

**AN ASSESSMENT OF THE MOTIVATIONS, OPERATIONS AND
COMPETITIVENESS OF LOCAL AND MIGRANT INFORMAL SECTOR
ENTREPRENEURS IN POLOKWANE LOCAL MUNICIPALITY**

by

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DISSERTATION

Submitted in fulfilment of the requirements for the degree of

MASTER OF SCIENCE

In

GEOGRAPHY

in the

**FACULTY OF SCIENCE AND AGRICULTURE
(School of Agricultural and Environmental Sciences)**

at the

UNIVERSITY OF LIMPOPO

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2021

ABSTRACT

In recent years, South Africa has been experiencing slow economic growth. This has resulted in high unemployment levels, especially among the youth, who are the most economically active and therefore in need of occupations. Without jobs, the majority of the urban poor have resorted to taking part in the informal sector as part of their livelihood strategies. In addition to this environment of high unemployment and acute poverty levels, an increasing number of migrants who have been unable to find employment in the country have also gravitated to the informal sector to make a living. This has set up fierce competition between local and migrant entrepreneurs, which, in some cases has resulted in the outbreak of violence and the destruction of foreign-owned business. This destruction has been linked to accusations that migrant businesses have advantages over locals and that they engage in anti-competitive trading behaviours. It is against this background that this study assesses the motivations for doing business in the informal sector, the operations of the businesses, as well as the competitiveness of the businesses operated by local and migrant entrepreneurs. Polokwane CBD and Seshego Zone 2 in Polokwane Local Municipality were chosen as the study areas. To carry out this study, a quantitative research design was adopted. It involved the use of mapping and the administration of a standardised questionnaire for field data collection. Study results show that the motivation for starting a business contributed very much to the success or failure of the business. Local and migrant informal sector entrepreneurs were found to be operating differently: most migrant informal sector entrepreneurs were operating as a team and sharing business strategies, costs and advice while local entrepreneurs operated primarily as individuals, without much recourse to shared information or advice. In addition, migrant entrepreneurs were stocking their goods in bulk which enabled them to sell their products and services at lower prices as possible. Future research is needed within the informal sector entrepreneurship of local and migrant entrepreneurs so that their contribution to the economic growth of the country could be clearly understood and measured.

Key words: Informality; Entrepreneurship; Migrants; Informal Economy; Informal Business; Motivation

DECLARATION

I declare that the **Dissertation** hereby submitted to the University of Limpopo, for the degree of **Master of Science in Geography** has not previously been submitted by me for a degree at this or any other university; that it is my work in design and in execution, and that all material contained herein has been duly acknowledged.

KGAPHOLA, MP
Surname, Initials

20 September 2021
Date

DEDICATION

This research is dedicated to my siblings. I am the first in my family to pursue tertiary studies, as most of my siblings did not get the chance to further their studies. I am humbled by their help and commitment to see me through my studies. For that, I will always be proud of them.

ACKNOWLEDGEMENT

It is with great pleasure that I thank all people who supported me throughout this study. I thank my supervisors: Prof. G. Tawodzera and Dr. I. Dhau, for their guidance, moral support and valuable contribution during my academic journey. I pass special thanks to the Risk and Vulnerability Science Centre at University of Limpopo for funding my data collection and for the associated logistical arrangements. I would also like to acknowledge the following assistants for their help in data collection: Lekgothoane, P.L., Manaka, P.P., Sivhiya, M.P., Mhlanga, W.A., Mothapo, M.V., Manamela, A.M., Baloyi, M.Y. and Seopa, T., and Monyaka, R.T., Matjie, S.A. and Namolane, M.R.. I am also indebted to Mothapo, M.C. and Meso, T.P., for assisting with printing of questionnaires, maps and moral support during this study.

I would like to pass my gratitude to the Polokwane Local Municipality management for the permission that they gave for this study to take place in their jurisdiction. Most importantly, special thanks to the interviewees, for this study would not have been complete without their participation.

I would also like to thank my family, most importantly my parents: The late Mrs. J.M. Kgaphola and the late Mr. M.G. Kgaphola, who always gave countless support and encouragement.

I owe a debt of gratitude to the National Research Fund for the financial support extended to me throughout my postgraduate degree. As a believer and follower of Christ, I thank God for all the time He offered and the protection He gave during this study. May He continue to bless everyone mentioned in this report and those that may have mistakenly been left out. Amen.

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CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1. Introduction

This chapter constitutes the background of the study. It presents information on the aim and objectives of the study, the problem statement, study rationale, the study's scientific contribution as well as the way in which the study was organised.

1.2. Background to the study

The informal sector is an important component of livelihoods of the majority of the poor in most of the developing countries (Portes and Sassen-Koob, 1987; De Soto, 1989; Loayza, 1996; Ellis, 2000; Rich and Perry, 2011). It provides goods and services to consumers at affordable units as well as operating during times and places that are convenient for the entrepreneurs, employees and customers alike (Dunne, Lusch and Carver, 2013). With regard to the entrepreneurs, the business provides a means of generating income and therefore enabling them to sustain their livelihoods (Nkechi, Emeh Ikechukwu and Okechukwu, 2012; Franck, 2012; Berner, Gomez and Knorrninga, 2012; Verrest, 2013). It also generates jobs for many individuals employed in the sector (Verrest, 2013; Gastrov and Amit, 2013). In South Africa, the informal sector is an integral component of the township economy and is responsible for the livelihoods and survival of many households and individuals (Du Toit and Neves, 2007; Banchirigah and Hilson, 2010; Neves and Toit, 2013). Despite this importance however, informal sector businesses in the country generally face challenges relating to their profitability and sustainability as the majority of the businesses in the sector generally tend to collapse within a short period of time (Healy and Palepu, 2012; Neubauer and Lank, 2016). This study thus seeks to assess business motivations, operations and competitiveness of the local and migrant informal sector entrepreneurs in Polokwane Local Municipality, looking at their existence, development and challenges that they face operationally.

In South Africa, the informal sector evolved because of rising unemployment within the black community during the apartheid years. It is also outlined that "...rapid increase in the

population of the country put more pressure on the ordinary South Africans to find alternative livelihoods...” (Kgaphola, 2015). The only viable alternative left open to the poor and the majority of unemployed black people in the country was thus to engage in the informal sector for alternative livelihoods (Terblanché, 1991).

As a result, informal sector businesses served to avail goods and services to the local customers whose income was limited to buy goods in small quantities or that they could pay for. In addition, most market centres that served to be informal sector were built in high-income areas, leaving low-income areas with very little chances and difficult possibilities for shopping areas, hence the development of small informal enterprises by the poor entrepreneurs in townships. Therefore, the informal sector is one of the main sources of economic activities in most South African townships.

Thus, informal sector was noted to contribute 6.0% to Gross Domestic Products (GDP) of South African economy in 2017 (StatsSA, 2020). Moreover, a Quarterly Labour Force Survey accounts that, informal sector presented 18.3% of employees and 30.0% in informal employment during 2019 study (StatsSA, 2020). This is supported by a report showing that informal sector in South Africa has grown from 15.5% to 18.3% during 2013-2019 period with increased number of male participants (20.2%) (Maluleke, 2020). Spatially, informal sector was noted to be unequally distributed, Gauteng being the highest with 28.3% of informal businesses, followed by Limpopo (16.7%) and KwaZulu-Natal (14.5%) in 2017 (Maluleke, 2020).

1.3. Problem statement

Informal businesses contribute approximately 6.0% of the Gross Domestic Products (GDP) in South Africa (StatsSA, 2018). About 2.7 million people depend on the informal sector for their livelihoods in the country (StatsSA, 2015). Studies however indicate that over 60% of new local informal sector businesses in the country generally do not exist beyond five years (Ligthelm, 2005). In Polokwane, Malahlela (2010) revealed that 55% of locally-owned informal sector businesses collapse within three years. This is generally occurring in the same environment where foreign-owned informal sector businesses are thriving (Goedhuys and Sleuwaegen, 2010; Fitjar and Rodríguez-Pose, 2011; Crush, 2017). Thus the importance and viability of local entrepreneurship in Polokwane and most of urban South Africa are being

questioned (Malahlela, 2010). While there have been attempts to link the problems affecting local informal businesses to the entrance of migrant-owned businesses into the informal sector, not much evidence has been advanced to support this claim (Charman and Piper, 2012). Gastrov and Amit (2013) and Peberdy and Rogerson (2002) have suggested that differences in local and migrant entrepreneurship may lie in the motivations behind the setting up of the businesses, the way in which the businesses operate, and other factors yet to be researched. This study thus assesses the motivations, operations and competitiveness of both local and migrant-owned informal sector businesses and recommends strategies for viable informal sector entrepreneurial development in South Africa.

1.4. Study rationale

There are many studies in South Africa that deal with formal businesses such as retail, manufacturing and wholesalers, including the spreading of malls in the country (Benjamin et al., 2014). However, informal businesses that constitute more than half of the businesses in the country are relegated to the margins of research and little is known about the operations of informal businesses in the country (Charman et al., 2011). The informal sector is important, not only in South Africa but globally. Schneider and Enste (2003) estimate that the informal sector represents 10% to 20% of global output in developed countries and more than a third of the global output of the developing countries. Underlining the importance of the informal sector is the fact that some of the fastest-growing segments of African economies are dominated by the firms (Benjamin et al., 2014). The importance of the informal sector in generating employment should therefore not be understated.

In South Africa, the informal sector is an important livelihood source (Charman et al., 2011). Rising unemployment, worsening urban conditions and increasing poverty are forcing people to become entrepreneurial in the informal sector to make a living (Bear, 2005). This is because the capital required to start a business in this sector is low, making the informal sector attractive even for poor people (Crush, 2008). South Africa's relative economic stability also makes it a preferred destination for migrants, particularly from countries whose economies have been ravaged by wars, bad politics and general economic stagnation (Crush et al., 2015). Competition in the informal sector is high and entrepreneurial innovativeness is required for most businesses to survive (Monson et al., 2012). Not much research has however been done

to explain how and why migrant owned businesses are surviving in the same space where locally-owned businesses are facing challenges and closing. This study assesses informal sector entrepreneurs in terms of their motivations, how they operate their businesses and the strategies they adopt to make their businesses successful.

1.5. Study aim

The aim of this study was to comparatively assess the motivations, operations and competitiveness of local and migrant informal sector entrepreneurs in Polokwane Local Municipality.

1.6. Study objectives

To achieve the above aim, the study objectives were to:

- a) Map the location of informal sector businesses in Polokwane CBD and Seshego Zone 2.
- b) Identify motivations for entrepreneurship among local and migrant informal sector entrepreneurs.
- c) Compare the business practices of local and migrant informal sector entrepreneurs.

1.7. Scientific contribution

This study will benefit the informal economic sector, small-medium enterprises (SME's) and department of trading and industry by generating information on the operations, competitiveness and challenges faced by businesses in urban South Africa. This information can be used in the planning and managing of cities faced with growing informal businesses in South Africa. The information generated from this study can also be used to plan for, monitor and put in place measures that can facilitate the orderly growth of informal businesses. Non-governmental organisations (NGO's), government departments and other interested

organisations can also use this information to help informal entrepreneurs in the sector, knowing well what and how to help.

1.8. Delimitation of the study

This study was about local and migrant informal sector entrepreneurship in Polokwane CBD and Seshego Zone 2 of Polokwane Local Municipality in South Africa. These are people who are selling goods and providing services that are legal and tradable in the country according to the South African Constitution, yet their activities are not regulated. Basically, these businesses are neither regulated by the state policies nor rules and are often operated according to the interest of the business owner.

1.9. Study organisation

This study is organised into five chapters. Chapter 1 is the introduction, which sets out the background to this study, the context, and also provides the problem statement, the aim and objectives, the study rationale and scientific contribution of the study. Chapter 2 provides a literature review on the informal sector worldwide and in South Africa, and what motivates different nationalities to participate in informal sector entrepreneurship. Chapter 3 outlines the research methodology, which is constituted into data sources, sampling procedures, data analysis, ethical considerations and limitations of the study. Chapter 4 presents the results in the form of tables, charts and graphs. Lastly, Chapter 5 presents discussions, recommendations and conclusions regarding this study.

CHAPTER 2

THEORISING AND CONCEPTUALISING THE INFORMAL SECTOR ENTREPRENEURSHIP

2.1. Introduction

This literature review was divided into two main parts, theoretical and conceptual frameworks. Theoretical framework is about a theory developed from the literature that is based on the gist of this study. Whereas the conceptual framework is about conceptualising this study from literature review. This chapter outlines literature on the informal sector, its genesis, structure and functions. The literature herein focused on the informal sector entrepreneurship that takes place in other countries worldwide, including South Africa.

2.2. Definition of terms

This section defines noticeable terms that forms the pillars of conceptualisation to this study. Therefore, such terms give a directive description and a clear understanding of issues addressed in this study underpinning the basis of this research. As a result, implication of this study is limited to the description of the definitions used in this section.

2.2.1. Entrepreneurship

Entrepreneurship is drawn from the concept of entrepreneur. Audretsch and Keilbach (2004) defined entrepreneurship as an action, process or activity that function on the basic business operation. It can also be referred to as "...a person who sets up a business or businesses, taking on financial risks in the hope of profit..." (Oxford University Press, 2018). An entrepreneur is an individual who, rather than working as an employee, founds and runs a small business, assuming all the risks and rewards of the venture. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business/or procedures (Investopedia, 2018). As a result, an entrepreneur is a person who establishes a business to produce or provide services in return for surplus earning (Devey, Skinner and Valodia, 2006; Crush, Chikanda,

and Skinner, 2015a; Crush, 2017). This study uses the definition of entrepreneurship as a set of activities that an entrepreneur does to operate a business.

2.2.2. Informality

Informality is a broad term along the corridors of operational legal deregulation and unrecognition of entrepreneurship (Philip, 2010; Vanek et al., 2014). This definition is based on the international basis of its characteristics of production units or enterprises (Rogan and Skinner, 2017). For the purpose of this study, informality is linked to business operation, as a result, it governs the manner at which businesses are informally operated. To be direct, these are legally tradable products and services that are directly or indirectly linked with the formal economy. Therefore, informality in this study relates to the total economic sphere where informal activities take place.

2.2.3. Informal business

These are businesses that are not registered nor recognised by any institution nor regulation (Vanek et al., 2014). They are generally small in nature, and seldom operate from business premises (Devey, Skinner and Valodia, 2006). Instead, they are generally operated from homes, street pavements and other informal arrangements (StatsSA, 2007).

2.2.4. Informal economy

This study endorses the view that there is no clear line distinguishing the formal from the informal economy as all enterprises are linked to a single economy (Crush, 2017). This is because goods and services rendered in the local businesses are interchangeably flowing through both formal and informal economies, hence the two economies are inseparable (Devey, Skinner and Valodia, 2006). Informal economy or informal sector is a broad term because it generally incorporates all jobs that are not recognised as formal income sources, which tax is not paid from (Business Dictionary, 2018). The informal economy is also used to refer to marginalized economic activities from unregistered and unrecognized business entities (Philip,

2010). Therefore, there is no definition of the informal economy without the quotation of defining “economy”, which in this study is referred to as “formal economy”. With adoption of defining economy, the informal economy will be the economy operating under unincorporated, small or unregistered enterprises of legally tradable products and services (Vanek et al., 2014).

2.2.5. Migrants

To define migrants, few keywords are noted: people, movement and place. Migrants basically refers to people who move from one place to another for different reasons (Oxford University Pres, 2018). For the purpose of this study, migrants are defined as people who move from different countries to South Africa for a variety of reasons, including the ability to engage in economic activities. Some of the migrants own informal businesses in most urban areas in South Africa. As such, migrant informal sector entrepreneur refers to a migrant who owns an informal business in South Africa.

2.2.6. Motivation

Motivation is a set of reasons that drive a certain behaviour (Ryan and Deci, 2000). This study looked at the motives that drive informal sector entrepreneurs to establish a business. Previous studies showed that human behaviour determines the motivation responsible for their choices of actions (Benware and Deci, 1984; Ryan and Deci, 2000; Weiner, 2000; Chang, Liu and Chen, 2014). Although most people are unaware of their motivation for the reason are behaving in a particular way to an extent that are being motivated by other people’s actions without noticing. As a result, many people are motivated differently to establish a business in the informal sector.

2.3. The informal sector: A Global perspective

The informal sector evolved from the social science literature regarding economic development (Portes, 1983). There are two types of economies worldwide, formal and informal settings (Guha-Khasnobis, Kanbur and Ostrom, 2006). This is because of the difference in

socioeconomic status among people within the same economic environment. According to the European Union Labour Force Survey (20108), there is a positive contribution of migrant entrepreneurs to the economy. There has been an increase of the rate of employment created in the informal sector, conversely, most of the local informal sector entrepreneurs alleged that migrants employ even fewer people. An exception was given to Czech Republic, Hungary, the Slovak Republic and the United Kingdom, because they seem to create even more employment (Oni et al., 2016). As such, the significance of small businesses has been evident in supporting the economy of the United Kingdom and other European countries (Benzing, Chu and Kara, 2009).

According to a report by the International Labour Organization (2018), 2 billion of the world's population is working in the informal sector with a noted lack of social protection and decent working conditions. Africa alone accounts for 85.8 percent of informal employment. The world proportions of informal employment are that, 68.2 percent for Asia and the Pacific, 68.6 percent in the Arab States, 40.0 percent in the Americas and 25.1 percent in Europe and Central Asia (ILO, 2018). Of the world informal employment, the majority of participants were men (63%) than women (ILO, 2018). Out of 2 billion people with informal employment worldwide, only 740 million were women (Neuwirth, 2011; ILO, 2018; Etim and Daramola, 2020). This is because women are more exposed to informal employment in most low and lower-middle income countries (ILO, 2018).

The ILO (2018) report further highlighted that the level of education is a key factor affecting the level of informality. According to this report, when the level of education increases, the level of informality decreases globally. This is because the majority of people who have completed secondary and tertiary education are less likely to be in informal employment compared to workers who have either no education or completed primary education only (ILO, 2018).

2.4. The Informal sector: An African perspective

Many people in Africa depend on the informal sector for their livelihoods and economic development (Charman et al., 2011). This means that the informal sector plays a major role in economic development in Africa. Informal sector is the basis of entry level for an individual to earn their own living in some African countries such as Ghana and Nigeria (Becker, 2004). To

have a picture of African perspective, this section reviews informal sector in Nigeria, Egypt, Botswana, Tanzania and Morocco in comparison with South Africa.

A comparative study on informal sector and economic growth between South Africa and Nigeria shows main factors affecting dynamic complexity size of informal sector worldwide (Etim and Daramola, 2020). Top three factors affecting size of informal sector were identified in each country and presented according to their importance. However, top three similar factors in South African and Nigerian comparative study were recognised and compared with world records (ACCA, 2020). For South Africa, these factors were in the order of “Unemployment”, “Bureaucratic quality” and “Law order”; in Nigeria were “Corruption control”, “GDP per capita” and “Bureaucratic quality”; while worldwide were “Bureaucratic quality”, “Corruption control” and “GDP per capita” (Etim and Daramola, 2020). As a result, informal sector in South Africa and Nigeria was forecasted to grow with mean average of 23.6% and 48.0% respectively, compared to 23% global average during 2011 to 2025 period.

Moreover, a study on informal economy in Egypt shows the links between “informal sector employment and micro-level socio-demographic characteristics, political acts and attitudes, and individual norms” across South Africa, Egypt, Ecuador, Mexico, Peru, Yemen and China (Mustafa, Ceyhun and Orhan, 2018). Findings from this study reveals that informal employment in Egypt is approximately triple (27%) that of South Africa (10%) (Mustafa, Ceyhun and Orhan, 2018). According to a study by Nazier and Ramadan (2017), informal sector in Egypt was associated with poverty, less educated and unskilled people; informal setting such as rural settlements and governance in line with literature. As a result, Wahba and Assaad (2017) argued that “more flexible labor market regulations reduce informal employment in formal firms” with 3.5% in a study conducted in Egypt.

Botswana is one of the fastest growing economies in Africa. This country has a greater chance of fighting poverty in future and will create economic development history in the rest of African countries (Government of Botswana, 1998; White et al., 2001). According to a United Nations Development Program Report (2004), Botswana recorded 5% of economic growth during 1992 and 2002 where the informal sector has made a noticeable contribution (>20%) to the national economy. In Botswana, the informal sector business contribution to the GDP was estimated at between 5.3% and accounted for 50% of total informal employment (UNDP, 2020).

A survey of 300 participants was carried out in five regions of Tanzania in the informal sector and found that 57% of the respondents were males. This shows that men have potential towards the growth and development of the informal economy in most of the African Countries. Most of the informal businesses in Tanzania were located in the urban (76%) than rural areas (24%). Moreover, 27% of the informal sector businesses studied in Tanzania were engaged in trade, 39% in service and 34% in manufacturing (Chijoriga et al., 2001).

Table 1: Distribution of informal businesses by location (Chijoriga et al., 2001)

Gender	Urban	Rural	Total
Female	139 (81%)	32 (19%)	171
Male	90 (70%)	39 (30%)	129
Total	229 (76%)	71 (24%)	300 (100%)

Findings from a study by Chijoriga et al. (2001) shows that there are many informal sector businesses in urban than rural areas by both male and female entrepreneurs.

Furthermore, a review of informal sector in Morocco shows that, the size of this hidden part of the economy contributed 42.9% of GDP in 2015 (Bourhaba and Hamimida, 2016). This study in Morocco observed the determinants influencing tendencies that affect the size of informal economy. However, increased corruption, rise in urbanisation rate and straining taxation were identified to be major role determinants of intensified informal sector in Morocco (Bourhaba and Hamimida, 2016). Further research supported that, most small and medium enterprises in Morocco claimed unconfirmed losses from their businesses in the midst of corruption and taxation burden which created even worst circumstances for the unflavoured (Mouhallab, and Jianguo, 2016; Ghiaie, Auclair and Ntsama, 2019). Conversely, other authers revealed that tax burden in Morocco was caused by unfairly and unequally disproportional distribution of tariff costs (Ghiaie, Auclair and Ntsama, 2019).

2.5. The Informal sector: A South African perspective

According to Terblanché (1991), informal sector entrepreneurship evolved in the form of Spaza Shops in the late 1900s due to the impact of unemployment in South Africa, especially during the politically unstable years of the apartheid period where most overseas companies left South Africa and the economy and the retail industry, specifically was negatively affected. These businesses were operated in hidden spaces because black entrepreneurs were restricted from operating businesses during apartheid, hence they secretly had to find a way of providing small

shops in the township from which everyday groceries could be purchased, in contrast to high order goods which could only be purchased from distant markets in towns (Charman et al., 2011).

In South Africa, informal businesses such as spaza shops were predominantly located within residential areas where trade occurs between people that generally know each other (Charman et al., 2011). However, Charman et al. (2011) also points out that operating an informal business on credit line is a possible reason for the collapse of many small businesses in South Africa's informal sector. Furthermore, change in business ownership and the increase in the foreign ownership of informal sector business posed a threat to the local owners (Charman et al., 2012; Rafael and Shleifer, 2014). This challenge ranged from pricing up to multiple informal sector business ownership (Charman et al., 2011).

Whilst informal businesses offer potentially good-looking opportunities for success, many new competitors fail. Numerous studies in South Africa have shown that most informal businesses do not last in the market (Becker, 2004). Although, no accurate data on the survival of an informal business is available, it is estimated that up to 50% of new competitors are unable to sustain their businesses for longer than five years (Charman et al., 2011). This point is also supported by Ligthelm's (2005) study which reported that only 40% of informal businesses surveyed in the study had been in operation for longer than five years. Against this background of a high failure rate, this study seeks to understand the structure of the informal businesses in the Polokwane Local Municipality area, assess their operations, motivations, competitiveness and identify the challenges that they face in order to understand how and why most informal businesses in the country fail.

Several studies have been carried out on informal sector businesses in South Africa. Charman et al. (2011), for an example, carried out a study in the Western Cape, in Delft South which is a relatively poor township on the outskirts of the city of Cape Town. The objective of the research was to investigate the extent to which immigrant entrepreneurs have entered the informal business and the strategies they have utilized to capture market share. The research sought to contribute towards an analysis of the cause of the tensions between local and foreign micro-entrepreneurs through focusing on the changing nature of ownership, and business practices within the informal sector (Charman et al., 2011). Other authors (e.g. Chebelyon et al., 2010) have focused on the informal operation of the informal sector businesses which

borders on illegality, and on investigating the characteristics of the spaza shops (Cant and Scheers, 2007; Ligthelm, 2005; Perry, 1989).

According to Charman et al. (2011), Rafael and Shleifer (2014) and, Dahles and Susilowati, (2015), informal sector business operation has largely shifted from the local to foreign ownership; that is from small to large-scale entrepreneurship. This is supported by the research that more than half the spaza shops are foreign-owned (Ligthelm, 2005). This was noted to have resulted from a new competitive business era in the informal sector entrepreneurship, where majority of informal sector entrepreneurs had to adapt or drive out of the business (Tshishonga, 2015; Bromley and Wilson, 2017). As a result, foreign spaza shop owners use the price discount approach to drive out the local spaza shop keepers and the same happens to the informal sector market as a whole (Liedeman, 2013).

The Charman et al. (2011)'s study in Cape Town made some interesting observations regarding the success of some informal businesses and that, such success hinged on the role of the extended family in providing start-up capital and labour, the fact that some were physically operating from rooms of residential households (hence saving money for rent) and that there were low-entry barriers to participation in the informal sector business. Another research by Ligthelm (2005) emphasises the importance of the social ties between the micro-entrepreneur and his/her neighbours as the basis through which most informal sector businesses are successful. Some informal businesses offer credit to their customers and therefore have a hold on those customers such that they continue shopping from them.

Informal sector in South Africa is less prioritised, taking the authorities long to plan for, or even respond to its dynamics, and yet, majority of people's lives depend on it. The less prioritisation of informal sector by authorities leave backlog of issues in the country's informal economy unresolved, hence, a system of stagnation (Neves and Toit, 2013; Neubauer and Lank, 2016; Crus, 2017). The stagnation governing system in South Africa creates a platform opportunity not only for local entrepreneurs in South Africa but also for migrants who intervene in the informal economy for their livelihood (Peberdy and Rogerson, 2002). Therefore, South Africa's relative economic stability makes it a preferred destination for migrants, particularly from countries whose economies have been ravaged by wars, bad politics and general economic stagnation (Tawodzera et al., 2010). This is because the informal economy is not regulated in the country, hence, there are no strict conditions to control operations thereof (Levin, 1989). Thus, the South African informal sector consists of entrepreneurs of different

nationalities, most notably from the African and Asian continents (Crush, Skinner and Chikanda, 2015b; Francis, 2000). Competition in the informal sector is high and entrepreneurial innovativeness is required for most businesses to survive (Monson et al., 2012). While both locally owned and migrant-owned informal sector businesses face a threat from the expansion of malls into most parts of the country (Crush and Frayne, 2011), the migrant-owned businesses in the sector seem to be doing better.

As a result, conducted research tells us that, there are fewer South Africans working in the informal sector than expected due to the high levels of unemployment (Chebelyon et al., 2010). Schneider and Enste (2003) indicate that, it is difficult for South Africans to compete in the informal economy because of the competition between and amongst the informal business owners. This can mean that, the foreign-owned informal businesses are more resilient than the locally owned, this is because of the cooperation of the foreign-owned businesses that concur with the locals because they are not united.

However, South African informal sector create a suitable competitive ground for informal business opportunities because is classified as less economically developed country with abundant sources for trade (Bekun, Emir and Sarkodie, 2017; Meyer, Masehla and Kot, 2017; Meagher, 2018). Yet, the country is at an exponential economic transition due to improved information technology, transportation infrastructure and resources required to run a business (Bekun, Emir and Sarkodie, 2017). This means that, informal sector business in South Africa is not just about survival and unemployment hardships, but also business opportunity, competitiveness and innovativeness of entrepreneurs (Rambe and Mosweunyane, 2017; Muchie et al., 2017).

2.6. Entrepreneurship in the informal economy

Audretsch and Keilbach (2004) referred to entrepreneurship as a sequence of actions, process or activities that involve owning an idea that is managed and executed in operation of ideas, goods or services. Although, the definition of entrepreneurship is not so transparent beyond all minds (Klapper, Amit and Guillen, 2008). From a theoretical perspective, Bygrave (1993) defines entrepreneurship as the creation of a new organisation to pursue an opportunity.

Therefore, the entrepreneurial process can be based on four pillars: the businessperson; a market opportunity; a business structure; and resources to be advanced (Wickham, 2006). Thus, the entrepreneurial process occurs as a result of the actions taken by the entrepreneur. As a result, an entrepreneur is distinguished from other individuals through a human dimension and not through strategic or analytical insight (Wickham, 2006).

There is an extensive literature (Maasdorp, 1983; Plessis and Levin, 1986a:1986b; Krige, 1988; Madichie, 2007; Madichie and Katwalo, 2008; Madichie and Nkamnebe, 2010b; Madichie and Gallant, 2012) regarding the existence of the informal sector entrepreneurship, however, it is still unclear why informal sector entrepreneurship is not competent enough to survive for at least a decade (Ligthelm, 2005). Although socioeconomic challenges are seemed to be forcing people to become entrepreneurial in the informal sector to make a living (Bear, 2005). The informal sector exists against and beyond the margins of regulations because the governing system fails to meet people's needs such as capital security status, employment and housing (Horn et al., 2012).

According to Noonhamed (1989), the informal sector is the economic factor of development that a particular country encounters and this includes third world countries. As a result, this is a gap difference in individual survival between the poorest informal and richest formal entrepreneurs. The existence of the informal sector is factual despite being unnoticed and unaccepted by the relevant potentials (Noonhamed, 1989). Due to this, the Indonesian government decided to improve the standard of life to people staying in slums by providing with running water and sanitation, onsite waste management amenities, health care and schools have noticed the informal settlement which sought to be antidevelopment (Garnaut and McCawley, 1980).

2.7. Theorising entrepreneurship in the informal sector

From the literature review done, there are theories in relation to migration and entrepreneurship. It is evident that theories on the issues of local and migrant informal sector entrepreneurship are very few since this area of study just recently became of enough interest in developing countries looking at the influence of unemployment and the contribution of migrants in the local economy. The study focuses on a few theories that were found in the literature and some author's theoretical opinions.

The study firstly used an economic framework for migration. According to this framework, the most important reason for migration is the probability of finding a job that pays a better wage at the destination than origin. According to Randenberg (1993), this theory has not been adjudicated appropriate for the study of female migration, because it has been proposed that women are most of the time driven to migrate for other reasons than economic. Furthermore, we learn much about migrants from it than local entrepreneurs.

Schumpeter theory of entrepreneur and entrepreneurship helps understand the decision that an entrepreneur makes and action which enables them to reach a particular achievement (Hagedoorn, 1996). The study focuses on the strong forces driving informal entrepreneurship within the informal sector. As a result, innovativeness, characteristics and process of entrepreneurship are studied as the pillars of informal entrepreneurship. Individualistic theories of entrepreneurship seek to demonstrate that entrepreneurs are driven by goals and beliefs that are task-oriented and moderated by intentionality (Betta et al., 2010). Schumpeter adopted the concept of self-care, which describes a network of obligations towards oneself for reasons of establishing a new business (Schneider and Enste, 2003).

Moreover, the theory of agency and social networking holds that networks facilitate migration and finding a job in the place of destination. The economic status of various countries and interest of entrepreneurs has a social networking of migrant families and member groups, where institutions such as churches and companies play a significant role in the mobilization and access of social networks (Neetha, 2004). The networks also define the social arena and helps in creating identity and social dignity in the lives of migrants in the informal labour market. Agency and networking are the most important way of access to employment opportunities in the foreign land (Neetha, 2004).

According to economist Joseph Alois Schumpeter (1883-1950) (Business Dictionary, 2018), entrepreneurs are motivated by a standard for measuring achievement or success. Behaviour is assumed to have a broader based meaning compared to action and is motivation based. Therefore, behaviour results from a combination of willingness and ability (Porter et al., 2003). Ability relates to the capability for one to be able to do something (Kuratko, 2009). While an individual's willingness is a driver of desire to complete a specific action (Wickham, 2006). As such, there are different motives that drives people into entrepreneurship.

For the purpose of this study, the focus has been on entrepreneurial behaviour that results in a successful business. Kuratko's (2009) emphasises that; willingness is a key ingredient in entrepreneurship when approaching a task or tackling a new challenge. It is evident that willingness is an indicative determiner of motivation. Therefore, motivation can be defined as the capability to inspire someone to take a particular course of action (Wickham, 2006). According to this definition, taking a particular course of action shows the existence of motivation. As a result, many people are motivated by different factors.

As far as motivation is a concern, there are theories in place which attempt to define and explain the reasons why people are motivated. Therefore, we need theories to discuss why people are motivated to go into action as a result of basic need that they seek to fulfil their necessities. On the other hand, Expectancy theory places emphasis on the relationship between what people do and the rewards or outcomes that they will obtain through their actions (Hughes, Ginnett and Curphy, 2009). The task motivation theory regarding managers focused on a broader set of motive patterns. These patterns are determined by five functions: self-achievement; risk avoidance; feedback of results; personal motivation; and planning (Gray, Foster and Howard, 2006). Even though definitions and reasoning behind motivation may differ, it is evident that these approaches confirm the notion that motivation is a driver which stimulates individuals to perform a particular action.

Moreover, it is critical to identifying motivations behind entrepreneurship's decisions as to understanding the entire entrepreneurship process (Kuratko et al., 1997). Looking at the motivations of entrepreneurship, this study is since no one was born being an entrepreneur and is the interest of this study to understand such unlikelihood (Wickham, 2006; Kuratko et al., 2009). Therefore, entrepreneurs are unique in terms of what their motivations are when compared to employees, students or managers (Kurakto et al., 2009).

As a result, the source of entrepreneurial motivation can be divided into two parts; internal and external sources (Yalcin and Kapu, 2008). Internal sources can be explained by personality, personal values and beliefs of entrepreneurs, while external sources refer to social, cultural and ethnic influences.

Furthermore, there are different forms of entrepreneurial motivation which impact on the formation of businesses (Hansen and Wortman, 1989). These varying forms of motivation impact differently across entrepreneurs according to the stage of their business. As a result,

there are two stages; prior to building the business and post-launching of the business. The influence of entrepreneurial motivation is evident in strategic planning, goal creation, structure and prioritising, before launching a business (Glancey, Greig and Pettigrew, 1998). Consequently, entrepreneurial motivation is inferred to through the survival of the venture, growth of the business, or achieving high-profit margins, after launching the venture (Hansen and Wortman, 1989; Yalcin and Kapu, 2008). Therefore, realising and analysing what motivations and decisions of entrepreneurs are, is a building block of understanding the entrepreneurial process. Although, Reynolds and Miller (1992) argue that motivations, when identified, help analyse the reasons behind building a business. Moreover, Yalcin and Kapu (2008) mention that motivations assist in the guidance of the remainder of the entrepreneurial process.

Competitiveness in the informal sector entrepreneurship is dependent on the factors contributing to business survival (Dockel and Ligthelm, 2012). Furthermore, competition between micro and macro enterprises creates difficult environment that lead to the failure of businesses resulting from uncontrollable incompetence. As a result, an ideal approach of understanding competitiveness is to study business owners who were not able to compete enough and quit entrepreneurship (Dockel and Ligthelm, 2012).

Business practices, on one hand, as De Soto (1990) notes, informalize a popular response to unbearable and agonising bureaucracy and to the manipulation of the mercantile system to serve a few elite groups. This response is characterised by the entrepreneurship of survivalist individuals. In essence, informality entails the dynamism of small-scale entrepreneur practices and this is where the majority fail to compete (Dockel and Ligthelm, 2012).

Informality is sought as a means of avoiding the costs of formality, thus, creating accessible income-generating and expenditure-saving activities (Yalcin and Kapu, 2008). On the other hand, the informal economy is simply another way of exploiting labourers, which is enabled through the establishment of exploitative links between informal and formal economies (De Soto, 1990). For the proponents of this view, the informal economy is another means of accumulating capital by keeping labour costs and other expenditures low. This whole process is characterised by informalisation - which entails avoiding expenditure and labour costs in the face of a competitive market (Dockel and Ligthelm, 2012).

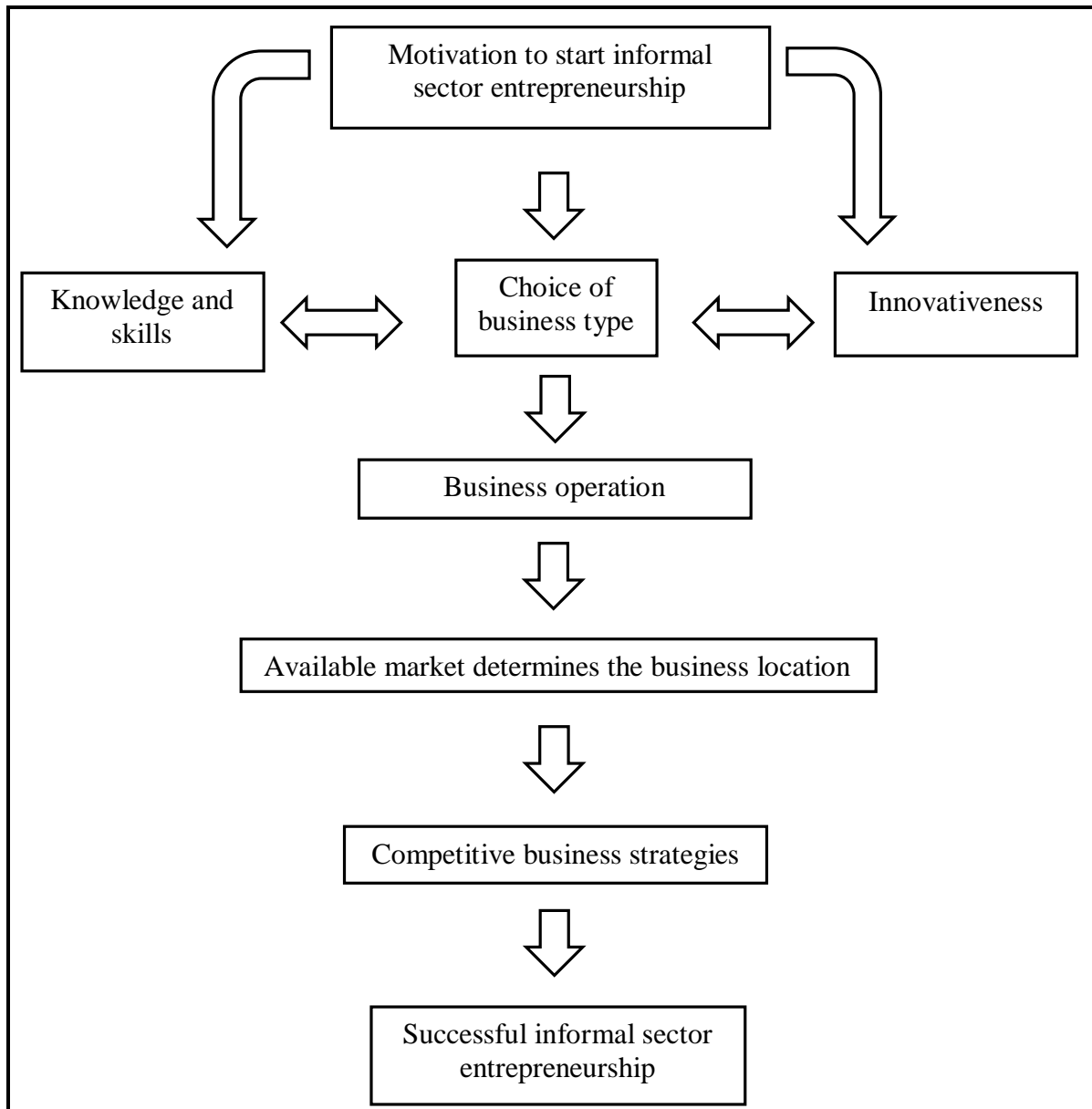
Although both views have sound bases for their arguments, they only reflect one side of the story. Moreover, an issue remains as to how we determine whether informal actors are entrepreneurs, meaning competent, or disguised, incompetent, workers. Kalleberg (2000), Meagher (1995), Gerry and Birkbeck (1981) and many others, argue that many of the so called self-employed and independent informal actors are actually dependent workers operating as commission sellers. The implication here is that entrepreneurs are apparently in fact disguised workers. However, those arguments do not offer the conceptual categories for what has been noted as an uncertain category of entrepreneur and disguised worker. In response to this, there has been an attempt to categorise informal actors, particularly self-employed, based on income, to determine their status in the continuum of entrepreneurs or disguised workers (Chen, 2003). However, what should be noted is that, self-employed are investors who put in capital, admittedly limited, to enjoy the greater output. In this sense, they still remain capitalist, but with limited capital.

With respect to the categorisation of informal actors, Cross (1995) offers a noteworthy approach in measuring the degree of independence of those actors as a way of determining disguised work and entrepreneurship. It can be argued that informal actors are no different from any other employers in any respect, wherein workers sell labour and the employers ensure the provision of all the needed material for the production.

2.8. Conceptualizing informal sector entrepreneurship

The background of this study is based on previous studies and theories as prescribed above. There is no doubt that the theory background gave this study a skeletal shape. The theory showed how motivation influenced entrepreneurship, actors such as willingness, a burning desire which is enthusiasm to achieve and action, that is a way in which entrepreneurship should operate as perceived by the motivation. Although, less has been said about the informal sector entrepreneurship specifically. The study had to deal with each, which is the informal sector and entrepreneurship, getting them closer as they are presented in this study. Furthermore, not much has been said about the local and migrant informal sector entrepreneurship. The study used motivation and part of migration theories in theorizing local and migrant informal sector entrepreneurship. Further research is still needed to help narrate local and migrant informal sector entrepreneurship.

Using the above presented theories in following this study, concepts were developed and may not be different from those studies that maybe like this one, rather be in the limits and interest of this study and are measured by the studied theories. Amongst all, motivation to establish an informal sector entrepreneurship was determined the most important. It is influenced by the economic status that an individual or group of members find themselves in, coupled with previous knowledge and skills. Such a motivation and ability to determine a gap in the market influence choice of business type to operate. Having established an entrepreneurial service to provide, one finds a way to operate such a business in a location driven by the available market. Hence, the undertaken study is in line with the supporting theories with regard to entrepreneurial motivation. The following flowchart help in explaining the conceptual framework of this study:



According to the understanding of the theories used in this study, motivation to start a business was found to be the engine start-up pack to own a business in the informal sector. In this regard, challenges to so are not thought ahead, rather experienced and always dealt with as they come. Such a motivation is mounted on exposure, knowledge and skill pillar. This is where a business that will be resilient or not is made. The informal sector entrepreneur does not always have to bring products and services that never exist before, but innovativeness is what make the customers have second thoughts about the new business that is just opened. This can be in the form of pricing, product packaging, customer care or visually attractive facility, just to mention a few.

Business location is now a decision that is broadly driven by available market and the nature of such a business. The size of the business facility is usually limited by available space and ability to occupy. Business operation becomes a daily task which should be in line with the initial motivation in order to have it successful at the end and this usually starts as test of business risk. Competition pressure forces the business owner to be competitive and once this works out, the business will make a good turnover and grow instantly and it becomes the successful informal sector entrepreneurship, but that depends on how the owner reinvests for it.

2.9. Conclusion

It is apparent that informal sector entrepreneurship is ongoing and dynamic over time as described in the literature. More constant research and monitoring of informal sector entrepreneurship are needed now more than ever, because most people depend on it for both livelihood and survival. The importance of the informal sector is seen in the role that it plays in absorbing huge numbers of people who would otherwise be loitering in the streets jobless. The sector is absorbing both the skilled graduates as well as those with limited education in the country's urban areas. There is no doubt that the sector will continue to play a significant role in the economy and in livelihoods of most urbanites, given the fact that the national economy is growing at a slow pace and is, in some cases, stagnating.

CHAPTER 3

TOWARDS MEASURING INFORMAL SECTOR ENTREPRENEURSHIP IN POLOKWANE LOCAL MUNICIPALITY

3.1. Introduction

This chapter outlines the research methodology that was pursued in this study, the research design, data sources and analysis, sampling procedure, ethical considerations and limitations of the study. As a result, this chapter gives a description of the procedures that were employed with regard to data collection, data management and ways of evaluating the data to be meaningful.

3.2. Description of the study area

Polokwane Local Municipality was established in terms of the requirements of Section 151 of the Constitution as well as Section 3 of the Municipal Structure Act, 117 of 1998, as former Pietersburg Local Municipality. Polokwane Local Municipality is located 23°54'01"S and 29°28'07"E in Capricorn District of Limpopo Province in South Africa. The Municipality covers a total area of 3 775km² with approximately 650 000 people (StatsSA, 2016). It is estimated that there were 2 238 informal businesses in Polokwane CBD and 113 in Seshego Zone 2 between 2010 and 2011 (SALGA, 2015). Given the nature of the informal sector, where businesses start-up and close down frequently within short periods of time, these statistics were too old to depend on for this study and therefore could not be used as the study-sampling frame.

Polokwane Local Municipality is comprised of Black (92.9%), Coloured (0.9%), White (5%) and Indian/Chinese/Asian (1.2%) populations of different economic classes (StatsSA, 2015). Most people are of a low economic class and the majority of them are business survivalists while others depend on social grants for their survival (StatsSA, 2016). The illiteracy level in the municipality stands at 21%, which is lower than the provincial average of 50% (Polokwane Municipality IDP, 2006). According to the Polokwane Municipality IDP (2008), only 24% of the population has attained Grade 12, and only 5,7% has achieved a tertiary education qualification.

Polokwane Local Municipality is an economic hub and it also encompass Polokwane as the capital city of Limpopo province. The municipality consists of different land use zones: residential; agricultural; industrial and a central business district. Although, socioeconomic activities cut across one or more of the land use zones due to the presence of the people making a living. As a result, each land use has distinctive socioeconomic characteristics. Hence this study focusses on the informal sector entrepreneurship socioeconomic part of land use zones in Polokwane Local Municipality.

There is a complex composure of businesses in the Polokwane Local Municipality from both formal and informal sectors. For the purpose of this study, informal businesses are found in many different areas within the municipality. The majority of these businesses are found in the city with a significant concentration in the residential areas. This is because the city has a high volume of people connecting to different places in the municipality, province at large and other provinces due to the city's capacity to connect with different areas with routes and relatively available transportation. Whereas residential areas have a reliable number of customers who are likely to need a common daily product or service such as bread. These reasons are some of the opportunities that make central business district and residential areas to have a greater market to engage a business in. Due to the openness of operating an informal business, both local and migrant entrepreneurs are engaged in operating a business.

3.2.1. Study area map

There are other socio-economic functions that are notably common within the research sites of the study area, such functions include informal sector entrepreneurship and this study focussed on this functional aspect. A map was extracted from the Google Maps (2018) to show an overview of the two study area sites to familiarise with the study area, especially the street patterns for the pathways and to mark streets that were covered to avoid repetition when mapping and counting the informal sector businesses. Firstly, the overview maps were used for field orientation in the study area for both Polokwane CBD and Seshego Zone 2 study sites. Secondly, the maps were used for mapping and counting the informal sector businesses by demarcating the margin of study sites and marking streets that were done to avoid repetition and redundancy. The following figure is an overview map of the study area, showing both Polokwane CBD and Seshego Zone 2 study sites in Polokwane Local Municipality:

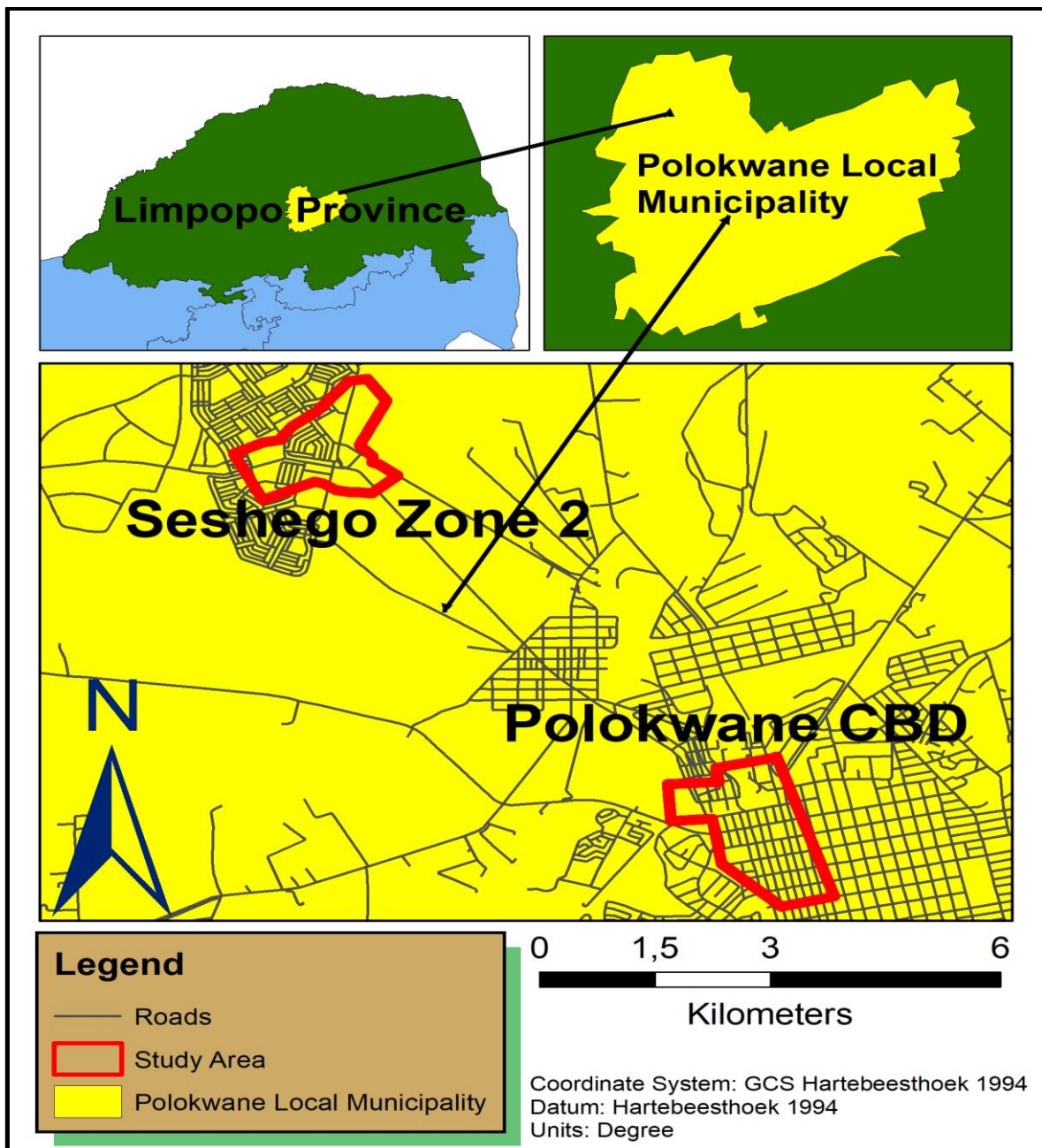


Figure 1: Business locations in Polokwane CBD and Seshego Zone 2 study area

Figure 1 shows the locations of the informal sector businesses in the study area. This map was created for the purpose of this study using surveyed GPS coordinates and secondary spatial data available from the Department of Geography and Environmental Studies at the University of Limpopo using ArcGIS Software version 10.4.

3.3. Research design

This study used quantitative design. Kerlinger (1973) defined survey research as a study that focusses on either small or large populations by selecting a sample from the desired population in order to learn about relative incidences, distributions and interrelations. Hence, survey research is called descriptive survey or normative survey. To conduct a survey research in this study, a researcher posed a series of questions to the respondents by employing face-to-face interviews using closed-ended questionnaires, summarised their response into tables, graphs and charts; studied their knowledge, experiences and challenges faced with regard to motivations, operations and competitiveness of informal sector entrepreneurship.

3.4. Data sources

Secondary data was accessed from academic, government and municipality publications and reports, Statistics South Africa and from informal sector organisations that operate in Polokwane Local Municipality. Secondary data involved case studies, literature and background information about the study from published academic journals, books, internet sources and reports. Conversely, primary data was collected directly from informal business owners by means of a closed-ended structured questionnaire in the form of face to face interviews.

3.5. Sampling procedures

3.5.1. Selection of study area: Purposive sampling

Polokwane CBD and Seshego Zone 2 were purposively selected as the study area due to their diverse characteristics with inclusion of population dynamism, socioeconomic status and functions. These two areas are different in the sense that Polokwane CBD is at the core of the city and its main function is the administrative heart of the city and the rest of the province, while Seshego Zone 2 is a residential area on the periphery of the city. It is expected that the

business environment in these two areas should sufficiently be different to create a basis for comparison within Polokwane Local Municipality.

3.5.2. Selection of businesses: Sample frame and sample size

The absence of a reliable sampling frame created the need for mapping of all counted informal sector businesses in the study area to create a sample frame. A map showing a total of 1056 informal sector businesses operating in the area was created and all such businesses were listed. The list then constituted the sampling frame and was stratified into two groups, one for local and the other for migrant informal sector entrepreneurs. The sample size for the study was calculated using a formula devised by Yamen (1992) which was later revised by Gleen (2004). This formula uses a confidence level of 95% and an error margin/level precision of 5%. That is:

$$n = \frac{N}{1+N.(e)^2} \quad (\text{Yamen, 1992}),$$

Where: 'n' is required sample size,

'N' is sampling frame; and;

$$\text{'e' is the error margin, then 'n' = } \frac{1056}{1+1056(0.005)^2} = 290,109890 \approx 290.$$

As a result, 192 respondents were completely surveyed with 98 discarded questionnaires as justified in section 3.7. The size for each of the two surveyed sub-samples (local and migrant) was determined in percentage representative from the total number of identified businesses existing in the study area.

3.5.3. Selection of respondents

3.5.3.1. Purposive sampling

Informal sector business owners were purposively selected as respondents to the study. This is because business owners were expected to have more information on their businesses and could speak knowledgeably about their motives and business practices. The respondents had to meet

specified criteria to be selected for the interviews: they had to be operating and owning a business in the informal sector; the business had to be one year and older so that it would have experienced the influence of all the different months of the year to its operation; and the business owner had to be 18 years and older to be able to take charge of the interviews and to meet the requirements of the consent form and ethical consideration.

3.5.3.2. Systematic random sampling

Basically, informal sector businesses were operating on the streets and market areas in concentration groups. To identify respondents for a survey, every “ k^{th} ” number of the informal business was selected (Acharya, Prakash, Saxena and Nigam, 2013; Csikszentmihalyi and Larson, 2014; Etikan and Bala, 2017). The “ k^{th} ” value, a number separating sample units was calculated using “ $k = N/n$ ” formula, where “ N ” is a population, “ n ” is a sample size and was found to be 4. As a result, to survey a street or market cluster, every fourth business was selected given that it met the stipulated specific criteria mentioned above. If one of the criteria was found unsatisfactory, it was repeated to the next consecutive respondent by replacement, and this was repeated until a street was completely surveyed. In a case of a market cluster, an elongated pattern of the market was identified, and forefront group was treated as a first row to start the survey on, starting from the far left going in irregular rows following the same criteria of fourth selected business used to survey streets until the whole cluster marked was completely surveyed.

3.6. Data analysis

The data collected from the mapping exercise was captured, stored and ordered using the ArcGIS software to produce a map. The mapping survey sheet was captured into an excel spreadsheet to generate attribute and spatial data that was used to show the characteristics and locations of the businesses. ArcGIS software was used as the environment to create a map showing the locations of all the mapped informal sector businesses in Polokwane Local Municipality. Data from close-ended questions of the questionnaire were captured and analysed using the Statistical Package for the Social Sciences (SPSS) software. Tables, charts, graphs and other statistical approach of explaining the data were extracted from SPSS showing

useful information from the survey. Meaningful information was drawn from the analysed data in the form of summaries and recommendations discussing the depth of findings in this study.

3.6.1. Objective 1

The collected Global Positioning System (GPS) coordinates of informal sector businesses were inputted on an excel spreadsheet to create a map for this study using GIS software, the ArcGIS software 10.4. The attribute information that was linked with these spatial data were mainly the names of the distinctive sites where data was collected from, nationality status and products sold, manufactured or services rendered. The rest of the information was administered on the questionnaires in the form of closed-ended questions. With regard to this objective, the locations of the businesses also helped to explain why a particular business was found to be operating in a specific place.

3.6.2. Objective 2

Motivational index score is said to differentiate influence of the factor in a system between categories (Berman et al., 2007). A motivational index was used to analyse data on the motivations behind the starting up of the business as a system. This index identified entrepreneurial triggers' which are then used to calculate an index ranging from 1 (no importance) to 5 (extremely important) categories. The index used 24 factors that are pre-identified as components of entrepreneurial motivation (Fatoki and Paswawairi, 2012). Such factors included: Unemployment; Low wage or salary; Job mismatching qualification; Provision of employment to family members; Provision of employment to migrants; Provision of employment to South Africans; Survival; Family financial security; Family support across South African boarder; Business partnership; Business support from immigrants; Inherited business; Good business idea or product for immigrants; Providing products to South Africans; Dream to run a business; Right personality to run a business; Trying new things in business; Learning new skills in business; Enjoy taking business risks; Enjoy challenging oneself; Control own time or own boss; Boost status in the community; Compete to be the best; and, Contribute to development in South Africa. The participants' responses were converted into

magnitudes out of 5 using “*Index score = (F/n)*5*”, where “F” is the frequency of the responses and “n” is a sample size (Goffin et al., 1996).

3.6.3. Objective 3

Comparatively, business operations and respondents’ nationality were cross-tabulated, charts and other striking approaches of explaining the data were compared in the form of frequency tables and graphs. The higher the number meant that a particular group of the respondents were mostly operating their businesses in such a way and so on. Striking comparable business practice differences between local and migrant informal sector entrepreneurs were identified and described.

3.7. Study limitations

This study had limitations such as timeframe regarding fulfilling the genuine expectations that were put in place during this study due to numerous factors which influenced the outcomes of this study. Moreover, all data was gathered at a specific time and place, thus the variables, responses and results may be limited to point temporal variations. Therefore, this study was based on the informal sector entrepreneurship in Polokwane CBD and Seshego Zone 2 and results may not apply to formal and other different forms of businesses in the same sector of other places, whether started and operated by migrants or locals.

The total number of informal businesses in the study area might have not been covered due to unforeseen circumstances. This is because of the nature of some of the business operations and limitations of the research capacity to confirm whether everyone was included or not. Some of these businesses could have operated at times that were beyond the limits of data collection, maybe starting late after the time considered to be safe for data collection in the concerned areas. Technically, some businesses were missed out due to not having a fixed location. The mapped businesses might therefore not be entirely representative.

Moreover, among the portion of the selected group that was studied, 98 questionnaires were discarded because the majority of them were incomplete whereas others were answered incorrectly. Meaning that, the studied sample size was relatively lower than expected due to

discarded questionnaires. Going back to the field would have created duplicates and would have jeopardized the entire sampling technique because data was collected by different fieldworkers at different areas and survey questionnaires were not geocoded to a GPS.

Most importantly, the willingness of respondents to participate was the margin reliability basis of this research's data and results. These are trust oriented and judgmental confidential insecurities that respondents had which were coupled by the dishonesty of corruption rumors within the area, nationality status, xenophobia outbreaks and business privacy operation history to some of the respondents. This was because other respondents were not free to interact because of their nationality status, especially in a society where xenophobia had affected other people like Pretoria protests in 2015. Subsequently, some businesses were inherited and business initiation information was not available in such incidents. As a result, such unknown information left the respective questions unanswered.

Some respondents did not feel free to interact in this study with regard to the issues related to money given the previous experiences and reports on theft and robbery. This is because theft is rampant in the area, some business owners might have hidden the true extent of their success in the business. Due to the importance of schoolwork coupled with the supporting letter of ethical clearance from the University of Limpopo TREC permitting the pursuance of this study, this did however, convince and smoothened respondents which allowed questions to continue. Unfortunately, some of the respondents preferred not to answer some of the questions such as monthly profit and net business worth.

3.8. Ethical consideration

Ethical clearance was sought from the University of Limpopo before carrying out this study, informed consent was sought from the respondents to participate voluntarily and willingly. Those who agreed to take part in the survey were asked to indicate their consent by signing the consent forms. Although the majority of the respondents were readily agreeing to sign the consent forms, they were also allowed to continue to participate in the study without their signatures; this was because they agreed to the informed consent. The purpose of this research was explained to the respondents to ensure that they understand the outcomes of this study so that it is clear on whether or not to participate without feeling as if they were being forced to do so, physically or psychologically. Anonymity and confidentiality of information from

respondents was maintained and respondents were treated with respect throughout the study. Information such as personal details and addresses were not needed during this study to prevent revealing of their identity. The names of the respondents were not asked, even when mentioned, they were protected, and they did not form part of the results to this study in anyway. Information provided in this study is not attached to any participant, instead, is mixed with others and kept with care and safe from any other person so that it can only be accessed by the researcher and be used for the purpose of this study only. The respondents were made aware that they are allowed to terminate the survey at any point during administration of questionnaire when they feel to do so, and this did not cause any consequence for that.

3.9. Conclusion

This chapter presented the methodology that was followed during this study. The approach adopted was necessary to get relevant information used for this study. The methodology that was applied had some few limitations, such as mobile businesses, part time informal sector entrepreneurs and time constraints who were often out in search of affordable stock offers. However, these limitations were minimal and therefore did not compromise the quality of the data collected. Ethics were followed to protect the confidentiality of the respondents.

CHAPTER 4

RESULTS AND DISCUSSION OF INFORMAL SECTOR ENTREPRENEURSHIP IN POLOKWANE LOCAL MUNICIPALITY

4.1. Introduction

This chapter presents and discusses results on informal sector entrepreneurship regarding motivations, operations and competitiveness of local and migrant informal sector entrepreneurs in Polokwane Local Municipality. Information in this chapter will be presented in the form of tables, charts and direct quotations of the respondents where necessary. Furthermore, meaningful information will be derived from the data through the analysis of information to support this study.

4.2. The extent of informal businesses in Polokwane CBD and Seshego Zone 2

Informal sector businesses were identified. The mapping served to identify the locations favoured by these businesses and why such locations were chosen. The mapping exercise showed that there was more count of informal businesses located in Polokwane CBD than in Seshego Zone 2. Such differences in the occurrence of these businesses in these two areas were because of the business potentiality that each of the research sites had. This was mainly because of the dominant functions in each of the locations. Polokwane CBD is a business area whereas Seshego Zone 2 is a residential area. The majority (66.2%) of informal sector business was located in Polokwane CBD due to high market in this area. This is due to a high-proliferated informal sector business in the heart of cities. This phenomenon of having the majority of the informal sector businesses in the heart of the cities is due to economic dynamism and diverse socioeconomic characteristics, which creates a broad market for such businesses (Shonkwiler and Harris, 1996). Other businesses such as the taxi industry and enterprises in Polokwane CBD gave birth to the informal businesses that are found there today. The majority of the informal business customers in Polokwane CBD are travelers and shoppers other than residents. Whereas on the other hand, the business market in Seshego Zone 2 is mainly dependent on the residents, these two different location functions alone give rise to many other

factors contributing to the difference in the extent of the informal business distributions in the study area. As a result, distribution of business locations in Polokwane CBD and Seshego Zone 2 is shown respectively in the following figures as study units in this study:

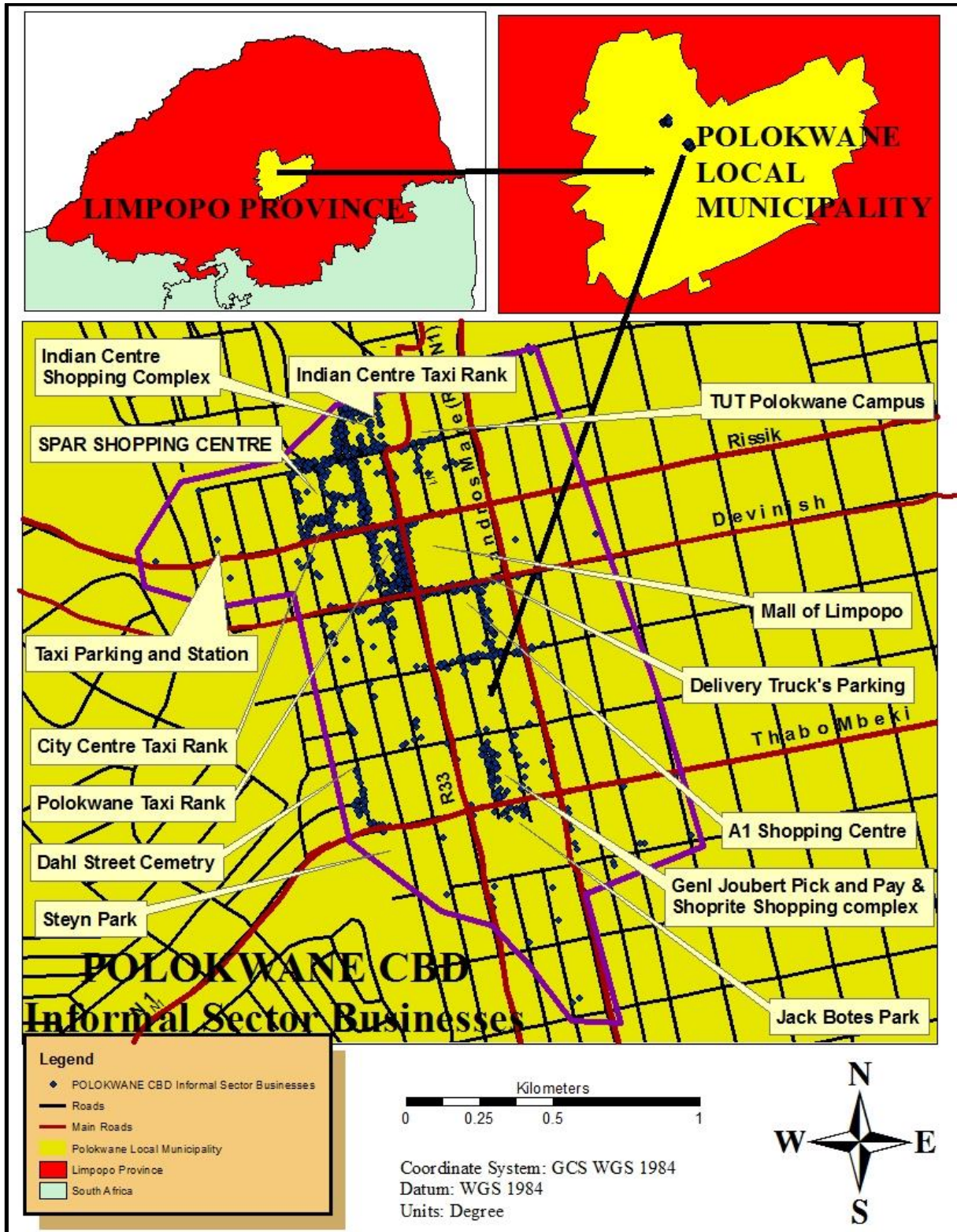


Figure 2: Spatial distribution of businesses in Polokwane CBD

The high concentration of businesses in Polokwane CBD were found being operated close to each other. This is due to high competition of resources such as space to operate a business, a platform for high market traffic and other factors to be discussed later in this report. The majority of these businesses in Polokwane CBD were located in the streets of Polokwane city due to high market traffic opportunities. Some were congested next to each other due to the sharing of space and occupying without permission, causing intolerable congestion.

Whereas on the other hand, informal businesses in Seshego Zone 2 were relatively dispersed when compared to highly congested ones in Polokwane CBD. The majority of these businesses were found along and around the industrial area, outside the mall than those that were found in the interior of the settlement in Seshego Zone 2. This is because informal businesses in Seshego Zone 2 are dependent on the customers of other businesses. That is why they are congested next to other businesses such as taxi rank and, on the streets, next to other businesses alongside the mall because they all compete for that one location for the best profitability of their businesses. The location of other businesses amongst other factors, is mainly influenced by the fact that, their goods are sold, and services rendered at a less cost of transport because they are supplied from the same town in the area. There were boards and business adverts on the walls, fences and gates of some homes in Seshego Zone 2 of the businesses that had closed down already and not in operation any longer and they were not mapped nor counted as part of this study because they are not functioning as businesses anymore. As a result, this observation is in accordance with the literature that: some of these businesses could not operate for more than 5 years of their establishment. Figure 3 below shows the distribution of informal sector business locations in Seshego Zone 2:

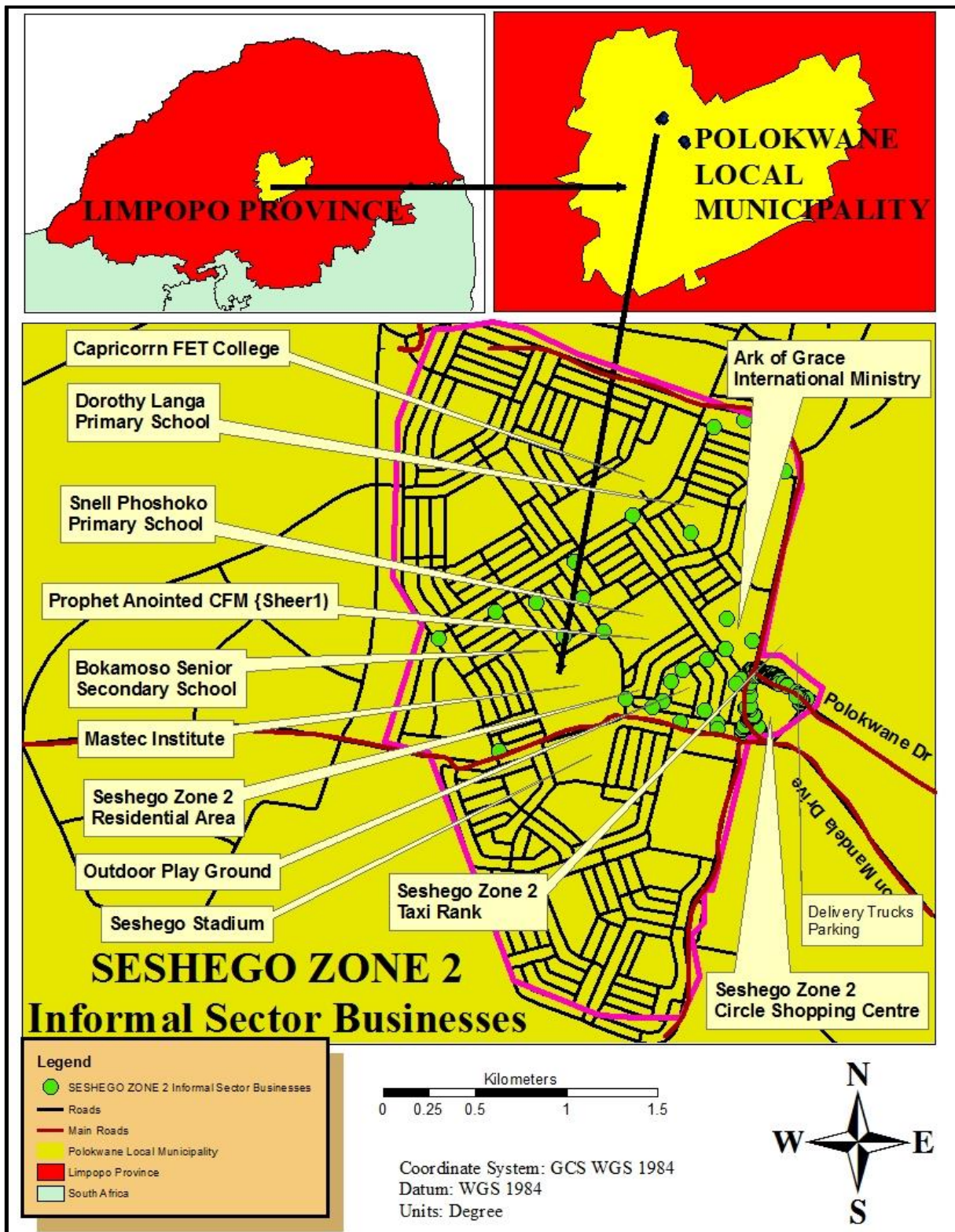


Figure 3: Spatial distribution of businesses in Seshego Zone 2

There were fewer (34%) informal businesses in Seshego Zone 2 than in Polokwane CBD (66%). In addition, the businesses were sparsely located, unlike those in the CBD which were rather congested along the streets. This difference in how the businesses were located may be due to market opportunities each location has. The high-density concentration of informal businesses along the main roads of Seshego Zone 2 and about the traffic cycle was due to the businesses trying to take advantage of the mall – capturing the customers that would be patronising the mall. The majority of such goods and services that attracted the same customers who were basically shopping at the mall are catered in the informal sector businesses for transport delivery for hire, cooked foods or saloon (Table 3), just to mention a few. In addition, the overall businesses of Polokwane CBD were opening much earlier and closing way late in the evening than those of Seshego Zone 2 because their market was not only having the majority of people but also with different times of traffic passing at the CBD. This might have been influenced by the fact that Polokwane city is the business heart of the province and the centre cross roads of national roads and high ways in the region whereby most travelers will, one way or another pass by the CBD for the convenience of their travel in the form of transportation availability, road access and pathways, goods and services needed during traveling and safety. Remarkably, most businesses in Seshego Zone 2 were having a larger business operational facility than those in Polokwane CBD. This could have been influenced by two main reasons derived from the previous studies that, “high competition of resources lead to a demand in that resource”, high competition of businesses in Polokwane CBD led to high rent value of such area hence majority of businesses only afford to operate over a small area of land or even share to rent space (Boserup, 1981; Boserup, 1989; Peteraf, 1993; Fung, 2017). Notably, there was a greater proportion (26%) of informal business migrant owners in Seshego Zone 2 than in Polokwane CBD (13%). In addition, it was apparent that the majority of the businesses in Seshego Zone 2 were operating at the residential area whereas those of Polokwane CBD in the central business district area.

4.3. Characteristics of the sample: Profiling informal sector entrepreneurs

4.3.1. Business Locations

There were a total of 1056 informal businesses in the study area, according to the mapping exercise that was conducted prior to the survey (See Section 4.2 above). However, as indicated

in Chapter 3, time constraints and financial limitations resulted in a sample of 192 businesses being successfully surveyed. Polokwane CBD had more informal sector businesses in comparison to Seshego Zone 2. The proportion of their estimates also resulted in the number of businesses from these two areas unequal (Table 2).

Table 2: Number of respondents from the study area

Location	Mapped business locations		Surveyed sample	
	Frequency	Percentage (%)	Frequency (N)	Percentage (%)
Polokwane CBD	820	77.7	127	66.1
Seshego Zone 2	236	22.3	65	33.9
Total	1056	100	192	100

4.3.2. Business categories

The informal sector business surveyed at both study sites varied with respect to products and services wide enough to satisfy the diverse demands of the market. The greater proportion of the businesses were selling fresh produce: fruits and vegetables being the dominant products (17.7%). The predominance of fruits and vegetables could be a result of the fact that they are consumed and needed by most people on a daily basis in households. It may also be that they are perishable and do not last long on the shelves of the customers' kitchens, hence they are abundantly sold and available in the market place. Due to convenient centralisation of amenities in Polokwane Local Municipality, there is always traffic of people seeking services and functions in this area, during this process, haircut entrepreneurs see an opportunity of rendering haircutting service. As a result, there were also significantly many (10.9%) informal sector service providers during this study. There were also other businesses selling and rendering businesses such as Uncooked meat (e.g. red meat, chicken meat etc.) (5.2%), Cooked ready to eat food (e.g. plates of cooked food) (5.7%), Saloon (5.7%), Car Repair services (6.3%), Confectionary (sweets, cakes and bread) (6.8%) and Clothing and footwear (6.8%). There were also other noteworthy businesses such as Traditional Medicine, Financial services, Welding Laundry services, Equipment repair services and Music/film CDs/DVDs but they were surprisingly having the least number of count with a magnitude of 0.5% each as surveyed. Table 3 below shows the above-mentioned figures accordingly:

Table 3: Frequency of main businesses studied in this study

Main goods or services provided	Frequency	Percentages
Traditional Medicine	1	0.5
Services-Financial	1	0.5
Welding	1	0.5
Laundry services	1	0.5
Services equipment repairs	1	0.5
Music/film CDs/DVDs	1	0.5
Livestock (e.g. Chickens)	2	1.0
Services – IT/Internet	2	1.0
Hardware/Tools	2	1.0
Art and craft	3	1.6
Services-Telephone	3	1.6
Services-Rentals	3	1.6
Car wash	4	2.1
Toiletries and Cosmetics	4	2.1
Accessories (bags, sunglasses ect.)	4	2.1
Cigarettes	5	2.6
Services-Shoe Repairs	5	2.6
Sewing/tailoring	6	3.1
Household Products	9	4.7
Electronics	9	4.7
Uncooked meat (e.g. red meat, chicken meat etc.)	10	5.2
Cooked food-ready to eat (e.g. plates of cooked food)	11	5.7
Saloon	11	5.7
Services-Car Repairs	12	6.3
Confectionery (sweets, cakes and bread)	13	6.8
Clothing and footwear	13	6.8
Services-haircut ting	21	10.9
Fresh Produce (fruits and vegetables)	34	17.7
Total	192	100

4.3.3. Nationality status of the respondents

Informal sector entrepreneurship is a basic livelihood of many people living in cities; this is an inclusion of both local and migrant informal sector entrepreneurs. Migrant informal sector entrepreneurs were studied while local informal sector entrepreneurs were a control sample.

As a result, there were more (82.3%) local informal sector entrepreneurs than migrants (17.7%), this could be as a result of convenient distance to operate a business in the study area coupled with other reasons leading people to operate a business in the informal sector (Table 4).

Table 4: Frequency of migration status of the respondents

Status	Frequency (N)	Percentage (%)
Local	158	82.3
Migrant	34	17.7
Total	192	100

4.3.3.1. Migrancy status and sex of respondents

Both males and females who are from either South Africa or different countries are practicing informal sector entrepreneurship. There are more males who are generally migrating than females, and there are more females who are participating in the informal sector (Crush, 2008; Martinez, Short and Estrada, 2017; Chikanda and Tawodzera, 2017; Rogerson, 2018). 15.1% of the sample size in this study were male migrants just like it was noted by Crush (2008) in other studies. Surprisingly, this study recorded even fewer (41.2%) females participating in the informal sector entrepreneurship (Table 5). This could have been a result of male migrant entrepreneurs, who are normally the ones that travel long distances for their livelihoods and survival security of their families at home. As a result, this can still be the case with the local entrepreneurs too.

Table 5: Frequency and percentage of local and migrant entrepreneurs with their sex

Sex	Migrancy status				Total	
	Local		Migrant			
	<i>Frequency</i>	<i>Percentage</i>	<i>Frequency</i>	<i>Percentage</i>	<i>Frequency</i>	<i>Percentage</i>
Male	84	43.8	29	15.1	113	58.9
Female	74	38.5	5	2.6	79	41.1
Total	158	82.3	34	17.7	192	100

4.3.3.2. Migrancy by study area site

Table 6 below shows the number of informal sector entrepreneurs and their respective contributions as to whether local or migrant in the study area.

Table 6: Informal sector entrepreneurs' migrancy status per study area sites

Study area sites	Migrancy status				Total	
	Local		Migrant			
	Frequency	Percentage	Frequency	Percentage	N	%
Polokwane CBD	103	53.7	24	12.5	127	66.2
Seshego Zone 2	55	28.6	10	5.2	65	33.8
Total	158	82.3	34	17.7	192	100

The proportion of migrants to local informal sector entrepreneurs in both study sites was not equivalently proportional (Table 4). Polokwane CBD had a high proportion of migrants to local informal sector entrepreneurs than Seshego Zone 2.

Findings from this study show that, the number of local informal sector entrepreneurs was high in both Polokwane CBD (66.2%) and Seshego Zone 2 (33.9%) study sites (Table 6). This could be the fact that there is typically more probability of local than migrant people available in Polokwane Local Municipality who end up joining business given the convenient reasons (Malahlela, 2010). Conversely, some local members could also travel relatively smaller distances compared to those of migrants, to come and run businesses in this area due to available market opportunities that attract them (Chikanda and Tawodzera, 2017). In this regard, the majority of people could have been attracted by the abundant livelihood opportunities in these study area sites. In addition, migrant informal business owners could have chosen to operate at the CBD because it is more secure than location given the previous common outbreaks of xenophobia experienced in this study area (Sebola, 2011; Crush and Chikanda, 2015; Crush and Tawodzera, 2017b; Crush et al., 2018).

4.3.3.3. Citizenship of the respondents

Only 91.2% of the respondents revealed their citizenship. Most of the respondents (82.3%) were South African citizens. Among the 8.9% of the migrants who responded to this question:

3.7% were asylum-seeker permit holders, 3.1% had no official documentation, 1.0% had visitors' permit holders (Table 7).

Table 7: Citizenship of the respondents

	Frequency (N)	Percentage (%)
Citizen of South Africa	158	82.3
Refugee permit holder	1	0.5
Asylum-seeker permit holder	7	3.7
Visitor's permit holder	2	1.0
Work permit holder	1	0.5
No official documentation	6	3.1
Missing/Undisclosed	17	8.9
Total	192	100.0

4.3.3.4. Country of origin of the respondents

The respondents from this study were from 14 various countries of origin. Out of the remaining 13 various countries, only 34 informal sector migrant entrepreneurs were noticeably studied. Of these 34 migrants, approximately over 3.4% were from Pakistan (2.6%), Zimbabwe (3.7%) and Ethiopia (3.1%) alone. As a result, locals were noted with an alarming number of approximately 82.3% from South Africa alone (Table 8).

Table 8: Country of origin of the respondents

Country of origin	Frequency (N)	Percentage (%)
DRC	1	0,5
Pakistan	5	2,6
Somalia	1	0,5
Zambia	1	0,5
Zimbabwe	7	3,7
Bangladesh	1	0,5
Russia	1	0,5
Ethiopia	6	3,1
Ghana	3	1,7
India	2	1,0
Malawi	2	1,0
Mozambique	2	1,0
Nigeria	2	1,0
South Africa	158	82,3
Total	192	100

Similarly, the local informal sector entrepreneurs were not from the same province in South Africa. Although there were majority of them coming from Limpopo province (96.2%), other minority local members outside Limpopo province were from Gauteng (1.9%), Kwa Zulu Natal (1.3%) and Mpumalanga (0.6%).

4.3.3.5. Race of respondents

Most (91.7%) surveyed respondents were from Black racial groups with an exception (8.3%) of those who were from Indian and Asian racial groups with 7.8% and 0.5% respectively. This could have resulted from large proportion of black ethnic group in South Africa coupled by majority of migrants coming from Black racial groups in African countries (StatsSA, 2016; Crush, Skinner and Stulgaitis, 2017)

4.3.4. Age categories of the respondents

Age characteristics of the surveyed population was studied. The youngest and oldest respondents were aging 19 and 78 respectively, this means that the age difference was raging with 59 years. The median age was 38, and the sample had age mean of 39.59. Most of the respondents were aging 31 years old. About 58.9% of informal sector entrepreneurs were aging less or equal to 40 years old. There were also 8.3% of the respondents who were aging 60 years of age and above.

Most of the respondents were falling within the ages between 26 and 33 for both local and migrant informal sector entrepreneurs with 20.3 and 3.3% respectively. Over 70% of the respondents were between 26 to 33; 34 to 41 and 42 to 49 collectively. However, age groups 50 to 57 and over 58 years contributed 17% of the sample, of which local respondents were more than migrants with 17.2% and 0.2% respectively. As a result, age groups are categorised and illustrated in the following chart (Figure 4):

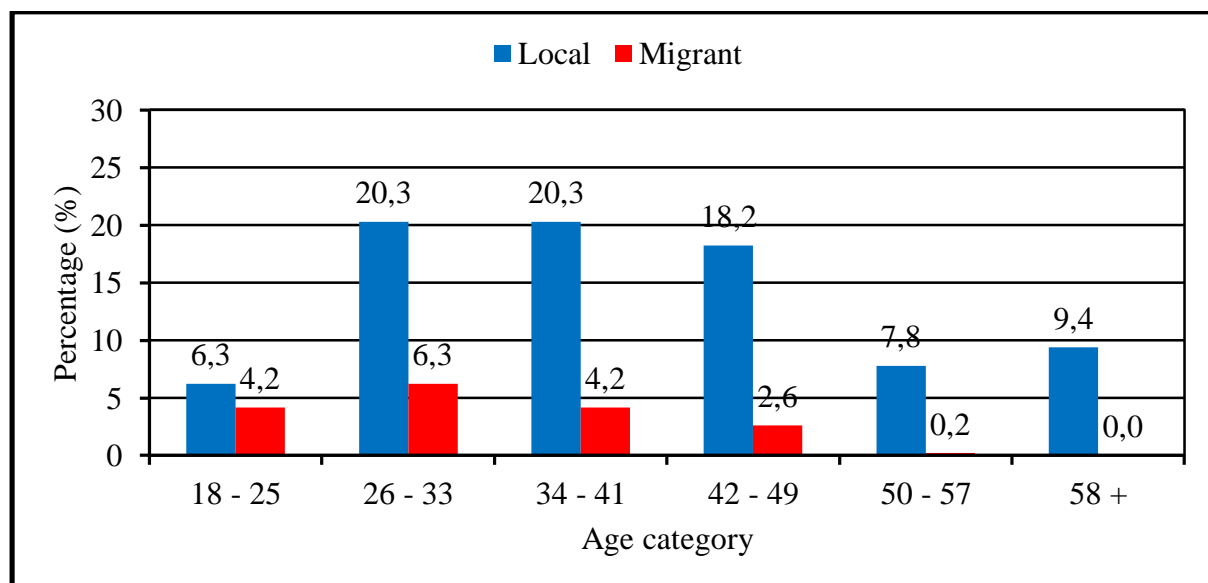


Figure 4: Age categories of the respondents

4.3.5. Educational level of the respondents

To study the sample, the educational level was relatively measured to make comparisons on the respondents. At least 5.2% of the sample was without a formal schooling qualification, where 4.2% and 1.0% represented local and migrant informal sector entrepreneurs respectively

(Figure 5). At most 82.8% of the respondents had a secondary certificate and higher qualification with 67.2% and 15.6% representing local and migrant informal sector entrepreneurs respectively: 64.1% of the respondents had secondary certificates with 52.1% and 12.0% representing local and migrant informal sector entrepreneurs respectively and this category had many respondents for both studied groups than any other category. The reason for having many respondents with secondary school report/certificate than any other category beyond it might be competition within employment sector in the country due to increased population and occupational demands in terms of advanced qualification, skills and practice licenses. This is proven by the increasing number of unemployed degree holder candidates in South Africa and this just makes it even worse for matric holders to be employed (Charman et al., 2011; Crush et al., 2015). 15.6% had college certificates or diplomas with 13.5% and 2.1% representing local and migrant informal sector entrepreneurs respectively; 2.6% had undergraduate degrees with 1.0% and 1.6% represented local and migrant informal sector entrepreneurs respectively, and this was the only qualification that was obtained by majority of migrants than local informal sector entrepreneurs. The reason for having more migrant informal sector entrepreneur undergraduate holders than locals might be that majority of undergraduates in South Africa are participating in internships and this program is mainly for the South African citizens (Erasmus, N., 2012; Lee and Chao, 2013; Oluwajodu, Greyling, Blaauw and Kleynhans, 2015; Nunley, Pugh, Romero, Seals Jr., 2016;). 0.5% of the respondents had PhD degrees or equivalent qualifications and this represented local informal sector entrepreneurs only (Figure 5).

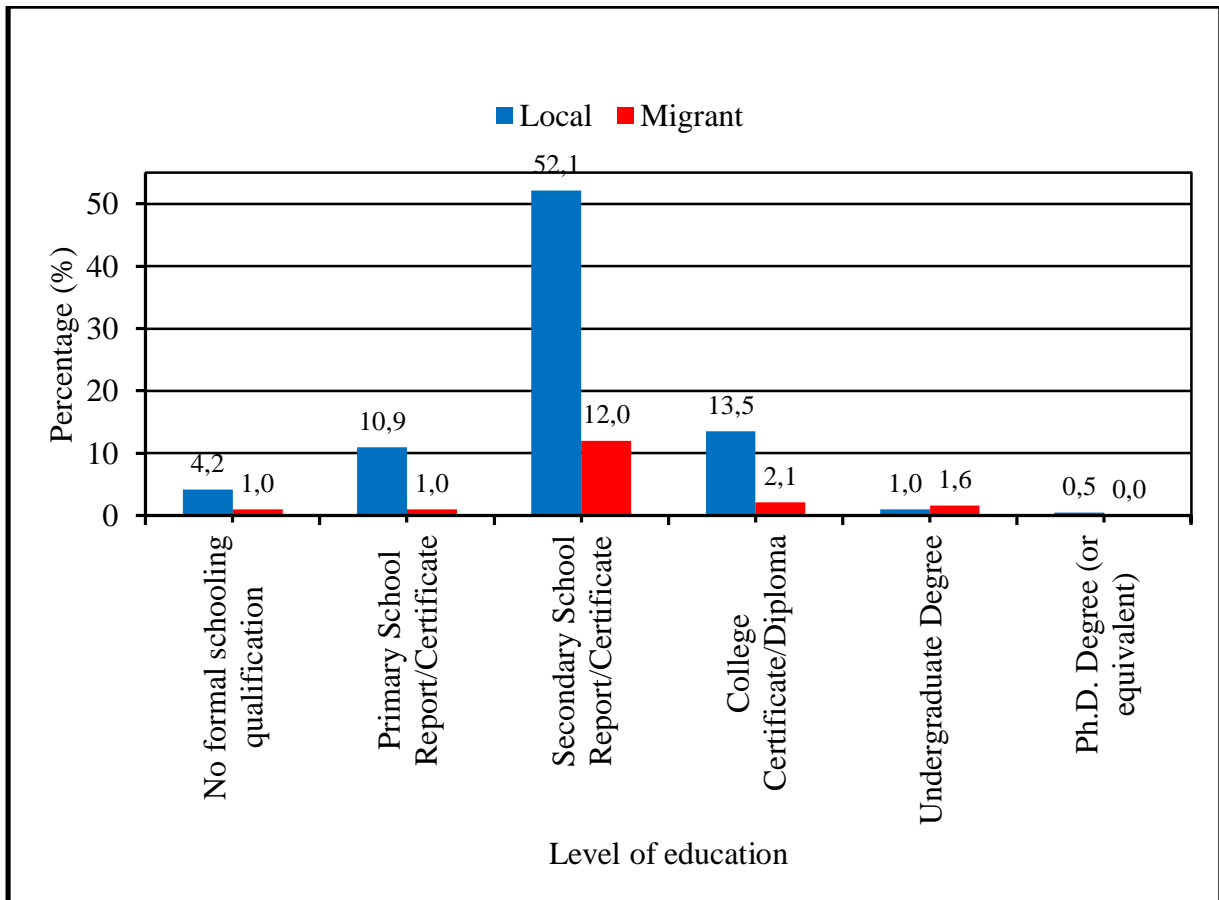


Figure 5: Highest level of education of the respondents

4.4. Migrant respondents moving to South Africa

Just like in any other countries, migration is noticeable in South Africa hence was significant to this study (Crush, 2001; Crush and Tawodzera, 2017a; Crush and Tawodzera, 2017b; Crush and Tawodzera, 2017c; Crush et al., 2018). South Africa has diverse migrants who are from different countries pursuing a particular task or mission in the country. This study was on those migrants who are participating in the informal economy within the limits of this study. The following section is based on the informal sector migrant entrepreneurs when they first moved to South Africa.

4.4.1. Migrants' arriving in South Africa for the first time

Migrants in this study have been in South Africa longer than they have been operating their businesses. For a period of 20 years, there had been 7 migrants coming to South Africa for the first time during 1994 and 2004 periods. This means that there had been a new migrant entrant from the surveyed group coming to South Africa for the first time everyone and a half years or so. The rate of new entrant migrants from this study had doubled from 2005-2009 and after 2010 as it was pre-determined by Perbady and Rogerson (2002) that migrants are seeing an opportunity for survival and business prospect to take on in the informal sector and small medium enterprises. Findings from this study show that approximately 80% of new migrant entrants arrived in South Africa for the first time from 2005 and beyond. This could have been the influence of the 2010 World Cup and ripple effect of other economic opportunities that are hoped to arise in South Africa. Furthermore, findings to this study show that the number of migrants coming to South Africa is increasing even more over time (Table 9). It can be presumed from the observed increase of newly entrant migrants in this study that South Africa has the potential of being reception of many more migrants than ever in the history of literature.

Table 9: Migrant informal sector entrepreneurs' first-time arrival in South Africa between 1994 and beyond 2010

	Before 1994	1995-1999	2000-2004	2005-2009	After 2010	Total
DRC	0	0	0	0	1	1
Pakistan	0	0	0	1	3	4
Somalia	0	0	0	1	1	2
Zambia	0	1	0	0	0	1
Zimbabwe	0	0	1	2	4	7
Bangladesh	0	0	0	0	1	1
Russia	0	0	1	0	0	1
Ethiopia	0	1	0	2	3	6
Ghana	0	1	0	1	1	3
India	1	0	0	0	1	2
Malawi	0	0	0	1	1	2
Mozambique	0	0	0	0	2	2
Nigeria	0	0	1	1	0	2
Total	1	3	3	9	18	34

4.4.2. Migrant respondents' occupation before coming to South Africa

Most (80%) of the migrant respondents in this study were not entrepreneurs when they left their home country (Figure 6). The study recorded that at least 2.9% of the migrants were present at each occupations in every home country. The majority (44%) of migrant respondents were unemployed when they left their home country. It is incredible how migrants with occupations that had limited exposure to business participate in entrepreneurship (Figure 6).

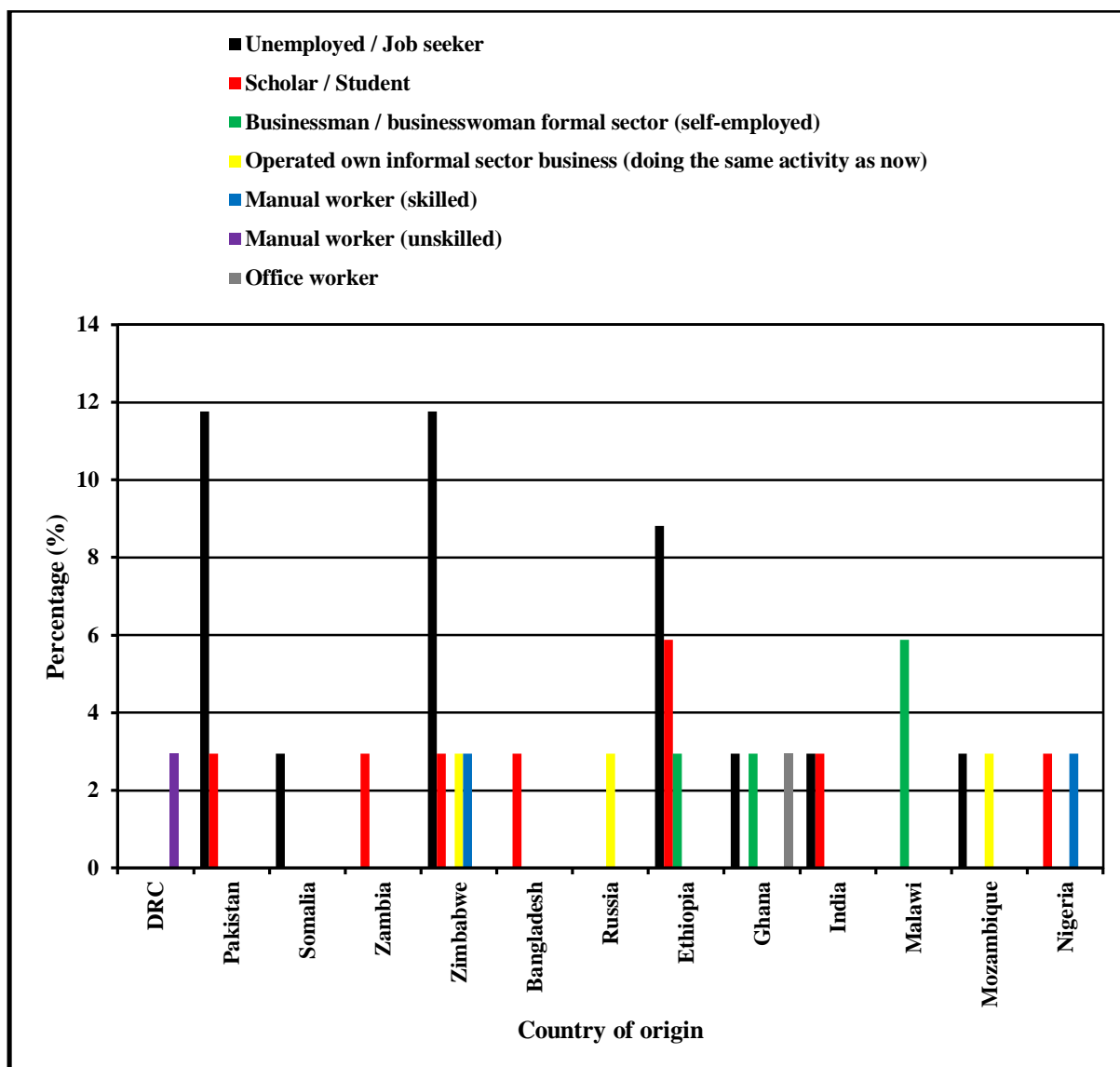


Figure 6: Migrant respondents' occupation before they left their home country for the first time

4.4.3. Factors that led migrants to come to South Africa

Migrants generally have more than one reason why they leave their home countries. Those who were encouraged by friends or relatives were cited the most important with 22.1%. However, looking for a formal job, refugee or asylum seeker and providing for own family were the most responded reasons why most migrants had left their home countries with over 50%. Nevertheless, those who came to start their own businesses or join family businesses were represented by 16.1% and 3.0% respectively. Migrant respondents who came to South Africa to study were 6.0%. Yet, other migrants were not satisfied with some of the reasons asked to why they left their home countries during this survey.

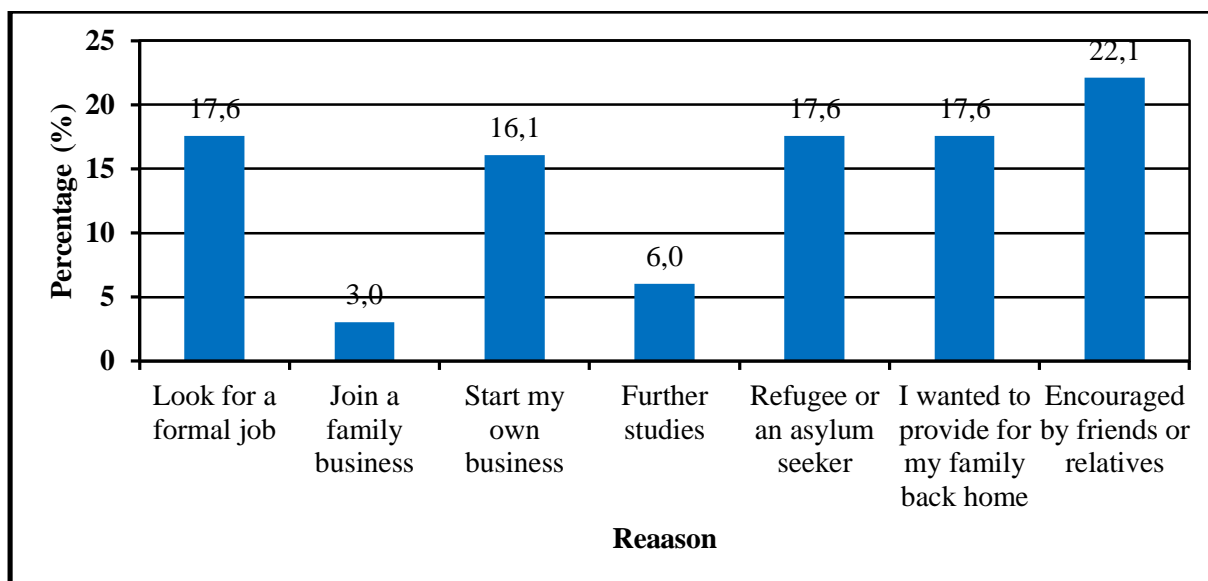


Figure 7: Migrants' reasons for coming to South Africa

4.5. Entrepreneurial motivation in the informal economy

4.5.1. Respondents' occupation before starting their businesses in the informal sector

The majority (34.9%) of the respondents were unemployed before they could start operating businesses in the informal economy with 28.1% and 6.8% representing local and migrant informal sector entrepreneurs respectively. This shows that unemployment is one of the most prominent factors leading people to engage in informal sector entrepreneurship. Emphasis from some of the respondents were that: *"I will always focus on this business because I am a foreigner and formal jobs are hard to find in South Africa, if only there were sponsors to uplift this business, I also want to extend this place furthermore"*. Some (17.2%) of the respondents worked as unskilled manual labourers with 15.6% and 1.6% representing local and migrant informal sector entrepreneurs respectively. Another 8.9% of those respondents who were previously skilled manual labourers; 8.3% were locals and 0.5% where migrant informal sector entrepreneurs. There were more (3.1%) migrant informal sector entrepreneurs who were previously businessmen/businesswomen in the formal sector than locals (2.6%). Moreover, there were more (3.7%) local informal sector entrepreneurs who previously operated own informal sector business doing the same activity as now than migrants (2.1%). Similarly, there were 3.7% of local informal sector entrepreneurs who previously operated own informal sector business doing different activity compared to now than migrants (2.6%). Another 6.3% of the

local informal sector entrepreneurs were students before operating their informal sector businesses than migrants (0.5%). Furthermore, 3.7% of the local informal sector entrepreneurs were office workers before operating their informal sector businesses than migrants (0.5%). Study findings regarding respondents' occupations before operating informal sector businesses are shown on the figure below (Figure 8).

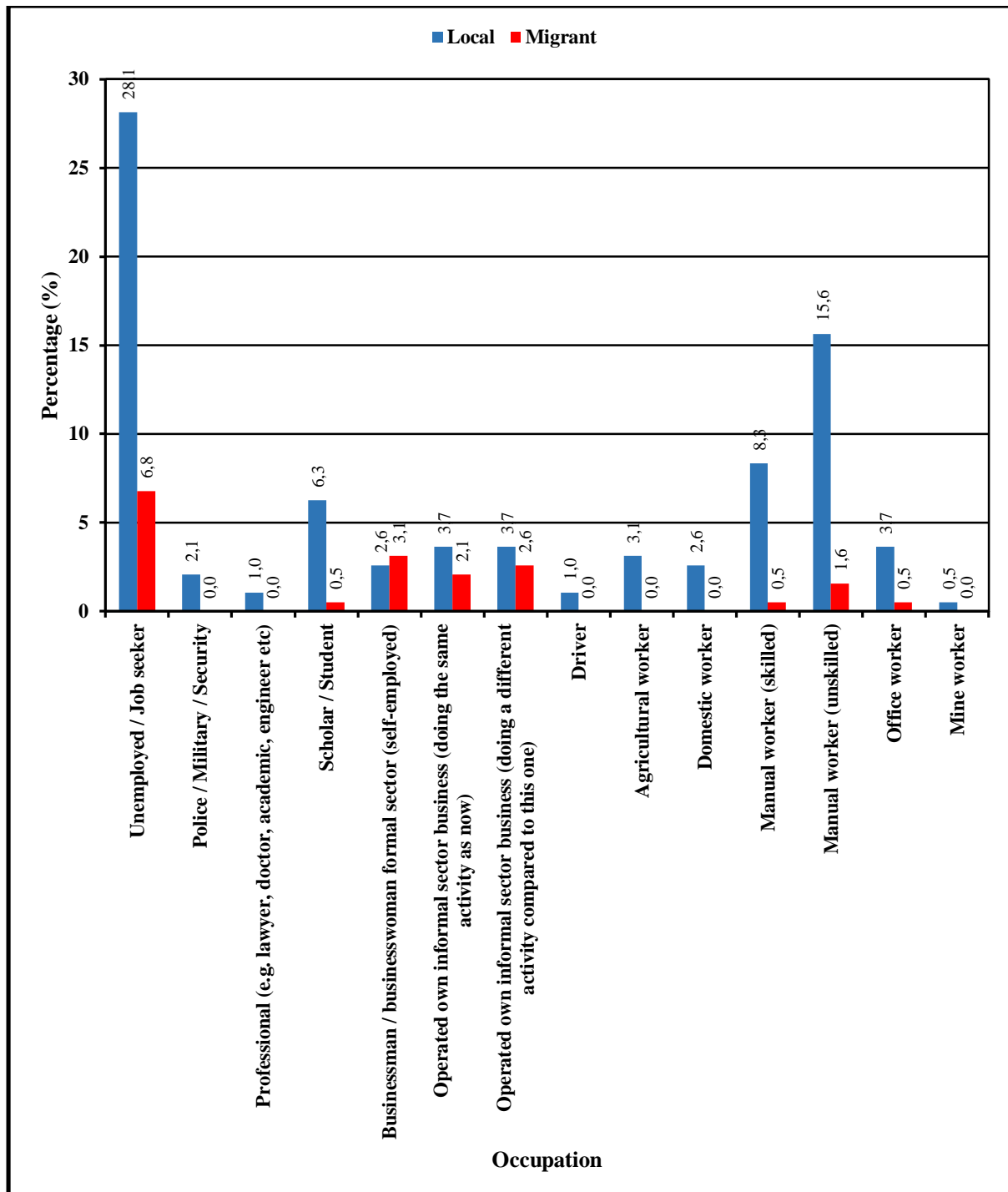


Figure 8: Respondents' occupation before starting to operate in informal sector business

4.5.2. Respondents' way of learning skills used in their businesses

The majority (47.4%) of informal sector entrepreneur respondents were self-taught about skills to operate their businesses with 41.2% and 6.3% representing local and migrant informal sector entrepreneurs respectively. According to findings in this study, there is no doubt that most of the informal sector entrepreneurs taught themselves regarding the skills required to run their businesses. 19.8% of the respondents operated informal sector businesses without skills with 17.2% and 2.6% representing local and migrant informal sector entrepreneurs. The study also showed that there were more local (14.1%) than migrant (3.1%) informal sector entrepreneurs who learnt from other people. At most 1.0% of the migrant informal sector entrepreneurs who went for training courses/programs by government where more than locals (0.5%). Moreover, there were equal number of local (0.5%) and migrant (0.5%) informal sector entrepreneurs who got training course/programmes from non-governmental institutions, including the private sector. Furthermore, there were 1.0% local informal sector entrepreneurs who got apprenticeship/on the job training than migrants (0.5%). Similarly, 2.6% of other local informal sector entrepreneurs who went to university, school or other training centres were more than migrants (0.5%). Although, 8.3% of respondents learnt from previous work experience with 5.2% and 3.1% representing local and migrant informal sector entrepreneurs. Figure 9 below shows the illustration of the above-mentioned statics.

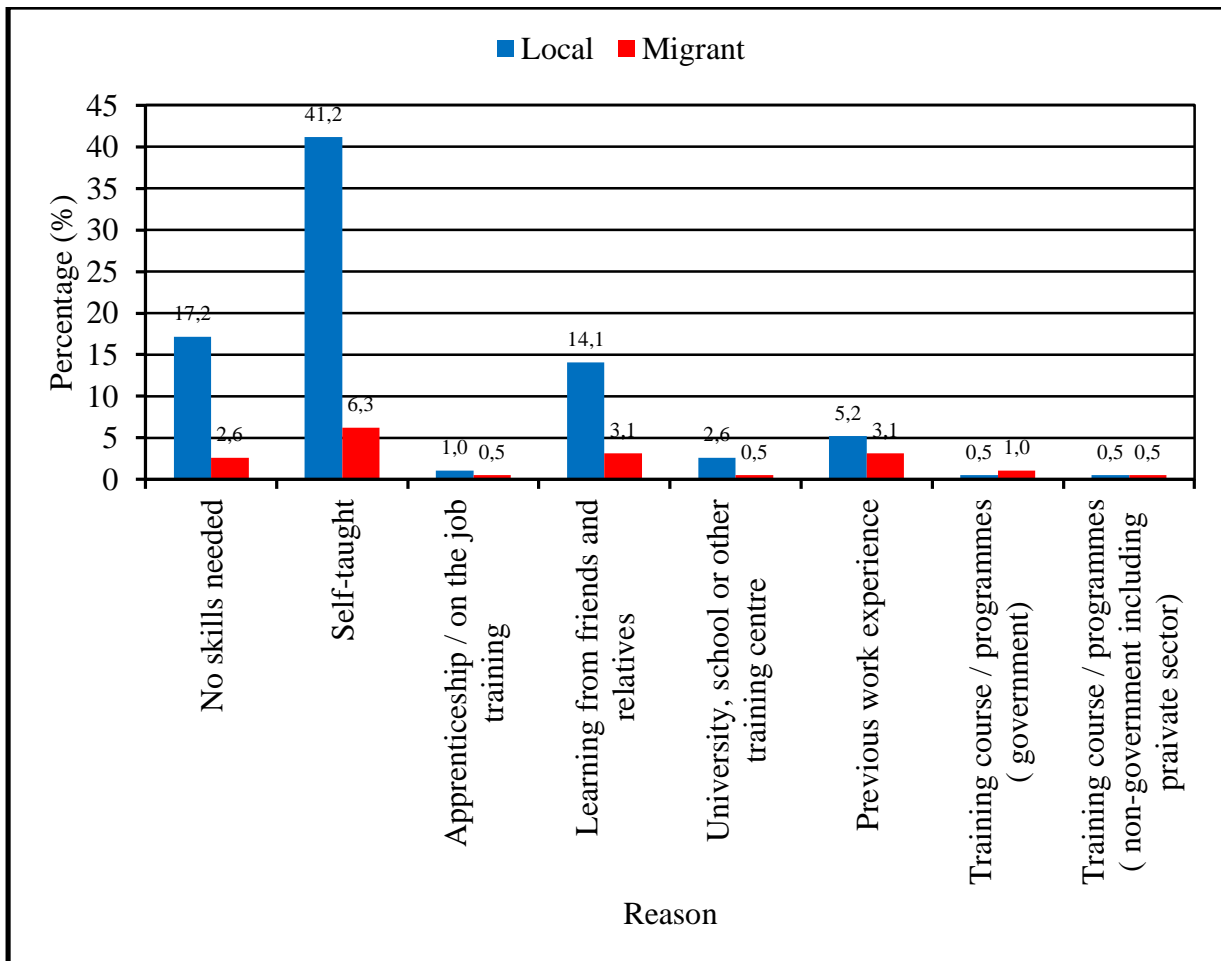


Figure 9: Manner of being skilled to qualify running a business

4.5.3. The motivation of starting a business

There are several factors contributing to the reasons that motivated informal sector entrepreneurs to start a business. From the list of factors contributing to informal sector entrepreneurship, respondents had more than one reasons that motivated them to start a business. A list of motives was used to measure motivations that influence informal sector entrepreneurs to establish a business. Each of the motives was rated on a scale of 1, with no importance, to 5, with extreme importance. As a result, respondents had more than one motive behind the reason why they established their businesses whereas some did not want to answer this question at all. The majority of the respondents established their businesses because they were unemployed and needed money for survival with motivation magnitude of 3.4 and 3.3 respectively. Notably, some respondents (1.9) started the business because they wanted to give their families greater financial security. Some respondents (1.4) had a job but it did not pay enough while others (0.9) wanted to make more money to send to families in their home countries. There were those respondents (0.8) who also wanted to run their own businesses

whereas others (0.7) wanted to provide employment for South Africans. There were also, those respondents (0.5) who felt that they have the right personality to run their own businesses. These were some of those who were either co-running a business with others or employed in one of the businesses. Those who had a job but did not suit qualifications and experience, wanted to provide employment for family members, decided to go into business in partnership with others, wanted to provide a product/service to South Africans, enjoy taking risks, like to challenge themselves and wanted more control over their own time or to be their own boss were rated the most frequent with motivation indices of 0.2, 0.3 and 0.4 (Table 10).

Table 10: Respondents' motivation index to start a business

Motive	Not important		Less important		Important		More important		Extremely important		Index out of 5
	F	%	F	%	F	%	F	%	F	%	
I was unemployed and unable to find a job	4	2.1	4	2.1	22	11.5	30	15.6	69	35.9	3.4
I had a job but it did not pay enough	4	2.1	4	2.1	11	5.7	0	0.0	35	18.2	1.4
I had a job but it did not suit my qualifications and experience	3	1.6	2	1.0	1	0.5	0	0.0	6	3.1	0.3
I wanted to provide employment for members of my family	5	2.6	3	1.6	5	2.6	0	0.0	3	1.6	0.4
I wanted to provide employment for other people from my home country	4	2.1	1	0.5	3	1.6	3	1.6	2	1.0	0.3
I wanted to provide employment for South Africans	6	3.1	1	0.5	6	3.1	0	0.0	14	7.3	0.7
I needed more money just to survive	1	0.5	9	4.7	30	15.6	0	0.0	86	44.8	3.3
I wanted to give my family greater financial security	2	1.0	1	0.5	4	2.1	20	10.4	43	22.4	1.8
I wanted to make more money to send to my family in my home country	6	3.1	0	0.0	4	2.1	2	1.0	23	12.0	0.9
I decided to go into business in partnership with others	3	1.6	0	0.0	2	1.0	3	1.6	5	2.6	0.3
Support and help in starting my business was available from other immigrants	5	2.6	1	0.5	0	0.0	0	0.0	0	0.0	0.2
My family members have always been involved in business	4	2.1	0	0.0	0	0.0	0	0.0	3	1.6	0.2

I had a good idea for a service / product to other immigrants	5	2.6	0	0.0	0	0.0	0	0.0	1	0.5	0.2
I wanted to provide a product/service to South Africans	2	1.0	0	0.0	1	0.5	1	0.5	6	3.1	0.3
I have always wanted to run my own business	2	1.0	1	0.5	0	0.0	4	2.1	22	11.5	0.8
I have the right personality to run my own business	2	1.0	0	0.0	3	1.6	3	1.6	10	5.2	0.5
I wanted to do something new and challenging	4	2.1	1	0.5	2	1.0	4	2.1	2	1.0	0.3
I like to learn new skills	3	1.6	0	0.0	4	2.1	2	1.0	7	3.6	0.4
I enjoy taking risks	3	1.6	0	0.0	1	0.5	3	1.6	7	3.6	0.4
I like to challenge myself	2	1.0	1	0.5	0	0.0	3	1.6	8	4.2	0.4
I wanted more control over my own time / to be my own boss	2	1.0	2	1.0	1	0.5	4	2.1	5	2.6	0.4
I wanted to increase my status in the community	6	3.1	0	0.0	1	0.5	0	0.0	3	1.6	0.3
I wanted to compete with others and be the best	5	2.6	1	0.5	0	0.0	1	0.5	1	0.5	0.2
I wanted to contribute to the development of South Africa	4	2.1	0	0.0	2	1.0	0	0.0	5	2.6	0.3

4.6. Business ownership in informal sector entrepreneurship

4.6.1. Sector of operation of entrepreneurship

This study collected detailed information about the informal sector entrepreneurs' businesses looking at their motivations for starting a business, the way they operate them and how they compete for a sustained and thriving business. The study focused on informal sector entrepreneur businesses in three major sectors: (1) retail, trade and wholesale; (2) manufacturing; and (3) services. About 62.0% of the informal sector entrepreneurs were engaged in retail, trade and wholesale activities, 4.1% in manufacturing, and 33.9% in manufacturing (Figure 10). Surprisingly, the results from this study are strongly and relatively like those that were found by Tawodzera et al. (2015) in Southern African Migration Programme (SAMP) and this comparison is showed on the following figures (Figures 10 and 11):

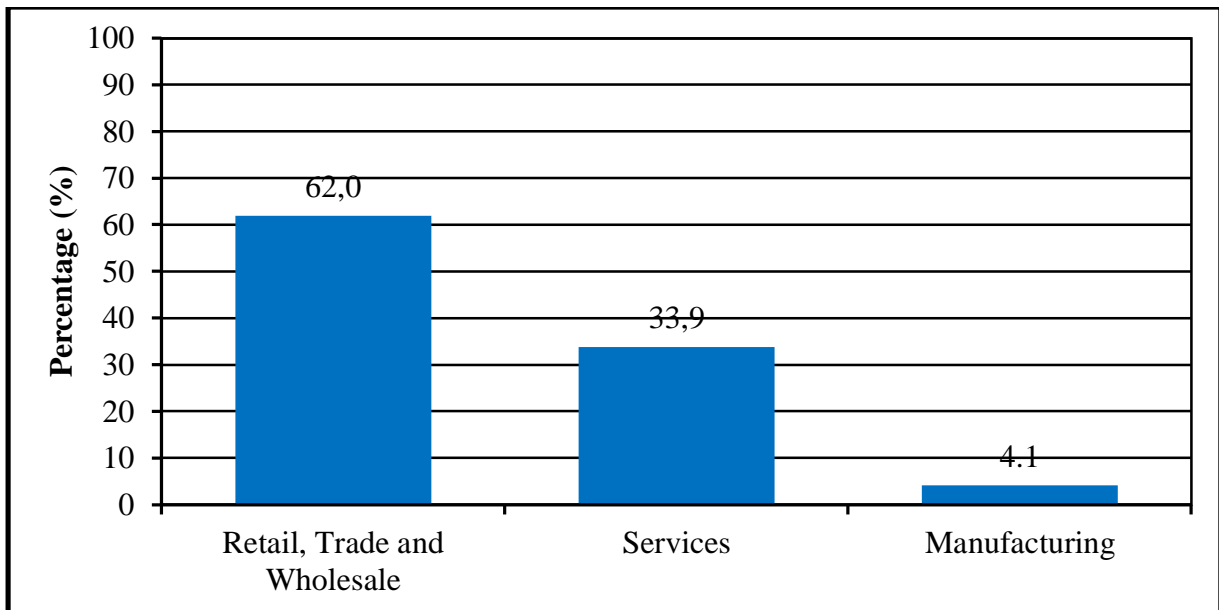


Figure 10: Entrepreneurial business sector of operation

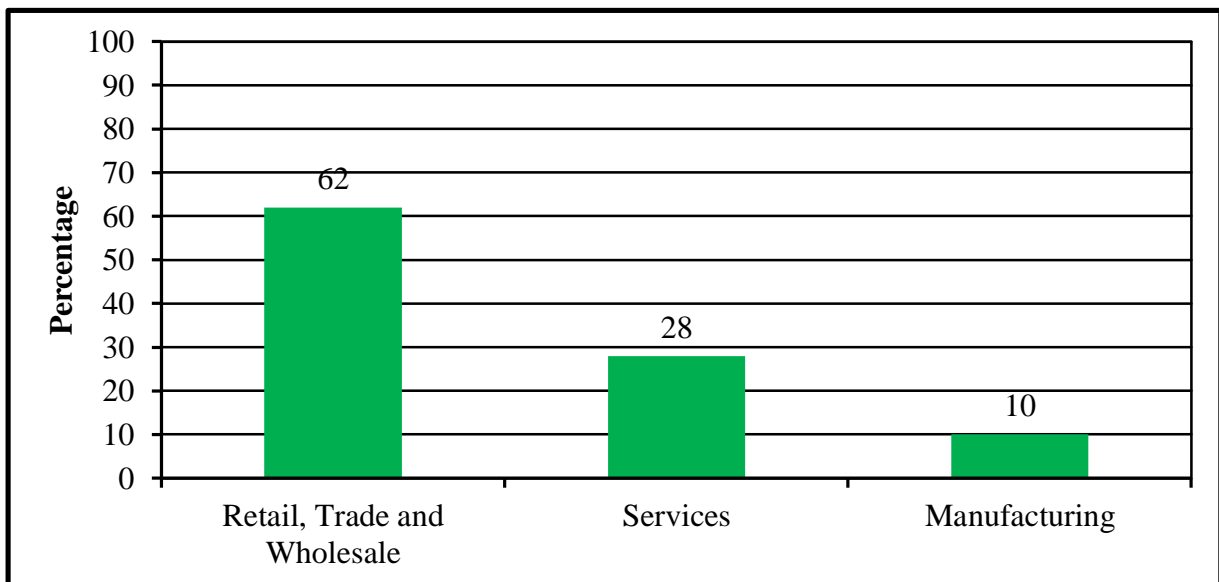


Figure 11: Sectoral breakdown of migrant businesses (Tawodzera et al., 2015)

This is incredible, because the results from this study were found similar to those in Cape Town (Tawodzera et. al., 2015). This creates an interesting research question regarding why the sector of economic operation in the informal sector entrepreneurship in Polokwane Local Municipality and Cape Town, including other cities from different places are even. Intensive research can help explore and elucidate more on factors and determinants of informal sector business operations.

4.6.2. Structure of business location

Respondents' businesses were found being operated at different places in Polokwane Local Municipality (Malahlela, 2010). Mostly, they were not really grouped in terms of similar but, rather as a cluster of mixed businesses. As a result, the count of their business locations was based on the businesses sharing similar premise structure in their respective locations. Over 50% of the businesses were operating on the streets during this study. Therefore, the majority (35.4%) of these businesses were operating in temporary stalls on the street and roadside; this could be the result of targeting customers who were passing on the streets on daily basis. Another 26.6% of the respondents were operating businesses in permanent stalls on the streets and roadsides too. At least 16.2% of the businesses were operated in shops. Only 13.0% of the respondents were operating businesses in permanent stalls in a market. 3.1% of the respondents were operating their businesses mobile. Other businesses (5.7%) were operating in restaurants or hotels, in their homes, in customer's homes and in permanent stalls in a yard (Table 11).

Table 11: Location where respondents conduct their businesses

	Frequency (N)	Percentage (%)
No fixed location, mobile	6	3.1
Permanent stall in a yard	1	0.5
Permanent stall in a market	25	13.0
Permanent stall on the street/roadside	51	26.6
Temporary stall on the street/roadside	68	35.4
In my home	5	2.6
In customer's home	4	2.1
Workshop or shop	31	16.2
Restaurant or hotel	1	0.5
Total	192	100

4.6.3. Respondents' year of establishing their businesses

Over half (54%) of the businesses in Polokwane Local Municipality were established since 2010. This shows that most of those that were established over a period of time had already

collapsed as predetermined in Malahlela (2010)'s study in Polokwane a few years before this study. The number of newly established businesses had doubled from 2008-2012 (34) to 2013-2017 (71). Another 16 businesses were independently established in the years 2007 and 2016. About 1 to 5 businesses were established yearly and had survived for over 30 years (Figure 12).

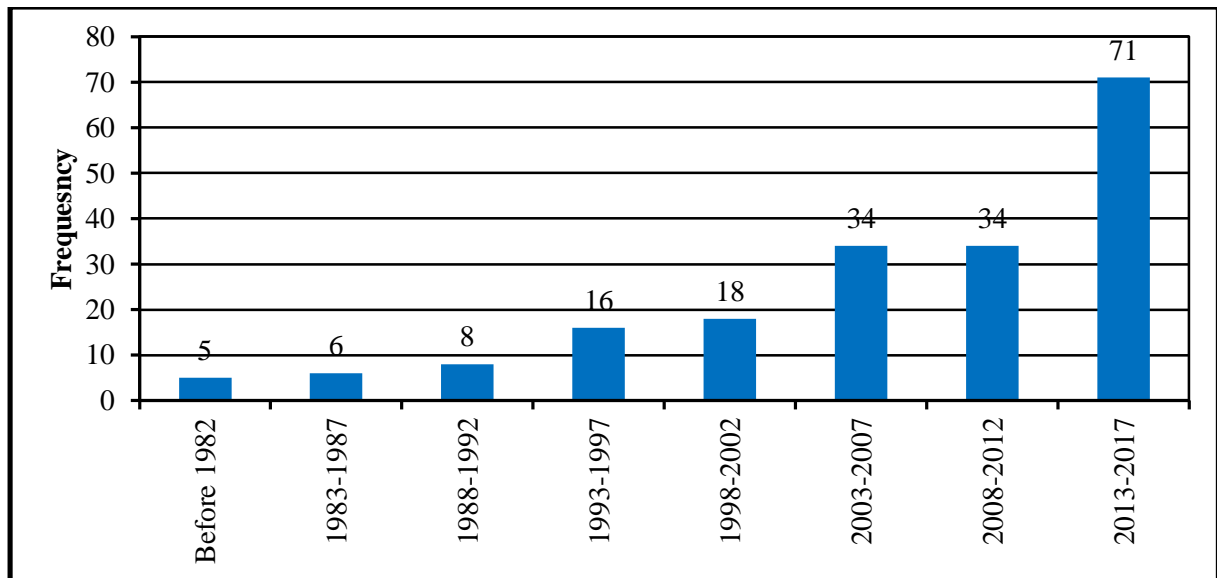


Figure 12: Frequency of respondents' years of operating business for the first time

One of the reasons why these surveyed businesses were established as old as since 1982 as showed on the figure above is that, some of these businesses were inherited or bought from previous business owners as stipulated in Figure 12.

4.6.4. Trend between locals and migrants' year of establishing their businesses

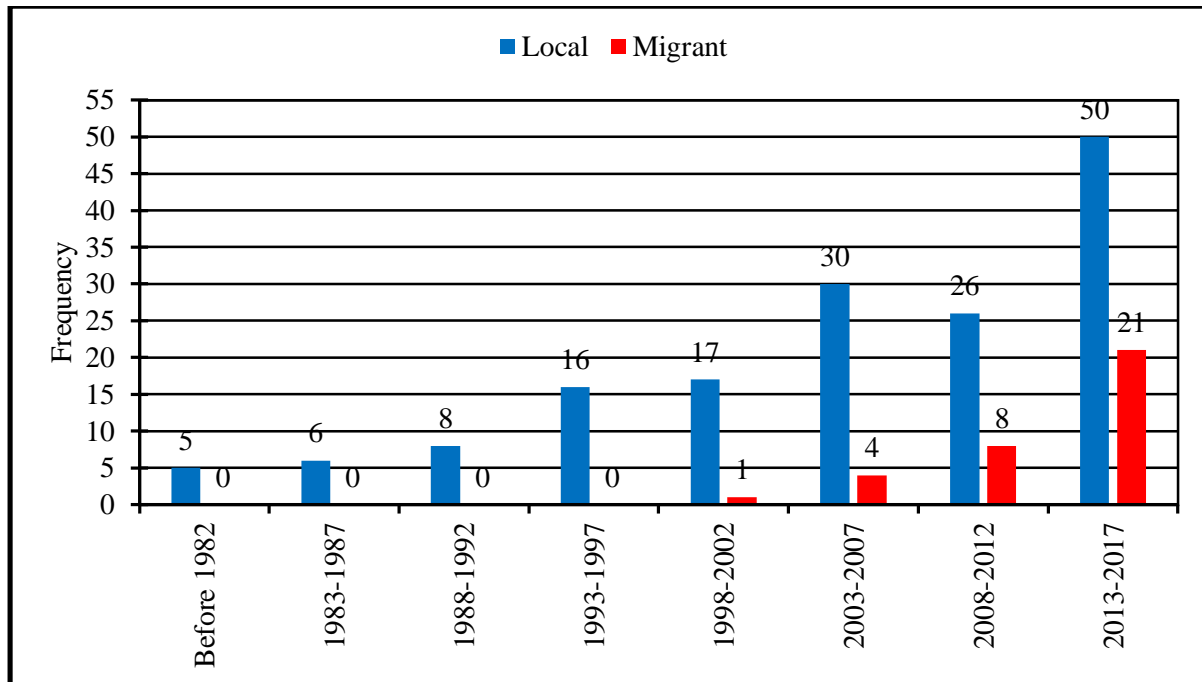


Figure 13: Comparison of respondent's first year of business establishment

Out of the surveyed respondents, there were a maximum of 2 new local informal sector entrepreneurial entries, which is a rate of 2.3 per year between the years 1982 and 1997, results also divulge that, there is no migrant informal sector entrepreneur surveyed who had business during those times. These results are agreeing with what has been found by Perbedy and Roggers (2002) that, poor people living in South African townships established informal businesses such as spaza shops for their survival due to high unemployment and restriction of black people to go to the cities during apartheid era. The figure above shows that, none of the surveyed migrant respondents had businesses in South Africa during the apartheid. From the surveyed migrant informal sector entrepreneurs, one of them only started their business in the year 2000. In 2003, there was also an increase in the entry of migrant informal sector entrepreneurs, surprisingly, local informal sector entrepreneurs were reaching their lowest turning point and started to increase dramatically with a rate of approximately 8 entrepreneurial entries yearly, reaching their maximum of 50 new business owners' entries with migrant informal sector entrepreneurial growth of approximately 2 entries per year (Figure 13). Generally, local and migrant informal sector entrepreneurial increase rate was 5 and 2 respectively during this study. As a result, this study makes an assumption that, Polokwane

Local Municipality has half the number of migrant informal sector entrepreneurs less than local.

4.6.5. The skills required to establish informal sector business

Often, motive is a strong factor to the establishment of the businesses when studying entrepreneurship, but also, it is important to know where and how respondents acquired knowledge and experience of running these businesses. Most of the local (41.2%) and migrant (6.25%) informal sector entrepreneurs were self-taught to operate their businesses. Significantly, 19.8% of the respondents that there was no skill needed to start operating their businesses with 17.2% and 2.6% representing local and migrant informal sector entrepreneurs respectively. It was also apparent that some respondents learned from friends and relatives with 14.1% and 3.1% representing local and migrant informal sector entrepreneurs respectively. At least 5% and 3% of the respondents learnt entrepreneurship from previous work experience representing local and migrant informal sector entrepreneurs respectively. Moreover, there were fewer respondents who had educational background or training regarding entrepreneurship with an inclusion of 4.7% and 2.6% representing local and migrant informal sector entrepreneurs respectively (Figure 14).

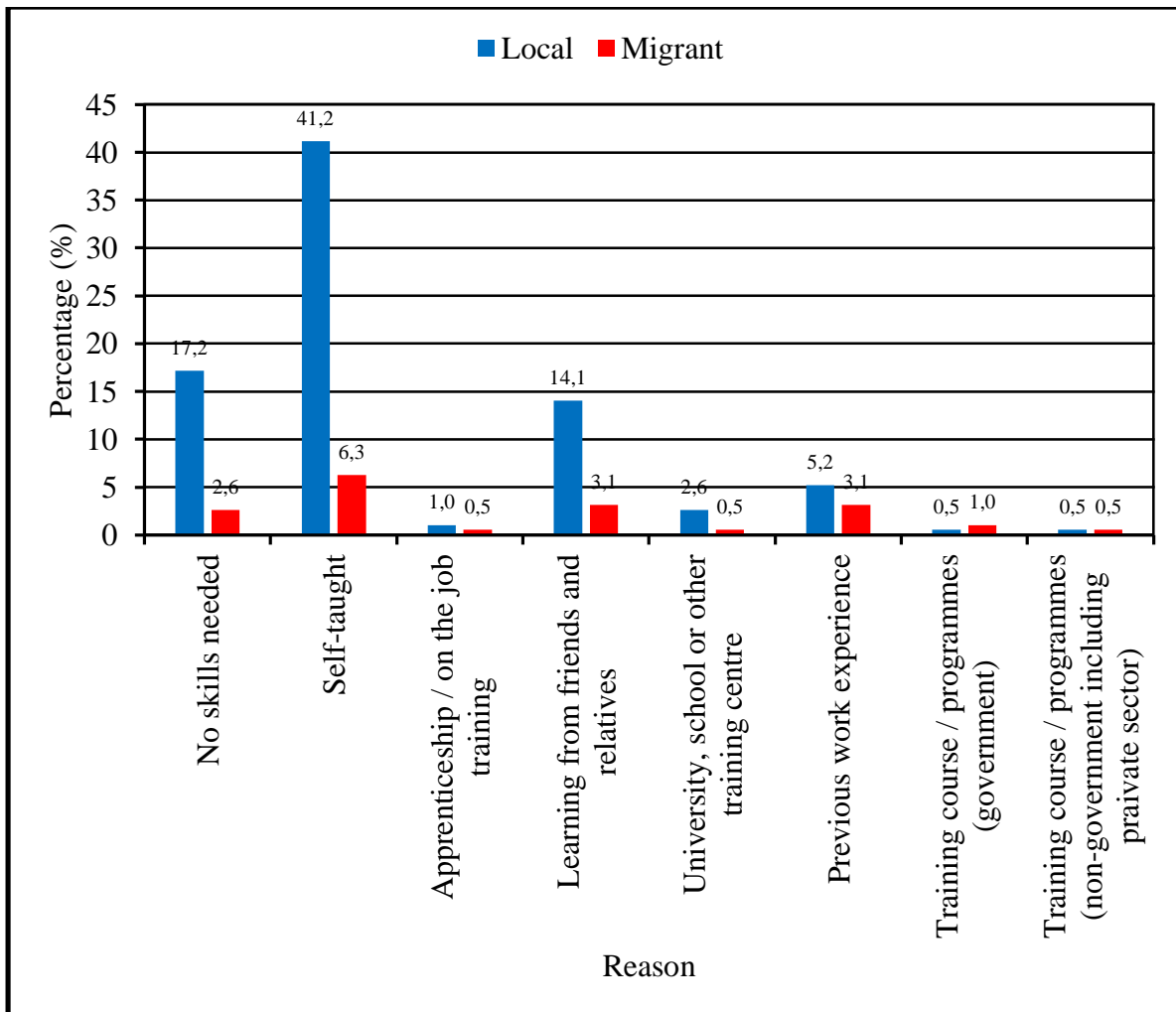


Figure 14: Respondents' way of learning how to run their businesses

4.6.6. Informal sector entrepreneurial source of start-up capital

Generally, the capacity of business growth is dependent on the amount of start-up capital, age of business, overall business turnover and expansion of stock (Acs et al., 2005). However, all these are dependent on the primary source of start-up capital to establish a business. In studying entrepreneurship, respondent's start-up capital was measured and 83.9% established businesses from personal savings with 70.8% and 13.0% representing local and migrant informal sector entrepreneurs respectively. 6.8% of respondents used loan from relatives as their start-up capital with 4.2% and 2.6% representing local and migrant informal sector entrepreneurs. There were 4.2% of local informal sector entrepreneurs who used a bank loan to start their businesses in contrast to migrant informal sector entrepreneurs who never used it. One of the supporting reasons to this was that migrants are not allowed to take a loan from local banks in South

Africa. Both local and migrant informal sector entrepreneurs used loan from micro-finance institutions represented with 0.5% each. Only 1.6% of the local respondents used money from lenders as their start-up capital to establish their businesses and none of the migrant informal sectors did so (Figure 15).

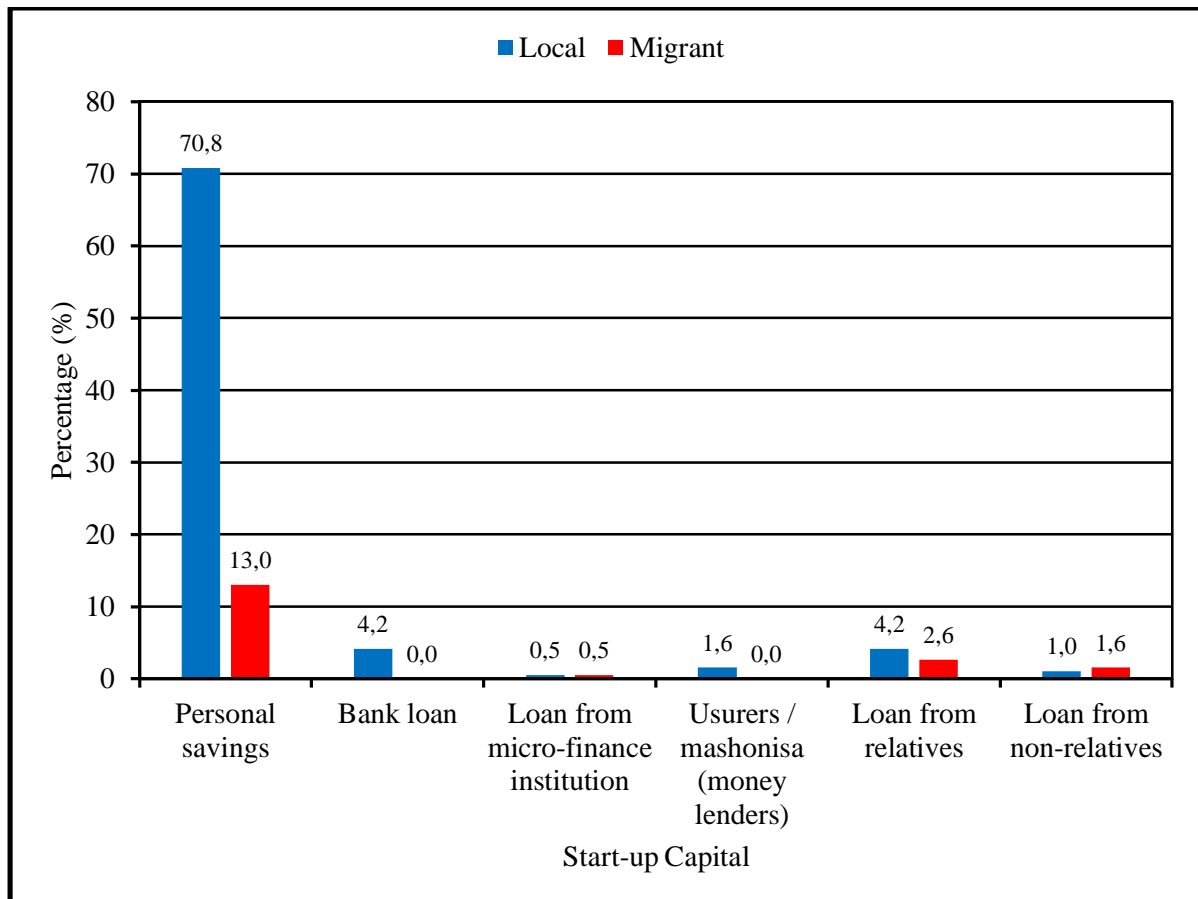


Figure 15: Respondents' primary source of start-up capital

4.6.7. Amount of start-up capital

Most people usually start their businesses with a small capital enough to establish their businesses in the informal sector entrepreneurship for lower risks possible (Crush, 2008). The majority (70.3%) of the surveyed respondents used less than R5000 to fund their businesses kick-start with 64.1% and 6.3% representing local and migrant informal sector entrepreneurs respectively. Another 8.3% of the respondents used R5000 to R9999 with 7.3% and 1.0% representing local and migrant informal sector entrepreneurs respectively. Unfortunately, 4.2% of the respondents could not remember how much they used to establish their businesses whereas others did not know the amount used to establish the business because they were

inherited. Some (2.6%) of the migrant informal sector entrepreneurs used over R20000 (Figure 16).

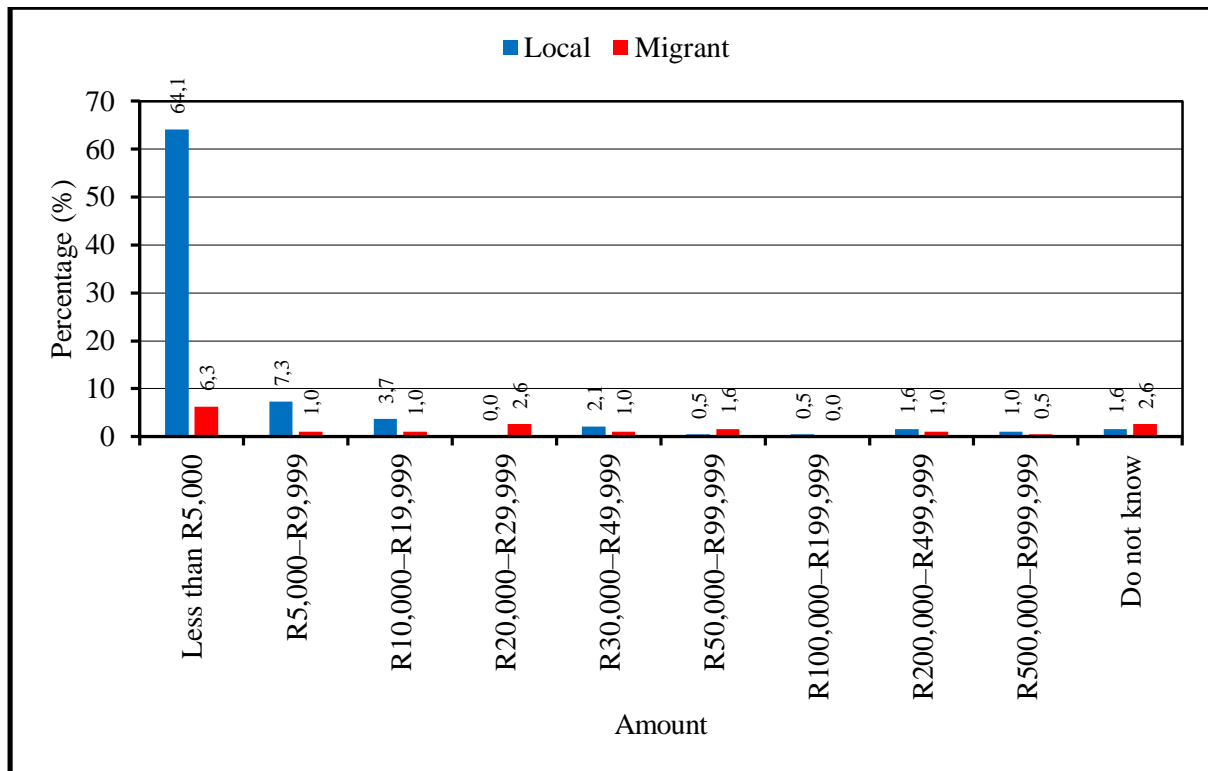


Figure 16: Start-up capital used to establish informal sector business

4.6.8. Monthly profit of informal sector entrepreneurship

Monthly profit in the informal sector entrepreneurship was determined using intervals of R1000 ranging from less or equal than R1000 up to more than R10000. The majority of the businesses were making a monthly turnover of less than R1000 a month for both of the respondent groups, with 31.8% and 11.5% for local and migrant informal sector entrepreneurs. There was a noticeable approximation of 10% monthly profit of R4001-R5000 with 7.8% and 2.1% for local and migrant informal sector entrepreneurs respectively. Some of the respondents did not know their monthly profit due to not having daily records of business turnover while others could not respond to this question at all with approximately with 13.5% and 9.9% respectively. The results to this question show that local informal sector entrepreneurs were generally making a greater monthly profit turnover than migrants (Figure 17).

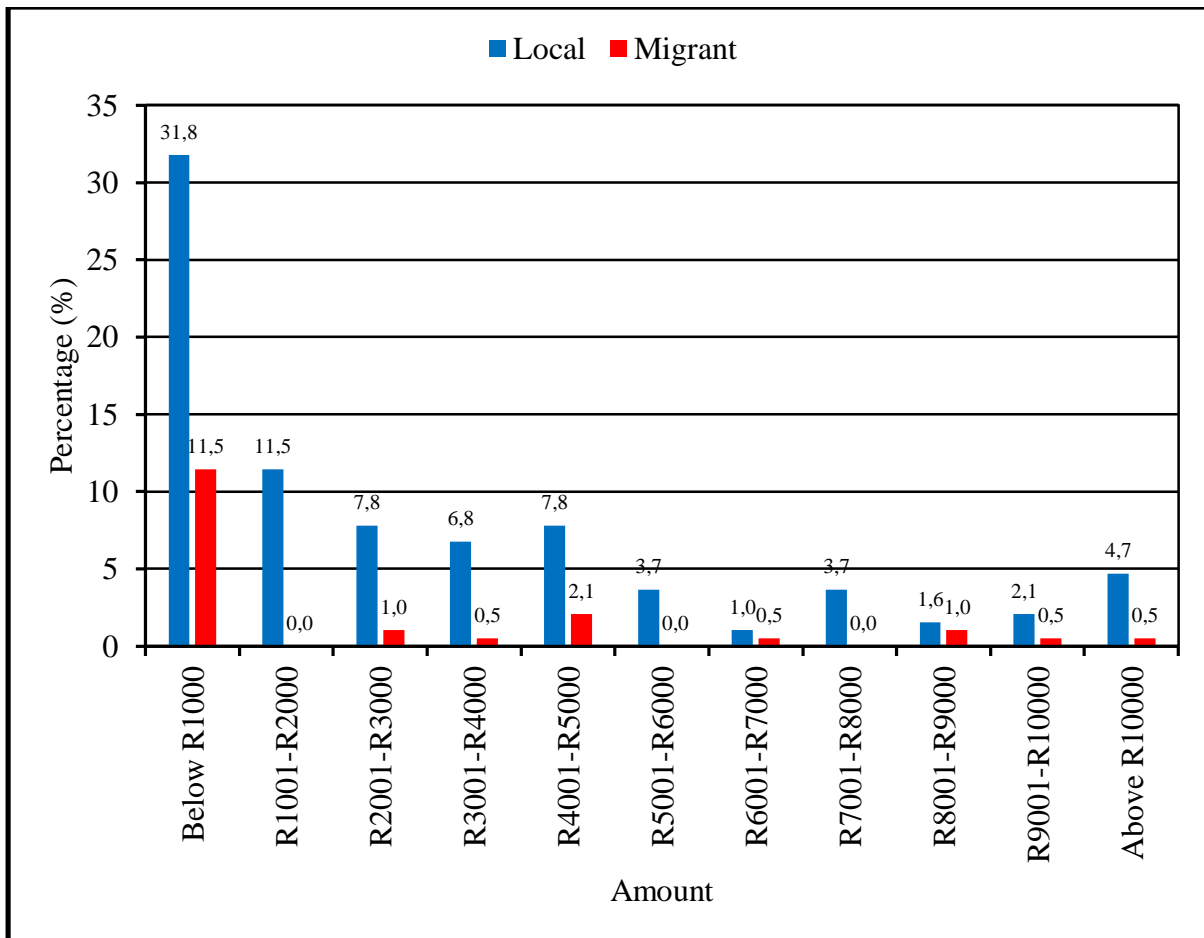


Figure 17: Monthly profit categories of informal sector entrepreneurs

4.6.9. The net worth of informal sector businesses

To know business growth and development with an edition of investment worth and possible risks of loss if it happens, the value of the businesses was measured as an indicative determinant. The majority (39.1%) of the businesses were estimated to worth less than R5000 with a notable 37.5% and 1.6% representing local and migrant informal sector entrepreneurs respectively. Overall, local informal sector entrepreneur businesses were represented and was noted to have a larger net worth, this is as a result of having more local informal sector entrepreneurs than migrants in the sample. However, some migrant informal sector entrepreneur businesses were having almost equal representations of total business net worth with locals in R200000-R499999 and R500000-R999999 categories despite their unequal numbers. This means that some migrant informal sector entrepreneur businesses had more business net worth than locals. The results are shown in the figure below.

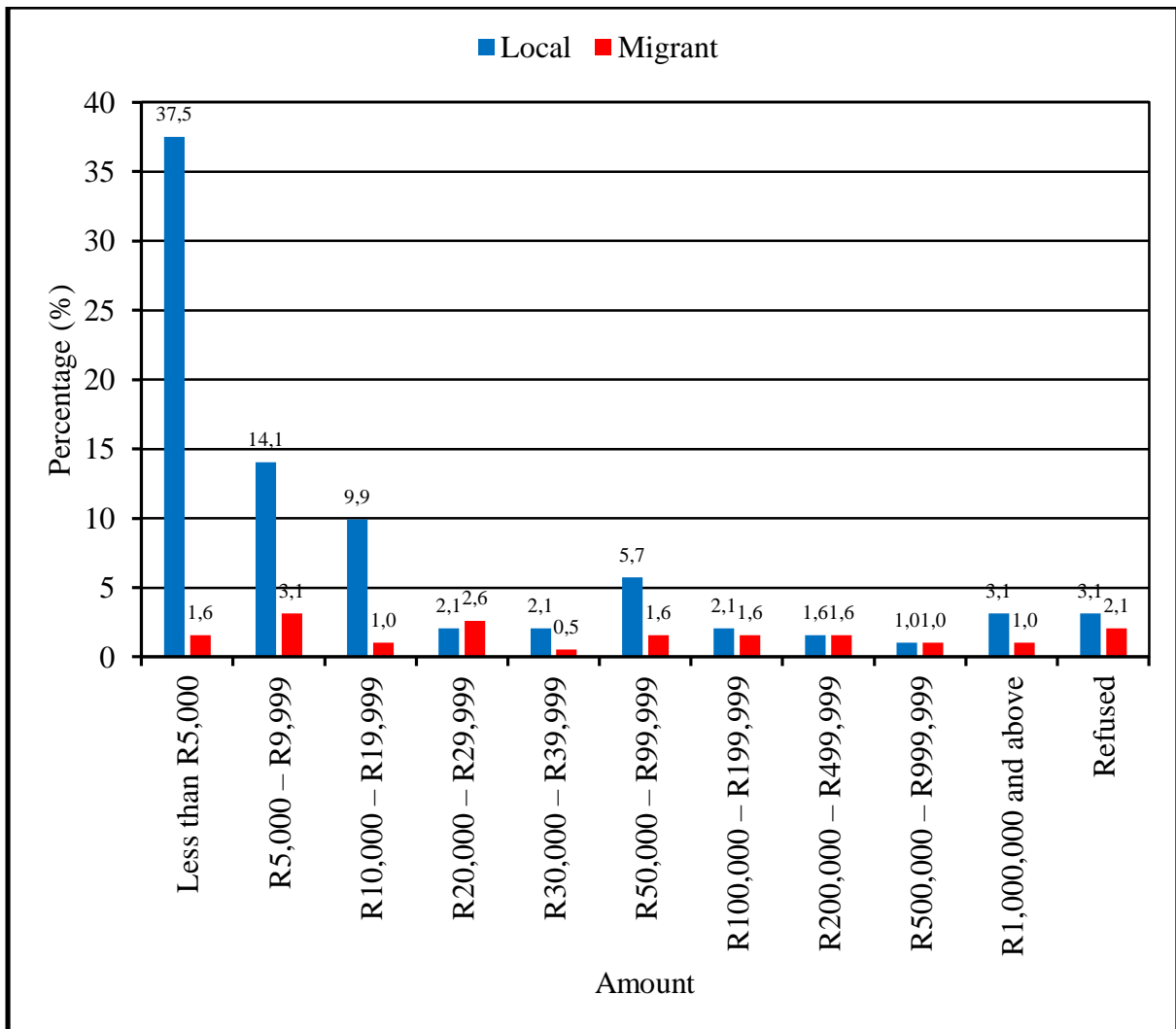


Figure 18: The value of informal sector businesses' worth

4.6.10. Business loan application by respondents

Just like any other business, informal sector businesses also do apply loans for their businesses. Respondents were asked if they ever applied for a bank loan for their businesses or not, only to find that at least 14% respondents have applied. The rest of the respondents (86%) never tried to apply. This raises a further question regarding why such a volume of respondents never try to apply loan for their businesses. Amongst those (14%) that applied loan for their businesses, half (7%) of them succeeded with their loan application and others failed. Fascinating question that researchers ask regarding this scenario is that: What could have made their loan applications unsuccessful? This question is asked and answered in the figure below.

This study also looked at those respondents who could not obtain loans for their businesses. At most, 7% respondents applied loans for their businesses but they could not obtain it, 33.3% of them had insufficient guarantees or collateral issues whereas others (33.3%) could not get the loan because they were not South Africans, insufficient initial capital (16.7%) or enterprise was seemed not viable (16.7%). As a result, these informal sector entrepreneurs live with unsatisfied desire of obtaining business loan daily (Figure 19).

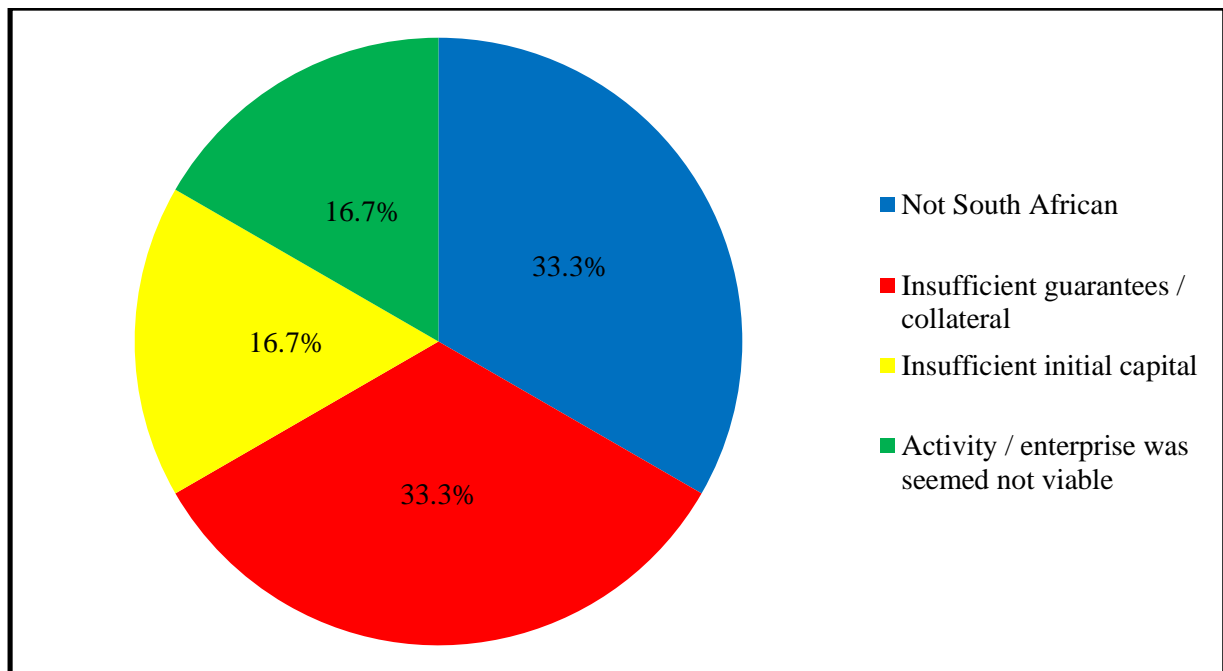


Figure 19: Respondents' barrier of obtaining a business loan

4.7. Contribution of entrepreneurship in the local informal economy

4.7.1. Occupancy/Tenure status of business premises

Informal sector entrepreneurship has an economic contribution to the local economy of Polokwane Local Municipality such as service rendering. Approximately more than half (54%) of the businesses were not owned by the entrepreneurs and paid rent, 26.6% paid rent to private owners who are a South African member with 12.5% and 14.1% representing local and migrant informal sector entrepreneurs respectively, only 24.5% of local informal sector entrepreneurs paid rent to council or municipality and 3.6% of local informal sector entrepreneurs paid rent to private owners who are non-South Africans. Of the 46% that are not paying rent, 8.3% owned the whole business apartment or part of it, 25.5% of were renting free with permission

whereas 11.5% were renting without permission or squatting. This could be the fact that most local informal sector entrepreneurs have an advantage of knowing people around Polokwane Local Municipality hence they could find available spaces to rent for free. None of the surveyed migrant informal sector entrepreneurs paid rent to no South African private owners, council or municipality nor rented free without permission. This could be the fact migrant informal sector entrepreneurs opt to do business together and support each other than sharing rent money for individual businesses.

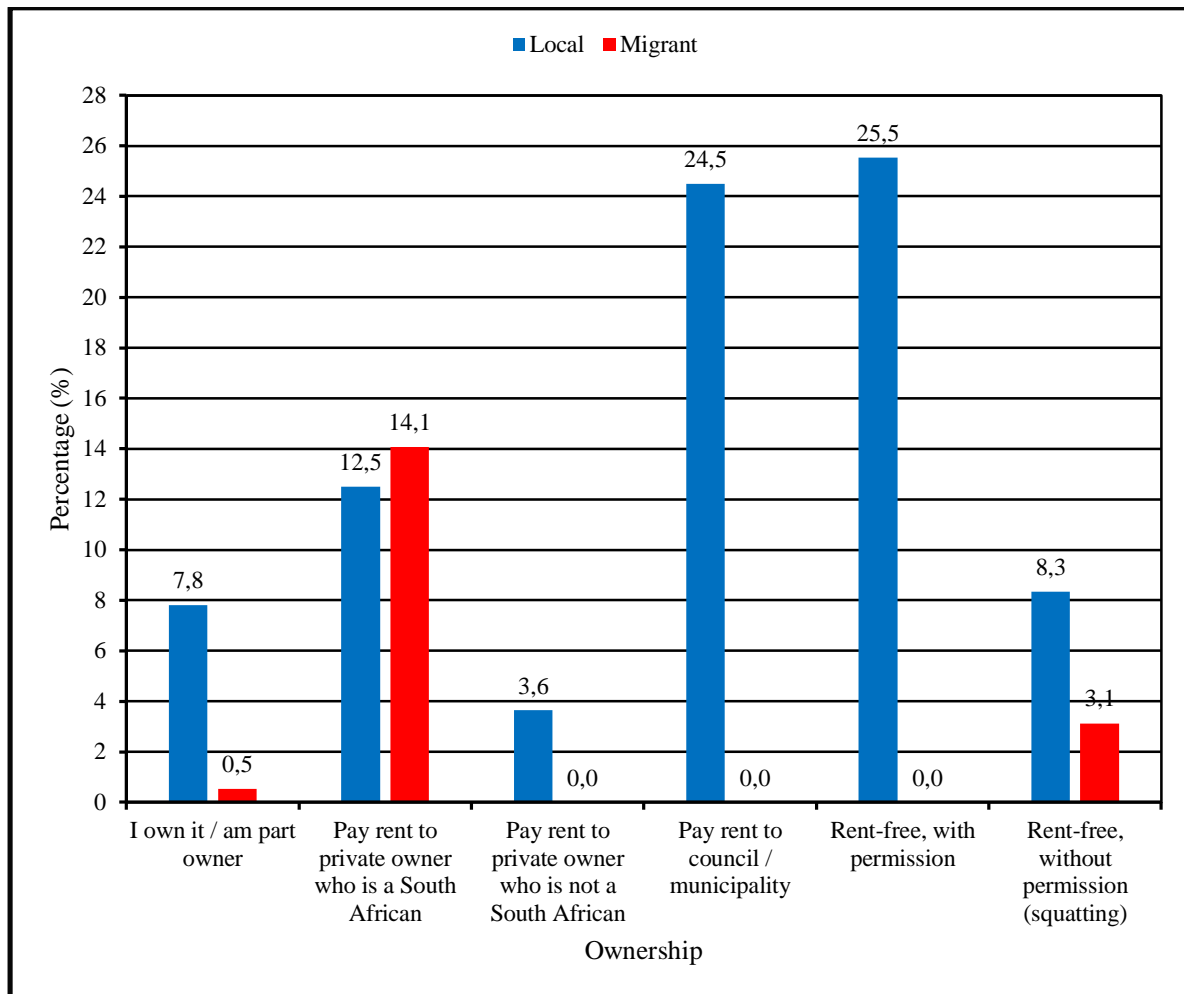


Figure 20: Business occupation/tenure premise ownership status

4.7.2. Monthly payable rent for business premises

During this study, there were 54.7% of the respondents who paid monthly rent to operate their businesses. Out of these respondents, 37.7% paid less than R1000, with 35.1% and 2.6% representing local and migrant informal sector entrepreneurs respectively. There were those

categories where migrant informal sector entrepreneurs (3.6%) were more than locals (1.9%) at R1001 to R3000. There were equal number of local and migrant informal sector entrepreneurs in the category of R3001 to R4000 with 2.1% each. Generally, most people were either not paying rent or paying relatively smaller rent values with 45.3% and 37.7% respectively. This monthly rent is shared amongst the landlords, facility and space owners are rental collectors as stipulated in section 4.7.2 of this report. This money is usually a basic salary or extra income to most of the property owner, as a result, it supplements employment and livelihoods in different ways. As a result, the informal sector entrepreneurship does not only benefit customers and consumers alone, rather property owners together.

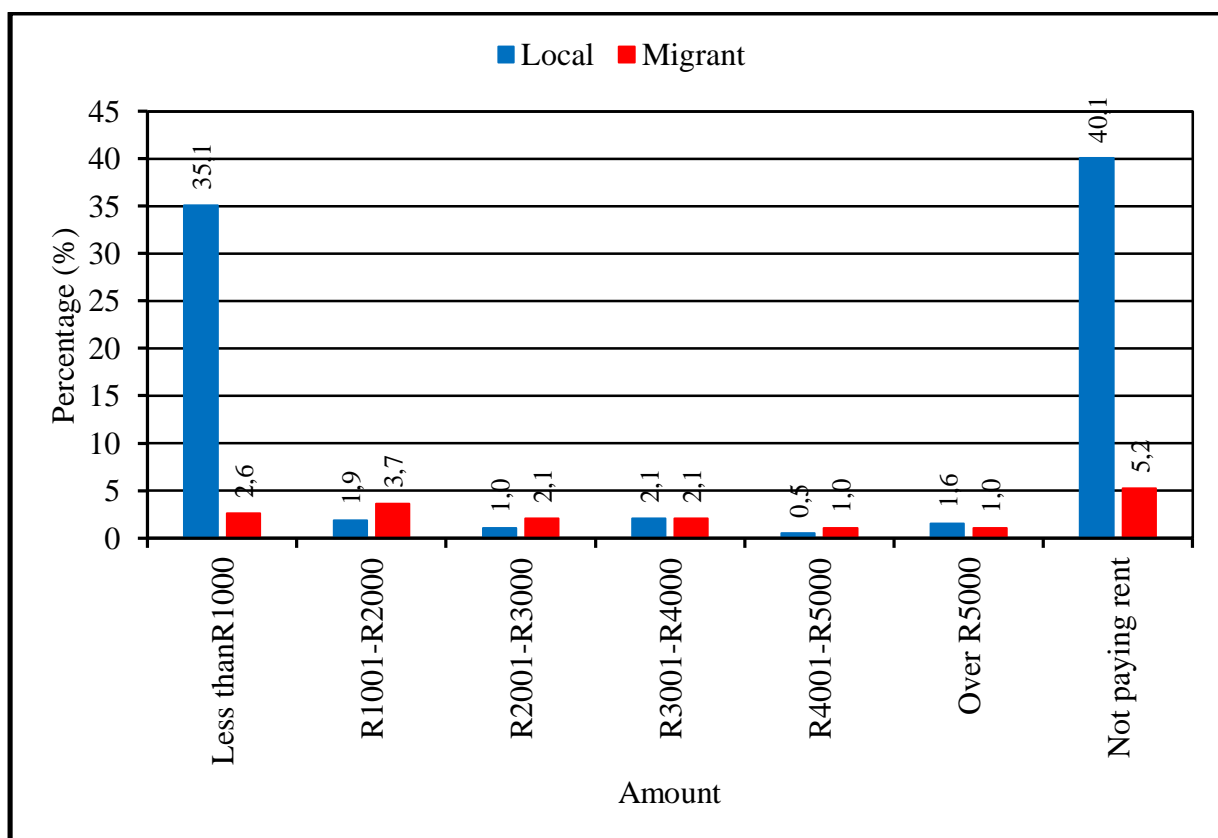


Figure 21: Rent paid for informal sector entrepreneurship premises of operation

4.7.3. Source of goods and supplies

Informal sector entrepreneurship does not exist in isolation, it overlaps with the formal sector and inter-connected too. One way of overlapping and interconnecting is through supplying goods and services to the producers. In light of this, more than half (52.1%) of the surveyed

businesses get their goods and services they supply from wholesalers and supermarkets in South Africa with 25.5% and 26.6% respectively. Notably, 19.3 and 12.5% got their goods and services from small shops and directly from the factories in South Africa respectively. Moreover, some migrant informal sector entrepreneurs got their sock either from another country, South African factories, wholesalers, supermarkets, small shops and retailers and from other informal sector producers in South Africa with 0.5%, 2.6%, 7.8%, 2.1%, 4.2% and 0,5% respectively. Some of the local informal sector respondents (1.6%) make or grow their goods or provide services themselves (Figure 22).

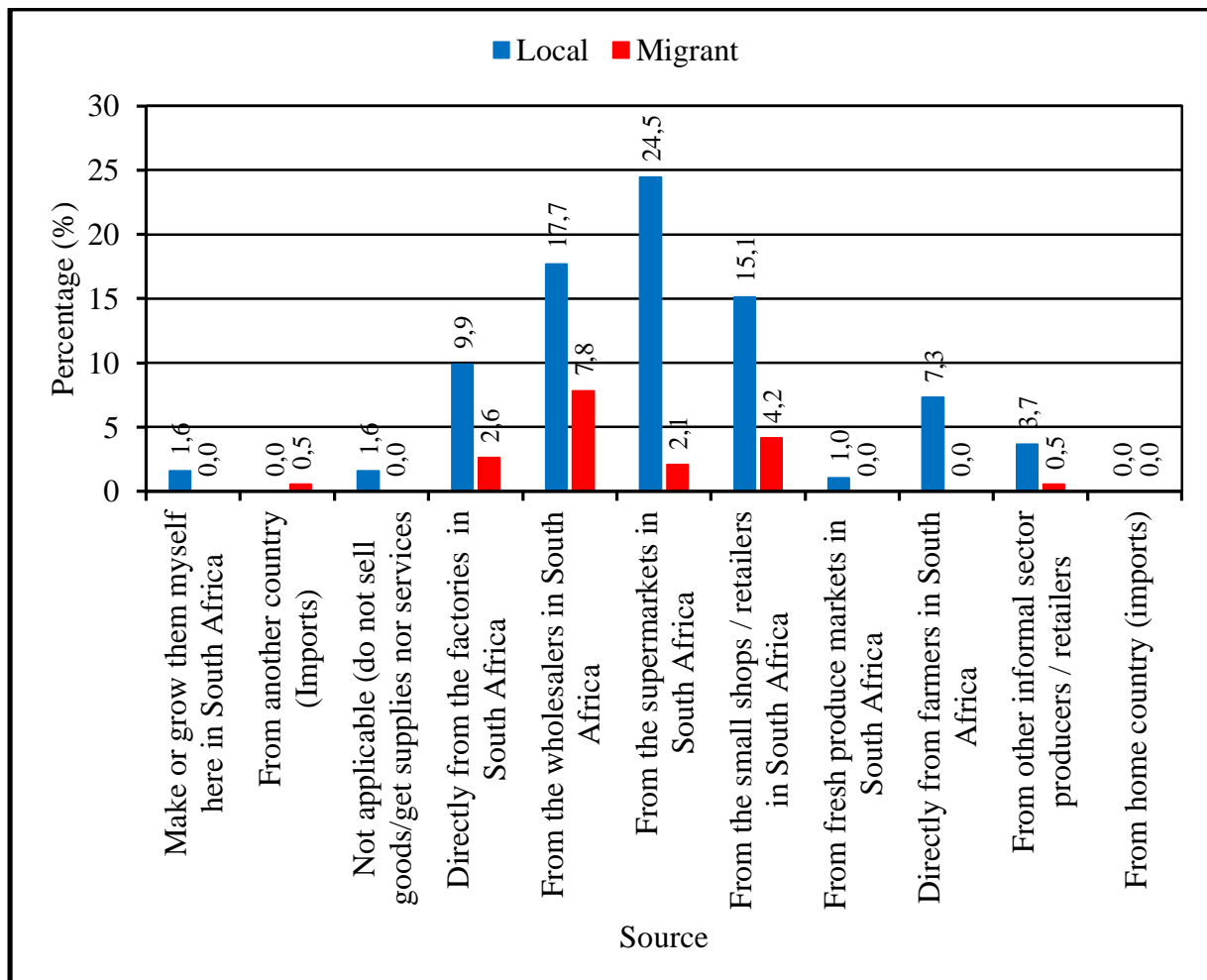


Figure 22: Source of goods and supplies for the informal sector entrepreneurship

4.7.4. Bulk-stocking in the informal sector entrepreneurship

Previous studies noted that some of the businesses in the informal sector stock their goods with others as bulk to reduce other business risks (Crush, Skinner and Chikanda, 2015b; Gastrow

and Amit, 2013). Correspondingly, a notable 11.5% of the respondents were stocking in bulk with others from this study (Figure 23). In proportionality, there were more migrants who buy stock in bulk with others amongst the migrants' group than local. That is approximately 26% of bulk stocking migrants amongst migrants' group then 11% of bulk stocking locals amongst locals' group despite the unequal amounts of surveyed representatives from each group.

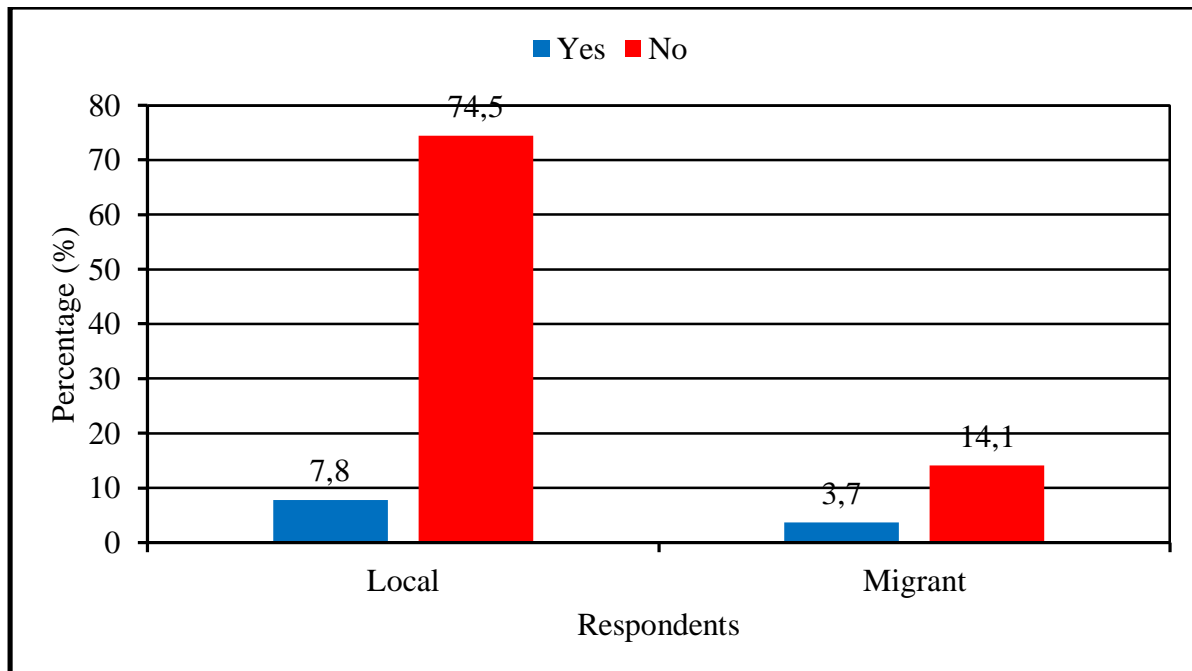


Figure 23: Respondents stocking in bulk with others

4.7.5. Respondents' reasons for stocking in bulks with others

Among the respondents who are stocking in bulk with others, they had reasons to why are doing so. At most 10.9% of the respondents were stocking in bulk with others because is cheap. Whereas on the other hand, 0.5% of the respondents were stocking in bulk with others because they did not have a reliable transport. This means that their entrepreneurship become easy when they stock in bulk for less for a better profitability.

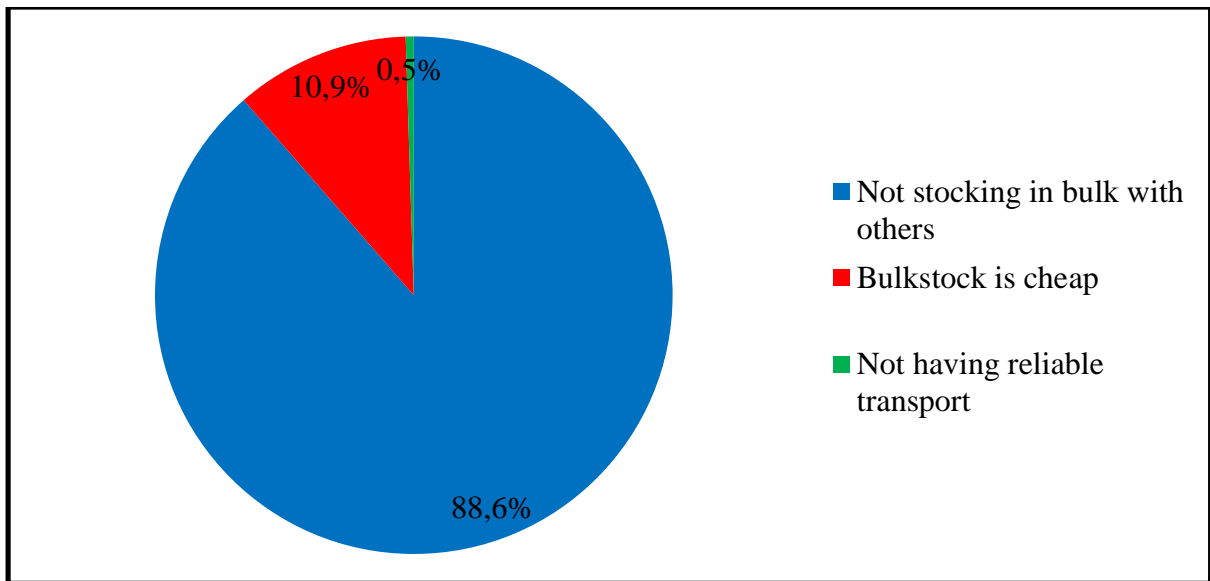


Figure 24: Grouped reasons for bulk stocking

4.7.6. Jobs created in the informal sector entrepreneurship

The majority of the respondents did not have employees, however, 26.6% confirmed to have them with 19.8% and 6.8% representing local and migrant informal sector entrepreneurs respectively. Hiring employees was good in more than one way, it helped to facilitate and manage the business with enough labour, which is good for business potential growth, and on the other hand, it provided unemployed people with income in the form of a salary to sustain their livelihoods meanwhile. Out of these 26.6% hiring informal sector entrepreneurs, their number of employees was one and more, and this is expressed on the next figure (Figure 25).

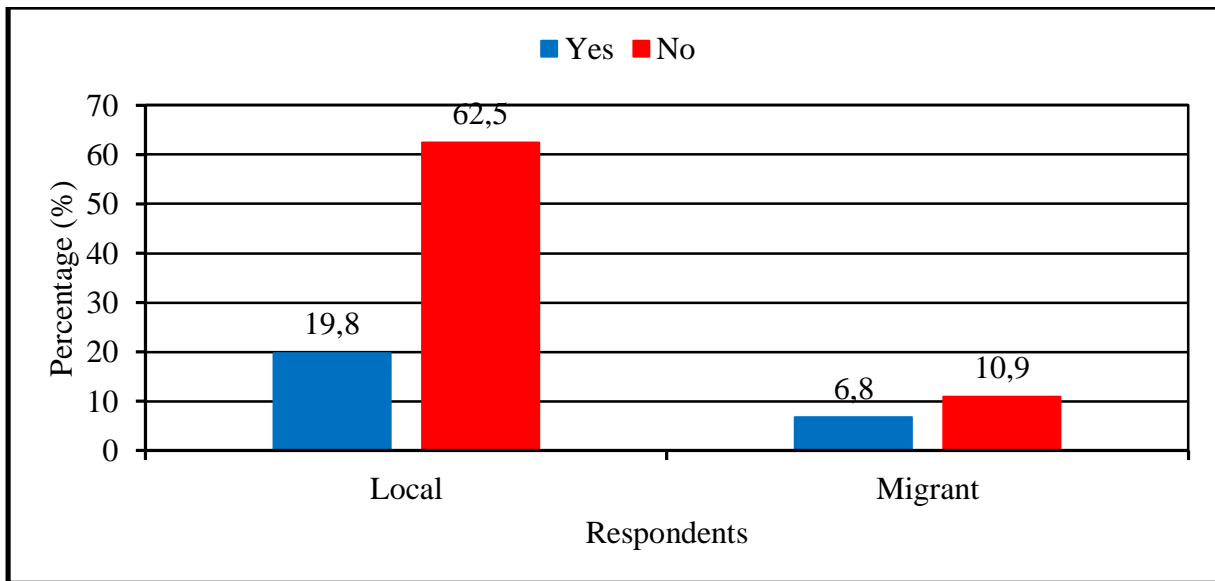


Figure 25: Employees in the informal sector entrepreneurship

Most of the hiring businesses (18.8%) had about 1 to 3 employees. Another 6.3% of the respondents had about 4 to 6 employees. Alternatively, 1.0% and 0.5% of the respondents had about 7 to 9 and more than 10 employees respectively. A grant total of 143 people was employed in the informal sector entrepreneurship of Polokwane Local Municipality. The adjacent mentioned values are expressed on Table 12 below:

Table 12: Number of respondents who hired employees in their informal sector businesses

Employees	Frequency (N) Respondents	Percentage (%)
1 to 3	36	18.8
4 to 6	12	6.3
7 to 9	2	1.0
10 and more	1	0.5
Sub-Total	51	26.6
Not having employees	141	73.4
Total	192	100

4.7.7. Sex of informal sector entrepreneurial employees and basis of employment

The employees identified were from different genders that, both males and females working fulltime and part-time were presented (Table 13). One can wonder how many families were

dependent to, although the study was not focusing on the household's dependency prevalence of informal sector entrepreneurship, nonetheless, it was apparent that they were abundantly beneficial. Table 13 below shows the status of employees by gender.

Table 13: Number of employees by sex

	Local		Migrant	
	Fulltime	Part-time	Fulltime	Part-time
	Frequency (N)	Frequency (N)	Frequency (N)	Frequency (N)
Male	57	15	25	11
Female	13	22	0	0
Total	70	37	25	11

4.7.8. Relationship of the respondents and their employees

Hiring an employee in the informal sector is often influenced by knowing or having trust in a person due to a small turn over that is usually a main source of livelihood that need perseverance of doing it every day to maintain the business (Nkechi, Emeh Ikechukwu and Okechukwu, 2012). As a result, the relationship between hiring respondents and their respective employees was assessed. At most 13% and 8.9% of the hiring respondents were hiring the South African and family member employees respectively. At least 2.6% and 2.1% of the remaining respondents were hiring people from home and other countries (Table 14).

Table 14: Relationship of the employees to the respondents

	Local	Migrant
Family member	6.3%	2.6%
People from home country (Migrants)	0%	2.6%
South Africans	11.5%	1.6%
People from other countries	1.6%	0.5%
Sub-Total	26.6%	
Not having employees	73.4%	
Grant Total	100%	

4.8. Business operation strategies

4.8.1. Businesses strategies devised in the informal sector entrepreneurs

Business strategies that were observed and noted from previous studies (Perbedy and Rogerson, 2002; Charman, Petersen and Piper, 2011; Fatoki and Patswawairi, 2012; Franck, 2012; Gastrow and Amit, 2013; Crush, Skinner and Chikanda, 2015b; Crush, 2017) were used to measure business informal sector entrepreneurship competitiveness in Polokwane Local Municipality. In this study, the most influential strategy that the respondents mentioned were: negotiated discount when stocking (26.0%); as their main strategy for a competitive business with 19.8% and 6.3% representing local and migrant informal sector entrepreneurs respectively. Some of the respondents preferred to lower prices for the competitiveness of their businesses with 11.0% and 0.5% representing local and migrant informal sector entrepreneurs respectively. Nevertheless, 12.5% of the local informal sector entrepreneurs preferred to set up their businesses at the traffic cross roads and none of migrants opt this *“I started the business at home, so I could see that the business was not going well, so I moved to where I am now a year ago to attract more customers”* direct comments by respondent. Other respondents gave credit to their regular customers with 8.9% and 1.0% representing local and migrant informal sector entrepreneurs respectively. Some distinctive strategies from the respondents were that:

“To have a successful business, you should know how to treat your customers”

“I am treating customers good for them to come back”

“In business we need respect for the customers”.

Other respondents were stocking as a group in order to lower costs as possible with 7.8% and 3.7% representing local and migrant informal sector entrepreneurs respectively. Comments from one of the respondents are that: *“I am aware of many farms which process fresh fruits and vegetables, so my competitors do not know them”*. On the other hand, most of the migrant informal sector entrepreneurs (2.1%) were selling their products in bulk for a greater frequent turnover than locals (1.0%). Results are further showed in the following diagram (Figure 26)

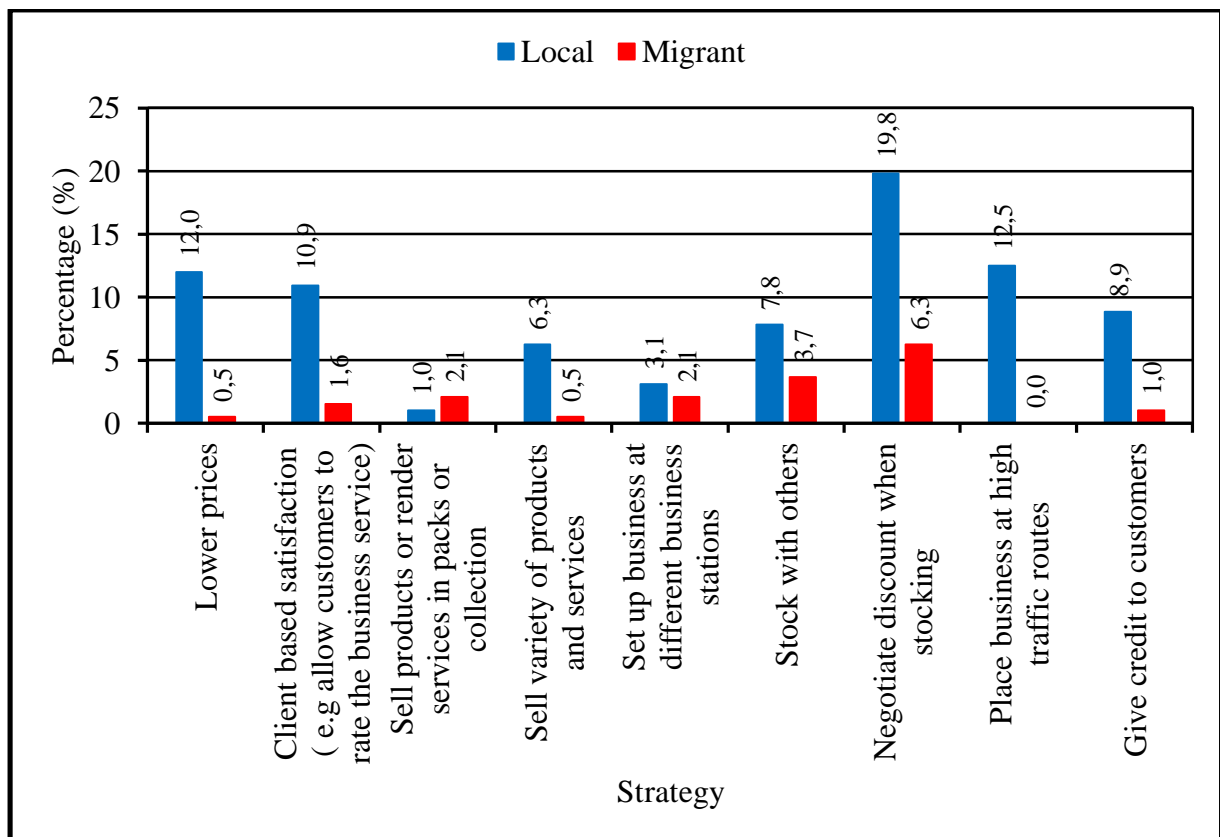


Figure 26: Competitive strategies used in the informal sector business operation

4.9. Business challenges

4.9.1. Common challenges in informal sector entrepreneurship

As much as business is associated with risks of loss and market failure, there are challenges that informal sector entrepreneurs experience, which they live with, manage or survive under

their stress on a daily basis. Therefore, this study evaluated the challenges that the respondents experienced, and they were measured based on their occurrence. 63 and 45 respondents had challenges of too few customers and too many competitors rated as often occurrence respectively. Some comments from respondents are that:

“The problem is that customers want to negotiate price for themselves.”

“The biggest challenge is people who do not pay me back. I give them credit, but they leave with my money.”

“We struggle due to seasonal change, especially winter because there are few customers.”

“I need help to build my own workshop and I also want a job from the government where I can at least get enough money because it is difficult sometimes when there are few customers.”

These two challenges are notably simultaneously proportional to each other because few customers result in sellers competing for limited buyers. Another 25 and 24 of the respondents experienced insufficient sales and expensive suppliers occurring often with 63 and 32 respondents experiencing it sometimes correspondingly. 91 and 60 respondents experienced too few customers and customers not paying credit occurred sometimes. 33 and 17 respondents had storage and crime problems respectively. In this case, crimes were not only experienced of their business premises but mainly at their respective storage facilities. Here are some comments from the respondents regarding their space of operation: *“Problem is when there is rain because I have to pack my stock to the house”*, whereas others said that: *“Machines get broken and sometimes unfavourable weather conditions disturbs since the business is operating in open space”*. 24 respondents had a challenge of lacking training to acquire business skills and access to credit or business loan collectively. Relevant business training would help with sufficient information for the necessary requirements to access credit or acquire a business loan. Conflict with other entrepreneurs, confiscation of goods, harassment or demands for bribes by police and verbal insults against their business had more than 50

responses occurring often and sometimes with regard to the challenges are experienced in informal sector entrepreneurship (Table 15).

Table 15: Challenges that respondents experienced in their businesses

	Often	Sometimes	Never	Total
Insufficient sales	25	63	104	192
Too few customers	63	91	38	192
Customers don't pay their debts	28	60	104	192
Too many competitors around here	45	39	108	192
Competition from supermarkets / large stores	20	21	151	192
Suppliers charge too much	24	32	136	192
Restricted by lack of relevant training in accounting, marketing, other business skills	10	13	169	192
Storage problems	33	18	141	192
Lack of access to credit	14	14	164	192
Conflict with other entrepreneurs	10	18	164	192
Crime / theft	17	25	150	192
Confiscation of goods	7	5	180	192
Harassment / Demands for bribes by police	5	5	182	192
Arrest/detention of yourself / employees	0	2	190	192
Verbal insults against your business	5	4	183	192
Physical attacks / assaults by police	0	4	188	192
Physical attacks / assaults by other South Africans	1	3	188	192
Prejudice against my nationality	0	1	191	192
Prejudice against my gender	0	0	192	192
Service delivery challenges (eg., water and electricity)	1	0	191	192
Note multiple responses				

Some of the views from the respondents were that:

“There is no much in running a small shop, the problem is that there are many problems with migrants.”

“Get rid of the migrants because they interfere with our businesses.”

“My concern is the competition from foreigners who provide cheap labour to beat competition.”

4.11. Conclusion

This chapter presented results regarding informal sector entrepreneurship carried out during this study. Using the results presented in this chapter, Polokwane Local Municipality expect more informal sector entrepreneurs in the next 5 to 10 years and the likelihood is that the sector might increase with half to double the present statistics.

CHAPTER 5

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1. Introduction

This chapter presents the summary and conclusions of the study. It also offers recommendations, which emerge from the study findings as well as the limitations that were highlighted in the research.

5.2. Summary of the study

Informal sector entrepreneurship in Polokwane Local Municipality was found to be practiced by a diverse population dynamic complexity comprised of local and migrant business owners, who were males and females of different age groups. There were more and congested informal business in Polokwane CBD (66%) than in Seshego Zone 2 (34%). Most studied businesses were owned by local informal sector entrepreneur in both Polokwane CBD and Seshego Zone 2. The location of the business was found to be influenced by the available marked. Most businesses were located and operated on temporary and shared spaces (35%) due to unavailability of space whereas some were permanent structure along the road side (26%). 27% paid rent to a South African owner, 26% were operating with permission and 25% were paying to a municipal council. The majority of the studied informal sector entrepreneurs were found to be doing retail, trade and wholesale product provision and supplying (62%), somewhere providing services (34%) and few were in manufacturing (4%), 27% of the respondents were having employees ranging between 1 to 10 employees. Over 70% of the respondents were making a monthly turnover of R15000. Most migrant respondents were found to be having more than one business and co-owning it with other entrepreneurship.

5.3. Conclusion

Both locals and migrants were found to be participating in the informal sector. It was discovered that the informal economy does not operate in isolation, but intersects with the formal economy. These two economic sectors are therefore inseparable. This study concludes that the majority of informal sector entrepreneurs were forced into the sector by high rates of unemployment and the need to survive. According to the results from this study, informal sector entrepreneurship contributes significantly to the economy of Polokwane Local Municipality at large. There are many informal sector businesses in Polokwane Local Municipality, especially in Polokwane CBD. The function of a place plays a role in the possible opportunities for future business endeavours. Polokwane CBD is a central business district, administrative centre of Limpopo province and a transport crossroad intersection of national road 1, Mandela road, Matlala road, R71, R81 and R37, therefore, it receives lot of traffic, meaning that there is greater opportunity of market in Polokwane CBD than Seshego Zone2. Informal sector entrepreneurship makes significant part of Polokwane Local Municipality economy. Challenges experienced when operating their business are the first to hinder their business development and growth because they have limited support. Looking at the results of challenges, informal sector entrepreneurship is thought to be resilient that they rely mostly on their own business facility, despite renting a space, own source of energy, own supply of water which continues to operate regardless of such municipality service delivery shutdowns. Local informal sector entrepreneurs are gradually phasing out of the business as the literature showed although this study only showed that more and more migrant informal sector entrepreneurs occur with time. The majority of the migrants came to South Africa for various reasons such as looking for a job or to study, however, they ended up in the informal sector entrepreneurship due to the hardships of the South African economy and unemployment.

5.4. Recommendation from the study

Informal sector entrepreneurship practice as stipulated in The Constitution of the Republic of South Africa, is informal trading or street vending, it can improve cooperation in terms of anticrime and alleviation of poverty. Every business need capital in the form of start up, maintenance or insurance. Nevertheless, capital is not the first thing that informal sector entrepreneurship in South Africa needs to do well in business, rather it is protection and

support. It is clear that informal entrepreneurship should get recognition of regulation, support and security of operation due to roleplay and contribution to the economy of South Africa at large. This is because of the importance that informal entrepreneurship plays in people's lives. Wherein, it also co-exists with the formal economy and it in a way, facilitates and speeds up the economic activity at the lower levels and periphery of the economy where most poor people are. However, the respondents also made remarks which remain in suspense and leave a room for more indepth and future research required.

Informal sector entrepreneurship can be used as a basis for poverty reduction as stipulated in other related studies (Acs and Audretsch 2003; Audretsch and Keilbach 2005; Carree, van Stel and Wennekers, 2002). Explicitly, informal entrepreneurship sustains the black market and makes a provision of income to both employees and owners; available goods and services at convenient times, locations and close proximities as possible; entrepreneurship exposure, skills transfer and capital recreation; generation of new businesses such as carry bags, transportation rent through sharing operational spaces in the cities just to mention a few. This would be functional even at a larger scale if relevant business training and workshop could be provided to the informal sector entrepreneurs. Most imperatively, informal entrepreneurship works in intersection with the formal economy, this is normally in the form of buying stock and other materials such as fuel and equipment used for the business, banking money in the financial institutions, sharing customers and business market space regardless of who operated first and space ownership rights and they circulate money from less affording people back into the formal economy.

Legal agents are needed in the informal entrepreneurial economy, to protect, secure and develop their businesses. There are many scholars who showed that entrepreneurship can be the icebreaking of the current economic stagnation because unemployment has recently increased so much that graduates are affected too. South Africa might face a challenge of brain drain soon if nothing will be done about this issue because graduates will soon look for greener pastures outside the country. Emerging argument is the South African education system is failing to address the current socio-economic challenges because most students are graduating every year and remain unemployed with an increased exponential rate. Alternative can be to implement a strategic economic restoration that will equally afford the problem and better the situation. Business innovativeness is needed in order to develop more resilient and long-lasting businesses.

The foundation of this study was based on the migrant informal sector entrepreneurship, it means that it has a strong link to migration. Perhaps, informal sector entrepreneurship might be the pillar and main course of greater migration of migrant entrepreneurs in South Africa and other African countries. This study suggests future studies to underpin factors that influence migrant entrepreneurs in South Africa to understand their occurrence, development, size and any unforeseen circumstances that are associated with. The relationship between entrepreneurship, unemployment and the need for survival should be a comparative guide in future studies of informal sector entrepreneurship in South African. Theory development is needed to give an understanding of motivations behind establishing informal sector business in South African and Africa at large. A clear spectacle of this phenomena will help city managers and government departments and custodians such as Home Affairs, Foreign Affairs, Economic and Rural Development, International Relations and Cooperation, United Nations, United Nations High Commissioner for Refugees and other affected and interested parties to keep up to date record and be able to manage migrants and their entrepreneurship activities of interest. This study also proposes a methodology that will involve an equal number of both local and migrant informal sector entrepreneurs in order to create significant understanding with equal weight of respondents. Government departments such as Trade and Industry should engage with Local Government and Department of Economic and Rural Development to have timeous surveys on the informal business fluxes and establish monitoring systems within the informal economy to keep a record of more updated information of informal sector entrepreneurship.

A government-led organisation in the form of custodian or stakeholder needs to be established to serve both local and migrant informal entrepreneurs. Representatives from within the informal sector entrepreneurs should liaise their organisation with the interested and affected parties regarding communications of compliance amendments as per policy regulatory procedures and standards. Nongovernmental organisations and informal sector associations should be capacitated and supported to effectively respond to daily concerns and report yearly regarding the sector.

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ANNEXURES

1. Overview of research sites (Study area)

1.1. Polokwane CBD

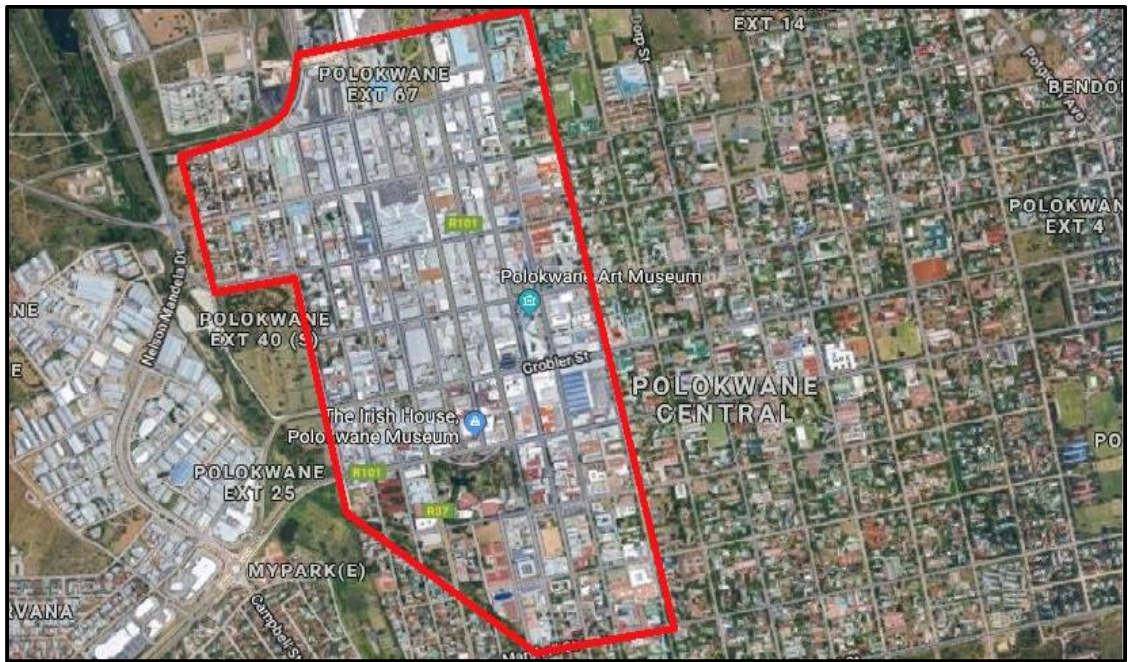


Figure 27: Demarcated Polokwane CBD research site terrestrial overview

1.2. Seshego Zone 2



Figure 28: Demarcated Seshego Zone 2 research site overview

2. Endorsements

2.1. Faculty study proposal approval



25/10/2017

NAME OF STUDENT: Kgaphola MP
STUDENT NUMBER: 201217137
DEPARTMENT: Geography and Environmental Studies
SCHOOL: Agricultural and Environmental Science
QUALIFICATION: MSCA01

Dear Mr Kgaphola

FACULTY APPROVAL OF PROPOSAL (PROPOSAL NO.90 OF 2017)

I have pleasure in informing you that your masters proposal served at the Faculty Higher Degrees Committee meeting on **16 November 2016** and your title was approved as follows:

"An assessment of the motivations, operations and competitiveness of local and migrant informal sector entrepreneurs in Polokwane Local Municipality"

Note the following: The study

Ethical Clearance	Tick One
Requires no ethical clearance Proceed with the study	
Requires ethical clearance (Human) (TREC) (apply online) Proceed with the study only after receipt of ethical clearance certificate	✓
Requires ethical clearance (Animal) (AREC) Proceed with the study only after receipt of ethical clearance certificate	

Yours faithfully

Prof P Maseko
Secretariat: Faculty Higher Degrees Committee

CC: Dr G Tawodzera
Dr M Ramudzuli
Prof TP Mafeo

2.2. Ethical clearance certificate



University of Limpopo
Department of Research Administration and Development
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**TURFLOOP RESEARCH ETHICS
COMMITTEE CLEARANCE CERTIFICATE**

MEETING: 05 June 2018

PROJECT NUMBER: TREC/115/2018: PG

PROJECT:

Title: An assessment of the motivations, operations and competitiveness of local and migrant informal sector entrepreneurs in Polokwane Local Municipality.

Researcher: MP Kgaphola
Supervisor: DR G Tawodzera
Co-Supervisors: Mr I Dhau
School: Agricultural and Environmental Sciences

Degree: Master of Science in Geography



PROF. T. B. MASHEGO
CHAIRPERSON: TURFLOOP RESEARCH ETHICS COMMITTEE

The Turfloop Research Ethics Committee (TREC) is registered with the National Health Research Ethics Council, Registration Number: REC-0310111-031

Note:

- i) Should any departure be contemplated from the research procedure as approved, the researcher(s) must re-submit the protocol to the committee.
- ii) The budget for the research will be considered separately from the protocol.
PLEASE QUOTE THE PROTOCOL NUMBER IN ALL ENQUIRIES.

3. Data collection instruments

3.1. Mapping questionnaire

An assessment of the Motivations, Operations and Competitiveness of local and migrant informal sector entrepreneurs in Polokwane Local Municipality

MAPPING INFORMAL BUSINESSES IN POLOKWANE LOCAL MUNICIPALITY

I am conducting an academic research on the motivations, operations and competitiveness of local and migrant informal sector entrepreneurship. I am mapping a selection of informal sector businesses in Polokwane Local Municipality.

Your answers will be strictly confidential and the information will be combined with the answers of other entrepreneurs who have participated in the study. I do not need your name and it will be impossible to identify you from what you say, so, please feel free to tell us what you know. Please note there are no right or wrong answers. The mapping will take about 5 minutes to complete.

A. Business Informality Status

Is this business operating in the informal sector?	Yes	1	No	2
--	-----	---	----	---

B. Business Ownership

Is this business owned by Local or Migrant owner?	Local	1	Migrant	2
Is this business Co-owned?	Yes	1	No	2

C. Business Location (Polokwane)

Street Name				
GPS Coordinates	Latitude		Longitude	

D. Business Typology

What goods/services are sold/serviced in this business?

E. Business Premise Status

Where do you usually conduct your business activities?	
a) Permanent stall in a market (i.e., doesn't take it down at night)	1
b) Temporary stall in the market	2
c) Open space in the market	3
d) On the side of other business	4
e) Other	5

F. Time of Operation

Which days do you usually conduct your business?										Weekends		1	Mon.-Fri.		2
Both Weekends and Monday to Friday															3
If operating in some days, which ones are those?															
Mon.	1	Tue.	2	Wed.	3	Thu.	4	Fri.	5	Sat.	6	Sun.	7		
What times do you normally opens and closes?															
Time of Opening								Time of Closing							

Thank you for your time, I am hoping to see you soon...

3.2. Surveying questionnaire

QUESTIONNAIRE NUMBER

An Assessment of the Motivations, Operations and Competitiveness of Local and Migrant Informal Sector Entrepreneurs in Polokwane Local Municipality

Introduction: I am a Masters student in the Department of Geography & Environmental Studies at the University of Limpopo. I am conducting an independent academic study on Local and Migrant Informal Sector Entrepreneurship in Polokwane, Limpopo Province. The aim of the study is to understand the contribution that local and migrant entrepreneurs are making to the South African economy as well as the problems/obstacles they face in conducting their businesses in this area.

Is this business owned by a local or migrant? Local Migrant

Do you own this business? YES NO

If no, how can I arrange to speak to the owner? (Three attempts should be made to contact the owner)

If yes, is this business in the informal sector? YES NO

If the interview proceeds:

Your answers will be strictly confidential and the information will be combined with the answers of other entrepreneurs who have participated in the study. We do not need your name and it will be impossible for anyone to identify you from what you say, so, please feel

free to tell us what you think and know. Please note that there are no right or wrong answers. The interview will take about 40 minutes to complete.

CONSENT TO PARTICIPATE IN THE STUDY

a. I understand that my participation in the study is entirely voluntary and that I am free to stop at any time.	Yes		No
b. I understand that I cannot be identified by my answers and that my answers cannot be linked to me.	Yes		No
c. I understand that I do not have to answer any question I do not wish to answer for any reason.	Yes		No
d. I agree that the information I give data may be used in research reports and that these reports will not reveal my personal identity.	Yes		No
e. I have understood the information regarding my participation in the study and agree to participate in the study on Informal sector entrepreneurship in South Africa.	Yes		No

TO BE COMPLETED BY INTERVIEWER

Interviewer:					
Location:	a. Polokwane	1		b. Seshego Zone 1	2
Date	Day:			Month:	

Sex of respondent	a. Male	1		b. Female	2
Race of respondent	a. Black	1		d. Indian/Asian	4
	b. White	2		e. Other (Please specify):	5
	c. Coloured / Mixed race	3			
Sector of Operation	a. Retail, Trade and Wholesale	1		d) Other	4
	b. Manufacturing	2			
	c. Services	3			
Main goods or services provided (SELECT ALL THAT APPLY)	a. Art and craft (e.g. paintings, beadwork, sculptures)	1		o. Cigarettes	15
	b. Clothing and footwear	2		p. Books	16
	c. Toiletries and Cosmetics	3		q. Newspaper	17
	d. Household Products	4		r. Medicine (pharmacy)	18
	e. Hardware/tools	5		s. Traditional Medicine	19
	f. Accessories (bags, sunglasses etc.)	6		t. Services-Car Repairs	20

	g. Sewing/tailoring	7		u. Services-Financial	21
	h. Music/film CDs/DVDs	8		v. Services-Shoe Repairs	22
	i. Electronics	9		w. Services-Haircutting	23
	j. Confectionary (sweets and cakes)	10		x. Services-Telephone	24
	k. Livestock (e.g. Chickens)	11		y. Services-Rentals	25
	l. Fresh Produce (fruits and vegetables)	12		z. Services – IT/Internet	26
	m. Cooked food-ready to eat (e.g. plates of cooked food)	13		aa. Services-accommodation	27
	n. Food-other	14		ab. Other (specify):	28

A. BACKGROUND INFORMATION

1. How old are you (in completed years)?	_____ years
---	-------------

2. What is the highest level of education you have completed?			
a. No formal schooling	1	e. Undergraduate Degree	5

b. Primary only	2	f. Honours/Master's Degree	6
c. Secondary/High School diploma	3	g. Ph.D. Degree (or equivalent)	7
d. College certificate/ diploma	4	h. Other (Please specify):	8

3. What is your country (province) of birth?

(If South Africa, go to 3.1.)

a) DRC	1	h) Mozambique	8
b) Egypt	2	i) Nigeria	9
c) Eritrea	3	j) Pakistan	10
d) Ethiopia	4	k) Somalia	11
e) Ghana	5	l) Zambia	12
f) India	6	m) Zimbabwe	13
g) Malawi	7	n) Other	14

3.1. What is your province of birth?

a) Eastern Cape	1	g) Mpumalanga	6
b) Free State	2	h) North West	7
c) Gauteng	3	i) Northern Cape	8
d) Kwa Zulu Natal	4	j) Western Cape	9
e) Limpopo	5	k) Other	10

B. MOVING TO SOUTH AFRICA. (Applies to Migrants only, if not, go to C)

<p>4. When did you first arrive in South Africa/Limpopo?</p>	<p>Year :</p> <p>_____</p>
---	----------------------------

5. What was your occupation just before you left your home country? [Interviewer to complete - DO NOT READ OUT]

a. Unemployed/ Job seeker	1	j. Police/Military/Security	10
b. Agricultural worker	2	k. Professional (e.g. lawyer, doctor, academic, engineer)	11
c. Domestic worker	3	l. Scholar/ Student	12
d. Employer/ Manager	4	m. Teacher	13
e. Health worker	5	n. Businessman/ woman formal sector (self-employed)	14
f. Manual worker (skilled)	6	o. Operated own informal sector business (doing the same activity as now)	15
g. Manual worker (unskilled)	7	p. Operated own informal sector business	16
h. Office worker	8	q. Missing/Refused	17
i. Mine worker	9	r. Other (specify):	18

--	--	--	--

6. Do you agree, neither agree nor disagree, or disagree with the following statements regarding why you came to South Africa?			
Reasons	Agree	Neither agree nor disagree	Disagree
a. I intended to look for a formal job in SA	1	2	3
b. I intended to join a family business in SA	1	2	3
c. I intended to start my own business in SA	1	2	3
d. I intended to further my studies in SA	1	2	3
e. I came as a refugee/asylum seeker	1	2	3
f. I wanted to provide for my family back home	1	2	3
g. I was encouraged to come by friends/relatives already here	1	2	3

C. BUSINESS OWNERSHIP & EMPLOYMENT PATTERNS

**7. What occupations were you engaged in before starting this business?
[Interviewer to complete - DO NOT READ OUT]. SELECT ALL THAT APPLY**

a. Unemployed/ Job seeker	1	j. Police/Military/Security	10
b. Agricultural worker	2	k. Professional (e.g. lawyer, doctor, academic, engineer)	11
c. Domestic worker	3	l. Scholar/ Student	12
d. Employer/ Manager	4	m. Teacher	13
e. Health worker	5	n. Businessman/ woman formal sector (self-employed)	14
f. Manual worker (skilled)	6	o. Operated own informal sector business (doing the same activity as now)	15
g. Manual worker (unskilled)	7	p. Operated own informal sector business (doing different activity from now)	16
h. Office worker	8	q. Missing/Refused	17
i. Mine worker	9	r. Other (specify): _____	18

8. In which year was this business established? (Regardless of who started it)	Year: _____
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9. Who started this business?			
a. I started it alone	1	e. I started it with my family	5
b. I started it with South African business partners	2	f. I bought this business from a South African	6
c. I started it with people from my home country	3	g. I bought this business from a non-South African	7
d. I started it with people from other countries	4	h. Other (specify) _____	8

10. To what extent did each of the following factors influence your decision to start this business? Rate each of the factors using a 5-point scale where 1= no importance; 2=little importance; 3=moderate importance; 4=very important; and 5=extremely important					
	No importance	Little importance	Moderate importance	Very important	Extremely important
a. I was unemployed and unable to find a job	1	2	3	4	5

b. I had a job but it did not pay enough	1	2	3	4	5
c. I had a job but it did not suit my qualifications and experience	1	2	3	4	5
d. I wanted to provide employment for members of my family	1	2	3	4	5
e. I wanted to provide employment for other people from my home country	1	2	3	4	5
f. I wanted to provide employment for South Africans	1	2	3	4	5
g. I needed more money just to survive	1	2	3	4	5
h. I wanted to give my family greater financial security	1	2	3	4	5
i. I wanted to make more money to send to my family in my home country	1	2	3	4	5
j. I decided to go into business in partnership with others	1	2	3	4	5

k. Support and help in starting my business was available from other immigrants	1	2	3	4	5
l. My family members have always been involved in business	1	2	3	4	5
m. I had a good idea for a service / product to other immigrants	1	2	3	4	5
n. I wanted to provide a product/service to South Africans	1	2	3	4	5
o. I have always wanted to run my own business	1	2	3	4	5
p. I have the right personality to run my own business	1	2	3	4	5
q. I wanted to do something new and challenging	1	2	3	4	5
r. I like to learn new skills	1	2	3	4	5
s I enjoy taking risks	1	2	3	4	5
t. I like to challenge myself	1	2	3	4	5

u. I wanted more control over my own time / to be my own boss	1	2	3	4	5
v. I wanted to increase my status in the community	1	2	3	4	5
w. I wanted to compete with others and be the best	1	2	3	4	5
x. I wanted to contribute to the development of South Africa	1	2	3	4	5
y. Other (specify) _____ _____	1	2	3	4	5

11. Where do you get the goods which you sell or supplies for your business? PLEASE SELECT ALL THAT APPLY. ONLY ASK THOSE WHO ARE SELLING/RETAILING

a. Make or grow them myself	1	g. Direct from farmers in SA	7
b. Direct from factory in SA	2	h. From other informal sector producer/ retailer	8
c. From wholesaler in SA	3	i. From home country	9
d. From supermarkets in SA	4	j. From another country	10

e. From small shops/retailers in SA	5		k. Not applicable (do not sell goods/get supplies)	11
f. From fresh produce markets in SA e.g. Johannesburg Fresh Produce Market (jhb), Epping Market (CT)	6		l. Other (specify) _____	12

12. Do you buy goods/supplies for your business in bulk together with other business owners?				
a. Yes	1		b. No (Go to Q13)	2

12.1.If Yes, why is that so?				
a. Bulk stock is cheap	1		d. Not having enough stock storage	4
b. Not having buying permit	2		e. Family business	5
c. Not having reliable transport	3		f. Joint business (Private, etc.)	6

g) Other (Please specify)	7
---------------------------	---

13. How did you learn the skills you use in your current business activity? PLEASE SELECT ALL THAT APPLY			
a. No skills needed	1	f. Previous work experience	6
b. Self-taught	2	g. Training courses/ programmes (government)	7
c. Apprenticeship/on the job training	3	h. Training courses/ programmes (non-governmental including private sector)	8
d. Learning from friends and relatives	4	i. Other (specify)	9
e. University, school or other training centre	5		

14. Where do you usually conduct your business activities? PLEASE SELECT ALL THAT APPLY			
a. No fixed location, mobile	1	g. In customer's home	7
b. Permanent stall in a market	2	h. Workshop or shop	8
c. Permanent stall on the street/roadside	3	i. Restaurant or hotel	9

d. Temporary stall on the street/roadside	4		j. Taxi / public transport station in permanent structure	10
e. Vehicle (car, truck, motor bike, bike)	5		k. Other (please specify):	11
f. In my home	6			

15. What is the occupancy/tenure status of your business premises?

a. I own it/ am part owner	1		e. Rent-free, with permission	5
b. Pay rent to private owner who is a South African	2		f. Rent-free, without permission (squatting)	6
c. Pay rent to private owner who is not a South African	3		g. Share space/premises with others	7
d. Pay rent to council/municipality	4		h. Other (please specify):	8

15.1. If you rent the premises, how much rent do you pay per month?

Rent per month: _____ R

16. Do you currently employ people in your business, if YES, how many people do you employ in these categories? [Please indicate the number employed either as full-time or part-time workers].

16.1. Yes	1	16.2. No (go to Q17)	2	16.3. Full time	16.4. Part time
------------------	---	-----------------------------	---	------------------------	------------------------

Do you employ:	Yes	No	Male	Female	Male	Female
a. Family members	1	2				
b. People from your country of origin	1	2				
c. South Africans	1	2				
d. People from other countries	1	2				
e. TOTAL						

17. Is this your only income generating activity or employment?			
a. Yes (Go to Q18)	1	b. No	2
17.1. If no above: What are your other income generating activities?			
a. Another similar informal business(s)	1	d. Informal employment	4
b. Another different informal business(s)	2	e. Other (Please specify)	5
c. Formal employment	3		

D. EXPEDITURE & BUDGET

18. How often do you spend or send money from your business to people in your home country (at your place or elsewhere)? (Please select only one answer)

a. Never / No response (Go to Q27)	1	d. Once a year	4
b. At least once a month	2	e. Occasionally (less than once a year)	5
c. A few times a year	3	f. Do not know (Do not read out loud)	99

19. Who do you send the money to? PLEASE SELECT ALL THAT APPLY			
a. Immediate family members	1	d. Community group or organization	4
b. Extended family	2	e. Other people (please specify)	5
c. A personal bank account for future use	3	f. No response	98

20. How is the money usually sent? PLEASE SELECT ALL THAT APPLY			
a. Through a bank	1	f. e-Wallet	6
b. I take it myself	2	g. Money market transfer	7

c. With family, friend or co-worker	3		h. Cordless Bank ATM service	8
d. Formal money transfer agency (e.g. Western Union, Money Gram)	4		f. Other means (please specify)	9
e. Informal money transfer	5		g. No response	98

21. Approximately how much money did you send to your home area/country in the last 12 months?

a. South African Rands		R _____
b. No response		98
c. Don't know (Do not read out loud)		99

22. In the last year, for which of the following reasons have you spent money on? (Please check all that apply)

a. Build, maintain or renovate their dwelling	1	h. Meet day to day household expenses (except food)	8
b. Buy clothes	2	i. Pay educational/school fees	9
c. Buy food	3	j. Pay medical expenses	10

d. Buy property	4		k. Pay transportation costs	11
e. For agricultural inputs/equipment	5		l. Purchase livestock	12
f. For savings/investment	6		m. Start or run a business	13
g. For special events, e.g. wedding and funeral expenses	7		n. Other (please specify): _____	14

23. How would you rank the impact of sending money (remittances) elsewhere on the development of your business?

	Very Positive	Positive	Neutral	Negative	Very Negative	No response
a. Spend	1	2	3	4	5	98
b. Budget	1	2	3	4	5	98

24. Do you receive external money from elsewhere?

a. Yes	1	b. No (Go Q27)	2
c. No response	98		

25. If you receive external money, please indicate the amount you received over the past 12 months					
a. Total money received (amount):		R _____			
b. No response			98		c. Don't know (Do not read out loud) 99
26. How would you rank the impact of receiving remittances on the development of your business?					
Very Positive	Positive	Neutral	Negative	Very Negative	Not Applicable (don't remit)
1	2	3	4	5	6

E. CHALLENGES

27. Does your business experience any of the following problems? Please say if you experience them often, sometimes or never [READ THE WHOLE LIST]			
	Often	Sometimes	Never
a. Insufficient sales	1	2	3
b. Too few customers	1	2	3
c. Customers don't pay their debts	1	2	3
d. Too many competitors around here	1	2	3

e. Competition from supermarkets/large stores	1	2	3
f. Suppliers charge too much	1	2	3
g. Restricted by lack of relevant training in accounting, marketing, other business skills	1	2	3
h. Storage problems	1	2	3
i. Lack of access to credit	1	2	3
j. Conflict with other entrepreneurs	1	2	3
k. Crime/theft	1	2	3
l. Confiscation of goods	1	2	3
m. Harassment/Demands for bribes by police	1	2	3
n. Arrest/detention of yourself/employees	1	2	3
o. Verbal insults against your business	1	2	3
p. Physical attacks/assaults by police	1	2	3
q. Physical attacks/assaults by other South Africans	1	2	3
r. Prejudice against my nationality	1	2	3
s. Prejudice against my gender	1	2	3

t. Other	1	2	3
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F. BUSINESS CAPITAL

28. How much money did you need/use to start this business?			
a. Less than R5,000	1	g. R100,000 – R199,999	7
b. R5,000 – R9,999	2	h. R200,000 – R499,999	8
c. R10,000 – R19,999	3	i. R500,000 – R999,999	9
d. R20,000 – R29,999	4	j. R1,000,000 and above	10
e. R30,000 – R49,999	5	k. Missing/Refused	97
f. R50,000 – R99,999	6	l. Do not know	99

29. What was the primary source of your start-up capital? PLEASE SELECT ALL THAT APPLY			
a. Personal savings	1	f. Loan from relatives	6
b. Bank loan	2	g. Loan from non-relatives	7
c. Loan from informal financial institutions (e.g. stokvels)	3	h. Business credit (goods on terms)	8
d. Loan from micro-finance institution	4	i. Loan from government agency	9

e. Usurers/ <i>mashonisa</i> (money lenders)	5	j. Other source (specify): _____	10
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30. Have you ever applied for a bank loan for your business?			
a. Yes	1	b. No (Go to Q33)	2

31. Did you succeed in obtaining a loan?			
a. Yes (Go to Q33)	1	b. No	2
c. No response	98		

32. If No above, what was the main reason why your application was rejected?			
a. Not South African	1	d. Insufficient initial capital	4
b. Incomplete documents	2	e. Activity/enterprise was deemed not viable	5
c. Insufficient guarantees/collateral	3	f. Other (specify) _____	6

33. Within the past 12 months, did you borrow money for use in your business operations?			
a. Yes	1	b. No (Go to Q35)	2

34. If Yes above, where did you obtain the loan? PLEASE SELECT ALL THAT APPLY			
a. Bank	1	g. Loan from other business owners	6
b. Micro-finance institution	2	h. Business credit (goods on terms)	7
c. Informal financial institution (e.g. stokvels)	3	i. Loan from government agency	8
e. Usurers/mashonisa (money lenders)	4	j. Other source (specify):	9
f. Loan from relatives	5	_____	

35. Have you accessed any government SMME support schemes?			
a. Yes	1	b. No (Go to Q36)	2
35.1.If yes, which ones?			

36. At the end of an average month, what is the net profit (i.e. your take home income after all the business costs have been deducted) from this business?			
a. Monthly Profit in Rands	R_____	b. Refused	97
c. No response	98	d. Do not know	99

37. How much do you think your business is worth? For example, how much would you would you receive if you sell your business today (including goods, machinery, and business premises)?			
a. Less than R5,000	1	h. R200,000 – R499,999	8
b. R5,000 – R9,999	2	i. R500,000 – R999,999	9
c. R10,000 – R19,999	3	j. R1,000,000 and above	10
d. R20,000 – R29,999	4	k. Refused	97
e. R30,000 – R49,999	5	l. No response	98
f. R50,000 – R99,999	6	m. Do not know	99
g. R100,000 – R199,999	7		

38. Are you a member of a traders association?			
a. Yes	1	b. No (Go to Q39)	2

38.1.If yes above, which one?

H. OTHER

39. How do you compete with other entrepreneurs for the survival of your business?			
a. Lower prices	1	g. Negotiate discount when stocking	7
b. Sell products or render services in packs or collection	2	h. Place business at high traffic routes	8
c. Sell variety of products and services	3	i. Give credit to customers	9
d. Set up business at different business stations	4	j. Other (Please specify)	10
e. Sell with others	5	k. Refused	11
f. Stock with others	6	l. No response	12

40. What is your migration status in South Africa? PLEASE SELECT ONE ONLY			
a. Citizen of South Africa	1	f. Work permit holder	6
b. Permanent resident of South Africa	2	g. No official documentation	7
c. Refugee permit holder	3	h. Refused / No answer	8
d. Asylum-seeker permit holder	4	i. No response	98
e. Visitor's permit holder	5	j. Other (please specify) _	10

41. We would like to know more about your informal business. Are there any difficulties that you face or experience you have had in running your business in SA that we have not talked about? Is there anything that you would like to share with us regarding this survey that we might had not asked during this survey?

Thank you for your time and information!!!