

THE FUNCTION OF STREET TRADING AND LEGAL RESPONSIBILITIES: AN ANALYSIS OF KOUGA LOCAL MUNICIPALITY, EASTERN CAPE-SOUTH AFRICA

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ABSTRACT

Street vending is an important aspect of the informal economy, offering job opportunities and low-cost products to the community. Nonetheless, it brings up several legal issues, such as licensing obligations, public health and safety, urban development, and clashes with existing enterprises. This paper examines the legal structure overseeing street trading, emphasizing important regulations, case examples, and the difficulties encountered by street vendors. For this reason, the study investigated the contribution of street trading in sustaining livelihoods in Kouga Local Municipality. This was achieved by investigating the factors that contribute to street traders' sales income and, thereafter, determining the impact of income derived from street trading on the household. Furthermore, the study investigated the socio-economic status of street traders in Kouga Local Municipality to understand the role played by the Municipality in sustaining the livelihoods of street traders. In achieving the objectives, the study employed a mixed methods research design, incorporating qualitative data collection and a combination of content and statistical data analysis. In collecting the data, the study included participants engaged in street trading in Kouga Local Municipality. The findings revealed that the street traders derived an income greater than R945.00 per month. This proved that street trading could mitigate poverty in Kouga Local Municipality, as most of the street traders earned a sufficient income to live above the food poverty line, which equates to R663, and also the lower bound poverty line, which equates to R945.00.

Keywords: street traders, Kouga Local Municipality, informal sector, formal sector, unemployment, Legal Responsibility

INTRODUCTION

Despite the improvements in the retail sector, most of the people around the world still generate their income from selling goods in the streets (Skinner, 2008). Thus, Nkrumah-Abebrese and Schachtebeck (2017) points out that developing economies and urban environments are mainly dominated by the activities of the informal sector. According to Nkrumah-Abebrese and Schachtebeck (2017) the informal sector provides many unskilled citizens with an opportunity to establish small businesses, which enables them to

earn an income. This can be attributed to the increased level of unemployment, poverty, urban migration and population growth.

South Africa is no exception to the unfavorable economic conditions experienced in developing countries. Therefore, the challenging socio-economic conditions in South Africa have influenced the proliferation of the informal economy, which has led to livelihood strategies to improve the lives of the disadvantaged and poverty-stricken communities. Willemsse (2011) notes that countries with a successful informal sector have recognized the value

that can be derived from the sector and thus regulate the sector.

For several years, many governments and policymakers were of the view that having the right combination of economic policies and resources, the less developed conventional economies would be modified into dynamic modern economies. In addition, economists believed that as the formal economy developed and absorbed more labour, the informal economy would diminish. Nonetheless, the informal economy continues to grow and offer employment opportunities to unskilled labour. For this reason, several countries have not been capable of coming up with a formal economy that has the capacity to provide enough employment opportunities for the fast-growing population. Hence, the informal economy is considered as a major source of employment in many developing countries (ILO, 2013).

In South Africa the informal sector comprises of several types of informal traders, varying from small retail outlets (spaza shops) to street traders. The informal traders are characterized by fierce market competition and irregular government and private sector support. Despite the challenges and marginal returns, informal traders remain committed, innovative, and persevering. Thus, the informal sector provides a valve for the state simply because it provides employment to a certain extent (Ingle, 2014).

According to Mbatha (2020) in South Africa informal sector is considered as the solution for those who want to defeat the misfortune of poverty brought by unemployment. The absence of job opportunities in the formal sector has attracted a great number of people to partake in the livelihood strategies presented by the informal sector. Ingle (2014) posits that the growing informal sector should not be perceived as an economic failure. The

informal sector possesses some form of flexibility which includes the exchange of products and services, allowing the informal sector to act as a buffer during times of uncertainty. In addition, the informal sector does not only provide entrepreneurial opportunities for those who want a source of income but offers products and services to the underprivileged at cheaper prices than the formal sector.

Kouga Local Municipality is not exempted from the increasing informal sector, street trading to be exact in the central business districts. It is against this background the study aims to examine street trading role livelihoods in Kouga Local Municipality. This entailed investigating factors influencing sales income, thereafter, determining the impact of income derived from street trading on the household. Further, exploring the socio-economic characteristics of street traders in Kouga Local Municipality.

THE LEGAL CONSIDERATIONS OF STREET TRADING

Licenses and Permits: Many local governments mandate that street vendors secure a license or permit before beginning operations. This aids in controlling the number of traders, sustaining public order, and guaranteeing adherence to safety regulations (Mitchell, 2018).

Zoning Regulations: Street vending is frequently limited to specified zones to avoid overcrowding and uphold city appearance. Trading without permission in restricted areas may lead to penalties or removal (Smith & Johnson, 2020).

Public Responsibility and Moral Behavior: Traders might need to secure public liability insurance to protect against possible accidents or damages during business activities. Moreover, they need to adhere to ethical business practices, including equitable pricing and compliance

with consumer protection regulations. The Consumer Rights Act 2015 in the UK safeguards consumers against deceitful or deceptive business practices (UK Government, 2015).

Consumer Safety and Public Wellness: Sellers of food and drinks must comply with health and hygiene standards to guarantee public safety. Frequent inspections and adherence to food safety regulations are required (World Health Organization, 2019).

Competition and Business Rights: Legal conflicts can occur between street vendors and established companies due to unfair competition allegations. Judicial decisions have determined that regulatory actions should strike a balance between the rights of both parties (Brown, 2021).

Law Enforcement and Consequences: Failing to comply with street trading regulations may result in fines, seizure of merchandise, or legal proceedings. Law enforcement agencies collaborate with local authorities to manage street trading operations (Jones, 2017).

THE PROBLEM

Post the apartheid regime, South Africa has experienced a proliferation of street traders. According to Mthombeni (2013), street traders' role in the economy is to provide goods and services to both the lower-middle and middle-class urban population. There have been some interventions made to recognise street trading business as a source of income to make a living. However, some authors argue that little is known about the South African informal trading market, especially those businesses operated by black entrepreneurs. Ngiba (2009) notes that the informal economy is significant to the South African economy, but it is not well understood.

Kouga Local Municipality has not been immune to the increase in street traders. Therefore, this has provoked this researcher to embark on a study to investigate the role of street trading in sustaining livelihoods. The goal of the study is to determine the factors that contribute to street trading sales. Another aim is to determine the impact on the household income derived from street trading; investigate the socio-economic characteristics of street traders in Kouga Local Municipality, and examine the role played by Kouga's local economic development unit in improving street trading.

In recent years, there has been sluggish economic growth in South Africa even though the country is ranked second in the sub-Saharan region after Nigeria, which is regarded as the biggest economy in the region. According to Inolia (2016) South Africa is faced by a number of socio-economic challenges, which inter-alia include unemployment levels of graduates, and the government is trying to lure them into participating in the informal economy by promoting the development of small, micro and medium enterprises (SMMEs). The high unemployment rate (including skilled, semi-skilled and unskilled labour) can be attributed to the incapacity of the formal labour market to satisfy the demands of the labour pool, which has resulted in the rise of street trading (Nkrumah-Abebrese and Schachtebeck, 2017).

LOCAL ECONOMIC DEVELOPMENT

Bota (2013) argues that local economic development is designed to identify and utilise resources in order to stimulate the economy and in turn create job opportunities. According to Kroukamp (2006) local economic development aims to achieve sustainable economic growth and development in favour of all the people in a local area. Swinburn and Mur (2006) maintains that local economic development

is a collaboration of the public and private sectors in creating a conducive environment for economic growth and employment creation.

Blakely and Bradshaw (2002) argue that local economic development is a process in which the local government or non-governmental organisations come together to encourage business activity and employment opportunities using the available institutional, natural and human resources. In addition, local economic development is narrated as a process that stresses the optimal use of resources to create employment opportunities and wealth (Blakely & Bradshaw, 2002). The positive result of local economic development depends on the active involvement of the local business community and the efficient use of natural resources.

INFORMAL ECONOMY

The informal economy is typified by various activities of either the production and selling of goods or the provision of services to consumers. Chirisa (2015) describes the main objective of the informal economy as to produce an income to sustain livelihoods. Generally, informal trading is seen as populated by people with no formal education; however, there has been a rise in self-employment of both skilled and unskilled individuals in the informal sector. Mbatha (2020) notes that the majority of these informal businesses operate on a small-scale classified by self-employment or employment of other workers at fixed or unfixed location. This can be attributed to the increasing unemployment levels in South Africa.

Bhowmik (2005) adds that the absence of better paying job opportunities in the rural areas results in rural-urban migration in search of better paying jobs in cities. Sharma (2014) points out that the informal sector opens up opportunities for individuals who do not have the educational

qualifications or the skills to be absorbed by the formal sector. For this reason, they are left with no other option but to turn to the informal sector for employment or self-employment. Statistics South Africa (2015) asserts that the approximately 17% of the total employment can be attributed to the informal sector.

According to Chirisa (2015), employment in the informal sector is distinguished by the lack of benefits that are enjoyed by individuals with jobs in the formal sector, such benefits include job security, long-term benefits, decent remuneration and union protection. In expounding further on previous scholars' assertions, Inolia (2016) opines that informal sector is characterised as an insecure working environment due to the lack of written employment contracts and many of them are self-employed.

HETEROGENEITY OF THE INFORMAL SECTOR

Skinner (2008) mentions that the informal sector is diverse and comprises activities that include providing services, manufacturing and street trading, on which the research focused. However, street trading distinguishes itself within the informal sector through its unique employment dynamics. Unlike other informal sector activities, street trading involves a spectrum of employment relationships, including individuals working for wages, those employed by family members (whether paid or unpaid), and self-employed individuals. This distinctive feature sets street trading apart, emphasizing the diverse and varied nature of employment arrangements within this specific informal economic activity.

Tissington (2009) asserts that the activities in the informal sector have varying economic potential, and these differ from successful small enterprises to survivalist activists. Not all those who

engage in street trading are poor or survivalist simply because their businesses vary in size and economic potential. The livelihood strategies adopted by a survivalist street trader vary significantly from those employed by street traders who run small enterprises. This can be attributed to the fact that survivalist street traders only make enough money to survive, and this may result in them not having access to other forms of capital assets, such as physical capital in the form of a place to live or money for transport.

STREET TRADING

The term "street trading" holds varying interpretations for different individuals, and the understanding of this concept significantly influences people's behaviour. Various authors articulate their perspectives on street trading in diverse ways. In this context, street trading is undertaken by marginalized members of society involved in informal trade. Driven by absence of capital, it serves as another possibility to formal employment, supplementing wages and contributing to welfare benefits for acquiring essential household needs (Inolia, 2016).

Tissington (2009) describes street trading as a kind of entrepreneurship for individuals who are unable to meet the expenses of buying or renting trading premises. They sell their goods and services from the pavement to attract pedestrians, or they are constantly carrying their merchandise on carts as they do not have fixed trading sites. According to Bhowmik (2010), street trading has become pervasive and is an increasing source of employment and an income generator for those residing in urban areas.

Chandle (2002) emphasizes the remarkable role played by street trading in generating income. Du Toit and Neves (2007) states that street trading is not likely to die out, given its convenience appreciated

by diverse consumer groups, including the urban poor, office workers, and tourists, in purchasing food and other articles from street traders. Skinner (2008) defines street trading as a sale of goods and services on the street of city centres of urban and rural areas. Mthombeni (2013) describes a street trader as an individual offering goods for sale to the public from a non-permanent built structure. Bhowmik (2005) is of the view individuals who engage in street trading are those without formal employment as individuals without formal employment. Hunter and Skinner (2003) suggest that street traders attempt to conquer the abovementioned challenge by establishing their own enterprises.

Mthombeni (2013) notes that street traders can either operate from a fixed location, occupying space on pavements or other public/private areas, or mobile, moving from one location to the next with their goods. Sharma (2014) contends that a significant portion of street traders in urban areas possess elementary educational skills and have migrated from rural areas in search of employment opportunities.

The term "street trading" is often used interchangeably with "informal enterprises." It refers to the informal sector, consisting of unregistered businesses, typically small in scale and operated from homes, street pavements, or other informal setups. Recent research emphasizes the crucial role of entrepreneurship in addressing the high unemployment and poverty rates in South Africa. Advocates argue for fostering an entrepreneurial culture due to its potential to stimulate innovation, reduce poverty and job creation (Inolia, 2016).

Mthombeni (2013) characterizes street trading as a distinct and visible aspect of the urban landscape, where various goods and services are offered from informal stalls or roadside locations. Bromley (2015) defines street trading as business activities

from pavements, informal stalls, carts, or makeshift tables crafted from materials like cardboard boxes.

Considering these definitions, street trading involves informal trading by individuals with limited capital, offering goods in informal stalls and conducting business on the streets. Street traders can be seen as micro-level entrepreneurs with aspirations to establish well-founded businesses, provided they receive the necessary support. The success of street trading is contingent on effective management and the treatment they receive from the municipality in which they operate.

Tissington (2009) identifies differences between informal trading and street trading in her research paper on informal trading in Johannesburg's inner city. Tissington (2009) highlights that street trading is selling of goods or providing services from the street pavements and other public spaces. Informal trading is a blanket term which includes all those who are engaged in the business of providing goods and services informally, regardless of location. The differentiating factor between informal trading and street trading lies in the specific place where they operate; informal trading places no significance on the trading location.

Street trading is common in several cities around the world, and Kouga Local Municipality is not excluded. According to Inolia (2016), street trading comes from the informal sector, and its existence mostly results from increased levels of unemployment. Tissington (2009) states that street trading is a livelihood strategy which emerges as a survivalist tactic in the face of the increasing poverty and unemployment rates. For this reason, Mthombeni (2013) is of the view that not everyone who is engaged in street trading does so voluntarily. Still, some of them are involved in street trading to maintain a

livelihood and curb poverty. Inolia (2016) reveals that since the end of the apartheid era, there has been an increase in informal activities, and this can be attributed to a number of factors such as:

IMPACT OF STREET TRADING ON THE LIVES OF STREET TRADERS

According to Dharejo *et al.* (2023), people are propelled into the street trading sector by a myriad of factors, which, among others, include the lack of access to credit, the low start-up capital, the need for independence, the lack of opportunities to work in the formal sector and the need to provide for the family, are main drivers propelling people into street trading. Bhowmik (2010) adds that street traders opt to work for themselves because street trading enables them to support their families, obtain social security and attend to their basic needs. The majority of the street traders' enterprises are inherited from generation to generation.

Majority of street traders utilise their income derived from the street trading business to feed their families and pay for their kids' education. Dharejo *et al.* (2023) state that many street traders come from lower social classes and are engaged in the sector to supplement income from other sectors of the economy. Therefore, Banerjee (2014) argues that the increase in street traders in cities is due to increased population coupled with rural poverty and lack of economic opportunities. For this reason, Almendral (2014) posits that most street traders are engaging in their business activities to fulfil their daily food demands and other necessities and enhance their socio-economic standing.

Ajakaiye *et al.* (2020) state that most street traders in developing countries regard income derived from their trading activities as their major source of income. In seconding the previous authors, Alcantara *et al.* (2014) believe that street trading

activities play an integral social role in income generation, particularly for those at lower levels of social status. The author perceives street trading as more dignifying than touting, begging and being involved in crime. Even though street trading contributes enormously to global poverty reduction, it is not officially recognized as a sector, mainly because it is not controlled and regulated but plays a critical role in poverty alleviation. Furthermore, street trading has proven to be a crucial platform to produce entrepreneurs. The unemployed tap into their potential to make ends meet by trading goods through innovation and creativity. Hence, Bromley (2015) supports street trading for its enormous role to the development of the economy.

Despite the above perspectives, Ajakaiye *et al.* (2020) believe that street trading still needs to be supported to utilize its potential fully. The provision of credit facilities, capacity building and protection from criminal elements of society will develop street trading as a major promoter of economic growth of the informal sector. The support needed can be the allocation of trading sites, and their development would have a positive impact. Even though it is widely believed that street trading has negative connotations, Skinner (2008) argues that the negative perception of street trading cannot be compared to its vast contribution to the informal sector.

SOCIO-ECONOMIC CHARACTERISTICS OF STREET TRADERS

Ajakaiye *et al.* (2020) elucidate that street trading plays a crucial role in the informal sector. As a result, street traders share similar characteristics with other role players in the informal economy. The significant difference that street trading possesses relative to other role players in the informal economy is its tendency to be on every street corner of any city, which raises a need to investigate and define street

traders' characteristics. Furthermore, due to its prevalence, street trading remains a crucial component of a developing economy and investment in it is expected to contribute to economic development positively.

Pillay (2004) posits that street trading is the cheapest way of self-employment. The ease of entry into business for street traders entices women and children who need minimal formal education to enter the sector. In sub-Saharan Africa, teen girls are mostly excluded from education, thus their involvement in street trading. Makhetha (2010) notes that street traders conduct their business activities in central locations close to public transport to guarantee regular human traffic through commuters and pedestrians. In South Africa both men and women get involved in street trading.

Even though street trading is associated with a certain age group, the youth is the predominant age group engaged in it as a livelihood strategy. Furthermore, in describing the age groups involved in street trading, studies have revealed that street trading involves different kinds of people varying from pioneers to the youth in the informal sector, both as a means of self-sustenance and a way of supporting family. Street traders are mostly between the ages of 20-40. Furthermore, Makhetha (2010) reveals three classes of street trading: fixed spot trading, hawking and extended shops.

DATA ANALYSIS

The data underwent a dual analysis, encompassing qualitative (content) and quantitative (statistical) approaches. Despite the research design being qualitatively oriented and grounded in an interpretive paradigm, with qualitative data gathered through interviews, the analytical process involved a combination of qualitative and quantitative methods. This divergence involved transforming words

collected from participants into numerical representations for specific reasons, elucidated further below.

The content analysis identified specific words or themes within the dataset. Through content analysis, the researcher unveiled patterns in the data, allowing for an in-depth comprehension of the content of the participants' words (De Vos, 1998; Saunders et al., 2000; Hussey & Hussey, 2000). To maintain objectivity, the researcher approached the study without preconceived notions about themes, categories, or patterns (Hussey & Hussey, 2000).

The statistical analysis led to the generation of descriptive statistics. However, inferential statistical measures were also used. For example, ordinary least squares estimate linear relationships and provide coefficients in regression analysis. In addition, using the correlation matrix displayed correlation coefficients between variables, indicating the strength and direction of relationships.

Table 1.1 below provides a clear roadmap for the data analysis, aligning research objectives/questions, data requirements, and analytical approaches.

TABLE 1.1. Data analysis framework

Research objectives	Research questions	Data required	Analytical approach
Determine the impact of sales derived from street trading on household income. Factors that contribute to sales income of street traders.	What is the impact on household income of sales income derived from street trading? What contributes to sales income of street traders?	Items purchased using income from street trading Techniques applied to increase sales income	Qualitative ordinary least squares Correlation Matrix
Investigate the socio-economic characteristics of street traders in Kouga Local Municipality.	What are the socio-economic characteristics of street traders in Kouga Local Municipality?	Educational background, age, household size, employment history, experience, other sources of income	Qualitative data and descriptive statistics
Examine the role played by Kouga Local Municipality towards sustaining the livelihoods of street traders.	What is the role played by Kouga Local Municipality's local economic development department on the street trading function?	Services offered by Kouga Local Municipality's local economic development division to street traders, Likert scales	Qualitative data
Determine factors that hamper the growth and development of street traders in Kouga Local Municipality.	What are the factors that hamper the growth and development of street traders in Kouga Local Municipality?	Impediments to growth and development of street traders	Qualitative data

The first research objective was to determine the impact of sales derived from street trading on household income. The required data for this objective included items purchased using income from street

trading. The analytical approach involved qualitative methods, as well as statistical techniques like ordinary least squares and a correlation matrix.

The second objective focused on investigating the socio-economic characteristics of street traders in Kouga Local Municipality. Data required were the socio-economic characteristics of street traders, such as educational background, age, household size, employment history, experience, and other sources of income. The analytical approach combined qualitative data analysis with descriptive statistics.

The third objective sought to examine the role played by Kouga Local Municipality towards sustaining the livelihoods of street traders. Corresponding research questions delve into the services offered by the local economic development division to street traders, employing Likert scales as a measurement tool. The data for this objective is qualitative.

The final objective was to determine factors that hamper the growth and development of street traders in Kouga Local Municipality, with research questions exploring impediments to the growth and development of street traders. The data required for this objective is qualitative, and the analytical approach involves qualitative data analysis methods.

Descriptive statistics are important to have a clear picture of the characteristics of a sample. In the study, descriptive statistics, such as the mean, standard deviation, percentages and frequency of occurrence, were used to make sense of the primary data.

CORRELATION MATRIX

In determining the relationship between the selected independent variables and sales income from street trading, the study used a non-parametric correlation model. Spearman's rho analysis was run, which provide correlation coefficients that signals the strength and direction of the linear relationship. Pearson correlation is an

important competitor of the Spearman's rank correlation coefficient. Spearman's rank correlation is calculated by applying Pearson's correlation formula to the ranks of the data. Daniel (1990) notes that by so doing, many of the distortions that plague the Pearson correlation coefficient are considerably reduced.

In measuring the strength of the linear relationship between X and Y the Pearson's correlation coefficient is used. A Spearman's rank correlation coefficient, ρ , which is a Pearson-type correlation coefficient but computed on the ranks of X and Y values is useful in the event of nonlinear but monotonic relationships using the following formula:

$$\rho = \frac{[1 - 6\sum(d_i^2)]}{[n(n^2 - 1)]}$$

ORDINARY LEAST SQUARES

The study made use of ordinary least squares regression analysis to understand factors that influence the street traders' sales income. Furthermore, ordinary least squares regression models assist in examining the bivariate and multivariate relationships between variables, to hypothesize that one variable depends on another variable or a combination of other variables. According to Allison (1999), the variables that can be used in the regression model are quantitative variables such as income, age and years of experience.

In the study, the binary of the dependent variable, which is sales income, can either contribute to the sales income of the street trader or not contribute to the sales income of the street trader (e.g., 1 = "has contribution" or 0 = "has no contribution"). According to Huili (2008), the advantage of the ordinary least squares method is that it is easy to apply and interpret. The coefficients

are easily expressed as a unit change in an attribute that causes the dependent variable to change. In this case, since the dependent variable is continuous, the ordinary least squares are used to examine the factors that influence the sales income of street traders.

The dependent variable (Y) in this analysis is the monthly sales of the street traders in Kouga Local Municipality. The ordinary least squares model can be expressed as depicted in Table 1.2 below:

TABLE 1.2. Predictor independent variables

Independent variable (X)	Measurement	Expected significance
Household size	Continuous	=
Age	Continuous	+
Education	Dummy	+
Experience	Dummy	+
Keep records	Dummy	=
Selling point	Dummy	=
Selling hours	Dummy	+
Bulk buy	Dummy	+
Target market	Dummy	+
Business training	Dummy	+

Note that + indicate a positive effect on monthly sales, - a negative effect on monthly sales and = indicate uncertain.

DESCRIPTIVE STATISTICS

The first research question asked, “What are the socio-economic characteristics of street traders in Kouga Local Municipality?” However, the interview questions not only gathered these characteristics from the participants but also their demographic

details. Therefore, the interview collected data on participants’ gender, age, marital status and level of education. Makhura (2001) emphasise incorporating demographic information in data collection, highlighting its potential influence on participants. In the current study, understanding the traders' demographics was anticipated to impact their daily activities, economic behavior, and decision-making processes.

TABLE 1.3. Respondents’ demographic and socio-economic characteristics

Variables		Frequency	Percentage (%)
Gender	Male	12	40%
	Female	18	60%
Age	26-30	4	13%
	31-35	7	23%
	36-40	9	30%
	41-46	2	7%

46+		8	27%
Household size	1-3	2	7%
	4-6	18	60%
	7-9	10	33%
Marital status	Married	12	40%
	Divorced	2	7%
	Single	14	47%
	Widowed	2	7%
Household Income Group	R0- R2041,67	14	47%
	R2041,75 – R9041,67	12	40%
	R9041,75 – R19 741,67	4	13%
	R19,741.75 – R41,283.33	0	0%
	R41,283.42 – R82,958.33	0	0%
	R82,958.42 – R156,850.00	0	0%
Highest Level of Education	Primary	10	33%
	Secondary	18	60%
	Tertiary	2	7%
Years of experience	Less than a4 year		13%
	2 -5 years	10	33%
	More than 5	16	53%

The predominant age of the street traders was over 40, as 27% were 40 years and above in age, while 7% were in the age range of 41 to 46. This meant that street trading was dominated by Generation X and older generations. Various factors influenced this phenomenon, including the rural-to-urban migration of youth seeking formal employment opportunities, lack of experience and job preferences. Mayrhofer and Hendriks (2003) explain that age plays a key role in decision-making skills and determining the level of risk appetite. The limited youth visibility in the street trading business can be attributed to inexperience in running the business. About 53% of street traders in the study area had more than 5 years of experience.

A fairly large number (40%) of the respondents were married, 7% divorced, 47% single, and 7% widowed. The figures

revealed that street trading was dominated by single women (60%). The dominance of single women in this business could be attributed to the lack of men, who were often considered as the providers of the family. The lack of employment opportunities has compelled women to participate in street trading.

A fair number (33%) of respondents had primary school education, 60% had secondary school education, and 7% had tertiary school education levels. According to Manciya (2012), the education level possessed by a street trader is expected to improve efficiency. Disparities in education showed that not only the unskilled and uneducated engaged in street trading but also the educated. Mbatha (2020) argues that street traders are often recognized as poorly educated, but studies indicate that 11% of street traders have tertiary

education. These results highlighted the significant value of developing human capital, such as advancing skills and education, which are necessary for street trading and life in general. Furthermore, a street trader's level of education could have a positive impact on their entrepreneurial skills.

The knowledge gained through education could be effectively utilized in street trading activities. The level of education is correlated with human capital and the ability to make informed decisions. Mather and Adelzader (1998) are of the view that individuals with higher levels of education are equipped with more

knowledge and are more efficient in interpreting information.

CORRELATION MATRIX

A correlation matrix was used to signal the relationships between the study variables. However, it was understood that correlation indicates a systematic relationship not causation. Causation can be implied when justified with logical inference. A correlation matrix determines the strength of the linear relationship between the dependent variables and independent variables. Table 4.2 below shows the correlation matrix measuring the relationships between the variables.

TABLE 1.4. Strength of the linear relationship between dependent and independent variables

	Household income group	Household size	Age	Education	Experience as a street trader	Do keep selling records	Selling point	Target Market	Selling hours?	Type of street trader?	Buying in bulk	Price discounts
Household income group	1											
Household size	0,304803	1										
Age	0,331815	0,354334	1									
Education	0,443351	0,317567	0,106021	1								
Experience as a street trader	0,135164	0,299926	0,291245	-0,05273	1							
Do keep selling records	0,128273	0,414442	0,151759	0,172032	0,442467	1						
Selling point	0,257036	0,445003	0,191517	0,213100	0,372992	0,877687	1					
Target market	0,320684	0,649031	0,248627	0,289327	0,385252	0,592760	0,660079	1				
Selling hours?	0,022908	0,053829	0,637474	0,071096	0,064901	0,593594	0,64536	0,5054	1			
Type of street trader?	-5,293E-17	-0,203433	-	-	-	-	-	0,0672	-	1		
Buying in bulk	0,065952	0,249271	0,262306	0,233189	0,439303	0,311749	0,23868	0,4513	0,22361	0,138	1	

Price discount	0,119182	-	-	-	-	-	-	-	-	0,25	-	1
	0,058123	0,336010	0,087185	0,127585	0,235435	0,10783	0,0672	0,30579		0,138		
							67			3		

Household size had a significant impact on the street trader's sales income. 60% of the street traders had a household size of 4 to 6 members, while 33% had 7 to 9 members. Therefore, household members were able to assist in the street trading activities. The research confirmed a positive correlation between sales income and selling hours. As much as 60% of the street traders spent 9 to 10 hours selling their goods. An absolute value of the coefficient 0.0229087 was obtained, indicating the strength of the association between sales income for street traders and selling hours. This aligned with theoretical expectations of a positive relationship between sales income and hours worked.

A strongly positive relationship existed between a street trader's experience and sales income. This was also in line with the theoretical expectation that the more experience gained, the better the likelihood of running a successful business depending on strong customer relationships. Furthermore, there was a significantly positive but not significant correlation between education and monthly sales income. This was in line with the theoretical expectations that street traders who acquired knowledge through education are in better position to effectively utilize it in their business activities. The education level attained by street traders is related to human capital and capacitates them in making informed decisions.

This implied that an increase in either of these variables would be associated with an increase in sales income for street traders. Therefore, education would have a positive impact on household welfare. However, while formal education could provide a strong foundation, it was not the only path to success in the street trading business. It was key for individuals to possess natural entrepreneurial skills or spirit, allowing them to identify opportunities, take risks, and build strong connections and relationships within the sector.

ORDINARY LEAST SQUARES

The study determined the specific variables affecting street traders' sales income. In other words, economic, demographic, and physical factors enhanced or inhibited street traders' sales income. Table 4.3 below displays the 15 hypothesized variables, which significantly positively or negatively affected the sales income derived from street trading. The adjusted r squared of 0,7720 implied that these independent variables jointly explained about 77% of the total variation in sales income. The F-test showed that these variables were significant ($p < 0.65$). The figures indicated that the model fitted the analysis and revealed conclusive results.

Table 1.5 below shows the ordinary least squares regression analysis results for the factors affecting street traders' sales income.

TABLE 1.5. Ordinary Least Squares Regression Analysis of Factors Affecting Street Traders' Sales Income

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0,6447587214	4840011560,1437910,887715			- 8,972467268	10,26198471	- 8,972467268	10,26198471
Household size	-0,5186586	0,434163884-1,19461	0,252084		- 1,449847516	0,412530324	- 1,449847516	0,412530324

Age	0,1763778330,1551628991,1367270,274736	-	0,509169152	-	0,509169152
		0,156413487		0,156413487	
Education	0,4915341760,424328838 1,15838 0,266088	-	1,401629019	-	1,401629019
		0,418560667		0,418560667	
Experience as a street trader	0,02489762 0,2081523220,0961250,251513	-	0,197466124	-	0,197466124
		0,695418533		0,695418533	
Do keep selling records	0,0385032910,7160910630,0537690,957879	-	1,574365871	-	1,574365871
		1,497359289		1,497359289	
Selling point	0,0808045920,6055679130,1334360,895748	-	1,379618592	-	1,379618592
		1,218009407		1,218009407	
Target Market	0,1375088470,1612624420,8527020,408176	-	0,483382386	-	0,483382386
		0,208364691		0,208364691	
Selling hours?	0,319896183 0,61450982 0,520571 0,6108	-	1,637888665	-	1,637888665
		0,998096299		0,998096299	
Type of street trader?	0,3554886890,5139231310,6917160,500427	-0,7467668	1,457744179	-0,7467668	1,457744179
Buying in bulk	-0,119435430,383876489-0,31113 0,760286	-	0,703897756	-	0,703897756
		0,942768612		0,942768612	
Price discounts	0,49820306 0,3779794561,3180690,208641	-	1,308888367	-	1,308888367
		0,312482246		0,312482246	
Unfavorable government policies.	0,4482310380,4666872850,9604530,353123	-	1,449175715	-	1,449175715
		0,552713639		0,552713639	
A lack of entrepreneurial skills	0,19532329 0,2723520580,7171720,485062	-	0,779460357	-	0,779460357
		0,388813778		0,388813778	
A lack of business support	-0,569230440,601696712-0,94604 0,36017	-	0,721280659	-	0,721280659
		1,859741535		1,859741535	
A lack of infrastructure	-0,1152942 0,844759241-0,13648 0,893384	-	1,696534173	-	1,696534173
		1,927122576		1,927122576	
Multiple R	0,772048931				
R Square	0,596059552				
Adjusted R Square	0,613266214				
Standard Error	0,650519567				
Observations	30				

Several independent variables had a significant influence on the sales income of street traders, and the signs of the independent variables' coefficients aligned with earlier expectations and theory. Of the 15 significant predictor variables, 11 had positive signs (age, education, experience as a street trader, selling records, selling point, target market, selling hours, type of street trader, price discounts, unfavorable government policies, and lack of entrepreneurial skills). This suggested that an increase in any of the variables was linked with an increase in sales income for street traders. Whereas the remaining 4 variables (household size, buying in bulk, lack of business support, and lack of infrastructure)

had negative signs, indicating that an increase in any of these variables would be related to a reduction in the sales income of street traders.

There was an observed positive association between the experience of street traders and sales income. The knowledge acquired through experience might have been effectively used in their street trading activities. Practical experience and skills acquired through hands-on work might have been valuable, providing insights and problem-solving abilities. Experienced street traders possibly knew their way around customers, and customers preferred purchasing from familiar street traders they

always saw in the market. Ngiba et al. (2009) observe that the average number of years a street trader operates in the street traders' market is 6.5 years, indicating a considerable degree of stability.

The results of the current study revealed that there was a statistically significant association between selling sales records and sales income. This implied that street traders who kept selling sales records were likely to have increased sales income relative to those who did not keep selling sales records. This might have been because keeping sales records allowed street traders to monitor and evaluate the progress of street trading activities, enabling them to make informed decisions.

The results revealed a statistically significant relationship between selling points and sales income. This result was consistent with the theoretical expectation of different locations experiencing different volumes of pedestrian traffic. Thus, in areas with high pedestrian traffic, street traders in the study were likely to attract more customers, resulting in increased sales income.

There was a negative correlation between lack of business support and sales income. This was because a lack of financial and non-financial support, such as access to training and funding opportunities, could have hampered the advancement of the street traders' businesses.

There was a negative association between a lack of infrastructure and sales income for street traders. According to Inolia (2016), service delivery is an economic issue. For any business to thrive, basic services such as refuse removal, toilets, shelter, water, electricity and storage facilities are needed not only by the public but also by business owners. Thus, the lack of these services would have resulted in street traders having to pay for them from

neighbouring shop owners, reducing their sales income.

DISCUSSION AND FINDINGS

Street trading serves as a vital force for economic growth and development. In addition, it is a safety net for individuals without formal sector skills in South Africa. This informal sector activity could address poverty and enhance household food security in underdeveloped areas. The study set out to achieve several research objectives through interviews with 33 sampled street traders in the main towns of Kouga Local Municipality.

The first research objective was to explore the factors influencing street traders' sales income, providing insights into the dynamics of their economic contribution. Additionally, the research investigated the impact of street trading income on household well-being, emphasizing its role in sustaining livelihoods.

The investigation determined the socio-economic characteristics of street traders to understand the factors shaping the street trading landscape. Furthermore, the research delved into the role played by Kouga Local Municipality in supporting street traders. This allowed for exploring the intricate interplay between street traders, their economic activities, and the local governance structures. In addition, the research uncovered the challenges and barriers faced by street traders, contributing to insights into the impediments to their growth and development.

In the subsequent sections, the chapter synthesizes existing literature and the study's results and findings. This culminates in a set of conclusive insights, which pave the way for recommendations targeted at the stakeholders involved in the regulation, support and development of street trading, particularly in Kouga Local Municipality.

Existing literature indicates that street trading has a long history and is prevalent in almost every city in developing countries. Various authors define street traders as individuals who sell goods or services to the general public without a permanent built-up structure. The literature review identified different groupings within the street trading business, including mobile, stationary and part-time street traders. These individuals engage in street trading to make a living, and the income generated from their sales often contributes to paying school fees and supporting their families.

Scholars emphasize that street trading is a component of the informal sector, encompassing diverse activities, including services, manufacturing, and trading. This sector experiences exponential growth due to high unemployment rates and the formal sector's inability to take up the workforce. However, informal sector employment lacks job security, regular work, long-term benefits, decent remuneration and union protection. Moreover, the informal sector is characterized by a violation of zoning bylaws, absence of trading business permits, non-compliance of tax and labour regulations. The literature points out these and other challenges street traders face, identifying factors hindering their development. However, studies reveal factors that can accelerate the development of street trading.

The literature suggests that the informal sector, perceived as marginalized, contributes substantially to absorbing most of the population, especially the poorest. However, measuring the economic contribution of street traders is challenging due to their unregistered businesses. Nevertheless, street trading is recognized as an integral part of local economic development.

The literature highlights municipalities' role in promoting street trading growth. Municipalities have a developmental mandate to address their territories' poverty, unemployment, and wealth redistribution. This mandate could be fulfilled by local economic development initiatives that promote street trading. Municipalities are urged to provide input, cooperation, and support to transform street trading into a desirable and viable economic activity.

EMPIRICAL RESULTS (STATISTICS)

Descriptive statistics revealed the demographics and socio-economic characteristics of street traders. The predominant age of street traders was 40 plus; 27% were 40 and above, while 7% were 41 to 46. Street trading was predominantly dominated by Generation X and the older generation, influenced by factors such as rural-to-urban youth migration, job preferences, and lack of business experience discouraging younger participants.

Less than half (40%) of the respondents were married, 7% were divorced, 47% were single, and 7% were widowed. The figures revealed that street trading was dominated by single women (60%), indicating that it is mainly dominated by single women, possibly due to societal perceptions of men as breadwinners, leading them to seek formal employment.

A third (33) of respondents only had primary education, 60% had secondary school education, and 7% had tertiary education qualifications. Therefore, education was not a barrier to engaging in street trading. In addition, the results revealed that not only those who are unskilled and uneducated engage in street trading but also the educated. More educated traders might have had better chances of success.

The sales income derived from street trading played crucial roles in street traders' households, holding a position of great importance. The correlation matrix between street traders' sales income and the selected independent variables revealed that the impact of sales income on street traders' household income was significant, considering household size, age, education, experience as a street trader, record-keeping, selling point, target market, selling hours, type of street trader, buying in bulk, and price discounts.

A negative linear correlation was confirmed between the type of street trader and sales income with a coefficient of $-5.293E-17$. Therefore, the specific type of street trader had a very minimal, almost negligible, impact on the sales income. However, household size significantly impacted the street traders' sales income, with 60% having a household size of 4 to 6 members while 33% had 7 to 9 members, indicating that household members could assist in street trading activities. A positive linear relationship between sales income and selling hours was confirmed, with 60% of street traders spend 9 to 10 hours selling their goods. An absolute coefficient value of 0.229087 indicated the strength of the association, aligning with theoretical expectations of a positive association between hours worked and sales income. In other words, when the participants worked more hours selling products, they were likely to earn a higher monthly salary.

A strong positive linear relationship existed between a street trader's experience and sales income, which is in alignment with the expectation that experienced individuals have a better likelihood of running a successful business. Additionally, a significant positive correlation existed between education and monthly sales income, in line with the expectation that knowledge acquired through education positively influenced participants' street

trading activities, impacting household welfare.

The ordinary least squares regression revealed a positive association between streettraders' experience and sales income, highlighting the importance of customer familiarity. The model indicated a statistically significant association between keeping sales records and sales income, emphasizing the importance of record-keeping for informed decision-making. A statistically significant relationship existed between selling points and sales income, aligning with expectations that locations with high pedestrian traffic attract more customers.

A negative association was observed between buying in bulk and sales income, attributed to perishable goods and a lack of storage facilities leading to stock loss. Negative correlations were also found between a lack of business support/inadequate infrastructure and sales income, indicating that financial and non-financial support and basic services were crucial for the success of street traders under study.

EMPIRICAL FINDINGS (PARTICIPANT PERCEPTIONS)

The study employed a 5-point Likert scale to measure street traders' perceptions of income impact, local economic development support, challenges and desired services and programmes. Street traders reported the positive impact of sales income on household welfare, particularly in terms of food provision. Challenges included a lack of support from the municipality, insufficient information, an absence of entrepreneurial skills, and insufficient financing. Desired services for improving street trading included business management training; funding opportunities; designated trading sites; water and sanitation services; access to

information; and entrepreneurial skills programs.

CONCLUSIONS

The results and findings indicated that street trading played a crucial role in sustaining the livelihoods of individuals involved in the study. This suggests that street trading has the potential to advance economic growth and development and is a cushion for individuals lacking the skills to enter the formal sector. Moreover, street trading contributed to household food security, serving as a tool to alleviate poverty in Kouga Local Municipality. This suggests that this informal economic activity could play a crucial role in enhancing local communities' overall well-being and resilience. The study showed that street traders generated profits surpassing the country's poverty line, enabling them to meet basic household needs.

Street trading is a vital part of urban economies, offering economic opportunities, affordable goods, and cultural vibrancy. However, it must be regulated to ensure safety, order, and fairness. Legal responsibilities such as licensing, health and safety compliance, tax obligations, and ethical conduct help maintain the integrity of street trading. Policymakers should aim for balanced regulations that support both traders and the wider public, fostering a thriving and inclusive economy.

The study revealed that street trading faced challenges in Kouga Local Municipality, including a lack of infrastructure, trading sites, water and sanitation facilities, funding opportunities and business support services. In order for street trading to be viewed as an economic activity that improves the local economy the abovementioned challenges need to be addressed.

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CONFLICT OF INTEREST

The authors declare that there are no competing financial interests or personal relationships that could have influenced the work reported in this paper.

AUTHORS' CONTRIBUTION

Vuyo Seteni contributed to developing the concept, writing the manuscript, and carrying out the analysis.

Prof. Dr. Ankit Katrodia reviewed the manuscript, helped with some data analysis, and provided thorough proofreading.

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