



**THE ROLE OF INFORMAL SECTOR TOWARDS  
ENTREPRENEURSHIP DEVELOPMENT IN MAKHADO LOCAL MUNICIPALITY**

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SUBMITTED FOR THE DEGREE OF

MASTER OF COMMERCE IN BUSINESS MANAGEMENT

SCHOOL OF MANAGEMENT SCIENCES

UNIVERSITY OF VENDA

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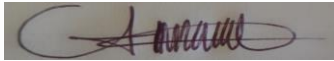
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March 2021

## DECLARATION OF WORK AND COPYRIGHT

I, Mukuvhi Avhazwifuni Claude of student number: 14003985, hereby declare that this dissertation for Masters commerce in Business Management in the Department Business Management at the University of Venda titled “The role of informal sector towards entrepreneurship development in Makhado Local Municipality”, hereby submitted by me, has not been submitted previously for a degree at this or any other University, and that it is my own work in design and execution, and that all the material contained has been duly acknowledged.

SIGNED:



DATE: 09/06/2021

## ACKNOWLEDGEMENTS

I thank God for the wisdom, knowledge and strength that He gave me, to finish this project.

I give special thanks to my supervisor, Dr L.G Nkondo and Co-Supervisor Ms NT Khohomela for the support, guidance and patience they showed throughout the journey of my research project.

I also give special thanks to my mother Mrs Mukuvhi Joyce Tshilidzi without her support I would not have made it this far.

I would like to extend my gratitude to my research assistant Ms Nkhumbuleni Rambau.

Lastly, I give special thanks to the Service SETA financial scheme for the financial support they given me.

## THE ROLE OF INFORMAL SECTOR TOWARDS ENTREPRENEURSHIP DEVELOPMENT IN MAKHADO LOCAL MUNICIPALITY

### ABSTRACT

The informal sector plays a pivotal role in developing countries. Its presence in the economy contributes greatly in two ways: firstly, informal entrepreneurs drive job formation through small-business creation. Secondly, it is considered an incubator for business potential and a stepping stone for accessibility and graduation to the formal economy, thus it is a response to poverty and unemployment. The purpose of this study was to investigate the contributions of the informal sector to entrepreneurship development in Makhado Local Municipality. To address the research problem, the Interpretivist paradigm was used. The Interpretivist paradigm is a trend of research approach, and it support the use of qualitative methods for data collection and involves the social interaction with the population group of the study. The Interpretivist paradigm was chosen because it establishes a platform towards understanding the world as it is from subjective experiences of individuals. The study utilized a mixed method approach which includes both qualitative and quantitative approach. The non-probability convenience sampling approach was adopted because it is very easy to carry out with few rules governing how the sample should be collected. A sample size of 150 participants derived using convenience sampling was used to determine various characteristics of the study population. Semi-structured questionnaires were distributed to micro-entrepreneurs. Data collected was analysed using International Business Machines Statistical Package for Social Scientists version (IBM SPSS) 25 and thematic content analysis. The findings and recommendations will be established to ensure a progressive entrepreneurial environment.

*Keywords: Makhado Local Municipality, informal sector, entrepreneurship, development, entrepreneurs*

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## LIST OF ACRONYMS AND ABBREVIATIONS

SEDA: Small Enterprise Development Agency

SME: Small Medium Enterprise

OECD: Organisation for Economic Development and Cooperation

ILO: International Labour Organisation

Stats SA: Statistics South Africa

GDP: Gross Domestic Product

IA: Informal Activities

IS: Informal sector

LEAP: Lean Enterprise Acceleration Programme

DTI: Department of Trade and Industry

NYDA: National Youth Development Agency

IYDS: Integrated Youth Development Strategy

SEFA: Small Enterprise Finance Agency

UYF: Umsobomvu Youth Fund

SETA: Sector Education and Training Authorities

## **CHAPTER 1: INTRODUCTION AND BACKGROUND**

The informal sector plays a pivotal role in developing countries. Its presence in the economy contributes greatly in two ways: firstly, informal entrepreneurs drive job formation through small-business creation. Secondly, it is considered an incubator for business potential and a stepping stone for accessibility and graduation to the formal economy, thus it is a response to poverty and unemployment (Nguimkeu, 2012; ILO 2002). The informal sector represents about 60 to 90% of urban employment in developing countries and has a significant impact in the formation of any strategy and policy interventions designed to alleviate poverty and improve welfare (Mbaye, 2014; Nataraj, 2012). SA's informal sector, estimated at 23 per cent of total employment, is small in comparison to the rest of Sub-Saharan Africa.

The informal sector matters because of its sheer size. The Informal sector contributes half of national output and more than 80% of total employment and 90% of new jobs in African low-income countries (Mbaye, 2014). It also serves as a building block for economic development through its notable effects on employment opportunities, productivity, fiscal revenues, and growth (Mbaye, 2014). Bosma & Levie (2009) reported that entrepreneurship in developing countries is driven by necessity rather than opportunity. Furthermore, the overwhelming number of informal sector economy enterprises which operate at a survival level will continue to exist due to high unemployment rates, poverty, lack of government support, lack of education and formal sector economy barriers that exist (Bashe, 2012).

The surfacing of new economic activity lies at the heart of entrepreneurship, but informal economic production is under-conceptualized (Williams, 2006; Obeng-Odoom, 2011). Extensive exploration on-the-ground research is needed for assessment of informal economic production and its contribution to economic activities (Nijman, 2009; Grant & Oteng-Ababio, 2012). There is a need of investigation regarding the contributions of the informal sector towards entrepreneurship development in rural communities of the Limpopo Province in Makhado Local Municipality. Furthermore, the drivers that leads to informal entrepreneurial activities and strategies used by informal entrepreneurs for entrepreneurship development will also be investigated.

### **1.1 Importance of the informal sector**

If the informal sector economy were a country; it would have the second-largest economy after the United States of America (USA) (Neuwirth, 2011; Bashe, 2012). Informal trading has always played a role in South Africa's economy. It creates livelihood opportunities, contributes to alleviating poverty and serves as a buffer between employment and unemployment (Lean

Enterprise Acceleration Programme, 2015). Although the informal sector economy has the potential to significantly contribute towards its country's GDP, it is prevented from doing so because it is structurally disconnected from the GDP economy (Mbeki 2004; Bashe, 2003).

By its very nature, informal economic activities are unrecorded, and this makes them difficult to measure. However, according to Stats SA (2013), employment in the informal sector has increased for five consecutive quarters since the second quarter in 2014. Reports from Stats SA (2013), pointed out that there was quarterly gain of 177 000 jobs in the informal sector during the second quarter of 2015, compared to the formal sector, with a gain of 39 000 jobs. The latest information from Moya (2018) is that 2.6 million South Africans are employed in the informal sector and with total employment sitting at 15.6 million, meaning that 17% of the country's total employment is through the informal sector. If private household employment is added to this number, it increases to 25% (Stats SA, 2013; Lean Enterprise Acceleration Programme, 2015). It is imperative to note that the informal sector entrepreneurs are adopting a plethora of strategies towards entrepreneurship development (Kamdima & Nkumika, 2012).

## **1.2 Problem Statement**

The unemployment rate in South Africa rose to 27.5 percent in the third quarter of 2018 from 27.2 percent in the previous period (Moya, 2018). It was the highest jobless rate since the third quarter of 2017, as the number of unemployed increased by 127 thousand to 6.21 million (Moya, 2018). The ever-increasing unemployment rate depicts the rate of economic deterioration and veto sustainability of the economy and living standards. In order to combat unemployment and improve the standards of living, entrepreneurship is the only answer.

However, despite entrepreneurship being a solution, there is lack of attention from relevant stakeholders towards supporting entrepreneurship emanating from the informal sector. This in turn negatively affects employment creation initiatives and the contributions to the gross domestic product thus affecting the standards of living of people and demoralising entrepreneurs. The role that the informal sector plays on entrepreneurship tends to be ignored. Past and current research (Mbaye, 2014; Kandima & Nkumika, 2012; Llanes & Babour, 2013) have acknowledged several roles of the informal sector, very few studies have focused solely on the role of the informal sector on entrepreneurship development in Makhado Local Municipality. Hence the need for this study.

## **1.3 Objectives of the study**

### **1.3.1 General objective of the study**

The main objective of the study is to investigate the contributions of informal sector towards entrepreneurship development in Makhado Local Municipality.

### **1.3.2 Specific objectives of the study**

- a) To identify the skills that informal sector contributes towards entrepreneurship development.
- b) To explore the drivers that leads to informal entrepreneurial activities.
- c) To determine the strategies used by government to promote entrepreneurship development.
- d) To identify the barriers to entry in the informal sector and their impact on entrepreneurship development.

## **1.4 Research Questions**

**The sub-questions are:**

- a) How do informal entrepreneurial operational skills assist in entrepreneurship development?
- b) What are the drivers for informal entrepreneurial activities?
- c) Which strategies are adopted to promote entrepreneurship development?
- d) What are the barriers to entry in the informal sector?

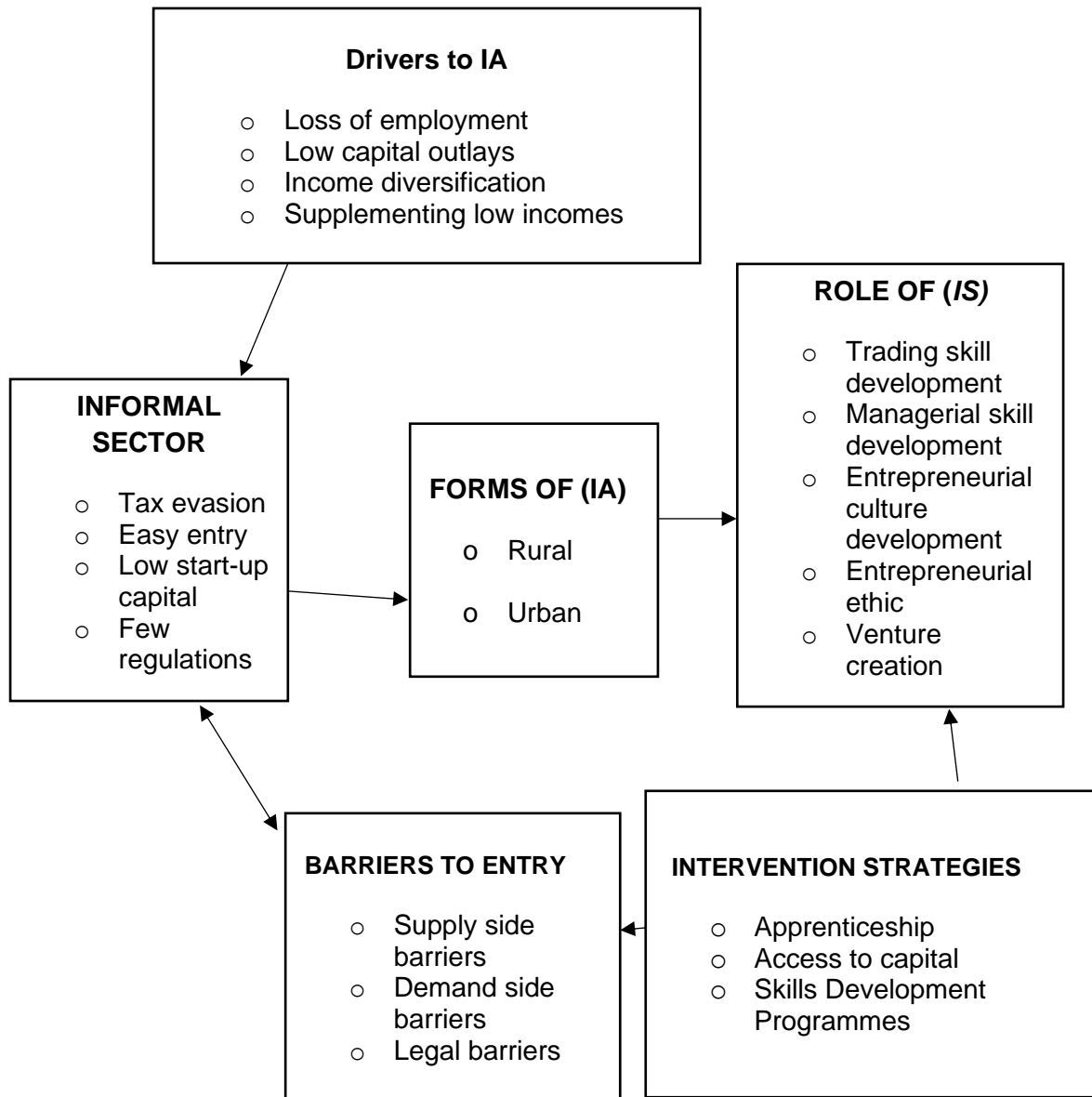
## **1.5 Conceptual framework**

According to Berry (2002) some of the enterprise characteristics of the activities in the informal sector includes unregulated and competitive markets, small scale operation with individual or family ownership, ease of entry and reliance on locally available resources. The past literature has established that the informal sector contributes immensely towards trading skills, managerial skills, financial skills, entrepreneurial culture and skills for exploiting market functions, venture creation and raising start-up capital (Williams, 2005; Severe; 2010). Llanes & Babour (2013) established an interesting finding that the informal sector is a breeding ground for entrepreneurship.

Figure 1 shows the conceptual frame that guides this study. It denotes that the informal sector has two categories or forms, the urban and rural informal sector which all need be investigated to answer the research question. It then focuses on its role or contributions to the economy but denotes the gap that exists regarding informal sector role on entrepreneurship development. This conceptual frame acts as a guide to this study as the main aim is to establish the role that the informal sector is playing in entrepreneurship development. Also, the drivers that lead to informal entrepreneurship activities will be explored. The strategies that the informal sector entrepreneurs adopt towards entrepreneurship development is another segment that this research will be focusing on.

The conceptual framework also outlines the barriers of entry that are faced by the informal sector, these barriers will be discussed and reviewed as they will be investigated throughout the research. Government intervention strategies are also outlined in the below conceptual framework to serve as a guide the researcher as it forms part of the research project.





**IA** = Informal Activities

**IS** = Informal Sector

**Figure 1: Conceptual Framework**

**Source:** Developed by author for this study

The surfacing of new economic activity lies at the heart of entrepreneurship, but informal economic production is under conceptualized (Williams, 2006; Obeng-Odoom, 2011). There

is a need for extensive exploration on-the-ground research for the assessment of informal economic production (Grant, 2009; Grant and Oteng-Ababio, 2012). There is a need to investigate the contributions of the informal sector to entrepreneurship development in rural communities of the Limpopo Province in Makhado Local Municipality.

This study will contribute to the government business development agencies to have an in-depth understanding of the contributions that the informal sector has on entrepreneurship developments to enable proactive measures to be taken to ensure entrepreneurial sustainability. The research is essential to informal business owners as it will be an indication that their initiatives are recognised, and recommendations established for them to continuously sustain their businesses. This study will also add to the body of literature, complementing the existing literature hence contributing towards a detailed understanding of the role of the informal sector in entrepreneurial development hence its significance to researchers. Prospective entrepreneurs can also be guided through the study with regards to the paths and forms of entrepreneurship they can pursue. Hence the study will add to the body of knowledge.

### **1.7 Delimitations of the study**

According to Simon (2011) delimitations are those characteristics that limit the scope and define the boundaries of the study. Participants of this study will be informal entrepreneurs in the four regions in Makhado Local Municipality namely, Makhado, Vuwani, Waterval and Dzanani as these regions are the main centre of economic activities in Makhado Local Municipality.

### **1.8 Definition of key terms**

**Informal sector:** The informal sector, also known as the underground economy, black economy, shadow economy, or grey economy, is part of a country's economy that is not recognized as normal income sources (Williams, 2006; Market Business News, 2018). It can also be defined as the part of an economy that is neither taxed nor monitored by any form of government. The informal sector refers to those workers who are self-employed, or who work for those who are self-employed (Muneku, 2018). People who earn a living through self-employment in most cases are not on payrolls, and thus are not taxed (Muneku, 2018).

**Entrepreneurship:** The capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit (Williams, 2006). Entrepreneurship is the dynamic process of creating incremental wealth and this wealth is created by individuals

who assume the major risk in terms of equity, time and career commitment of providing value for some product or service (Jinall, 2014).

**Entrepreneurship Development:** Is as a process of enhancing the skillset and knowledge of entrepreneurs regarding the development, management and organisation of a business venture while keeping in mind the risks associated with it (Williams, 2006). This can be done through various methods such as classroom sessions or training programmes specially designed to increase the entrepreneurial acumen.

### 1.9 Outline of the study

Chapter one provides an overall outline of the study. This included the introduction of study, definitions of concepts, problem statement, significance of the study, aim of the study, objectives of the study, research questions, literature review and research methodology. Chapter two consist of literature review thus findings from previous researches will provides a comprehensive overview on the contributions of the informal sector towards entrepreneurship development in South Africa and the world. Chapter three comprehensively explore the research design and methodology that was adopted for the study, sample frame, data collection, and the data analysis methods employed. Chapter four will provide the results obtained by means of administering a questionnaire to entrepreneurs. Chapter five conclude the study and provide appropriate recommendations. Important aspects of the study are summarised and discussed, based on the predefined objectives set out in Chapter One. The chapter also clarifies the importance of the results to various stakeholders.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This literature review focused on the discussion of the forms of informal sector entrepreneurial activities and also discuss the factors or drivers that lead to informal entrepreneurial activities. Furthermore, the strategies that the informal sector use to promote entrepreneurship was also explained. This literature was written with the acknowledgement and review of the previous authors of the similar study.

### **2.2 Forms of informal activities**

The Informal economy takes two forms that is, rural and urban informal economy (Boateng, 2011). The main purpose to clearly explain these types of form of informal activities is to paint a clear picture for the viewers on the bases and foundation of the informal sector. These forms of informal activities are discussed as follows.

#### **2.2.1 Urban informal economy**

The urban informal sector especially is associated with certain characteristics that have been grouped into four main categories per the existing literature as highlighted by Chenga (2013). The four main categories include, employment with characteristics of the people engaged in the informal sector; enterprise and characteristics of the activities in the informal sector; habitat thus characteristics of the informal sector land and housing; and credit while also taking consideration of the characteristics of the informal credit markets (Boateng, 2011).

#### **2.2.2 Rural informal economy**

Rural informal economy is characterised by agricultural activities thus predominantly farming units' dependent on family labour and are made up of a large number of small farmers in the rural and semi-urban areas (Boateng, 2011). Also, it is characterised by fishing and fish processing activities and comprises of predominantly illiterate workers acquired their swimming skills through experience from their early childhood (Boateng, 2011).

### **2.3 Informal sector and entrepreneurship development**

Masurel, Nijkamp, Tastan & Vindigani (2002) established that the informal sector is of importance to entrepreneurs as it determines the pace of development of the entrepreneurial ethic. This implies that the informal sector plays a role of entrepreneurial orientation by instilling or depositing entrepreneurial norms or values among entrepreneurs. Munyaradzi (2012) observed that entrepreneurs in each enterprise are fully responsible for the actions of

their workers and the decision making. His observations were in relation to the development of the entrepreneurial ethic which implies that every enterprise owner is fully responsible for their business actions and may choose to operate ethically or not irrespective of gender (Munyaradzi, 2012). This implies that the informal sector is also a platform where entrepreneurs tend to be oriented regarding the corporate governance or corporate citizenship which is a critical aspect to entrepreneurial development and success (Llanes & Babour, 2013).

Williams and Nadin (2012) pointed out that in terms of income it happens that the informal sector has the potential for investment promotion a key feature of the protestant work ethic and this ethic encouraged the re-investment of profits to facilitate enterprise growth. This indicates that the informal sector is a platform where investments and re-investments decisions are done regularly and are therefore critical. Hence the sector gives individuals investment skills, thus the ability to make a comprehensive environmental scanning and invest where probable thus financial skills (Williams & Nadin, 2012).

Most of these entrants into the urban informal apprenticeship system have a goal of becoming entrepreneurs after their training period (Baker, 2007). This goal may be achieved immediately after training, or if unable to set up immediately due to lack of initial capital, a prospective entrepreneur can either take up a paid job or join a master as journeyman until enough capital is made (Baker, 2007). Thus, the apprenticeship system provides the major form of skill development process in the urban informal sector.

Though neglected and un-encouraged by the government, the informal sector has been known to contribute immensely to skill formation and entrepreneurship in less developed countries (Munyaradzi, 2012). Williams (2005) is of the view that informal networks are crucial for business success. People in countries with an economically-challenged environment and socioeconomic marginalization have to cope with an internal dissatisfaction that forces them to make the venture-creation decision in its self-employment form (Severe, 2010). Munyaradzi (2012) finds that while entrepreneurship is very vibrant in developing countries, it usually takes an informal form.

Williams and Nadin (2012) ascertained that only facilitating the formalisation of informal entrepreneurship is found to be a viable policy approach. This implies that the informal sector is also seen as the breeding ground for formal enterprises. The government and other stakeholders are transforming informal ideas into formal enterprises hence making the informal sector a foundation of formalised entrepreneurial ventures (Williams & Nadin, 2012). The informal sector is the breeding ground for the micro-enterprise as pointed out by Llanes

and Babour (2013). Williams (2006) is of the view that entrepreneurship in the informal sector is the test bed for fledging businesses. Williams and Nadin (2012) acknowledged that on the job training in the informal sector alleviates pressure on the state during times of reduced public spending. This entails that the informal sector is a place where individuals are capacitated with trading and managerial skills which in turn builds an entrepreneurial culture (Williams, 2006; Williams & Nadin, 2012).

## **2.4 Strategies in entrepreneurship development**

Kamdima and Nkumika (2012) pointed out that in Rwanda, skills, attitudes and knowledge of those in the informal sector are being promoted and to ensuring that females take advantage of male dominated trades. The sector also offers training for about one-year duration to ensure coverage of the basics and critical aspects of the trades being pursued. However, the period can vary with the content (Kamdima & Nkumika, 2012).

Booyens (2011) pointed out that the adoption of the informal apprentice programs by the informal sector entrepreneurs is an effort towards entrepreneurship development. This implies that the informal apprentice program is a strategy that the informal entrepreneurs are adopting towards entrepreneurship development (Bhorat; Asmal; Lilenstein & van der Zee, 2018).

## **2.5 Drivers of informal entrepreneurial activities**

Several writers stated that participation in the informal economy is a survivalist strategy for many to escape poverty. Ngundu (2010) also pointed out that many that embark on the informal entrepreneurial are doing so as a means of survival. The participation to the informal economy is influenced by both internal and external factors. Booyens (2011) is of the view that factors that have direct contribution to the rise of informal entrepreneurial activities include: loss of employment; low capital outlays; income diversification; supplementing low incomes; or simply earning a living in the absence of alternatives.

One common theme running through the literature is that in least developed countries, people are likely to engage in informal activities due to lack of government support. The lack of viable alternatives has compelled many to engage in informal activities despite several challenges that characterise this sector such as: lack of security; organisation; recognition; social protection and legal representation; lack of government and institutional support; and inaccessible resources (Ngundu, 2010).

People who mostly embark on informal entrepreneurship can be categorized as either universally necessity- or opportunity-driven. Others, however, have adopted a more nuanced approach and have evaluated the ratio of necessity-to-opportunity entrepreneurs (Harding,

2003). Previous studies have highlighted that people have various motivations for becoming an entrepreneur, these motivational factors can be classified as either push or pull motivational factors. Hakim (1989) is of the view that the primary theory development around entrepreneurial motivations has been to classify motivations into categories of push and pull factors. Push factors are characterised by personal or external factors including a marriage break-up or being passed over for promotion and often have negative connotations. Alternatively, pull factors are those that draw people to start businesses such as seeing an opportunity (Matumba & Mondliwa, 2015).

Apart from the perceived ability to become an entrepreneur, determined by factors such as human, social and financial capital, individuals must show a willingness to become self-employed (Kirkwood, 2009). Matumba & Mondliwa, (2015) are of the view that the theory of planned behaviour distinguishes between an attitude towards the intended behaviour and perceived behavioural control. As an important driver of intended entrepreneurial behaviour, attitudes essentially capture the motivation to engage in entrepreneurial behaviour.

## **2.6 Informal sector barriers to entry**

### **2.6.1 Supply side barriers**

Supply-side barriers which are voluntary are the preferential choice of being unemployed due to the unreasonably high reservation wage of the unemployed, especially young graduates (Touchton, 2014). Furthermore, South Africa has a well-developed social security system which is well targeted to those who need it, but the unintended consequences are that social grants adversely affect the growth of labour-force participation rates in the South African labour market (Van der berg, Siebrits & Lekezwa, 2010; Quah, 2013). Recipients of these social grants receive a relatively high nominal-monetary value which affects labour market participation resulting in higher reservation wages (Quah, 2013).

### **2.6.2 Demand side barriers**

The demand-side barriers for employees and self-employed persons are involuntary. The barriers for employees are namely, but not limited to, skill and experience requirements outside the formal educational framework contacts for clientele purposes, high crime levels, lack of upward mobility and stable jobs. For the self-employed and employers, the barriers are the scarcity of financial resources, physical capital and technology, high minimum-wage regulation and excessive tax burdens for firms' that are relatively small (Heintz & Posel, 2008; Michener, 2014).

Notwithstanding, although the importance of the informal economy is clearly evident in the South African context, the resultant barriers to entry inhibits the labour absorption of the informal economy in South Africa, hence the high unemployment and low informal employment rates (Quah, 2013). As evidence, Kingdon and Knight (2001) estimated that between the years 1994-1999, only a dismal 10-12% labour absorption capacity in the informal economy was achieved. This shows that the labour market fails to absorb the unemployed. These barriers to entry are the prominent factors of South Africa's relatively small-sized informal economy compared to international standards and the high open unemployment rates(Quah,2013).

### **2.6.3 Legal barriers**

Entrepreneurs in the informal sector have no legal standing and cannot expand their businesses when their businesses do not officially exist (Touchton, 2014). These entrepreneurs cannot use their assets as collateral for small-business loans, license proprietary techniques, contract with other firms to sell products or safely reinvest their own profits because they have no guarantee of a legally binding contract (Michener, 2014). The informal market in developing countries is large and growing, but enterprises in developing countries commonly suffer from a regulatory glass ceiling on growth; state regulation hinders informal entry into the marketplace and undermines business expansion (Quah, 2013).

## **2.7 Government intervention to promote entrepreneurship**

It has been estimated that approximately 1 million businesses operate outside the formal economy in South Africa and about 1, 8 million people are employed in these informal businesses (Ligthelm, 2013). Therefore, the commitment of government in assisting the growth and development of informal sector is of paramount importance. The South African government in collaboration with other private agencies have a role to play in the establishment and growth of informal sector with the aim to promote the development of entrepreneurship.

Various stakeholders in the South African economy share the importance of investing in stimulating small businesses (Ligthelm, 2013). The commitment to fostering entrepreneurship and promoting small enterprises goes beyond the government and its institutions. In support of the above statement, the Department of Trade and Industry (DTI), play an important role to enhance the formalization of informal sectors through the following aspects:

### **2.7.1 Access to capital**



The Department of Trade and Industry offers a wide range of product and services comprising loans and incentives grants that plays an important role in enabling access to finance for small enterprises through the following instruments and institutions:

a. Department of Trade and Industry informal sector scheme

The Department of Trade and Industry launched an informal sector scheme in 2013 which gives grants to the country's informal sector. The organization provides the informal sector

entrepreneurs with structured incentives ranging from R500 to R50 000 (DTI, 2014). The organization supports informal business community like the automotive sector, chemical sector and have noticed significant growth in these sectors (DTI, 2014). This indicated that the stakeholders like the DTI have taken the initiatives towards supporting the development and growth of the informal sector towards making it a more lucrative sector.

b. NYDA (National Youth Development Agency)

The purpose of the grant programme is to provide young entrepreneurs an opportunity to access both the financial and non-financial business development support to establish them

Survivalist businesses (National Youth Development Agency, 2011). The programme focuses on youth entrepreneurs who are at intentional, nascent and new stages of enterprise development. The National Youth Development Agency (NYDA) grant programme is constructed on a firm business development support ethos. Business Development support is the catalyst to young people attaining knowledge and growing their survivalist businesses to well acclaimed enterprises (NYDA, 2011).

The NYDA ensures that all its strategic intents and objectives are aligned to the Integrated Youth Development Strategy (IYDS) (Siqwana, 2011). The NYDA project aims to achieve awareness and know-how with regard to its programmes and funding. The NYDA allocates specific budget for funding projects and initiatives that advance the implementation of the IYDS. The NYDA has given opportunity to south Africans more especially youth to embark on entrepreneurship in the form of financial skills training, business management, and funding which range from R1000 to R 100000 (Siqwana, 2011). NYDA offers (R1000 to R50000) funding for a start-up business and (R50000 to R100000) for innovation and growth for existing business. Through the NYDA the government have play a huge role in promoting youth to engage in entrepreneurship in the form of small business as a way to reduce the high youth

unemployment rate.

c. SEFA (Small Enterprise Finance Agency)

The South African government also offers various types of financial support for small business. In addition to grant funding or capital access, government offers loans to small businesses through the small enterprise finance agency (SEFA). As a precursor to receiving some grant entrepreneurs will receive vouchers for business training, monitoring, access to market linkage and other support service (Siqwana ,2011).

d. UYF (Umsobomvu Youth Fund)

Umsobomvu youth fund is an agency dedicated to youth development which provides various financial and business development products to this target market (Uys and Ligthelm,2006). A linkage programme links youth-owned small enterprises to procurement opportunities in the corporate sector, state-owned enterprises and government (DTI, 2014). UYF has established a number of funds such as, the SME Fund, UYF Business Partners Franchise fund which offer finance to young entrepreneurs and include micro-loans as well as funds to expand, buy into or buy out existing businesses or start new business.

### 2.7.2 Skills Development Programmes

a. Sector Education and Training Authorities (SETA)

SETA are expected to facilitate the delivery of sector-specific skills interventions that help achieve the goals of the national skills development strategy. The core mandate responsibility of SETAs is to develop sector skills plans (Adams, DeSilva & Setareh Razmara.2013). Through SETA the South African government is intervening in the growth and development of informal sector. The value added by SETA in the development of informal sector or small businesses is their understanding of labour market in their respective industrial and economic sectors where they transfer the knowledge to small businesses. Sector education and training authorities play a huge role in encouraging programmes on entrepreneurship skills and investment opportunities which equip the informal entrepreneur during their growth phase (Barker, 2007).

b. The Youth Build Programme

The Youth Build Programme is not a new programme, the current Youth Build model embodies empowering the youth through integrated training which involves general education, leadership, service and citizenship, technical training, counseling, support

and exit opportunities (NYDA, 2011). These components work together as a comprehensive whole reinforcing and supporting each other. The NYDA focuses on up scaling the current program and introducing new builds both in the technical and artisans' skills and other skills. The other detriment with the NYDA programme is the most of its efforts are allocated to entrepreneurs who are formal and less attention given to the informal sector.

## 2.8 Literature Matrix

The literature matrix below shows the findings from previous studies with regards to the role of the informal sector towards entrepreneurship development. As depicted in the literature matrix, Barker (2007), postulated that informal sector is contributing towards skill formation and entrepreneurship formation in South Africa. Munyaradzi (2012) posited that the informal sector is playing a role towards sustainability of the corporate citizenship in South Africa. Masurel, Nijikamp, Tasten, and Vindigani (2002), postulated that informal entrepreneurship in the United Kingdom, the informal sector is playing a pivotal role towards entrepreneurial ethic development, entrepreneurial orientation and entrepreneurial culture development.

Furthermore, Munyaradzi (2012) concurred that the informal sector contributes towards establishing skills development and start-up raising platform for entrepreneurship development. Williams (2005) acknowledged that in the United States of America, the informal sector is playing a role towards business success. Williams (2006) was also of the view that in Ethiopia the informal sector is contributing towards the creation of the entrepreneurial culture. Severe (2010) pointed out that in Nigeria venture creation and self-employment are among the pivotal roles that informal entrepreneurship is playing.

**Table 1: Themes of the role of the informal sector from past studies**

Author	Year	Country	Role of Informal sector
Baker	2007	South Africa	<ul style="list-style-type: none"> <li>• Skills formation</li> <li>• Entrepreneurship formation</li> </ul>
Munyaradzi	2012	South Africa	<ul style="list-style-type: none"> <li>• Corporate governance/citizenship</li> </ul>
Masurel, Nijkamp, Tastan & Vindigani	2002	United Kingdom	<ul style="list-style-type: none"> <li>• Entrepreneurial ethic</li> <li>• Skill development platform</li> <li>• Entrepreneurial orientation</li> <li>• Entrepreneurial culture</li> </ul>
Booyens	2011	South Africa	<ul style="list-style-type: none"> <li>• Skill development platform</li> <li>• Start-up capital raising platform</li> </ul>
Williams	2006	Ethiopia	<ul style="list-style-type: none"> <li>• Entrepreneurial culture</li> </ul>
Severe	2010	Nigeria	<ul style="list-style-type: none"> <li>• Venture creation</li> <li>• Self-employment</li> </ul>
Llanes & Babour	2013	Ghana	<ul style="list-style-type: none"> <li>• Micro-entrepreneurship breeding ground</li> </ul>
Williams	2016	United Kingdom	<ul style="list-style-type: none"> <li>• Test bed for fledging businesses</li> </ul>

Llanes and Babour (2013) are of the view that the informal sector is the breeding ground for micro-entrepreneurship thus it is the source of entrepreneurship in Ghana. On the other hand, Williams (2016) found that in the United Kingdom, informal entrepreneurship is the test bed for fledging entrepreneurship. A summary of the role that informal sector plays is depicted in Table 1 above.

## 2.9 Conclusion

In this chapter a plethora of issues were discussed and these include skills contributed by informal sector, drivers that influence informal entrepreneurial activities, strategies used for entrepreneurship development and barriers to informal entrepreneurial activities. These discussions have established a research gap for Makhado Local Municipality. Furthermore, the discussion elaborated the role of informal sector towards entrepreneurship development

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Current chapter defines the methodology adopted to reach a meaningful conclusion to answer the research questions and to guide the collection of data. The chapter begins with the study area and then the justification of the selected design relative to the specified research question. After the rationalization, the sampling structure technique that was implemented in the study and the data analysis tools was be discussed. Ethical considerations are also discussed in this chapter.

### **3.2 Study Area**

The study area that was used is Makhado Local Municipality which is in the northern parts of Limpopo Province approximately 100km from the Zimbabwean border along the N1 route. The Municipal area is 831 058 hectares in size and strategically located on a macro scale along a major passage between South Africa and the rest of the African continent. Approximately 416 728 people currently reside within the Municipality and based on the vastness of the rural populace the Municipality can be classified as predominately rural.

Makhado Local Municipality is made up of four regions, Vuwani, Waterval, Makhado and Dzanani. The Municipality includes the areas of Louis Trichardt, Nzhelele, Tshipise, Elim, Tshitale, Hlanganani, Levubu, Vuwani, Alldays, Buysdorp and Bandelierkop. Most of the Makhado Local Municipality region can be classified as rural with small-scale agriculture and subsistence farming. The study area is heavily reliant on economic activities outside of its boundaries for employment opportunities and consumer products and services. The socio-economic conditions of people in the study area are also relatively poor when compared to those in surrounding areas.

### **3.3 Paradigm**

A research paradigm is an approach or a research model to conducting a research that has been verified by the research community for long and that has been in practice for hundreds of years (Thomas, 2010). The interpretive paradigm is concerned with understanding the world as it is from subjective experiences of individuals using meaning oriented methodologies, such as interviewing or participant observation, that rely on a subjective relationship between the researcher and subjects (Thomas, 2010). Interpretivism is a trend of research approach, and it supports the use of qualitative methods for data collection. There is a tight connection between Interpretivist paradigm and qualitative methodology as one is a

methodological approach and one is a means in collecting data (Thanh, 2005). The Interpretivist paradigm was chosen because it establishes a platform towards understanding the world as it is from subjective experiences of individuals.

### **3.4 Research Design**

A research design is the set of methods and procedures used in collecting and analysing measures of the variables specified in the research problem. The design of a study defines the study type (descriptive, correlation, semi-experimental, experimental, review, meta-analytic) and sub-type, research problem, hypotheses, independent and dependent variables, experimental design, and, if applicable, data collection methods and a statistical analysis plan. It is the framework that has been created to find answers to research questions (Creswell, 2012).

Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution (Glass & Hopkins, 1984). This study adopted a mixed-method approach. Mixed-methods combine inductive and deductive thinking and reasoning (Mahmood, 2017). The researcher can use both words and numbers to communicate the results and findings and thus, appeal to a wider audience. Combining methodologies helps to reduce the personal biases of the researcher (Mahmood, 2017).

The mixed-method approach was chosen because of the following advantage:

- Mixed method allows the researcher to use all the tools available to collect more comprehensive data. This provides results that have a broader perspective of the overall issue or research problem.
- The results of the study may include both observations and statistical analyses. Therefore, the results are validated within the study. Using both approaches in one study provides additional evidence and support for the findings.
- Mixed methods combine inductive and deductive thinking and reasoning.
- Both words and numbers can be used to communicate the results and findings and thus, appeal to a wider audience.

### **3.5 Population**

Tustin, Ligthelm, Martins, and Wyk, (2005) define population as the entire group under study as specified by the objectives of the research. The target population of this study was informal entrepreneurs in Makhado local Municipality.

### **3.6 Sampling techniques**

A sample is a smaller, manageable version of a larger group. It is a subset containing the characteristics of the larger population. Samples are used in statistical testing when population sizes are too large for the test to include all possible members or observations (Kallet, 2004). Riley, Wood, Clark, Willie and Szivas (2000), pointed out that convenience sampling means quite literally taking as a sample whoever is available to receive the administration of the research instrument. In other words, convenience samples are non-probabilistic samples that might be selected to focus on an issue or issues. The convenient sampling method was utilized because it enables the researcher to achieve the sample size needed in a relatively fast and inexpensive way (Mahmood, 2017). The convenience sampling may also help the researcher to gather useful data and information that would not have been possible using probability sampling techniques, which require more formal access to lists of populations (Mahmood, 2017).

### **3.7 Sample size**

A total of 150 respondents were approached to complete the questionnaires. The respondents were divided according to all four regions within Makhado Local Municipality which are Vuwani, Waterval, Makhado and Dzanani. Makhado (Louis Trichardt) contributed 60 respondents as it is the main region with lot of economic activities and the remaining 90 respondents were shared among the remaining three region Vuwani, Waterval and Dzanani, each remaining three region contributed 30 of the respondents to make up the remaining 90 respondents.

### **3.8 Data collection**

A questionnaire including semi structured interview questions was compiled by the researcher with consultation from experts in the relevant field. Questionnaires were used in this study because they are convenient for respondents and the respondents also are given enough time to check the questions and think about their responses; this in turn improves the level of accuracy. Also, questionnaires establish a platform where embarrassing questions can be asked with a fair chance of getting truthful reply (Walliman, 2006). The questionnaire also

contained closed ended and open-ended semi structured interview questions to ensure an in-depth data collection. The data was collected by the researcher with the help of an assistant. Data collection took a maximum of 3 weeks. Qualitative data was recorded using a notebook. The data was collected using Venda and English languages and this was done in order to cater for both the native and foreign entrepreneurs. Face to face interviews were conducted during qualitative data collection. This approach was adopted because, as posited by Sincero (2017), these types of interviews allow an exploration of the responses from respondents and enable an in-depth data gathering, as further probing is possible.

### **3.9 Pilot study**

A pilot study was also conducted on a group of respondents with similar characteristics to those who would participate in the study to ensure relevancy of the data. Five (5) entrepreneurs were utilized in the pilot study and the purpose was to reveal errors, if any, and to ascertain if the respondents could answer to the questions as expected.

### **3.10 Data analysis**

Quantitative data was analysed using of the International Business Machines Statistical Package for Social Scientist (IBM SPSS) version 25. Descriptive statistics was utilized making use of descriptive frequencies for quantitative analysis and thematic content analysis was adopted for qualitative analysis.

### **3.11 Validity and reliability**

Validity and reliability are key aspects that enable researchers to achieve improved quality and meaningful conclusions. The literature constantly points out that validity and reliability are the two essential criteria for evaluating the strength of any study (Blumberg, Cooper & Schinder, 2008). Validity is used to determine if the instrument measured what it was supposed to measure, whereas reliability is used to test whether the questionnaire if used more than once would provide the same results (Babbie & Mouton, 2006). Validity was assured by formulating the questionnaire items carefully based on the review of literature. Experts also checked the questionnaire for design and structure to ensure that respondents will have no problem in understanding questions. The questionnaire was tested through a pilot study with five participants to ensure its validity and reliability. Trustworthiness also includes confirmability which is the extent of neutrality in the research study's findings. In this study all the findings were based on the responses of the participants and not on the researcher's personal motivations.



### 3.12 Ethical Considerations

This study complied with the ethical requirements as stipulated by the University of Venda Research Ethics Committee and also other research ethical requirements, which are as follows:

- a) It was explained to the respondents that the study is anonymous and voluntary, and that all information obtained is confidential.
- b) Respondents were informed that they could withdraw from the study at any time without prejudice.
- c) All information gathered was treated as group data and no individual would be reported on.
- d) The study was conducted in accordance with the rules and regulations of the University of Venda research guidelines, and the researcher undertook not to misuse his position as researcher for personal power or gain.
- e) The researcher assured respondents that the conducted research would not harm the respondents or their businesses.

### 3.13 Conclusion

Chapter 1 covered the background and the problem statement, giving justification for the significance of the study. The researcher came up with research questions and objectives of the project. Chapter 2 explored the literature on the contributions of the informal sector to entrepreneurship development and its importance. This chapter outlined the study area, design of the research, data gathering tools and how the data will be analysed and presented. This chapter also outline the ethical consideration that guided the research process.

## **CHAPTER 4: DATA ANALYSIS**

### **4.1. Introduction**

The purpose of this report is to present data analysis and results obtained after carrying out a mixed approach analysis on surveying data which was collected from 148 informal business traders. Descriptive statistics such as the measures of central tendency (that is, mean, mode and median) and measures of dispersion (such the minimum, maximum, standard deviation, range, quartiles etc.) were used to gain understanding of patterns and trends in gathered data. Frequency tables and graphs are used to describe and summarise the survey results. The results are presented according to the objectives and the questions formulated. Chi-squared tests were employed to test the level of association between variables and other socio-demographic variables. Specifically, data was analysed to fulfil the main objective of the study, which was to investigate the contributions of informal sector towards entrepreneurship development in Makhado Local Municipality. In addition, the analysis was performed with the following study objectives in mind:

- To identify the skills that informal sector contributes towards entrepreneurship development,
- To explore the drivers that leads to informal entrepreneurial activities.
- To determine the strategies used by government and informal sector to promote entrepreneurship development.
- To identify the barriers to entry in the informal sector and their impact on entrepreneurship development.

### **4.2. Treatment of data**

Survey data collected from 148 informal business traders was coded and captured using Statistical Package for Social Sciences (SPSS Version 23.0). Before analysis was carried out data was checked for outliers, missing values and other data entry mistakes. Kolmogorov tests for normality were employed to check whether variables were normal or otherwise. Missing values for normally distributed variables were replaced with the means of equivalent variables whilst missing values for non-normally distributed variables were replaced by their median values.

### **4.3. SECTION A: DEMOGRAPHIC VARIABLES**

#### **4.3.1 Age of Survey Participants**

Majority of survey participants ( $n = 109$ ; 73.6%) were between 36 and 50 years old, followed by those who were between 21 and 35 years old ( $n = 33$ ; 22.3%), then by the number of participants who were above 60 years old ( $n = 5$ ; 3.4%) and last by participants who were 21 years old ( $n = 1$ ; 0.7). The mean age group and its standard deviation are 2.80 and 0.494 respectively. Hence, informal traders considered in this study were aged between 21 and 60 years old.

#### **4.3.2 Gender of Survey Participants**

Majority of survey participants ( $n = 111$ ; 75.0%) were females while the remaining 25.0% ( $n = 37$ ) were males. Approximately 8 in every 10 informal businesses are owned by females while the remaining 2 in every 10 are owned by their male counterparts. The mean gender group and its standard deviation are 0.24 and 0.431 respectively. Hence, on average, informal traders who participated in this study were mainly females.

#### **4.3.3 Level of Education**

Majority of participants ( $n = 89$ ; 60.1%) reported that they had attended up to high school but were not matric certified, followed by those who had matric ( $n = 32$ ; 21.6%), then by the by those participants who had reached college ( $n = 21$ ; 14.2%) while the remaining 4.0 % ( $n = 6$ ) is equally shared between those participants who were educated up to primary school and those who had gone to university/technikon. Therefore, nearly 6 in every 10 informal businesses are owned by people who reached high school but without matric while nearly 2 and 1 in every 10 informal businesses are owned by matriculated and college certified people respectively. The mean education level category and its standard deviation are 2.54 and 0.836 respectively. Hence, on average, informal traders who participated in this study were educated up to matric level.

#### **4.3.4 Marital Status**

Majority of survey participants ( $n = 110$ ; 74.3%) reported that they were married, followed by those who reported that they were single ( $n = 24$ ; 16.2%), then by participants who indicated that they were divorced ( $n = 10$ ; 6.8%) and lastly by participants who indicated being widowed ( $n = 4$ ; 2.7). This implies that nearly 7 in every 10 informal businesses are owned by married people whilst nearly 2 in every 10 and 1 in every 10 informal businesses are owned by people who are single and divorced respectively. Nearly none of the informal businesses are owned by widowed people. The mean marital status category and its standard deviation are 1.96 and 0.582 respectively. Hence, on average, informal traders who participated in this study were married individuals.

**Table 2: Descriptive Statistics for Demographic Variables**

Statistics		Age	Gender	Level of education	Marital Status
N		148	148	148	148
Mean		2.80	0.24	2.5405	1.96
Std. Error of Mean		0.041	0.036	0.06873	0.048
Median		3.00	0.00	2.0000	2.00
Mode		3	0	2.00	2
Std. Deviation		0.494	0.431	0.83608	0.582
Skewness		-0.738	1.199	1.038	0.843
Std. Error of Skewness		0.199	0.200	0.199	0.199
Kurtosis		1.022	-0.571	0.287	3.210
Std. Error of Kurtosis		0.396	0.397	0.396	0.396
Range		3	1	4.00	3
Minimum		1	0	1.00	1
Maximum		4	1	5.00	4
Percentiles	25	3.00	0.00	2.0000	2.00
	50	3.00	0.00	2.0000	2.00
	75	3.00	0.00	3.0000	2.00
<b>Mean Response</b>		<b>21 - 35 years</b>	<b>Female</b>	<b>High school but no matric</b>	<b>Married</b>

#### 4.4. SECTION B: BUSINESS INFORMATION VARIABLES

##### 4.4.1 Years of existence

Majority of survey participants ( $n = 120$ ; 81.1%) reported that their businesses had existed for a period ranging between 6 and 10 years, followed by those that had been in existence for a period ranging between 11 and 15 years ( $n = 18$ ; 12.2%), then by those businesses that had existed for a period ranging between 1 and 5 years ( $n = 7$ ; 4.7%) and lastly by informal business who had been in existence for a period ranging between 16 and 20 years ( $n = 3$ ; 2.0%). Hence, nearly 8 in every 10 informal businesses have been in existence for a period ranging from 6 to 8 years whilst nearly 1 in every 10 informal businesses had existed for a period ranging from 11 to 15 years. The mean years of existence and its standard deviation are 2.11 and 0.488 respectively. This implies that on average informal businesses considered in this study had existed for a period ranging from 6 to 10 years.

##### 4.4.2 Type of business

Majority of the survey participants ( $n = 137$ ; 92.6%) reported that they were into retailing, these refers to those informal entrepreneurs who typically buy goods from a manufacturer, wholesaler, or other distributor and then resell them to the public through multiple channels of distribution to earn a profit. 5.4% ( $n = 11$ ) of informal businesses were into wholesale, were they sell goods in bulk to anyone either the end consumer of that merchandise or other informal retailers. Thus, nearly 9 in every 10 informal businesses were into the retail business whilst nearly 1 in every 10 informal businesses was into wholesale and retail. The mean type of businesses and its standard deviation are 1.13 and 0.471 respectively. Hence, on average, informal businesses considered in this study were mainly of retailers.

**Table 3: Descriptive Statistics for Business Information Variables**

Statistics	Years of existence?	Type of business	Category of Activity
Frequency (N)	148	148	148
Mean	2.11	1.13	1.88
Std. Error of Mean	0.040	0.039	0.027
Median	2.00	1.00	2.00
Mode	2	1	2
Std. Deviation	0.488	0.471	0.328

Skewness		1.345	3.582	-2.339
Std. Error of Skewness		0.199	0.199	0.199
Kurtosis		4.389	11.371	3.519
Std. Error of Kurtosis		0.396	0.396	0.396
Range		3	2	1
Minimum		1	1	1
Maximum		4	3	2
Percentiles	25	2.00	1.00	2.00
	50	2.00	1.00	2.00
	75	2.00	1.00	2.00
<b>Mean Response</b>		<b>6 - 10 years</b>	<b>Retail</b>	<b>Service</b>

## 4.5. SECTION C: GENERAL PERCEPTIONS

### 4.5.1 Mean response ratings for perceptions

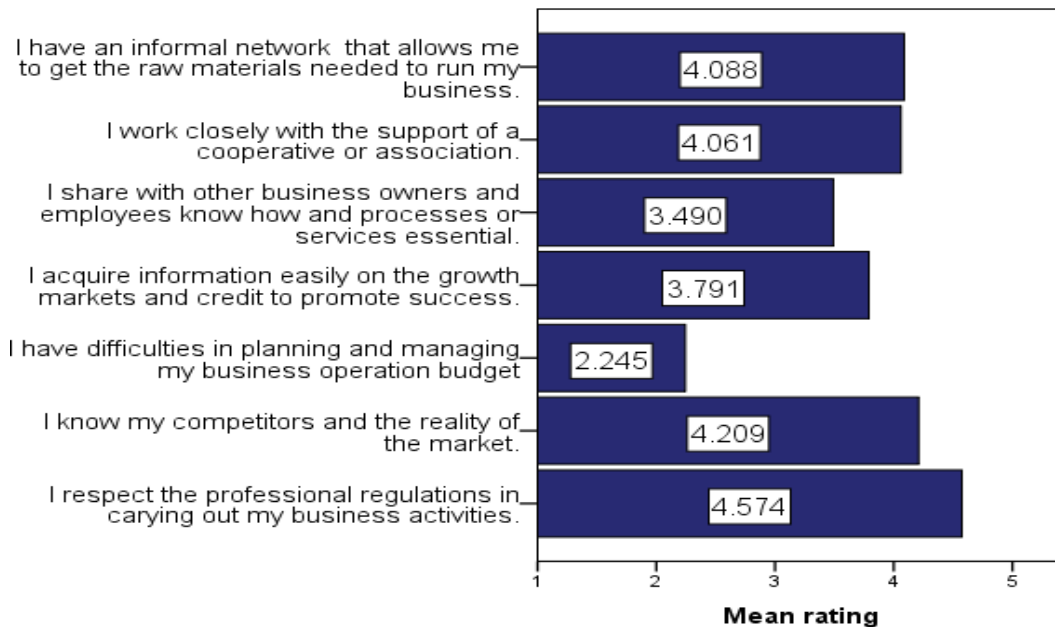
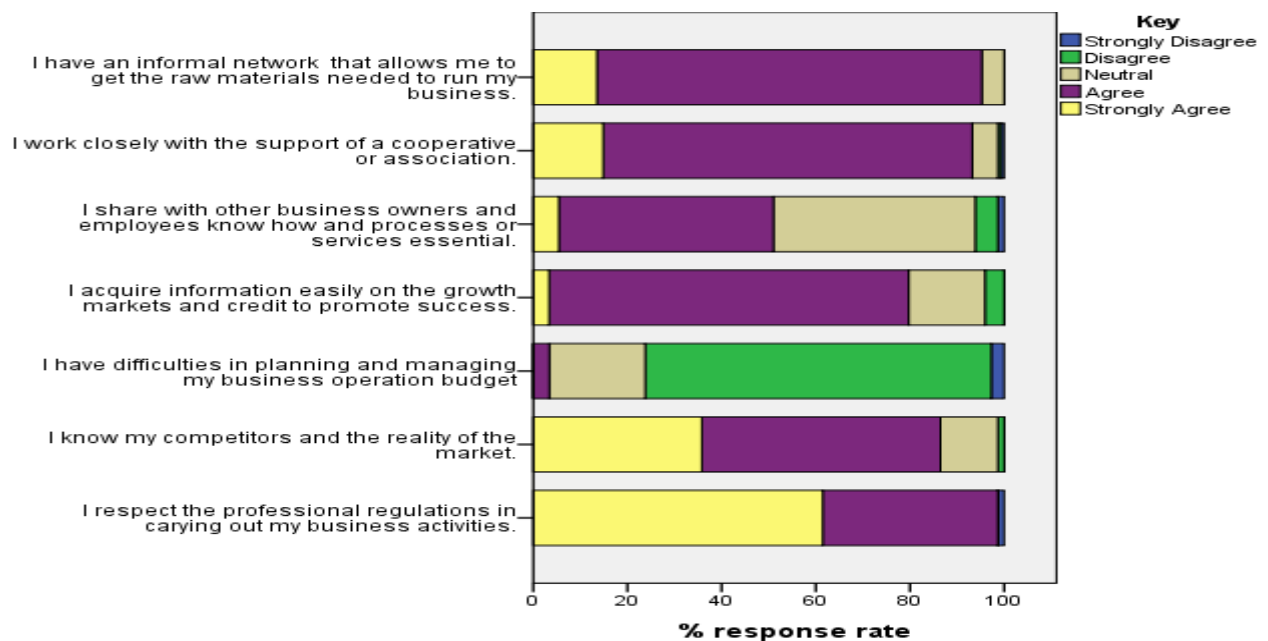


Figure 2: Mean response ratings for perceptions

### 4.5.2 Distribution of responses across perceptions items



### **Figure 3: Distribution of responses on perceptions across the rating scale**

The results presented in the figure above shows how the rating responses are distributed for 7 proxy statements for measuring perceptions of informal business owners.

#### **Item 1: I have an informal network that allows me to get the raw materials needed to run my business**

Majority of participants ( $n = 121$ ; 81.8%) agreed that they had an informal network that allowed them to get the raw materials needed to run their businesses, 13.5% ( $n = 20$ ) said they strongly agreed whilst the remaining 4.7% ( $n = 7$ ) expressed that they were neutral. The mean response rating and its standard deviation are 4.09 and 0.419 respectively. This implies that nearly all survey participants agreed to having informal networks that allowed them to get the raw materials needed to run their businesses.

#### **Item 2: I work closely with the support of a cooperative or association.**

The majority of survey participants ( $n = 116$ ; 78.4%) agreed, ( $n = 22$ ; 14.9%) strongly agreed, ( $n = 8$ ; 5.4%) were neutral whilst the remaining proportion was equally shared between those who disagreed ( $n = 1$ ; 0.7%) and those who strongly disagreed ( $n = 1$ ; 0.7%). On average, participants agreed that they were working closely with the support of a cooperative or association (mean = 4.06, SD = 0.541).

#### **Item 3: I share with other business owners and employees know how and processes or services essential**

Approximately 46% ( $n = 67$ ) of the participants agreed that they shared with other businesses the know-how, followed by 43% ( $n = 63$ ) who indicated that they were neutral, then by 5.4% ( $n = 8$ ) who strongly agree and 4.8% ( $n = 7$ ) and 1.4% ( $n = 2$ ) who indicated that they disagreed and strongly disagreed respectively. On average, participants were neutral (mean = 3.49, SD = 0.736).

#### **Item 4: I acquire information easily on the growth markets and credit to promote success**

The majority of participants ( $n = 113$ ; 76.4%) agreed that they acquired information easily on the growth markets and credit to promote success, followed by 16.2% ( $n = 24$ ) who were neutral, then 4.1% ( $n = 6$ ) who disagreed and 3.4% ( $n = 5$ ) who strongly agreed with the statement. Overall, the mean response rating of 3.80 and a standard deviation of 0.546 reported.

#### **Item 5: I have difficulties in planning and managing my business operation budget**



The majority of participants ( $n = 108$ ; 73.5%) disagreed that had difficulties in planning and managing my business operation budget, followed by 20.4% ( $n = 30$ ) who maintained their neutrality, then by 3.4% ( $n = 5$ ) who agreed and lastly by 2.7% ( $n = 4$ ) who strongly disagreed. Overall, the mean and standard deviation are 2.25 and 0.558 respectively implying that, on average, the participants disagreed the statement suggesting that they had difficulties in planning and managing my business operation budget.

**Item 6: I know my competitors and the reality of the market**

More than half ( $n = 75$ ; 50.7%) of the participants agreed that they knew their competitors and the reality of the market, followed by 35.8% ( $n = 53$ ) who reported that they strongly agreed, then 12.2 % ( $n = 18$ ) who were neutral and lastly by 1.4% ( $n = 2$ ) who reported that they disagreed with the statement. On average, participants agreed to knowing their competitors and the reality of the market (mean = 4.21, SD = 0.707).

**Item 7: I respect the professional regulations when carrying out my business activities**

Nearly 60% agreed strongly ( $n = 91$ ; 61.5%) that they respected the professional regulations when carrying out their business activities, followed by 37.2% ( $n = 55$ ) who agreed and then by 1.4% ( $n = 2$ ) who disagreed strongly to respecting professional regulations when carrying out their business activities. Overall, participants strongly agreed that they respected professional regulations when carrying out their business activities (mean = 4.60, SD = 0.570).

**Table 4: Descriptive statistics on perceptions of informal traders**

Statistics		I respect the professional al regulations in carrying out my business activities.	I know my competitor and their reality of the market.	I have difficulties in planning and managing my business operation budget	I acquire informatio n easily on the growth markets and credit to promote success.	I share business owners and employees know how a processes or services essential.	I work closely with the support of the cooperativ e associatio n.	I have an informal network that allows me to get the raw materials needed to run my business.
N	Valid	148	148	147	148	147	148	148
	Missing	0	0	1	0	1	0	0
Mean		4.57	4.21	2.24	3.79	3.49	4.06	4.09
Std. Error of Mean		0.053	0.058	0.046	0.046	0.061	0.044	0.034
Median		5.00	4.00	2.00	4.00	4.00	4.00	4.00
Mode		5	4	2	4	4	4	4
Std. Deviation		0.640	0.702	0.556	0.562	0.734	0.537	0.419
Skewness		-2.494	-0.556	1.236	-1.411	-0.438	-1.279	0.569
Std. Error of Skewness		0.199	0.199	0.200	0.199	0.200	0.199	0.199
Kurtosis		11.118	0.055	1.944	2.740	0.891	8.243	2.355
Std. Error of Kurtosis		0.396	0.396	0.397	0.396	0.397	0.396	0.396
Range		4	3	3	3	4	4	2
Minimum		1	2	1	2	1	1	3
Maximum		5	5	4	5	5	5	5

Percentiles	25	4.00	4.00	2.00	4.00	3.00	4.00	4.00
	50	5.00	4.00	2.00	4.00	4.00	4.00	4.00
	75	5.00	5.00	2.00	4.00	4.00	4.00	4.00
Overall Response	Mean	Strongly Agree	Agree	Disagree	Agree	Neutral	Agree	Agree

#### 4.6. Information

##### Item 1: I keep up to date with market and business information

Half of the total participants ( $n = 74$ ; 50.0%) agreed strongly that they kept themselves up to date with market and business information, followed by 25.7% ( $n = 38$ ) were neutral and then by the remaining 24.3% ( $n = 36$ ) who agreed to keeping themselves up to date with market and business information. On average, participants agreed to keeping themselves up to date with market and business information (mean = 4.24, SD = 0.838).

##### Item 2: I have access to reliable sources of information

More than of the participants ( $n = 77$ ; 52.0%) agree strongly having access to reliable sources of information, followed by 29.7% ( $n = 44$ ) were neutral and then by the remaining 18.2% ( $n = 27$ ) of the participants agreed. On average, the participants agreed that had access to reliable sources of information (mean = 4.22; SD = 0.879).

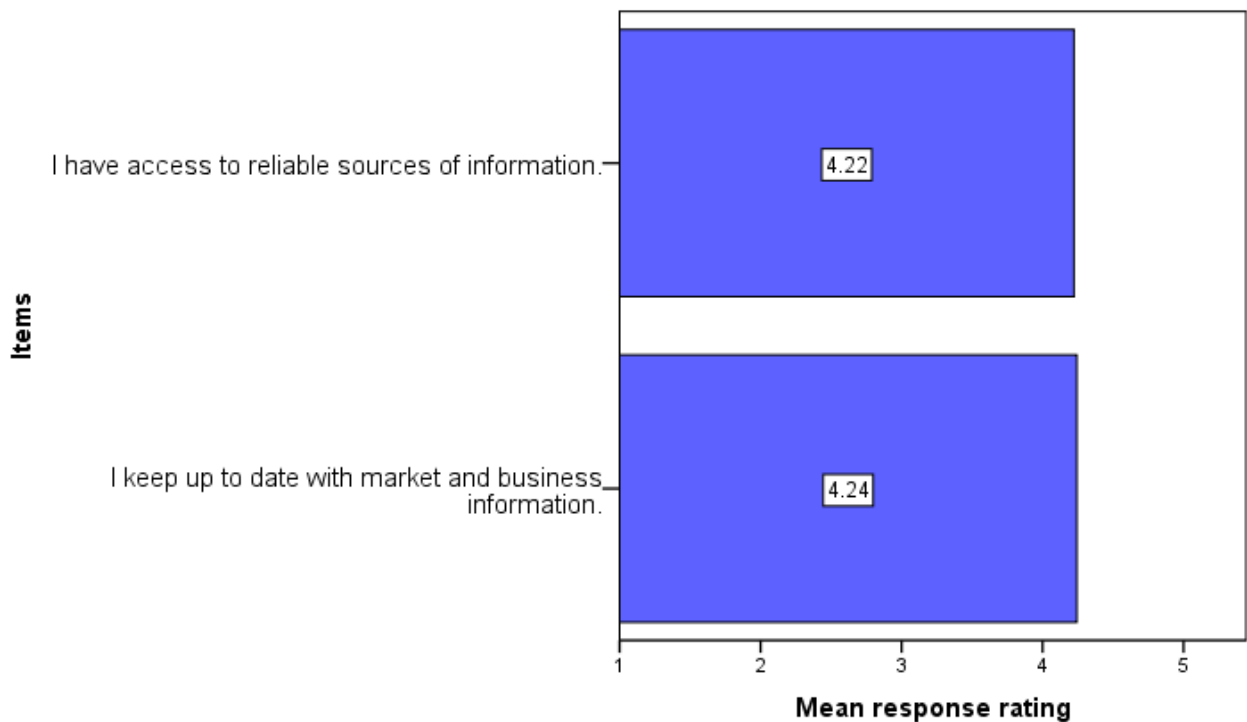


Figure 4: Mean response ratings for information proxy variables

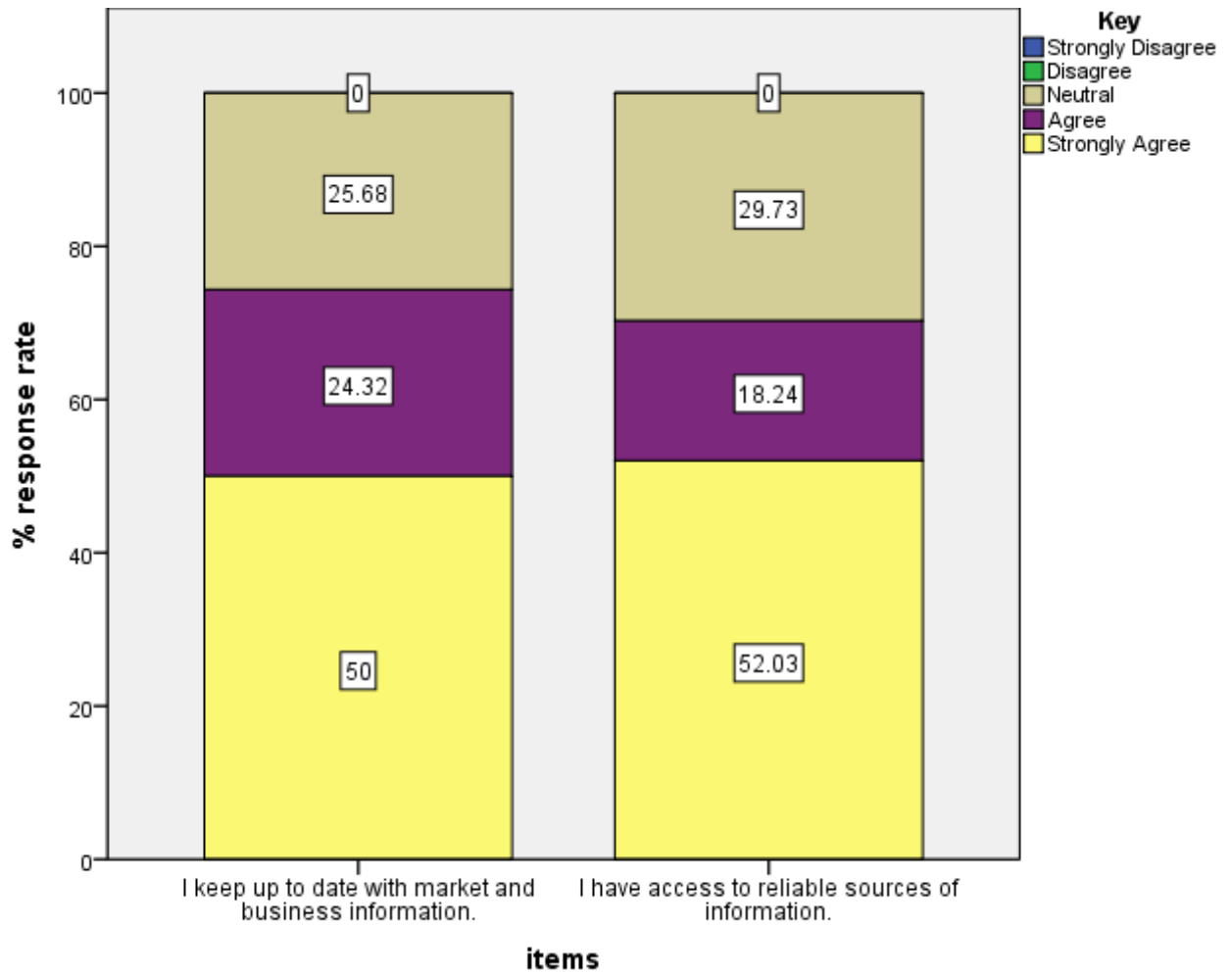


Figure 5: Distribution of responses on information across the rating scale

#### 4.7 Reliability statistics

**Table 5: Descriptive Statistics for information variables**

Statistics	I keep up to date with market and business information.	I have access to reliable sources of information.
Frequency (N)	148	148
Mean	4.24	4.22
Std. Error of Mean	0.069	0.072
Median	4.50	5.00
Mode	5	5
Std. Deviation	0.838	0.879
Skewness	-0.486	-0.453
Std. Error of Skewness	0.199	0.199
Kurtosis	-1.408	-1.562
Std. Error of Kurtosis	0.396	0.396
Range	2	2
Minimum	3	3
Maximum	5	5
Percentiles	25	3.00
	50	4.50
	75	5.00

## Item Statistics

**Table 6: Information sub items whose Cronbach Alpha = 0.912**

Item	Mean	Std. Deviation	Response label
I keep up to date with market and business information.	4.24	0.838	Agree
I have access to reliable sources of information.	4.22	0.879	Agree

## Inter-Item Correlation Matrix

Item	I keep up to date with market and business information.	I have access to reliable sources of information.
I keep up to date with market and business information.	1.000	<b>0.840</b>
I have access to reliable sources of information.	<b>0.840</b>	1.000

### 4.7.1 Entrepreneurial effect

#### I design active learning exercises for my employees

Majority of participants (n = 95; 64.2%) disagreed that they designed active learning exercises for their employees, followed by 24.3% (n = 36) who were Neutral, then by 6.1% (n = 9) who agreed, 3.4% (n = 5) who strongly disagreed and 2.0% (n = 3) who strongly agreed with the statement. Overall, participants disagreed to having designed active learning exercises for their employees (mean = 2.39, SD = 0.738).

#### I provide a platform for employees to provide feedback about specific tasks.

Majority of participants (n = 105; 70.9%) reported that they were neutral about providing a platform for employees to provide feedback about specific tasks, followed by 16.2% (n = 24) who agreed, 8.8% (n = 13) who disagreed, 3.4% (n = 5) who strongly agreed and lastly by 0.7% (n = 1) who indicated that they strongly disagreed. Overall, participants were neutral

about providing a platform for employees to provide feedback about specific tasks (mean = 3.12, SD = 0.618).

### **I mentor novice/apprentice entrepreneurs?**

Approximately 66% (n = 98) of the participants disagreed that they mentored novice/apprentice entrepreneurs, followed by 18.9% (n = 28) who strongly disagreed, then by 6.8% (n = 10) who strongly agreed, 6.1% (n = 9) who were neutral and 2.0% (n = 3) who agreed that they mentored novice/apprentice entrepreneurs. On average, participants disagreed to having mentored novice/apprentice entrepreneurs (mean = 2.10, SD = 0.945)

### **I involve family members in a business as a way to transfer skills**

Majority of participants (n = 120; 81.1%) strongly agreed that they involved family members in a business as a way of transferring skills, followed by 14.2% (n = 21) who agreed, then by 2.7% (n = 4) who strongly disagreed and lastly by 2.0% (n = 3) who indicated that they were neutral. On average, participants strongly agreed to involving family members in a business as a way to transfer skills (mean = 4.71, SD = 0.763)

### **I share business knowledge with community members.**

Approximately 72.0% (n = 106) of the participants disagreed that they shared business knowledge with community members, followed by 14.2% (n = 21) who were neutral, then 8.1% (n = 12) who strongly disagreed, 5.4% (n = 8) who agreed and lastly by 0.7% (n = 1) who strongly agreed. Overall, participants disagreed to sharing business knowledge with community members (mean = 2.18, SD = 0.674)

### **I am willing to transfer the skills I have to other people.**

Regarding the participants' willingness to transfer skills to other people, 74.0% (n = 108) strongly agreed, 19.9% (n = 29) agreed, 3.4% (n = 5) were neutral, 1.4% (n = 2) disagreed and 1.4% (n = 2) strongly disagreed with the statement. On average, participants strongly agreed that they were willing to transfer their skills to other people (mean = 4.63, SD = 0.744).

### **I see my employees as entrepreneurs on training**

Majority of participants (n = 115; 78.2%) strongly agreed whilst the remaining 21.8% (n = 32) agreed that they viewed their employees as entrepreneurs on training. Overall, participants agreed in the strongest manner to taking their employees as entrepreneurs on training (mean = 4.79, SD = 0.411).

### **I share trading skills with employees and community members.**



Majority of participants ( $n = 89$ ; 60.1%) disagreed that they shared trading skills with employees and community members, followed by 18.9% ( $n = 28$ ) who were neutral, then by 10.1% ( $n = 15$ ) who strongly agreed, 9.5% ( $n = 14$ ) who agreed and lastly by 1.4% ( $n = 2$ ) who strongly disagreed. On average, participants were neutral about sharing trading skills with employees and community members (mean = 2.67, SD = 1.028).

### **My business is a platform for building self confidence in others.**

Majority of participants ( $n = 118$ ; 79.7%) agreed that their businesses were a platform for building self-confidence in others, followed by 17.6% ( $n = 26$ ) who strongly agreed and then by those who disagreed ( $n = 2$ ; 1.4%) and neutral ( $n = 2$ ; 1.4%). On average, participants agreed that their businesses were a platform for building self-confidence in others (mean = 4.14, SD = 0.480).

### **I view my business as a breeding ground for other business.**

Nearly 72% ( $n = 106$ ) of the participants agreed that they viewed their businesses as a breeding ground for other business, followed by 19.6% ( $n = 29$ ) who strongly agreed, 5.4% ( $n = 8$ ) who disagreed, 2.7% ( $n = 4$ ) who were neutral and lastly by 0.7% ( $n = 1$ ) who strongly disagreed. On average, participants agreed to viewing their businesses as breeding grounds for other business (mean = 4.05, SD = 0.710).

### **I share market information with prospective entrepreneurs.**

The majority of participants ( $n = 102$ ; 68.9%) indicated that they were neutral to the view that they shared market information with prospective entrepreneurs, followed by 23.6% ( $n = 35$ ) who agreed, 4.7% ( $n = 7$ ) who strongly agreed, 1.4% ( $n = 2$ ) who strongly disagreed and lastly by 1.4% ( $n = 2$ ) who disagreed with the view. On average, participants were neutral to the view that they shared market information with prospective entrepreneurs (mean = 3.29, SD = 0.645).

### **I sometimes have platforms to transfer skills to others.**

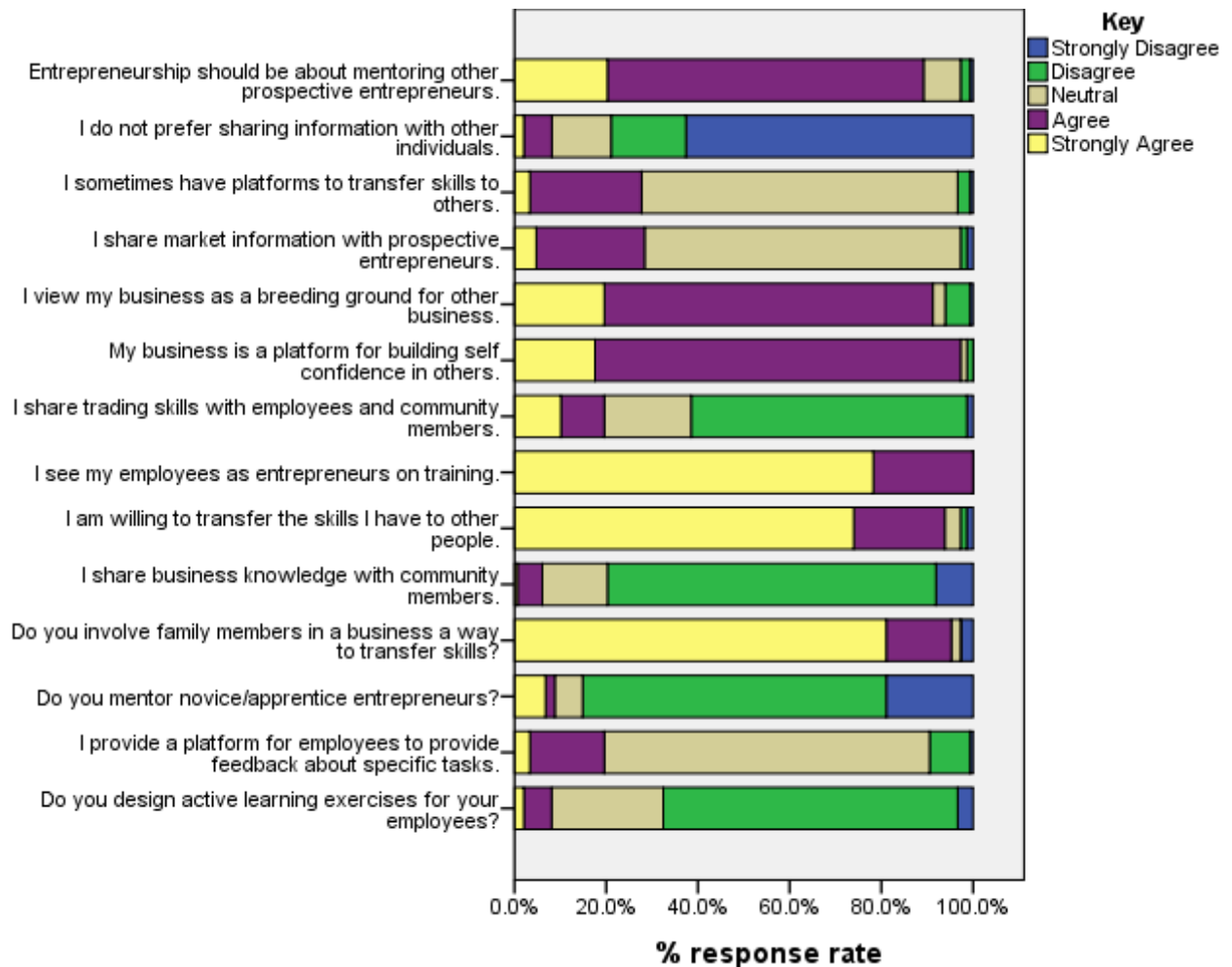
Approximately 69% ( $n = 102$ ) were neutral of the view that they sometimes have platforms to transfer skills to others, followed by 24.3% ( $n = 36$ ) who agreed, 3.4% ( $n = 5$ ) who strongly agreed, 2.7% ( $n = 4$ ) disagreed and 0.7% ( $n = 1$ ) strongly disagreed. Overall, participants were neutral to the view that they sometimes have platforms to transfer skills to others (mean = 3.29, SD = 0.576).

### **I do not prefer sharing information with other individuals.**

About 63% (n = 92) of the participants strongly disagreed with the view that they did not prefer sharing information with other individuals, followed by 16.3% (n = 24) who disagreed, 12.9% (n = 19) who were neutral, 6.1% (n = 9) agreed and lastly by 2.0% (n = 3) who strongly agreed. Overall, participants disagreed with the view that they did not prefer sharing information with other individuals (mean = 1.67, SD = 1.014).

**Entrepreneurship should be about mentoring other prospective entrepreneurs.**

Nearly 69% (n = 102) of the participants agree with the view that entrepreneurship should be about mentoring other prospective entrepreneurs, followed by 20.3% (n = 30) who strongly agreed, then by 8.1% (n = 12) neutrals, 2.0% (n = 3) disagreed and lastly by 0.7% (n = 1) who strongly disagreed. On average, participants agreed with the view that entrepreneurship should be about mentoring other prospective entrepreneurs (mean = 4.08, SD = 0.636).



**Figure 6: Distribution of responses for entrepreneurial effect proxy variables across the rating scale**

**Table 7: Summary descriptive Statistics for entrepreneurial effect variables**

Statistics	Do you design active learning exercises for your employees?	Do you employ employees to provide feedback about specific tasks?	Do you mentor novice/apprentice entrepreneurs?	Do you involve family members in business?	Do you share business knowledge with other members?	Do you share your skills with other people?	Do you see my employees and building confidence in others?	Do you share my trading business skills with platform breeders?	Do you view my business as all shares sometimes I do not prefer sharing information with other individuals?	Do you view my business as all shares sometimes I do not prefer sharing information with other individuals?	Do you view my business as all shares sometimes I do not prefer sharing information with other individuals?	Do you view my business as all shares sometimes I do not prefer sharing information with other individuals?	Do you view my business as all shares sometimes I do not prefer sharing information with other individuals?	Do you view my business as all shares sometimes I do not prefer sharing information with other individuals?
N	148	148	148	148	148	148	148	148	148	148	148	148	148	148
Mean	2.39	3.13	2.11	4.71	2.19	4.64	4.78	2.67	4.14	4.10	3.29	3.27	1.69	4.06
Std. Error of Mean	0.061	0.052	0.079	0.062	0.056	0.06	0.034	0.084	0.039	0.068	0.053	0.049	0.086	0.054
Median	2.00	3.00	2.00	5.00	2.00	5.00	5.00	2.00	4.00	4.00	3.00	3.00	1.00	4.00
Mode	2	3	2	5	2	5	5	2	4	4	3	3	1	4
Std. Deviation	0.744	0.631	0.966	0.758	0.684	0.742	0.414	1.026	0.476	0.823	0.642	0.602	1.046	0.652

Skewness	1.334	.552	1.743	-3.54	1.295	-2.694	-1.382	1.201	-0.375	1.816	0.434	0.569	1.424	-1.106	
Std. Error of Skewness	0.199	0.199	0.199	0.199	0.199	0.201	0.200	0.199	0.199	0.199	0.199	0.199	0.200	0.199	
Kurtosis	2.152	2.154	3.293	13.86	2.831	8.56	-0.090	0.265	5.152	18.47	2.374	1.944	1.095	4.021	
Std. Error of Kurtosis	0.396	0.396	0.396	0.396	0.396	0.399	0.397	0.396	0.396	0.396	0.396	0.396	0.397	0.396	
Range	4	4	4	4	4	4	1	4	3	8	4	4	4	4	
Minimum	1	1	1	1	1	1	4	1	2	2	1	1	1	1	
Maximum	5	5	5	5	5	5	5	5	5	10	5	5	5	5	
Percentiles	25	2.00	3.00	2.00	5.00	2.00	4.00	5.00	2.00	4.00	4.00	3.00	3.00	1.00	4.00
	50	2.00	3.00	2.00	5.00	2.00	5.00	5.00	2.00	4.00	4.00	3.00	3.00	1.00	4.00
	75	3.00	3.00	2.00	5.00	2.00	5.00	5.00	3.00	4.00	4.00	4.00	4.00	2.00	4.00

## 4.8. Reliability Statistics

### Item Statistics

**Table 8: 8 entrepreneurial effect sub items whose Cronbach Alpha = 0.761**

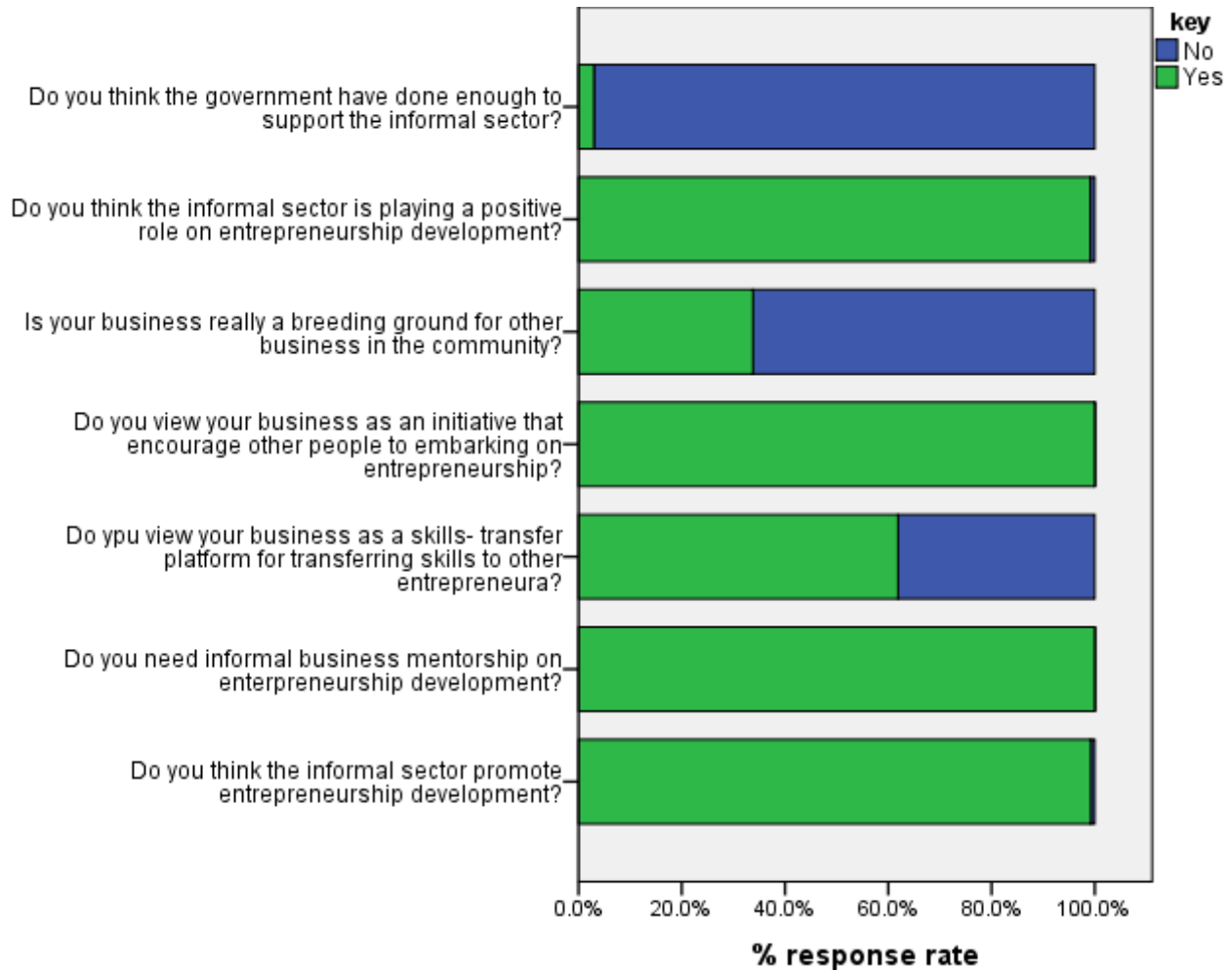
Items	Mean	SD	Mean Response
Do you design active learning exercises for your employees?	2.39	0.744	Disagree
I provide a platform for employees to provide feedback about specific tasks.	3.13	0.631	Neutral
Do you mentor novice/apprentice entrepreneurs?	2.11	0.966	Disagree
My business is a platform for building self confidence in others.	4.14	0.476	Agree
I view my business as a breeding ground for other business.	4.10	0.823	Agree
I share market information with prospective entrepreneurs.	3.29	0.642	Neutral
I sometimes have platforms to transfer skills to others.	3.27	0.602	Neutral
Entrepreneurship should be about mentoring other prospective entrepreneurs.	4.06	0.652	Agree

Inter-Item Correlation Matrix								
	Do you design active learning exercises for your employees?	I provide a platform for employees to provide feedback about specific tasks.	Do you mentor novice/apprentice entrepreneurs?	My business is a platform for building self confidence in others.	I view my business information with breeding ground for other business.	I share market information with prospective entrepreneurs.	sometimes have mentors or platforms to transfer skills to others.	Entrepreneurship should be about mentoring other prospective entrepreneurs.
Do you design active learning exercises for your employees?	1.000	0.559	0.401	0.522	0.124	0.501	0.355	0.231
I provide a platform for employees to provide feedback about specific tasks.	0.559	1.000	.556	.508	.368	.378	.105	.196
Do you mentor novice/apprentice entrepreneurs?	0.401	0.556	1.000	0.292	0.097	0.440	-0.019	0.010
My business is a platform for building self confidence in others.	0.522	0.508	0.292	1.000	0.364	0.517	0.347	0.587

I view my business as a breeding ground for other business.	0.124	0.368	0.097	0.364	1.000	0.060	-0.001	0.331
I share market information with prospective entrepreneurs.	0.501	0.378	0.440	0.517	0.060	1.000	.518	.283
I sometimes have platforms to transfer skills to others.	.355	.105	-.019	.347	-.001	.518	1.000	.287
Entrepreneurship should be about mentoring other prospective entrepreneurs.	.231	.196	.010	.587	.331	.283	.287	1.000

## Perceptions

The figure below shows presents the distribution of responses the general questions on perceptions. Generally, almost all participants believed that the informal sector played a positive role which in turn promoted entrepreneurship development.



**Figure 7: Distribution of responses the general questions on perceptions.**

### Informal businesses as breeding grounds for other businesses in the community

Majority of participants (n = 99; 66.9%) indicated that their businesses were not a breeding ground for other businesses in the community whilst only 33.1% (n = 49) indicated that their businesses were really a breeding ground for other businesses in the community.



## **Reasons why businesses breeding grounds for other businesses**

Some of participants revealed that their businesses are really a breeding ground for other businesses in the community because they hired people within their communities in order to transfer entrepreneurship development skills. Some of the participants revealed that they supported local suppliers by ordering stock from them which encourages their operations and business growth. Some of the participants articulated that many other small businesses within their communities' supplied their business which helps sustain their operation. Some of the participants revealed that their businesses can influence other business and in some cases the other business can influence more other business which encourages informal businesses to transfers skills to other entrepreneurs. Some of the participants reported that their business existence plays an important role in encouraging business start-ups since they support local supplier's manufacturers such as farmers purchasing stock from them. Some of the participants revealed that since they have started operating as an informal sector/ entrepreneur they gained lot of business skills and have also managed to gain financial management skill and raise fund to expand their businesses. Some of the participants revealed that their businesses operation serves as a breeding ground since they encourage local community business to embark on manufacturing/production businesses as they order goods from local suppliers.

## **Role of informal sector on entrepreneurship development**

Out of 145 participants who responded to this question, nearly 99% (n = 144) agreed that the informal sector was playing a positive role on entrepreneurship development whilst the remaining 1% (n = 1) expressed that they did not agree that the informal sector is playing a positive role on entrepreneurship development (n = 1; 0.9%).

## **Reason for "Yes" response**

Many of the participants who responded to this question responded that the informal sector was playing a positive role on entrepreneurship development they managed to raise enough funding for business growth and expansion. Some of the participants revealed that informal sector provide entrepreneurship have gained lot of skills and experience on managing business. Some of the participants revealed that through informal sector business operation they enhanced their business knowledge and have managed to rise funding for their business expansion. Some of the participants revealed that through informal sector they accessed more information on business management and get enough funding through saving. Some of the participants revealed that through informal sector they gained more information on business management and handling

finances. Some of the participants revealed that they transfer entrepreneurship skills to their employees which they can also transfer to their family member to encourage entrepreneurship development. Some of the participants revealed that Informal sector serve as a programme for entrepreneurship skill development and most of the business have expanded and grew through or with funds raised in the informal business operation. Some of the participants revealed that the informal sector plays a vital role in promoting entrepreneurship development through its capacity to develop more business skills. Some of the participants revealed that through the profit gained in the informal sector operation they are able to open new business operation and also expand their businesses.

### **Reason for “No” response**

Few of the participants reported that they do not share their business skills with other entrepreneurs although Informal sector business operation promotes entrepreneurship skills and development.

## 4.9. Perception on research objectives

4.9.1 Objective 1: To identify the skills that informal sector contributes towards entrepreneurship development.

### Skills and Knowledge

The figure below presents the main skills and knowledge that the informal business owner expressed they needed for entrepreneurship development. Participants indicated marketing skills (Y = 56.55%) as the main skill, followed by financial management skills (Y = 30.34%), then communication skills (Y = 26.21%), problem solving skills (Y = 8.97%) and budgeting skills (Y = 3.45%). Technological (Y = 1.38%), planning (Y = 0.69%) and people management (Y = 0.69%) skills were among the least mentioned skills.

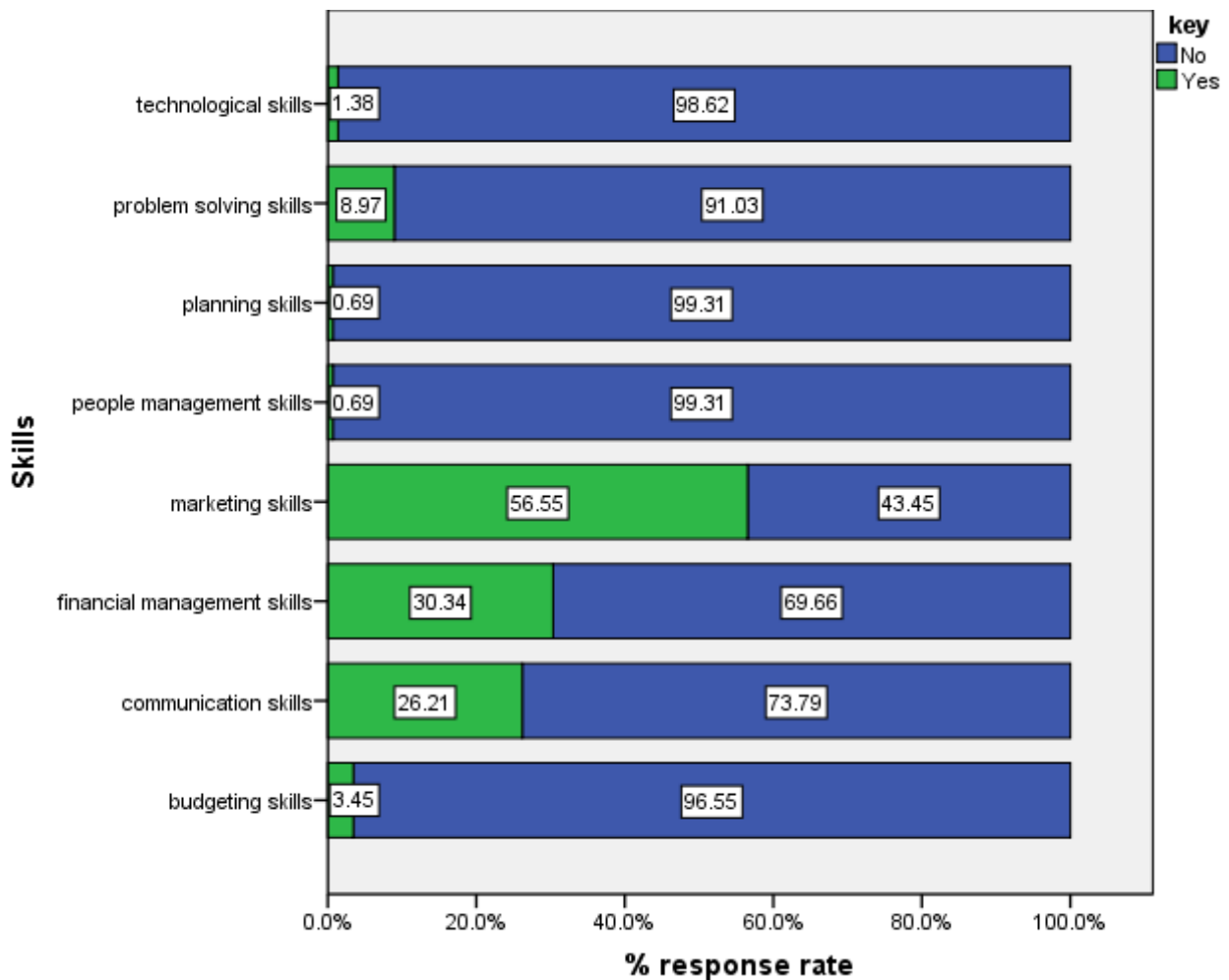


Figure 8: The main skills and knowledge that the informal business owner expressed they needed for entrepreneurship development

## Chi-Squared test for Associations

### Knowledge and skills

In this section, the results obtained after performing Chi-Squared test for association between knowledge and skills needed by informal business owners for entrepreneurship development are outlined and the socio-demographic and business variables are presented. The skills reported are summarised in the first table. The second table shows the variables which are significantly associated with skills and knowledge.

Budgeting skills and age are statistically and significantly associated (Chi-Square = 4.009,  $df = 1$ ,  $p < 0.05$ ). This implies that the extent to which informal business owners need budgeting skills to for entrepreneurship development depends on their age. Those who are at most 35 years old require budgeting skills more than those who are at least 36 years and above. In other words, the youthful informal business owner wished they had budgeting skills more than their adult informal business owners' counterparts.

A statistically significant relationship is reported between communication skills and gender (Chi-Square = 5.288,  $df = 1$ ,  $p < 0.05$ ). This implies that the extent to which informal business owners need communication skills to grow their businesses depends on gender. Specifically, female informal business owners require communication skills more than their male informal business owners.

A statistically significant relationship is reported between planning skills and years of existence (Chi-Square = 6.089,  $df = 1$ ,  $p < 0.05$ ). This means that the extent to which informal business owners need planning skills to grow their businesses depends on business's years of existence. Owners of businesses between 11-20 years of existences need planning skills to grow their businesses more than those who are between 1-10 years of existence.

A statistically significant relationship is reported between problem solving skills and marital status (Chi-Square = 8.819,  $df = 3$ ,  $p < 0.05$ ). This means that the extent to which informal business owners need problem solving skills to grow their businesses depends on their marital statuses. The need for problem solving skills and marital status are positively correlated. As one moves from being single, to married, divorced and married so does their need for problem solving skills.

A statistically significant relationship is reported between technological skills and marital status (Chi-Square = 19.852,  $df = 3$ ,  $p < 0.05$ ) and type of business (Chi-Square = 7.897,  $df = 2$ ,  $p < 0.05$ ). This means that the extent to which informal business owners need technological skills to

grow their businesses depends on their marital statuses as well as the type of their businesses (retail, wholesale or both). With regards to marital status, only those who are single and widowed expressed that they needed technological skills to grow their businesses. Also, the widowed are reported to be in more need of technological skills compared to their single counterparts. Regarding the type of business, only those with “retail” and “both retail and wholesale” expressed that they needed technological skills to grow their businesses. However, informal traders operating both retail and wholesale informal businesses required more technological skills compared to those who operated informal retail businesses only.

### **Informal businesses as a skills- transfer platforms**

Nearly 67.6% (n = 100) agreed (that is, “Yes”) that they viewed their businesses as skills- transfer platforms for transferring skills to other entrepreneurs whilst the remaining 32.4% (n = 48) did not agree (that is, “No”). Some of the reasons provided by the participants to support their answers are as summarised below.

#### **Reason supporting “No” response**

Some of the participants revealed that they do not reveal their businesses as skills-transfer platform for transferring skills to other entrepreneurs because they do not share all their business skills with other entrepreneurs whom they regard as my competitors. Some of the participants reported that they do not share their business skills with other entrepreneurs in order to use their skills as a competitive advantage. Some of the participants reported that they use their skills as a competitive advantage against other entrepreneurs on the same line of business as theirs. Some of the participants revealed that do not share their skills with other entrepreneurs since it is the key to their business success.

#### **Reason supporting “Yes” response**

Many of the participants agreed that they viewed their business as skills-transfer platform for transferring skills to other entrepreneurs because through informal business operation I have gained lot of skills and experience on managing business which I share with other entrepreneurs during workshops. Some of the participants revealed that they transfer their business skills to their employees on day-to-day operation process which will help them in future to start their own business. Some of the participants revealed that through their skills other people can access knowledge and skills on how to grow their business as well as transferring skills to other entrepreneurs. Some of the participants revealed that during workshops they transfer their skills

and other business information that can help promote entrepreneurship. Some participants revealed that the operation of informal business help raise funds for business growth and expansion. Some of the participants revealed that during workshops they exchanged business skills and new product development and market information.

### **Skills and knowledge gain**

Some of the participants reported that they wanted to gain more skills and knowledge about market information and how to be successful entrepreneurs. Based on the results obtained it is evident that the informal sector business operation plays a vital role in skills development to enhance entrepreneurship development. Through the operation of informal business skills such as marketing, problem-solving, communication, planning and technological skills were obtained.

### **Skills development programmes**

Through informal sector business operation, entrepreneurs attended skills development programmes which also helps enhance entrepreneurship development. Some of the participants believed that skills development programmes helps enhance entrepreneurship skill. Other participants are of the view that through attending skills development programmes they are able to create business networking which can help them in sharing business skills which will promote entrepreneurship development.

**Table 9: Chi-Squared test for association between knowledge and skills needed by informal business owners for entrepreneurship development .**

		budgeting skills		communication skills		financial management skills		marketing skills		people management skills		planning skills		problem solving skills		technological skills	
		No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Age	<= 35 years	91.2%	8.8%	79.4%	20.6%	73.5%	26.5%	47.1%	52.9%	100.0%	0.0%	100.0%	0.0%	91.2%	8.8%	100.0%	0.0%
	>= 36 years	98.2%	1.8%	72.8%	27.2%	69.3%	30.7%	41.2%	58.8%	99.1%	0.9%	99.1%	0.9%	91.2%	8.8%	98.2%	1.8%
Gender	Female	97.3%	2.7%	69.6%	30.4%	73.2%	26.8%	39.3%	60.7%	100.0%	0.0%	100.0%	0.0%	92.9%	7.1%	99.1%	0.9%
	Male	94.4%	5.6%	88.9%	11.1%	61.1%	38.9%	52.8%	47.2%	97.2%	2.8%	97.2%	2.8%	86.1%	13.9%	97.2%	2.8%
Level of education	<=high school but no matric	97.8%	2.2%	69.6%	30.4%	71.7%	28.3%	38.0%	62.0%	98.9%	1.1%	98.9%	1.1%	93.5%	6.5%	98.9%	1.1%
	Matric	90.6%	9.4%	78.1%	21.9%	68.8%	31.3%	46.9%	53.1%	100.0%	0.0%	100.0%	0.0%	90.6%	9.4%	100.0%	0.0%
	>= college	100.0%	0.0%	87.5%	12.5%	66.7%	33.3%	54.2%	45.8%	100.0%	0.0%	100.0%	0.0%	83.3%	16.7%	95.8%	4.2%
Marital Status	Single	100.0%	0.0%	75.0%	25.0%	58.3%	41.7%	45.8%	54.2%	100.0%	0.0%	100.0%	0.0%	91.7%	8.3%	95.8%	4.2%

	Married	95.5%	4.5%	72.7%	27.3%	71.8%	28.2%	43.6%	56.4%	99.1%	0.9%	99.1%	0.9%	92.7%	7.3%	100.0%	0.0%
	Divorced	100.0%	0.0%	80.0%	20.0%	80.0%	20.0%	30.0%	70.0%	100.0%	0.0%	100.0%	0.0%	90.0%	10.0%	100.0%	0.0%
	Widowed	100.0%	0.0%	100.0%	0.0%	75.0%	25.0%	25.0%	75.0%	100.0%	0.0%	100.0%	0.0%	50.0%	50.0%	75.0%	25.0%
Years of existence	1 - 10 years	96.1%	3.9%	74.0%	26.0%	70.1%	29.9%	44.9%	55.1%	99.2%	0.8%	100.0%	0.0%	92.9%	7.1%	98.4%	1.6%
	11 - 20 years	100.0%	0.0%	76.2%	23.8%	71.4%	28.6%	28.6%	71.4%	100.0%	0.0%	95.2%	4.8%	81.0%	19.0%	100.0%	0.0%
Type of business	Retail	97.1%	2.9%	73.7%	26.3%	70.8%	29.2%	41.6%	58.4%	99.3%	0.7%	99.3%	0.7%	92.0%	8.0%	99.3%	0.7%
	Wholesale	100.0%	0.0%	66.7%	33.3%	66.7%	33.3%	66.7%	33.3%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
	Wholesale and Retail	87.5%	12.5%	87.5%	12.5%	62.5%	37.5%	50.0%	50.0%	100.0%	0.0%	100.0%	0.0%	75.0%	25.0%	87.5%	12.5%
Category of Activity	Manufacturing	88.9%	11.1%	83.3%	16.7%	72.2%	27.8%	50.0%	50.0%	100.0%	0.0%	100.0%	0.0%	88.9%	11.1%	94.4%	5.6%
	Service	97.7%	2.3%	73.1%	26.9%	70.0%	30.0%	41.5%	58.5%	99.2%	0.8%	99.2%	0.8%	91.5%	8.5%	99.2%	0.8%



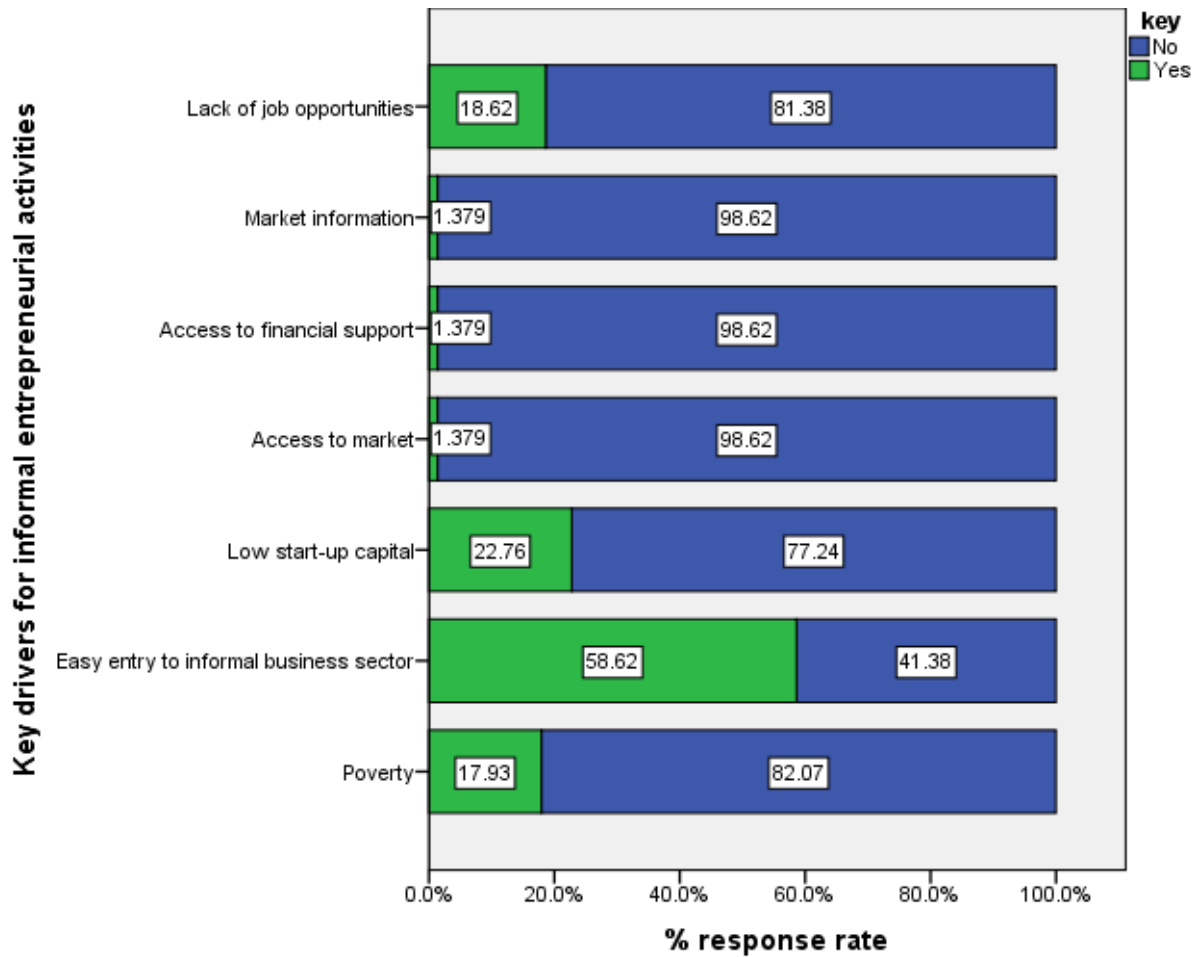
Pearson Chi-Square Tests								
		Age	Gender	Level of education	Marital Status	Years of existence	Type of business	Category of Activity
budgeting skills	Chi-square	4.009	0.691	4.773	1.788	0.856	2.232	3.754
	Df	1	1	2	3	1	2	1
	Sig.	<b>0.045</b>	0.406	0.092	0.618	0.355	0.328	0.053
communication skills	Chi-square	0.599	5.288	3.517	1.703	0.045	0.846	0.872
	Df	1	1	2	3	1	2	1
	Sig.	0.439	<b>0.021</b>	0.172	0.636	0.833	0.655	0.3510
financial management skills	Chi-square	0.224	1.910	0.280	2.259	0.016	0.268	0.037
	Df	1	1	2	3	1	2	1
	Sig.	0.636	0.167	0.870	0.520	0.900	0.874	0.847
marketing skills	Chi-square	0.364	2.029	2.334	1.307	1.961	0.945	0.463
	Df	1	1	2	3	1	2	1
	Sig.	0.546	0.154	0.311	0.727	0.161	0.623	0.496
people management skills	Chi-square	0.300	3.132	0.613	0.348	0.166	0.081	0.139
	Df	1	1	2	3	1	2	1
	Sig.	0.584	0.077	0.736	0.951	0.683	0.960	0.709
planning skills	Chi-square	0.300	3.132	0.613	0.348	6.089	0.081	0.139

	Df	1	1	2	3	1	2	1
	Sig.	0.584	0.077	0.736	0.951	<b>0.014</b>	0.960	0.709
problem solving skills	Chi-square	0.000	1.547	2.463	8.819	3.218	3.012	0.139
	Df	1	1	2	3	1	2	1
	Sig.	0.993	0.214	0.292	<b>0.032</b>	0.073	0.222	0.710
technological skills	Chi-square	.605	.726	1.914	19.852	.335	7.897	2.717
	Df	1	1	2	3	1	2	1
	Sig.	0.437	0.394	0.384	<b>0.000</b>	0.563	<b>0.019</b>	0.099

**4.9.2 Objective 2:** To explore the drivers that leads to informal entrepreneurial activities.

**Key drivers for informal entrepreneurial activities**

The figure below provides a summary of some key drivers for informal entrepreneurial activities. Easy entry into the informal sector (Yes = 58.62%) forms one the main driver for informal entrepreneurial activities, followed by low start-up capital (Y = 22.76%), then lack of job opportunities (Y = 18.62%) and poverty (Y = 17.93%). Among the least drivers are access to market (Y = 1.379%), market information (Y = 1.379%) and access to financial support (Y = 1.379%).



**Figure 9: Key drivers for informal entrepreneurial activities**

To test the level of association between the major key drivers for informal entrepreneurial activities, Chi-Squared tests for association were performed and the results are as reported below.

Easy entry to informal business sector is significantly associated with age (Chi-Square = 5.172,  $df = 1$ ,  $p < 0.05$ ) and category of activity (Chi-Square = 4.471,  $df = 1$ ,  $p < 0.05$ ). Hence, the level with which easy entry to informal business sector drives informal entrepreneurial activities depends on whether one is youth ( $\leq 35$  years) or adult ( $\geq 36$  years). For instance, easy of entry to informal business sector is seen as a key driver of informal entrepreneurial activities by youths more than it is seen by the adults. Regarding category of activity, the degree to which easy entry to informal business sector drives informal entrepreneurial activities depends on whether the participant came from manufacturing or the service sector. Easy of entry to informal business sector is seen as a key driver of informal entrepreneurial activities by those in manufacturing sector more than it is seen by those in the services sector.

Further, a statistically significant relationship was found between low start-up capital and gender (Chi-Square = 4.540,  $df = 1$ ,  $p < 0.05$ ). This implies that the extent to which low start-up capital serves as a key driver informal entrepreneurial activities depends on whether the informal business owner was male or female. More females believe that low start-up capital is the key for driving informal entrepreneurial activities compared to their male counterparts.

Moreover, access to financial support is shown to be significantly related to level of education (Chi-Square = 7.458,  $df = 2$ ,  $p < 0.05$ ) and type of business (Chi-Square = 23.025,  $df = 2$ ,  $p < 0.05$ ). The established relationship between access to financial support and level of education implies that the extent to which access to financial drives informal entrepreneurial activities depends on the level of education possessed by individual informal business owners. Informal business owners whose educational level is at most high school but no matric believes that access to financial capital is a key driver of informal entrepreneurial activities compared to those with matric and at least college degrees.

In addition, the established relationship between access to financial support and type of business implies that the extent to which access to financial drives informal entrepreneurial activities depends on whether an informal business owner operated a “retail”, “wholesale” or both a “retail and wholesale” type of business. Informal “wholesale” business owners believed that access to financial capital was key for driving informal entrepreneurial activities compared to Informal “retail” business owners.

Based on the findings informal sector requires less start-up capital or funding for its business operations which makes it easier to operate. Most of the participants stated that less start-up capital was also the key motive for them to embark on informal sector business operation with the aim for entrepreneurship development.

**Table 10 & 11: Chi-Squared tests for drivers that leads to informal entrepreneurial activities**

		Poverty		Easy entry to informal business sector		Low start-up capital		Access to financial market		Access to support		Market information		Lack of job opportunities	
		No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Age	<= 35 years	84.8%	15.2%	24.2%	75.8%	84.8%	15.2%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	78.8%	21.2%
	>= 36 years	81.3%	18.8%	46.4%	53.6%	75.0%	25.0%	98.2%	1.8%	98.2%	1.8%	98.2%	1.8%	82.1%	17.9%
Gender	Female	83.0%	17.0%	43.8%	56.3%	73.2%	26.8%	98.2%	1.8%	99.1%	0.9%	98.2%	1.8%	81.3%	18.8%
	Male	78.8%	21.2%	33.3%	66.7%	90.9%	9.1%	100.0%	0.0%	97.0%	3.0%	100.0%	0.0%	81.8%	18.2%
Level of education	<=high school but no matric	84.8%	15.2%	44.6%	55.4%	71.7%	28.3%	98.9%	1.1%	100.0%	0.0%	98.9%	1.1%	83.7%	16.3%
	Matric	74.2%	25.8%	38.7%	61.3%	87.1%	12.9%	96.8%	3.2%	93.5%	6.5%	96.8%	3.2%	87.1%	12.9%
	>= college	81.8%	18.2%	31.8%	68.2%	86.4%	13.6%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	63.6%	36.4%
Marital Status	Single	83.3%	16.7%	41.7%	58.3%	83.3%	16.7%	95.8%	4.2%	95.8%	4.2%	95.8%	4.2%	75.0%	25.0%
	Married	80.4%	19.6%	43.0%	57.0%	74.8%	25.2%	99.1%	0.9%	99.1%	0.9%	99.1%	0.9%	84.1%	15.9%
	Divorced	90.0%	10.0%	20.0%	80.0%	90.0%	10.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	70.0%	30.0%
	Widowed	100.0%	0.0%	50.0%	50.0%	75.0%	25.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	75.0%	25.0%
	1 -10 years	82.4%	17.6%	39.2%	60.8%	78.4%	21.6%	98.4%	1.6%	99.2%	0.8%	98.4%	1.6%	80.0%	20.0%

Years of existence	11 - 20 years	80.0%	20.0%	55.0%	45.0%	70.0%	30.0%	100.0%	0.0%	95.0%	5.0%	100.0%	0.0%	90.0%	10.0%
Type of business	Retail	80.6%	19.4%	43.3%	56.7%	76.1%	23.9%	98.5%	1.5%	99.3%	0.7%	98.5%	1.5%	82.1%	17.9%
	Wholesale	100.0%	0.0%	33.3%	66.7%	100.0%	0.0%	100.0%	0.0%	66.7%	33.3%	100.0%	0.0%	100.0%	0.0%
	Wholesale and Retail	100.0%	0.0%	12.5%	87.5%	87.5%	12.5%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	62.5%	37.5%
Category of Activity	Manufacturing	82.4%	17.6%	17.6%	82.4%	88.2%	11.8%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	82.4%	17.6%
	Service	82.0%	18.0%	44.5%	55.5%	75.8%	24.2%	98.4%	1.6%	98.4%	1.6%	98.4%	1.6%	81.3%	18.8%

Pearson Chi-Square Tests								
		Age	Gender	Level of education	Marital Status	Years of existence	Type of business	Category of Activity
Poverty	Chi-square	0.224	0.313	1.768	1.536	0.067	2.601	0.001
	Df	1	1	2	3	1	2	1
	Sig.	0.636	0.576	0.413	0.674	0.795	0.272	0.974
Easy entry to informal business sector	Chi-square	5.172	1.140	1.305	2.122	1.774	3.031	4.471
	Df	1	1	2	3	1	2	1
	Sig.	<b>0.023</b>	0.286	0.521	0.547	0.183	0.220	<b>0.034</b>
Low start-up capital	Chi-square	1.406	4.540	4.339	1.817	0.692	1.459	1.324
	Df	1	1	2	3	1	2	1
	Sig.	0.236	<b>0.033</b>	0.114	0.611	0.405	0.482	0.250
Access to market	Chi-square	0.598	0.598	1.143	1.722	0.324	0.166	0.269
	Df	1	1	2	3	1	2	1
	Sig.	0.440	0.440	0.565	0.632	0.569	0.920	0.604
Access to financial support	Chi-square	0.598	0.856	7.458	1.722	2.236	23.025	0.269
	Df	1	1	2	3	1	2	1
	Sig.	0.440	0.355	<b>0.024</b>	0.632	0.135	<b>0.000</b>	0.604
Market information	Chi-square	0.598	0.598	1.143	1.722	0.324	0.166	0.269
	Df	1	1	2	3	1	2	1
	Sig.	0.440	0.440	0.565	0.632	0.569	0.920	0.604
Lack of job opportunities	Chi-square	0.189	0.005	5.565	2.134	1.138	2.613	0.012
	df	1	1	2	3	1	2	1



**4.9.3 Objective 3:** To determine the strategies used by to promote entrepreneurship development.

**4.9.3.1 Strategies for promoting entrepreneurship**

The strategies for promoting entrepreneurship, skills development programmes (n = 88; 60.7%), apprenticeship (n = 47; 32.4%), on-the-job training (n = 7; 4.8%), teamwork (n = 2; 1.4%) and marketing (n = 1; 0.7%) were reported as alternatives for promoting entrepreneurship (See table 12 below).

Strategy	Frequency	Percent	Cumulative Percent
Apprenticeship	47	32.4	32.4
Marketing	1	0.7	33.1
On the job training	7	4.8	37.9
Skills development programmes	88	60.7	98.6
Teamwork	2	1.4	100.0
Total	145	100.0	

**4.9.3.2 Strategies for entrepreneurship development**

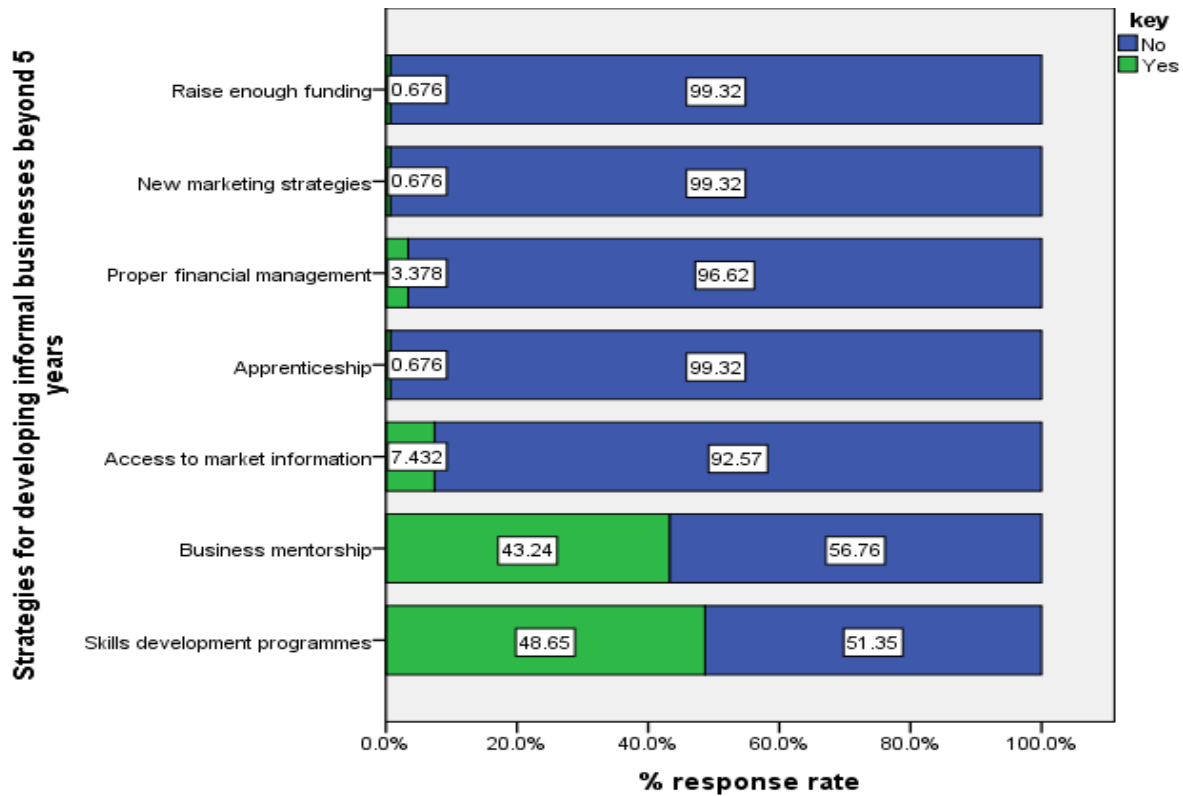
On strategies for entrepreneurship development, skills development programmes (n = 97; 66.9%), apprenticeship (n = 47; 32.4%) and access to capital (n = 1; 0.7%) were reported as alternatives for promoting entrepreneurship (See table below).

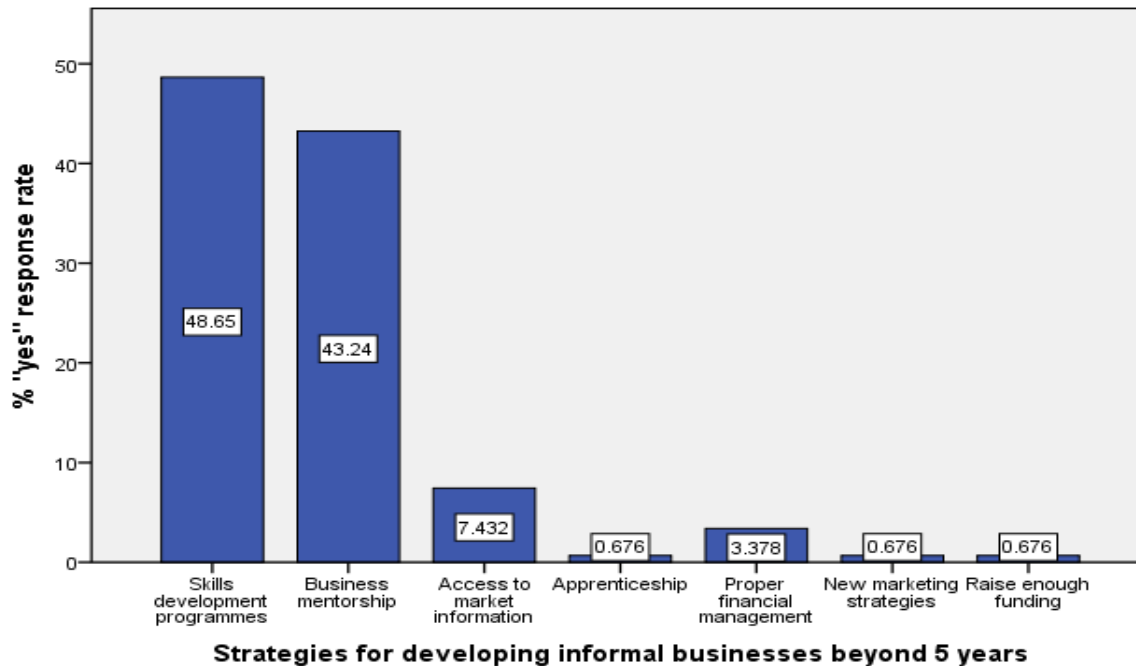
**Table 13: Strategies for entrepreneurship development**

Strategy	Frequency	Percent	Cumulative Percent
Access to capital	1	0.7	.7
Apprenticeship	47	32.4	33.1
skills development programmes	97	66.9	100.0
Total	145	100.0	

#### 4.9.3.3 Strategies for developing informal businesses beyond 5 years

Skills development programmes (48.65%), business mentorship (43.24%), access to market information (7.43%) constitutes some the main strategies for developing informal businesses beyond 5 years (refer to the graphs below).





**Figure 10 & 11: Strategies for developing informal businesses beyond 5 years**

#### **4.9.3.4 Need for informal business mentorship on entrepreneurship development to transfer entrepreneurship skills.**

Of all the participants who responded to this question unanimously believed that informal businesses needed mentorship on entrepreneurship development (n = 148; 100.0%) Some of the reasons to support their beliefs are given as follows:

##### **Mentorship**

All the participants believed that mentorship on informal businesses enhance entrepreneurship development. Some of the participants reported that with mentorship assistance one can be able to gain more entrepreneurship skills. Some of the participants revealed they needed mentorship to assist them to gain valuable marketing skills to promote their products. Some of the participants reported that they needed mentorship in order to gain and learn new skills for entrepreneurship development. These effects are posited in the following response of a participant:

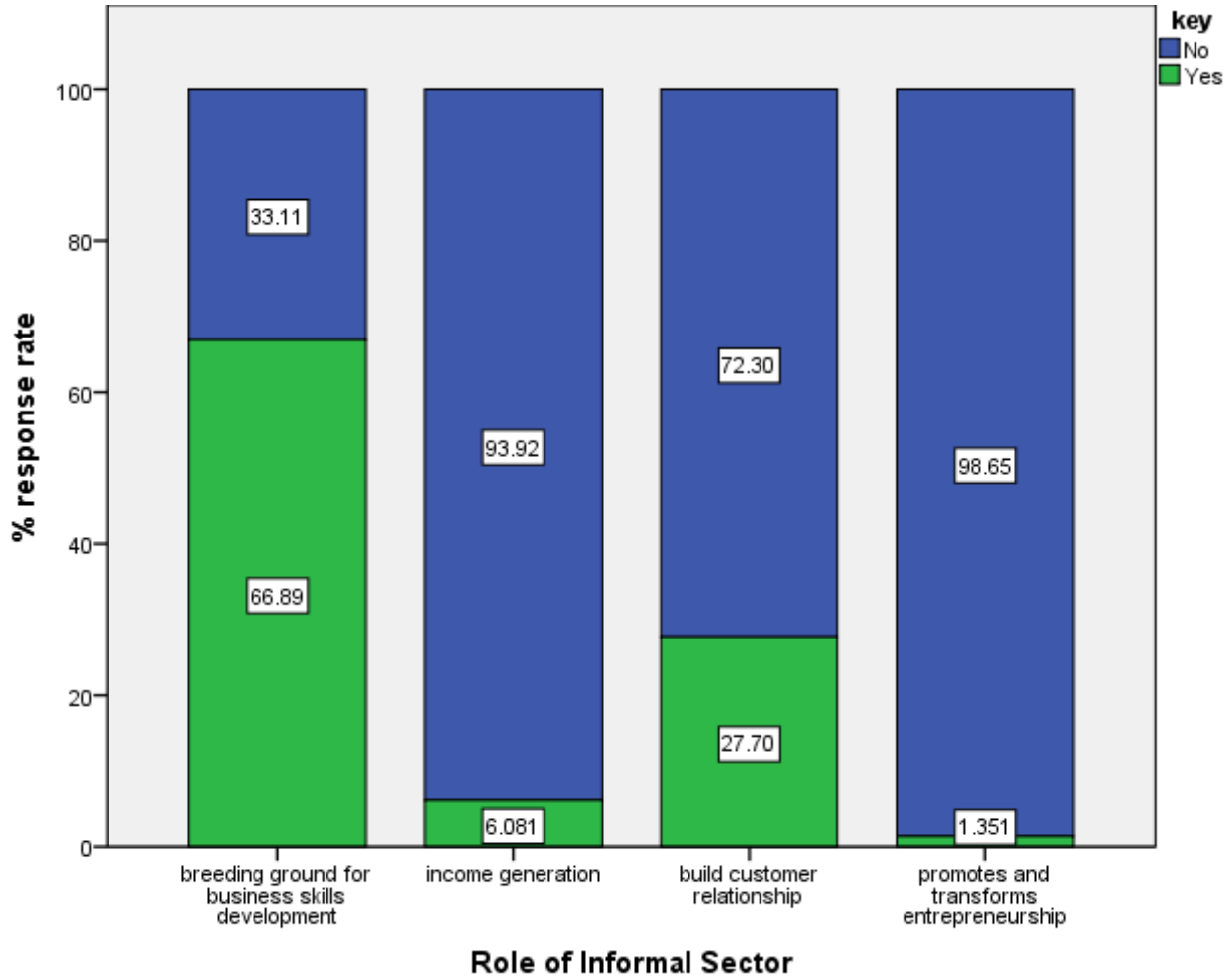
*“I need mentorship to assist me enhance my marketing skills to promote my product”.*

Some of the participants reported that they needed mentorship to assist them enhance their marketing skills in order to promote products. Some of the participants reported that needed mentorship to assist them manage their finances to avoid business failure. Some of the participants reported that they needed mentorship to assist them to get skills on marketing and accessing relevant sources of marketing information. Some of the participants reported that they needed mentorship to assist with managing finances. Some of the participants revealed that they needed mentorship to ensure sustainable success and reduce possibilities of financial losses. Some of the participants reported that they need mentorship to help them enhance their entrepreneurship and business skills. Some of the participants revealed that they needed mentorship in order to gain new informal business skills development and to get product marketing training. Some of the participants reported that mentorship can be beneficial in terms of skills development and gaining new knowledge business related. Some of the participants reported that mentorship is needed to assist in managing operational budget to keep the business operating smoothly and also assist them with funding application and formal business operation.

Therefore, based on the findings it is business mentorship on the informal business operation have a huge influence in enhancing entrepreneurship development. For informal entrepreneurs to new business skills mentorship is needed to transfer skills, they can use to grow their business.

#### **4.9.3.5 Entrepreneurship development in the form of Apprenticeship, On-job training and skills development programmes.**

Almost all participants (n = 147; 99.3%) believed that the informal sector promote entrepreneurship development through its skills development programmes and on-job training while the remaining 0.7% (n = 1) believed otherwise. The figure below presents a summary of some of the roles played by the informal sector as indicated by the surveyed participants.



**Figure 12: Roles of informal sector**

#### 4.9.3.6 On-job training encouraging entrepreneurship development

Out of 119 who responded to this question, all of them agreed that they viewed their businesses as an initiative that encourages other people to embark into entrepreneurship (n = 148; 100%).

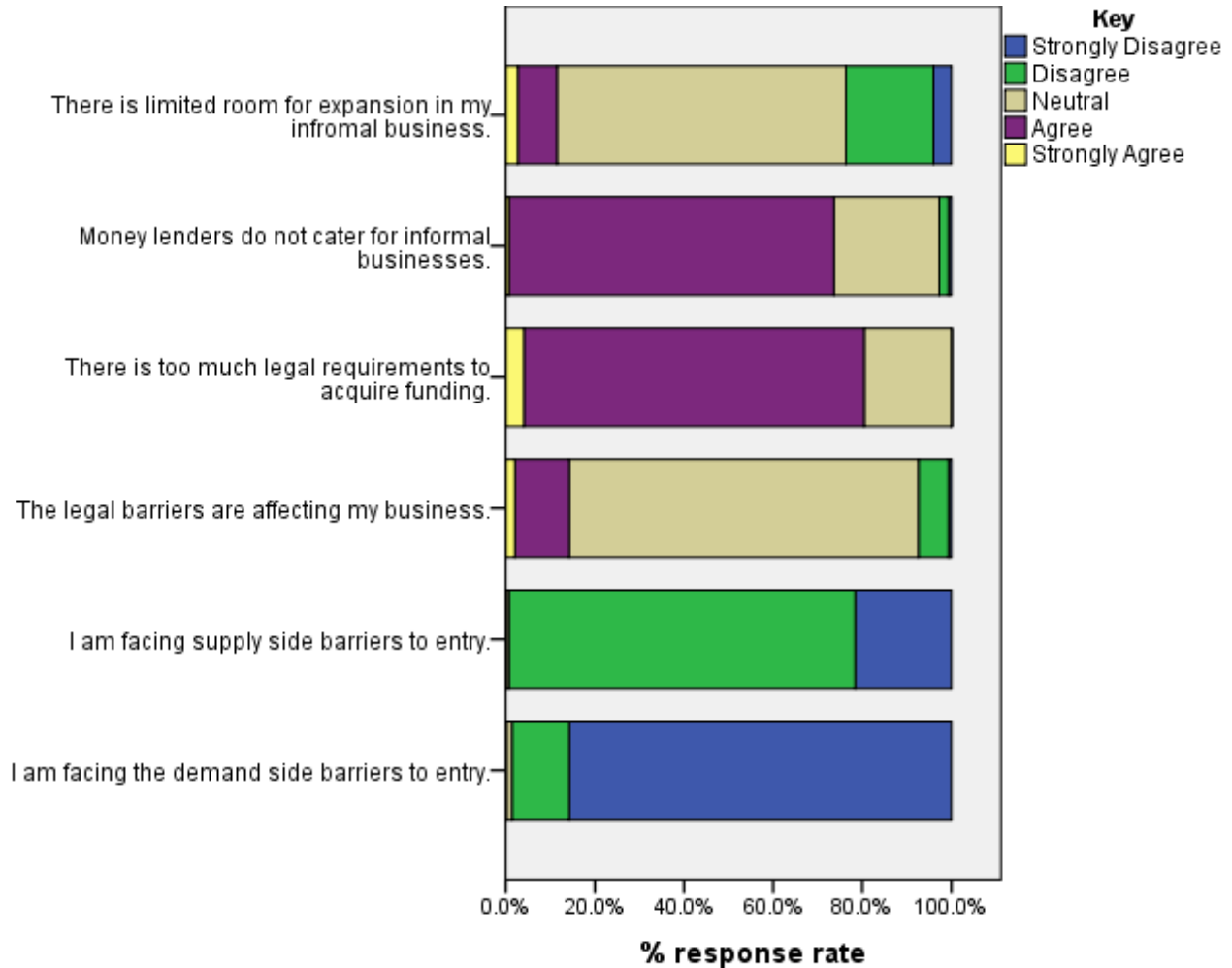
#### Reasons

All the participants who responded to this question agreed that they viewed their businesses as an initiative that encourages other people to embark into entrepreneurship because they reported that they hire local youth during vacation to provide them with entrepreneurship training to promote business development within our community. Some of the participants revealed that with the skills that their employees are getting they can also embark on entrepreneurship and transfer skills to their family members. Some of the participants revealed that they offered part-time jobs to local youth for them to gain entrepreneurship development skills. Some of the participants reported that

they offered business training to their employees which can also encourage them to start their own businesses. The participants revealed that they purchased most of their stocks from local suppliers which encourage them for more growth and expansion. Some of the participants revealed that their successes of their business operation are visible for other people to see and to be motivated to start their own businesses. Some of the participants articulated that there are huge developments since they have embarked on their informal business because there is a huge demand of goods. Some of the participants revealed that because there is a link between their business and local suppliers since they ordered stock from them and it encourages others to also embark on small business. Some of the participants revealed that easy entry to informal market encourages other people to embark on entrepreneurship. Also, they encourage other people to embark into entrepreneurship by supporting local suppliers in order to encourage other developing entrepreneurs who are still emerging. Some of the participants reported that with the development and growth that's happening in their business many people have gained motivation that it is possible and doable to own a business.

**4.9.4 Objective 4:** To identify the barriers to entry in the informal sector and their impact on entrepreneurship development.

**4.9.4.1 Barriers to entry**



**Figure 13: Distribution of responses for barriers to entry proxy variables across the rating scale**

**Item 1: I am facing the demand side barriers to entry**

Majority of survey participants (n = 127; 85.8%) disagreed in the strongest sense that they were facing the demand side barriers to entry, followed by 12.8% (n = 19) who just disagreed and then by 1.4% (n = 2) who indicated that they were neutral. On average, participants strongly disagreed with the view that they were facing the demand side barriers to entry (mean = 1.16, SD = 0.399)

**Item 2: I am facing supply side barriers to entry**

The majority of participants ( $n = 115$ ; 77.7%) disagreed that they were facing supply side barriers to entry, followed by 21.6% ( $n = 32$ ) who strongly disagreed and lastly by 0.7% ( $n = 1$ ) who maintained that they were neutral. On average, participants disagreed with the view that they were facing supply side barriers to entry (mean = 1.79, SD = 0.425).

**Item 3: The legal barriers are affecting my business.**

Seventy-eight percent of the participants ( $n = 116$ ; 78.4%) indicated that they were neutral, followed by 12.2% ( $n = 18$ ) who agreed, 6.8% ( $n = 10$ ) who disagreed, 2.0% ( $n = 3$ ) who strongly agreed and then by 0.7% ( $n = 1$ ) who indicated that they strongly disagreed. Overall, participants indicated that they were neutral with regards to the view that legal barriers were affecting their businesses (mean = 3.08, SD = 0.541).

**Item 4: There are too much legal requirements to acquire funding.**

The majority of participants ( $n = 113$ ; 76.4%) agreed that there were too much legal requirements for acquiring funding, followed by 19.6% ( $n = 29$ ) who indicated that they were neutral and lastly by 4.1% ( $n = 6$ ) who agreed strongly with the statement. Overall, participants agreed that legal requirements for acquiring funding were too much (mean = 3.84, SD = 0.462).

**Item 5: Money lenders do not cater for informal businesses.**

Seventy-three percent ( $n = 108$ ; 73.0%) agreed that money lenders do not cater for informal businesses, followed by 23.6% ( $n = 35$ ) who were neutral, 2.0% ( $n = 3$ ) who disagreed; 2.0%), 0.7% ( $n = 1$ ) who strongly disagreed and lastly by 0.7% ( $n = 1$ ) who strongly agreed. On average, participants agreed to the view that money lenders do not cater for informal businesses (mean = 3.71, SD = 0.550).

**Item 6: There is limited room for expansion in my informal business.**

Majority of participants ( $n = 96$ ; 64.9%) indicated that they were neutral to the view that there was limited room for expansion in their informal businesses, followed by 19.6% ( $n = 29$ ) who disagreed, 8.8% ( $n = 13$ ) who agreed, 4.1% ( $n = 6$ ) who strongly disagreed and 2.7% ( $n = 4$ ) who indicated that they strongly agreed. Overall, participants were neutral to the view that there was limited room for expansion in my informal business (mean = 2.86, SD = 0.734).

**4.9.4.2 Barriers to entry faced by entrepreneurs**

Participants were also asked to openly express what they thought as the main barriers to entry into the informal business sector. Majority of participants ( $n = 84$ ; 57.5%) reported that funding,



followed by access to market information (n = 59; 40.4%) and then the remaining 2.1% (n = 3) which were equally among supplier acquisition; legal and poverty. This implies that nearly 6 in every 10 informal traders faced the barriers to entry related to funding whilst the remaining 4 in every 10 are faced with barriers related to access to market information.

Table 14: Barriers to entry faced by entrepreneurs

Barriers	Frequency	Percent	Cumulative Percent
Acquisition of suppliers	1	0.7	0,70
Legal	1	0.7	1,40
Poverty	1	0.7	2,10
Access to market information	59	40.4	42,50
Funding	84	57.5	100,00
Total	146	100.0	

#### 4.9.4.3 Descriptive Statistics on barriers of entry

Table 14: Descriptive Statistics on barriers of entry (see table below)

		I am facing the demand side barriers to entry.	I am facing supply side barriers to entry.	The legal barriers are affecting my business.	There is too much legal requirement to acquire funding.	Money lenders do not cater for informal businesses.	There is limited room for expansion in my informal business.
N		148	148	148	148	148	148
Mean		1.16	1.79	3.08	3.84	3.71	2.86
Std. Error of Mean		0.033	0.035	0.044	0.038	0.045	0.060
Median		1.00	2.00	3.00	4.00	4.00	3.00
Mode		1	2	3	4	4	3
Std. Deviation		0.399	0.425	0.541	0.462	0.550	0.734
Skewness		2.550	-1.169	0.586	-0.544	-1.762	0.009
Std. Error of Skewness		0.199	0.199	0.199	0.199	0.199	0.199
Kurtosis		6.117	0.176	4.045	0.894	4.044	1.651
Std. Error of Kurtosis		0.396	0.396	0.396	0.396	0.396	0.396
Range		2	2	4	2	4	4
Minimum		1	1	1	3	1	1
Maximum		3	3	5	5	5	5
Percentiles	25	1.00	2.00	3.00	4.00	3.00	3.00
	50	1.00	2.00	3.00	4.00	4.00	3.00
	75	1.00	2.00	3.00	4.00	4.00	3.00
Mean Response		Strongly Disagree	Disagree	Neutral	Agree	Agree	Neutral



## Barriers to entry

In this section, we perform tests for association between several barriers to entry proxy questions and socio-demographic and business variables. A statistically significant relationship is reported between too much legal requirements to acquire funding and gender (Chi-Square = 14.710,  $df = 1$ ,  $p < 0.05$ ), level of education (Chi-Square = 11.758,  $df = 2$ ,  $p < 0.05$ ), marital status (Chi-Square = 9.709,  $df = 3$ ,  $p < 0.05$ ), years of existence (Chi-Square = 8.406,  $df = 1$ ,  $p < 0.05$ ), type of business (Chi-Square = 10.392,  $df = 2$ ,  $p < 0.05$ ) and category of activity (Chi-Square = 16.820,  $df = 1$ ,  $p < 0.05$ ).

A statistically significant relationship between too much legal requirements to acquire funding and gender implies that the extent to which informal business are affected by the burden of too much legal requirement to acquire funding depends on whether the business is owned by a male or female person. We observe that more females are faced with this barrier compared to their male counterparts. On the other hand, more males had a neutral view with regards to the burden of too much legal requirements compared to their female counterparts. In other words, a higher proportion of males were inconclusive of how the burden of excessive legal requirements affected their business compared to their female counterparts.

A statistically significant relationship between too much legal requirements to acquire funding and level of education implies that the extent too much legal requirement to acquire funding burdens businesses depends on the level education possessed by their owners. We observe that too much legal requirements to acquire funding is more of a burden to the less educated compared to their educated counterparts. Moreover, those with matric and those with at least a college degree seem to endure the same level of burden caused by excessive legal requirements. Nonetheless, those with at least college qualification are worst affected compared to those who are matriculate qualified.

A statistically significant relationship between excessive legal requirements to acquire funding and marital status means that the effect that too much legal requirement to acquire funding have on businesses is marital status dependent. The proportion of businesses affected by the burden of too much legal requirements increases as the marital status of informal business owners' changes from single to married, married to divorced and then from divorced to widowed. Hence, proportions of informal businesses that are affected by the burden of too much legal requirements to acquire funding changes with changes in the marital statuses of informal business owners.

A statistically significant relationship between excessive legal requirements to acquire funding and years of existence means that the effect that too much legal requirements to acquire funding have on businesses depends on the number of years for which the business has been in existence. Businesses which have existed for 1 -10 years are more burdened by excessive legal requirements to acquire funding compared to those which had existed for periods ranging between 11 and 20 years.

A statistically significant relationship between excessive legal requirements to acquire funding and type of business means that the effect that too much legal requirements to acquire funding have on businesses depends on business type (retail, wholesale or both retail and wholesale). Retail businesses are more faced with the burden of excessive legal requirements to acquire funding compared to wholesale businesses. Likewise, wholesale businesses are more faced with excessive legal requirements compared to businesses whose types were both “retail and wholesale”.

Similarly, a statistically significant relationship between excessive legal requirements to acquire funding and category of activity means that the effect that too much legal requirements to acquire funding have on businesses depends on category of activity (manufacturing or service). Service businesses are more affected by the burden of excessive legal requirements to acquire funding compared to manufacturing businesses.

For a complete list of barriers to entry and the socio-demographic and business variables whose relationships are statistically significant at 5% level of significance, refer to the following table below.

**Table 15: Statistically presentation on Barriers to entry and the socio- demographic and business variables**

Pearson Chi-Square Tests								
		Age	Gender	Level of education	Marital Status	Years of existence	Type of business	Category of Activity
I am facing the demand side barriers to entry.	Chi-square	0.605	0.652	1.914	0.700	0.335	0.163	2.717
	Df	1	1	2	3	1	2	1
	Sig.	0.437	0.420	0.384	0.873	0.563	0.922	0.099
I am facing supply side barriers to entry.	Chi-square	3.376	0.324	5.202	5.202	0.166	0.081	7.271
	Df	1	1	2	3	1	2	1
	Sig.	0.066	0.569	0.074	0.158	0.683	0.960	<b>0.007</b>
The legal barriers are affecting my business.	Chi-square	2.016	1.221	12.632	24.672	13.717	4.735	12.329
	Df	2	2	4	6	2	4	2
	Sig.	0.365	0.543	<b>0.013</b>	<b>0.000</b>	<b>0.001</b>	0.316	<b>0.002</b>
There is too much legal requirements to acquire funding.	Chi-square	1.325	14.710	11.758	9.709	8.406	10.392	16.820
	Df	1	1	2	3	1	2	1
	Sig.	0.250	<b>0.000</b>	<b>0.003</b>	<b>0.021</b>	<b>0.004</b>	<b>0.006</b>	<b>0.000</b>
Money lenders do not cater for informal businesses.	Chi-square	0.010	11.514	16.595	30.874	12.077	11.395	12.801
	Df	2	2	4	6	2	4	2
	Sig.	0.995	<b>0.003</b>	<b>0.002</b>	<b>0.000</b>	<b>0.002</b>	<b>0.022</b>	<b>0.002</b>
There is limited room for expansion in my informal business.	Chi-square	4.317	18.354	14.314	27.286	27.237	9.482	16.623
	Df	2	2	4	6	2	4	2

#### 4.9.4.4 Other Challenges for informal business start-up and operation.

Participants were asked to outline some of the challenges they encountered when opening and sustaining their informal businesses. The figures below jointly provide aids to the understanding of the challenges faced by informal business owners (figure 12 & figure 13). The main challenge reported to have be faced by informal businesses relates to access to market information (Y = 48.63%), followed by financial management (Y = 35.62%), supplier acquisition (Y = 16.44%) and then funding (Y = 6.849%). Other challenges indicated by survey participants relates to skills development programmes (Y = 1.370%), customer acquisition (Y = 1.370%) and apprenticeship (Y = 0.685%).

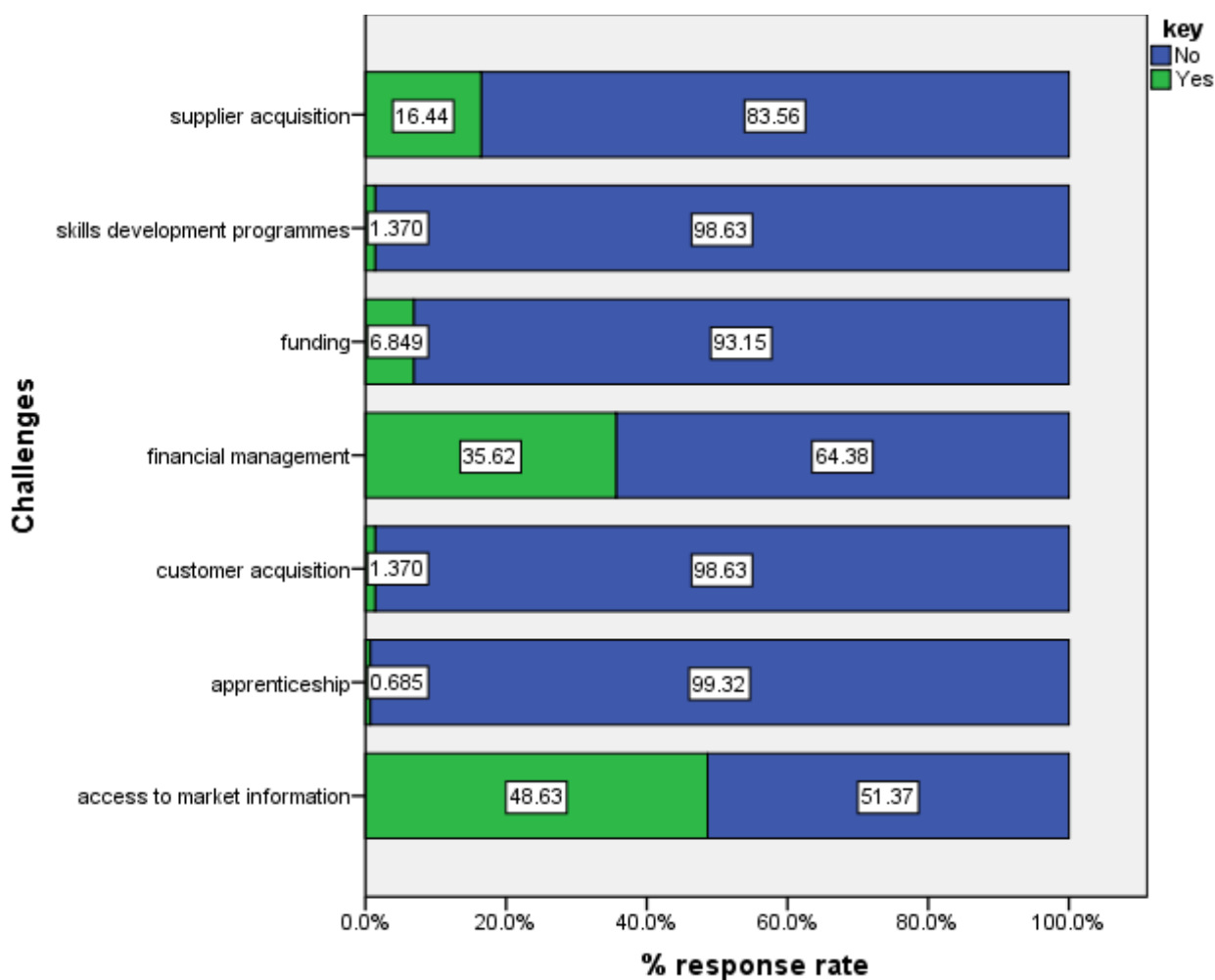
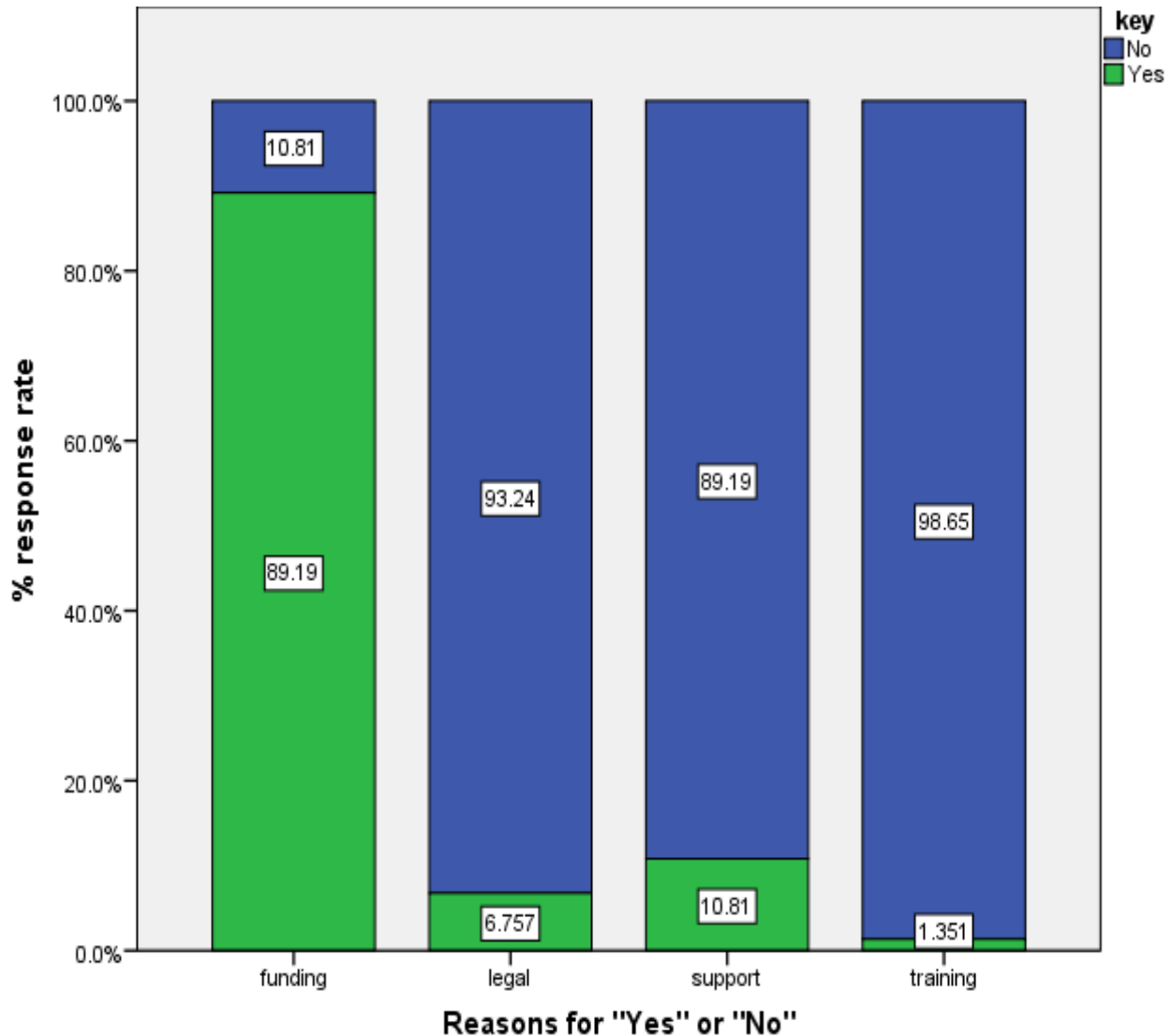


Figure 14: Challenges faced by informal business owners

### Adequacy of government support to the informal sector

Ninety-seven percent (n = 144; 97.3%) expressed that the government was not doing enough to support the informal sector whilst only the remaining 2.7% (n = 4) agreed that government was doing enough to support the informal sector. Below are the reasons adding to why participants expressed that government was not doing enough to support the informal sector. Participants believed that government was not doing enough from the sides of funding (Y = 89.19%), support (Y = 10.81%), legal (6.757%) and training (Y = 1.351%).





## **Funding**

### **Reason for “No” response**

Most of the participants reported that the government was not funding informal sectors. Some of the participants reported that the government have dragged its feet in terms of informal business funding and support during its start-up process. Some of the participants revealed that the government have failed to provide enough funding for informal business start-up. Some of the participants reported that the government have not done enough to promote informal business operation because they allocate fewer funds on the development of informal sector. Some of the participants revealed that the government should improve funding for informal business development. Some of the participants reported that some of the legal regulation that govern informal sector makes it difficult for new entrepreneurs to embark on informal businesses. Some of the participants further went on to reveal that the government shows gap between informal sector funding and formal sector funding.

### **Reason for “Yes” response**

Some of the participants revealed that there is little business funding that fund informal sectors

### **Funding and legal**

- Many of the participants advocated for funding of informal business to be of great importance to the government and legal regulation should be restructured. Some of the participants revealed that there are still strict rules that govern informal sector business operation and lack of financial support from government.

### **Funding and training**

- Some of the participants revealed that there are few institutions that make funding and training for informal sector development

### **Legal**

- Some of the participants reported that the government should restructure their rules and regulations that govern informal sector operation since there is still a huge gap in terms of informal sector funding for start-up.

### **Support**

- Some of the participants reported that the government put less focus and support on the development of informal sectors business operation. Some of the participants revealed that the government have dragged its feet on implementing enough informal business skills development programmes while some reported that there are few government institutions that provide informal business skills development programmes.

### **Support and funding**

- Some of the participants revealed that there are few organisations that support and fund the development of informal sector business operation hence the government should improve on that.

### **4.9.5 Conclusion**

The findings discussed in this chapter showed the role that informal sector play in the process of entrepreneurship development. A comprehensive analysis and interpretation of the collected data were shown in this chapter. The next chapter focuses on the discussion of the recommendations, conclusions and the direction for future research.

## **CHAPTER 5: CONCLUSION AND RECOMMENDATION**

### **5.1. Introduction**

As specified in chapter 1, the main aim of this study was to investigate: (a) To identify the skills that informal sector contributes towards entrepreneurship development, (b) To explore the drivers that leads to informal entrepreneurial activities. (c) To determine the strategies used by to promote entrepreneurship development. (d) To identify the barriers to entry in the informal sector and their impact on entrepreneurship development. A comprehensive literature review in chapter 2 established a gap in the body of knowledge on the role of informal sector towards entrepreneurship development in Makhado Local Municipality. A conceptual framework was developed to guide this research. This research focused on exploring the gap and the main research question that was guiding the study was: The role for informal sector towards entrepreneurship development in Makhado Local Municipality.

### **5.2. Deliberations on the research objectives**

5.2.1 The research objectives of this study were as follows:

- To identify the skills that informal sector contributes towards entrepreneurship development.
- To explore the drivers that leads to informal entrepreneurial activities.
- To determine the strategies used by government and informal sector to promote entrepreneurship development.
- To identify the barriers to entry in the informal sector and their impact on entrepreneurship development.

5.2.2 The following findings from this study answer the research objectives:

- a) To identify the skills that informal sector contributes towards entrepreneurship development.

The findings of the study showed that informal entrepreneurial activities contribute a bulk of business skills that one can utilise for business growth and development. It was also revealed that entrepreneurs operating in the informal sector gains more business knowledge and skills which enhance their business growth and development process. Informal sector contributes with the development of skills such as marketing skills, financial management skills, communication skills, problem solving skills and budgeting skills. Technological, planning and people management skills were among the least mentioned skills. Therefore, through skills that informal sector gained they are able to transfer some business knowledge to their family members and other business

associates during workshops. Informal entrepreneurs also use the skills they acquired to grow and development their business and transfer some skills to the new employees employed through training.

A greater proportion of participants also consider informal sector as the breeding ground for entrepreneurship skills development. Some entrepreneurs indicated that the informal entrepreneurial activities create business communication networks promoting sharing of skills for business exposure. Informal sector networks were also identified to be crucial for business success because entrepreneurs share their business skills and keep each other updated on the new market information. Furthermore, the study found that through informal entrepreneurial activities entrepreneurship skills can be transferred to employees which they can also transfer to their family members to encourage entrepreneurship development.

Informal sector was also labelled as a programme for entrepreneurship skill development and mostly when it comes to marketing skills, financial management skills, management skill and budgeting skills which are deemed important for entrepreneurship development. The study also revealed that informal entrepreneurs gain technological skills, planning skills and other skills through skills development programmes offered by government stakeholders such as NYDA, SEDA, SETA and other agencies, the acquired skills will be helpful during entrepreneurship development process.

Conclusively the study showed that business skills are vital for entrepreneurship development and it is evident that informal sector is a breeding ground for entrepreneurship skills development. Informal sector is regarded as a breeding ground for entrepreneurship skills development due to the vast of skills it provides to new entrepreneurs.

b) To explore the drivers that leads to informal entrepreneurial activities.

The results of from analysis showed various drivers that leads to informal entrepreneurial activities within Makhado local municipality. Participants pointed to drivers such as, poverty, lack of job opportunities, low start-up capital and easy entry to informal market as the main drivers to informal entrepreneurial activities. Due to the increasing rate of inequality in south Africa poverty was noted be a key factor that lead to informal entrepreneurial activities.

Easy entry to informal market was pointed out as a key driver to informal entrepreneurial activities reason being that less infrastructure is required to operate informal business. It was also noted that

easy entry dependent on the type of the business and the category that one chose to operate in. Furthermore, the study also found that easy of entry to informal business sector is seen as a key driver of informal entrepreneurial activities by youths more than it is seen by the adults due to the educational gap between youth and adults.

A huge percentage of participants stated that low start-up capital also serves as a key driver that lead to informal entrepreneurial activities since one can even start informal business with no or less capital. Furthermore, poverty was regarded as huge factor that lead most of people to informal entrepreneurial activities in order to earn little income to support their families. With the rate of unemployment among youth increasing the study found that lack of job opportunities in Makhado Local Municipality gives youth no choice but to focus more on informal entrepreneurial activities to generate enough capital for business growth with the aim to create more job opportunities.

Conclusively the findings of the study showed that entrepreneurs are driven by numerous factors or drivers to embark on informal entrepreneurial activities which includes easy entry and lack of job opportunities.

- c) To determine the strategies used by government and informal sector to promote entrepreneurship development.

The findings of the study showed informal sector as aiding the development of entrepreneurship through the establishment of platform for business networking during business training and workshops. A greater proportion of participants pointed out informal sector's ability to generate funds as one of the strategies used which improves business growth while also enhancing the chances for entrepreneurship development.

Through government SMES development programmes business mentorship is also used as a strategy to transfer business skills to informal entrepreneurs throughout their development stages to assist them sustain their business growth and enhance entrepreneurship development. In summary the finding found that the following strategies are used to promote entrepreneurship development through informal business operation, Skills development programmes, business mentorship and on-job training.

- **On-job training encouraging entrepreneurship development**

Some entrepreneurs revealed that they viewed their businesses as an initiative that encourages other people to embark into entrepreneurship because they hire local youth during vacation to provide them with entrepreneurship training to promote entrepreneurship development within their communities. Informal entrepreneurial activities provide hired employees with skills that they can use in future to embark on entrepreneurship and also transfer skills to their family members too. The study found that some of the informal entrepreneurs do offer part-time jobs to local youth for them to gain entrepreneurship development skills. Furthermore, the results from the analysis showed that some of informal businesses do offer business training to their employees which can also encourage them to start their own businesses.

- **Mentorship**

Results from the study found that mentorship on informal businesses enhance entrepreneurship development. The study showed that with business mentorship informal businesses have greater chance for business growth and developing entrepreneurship skills. Some of the participants reported that they needed mentorship in order to assist them to gain valuable marketing skills to promote their products and learn new skills for entrepreneurship development.

It was also noted that informal entrepreneurs need mentorship to assist them enhance their marketing skills in order to promote their products. Participants reported that they needed mentorship to assist them to get skills on marketing and accessing relevant sources of marketing information. Business mentorship is needed to assist in managing and developing new operational strategies to keep the business operating smoothly and also assist them with funding application and formal business operation.

Conclusively, the findings of this study, as discussed above, showed that there is a need for strategies that will be used to assist in the development of informal sector. Therefore, both government and entrepreneurs have a huge responsibility to develop and implement productive strategies that will sustain the development of these informal business growth.

(d) To identify the barriers to entry in the informal sector and their impact on entrepreneurship development.

Inaccessibility to funds for business start-up was outlined as stumbling block to business development and most common barrier for entrepreneurship development. Government and other private lenders for business finance seems to have overlooked the development of informal

entrepreneurial activities which makes it difficult for informal businesses to find funding for business expansion and growth. Furthermore, the study revealed that there are many paper work and legal requirements' needed when applying for business funding, as a results informal sector is being neglected.

Government policies and regulations that governs informal sector business operations were also regarded as a stumbling block for informal sector development. Some of the participants revealed that legal requirements are detrimental to informal business operation and might also discourage young entrepreneurs who think of embarking on informal entrepreneurial activities. The results from the analysis found that most government policies and regulations that govern informal business operation limits informal business operations and discourage entrepreneurs to embark in informal entrepreneurial activities.

Barriers such as lack of support from government and private stakeholders makes it difficult to survive in the informal sector. Furthermore, the study found that informal sector is neglected by government when it comes to infrastructure development to support informal business development. Lack of market information was also identified as serves a barrier to informal business operation and results to more business failure during their start-up process.

Conclusively the findings of the study found that the barriers to entry in the informal sector reduces the capacity of entrepreneurship development, therefore strategies to overcome the identified barriers should be developed and implemented.

### **5.3 Recommendations**

- Recommendation to government

Informal sector form part of the backbone of the South African economy and it is critical that intervention strategies must be established by government to maintain sustainability of these informal sector. Government must also invest more funds in uplifting and promoting informal entrepreneurial activities which will also reduce the increasing youth unemployment rate. Government entities such as SETA, NYDA, SEDA and others should also provide continuous training workshops such as, entrepreneurs' expo programmes to enhance entrepreneurship skills development and also minimise the probabilities of business failure.

There is also a need for the government and interested public stakeholders to be concerned not just about the contributions that the informal sector brings to the economy but also to establish

platforms where the needs for the informal business may be attended to. There should be programmes established to focus on educating informal entrepreneurs not just about the influence of external forces but also coping strategies to deal with challenges they encounter during their operation.

Government should make ease of some of their strict policies and regulations that governs the operations of informal enterprises in order to promote more entry to informal sector business activities. It is vital that before some of the policies and regulations are approved, entrepreneurs should be consulted and give feedback on their perceptions hence integrated decision-making should be promoted to avoid further negative impact that discourage entry to informal entrepreneurial activities. Government must also invest on business infrastructure that will accommodate informal entrepreneurial activities in order to attract more people to embark on informal sector business operation.

- Recommendation to informal entrepreneurs

Informal entrepreneurs are advised to make use of offered training and workshops in order to improve the business skills with the aim to promote entrepreneurship development. entrepreneurs should also make sure that they register their businesses in order for them to be considered for business funding by government and other private interested stakeholders. Entrepreneurs are also advised to take business short courses that will provide them with more entrepreneurship skills such as financial management skills, technological skills and marketing skills as they are vital for business development.

Entrepreneurs are advised to form communication networks with other entrepreneurs from other regions and province in order for them to keep updated and share new skills and market information that will help improve their way of doing business. Entrepreneurs are also advised to make use of free services from government stakeholders such as NYDA and SETA to assist them with business registration in order to comply with the policies and regulations set by government. It would be of great benefit for informal entrepreneurs to have business mentors who are knowledgeable and experienced in other various business aspects in order to ensure business continuance.

Entrepreneurs are advised to apply for mentorship from government entities that provide business support in order for the to gain new skills which will help them for future entrepreneurship development. For informal sector to grow effectively and efficiently they should not only focus much on local trading but also consider and explore opportunities globally and pursue them in order to establish a platform for progressive development.



- Recommendations to private stakeholders

There is a need for private sector entities to assist with funding for informal sector development in order to create more job opportunities. Private stakeholders such as banks and other lenders for business finance should make ease of some of the requirements for informal sector to apply for business funding and small business loans. Private entities are advised to invest funds in informal business to encourage more youth embark on entrepreneurship activities. Private entities can make use of donations in the form of equipment's and stationery that can help informal entrepreneurs in their development process. Private stakeholders should join hands with government in providing free entrepreneurship skill development training in order to promote entrepreneurship development.

#### **5.4 Directions for future research**

To address the gaps within the body of literature that still remains after the completion of this study on the role of informal sector toward entrepreneurship development, it is proposed that for further research focus should be on:

- a) Impact of business mentorship on entrepreneurship development.
- b) Challenges facing informal sector business operation.
- c) The impact of Government business regulations on informal business development.

#### **5.5 Conclusion**

The conclusion from the evidence showed that informal sector operations are impacting the development of entrepreneurship positively. The findings showed that informal business operation provide entrepreneurship skills development platform and also serve as a breeding ground for entrepreneurship development by its ability to generate funds for entrepreneurship start-up.

The informal sector was noted as aiding the development of entrepreneurship through aspects that include establishing of platform for business networking, availability of funds which improves business operation, building customer relations and the supportive environment a community provides towards business operations. Negative aspects, inaccessibility to funds for business expansion were noted to be detrimental to business development. Barriers to businesses survival, such as lack of market information were also noted.

In summary, the conclusions from the collected evidence in this research suggest that the informal sector business operation contributes positively towards entrepreneurship development. The findings provide further rational validation in the body of knowledge regarding this phenomenon.



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University of Venda

### Consent form

Date.....

I Avhazwifuni Claude Mukuvhi a Master of Commerce student at the University of Venda. I am presently engaged in a research study entitled: **The role of informal sector towards entrepreneurship development in Makhado Local Municipality**. I would like to interview you while recording and taking notes.

The following ethical standards will be followed throughout the research process: This study complies with the ethical requirements as stipulated by the University of Venda Research Ethics Committee and also other research ethical requirements. Informed consent:

- a) Be informed that the study is anonymous and voluntary, and that all information obtained will be handled with confidentiality.
- b) You are also allowed to withdraw from the study at any time without prejudice.
- c) All information gathered will be treated as group data and no individual would be reported on.
- d) The study will be conducted in accordance with the rules and regulations of the University of Venda research guidelines, and the researcher undertook not to misuse his position as researcher for personal power or gain.
- e) I also assure that the conducted research would not harm the you or your business.
- f) All field notes will be destroyed and audio tapes will be erased after the research have being finalised.

If you are willing to participate in this interview, please sign below:

Signature.....

Date.....



University of Venda

To: Makhado Local Municipality.

Sir/Madam

#### REQUEST FOR PERMISSION TO CONDUCT RESEARCH

I Avhazwifuni Claude Mukuvhi a master of commerce student at the University of Venda in the school of Management Sciences, Department of Business Management. I am presently engaged in a research study entitled **“The role of informal sector towards entrepreneurship development in Makhado Local Municipality”**. The main objective of the study is to investigate the contributions of informal sector towards entrepreneurship development in Makhado Local Municipality.

The following ethical standards will be followed throughout the research process: This study will comply with the ethical requirements as stipulated by the University of Venda Research Ethics Committee and also other research ethical requirements, which are as follows:

- a) It will be explained to the respondents that the study is anonymous and voluntary, and that all information obtained is confidential.
- b) Respondents will be informed that they could withdraw from the study at any time without prejudice.
- c) All information gathered will be treated as group data and no individual would be reported on.
- d) The study will be conducted in accordance with the rules and regulations of the University of Venda research guidelines, and the researcher undertook not to misuse his position as researcher for personal power or gain.
- e) The researcher will assure respondents that the conducted research would not harm the respondents or their businesses.
- f) All field notes will be destroyed and audio tapes will be erased as soon as possible

Thank you in advance

Yours faithfully;

Avhazwifuni Claude Mukuvhi

Cell no: (0714356279)

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

### 3.9.3 Questionnaire



University of Venda

#### School of Management Sciences

#### Department of Business Management

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Dear Respondent

Thank you for participating in this research. This questionnaire is part of a thesis of a Masters of Commerce in Business Management with the University of Venda which is entitled “**The role of informal sector towards entrepreneurial development in Makhado Local Municipality**” Please take note that your name is not required nor is it requested, hence confidentiality is assured. The questionnaire will only take 10-15 minutes of your time.

General Instructions: The following instructions and conditions must be understood by all respondents:

- a) Specific instructions for each section are provided;
- b) When evaluating the questions, please provide the answer from your own perspective;
- c) Please complete all questions, do not leave any unanswered questions;
- d) Please answer questions as honestly as possible.

Your cooperation will be much appreciated

Thank you

Avhazwifuni Claude Mukuvhi

<b>QUESTIONNAIRE</b>	
<b>NUMBER</b>	

## SECTION A: DEMOGRAPHICS

(Show your response by ticking the boxes below)

### 1 Age of respondent

Below 21	
21-35 years	
36-60 years	
Above 60 years	

### 2 Gender

Male	
Female	

### 3 Level of education

Never went to school	
Primary Schooling	
High School but no matric	
Matric	
College	
University/ Technikon	

### 4 Marital Status

Single	
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Married	
Divorced	
Widowed	

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## SECTION B: BUSINESS INFORMATION

### 6. Years of existence?

1-5 years	
6-10 years	
11-15 years	
16-20 years	
Above 20 years	

### 7. Type of business

Retail	
Wholesale	
Wholesale and Retail	
Other (specify ,if any)	

### 8. Category of Activity

Manufacturing	
Service	



## SECTION C: GENERAL PERCEPTIONS

In this section, please indicate the extent to which you agree or disagree with the following statements. You may indicate your answer by placing a cross (X) in your selected response, using the scale:

(1) = Strongly Disagree (2) = Disagree (3) = Neutral (4) = Agree (5) = Strongly Agree

	Perceptions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
P1	I respect the professional regulations in carrying out my business activities					
P2	I know my competitors and the reality of the market					
P3	I have difficulties in planning and managing my business operation budget					
P4	I acquire information easily on the growth markets and credit to promote success					
P5	I share with other business owners and employees know how and processes or services essential					
P6	I work closely with the support of a cooperative or association					

P7	I have an informal network that allows me to get the raw materials needed to run my business					
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Please put an informative heading here for the participants to know exactly what you are looking for on 'information'

	<b>Information</b>	<b>Strongly Disagree</b> (1)	<b>Disagree</b> (2)	<b>Neutral</b> (3)	<b>Agree</b> (4)	<b>Strongly Agree</b> (5)
I1	I keep up to date with market and business information					
I2	I have access to reliable sources of information					

### ENTREPRENEURIAL EFFECT

	<b>Entrepreneurial effect</b>	<b>Strongly Disagree</b> (1)	<b>Disagree</b> (2)	<b>Neutral</b> (3)	<b>Agree</b> (4)	<b>Strongly Agree</b> (5)
E1	Do you design active learning exercises for your employees?					
E2	I provide a platform for employees to provide feedback about specific tasks					

E3	Do you mentor novice/apprentice entrepreneurs?					
E4	Do you involve family members in a business a way to transfer skills?					
E5	I share business knowledge with community members					
E6	I am willing to transfer the skills I have to other people					
E7	I see my employees as entrepreneurs on training					
	<b>Entrepreneurial effect</b>	<b>Strongly Disagree</b> <b>(1)</b>	<b>Disagree</b> <b>(2)</b>	<b>Neutral</b> <b>(3)</b>	<b>Agree</b> <b>(4)</b>	<b>Strongly Agree</b> <b>(5)</b>
E8	I share trading skills with employees and community members					
E9	My business is a platform for building self confidence in others					
E10	I view my business as a breeding ground for other businesses					

E11	I share market information with prospective entrepreneurs					
E12	I sometimes have platforms to transfer skills to others					
E12	I do not prefer sharing information with other individuals					
E13	Entrepreneurship should be about mentoring other prospective entrepreneurs					

	<b>Barriers to entry</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
B1	I am facing the demand side barriers to entry					
B2	I am facing supply side barriers to entry					
B3	The legal barriers are affecting my business					
B4	There is too much legal requirements to acquire funding					
B5	Money lenders do not cater for informal businesses					

B6	There is limited room for expansion in my informal business					
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## SECTION D: PERCEPTIONS

Please show your response by filling in the gaps provided in each question.

P1	<p>Do you think the informal sector promote entrepreneurship development? (Indicate your answer with an X)</p> <p>Yes [ ]    No [ ]</p> <p>If yes, explain why you think the informal sector plays a role in promoting entrepreneurship development?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>If No to P1, please explain why you think the informal sector plays no role in entrepreneurship development?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P2	<p>As an entrepreneur, what knowledge and skills do you think you need to grow?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P3	<p>Do you need informal business mentorship on entrepreneurship development?</p> <p>Yes [ ]    No [ ]</p> <p>Please support your answer:</p>

	<p>.....</p> <p>.....</p> <p>.....</p>
P4	<p>Do you view your business as a skills- transfer platform for transferring skills to other entrepreneurs? Yes [ ] No [ ]</p> <p>Please support your answer:</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P5	<p>Do you view your business as an initiative that encourage other people to embarking on entrepreneurship? Yes [ ] No [ ]</p> <p>Please support your answer:</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P6	<p>Is your business really a breeding ground for other business in the community?</p> <p>Yes [ ] No [ ]</p> <p>If yes, how?</p> <p>.....</p> <p>.....</p> <p>.....</p>

	<p>.....</p> <p>.....</p> <p>.....</p>
P7	<p>Do you think the informal sector is playing a positive role on entrepreneurship development? Yes [ ] No [ ]</p> <p>Please support your answer</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P8	<p>In your view, what do you think are the key drivers for informal entrepreneurial activities?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P9	<p>What strategies did you use to promote entrepreneurship?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P10	<p>Which strategies do you think are appropriate for entrepreneurship development?</p> <p>.....</p> <p>.....</p>



	<p>.....</p> <p>.....</p> <p>.....</p>
P11	<p>What additional comments would you like to add to your strategies for developing your business beyond 5 years?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P12	<p>What are the “barriers to entry” that you are facing in your operations?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P13	<p>Briefly outline the challenges you encountered when opening and sustaining your informal business?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P14	<p>In your view, what should South African Government, Local Authorities and Business Forums do to encourage entry into informal sector business operations?</p> <p>.....</p> <p>.....</p> <p>.....</p>

	<p>.....</p> <p>.....</p> <p>.....</p>
P16	<p>Do you think the government have done enough to support the informal sector? (Use <b>X</b> to indicate your answer)</p> <p>Yes [ ] No [ ]</p> <p>Based on the answer given above, please support your view.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
P17	<p>In your view, what do you think the government can do to assist informal sector growth towards entrepreneurship development?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

**END!!!**

**THANK YOU, FOR MAKING THIS RESEARCH POSSIBLE!!!**