership of street traders can organise steel containers so that street traders' commodities can be kept secured at all times. This will minimise the challenge of vandalism and theft which have also been identified as major challenges. Agricultural projects will ultimately sell their products to small and big businesses in the municipality.

### **6.3 TRAINING AND WORKSHOPS**

Partnerships between formal and informal traders must be established in order to share business expertise, such as business plans, budgeting skills and financial management skills. Lack of workshops and training sessions for empowerment by local officials contribute to the lack of entrepreneurial skills. Training workshops and educational programmes must be organised by LED department and Mngquma Hawkers' Association to empower hawkers or traders on how to run their businesses. LED officials and hawkers' leadership can negotiate with local institutions of higher learning such as Walter Sisulu University of Technology (WSU), King Hintsa Further Education and Training (KHFET) to offer business skills in the form of a skills development programme. The involvement of SETAs in skills development of street trading activity can enhance street vendors in getting business skills, marketing skills and selection of other good quality products.

#### **6.4 RECOMMENDATION ON CLEANLINESS**

Mnquma Local Municipality was once announced as the dirtiest area in South Africa in 1996, specifically Butterworth (Mnquma Official Newspaper, 2011:1-3). It subsequently improved two to three years ago but there is still little improvement.

Street trading activity is largely contributing to this state of affairs. Therefore, street traders must establish a Street Trading Cleaning Committee that will ensure that every street trader cleans his or her place of operation during and after business hours. Cleaning Campaign Programme (CCP) must be adopted by both officials, that is, municipal officials and leadership of the Mnquma Hawkers' Association (MHA). The main aim of this programme will be to encourage street traders to clean their trading sites of operation and at times they should also volunteer to clean the whole town.

This cleaning campaign initiative should become the culture of street traders to ensure that their sites of operations are taken care of. There should also be an involvement of other departments like Local Economic Department (LED), Community Services Unit (CSU) and Corporate Services Unit (CSU) to facilitate the whole process of cleaning campaigns by providing cleaning material such as refuse bags, brooms, gloves and detergents. It is also recommended that the municipal officials should provide transport for all street vendors during cleaning campaigns.

#### **6.5 SECURITY AND PROTECTION OF STREET HAWKERS**

There is a necessity to protect street traders' businesses as they are the only source of income for their survival and that of their families. The following recommendations are thus made:

- Formation of collaboration between South African Police Services (SAPS) and other departments, such as the Department of Traditional Affairs and Local Government Municipalities, to work and complement each other. This can be helpful in guarding against any act of vandalism directed to the street traders by any culprit.
- For example, street vendors must be motivated to avert the habit of buying goods from strangers, avoid keeping shoplifters' goods (people who are responsible for stealing goods from shops for their own use or for selling

purposes) and street hawkers must also be encouraged to work with police in difficult times like recovering street trader's stolen goods.

## **6.6 RECOMMENDATIONS ON BUSINESS REGISTRATION AND LICENSING**

It is important for the municipality to register all the street traders because if street traders are registered, this will increase the sources of revenue for the municipality.

This will also ensure that there are no people who would trade illegally which would, sometimes, create an opportunity for other people to sell illegal stuff like drugs and stolen goods. It is therefore recommended that:

Street traders' profile is essential as it will provide the valuable information, for example, a place where one lives, his/her names and surname, place of birth, nationality, language one speaks, academic qualifications, what product is she/he going to offer to avoid a duplication of the same merchandises, and also state what is/are the reason/s for selling such a commodity.

## **6.7 CONCLUSION**

This study sought to investigate factors affecting street trading in Mngquma Local Municipality. It is evident from the responses that there are numerous challenges facing street traders in this municipality. However, these challenges are not unique to street traders in Mngquma Local Municipality only.

On the basis of the research findings, the following conclusion can be made. The high unemployment rate in Butterworth can decrease considerably if only the Mngquma Local Municipality can be involved in the activities of the street traders. For example, the agricultural projects can be extended to other areas of the municipality because the municipality is largely rural and as such has plenty of land which could be used for farming and ploughing.

Street trading is not perceived as an economic activity that can boost the economy of Mngquma Local Municipality. Therefore, this municipality should support the vendors financially and by capacitating them in entrepreneurial areas such as budgeting, saving, financial planning and writing of business proposals. This municipality will, by so doing, be able to increase the provision of goods and services to its community.



Chapter 6, which is the current chapter, provides recommendations for Mngquma Local Municipality to consider.

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## **APPENDIX 1**

### **REQUEST TO CONDUCT RESEARCH TO MNQUMA LOCAL MUNICIPALITY**

P.O. Box 555  
Butterworth  
4960  
12 November 2011

The Municipal Manager of Mngquma Local municipality  
52 King Street  
Butterworth  
4960

Sir/Madam

### **REQUEST TO CONDUCT RESEARCH**

My name is Mziwoxolo Bota, a student at Nelson Mandela Metropolitan University. I am doing a Master's degree in Public Administration. I therefore request to conduct my research study titled "An investigation into the factors affecting street trading in the Mngquma Local Municipality".

Your approval for this letter will be highly appreciated.

Yours faithfully  
Mzoxolo Bota (Mr)


Contacts: 0835296505

Email: [mzoxolobota@gmail.com](mailto:mzoxolobota@gmail.com)

## APPENDIX 2

### LETTER OF APPROVAL FROM MNQUMA LOCAL MUNICIPALITY

**MNQUMA LOCAL MUNICIPALITY**

<i>P.O. BOX 36 No. 52 King street, Butterworth, 4960 Telephone: 047- 4012400 Facsimile: 047-4910195</i>		<i>Ibokisi yePasi 36 52 King Sitalato, Butterworth, 4960 Umnxeba: 047-4012400 Inombolo yefekisi: 047-4910195</i>
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Date 07-06-2011	Person Dealing with the matter Mr. S. Tantsi	
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To: Whom it may concern:  
Nelson Mandela Metropolitan University  
Faculty of Art  
Department of Political and Government Studies  
Port Elizabeth

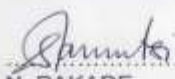
Dear Sir / Madam

**PERMISSION FOR MR. MZIWOXOLO BOTA TO CONDUCT A RESEARCH  
STUDY ON STREET TRADING IN BUTTERWORTH**

Mnquma Local Municipality is located in the South Eastern part of the Eastern Cape Province. This category B municipality falls under the jurisdiction of the Amathole District Municipality (ADM) and comprises of an amalgamation of the former Butterworth, Ngqamakhwe and Centane TRC's.

Mr. Mziwoxolo Bota has approached the Municipality requesting an opportunity to conduct a study on Street Trading in Butterworth. The letter serves as a confirmation that he will be conducting the study within the municipality.

Yours sincerely

  
N. PAKADE  
MUNICIPAL MANAGER

### **APPENDIX 3**

#### **A REQUEST TO CONDUCT A RESEARCH STUDY TO MNQUMA HAWKERS' ASSOCIATION USING BOTH LEADERSHIP AND STREET TRADERS**

P.O. Box 555

Butterworth

4960

14 November 2011

Mnquma Hawker's Association Street Traders

NO1 2 Schalen Street

Butterworth

4960

SIR

REQUEST TO CONDUCT A RESEARCH STUDY ON "AN INVESTIGATION INTO THE FACTORS AFFECTING STREET TRADING IN NQUMA LOCAL MUNICIPALITY': MNQUMA HAWKERS' ASSOCIATION LEADERSHIP AND STREET TRADERS.

My name is Mziwoxolo Bota, a student at Nelson Mandela Metropolitan University. I am doing a Master's degree in Public Administration. I therefore request to conduct my research study titled: 'An investigation into the factors affecting street trading in the Mnquma Local Municipality'. The study will focus on the following:

- a) Interrogating 5 leadership members of Mnquma Hawkers' Association.
- b) Interrogating 20 members of street traders of Mnquma Hawkers' Association.
- c) To investigate challenges faced by street traders in Butterworth,
- d) To examine factors affecting the street traders in Butterworth.
- e) And also identify the role of the Mnquma municipality's Local Economic Development in street trading.

Yours Faithfully

P.M. Bota (MR)

Contacts: 0835296505



## APPENDIX 4

### ACCEPTANCE FROM MNQUMA HAWKERS'S ASSOCIATION

**MNQUMA HAWKERS ASSOCIATION**

Call No. 007 211 0001  
073 2370 751  
0734568421

No. 13 Sibusiso Street  
Butterworth  
4950

**MEMORANDUM**

From : Mnquma Hawkers Association  
Secretary : Miss L. Mjoli  
To : Nelson Mandela Metropolitan University  
Student : MR P.M. Bota  
Subject : Right to conduct Research  
Date : 16 November 2011

Sir/Madam

A LETTER OF ACCEPTANCE ON CONDUCTING A RESEARCH WITH STREET TRADERS AND MNQUMA HAWKERS ASSOCIATION MEMBERS OF MNQUMA LOCAL MUNICIPALITY

We acknowledge the receipt of your correspondence regarding the request of conducting a research making use of our members. We therefore in due respect accord you unconditional right to interview and advance your research study in our organisation members.

Should there be any inquiry in this respect do not hesitate to contact/communicate with us.

Yours Sincerely

Secretary : L. Mjoli

**MNQUMA HAWKERS ASSOCIATION**  
No 13 SIBUSISO STREET  
BUTTERWORTH 4950  
DATE 18-11-11  
SECRETARY

## **APPENDIX 5**

### **A REQUEST TO EDIT MY RESEARCH WORK**

P.O. Box 555  
Butterworth  
4960  
15 November 2011

University of Fort Hare  
Faculty of English  
East London Campus  
East London  
5201

Dear Sir

#### **REQUEST TO EDIT MY RESEARCH PROJECT FOR 2012**

My name is Mziwoxolo Bota, a student at Nelson Mandela University. I am doing a Master's Degree in Public Administration. I therefore request to edit my research titled 'An investigation into the factors affecting street trading in the Mnquma Local Municipality'.

Yours faithfully

P.M. Bota  
Contact No. 0835296505  
Email address: [mzoxolobota@gmail.com](mailto:mzoxolobota@gmail.com)

## APPENDIX 6


### LETTER OF APPROVAL FROM THE EDITOR TO EDIT RESEARCH WORK

REQUEST FOR THE EDITOR TO EDIT MY RESEARCH WORK ON TOPIC PROPOSED:  
'AN INVESTIGATION INTO THE FACTORS AFFECTING STREET TRADING IN THE  
MNQUMA LOCAL MUNICIPALITY'

TO WHOM IT MAY CONCERN

This serves to confirm that I edited Mr Mzoxolo Bota's work. If you have any further questions  
in this regard please do not hesitate to contact me on my contact details provided below;

Yours sincerely

J. Mkhize  
  
Jabulani Mkhize

Department of English

University of Fort Hare

East London Campus

Email address: [jmkhize@ufh.ac.za](mailto:jmkhize@ufh.ac.za)

Tel: 043 704 7305

## APPENDIX 7

### REQUEST TO TRANSLATE RESEARCH QUESTIONNAIRES IN ISIXHOSA

P.O. Box 555

Butterworth

4960

10 April 2012

28 Mc Jannet Drive

Baysville

East London

10 April 2012

Dear Madam

### REQUEST TO TRANSLATE RESEARCH QUESTIONNAIRES IN ISIXHOSA

My name is Mziwoxolo Bota, a student at Nelson Mandela Metropolitan University. I am doing a Master's degree in Public Administration. I request to translate my research questionnaires in IsiXhosa.

Yours Faithfully

(MR)

Contacts: 0835296505

Email: [mzoxolobota@gmail.com](mailto:mzoxolobota@gmail.com)

## APPENDIX 8

### LETTER FROM THE LANGUAGE PRACTITIONER

28 Mc Jannet Drive

Baysville

East London

10 April 2012

Nelson Mandela Ethics Committee

P.O. Box 7700

Port Elizabeth

6031

Sir/Madam

#### **RE-TRANSLATED AND EDITED QUESTIONNAIRE TO XHOSA VERSION**

I have translated questionnaires and made some necessary corrections. I have done this to the best of my ability and knowledge of IsiXhosa. I obtained my Bachelor of Arts from the University of South Africa in 1992 and B.A. Honours from the University of Stellenbosch in 2002 with African language (IsiXhosa) as my subject. I have written many books titled Uvimba (Vivilia Publishers), Masikhanyise, Simnandi IsiXhosa (Maskew Miller Longman Publishers) from the foundation phase to further Education and Training. I have also written the study guide for a grade 12 prescribed drama titled Amaza by Z.S. Qangule. I am well versed with the entire changing curriculum from Outcomes-Based Education (OBE), to curriculum Assessment Policy Statement (CAPS).

Yours Faithfully

N.N.N. Swartbooi (MRS) 

Contacts: 082 221 9413

## **APPENDIX 9**

### **INTERVIEW SCHEDULE:**

#### **STREET TRADERS TRADING IN BUTTERWORTH ALONG N2 MTHATHA STREET**

1. What products or product do you sell?
2. How long have you been selling this product or these products?
3. Why did you decide to operate your business along the N2 road?
4. What challenges do you regard as threats in as far as your business is concerned?
5. Do you get any support you need from the Butterworth municipal officials?
6. What is your view on the involvement by the municipal officials in your business?
7. How do you as street traders get information about trading from the Mngquma Local municipality?
8. Do you receive any training from the municipality on how to start and operate your business?
9. If it does happen, how often does it take to offer such training workshops?
10. In your viewpoint, do you have an opportunity to meet with Mngquma municipal officials so as to voice out your concerns?
11. In your opinion, what other measures can be taken into account to improve the relationship between street traders and municipal officials?
12. In your view, what kind of assistance can the municipality offer to enable you to operate your business efficiently?
13. What other factors do you think contribute to ineffectiveness of street trading activities in the Butterworth district?
14. In your viewpoint, do you think Local Economic Development (LED managers) play their role to assist street traders at all costs?
15. How does the lack of business stalls hamper your business operations within Butterworth district?
16. What other strategies do you think can be implemented to enhance their role (LED) so as to respond positively to the street traders' interest?

Thank you for your participation.

## **APPENDIX 10**

### **UDLIWANO-NDLEBE KUBATHENGISI ZITALATWENI BASEGCUWA, KUHOLA WENDLELA ONGU N2 OSINGISE EMTHATHA.**

1. Uthengisa ntoni kweli shishini lakho?
2. Unexesha elingakanani uthengisa?
3. Kutheni wabanomdla wokuthengisi kulo Hola wendlela ongu N2?
4. Zinto zini ezingumceli mngeni kweli shishini lakho?
5. Lufumaneka njani uncedo oludingayo kuMasipala kweli shishini?
6. Ingaba uyaneliseka lungenelelo lukaMasipala ekukuncediseni kweli shishini?
7. Ulufumana njani ulwazi malunga nokuqhuba ishishini lakho?
8. Likhona uqeqesho nocweyo olufumanayo malunga nokuqala nokuqhuba ishishini?
9. Ukuba lukhona okanye luyenzeka, luthatha ixesha elingakanani?
10. Ngokolwazi lwakho, bayaliniwa ithuba abathengisi basezitalatweni iqonga lokukhupa izinto ezingumceli ngeni emashishinini abo?
11. Bungandiswa njani ubudlelwano obungcono phakathi kwabathengisi zitalatweni nabaphathi bakaMasipala waseMnquma?
12. Ngokoluvo lwakho, ucinga ukuba kungenziwa ntoni lisebe lezoshishino noqoqosho ukuphuhlisa abathengisi zitalatweni?
13. Ziziphi ezinye izinto ezingumqobo ekuphuhliseni amashishini asezitalatweni?
14. Ngokolwazi kwakho, ingaba isebe lezoqoqosho nophuhliso lidlala indima ebalulekileyo ukuphuhlisa lamashishinana asezitalatweni zaseGcuwa?
15. Ziziphi ezinye iindlela ezinokwenziwa lisebe lezoqoqosho ukuphuhlisa nokuxhoma umgangatho wamashishini asezitalatweni?

**ENKOSI KAKHULU NGEGALELO LAKHO.**

**INTERVIEW SCHEDULE:**

**MANAGER TO THE LOCAL ECONOMIC DEVELOPMENT (LED) DEPARTMENT**

1. What is your position in the Local Economic Development Department?
2. How long have you been in this position?
3. Does the Mquma Local Municipality have an LED policy on street trading'?
4. How do you implement LED policy on street trading to ensure proper regulation and management of street trading activities in Butterworth?
5. 'What challenges faced by street traders in Butterworth?
6. How do the municipal officials (LED officers) respond to some of these concerns raised on behalf of street traders'?
7. What strategies have been implemented to address such challenges that have been identified?
8. Is the LED department involved on street trading?
9. How do you ensure that your department plays a meaningful role on street trading?
10. What is the role of your office towards supporting street trading?
11. What kind of support is given to the street traders by your department?
12. In your view, is the street trading in Butterworth functioning properly? Explain
13. What other strategies can be implemented to ensure that street trading is recognised and being regarded as an essential service?
14. What other factors you regard as factors affecting street trading in Butterworth'?
15. How do you think can be best addressed to enable street traders to operate smoothly without any hindrances?



## **APPENDIX 12**

### **INTERVIEW SCHEDULE:**

#### **TO MNQUMA HAWKERS' ASSOCIATION**

1. What position do you hold in the Mnyama Hawker's Association?
2. How long have you been serving this organisation?
3. What challenges faced by street traders in Butterworth?
4. How does the leadership resolve those challenges faced by street trading in Butterworth?
5. How do the municipal officials respond to some of these concerns raised on behalf of street traders?
6. Is there any platform that is created for street traders whereby they raise some of their concerns on their own and how does that happen?
7. What are the other factors/challenges faced by the street traders when trading in Butterworth?
8. In your viewpoint, how best you think the municipal officials can do to focus on their role of addressing street trading?
9. In your view, do you think there are cordial relations between street traders and municipal officials? Explain
10. What is the role of the organisation (Mnyama Hawker's Association) towards the development of street trading?
11. What skills do you think are necessary for street traders to do their businesses well?
12. In your view, what kind of assistance can the municipal officials render to the street traders?
13. How do the municipal officials provide street traders with relevant information on how to start and operate their businesses?