

**THE IMPACT OF STREET TRADING ON THE ECONOMIC DEVELOPMENT IN
THE CITY OF POLOKWANE, LIMPOPO PROVINCE**

By

MAJADIBODU MACHUENE INOLIA

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SUPERVISOR: Prof. K.S. MILONDZO

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DECLARATION

I, the undersigned declare that:

THE IMPACT OF STREET TRADING ON THE ECONOMIC DEVELOPMENT IN THE CITY OF POLOKWANE, LIMPOPO PROVINCE is my original work, that all sources used or quoted have been acknowledged in the list of references, and that this dissertation was not previously submitted for a degree at any institution of higher learning.

Candidate Name: MAJADIBODU MACHUENE INOLIA

Signature : _____ Date _____

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I would like first and foremost to thank God, the Almighty for making it possible to complete this project.

My parents, in absentia, this is for them.

To my family, I thank you for your support. You encouraged me to make a success of my studies.

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ABSTRACT

Socio-economic changes in the City of Polokwane have compelled many unemployed people to start street trading. Street trading is fraught with many challenges, such as lack of transportation, physical infrastructure, and access for funding, change of local municipality by-laws, lack of support and other related economic development issues.

This study is concerned with the factors that hamper the development of street trading, economic growth and development in the City of Polokwane. The study tried to develop effective strategies that will enhance the capacity of street traders and change the perception of stakeholders to support street trading.

In this study, a mixed research design was used to investigate the impact of street trading towards economic development in the area of the study. This study also used context-focus of the City of Polokwane as its springboard in engaging in this sometime daunting subject. Surely, with all the changes in the current socio- economic development, there is a need to review the impact of street trading towards economic development in the City of Polokwane.

As stipulated in the study, the City of Polokwane should invest in training to enhance street traders` effectiveness so as to have an impact on the economic development in the city. To accelerate this process, the stakeholders should be encouraged to support street traders so as to improve the status of economic growth in the area.

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CHAPTER 1

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

Many municipalities in South Africa are experiencing the problem of street trading in their areas of jurisdiction, hence most of them have introduced by-laws and regulations to control the way they operate. Polokwane is no exception from this phenomenon. The introduction of the by-laws, rates and taxes have also compelled many Small Medium and Micro Enterprises (SMME) to move away from their original business site to add to the number of traders who were already operating on the streets hence the study on the impact of street trading towards the economic development in the City of Polokwane.

1.2 Background and orientation

Globally, it is widely accepted and acknowledged that the SMME's sector is an essential factor in promoting and achieving economic growth and development, and a major contributor to job creation, innovation and social stability (Maas, Court & Zeelie, 2001: 27). This explains why the South African government has identified the SMME sector as an instrument of economic growth and economic development, as well as a tool to combat unemployment, poverty and crime (Maas, Hewrington, Boschhoff, van Vuuren, Musengi & Maas, 2007: 43).

Despite the commitment of the government to bolster and support the sector, SMMEs are at the moment not creating as many jobs as was expected and so are not meeting the sector's unemployment and poverty reduction expectation (Benedict, 2009: 2). From the above mentioned information, it is clear that the government has an interest to support the SMMEs unfortunately; most of the financial institutions are not willing to help them hence they do not progress to the next level of economy. These SMMEs resort to

street trading due to harsh realities on their day to day living. Municipality regulations and by-laws also contribute to the above- mentioned challenges compelling them to sell on the streets in an informal manner. These street traders do not have money to pay taxes, daily transport, hence some of them put up where they do trading. At the end of the day, street traders are buying goods such as fruits, second hand clothes, groceries and other commodities from local businesses. They are compelled to pay tax for most of the commodities that they buy from local registered businesses. In this process, street traders are contributing economically by paying indirect taxes.

For most of the small businesses to contribute more towards economic development, they need more money so as to improve the status of their businesses. To support the above-mentioned statement, (Cant & Erdis, 2005: 35; Nieman, 2006a: 12) maintain that for SMMEs to contribute to economic growth, foster and promote economic and socio-economic development, they need to grow beyond the micro level and be equipped to survive in the long run.

To achieve the above-mentioned economic process, street traders need the support from all the three spheres of government. The researcher believes that if the policy-makers can support street traders in the area of study, they can move from the micro level (small business) to macro-level (big business).

1.3 Statement of the problem

Lack of financial support, municipality regulations and by-laws compelled many small businesses to change from registered businesses to street trading. One of the challenges facing street traders in Polokwane is to access funding and get money to buy more goods that they can sell to customers. They cannot afford to hire infrastructures where they can put their commodities. Although these street traders are contributing indirectly (and have an impact) on economic growth and development in the local municipality, the Local Economic Development (LED) Unit is not assisting them enough towards economic growth.

The main problem is that the failure rate of the street traders is so high that most of them are not growing and therefore, they are not contributing towards economic growth the way they are expected. This situation defeats the goals of economic growth and development in the area of the study.

1.4 Research questions

Due to the above-mentioned problems facing street traders, the following research questions arise:

- What are the challenges experienced by the street traders in the municipality of Polokwane?
- What are the factors that hampered the growth and development of street traders in the area of study?
- What kind of support and services are available to street traders in the Polokwane Municipality?
- What services and programmes can the Polokwane Municipality – Unit of Local Economic Development (LED) provides to improve the development of street trading?
- Which strategies could be employed by the stakeholders to encourage the success of street traders in the area of study?

1.5 Aims and objectives

The aim of the study is to investigate the impact of street trading on the economic development in the City of Polokwane.

In order to achieve the above-mentioned aim, the following objectives were pursued:

- To investigate the challenges faced by street traders towards achieving economic development

- To identify factors that hampers the growth and development of street traders in the area of study
- To find out what kind of support and services are available for street traders in the City of Polokwane
- To recommend the appropriate programmes and strategies that can be employed by the stakeholders to improve the level of street trading.

1.6 Significance of the study

The impact of street trading has been neglected for a long time in the area of research; and the researcher believes that the study on the impact of street trading towards economic development will assist the City of Polokwane in the following ways:

- It will assist the stakeholders to realize the impact of street trading towards economic development in the Polokwane Municipality
- It will also help them to realize the factors that hamper growth and development of street trading in the area of study
- To assist policy-makers to provide support and services to street traders.
- It will help the LED Unit to develop programmes that will enhance street trading in the City of Polokwane
- If the recommendations of the study are correctly implemented, they will assist the municipality to develop relevant programmes and strategies that will assist street traders to contribute effectively towards economic growth and development in the area of the study.

1.7 Definition of operational concepts

Concepts are primary instruments that the researchers use to understand reality and the essence of meaning. The following key concepts need more clarification:

1.7.1 Street trading

Street trading is an activity for marginalised groups in society who trade informally owing to lack of capital, as an alternative to formal economy employment to supplement wages and welfare benefits to purchase basic household needs (Leonard, 2000: 28; Unni, 2000: 14; Mitullah, 2003: 4). Ramaite (2006: 6) defines street vendors as visible and distinctive part of urban landscape, offering a range of goods from small informal stalls; from mats on the pavement, baskets that they carry on their heads, from pushcarts, or wares in baskets on poles on their shoulders. For the purpose of this study, street vendors shall be referred to as street traders. Street trading according to ILO (2002: 58) and Bromley (2000: 14) is trading on the street and pavements, from formal stalls, carts or on make-shift tables made from card-board boxes or other suitable materials.

1.7.2 Development

Development is the act or gradual process of bringing an entity to a more advanced or expanded stage (Sinclair, 2001: 400). It also refers to creating conditions conducive to the growth of an entity through the establishment of social, political and economic systems and institutions that promote business process and maturity (Todaro, 2000: 739). Development according to Amartya Sen in Todaro and Smith (2009: 237) has to be more concerned with enhancing the lives we lead and the freedom we enjoy.

1.7.3 Economic Development

The International Economic Development Council (IEDC, 2013: 2) maintains that no single definition incorporates all of the different strands of economic development. Typically, economic development can be described in terms of objectives. These are the most commonly described as the creation of jobs and wealth, and the improvement of quality of life. Economic development can also be described as a process that influences growth and restructuring of an economy to enhance the economic well-being of a community. In the broadest sense, economic development encompasses three major areas:

- Policies that government undertakes to meet broad economic objectives including inflation control, high employment and sustainable growth
- Policies and programmes to provide services including building highways, managing parks and providing medical access to the disadvantaged
- Policies and programmes explicitly directed at improving the business climate through specific efforts, business finance, marketing, neighbourhood development, business retention and expansion, technology transfer, real estate development and others.

The main goal of economic development is improving the economic well-being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life. As there is no single definition for economic development, there is no single strategy, policy or programmes for achieving successful economic development. Communities differ in their geographic and political strengths and weaknesses. Each community therefore, will have a unique set of challenges for economic development (<http://www.iedonline.org/hotlinks/whtecodev.html>).

1.7.4 Informal Sector

Chen (2005: 25) defines informal sector as all the economic units and workers who are not a part of the regulated economic activities and protected employment relations. Todaro and Smith (2009: 335) define it as the part of the urban economy of Less Developed Countries characterized by small competitive individual or family firms, petty retail trade and services, labour intensive methods, free entry, and market-determined factor and product prices. It often provides a major source of urban employment and economic activity.

1.7.5 Informal Trading

It refers to economic activity by individuals and/or groups involving the sale of legal goods and services, within public and private spaces which spaces are generally unconventional for the exercise of such an activity (Motala, 2002: 8). In its most basic,

informal trading takes place on streets and pavements, on private property and tends to require little more than the actual goods and services to set up. StreetNet (in SEDA, 2008: 9) defines informal trading as “those businesses which are not registered by VAT and are also not subject to other formal regulations or taxation, especially in retail and hawking”. There are various types of informal traders like spaza shops and mobile trading. For the purpose of this study, focus will be on those selling on the street hence the topic is on street trading.

1.7.6 Small Medium and Micro Enterprises (SMME)

Hlungwane (2006: 11) and Ledwaba (2004: 3) refer to SMME as the bulk of established businesses, with employment ranging between five (5) and about fifty (50), owner-managed, likely to operate business on industrial premises, are tax-registered and meet other formal registration requirements. Street trading is an enterprise at the micro level.

1.7.7 Growth

Growth refers to an increase in size, number, degree or significance in an entity or organization, Sinclair (2001: 639). The increase can be a change in physical size or a change that result in a system or organization becoming more complex or matured.

1.7.8 Economic Growth

Todaro and Smith (2009: 344) define economic growth as the steady process by which the productive capacity of the economy is increased over time about rising levels of national output and income.

1.8 Plan of the study

Chapter 1: Introduction and background

Introduces and set the context for the study providing background of the study.

Chapter 2: Literature review

In this chapter, the researcher reviews studies which were done on the topic particularly focusing on street trading and economic development.

Chapter 3: Research design and methodology

The chapter covers the research design, study area, population, sampling method, data collection methods and ethical consideration.

Chapter 4: Data analysis and findings

The researcher captures, analyzes and interprets the collected data. Meaning of views and opinions expressed by the respondents is given providing the implication thereof.

Chapter 5: Conclusion and recommendation

The outcomes from the research will be revealed and possible solutions will be suggested.

1.9 Conclusion

In this chapter, the background to the problem of street trading in the City of Polokwane has been given. The purposes of the study, the plan of the study, significance of the study and the definition of the key concepts have also been given. In the next chapter, a review of selected literature on street trading and economic development will be given.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Traders in every country are its most valuable assets and business drive towards economic growth and development. However, how to manage this business sector becomes a problem to most of the policy makers and other related institutions. New changes in a new democratic South Africa have brought many challenges to unemployed people in the various municipalities. These challenges have led many unemployed people to start street trading in various areas of local government; the City of Polokwane is not excluded in this problem. The above-mentioned street traders need support to enhance their trading. The support includes access to funding, training, infrastructure and other related issues. These challenges call for relevant stakeholders to support street traders so as to contribute towards economic growth and development in the area of the study.

2.2 Background of street trading

It has been observed that street trading is an ancient and important occupation found in virtually every country and major cities around the world (Bromley, 2000: 1). In the past, street trading has been viewed as an underground activity that undermines the healthy functioning of the formal economy, Mitulla (2003: 2). She further argues that policies and regulations enforced on street and market traders owe their origin from colonial policies. Maas et al (2007: 14-16) South Africa is ranked low on entrepreneurial activities when compared to other developing countries such as Peru, Philippines, Thailand, Chile and Argentina. The study stated that only 5.29% of South Africans aged between 18-64 years are actively involved in starting or managing a business which they wholly or partly own and which is less than three-and-half years old. This means that from every 100 South African adults, only five manage their own businesses,

compared to 10% of adult population of other developing countries such as Peru, Philippines, Thailand, Brazil and Argentina.

Street trading plays an important role in African economies according to Mitulla (2003: 4). Citing Kenya as an example, she observes street trading which is considered as Small and Micro Enterprises (SME) contribute employment and income to about five million people in 2002. Contrary to the belief that street trading would dissipate with economic growth and development (Sethuraman, 1981: 63), the informal economy has nevertheless become a permanent and important feature of developing economies. Motala (2002: 7) estimates the number of people operating in the informal economy in South Africa to range from just under 2-4 million people. Small and medium enterprise sector in South Africa is constituted of over 1.5 million self-employed, contributing about 40% of the country's total remuneration, (DTI, 2013: 68). There are roughly 118,660 informal enterprises in Limpopo accounting for R8, 175 billion expended on goods and services (Agrisystems Consortium, 2008: 14). This number also includes the number of street traders that are operating in Polokwane. To understand the meaning and philosophy of street trading, the researcher has defined the concept and relates it into practice.

2.3 The concept street trading

The term street trading has attracted many definitions from different authors. The concept has been defined by various authors from different perspectives to accommodate different aspects of small business enterprises. Thus the question is what exactly is street trading? The question is usually one of the most important questions in small business management. On the individual's view of the perception of the nature of street trading, the meaning and the purpose of this sector, what the individual odd to do, and what they hope to achieve. All these are fundamental questions by whatever individual think is true about street trading.

Donovan (2008: 63) defines street trading as “a form of entrepreneurship for those who cannot afford to buy or rent fixed premises”. They sell their merchants either on the pavement in order to attract customers who are mainly pedestrians, or move from place to place carrying their goods on carts as they do not have a permanent place for their trade (Bhowmik, 2010: 60). Street trading according to Mitulla (2003: 3) is rampant and a source of employment and income for many urban dwellers.

Street trading is used interchangeably as informal enterprise (StatsSA in Agrisystems Consortium, 2008: 11). It is defined as the informal sector, consisting of those businesses that are not registered in any way. They are generally small in nature, run from homes, street pavements and other informal arrangements (Agrisystems Consortium, 2008: 11). Researchers, in recent years have proposed entrepreneurship as the critical solution to South Africa`s high unemployment and satisfactory level of poverty. They urge that S.A needs to imbibe a culture of entrepreneurship as it provides the engine for innovation and growth which creates jobs and alleviates poverty (Agrisystems Consortium, 2008: 27).

2.4 The term street trading

Street trading means different things to different people. An understanding of any concept has an influence on people`s behaviour. Various authors express their understanding of the concept of street trading in various ways that will be of assistance to most of street traders and researchers. Leonard (2000: 28) defines street trading as “an activity for marginalised groups in society who trade informally owing to lack of capital, as an alternative to formal economy employment to supplement wages and welfare benefits to purchase basic household needs”.

To support the above-mentioned definition, Ramaite (2006: 6) describes street trading as “visible and distinctive part of urban landscape, offering a range of goods from small informal stalls; from mats on the pavements; baskets that they carry on their heads; from pushcarts; or wares in baskets on poles on their shoulders”. According to Bromley

(2000: 14) street trading is “trading on the street and pavements, from informal stalls, carts or on make-shift tables made from card-board boxes or other suitable materials”.

From the above-mentioned definitions, it is clear that street trading involves informal trading, traders without adequate capital, offering goods in informal stalls and trading on the streets. Their make-shift tables are made out of card-board boxes and other related materials. They are entrepreneurs at a micro level that aspire to become big businesses in the future if supported. The effectiveness of street trading depends on the way it is managed and the behaviour of the municipality in which they operate.

2.5 The management of street trading in South Africa

Lund, Nicholson & Skinner (2000: 64) maintain that area managers are charged with respectively the need to secure space for traders. They are responsible for the development and promotion of street traders as entrepreneurs. The management of the informal economy while considering the needs and demands of pedestrians and motorists for urban spaces should also fall within the sphere of their function. In Durban, the Department of Informal Trade and Small Business Opportunities is responsible for managing street trading activities (Mitulla, 2003: 10-11). The council has also designed innovative private sector-based approach whereby street trader's organisations are leasing land from the council and further lease it to traders creating markets for street traders.

In the Polokwane Municipality, street trading function is placed under the Local Economic Development Section. It is the same unit that is responsible for designing the street trading by-laws and the general management of street trading (Polokwane Local Municipality, Undated). Most of the municipalities in Limpopo are managing street trading in these particular LED offices. Tidimalo Chuene, Polokwane Spokesperson has this to say of the hawkers who invaded the Good Hope Primary School's pavements: “the municipality is committed to ensuring that trading within its boundaries are regulated. Any person who wants to trade in the streets within the municipality area

must apply and be granted a permit to trade. Failure to comply with the municipality's street trading by-laws will result in a R500.00 fine" (Malatji, 2014: 4).

The Polokwane Municipality has developed a policy for the management of street trading within Polokwane Municipality as a way of appreciating the existence of the sector as well as managing the sector in the municipality (Polokwane Local Municipality, Undated: 1). Street trading in this municipality is approved, regulated and monitored. The policy acknowledges street trading as a positive development that contributes to the creation of jobs and alleviates poverty. Products and services prohibited as in the Polokwane Street By-Laws (Polokwane Local Municipality, Undated: 5) include the sale of flammable liquids; drugs; intoxicating substances; fireworks; braiding and cutting of hair; the sale of raw meat and perishable foodstuff; repair of motor vehicles and car washing on street parking bays but allowed on demarcated areas. The following are restricted trading areas in the Central Business District (CBD): Landros Mare` Street, Thabo Mbeki Street, corner Rissik and Paul Kruger Streets and Paul Kruger & Excelsior Streets. Street trading in the City of Polokwane is concentrated along the streets but mostly in the taxi ranks where a large number of commuters and pedestrians are attracted to. The success of street traders depends on the knowledge they have on the management of small businesses and the understanding of the concept development and its interrelationship with other variables.

2.6 The relationship between street trading and local economic development.

Coetzee, Graff, Hendricks & Wood (2001: 120) define development among others as "a process of directed, determined, or controlled change, leading to some form of economic growth, political autonomy and social reconstruction; the mechanism of people to become more than they are; and the process of enlarging people's choices, acquiring knowledge, and having access to resources for a decent standard of living". The three definitions of what development is are relevant to street traders. It is the responsibility of the municipalities to facilitate street traders into becoming more than they are by developing a mechanism of directing, controlling change leading them to

some form of economic growth. Street traders should be helped to acquire knowledge through training on business issues to help them grow their businesses and have information on various issues that affect them in making informed decisions. The facilitation of access to resources such as toilets, running water, storage, trading space and shelter, are the responsibility of the local municipalities. The process of addressing all the stated development aspects is, in short, local economic development.

2.6.1 The role of municipalities in promoting Local Economic Development (LED)

Helmsing (2001:15) defines LED as a process in which partnerships are forged between local government, the private sector and community-based groups to create jobs, manage existing resources and stimulate the economy of a well-defined territory. LED according to Rogerson (2008: 231) tends to have a distinctive pro-poor orientation and the degree of national state endorsement of local-level action is particularly important. The role of LED is to facilitate the growth and sustainability of the informal sector through the provision of effective support of services and facilities as well as creating an enabling environment within appropriate site/ space in the municipalities (SEDA, 2008: 22-23).

“Local Government should be developmental. It should exercise its powers and functions in a way which maximizes the social development and economic growth of communities” RSA (1997a: 1). Local government has the responsibility of local economic development which encompasses issues like marketing local area, forming partnerships, buying locally, investment support, assistance to small firms, and so on. According to Skinner (1999: 14) street trading should be seen as a dynamic that enables a large number of people to secure an economic foothold, particularly in the cities. Dewar (2005: 53) maintains that a proactive informal trading policy can be an important urban management mechanism in transitional economics. Such a policy is essential, not only in terms of national requirements to stimulate micro-enterprise, but also in terms of the regulatory functions of local government. Dewar further argues that informal retailing should be considered as an initiating point for small enterprise

development with the core policy goal of making people more economically mobile. The latter statements can be achieved by including educational programmes to support a graduation from informal to more formal economics activities. It is imperative for local government to move towards combining law enforcement, infrastructural and spatial policies with a business approach as a means of creating an enabling environment for informal traders (SEDA, 2008: 29). LED revolves around socio-economic issues such as job creation, empowerment and the pursuit of sustainable economic growth to the local community.

With so many opportunities that the municipalities have in developing local economy, what is needed is just some input, participation and support to take street trading activity to a desirable and viable level. The local government's developmental mandate encourages municipalities to address poverty, joblessness and redistribution in their local areas. Street trading is an important component of LED initiatives. The potential of this activity in providing income for the majority of the poor should be harnessed effectively. It is therefore important to focus on the challenges these street traders experience.

2.7 Challenges experienced by Street Traders

Section 152 of the Constitution of South Africa (RSA, 1996) stipulates that the local government must ensure the provision of services to communities in a sustainable manner, promote social and economic development and a safe and healthy environment. Street traders as citizens of the country and crucial economic actors, qualify to be developed economically and be protected by the very same law. However, there are key issues which if well attended to, the poverty trap realised over a long time can be overcome. These are the issues that the municipality must try to address so as to assist the street traders to develop economically.

2.7.1 Lack of infrastructure

Service delivery is not only a societal or welfare issue but also an economic issue. For any business to thrive, basic services such as shelter, refuse removal, water, electricity, toilets and storage facilities are important for the business person and the public at large (SEDA, 2008: 32). Such facilities are absent at various trading areas resulting in street traders paying for storage or using toilets in the nearby shops. Mitulla (2003: 15) mentioned the lack of day care facility as a necessity to assist women street traders in taking care of their young ones. Evans-Klock (2000: 54) believes that a well- developed physical infrastructure such as transportation, warehousing and communication networks all expand markets and facilitate transaction throughout the productive sector.

2.7.2 Trading space

The Municipality of Polokwane (2005: 27) has more than 450 spaces for hawkers spread all over the Central Business District (CBD). These facilities are not optimally used. The reason thereof is that the spaces are not located at the most lucrative markets. The remedy for such a situation is for the municipality to adopt the bottom-up approach by consulting the street traders before doing anything for them. Most of the areas declared as restricted trading zones have many pedestrians and are regarded as lucrative trading space by the street traders (Skinner, 1999: 21). This is a conflict of interest between the municipality and the street traders.

2.7.3 Cost of sites

Street traders in many places pay for permits for trading space and this constitutes revenue to local government (Skinner, 1999: 22). If the amount they pay are calculated as a proportion of traders income, for some it will be fairly high. Skinner further argues that this permits are not been accompanied by an improvement in the infrastructure such as tables, shelter, storage or toilet facilities.

2.7.4 Confiscation of goods

“An authorised official may remove and impound property of a street trader which is found at a place where street trading is restricted or prohibited and which, constitutes an

infringement of any such restriction”, City of Johannesburg Metropolitan Municipality, (2004: 27). A street trader according to Skinner (1999: 17) is entitled to be warned before his or her goods are confiscated. It should be a written warning and the content of the warning be verbally explained to the street trader. She also mentions it as a setback to the poorer trader as it will take them long time to save enough money to rebuild their business.

2.7.5 Safety and security

The municipality should try to forge a better relationship between the police and street traders in order to minimise crime and create a safe business environment. Street traders worry about their own security, and the security of their goods and customers (Mitulla, 2003: 18). They view security and safety as an economic priority, and not simply one of personal safety. Mitulla further indicates that street traders are evicted at their trading sites with the excuse that they harbour the thugs.

2.7.6 Access to training

Most of the street traders have primary and below levels of education Mitulla (2003: 6). It is therefore difficult to read and understand the by-laws, contracts, training materials and any notice that maybe of importance for them. They see training as a hindrance rather than growing their business (Agrisystems Consortium, 2008: 20) because the same time they are in the class they will be losing business on the street. For training to be attractive, it must be outside business hours and the content should be on areas such as financial management, buying, customer care and market analysis that will assist them to grow their businesses (Agrisystems Consortium, 2008: 20). E-learning should be considered for those who can read and write so that they can train outside business hours. The local government can partner with relevant Sector Education & Training Authority (SETA) or local educational institutions to design a suitable training that is considerate of the street traders` educational level and training needs.

2.7.7 Lack of financial support

Street traders have no access to formal finance, and largely rely on their savings, and finance from friends and relatives (Mitulla, 2003: 19). The LED role of facilitation can be of benefit if they organise on behalf of the street traders to start a Micro Entrepreneurs Bank as in the case of Kenya (Mitulla 2003: 9) where loans are available at a reasonable interest to micro-enterprises. Street traders will be able to buy in bulk and get discount resulting in an increase in sales. The success of small businesses depends on the factors that accelerate its growth and development.

2.8 Factors that hamper the development of street trading

The management of growth or rather the lack of it, is one of the major causes of small business failure or the inability of small businesses to create more jobs to decrease the high unemployment rate in South Africa (Nieman, 2006a: 23). Many small businesses as a result, remain at the micro enterprise level employing between 6-20 people and may never grow beyond these levels (Struwig, 2006: 27). In addition, the failure rate for small businesses is very high. Though the reports vary, researchers report that between 30-80% of all new ventures fail within the first two years after establishment (Pretorius, 2003: 260). Furthermore, there are number of other reasons as to why many SMMEs fail, some even before they started. These reasons are outlined below:

- Failure to comply with regulatory red tape requirements (Anonymous, 2006: 14)
- Inability to secure capital, poor quality of business plans, a general lack of business skills and shortage of relevant information (Anonymous, 2006: 14)
- A lack of financial control (Perks, 2006: 193)
- A lack of entrepreneurial mindset as well as a desire to grow (Nieman, 2003a: 232)
- Lack of governmental support, mentorship programmes, and entrepreneurial education (Anonymous, 2006: 38-39)

- Misunderstood positioning (market niche), poor debt collection, poor cash flow management, management issues, poor planning and financial systems, and uncontrollable environmental issues (Pretorius, 2006: 232-234).

2.8.1 Inability to secure start-up capital and poor quality of business plans

The inability of entrepreneurs to secure start-up capital makes it impossible for the business to pursue growth even if the owner does have an entrepreneurial mindset. Also, the failure to comply with bureaucracy and the poor quality of business plans makes it difficult for a prospective entrepreneur to source funds from investors (Maas et al, 2007: 12). Charman; Petersen; Simons; Duda & Davids (2007: 98) found that among entrepreneurs of service-oriented micro-enterprises, only half of them are deemed as credit worthy to borrow finance from commercial bank or private lender.

2.8.2 A lack of business skills and misunderstood positioning

Most street traders, though knowledgeable and experienced in their field of speciality and the running of their business, nevertheless lack necessary business management skills (Maas et al, 2007: 12; Perks, 2006: 191). General lack of business skills on part of the owner will prevent the business from achieving its full potential. An unskilled owner may be plagued with poor planning in managerial, marketing, and financial issues (Perks, 2006; Pretorius, 2006: 234-234).

2.8.3 Lack of financial control

Lack of financial control can cause cash flow problem according to Perks (2006: 193). If money is misused in the business instead of being channelled towards the needs for the business, funds may run out and the business could fold up (Perks, 2006: 193). Survivalist enterprises such as street trading's finances are directed to support the family more than growing the business.

2.8.4 Lack of Government Support

Support for the development and growth of street traders is vital as business support services give entrepreneurs the opportunity to develop and access certain networks beneficial to the survival of their business. The White Paper on National Strategy for the development and promotion of Small Business in South Africa (RSA,1995) states that small enterprises need a supportive legal and regulatory environment; access to markets, finance, appropriate resources and technology; training in entrepreneurship, skills and management, tax and other incentives. Despite the White Paper, the general perception in South Africa has been that there is not enough governmental support for SMMEs (Von Broembsen, 2007:17). Anonymous (2006: 38-39) disagrees and argues that there is sufficient support for SMMEs but the problem is that entrepreneurs do not know where and how to access the relevant services they need.

2.8.5 Lack of an entrepreneurial mindset as well as a desire to grow

Nieman (2003a: 233) cites the lack of an entrepreneurial mindset or desire to grow experience by many entrepreneurs as major barriers to growth. He maintains that growth and the desire to grow should be embedded in the mindset of the entrepreneur. Entrepreneurial training programme not business training should be provided to small business owners (Nieman, 2001:448). Entrepreneurial training entails training on how to spot opportunities in the environment, be creative, engage in new and innovative practices, and achieve profitability and growth through strategic management (Megginson; Byrd & Megginson, 2006: 9). If most of the entrepreneurs get involved in street trading because of necessity, they often do not have an entrepreneurial mindset (Mawila, 2006: 7). The rate at which the street traders develop, depends on the factors that impact positively on economic growth.

2.9 Factors that accelerate Street Trading

In order for street trading to contribute to economic growth, foster and promote economic and socio-economic level, they need to grow beyond the micro level and be equipped to survive in the long run (Cant & Erdis, 2005: 35; Nieman, 2006a: 12). This

can be done by creating an enabling and sustainable environment that would promote the growth and survival of small businesses, and equipping street traders with the necessary knowledge and skills they need to effect growth in their enterprises (Ladzanil, 2001: 2-3). Factors that play a role in the success of street trading can be summarised as follows:

2.9.1 Financial management

Good financial control of the business cash flow, according to Dlodlo & Dhurup (2010: 169), has a positive impact on organizational success. If funds are well channelled towards business activities, this leads to smooth operational activities which in turn lead to increased productivity. Street traders who get access to good and reliable finances are more likely to prosper whereas those with poor access could find it difficult to reach maturity.

2.9.2 Adequate capital funding

Most of the street traders often use their money or occasionally their family's money to set up their establishment. More than 80% of these enterprises have been financed through personal savings (Skinner & Valodia, 2003: 16). Access to appropriate finance is a major constraint on the successful development of SMEs. In South Africa, the Department of Trade and Industry (DTI) in conjunction with Khula Enterprise Finance Limited have designed and put in place incentives, subsidies and schemes to improve SMEs' access to finance. However, as Fatoki & Garwe (2010: 730) noted fewer SMEs benefit from these government initiatives yet at the same time, many entrepreneurs have low equity contributions to the business.

2.9.3 Marketing management

Kotler & Keller (2006: 6) describe marketing management as "the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value". In order to market the products and services successfully, the entrepreneur needs to develop a marketing mix (Herbst, 2006: 57). The mix consists of 4Ps, that is: Product, Price, Place and Promotion (Kotler

& Armstrong, 2006: 50). For a small business to grow and develop, the entrepreneur should make marketing a core business activity as this will assist them in understanding the customer service and customer loyalty. By so doing, they will gain a competitive advantage over their competitors.

2.9.4 Operations management

The activities of operations management function revolve around the creation of goods and services (Nieuwenhuizen & Kroon, 2003: 139). It involves the activities of the production system that transforms inputs into finished goods and services. Operation management should be a pivotal part of the overall strategy since it contributes to the competitive advantage in the industry by continuously improving the quality of the products or services that the business offers to its clients (Alasadi & Abelrahim, 2007: 4).

2.9.5 Human resource management

Personnel management aims at attracting and hiring the right people with the right skills to carry out the tasks (Pooe & Mafini, 2012: 99). The ability of the street trader to find suitable employees results in the job being done competently and therefore, resulting in the business achieving success.

2.9.6 Regulatory requirements

Buys & Mbewana (2007: 358) explains that the registration process is complex and can act as a hindrance to the growth and development of SMEs. DTI carried a campaign to reach out SMEs by simplifying and assisting SMEs in registering their entities. However, much as this is so, many SMEs are still struggling to make it up hence many street traders are not registered.

2.9.7 Business skills and adequate business knowledge

Perks & Smith (2008: 148) noted that sound business skills of the entrepreneur assist the business to achieve its full potential to grow and develop. They believe that

business operated by a skilled entrepreneur, thrives through the ability of the owner to manage the business challenges such as planning, marketing and making sound financial management decisions.

2.9.8 Entrepreneurial competencies

Buyis & Mbewane (2007: 358) noted that the competitive scope of an SMEs lies firmly within the entrepreneur's opportunity, relationship, conceptual, organising, strategies and commitment competencies. The entrepreneur's experience, education and training can be seen as the antecedents of entrepreneurial competencies.

2.9.9 Political stability

The business needs to be established in a stable political climate in order to achieve maximum productivity (Bowen, Morara & Moreithi, 2009: 22). Economies with few or no political trade barriers achieve success better than those in countries where barriers exist. Street trading gets a lot of support from tourists as a result of stable political climate.

2.9.10 Economic factors

Economic factors have significant impact on SMEs. With a better understanding of the economy, street traders can make better decisions about the direction of their businesses. Victor (2013: 2) is of the idea that the Gross Domestic Product (GDP), has a large effect on sales and affects every other economic fundamentals such as job creation.

2.9.11 Inflation

Inflation according to Victor (2013: 3) is the change in the value of money. To keep up with this change, street traders should attempt to raise prices by about the same amount as inflation because their cost will grow as well. As a result, when the market grows, so do the opportunities to provide services. When the inflation is relatively high,

raw materials such as food and metals perform well (Victor, 2013: 3). This can favour a lot of street kitchens businesses.

From the above-mentioned information, it is clear that the success of street trading depends on factors that contribute positively on economic growth and development. Factors such as government agency support, financial support, favourable economic policies and other related factors can assist the street traders to contribute towards economic success of the local municipality. Apart from the above-mentioned factors, there are also leadership traits that can be used to enhance the managerial functions of the street traders.

2.10 The Role of Managerial Function in Developing Street Trading

Perks (2006: 191) states that small businesses fail due to lack of managerial skills on the part of the small business owner. Ledwaba (2004: 51) attests to the statement and argues that the main hindrance to the advancement of small business is not a lack of finance but a lack of business management skills. He further explains that mainstream lending institutions, banks in particular, tend to be sceptical to lend money to entrepreneurs who are perceived to not have business management skills. This is because without those skills, especially financial management skills, entrepreneurs tend to misuse the loans or financial assistance given to them and in the long run, are unable to pay back the loans. Lediga (2012: 80) asserts that government should not only focus on providing financial assistance to small businesses but also focus on continually improving the managerial skills of entrepreneurs in collaboration with institutions of higher learning.

Management of a business especially a growing one as according to Lessing & Jacobs (2006: 4), can be both sophisticated and complex. Every owner should possess functional management skills in order to build a successful enterprise (Nieuwenhuizen, 2007:14). These functions include:

- General Management

- Personnel Management
- Operations Management
- Purchasing Management
- Marketing Management
- Public Relations Management
- Administrative Management
- Financial Management

A well-managed business develops a loyal customer base, grows and prospers (Nieman, 2006a: 19).

2.10.1 General management

The general management function deals with the planning, organising, leading and controlling of human and other resources to achieve organisational goals effectively and efficiently for the successful running of the enterprise (Botha & Banhegyl, 2007: 12). This function concerns the task of management on all levels of the organisation and includes how other additional management functions such as decision-making, communication, motivation, coordination, delegation and discipline will be carried out in the organisation (de Beer, 2007: 32).

2.10.2 Personnel management

Personnel management, also known as Human Resource Management (HRM), is concerned with attracting and hiring the right person with the right skills to carry out the necessary tasks of an organisation to function effectively (Botha & Banhegyl, 2007: 12). It is through HRM that managers ensure that employees perform at a high level and contribute to the accomplishment of organisational goals. Failure of the business owner to attract and hire the right people with the right personality for any given job will probably result in the job not being done well, or being done in an incomplete manner, therefore defeating the purpose and goals of the business (Botha & Banhegyl, 2007: 13). Not all street traders are the business owners; they are employed hence street trading create employment

2.10.3 Operations management

Activities of the operations management function revolve around the creation of goods and services (Kroon, 2001: 5). It involves the activities of the production system that transform input into finished goods and services (Jones & George, 2003: 615). Operations management should be a fundamental part of an SMME and must form part of the overall business strategy because it contributes to the competitive advantage of the business by continuously improving the quality of the products and services that the business offers (Poulter, 2006: 73).

2.10.4 Purchasing management

The purchasing function has to do with procuring and making available all the necessary raw materials, parts, machinery, stationery, vehicles, furniture, equipment and services an organisation needs to achieve its objectives. Thus the street trader should be able to:

- Establish what resources are required/ needed by the business;
- Search for possible sources of supply
- Negotiate with and choose suitable suppliers
- Place and follow-up orders
- Receive and inspect purchased items
- Store the items and control their usage by keeping the inventory up to date (Kroon, 2001: 15).

2.10.5 Marketing management

Marketing management is defined as “the art and science of choosing target markets and getting, keeping and growing customers through creating delivering and communicating superior customers value” (Kotler & Keller, 2006: 6). In order to market the business, products and services successfully, the entrepreneur need to develop a marketing mix (Herbst, 2006: 87), commonly known as the four Ps. They are Product, Price, Place and Promotion. An additional three Ps were added to accommodate the marketing of services (Aremu & Adeyemi, 2011: 205) resulting into 7Ps. Thus includes

People, Physical evidence and Process in addition to the original four Ps. In order for street trading business to grow, entrepreneurs should treat marketing as a core business function and activity. Emphasis should be placed on understanding the customer, customer service, and customer loyalty so as to gain a competitive advantage (Herbst, 2006: 57).

2.10.6 Public relations management

Public relations management is “the management function that evaluates public attitude, identifies the policies and procedures of an individual or organisation with a public interest, and plans and execute a programme action to earn public acceptance an understanding” (de Beer, 2007: 32). Public relations can reach many customers who avoid sales people and advertisements as the message gets to the buyer as news rather than a sales-directed communication (Kotler & Armstrong, 2006: 443).

2.10.7 Administrative management

Administrative function is concerned with the service of obtaining, recording and analysing information for the use of management, so that managers can make informed decisions. It make use of computerised management information systems, cost accounting, archives control and general office organisation. The administrative functions make effective management of the business possible (de Beer, 2007: 32; Botha & Banhegyl, 2007: 12).

2.10.8 Financial management

Financial management refers to the management of the business` financial activities and focus on investments, financing and income distribution (de Beer, 2007: 32). It involves determining the funds that are needed to run the business, where such funds can be obtained, and how the funds can be controlled to ensure the most beneficial results to the SMME (Megginson et al., 2006:114). Proper financial management according to Aremu & Adeyemi (2011: 204) “requires putting in place a system that provides entrepreneurs with relevant financial information in an easy-to-read format on a timely basis; it allows entrepreneurs to know not only how their businesses are doing

financially but also why their businesses are performing that way”. In order to make financial decisions that would be of benefit to the street traders, an entrepreneur must have a good understanding of financial management.

The contribution of street trading depends on relevant managerial skills that street traders possess. Managerial function such as general, operation, financial and other related functions can impact positively on economic growth and development in the area of the study.

For street traders to function well, they need suitable agencies that can assist them to link their small businesses with economic growth and development.

2.11 Agencies that support street trading in South Africa

Small and Medium Enterprise (SMEs) are considered as the seeds of cooperative businesses and as fuel for national economic engines (Chen, 2005: 20). Street trading as a small business is included in that regard. The developmental role of SMEs and its contribution in poverty reduction continue to be in the forefront of policy debates in many developing countries. The success of SMEs is highly beneficial since they have a greater likelihood that they will utilise labour intensive technologies and thus have an immediate impact on employment generation which is a major constraints in developing countries (de Beer, 2007: 46). The development of SMEs could be seen as an accelerator for the achievement of wider economic and socio-economic objectives, including poverty alleviation, employment creation and Gross Domestic Products (Mawila, 2006: 19)

Ladzanil (2001: 23) acknowledged that many SMEs in developing countries are challenged by lack of available consistent funding to sustain their businesses. A gap and lack of clear government “pro-business” policies to support small businesses was noted. He urged that the support to these policies should not only be limited to policies and finances but also training and establish markets for the small entrepreneurs. Le

Roux & Strydom (2006: 253-258) believe that it is necessary for national, provincial and local authorities, parastatals, the organised business community, as well as non-government organisations to work together to promote small business development. The small business support agencies available are divided into three categories, namely:

- The Government Sector
- The Private Sector
- The Banking Sector

2.11.1. The Government Sector

The White Paper on National Strategy for the Development of Promotion of Small Business in South Africa (1995) states that small enterprises need a supportive legal and regulatory environment, access to markets, finance, appropriate resources and technology; training in entrepreneurship; skills and management; tax and other incentives. Various institutions and agencies were established to create an enabling environment for small businesses in South Africa such as Department of Trade and Industry (DTI), Khula Enterprise Finance Limited, National Small Business Advisory Council, and Small Enterprise Development Agency (SEDA). For the entrepreneurs engaged in competitive industries, Industrial Development Corporation (IDC) was added (Le Roux, 2006: 259-260). SMEs' contribution to employment, income and economic growth can no longer be underestimated (Fatoki & Grawe, 2010: 730).

2.11.1.1 The Department of Trade and Industry (DTI)

The government seeks to promote SMME development through Department of Trade and Industry (DTI). The mandate for this department is to establish and coordinate the overall institutional framework for SMME development (DTI, 1995: 2). This led to the establishment of Centre for Small Business Promotion (CSBP) with DTI. It is from this centre that institutions like Ntsika Enterprise Promotion Agency (now SEDA) and Khula Enterprise Finance Limited were set up as the main statutory bodies to support and assist SMME development (Le Roux & Strydom, 2006: 258; Ladzanil, 2001: 23, DTI

1995: 11). The CBSB is a directorate within DTI, responsible for policy and coordination of support programmes for SMMEs. It also mobilises funds and supervises the establishment of other new institutions such as SEDA and Khula Enterprise Finance Limited (Ladzanil, 2001: 23).

To implement the National Skills Development Strategy (NSDS), the Department of Education is recommended to cooperate with DTI and Labour to implement government initiatives and support in training entrepreneurs (DTI, Undated: 18). The NSDS is an inclusive approach to promote skills building among entrepreneurs operating both “survivalist” and “non-survivalist” enterprises (DTI, Undated: 18). Street trading activities are synonymous with survivalist enterprises as these businesses are started with minimal capital and the income earned is barely sufficient to sustain the business as well as the household (DTI, 1995: 11). A lot needs to be done to save the situation of SMEs as many developing countries (SA included) depend on SME for job creation.

2.11.1.2 The Small Enterprise Development Agency (SEDA)

The Small Enterprise Development Agency (SEDA) was established in 2004 in terms of National Small Business Amendment Act of 2003 which called for the incorporation of the previous small enterprise development agencies of Ntsika Enterprise Promotion Agency, NAMAC Trust and the Community Public Private Partnerships (CPPP) into a single small enterprise support agency. The Business Referral and Information Network (BRAIN) was also incorporated into SEDA in 2005 (Le Roux & Strydom, 2006: 254).

The role of SEDA is to support the growth of small businesses in South Africa, particularly those located in rural areas, by providing non-financial support such as mentoring programmes, business advice, help with government tenders, and technology support through Local Business Service Centres (LBSCs) and Tender Advice Centres (TACs). This role is encompassed in its mission which is, “*to develop, support and promotes small enterprises to ensure their growth and sustainability*” (Le Roux & Strydom, 2006: 258; SEDA, 2008: 9).

2.11.1.3 Khula Enterprise Finance Limited

Khula Enterprise Finance Limited is an agency of the Department of Trade and Industry established in 1996. Its role is to facilitate access to credit and loans for SMMEs (Ladzanil, 2001: 23). It does not provide funding directly to SMMEs but guarantees loans from various financial intermediaries such as:

- Khula Credit Guarantee Scheme, which provide guarantee products to commercial banks
- Other institutions and (Non-Governmental Organisations) NGOs, referred to as Retail Finance Intermediaries (RFI), which borrow from Khula to make loans to SMMEs
- Khula-Start, which provides access to micro credit in rural areas through micro credit outlets (MCOs) (Khula Enterprise, 2007: 5; Ladzanil, 2001: 23; DTI, 2013:11).

Apart from Financial assistance, Khula also provides mentorship services to entrepreneurs through Thuso Mentorship Programme. The Khula Enterprise (2007:5) programme services guides and counsels entrepreneurs in various aspects of managing their businesses. Khula works closely with SEDA (Khula Enterprise, 2007: 5; Le Roux & Strydom, 2006: 259).

2.11.1.4 The Industrial Development Corporation (IDC)

The Industrial Development Corporation of South Africa Ltd (IDC) is a self-financing, national Development Finance Institution (DFI) committed to promoting economic growth and industrial development in South Africa (IDC, 2007: 6). Though the IDC is a state-owned institution, it operates as a business, follows normal company policies and procedures, and pays income tax at a corporate rate (Le Roux & Strydom, 2006: 260).

The objectives of IDC include:

- To contribute to the goals of the Accelerated and Shared Growth Initiative of South Africa (ASGISA) by providing financing that will stimulate job creation, investment activity and economic growth
- To develop economies which are viable and sustainable environmentally and socially

- To develop Small and Medium Enterprises (SMEs)
- To accelerate Black Empowerment (BEE) (IDC, 2007: 7).

2.11.1.5 Limpopo Economic Development Agency (LEDA)

LEDA is an implementing agency of the Department of Economic Development, Environment and Tourism - a department of Limpopo Provincial Government mandated to champion economic development in the Limpopo Province (www.leda.co.za/wordpress/). The mission of this agency is “to provide an integrated platform for the full implementation of economic development activities leading to accelerated industrialisation in Limpopo, through a focus in stimulation and diversifying the industrial base” (LEDA Annual Report, 2012/2013: 3). The role of LEDA as in the 2012/2013 Annual Report are as follows:

- To provide business intelligence, research and development towards innovative solutions
- To conceptualise economic programmes and drivers
- To identify and package development opportunities and leverage partnerships
- To support local economic development capabilities
- To customise support for priority economic sectors and sub-sectors
- To coordinate and manage the implementation of strategic infrastructure and economic interventions
- To facilitate trade and investment within the province (LEDA Annual Report, 2012/2013: 4).

The success of SMME policies are questioned by Ligthelm (2004: 15); Rogerson (2004: 76) and Monkman (2003: 6). Monkman (2003: 6) highlights five major deficiencies in SMME programmes:

- Gaps between business needs and types and of services offered
- Programme not developing an entrepreneurial culture
- A tendency to serve larger, small and medium enterprises better than small ones
- Low usage of the DTI and agency programmes
- Cumbersome administration.

Rogerson (2004: 76) points to the lack of accurate data for judging SMME progress, the fact that SMMEs are not growing sufficiently to address the unemployment problem. Lastly, together with Ligthelm (2004: 15), they agree that not enough has been done by the programmes to assist micro-enterprises. If these critiques are taken into consideration, it would seem that the target groups at which these programmes are directed to, be revised so that policies could empower informal businesses and make a positive contribution to both the formal and informal economies. That will provide employment opportunities to those at lower level of the South African economy.

2.11.2 The Private Sector

Ladzanil (2001: 23) argues that the government best plays the role of the facilitator and not necessarily an implementer of the transformation process in the SME sector. The argument gives acknowledgement of the role the private sector plays in supporting small businesses as they reflect the entrepreneurship characteristics of small business themselves. An example of such institution is Business Partners Limited and Small Enterprise Foundation.

2.11.2.1 Business Partners Limited

Established in 1981, Business Partners Limited is the driving force behind entrepreneurial growth and development for small businesses in South Africa. The company's vision and mission is to facilitate wealth generation, job creation and economic development in South Africa. It provides various services to entrepreneurs including, customised investment solutions, property broking, property management, technical assistance, mentorship, counselling and on-going business support through industry-specific units (Business Partners, 2007: 1). The company invests in start-up, expansions, outright purchases, management buy-outs and buy-ins, leveraged buy-outs, franchises, tenders and contracts but, it does not operate in informal or micro-enterprises sector (Business Partners, 2007: 2; Le Roux & Strydom, 2006: 261-262).

2.11.2.2 The Small Enterprise Foundation (SEF)

The Small Enterprise Foundation (SEF), is a not-for-profit, pro-poor micro finance institution which began in 1992. It is based in Tzaneen, Limpopo Province. The aim of SEF is to work towards the elimination of poverty and unemployment. It has two programmes: the Microcredit Programme (MCP) and the Tshomisano Credit Programme (TCP). The MCP focuses on existing, but generally micro-enterprises and provides them with micro-loans. On the other hand, TCP strictly targets women who live below poverty line (SEF, 2012: 1). SEF employs a group-based lending methodology patterned after the Grameen Bank of Bangladesh. Potential members form themselves into groups of five, which are rigorously tested before they are officially recognized. Upon recognition, groups are eligible to apply for loans which they collectively guarantee.

SEF does not provide savings services, it requires members of both programmes to accumulate regular savings through a Post Office Savings Account. Loans are distributed and groups deposit into their account. SEF has no direct control of or access to the group savings. Through the savings plan, borrowers build up a fund which they can fall back on when faced with mishaps or tragedies. SEF was established in response to the unmet need of available and affordable credit facilities for small businesses especially for the self-employed in their struggle to generate an income. Financial institutions and other small business funding agencies should create policies that cater for the needs of entrepreneurs even at the survivalist level of the informal sector to help them migrate to better business opportunities (Agrisystems Consortium, 2008: 14).

2.11.3 The Banking Sector

Economic growth and employment creations are the national initiatives as government emphasised. Most of the commercial banks have now created divisions that services small businesses. Some products and services bank offer include asset finance; call accounts; credit and debit cards; letters of credit; mortgage bonds, overdraft; revolving

credit, and term loans (Le Roux & Strydom, 2006: 263). The following major banking groups will be looked into; Standard Bank, ABSA, First National Bank (FNB) and Nedbank.

2.11.3.1 The Amalgamated Banks of South Africa (ABSA)

ABSA is a leading bank in the financing of small businesses management in South Africa. It understands and appreciates the need for small business to expand. ABSA's financial products to SMMEs include asset finance; term loans; structured finance; debtor finance; and vehicle management solutions (www.absa.co.za/absa/content).

2.11.3.2 First National Bank (FNB)

FNB provides support to SMMEs for every start-up cycle. It assists entrepreneurs with business plans and a cash flow projection tool at the initial stage of the business. Various business accounts offered are electronic banking; cell phone banking; cheque accounts; business cheque accounts; business petrol accounts and credit cards (www.fnb.co.za/commercial/findsolutions/startup/index.htm).

2.11.3.3 Nedbank

Nedbank has a dedicated Small Business Service division whose aim is to provide financial support and solutions essential for the growth and development of small businesses. The service targets businesses that have an annual turnover of between R150, 000 and R5 million, and employs fewer than 25 people (www.nedbank.co.za/website/contact/corporate/sme). The above-mentioned target does not accommodate micro enterprises like street trading.

2.11.3.4 Standard Bank

Standard Bank has many branches nationwide which entrepreneurs can visit. It offers mobile banking where in which clients are visited at their respective businesses by mobile bankers. They assist the "would-be" entrepreneurs with business plans, setting accounts and arrange finance for them. Financial products available to SMMEs include

overdraft; business revolving credit; business term loans; medium term loans; business mortgage; vehicle asset finance; Khula guaranteed loans; property finance and debtors finance (www.standardbank.co.za/co.za/site/business).

Lack of policies that compel the private financial institutions to support street trading impact negatively on the success and acceleration of economic development in the area of the study. If financial institutions can relax their terms and conditions on loaning policies, street trading can contribute effectively and enormously into economic growth and development in Polokwane in particular, and South Africa as a whole.

2.12 Conclusion

The purpose of this chapter was to review relevant literature on street trading. In an attempt to highlight the importance of street trading, the literature revealed the need to grow viable street trading, its initiative for economic growth and development. Growing viable street trading could assist the municipality in realizing its goals of poverty alleviation, unemployment reduction and economic growth. Unfortunately, due to lack of support and high failure rate of street trading each year, these goals have not been accomplished to the degree the government had envisaged.

The literature has revealed some of the factors that accelerate and hamper the functions of street trading. Factors such as lack of financial support, managerial skills, lack of relevant markets and other related factors were revealed hampering the activity of street trading. A number of factors that could contribute towards economic growth and development of street trading in a positive manner were also revealed.

To solve the above-mentioned challenges, the literature has revealed some of the agencies that can be used to support the viability and sustainability of street trading. Agencies that emanated from the government sector, private sector and banking sector were discussed in this chapter. In the next chapter, different types of research

approaches, methods and techniques will be presented. These research methods will help the researcher to collect and analyse data in Chapter 4.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The previous chapter presented a review of relevant literature. This chapter focuses on the research design, methodology and research techniques. Milondzo (2003: 27) argues that there is no single and perfect method of obtaining data. For this reason he maintains, collecting data by using more than one method is often a prudent procedure.

3.2 Research Design

A research design is described as a plan or blueprint of how one intends conducting research (Babbie & Mouton, 2002: 74). The statement is also supported by Cooper & Schindler (2006: 71) who referred to research design as the blueprint for fulfilling research objectives and answering questions pertaining to the problem and phenomena being investigated. It specifies the methods and procedures for collection, measurement, and analysis of data.

Research design could be classified by the approach used to gather primary data, there are two alternatives. The researcher can observe conditions, behavior, events, people, or processes, or the researcher can communicate with people about various topics, including participants' attitude, motivations, intentions and expectations (Cooper & Schindler, 2006: 71).

Based on the above-mentioned explanation and the nature of study, the communication approach, which involves surveying through questionnaires or interviewing people and recording their responses for analysis was used in this study.

3.3 Research Methodology

Hussey and Hussey in Benedict (2009: 44) define research methodology as the overall approach to the research process, from the theoretical underpinning to the collection and analysis of the data. Thus, methodology is concerned with issues such as:

- Why certain data was collected
- What data was collected
- Where the data was collected
- When it was collected
- How it was collected
- How it will be analysed.

The research methodology used in this research study involves:

- Literature review
- Survey method (questionnaires, interviews and observations)
- Sampling method.

The literature review was drawn from recent theoretical information from textbooks and journals as well as official websites. It comprises empirical evidence on similar research conducted in other parts of South Africa as documented in articles and journals. Literature review helped in identifying the impact of street trading towards the economic development in the country.

In this study, a sample of street traders was selected from the target population with a view to test the significance of street trading, what impact it generates towards economic development in the area of the study.

3.4 Research Approaches

Due to the nature of the study, the researcher has used both qualitative and quantitative approaches which are called mixed research design for collecting data as they are both relevant to the study.

3.4.1 Qualitative Approach

Qualitative approach is mostly used by researchers who conduct a case study of a small group of people for a long period of time. Qualitative approaches are those in which the descriptions of observations are not usually expressed in qualitative terms. This is done when the researcher collects data through observation, an interview and analysis of documentary materials and little measurement is involved (Milondzo, 2003: 20). The approach helps the researcher to gain firsthand information while leading to a holistic understanding of the phenomenon. Shange (2007: 55) defines qualitative research as a method in which procedures are not strictly formalized, while the scope is more likely to be undefined; and a more philosophical mode of operation is adopted. Non-Mathematical procedures are used when interpreting and explaining their research.

3.4.2 Quantitative Approach

This approach is largely empirical or experimental as it is based on the measurement of quantity or amount. The quantitative approach involves the collection of numerical data in order to explain, predict and control phenomena of interest (Hadebe, 2008: 45). Avry, Jacobs and Razavich in Hadebe (2008: 45) define it as enquiries that use operational definitions to generate numerical data to answer set questions of the study. The study begins with an inductive approach, i.e. the observation of data collected and analysed, leading to possible explanation and provide recommendations to the research problem.

3.5 Target Population

Hair, Bush and Ortinau (2000: 328) refer to population as the identifiable total set of elements of interest being investigated by a researcher. Population refers to a group of elements or cases that conform to specific criteria, and are intended to be generalized once the results of the research have been obtained (Hadebe, 2008: 46). The target population is all the street traders in the City of Polokwane.

3.6 Sampling

Sample is referred by Steyn, Smit, du Toit and Strasheim (2003:16) as any subset of population- a reasonable proportion will justify generalization of the entire population from the findings of the study. According to Hair, Bush and Ortinau (2000: 327), sampling involves selecting from a larger defined group of elements and expecting that the information gathered from the small group will allow judgment to be made about the large group. Due to the large number of participants, the researcher has selected fifty (50) participants as a sample.

There are two types of sampling methods namely: probability sampling and non-probability sampling. Probability sampling is based on the concept of random selection in which each unit in the defined target population has a known, non-zero probability of being selected for the sample. In contrast, non-probability sampling is non-random and subjective – the probability selection of each sampling is not known (Cooper & Schindler, 2006: 166; Hair et al., 2000: 344- 345).

3.6.1 Probability Sampling

In probability sampling, every element in the sampling frame has an equal chance of being included in the sample (Milondzo, 2003: 16). There are a number of different

probability sampling techniques that the researcher can use. Tshabalala (2004: 28) maintains that each element has the same probability of being selected.

3.6.1.1 Simple Random Sampling

Samples are drawn from population in such a way that each element of that population has the same chances of being drawn during the first and at each successive draw. This sampling method is not a good reflection of the population as a whole therefore; it is not always the best option (Fox & Bayat, 2007: 56).

3.6.1.2 Stratified Random Sampling

Cooper and Schindler (2006: 416) refer to this method as a process by which the sample is contained to include elements from each of the segments within the population.

3.6.1.3 Systematic Sampling

Every k^{th} element in the population as Cooper and Schindler (2006: 415) maintain, is sampled starting with random start of an element in the range of 1 to K . The k^{th} element is determined by dividing the population by sample size to obtain a skip pattern to the sampling frame.

3.6.2 Non-Probability Sampling

Non-probability sampling is not selected according to the principle of statistical randomness. They are selected according to other principle such as convenience or accessibility (Terre Blanche & Durrheim, 2002: 279). The following are the different types of non-probability sampling methods:

3.6.2.1 Haphazard Sampling

This method involves selecting haphazardly those cases that are easiest to obtain like interviewing people in the street (Welman, Kruger & Mitchel, 2005: 69).

3.6.2.2 Accidental Sampling

All members of the population that are near and readily available for research purpose can become participants.

3.6.2.3 Snowball Sampling

Welman et al (2005: 69) argue that when few individuals from relevant population are approached, and then those individuals act as informants and identify other people from the same population for in the sample.

3.6.2.4 Purposive Sampling

Purposive sampling according to Welman et al (2005: 69) is when researchers rely on their experience or previous research findings to deliberately obtain units of analysis in such a manner that the sample they obtain may be regarded as being representative of the relevant data.

For this study, the researcher has used purposive sampling to achieve the intended objectives stated in Chapter one. This sampling method has been realized through questionnaires and semi-structured interview.

3.7 Survey Methods

A survey research method according to Lancaster (2005: 146), is essentially an approach to data collection that involves collecting data from a large number of respondents. The researcher aims at producing generalizations about populations by collecting information from samples. Survey research methods according to Thomas (2004:21), include various sampling designs and techniques, the use of interviews and self-completion questionnaires and many quantitative analyses.

3.7.1 Questionnaire

White (2003: 90) states that a questionnaire is a quantitative data collection tool; it can use questions or a statement, but in all cases the subject is responding to something written.

A questionnaire was used to collect numerical data from street traders in the City of Polokwane. It was designed in such a way that each major section corresponds to one of the researcher's questions or objects stated in Chapter one. This research technique helps the researcher to get an overview of all the problems that are experienced by the respondents.

3.7.2 Semi-structured Interview

The obvious difference of interviews from questionnaire is that an interview provides access to what is inside a person's head, making it possible to measure what a person knows (knowledge of information), what a person like or dislike (values and preferences) and what a person thinks (attitudes and beliefs) (Cohen & Manion in White; 2003: 101). According to Imenda & Muyangwa (2000: 32), the same considerations and techniques used when developing the questions can be used to develop interview questions, however, interviews are time consuming, demanding and more expensive to conduct than questionnaires. The researcher has used semi-structured interviews to collect more information from the stakeholders about problem statement stated in chapter one.

3.7.3 Observation

To get more information and understanding from the respondents, observational research techniques have been used as a supplement to the above-mentioned instruments. According to Hadebe (2008: 53), observation technique is a data collection method that seeks to ascertain what people think and do by watching them in action, as they express themselves in various situations and activities. It is also recognized as the most direct means of studying people when one is interested in their overt behavior. The researcher was an outside observer at various selling points in the City of

Polokwane streets. Due to the nature of the study, the researcher has made use of questionnaire and semi-structured interview.

3.8 Reliability

According to Cooper and Schindler (2006: 215), reliability is concerned with estimates of the degree to which a measurement is free of random error or unstable error. A measure is reliable to the degree to which it supplies consistent results. Consistency is therefore a central notion to the meaning of reliability. This implies both to subjects' score on measures (measurement reliability) and to the outcomes of the study as a whole. Individuals will score similarly on reliable measures on numerous occasions. Similarly, the same set of results obtained repeatedly in replications of the study is reliable (Terre Blanche & Durrheim, 2002: 64). The reliability of the study will be ascertained in as far as the results obtained in the empirical research are consistent with what the research instrument was meant to measure.

3.9 Validity

Validity refers to the degree to which the researcher's conclusion are sound (Terre Blanche and Durrheim, 2002: 16). Validity therefore, is concerned with whether the findings of the study are really about what they appear to be about. In this study on the impact of street trading towards economic development in the city of Polokwane, the researcher has attempted to show that for the specific inferences and conclusion made, there is evidence that validity exists. The researcher will furthermore, have to be consistent with the use of the results as it is clearly shown in this study.

3.10 Data Collection

Data was collected by means of structured interviews. Benedict (2009: 53) mentioned that questionnaires are a popular method of collecting data. It is cheaper and less time-consuming; and it can be distributed to get information from very large samples to allow for ease of analysis, without compromising the quality of data collected. The questionnaire was formulated in two ways. First, in a question format that was highly structured, and second, in a likert scale format. Hair et al (2000: 415) attest that on the one hand, a highly structured questionnaire format allows the use of closed questions that require the respondent to choose from a predetermined set of responses or scale points. A likert scale format on the other hand, involves the use of special ratings scale that asks respondents to indicate the extent to which they agree or disagree with a series of mental belief or behavioral belief statement about a given subject.

Fifty (50) questionnaires were distributed to the selected street traders around the City of Polokwane. Street trading of different sizes, in different streets were randomly selected, and all were visited by the researcher with the questionnaires. The researcher received all the questionnaires and they will be analyzed and interpreted in the next chapter.

3.11 Data Analysis

The researcher employed both qualitative and quantitative methods for the purpose of data analysis. Survey methods, namely, questionnaires, interviews and observation were used to collect and analyse data. Due to the number of participants, purposive sampling was used to obtain data from the research population. After the research data is collected, a computer will be used to analyse data accurately. This data will be presented in the form of graphs and tables.

3.12 Ethical Consideration

Ethics includes those factors the researcher should consider to safeguard the interest of respondents and prevention of irregularities that can negatively affect them during and after their participation in the research study.

3.12.1 Informed Consent

Participants were recruited in a fair manner and they were not forced to participate in the study against their will. The purpose and objectives of the study were explained to them, through the covering letter and verbally. Therefore, participants had an idea of the type of information that the researcher intends to obtain from them. According to Saunders, Lewis and Thornhill (2000: 460), it is the responsibility of the researcher to explain as fully as possible, and in terms meaningful to the participants; the aim and nature of the research, who is undertaking it, who is funding it, its likely duration, why it is being undertaken, the possible consequence of the research, and how the results are to be disseminated.

3.12.2 Confidentiality

Confidentiality was maintained by solely making use of the information obtained from the questionnaires and interviews with the research participants for the purpose of an academic study, and respondents were assured of strict anonymity and confidentiality of information. Saunders et al (2000: 133) maintain that individuals have a right to privacy which means that the researcher will have to accept any refusal to take part.

3.12.3 Protection from harm

Participants were protected from physical, psychological or general-work related harm. Extra care was taken to protect any information that they divulge about their businesses. Cooper & Schindler (2006: 16) maintain that a research design that safeguards against causing mental harm to participants and makes data integrity a first priority should be highly valued.

3.13 Conclusion

In this chapter, different research approaches, methods and techniques were discussed to demonstrate how the researcher would strive to relate the theory into practice. The researcher has tried to maintain the balance between validity and reliability in the study. This overview shows clearly that there is no single research method which can claim superiority over the other. Despite the limitation that the researcher has found in some of the research approaches, it can still be used as long as the researcher can use them appropriately. In the next chapter, the researcher will focus on the data collection, analysis and interpretation. The applicability and relevance of the data to the impact of street trading on the economic development in the City of Polokwane will be looked at.

CHAPTER 4

ANALYSIS AND THE INTERPRETATION OF RESULTS

4.1 Introduction

This chapter deals with the empirical investigation and methods employed in collecting and analyzing the data related to factors that hamper the positive impact of street traders in the City of Polokwane in Limpopo Province. Due to the number of street traders in the City of Polokwane, the decision was made to use the stratified random sampling method to select the street traders that would be investigated in this study.

The objective of the analysis is to identify and examine the factors that impact negatively on street trading towards economic development in the City of Polokwane. The data analysis and interpretation of results will enable the researcher to arrive at suitable conclusions and recommendations that answer the research questions stated in Chapter one (1).

4.2 Data analysis

Data collected from the structured questionnaires was analysed by computer. The computer programme (SPSS) was used to process data collected through empirical investigation. The researcher received responses from all the respondents who were requested to participate in the research study. Information obtained from the sample elements in the sample survey was generated by using statistical inference to reach valid conclusions regarding the characteristics of the population as a whole (Nyathi, 2009: 4). The number of respondents used in the empirical research is summarized in Table 4.1 below.

Table 4.1 Distribution of respondents according to gender

ITEM	FREQUENCY(F)	PERCENTAGE (%)
Q.1 What is your gender?		
1. FEMALE	25	50
2. MALE	25	50
TOTAL	Fx=50	100%

The total number of respondents was 50. Fifty percent of the respondents were females. Q.1 represents equal distribution of gender. This was done to avoid biasness in the study. This is in line with the policies of the new democratic government on gender equity in South Africa.

Table 4.2 Street trading and economic development

ITEM	F	%
Q.2. Is there any relationship between street trading and economic development?		
1. Agree	4	8
2. Strongly Agree	6	12
3. Disagree	9	18
4. Strongly Disagree	30	60
5. Uncertain	1	2
Total	Fx= 50	100

Q.2 reveals that thirty-nine (78%) of the respondents disagreed with the statement, ten (20%) respondents agreed with the statement. Only One (2%) respondent was not sure. From the above findings, it is clear that most of the respondents do not understand the relationship between street trading and economic development. This shows that the

majority of the traders need empowerment so as to know the impact of street trading on the economic development.

Table 4.3 Street traders, access and funding

ITEM	F	%
Q.3 Street traders do not get funding very easily		
1. Agree	20	40
2. Strongly Agree	25	50
3. Disagree	2	4
4. Strongly Disagree	1	2
5. Uncertain	2	4
Total	Fx=50	100%

Q.3 indicates that forty-five (90%) of the respondents supported the statement, while three (6%) of them disagreed with the statement. Only two (4%) of the respondents were recorded not sure. From the above-mentioned results, it was clear that street traders do not have access to funding. This problem has made many of the traders not to improve in their businesses.

Table 4.4 Street trading and unemployment

ITEM	F	%
Q.4 Do street traders start trading because of unemployment?		
1. Agree	24	48
2. Strongly Agree	20	40
3. Disagree	3	6
4. Strongly Disagree	2	4
5. Uncertain	1	2
Total	Fx=50	100%

Q.4 reveals that forty-four (88%) of the respondents confirmed that most of the street traders start trading due to unemployment, while five (10%) of them disagreed with the statement. Only one (2%) of the respondent was not certain. From the above-mentioned information, it clearly shows that the majority of street traders started street trading due to unemployment. It is evident through these findings that most of these street traders have started their trading without enough capital, hence less success rate.

Table 4.5 Street trading and lack of support

ITEM	F	%
Q.5 Does street traders get enough support from other stakeholders?		
1. Agree	4	8
2. Strongly Agree	6	12
3. Disagree	10	20
4. Strongly Disagree	28	56
5. Uncertain	2	4
Total	Fx=50	100%

Q.5 shows that thirty-eight (76%) of the respondents disagree with the statement while ten (20%) of them agreed with the statement. Only two (4%) of the respondents recorded not sure. From the above-mentioned findings, it is clear that most of the respondents did not get enough support from the relevant stakeholders. Therefore, to get support, the stakeholders demand a lot of requirements such as property guarantee, and other amenities which these street traders do not have.

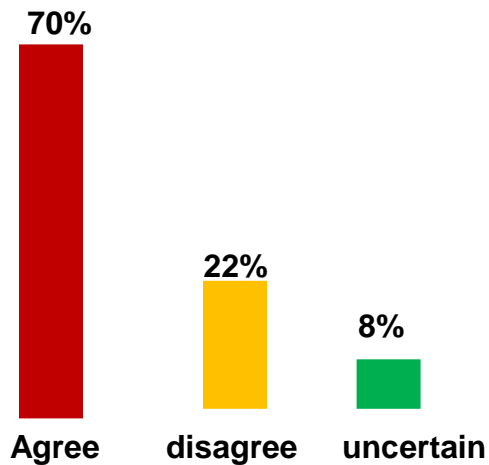
Table 4.6 Street trading and training

ITEM	F	%
Q.6 Training programmes can help to improve small businesses in the area of study.		
1. Agree	30	60
2. Strongly Agree	10	20
3. Disagree	3	6
4. Strongly Disagree	5	10
5. Uncertain	2	4
Total	Fx=50	100%

In Q.6, it is shown that forty (80%) of the respondents were of the opinion that training could help them to improve their businesses, while eight (16%) of them had an opposing view. Only two (4%) of the respondents were recorded not sure. From the above-mentioned findings, it is clear that training can improve their businesses. Relevant training programmes can improve street trading in the area of the study.

Q.7 Do you want the economic policies to be reviewed to accommodate street trading?

Fig.4.1 Street trading and economic policies



From the above figure, thirty-five (70%) of the respondents agreed that economic policies need to be reviewed. Eleven (22%) of the respondents disagreed with the statement, while four (8%) of the respondents were recorded as not certain.

From the above-mentioned information, the majority of the respondents wanted the economic policies to be reviewed so as to accommodate street trading. The process needs to be accelerated if street traders are to be assisted to survive and contribute to economic growth and development in the City of Polokwane.

Table 4.7 Street trading, conditions and funding

ITEM	F	%
Q.8 Conditions for allocating funds to the street traders in the area of study are favourable.		
1. Agree	2	4
2. Strongly Agree	5	10
3. Disagree	20	40
4. Strongly Disagree	21	42
5. Uncertain	2	4
Total	Fx=50	100%

In Q.8, it is shown that a total of forty-one (82%) of the respondents disagreed with the statement. Seven (14%) of the respondents agreed with the statement while only two (4%) of the respondents were recorded not sure. From the above-mentioned information, it is evident that the conditions laid by the financial providers are not favourable for street traders. As a result, most of these street traders did not apply for funding due to unfavourable conditions.

Q.9 Is there any link between street trading and business experience?

Figure 4.2 Street trading, experience and success

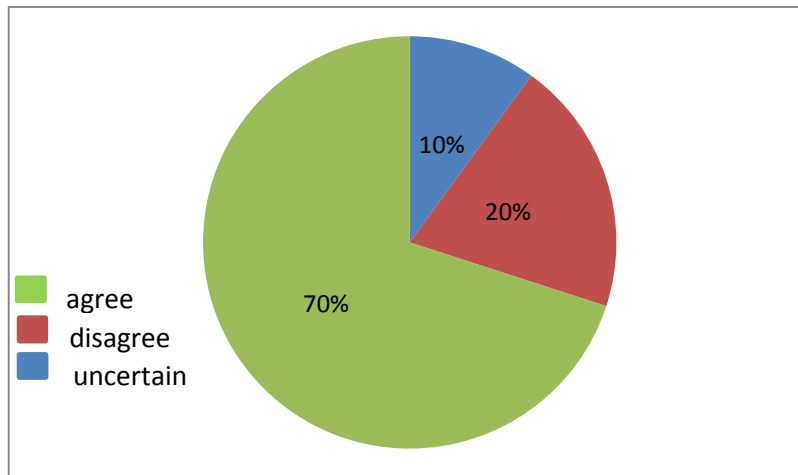


Fig 4.2 reveals that thirty-five (70%) of the respondents confirm that there is a link between street trading, individual business experience and success. Ten (20%) of the respondents disagreed with the statement. Only five (10%) of the respondents were recorded as unsure.

From the above-mentioned results, it is evident that the majority of the respondents confirmed that there was a link between individual business experience and success. It is surprising that some of these street traders are succeeding without business experiences. With other street traders who lack appropriate experience, they can also be encouraged to attend entrepreneurial skills workshops/ seminars to enhance their business knowledge.

Table 4.8 Street trading, economic growth and development

ITEM	F	%
Q.10 Economic growth and development can be achieved if street traders are getting enough support in the area of the study.		
1. Agree	18	36
2. Strongly Agree	22	44
3. Disagree	2	4
4. Strongly Disagree	6	12
5. Uncertain	2	4
Total	Fx=50	100%

In Q.10, it is shown that a total of forty (80%) of the respondents agreed with the statement. Eight (16%) of the respondents disagreed with the statement, while two (4%) of the respondents recorded as unsure.

From the above-mentioned information, it is clear that the majority of the street traders confirmed that if street trading gets enough support, economic growth and development can be achieved in the area of the study. This statement calls for different institutions and individuals who have resources to support street trading to enhance economic growth and development in the City of Polokwane.

4.3 Data obtained through semi-structured interviews

In this section, data obtained through interviews from fifty (50) respondents, comprised of bank managers, government officials and other small business owners in the City of Polokwane who are represented. The responses from the respondents have given the researcher a clear picture about the general conditions and the motivational factors that impact on both the performance of street traders and the economic development in the area of the study.

Challenges that emanated from the semi-structured interview were as follows:

- Inadequate finance. Most of the interviewees had anonymously agreed that there was an inadequate finance in the area of study. Out of fifty (50) respondents who were interviewed, forty-five (45) of them agreed that there was an inadequate finance in the area of the study
- Lack of information impacts negatively towards both street trading and economic development. From the fifty (50) respondents interviewed, forty (40) of them confirmed that lack of information impact negatively towards both street trading and economic development in the area of study
- Lack of government support makes life difficult for street traders to contribute positively towards economic development in the City of Polokwane. Out of fifty respondents interviewed, forty-two (42) claimed that lack of support from government hampered street trading to contribute positively towards economic development in the City of Polokwane
- Lack of entrepreneurial skills and knowledge make it difficult for street traders to succeed and have impact on the economic development in the area of the study. Out of fifty (50) respondents, thirty-nine (39) of them confirmed that lack of entrepreneurial skills and knowledge impact negatively on the success of economic growth and development in the area of the study.
- Inadequate business support. Out of fifty (50) respondents interviewed, forty (40) of them agreed that lack of business support impacts negatively on the management of street trading and economic development in the area of study

- Unfavourable government policies. From the fifty (50) respondents interviewed, forty-four (44) of them claimed that unfavourable government policies impacts negatively on street trading and economic development in the City of Polokwane.

From the above-mentioned analysis, it is evident that the study has managed to answer the objectives and the research questions stated in Chapter one.

4.4 Conclusion

This chapter showed that problems concerning the impact of street trading on the economic development in the City of Polokwane need further investigation. Some of the factors that accelerate and hamper street trading in the area of the study were revealed and analyzed in this chapter. In the next chapter, an overview of the study, findings, recommendations and conclusion from the study will be presented.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter included an overview of the study, findings, recommendations for further research and conclusion. The discussion in this chapter has further deliberated on the following:

- An overview of street trading and economic development
- Findings from empirical research and structured interviews
- Recommendations from the research study
- The limitation of the study and further research

5.2 An overview of the study

In chapter one, an orientation to the problem of the study was presented. From the literature review, it is evident that street trading can have an impact on economic growth and development as presented in chapter 2. Street trading can assist the country with job creation, poverty alleviation and other related important issues. The research design and methodology that helped the researcher to collect and analyse data were presented in chapter three. Data collection, analysis and the presentation of the results were discussed and interpreted in chapter four. The findings and recommendations are discussed in this chapter against the objectives stated in chapter one.

5.3 Findings

In the next session, findings from the literature review, empirical research and semi-structured interviews on certain factors that hamper the development of street trading are outlined.

5.3.1 Findings from the literature review

- The term street trading is not static but dynamic. It can be defined and interpreted by different authors from different perspectives
- Street trading is one of the business processes that can be used to improve economic growth and development of a particular country
- Street trading needs analysis so as to be understood by both street traders and other stakeholders in the area of study.

5.3.2 Findings from the empirical research

- 80% of the respondents revealed that there were many challenges related to street trading in the City of Polokwane
- 78% of the respondents do not understand how street trading relates to economic development
- 90% of the respondents revealed that street traders did not have access to funding to improve their businesses
- 88% of the respondents confirmed that unemployment made them to start street trading in the area of the study
- 76% of the respondents revealed that they did not get enough support from the relevant stakeholders
- 80% of the respondents agreed that training could help them to improve their small businesses in the area of the study

- 78% of the respondents wanted the economic policies on SMME to be reviewed so as to accommodate street trading
- 82% of the respondents revealed that conditions for awarding funds by financial providers in the area of study are not favourable
- 88% of the respondents revealed that there was a linkage between individual business experiences and success in street trading
- 80% of the respondents claim that if street trading can get enough support, economic growth and development can be achieved in the area of study.

5.3.3 Findings from semi-structured interviews

Interviews were conducted amongst the fifty (50) respondents to get their general feeling on street trading towards economic growth, development and factors that hamper their business success in the City of Polokwane. From the interviews, the following factors were regarded by interviewees as the main challenges that hamper economic growth and development when street trading in the area of the study:

- Inadequate finance, most of the interviewees had anonymously agreed that there was an inadequate finance in the area of study
- Lack of information impacts negatively towards both street trading and economic development
- Lack of government support makes life difficult for street traders to contribute positively towards economic development in the City of Polokwane
- Lack of entrepreneurial skills and knowledge make it difficult for street traders to succeed and have an impact on the economic development in the area of the study.
- Inadequate business support hampers the success of street trading in the area of study
- Unfavorable government policies contribute towards poor success rate of street trading in the area of study.

5.4 Recommendations

On the basis of the findings from the empirical research and interviews, the following motivated recommendations are made:

- Street traders should be empowered so as to understand the relationship between street trading and economic development
- Government officials should be encouraged to empower street traders to understand the relationship between street trading and economic development
- Financial institutions should be encouraged to relax their laws and conditions so as to accommodate street traders to have access to their financial loans
- The Polokwane Municipality should be encouraged to create more jobs so as to reduce the number of street traders in the City of Polokwane
- Street traders should be encouraged to attend training related to their businesses so as to improve their skills
- Economic policies should be reviewed so as to accommodate street traders
- Experienced street traders should be encouraged to share their experiences with others to assist them to succeed in street trading
- Government officials should be encouraged to give support to the street traders so that economic growth and development can be achieved.

5.5 Limitation of the research study

The study cannot claim to have revealed all the challenges experienced by street traders in the City of Polokwane, as these factors are not static but dynamic and situational. In addition, there is a limitation in the use of the target population, as the population was not a representative sample of the whole street trading populace in Limpopo Province. The respondents that took part in the study were only traders located in the City of Polokwane due to financial and time constraints. However, the findings laid a foundation for further intensive research in the area of the study.

5.6 Further research

All researches are intended to suggest further research as no research is complete in itself. The following topics are suggested for further research:

- The perception of street traders towards business success
- Exploring factors that can accelerate profit among street traders
- The relationship between finance and street trading

5.7 Conclusion

The purpose of this study was to investigate the impact of street trading on the economic development in the City of Polokwane. The factors that hinder street trading from making an impact on economic growth and development have been discussed in full in Chapter five, suggestions for the solutions of the problems stated in Chapter one have been briefly outlined in this chapter.

The study is an eye-opener to the policy-makers, stakeholders and street traders. It is now their responsibility to look into the researcher's ideas and recommendations for possible ways to assist street trading towards economic growth and development.

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APPENDIX 1

QUESTIONNAIRE

Q.1 Gender, tick the correct box:

Female	<input type="checkbox"/>
Male	<input type="checkbox"/>

Q.2 Is there any relationship between street trading and economic development?

.....

Q.3 Are street traders getting funds easily?

.....

Q.4 Do street traders start their business because of unemployment?

.....

Q.5 Do street traders get enough support from stakeholders?

.....

Q.6 Can the training programmes assist in improving the small business in the City of Polokwane?

.....

Q.7 Do you want the economic policies to be reviewed to accommodate street traders?

.....

.....

Q.8 Are conditions of allocating funds to the street traders in the City of Polokwane favourable?

.....

.

Q.9 Is there any link between street trading and business experience?

.....

Q.10 Do you think if street traders are getting support they can contribute towards the achievements of economic growth and development?

.....

Thank You

University of Limpopo
School of Economic and Management
Department of Public Administration
Private Bag x1106
Sovenga
0727

Dear Sir

TO WHOM IT MAY CONCERN

Kindly take note that Polokwane Municipality has granted permission to Ms Majabodumi M.I a Hononurs student at University of Limpopo to conduct her research on *"The impact of street trading on the Economic Development in the city of polokwane, Limpopo Province"*.

As part of her research she interviewed Stakeholders from Local Economic Development and Hawkers around polokwane Municipality.

Kindly give Ms Majabodumi M.I your full cooperation in this regard.

Yours faithfully



Mr G Khumalo
Acting Assistant Manager: Training and Skills Development

CORPORATE AND SHARED SERVICES
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- P.O. BOX 111 POLOKWANE, 0700
- CIVIC CENTRE, CNR LANDROOS MARÉ & BODENSTEIN STREETS
- POLOKWANE, 0699, SOUTH AFRICA
- TEL: +27 15 290 2211/2213/2344
- FAX: +27 15 290 2210





University of Limpopo
Centre for Academic Excellence
Private Bag X1106, Sovenga, 0727, South Africa
Tel: (015) 268 2707/3439, Fax: (015) 267 3318, Email: dollence.baloyi@ul.ac.za

08-04-2016

To whom it may concern

Dear Sir/Madam

This serves to certify that I have edited a complete thesis for Majadibodu Machuene Inolia of student number 8902089, entitled 'The Impact of Street Trading on the Economic Development in the City of Polokwane, Limpopo Province'. The work was edited for both language and technical layout of the whole document.

Kind regards

Hlamalani Dollence Baloyi

Academic Development Practitioner