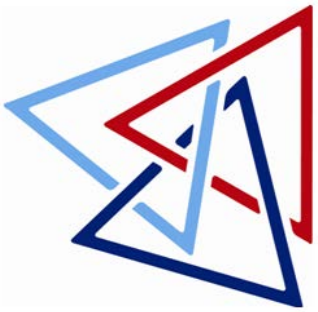

# Temporal and spatial enterprise change in a township informal economy: A resurvey of micro-enterprises in Delft South

Andrew Charman and Leif Petersen

**Abstract**

*In 2010, a team of researchers undertook a survey of informal micro-enterprises, piloting a new method for researching township businesses in a spatial context. Using a small area census approach, the objective was to identify all existing micro-enterprises within an area of sufficient size (approx. 2km$^2$/10,000 households) to adequately reflect the spatial dynamics of business distribution whilst enabling the researchers to obtain a qualitative understanding of enterprise dynamics. In 2015 the researchers returned to the field to resurvey the area. The research sought to identify measurable evidence of enterprise growth and/or change through documenting all enterprise activities and again recording the spatial distribution of each business. The comparative dataset provides a unique opportunity to reconsider questions about the township informal economy and examine how previously identified businesses have fared over time; how sectors have performed in relative and comparative terms; and the factors that have influenced shifts in business dynamics including spatial distribution. The 2015 research found that the number of micro-enterprise activities had doubled (from 879 to 1798) with growth recorded in all but two sectors. The paper argues that the change represents a deepening of entrepreneurial activity in Delft. One of the main drivers of change are survivalist businesses in the fast moving consumer goods market segment; the majority of these micro-enterprises are run by middle-aged women. The research found insubstantial evidence of businesses relocating to the high street, though there is evidence of fluid adaptability and innovation in the positioning of businesses and their product focus.*

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# Temporal and spatial enterprise change in a township informal economy: A resurvey of micro-enterprises in Delft South

**Andrew Charman and Leif Petersen**[1]

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## 1. Introduction

This paper presents the findings of a comparative analysis of micro-enterprises in the informal economy of one township, comparing the results from data gathered in December 2010 – May 2011 with a resurvey of micro-enterprises undertaken in June – July 2015. The research is set in the neighbourhoods of Delft South and Eindhoven (Delft hereafter), two adjoining neighbourhoods within the larger area of Delft, a suburb in Cape Town, South Africa. The research seeks to contribute towards knowledge on the question of how the township informal economy changes over time. The paper interrogates the comparative evidence, focusing on three concerns: first, evidence of change in micro-enterprise composition; second, evidence of change in the spatial distribution of micro-enterprises; and third, evidence of change in enterprise dynamics within key sectors.

The significance of this endeavour lies in the South African policy concern around the seemingly stagnant level of economic activity within the informal economy and the implication of this trend on communities with disproportionate levels of poverty and high unemployment. If small and micro-enterprises are not emerging, then should the development trajectory not be focussed on getting the unemployed into formal sector jobs and/or providing welfare transfers? To the best of the authors' knowledge, no similar comparative study of informal micro-enterprises in a single area has ever been undertaken in the South African township context. The research therefore provides a unique and original perspective on a theoretical proposition that lies at the heart of policymaking with respect to township economic development.

### 1.1. The intellectual context

At the highest level of abstraction, this paper responds to two (inter-related) debates. The first debate centres on the question and concern of why the informal economy is so small, in relative and absolute terms. We support the labour centric understanding of the informal economy as comprising the self-employed in informal businesses as well as unregistered workers within both registered and non-registered enterprises (Chen, 2012). From a global perspective, the proportion of the South African workforce engaged informal activities is unexpectedly small, placing South Africa in the position of what Yu refers to as an 'international outlier' (2012:158). As a proportion of the total labour force, the informal component comprises 2.7 million persons, equivalent to 12.8% of the labour force. The

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unemployment rate (narrow definition) stands most recently (September 2015) at 25.5% (StatisticsSA, 2015:5). The twin features of (relatively) high unemployment and low employment in the informal economy are uncharacteristic of developing countries.

The second debate asks questions about why unemployed persons are seemingly reluctant to engage in informal self-employed activities, preferring to remain unemployed until scarce (formal) employment opportunities present themselves. In a simplified scenario, the evidence suggests that unemployed people would rather wait for employment (however long this takes) than try their hand at businesses that may prove unsuccessful (Fourie 2011 summarises the core debates). This question has resulted in a variety of research explorations that seek to understand the constraints on micro-enterprise activities and factors which, directly or indirectly, discourage new entrants from starting businesses. Studies such as the research by Chichello, Almeleh, Mncube and Oosthuizen (2011:12), using household survey data from Khayelitsha, Cape Town, identify the fear of crime, risk of failure and the absence of start-up capital as three of the most significant factors that inhibit people from starting small-scale businesses. The inability of the unemployed to establish small-businesses is anticipated in critiques of the spatial development of townships. This theoretical proposition, as advanced in the study of Diepsloot (Mahajan, 2014:8), argues that the township context is spatially and structurally isolated from the formal economy (and thus capital, labour and goods markets), resulting in the creation of a 'poverty and unemployment trap'.

### 1.2. Methodological challenges

The debates around the performance of the informal economy are subject to considerations of the depth and quality of data. Part of the challenge lies in the often obscure character of the informal economy. National datasets on informal businesses, including micro-enterprises, are regarded by some scholars as patchy at best, not least because many informal entrepreneurs intentionally avoid statistical 'capture' as, not only are their businesses unregistered and often operating outside the law, but some of the goods sold are extra-legal or indeed illicit (see Neuwirth, 2011; Bhorat and Oosthuizen, 2006:179). Our own field experience accords with this view. Qualitative studies that build on the legacy of Hart's (1973:7) early exploration of the 'petty capitalism' of the 'sub-proletariat' reiterate the illusiveness of the field of study and the fluidity of its business dynamics. Despite the rich narrative that this lineage has produced (some diverse examples of the scholarship are Fuh, 2012; Neuwirth, 2011; Neves and Du Toit, 2012; Rogersen and Beavon, 1982), it has proved challenging to translate valuable qualitative vignettes into high level policy recommendations. There remains a need for methodological advances or a more effective 'mixing' of qualitative and quantitative approaches.

For economists, nationally representative surveys targeting different statistical populations, such as the 1-2-3 survey approach, are regarded as the gold standard. The 1-2-3 approach usually entails a labour force survey (1), a survey of firms and enterprises measuring their economic and production characteristics (2), and a survey of household income and expenditure (3) (see De Vreyer & Roubaud, 2013:9-10). In South Africa, the Quarterly Labour Force Survey (QLFS) and Survey of Employers and Self Employed (SESE), undertaken by Statistics South Africa, equate to the parts 1 and 2. These two sources and the QLFS in particular, have provided the major source of primary data that has been utilised in quantitative analyses of the informal economy. Within academia there is broad census on the integrity of the QLFS data, which is considered to be statistically accurate. The SESE is based on a sample of the QLFS and refers to persons operating enterprises that are not registered for VAT, though

the sample includes businesses registered for income tax. The SESE data provides rich data on enterprise and production dynamics, though potentially excludes small and micro-enterprises. This source has been under-utilised historically. The part 3 has been fulfilled by the National Income Dynamics Study (NIDS), a panel study originally surveying a national statistical sample of 28 000 people and currently implementing the fifth wave. The NIDS investigates labour market participation, including self-employment and income streams.

The 1-2-3 surveys were designed to be statistically valid at the national level and therefore lose their validity at the municipal and local levels. For our purpose, the local level approximates to the 'sub-place' unit employed by StatisticsSA in the national census. Knowledge of the scope and scale of self-employment in particular geographic contexts, such as township settlements, is therefore extremely limited. What data exists is generally derived from local surveys and qualitative research endeavours, such as in the approach of the World Bank study on Diepsloot (Mahajan, 2014). Although 'sub-place' level data is tremendously useful for the insights it can offer on the real world of informal business activities, the findings are not comparable to the results of the QLFS or SESE. Whilst local studies might not add value to national policy dilemmas (as per the two debates that we highlighted at the outset), their relevance to municipal planning is paramount. It is argued that the main data challenge in urban contexts of developing countries such as South Africa is for reliable area-level data that can enable city planners, for example, to strategically respond to the organic impulses of the informal economy. Uninformed city policies have a determining impact on where, when and how informal micro-enterprises may operate, thus often presenting a major obstacle to enterprise growth and development (Lindell, 2010; Benit-Gbaffou, 2015).

Important advances toward this critical data requirement have been made through research which has explored the spatial dynamics of informal markets. The field is fast developing with contributions from across the social sciences, the field of economics, and urban and architectural studies. Bhuyan's (2013) research on women in the informal economy of Guwahati City, India, found that self-employed women tended to operate home-based businesses, whilst much of the more profitable service sector businesses were spatially positioned in the inner-city, away from home neighbourhoods. Charman and Petersen's (2014) research found clear differences in the spatial distribution of township business between high street localities and residential localities serving localized neighbourhood markets, a trend that was also observed by Cross (2014) in Diepsloot. The significance of spatial influences on business productivity and profitability, as well as the entry barriers of spatial control, is gaining recognition. Within inner-city informal markets, there is a developing literature which highlights the influence on micro-enterprise growth of the businesses' physical position and situation, including the rearrangement of retail space to enable intensification and clustering (Mora, 2003; Van Eeden, 2011; Zack; 2015).

## 2. Background

In 2010 a team of researchers undertook a survey of informal micro-enterprises in Delft. Delft is a residential township on the Cape Flats with formal housing. Most houses were built in the period 1996 – 2000 under the Reconstruction and Development Programme. The site is located adjacent to Cape Town International Airport on the northern side of the N2 highway and contiguous with the R300 motorway. The precise research site is bounded by Hindle Road along its northern boundary, the R300 on its eastern flank and Symphony Road along its southern boundary.

The researchers introduced a new approach to researching the spatial dynamics of township businesses. The method has been defined as the 'small area census approach' (Charman, Petersen, Piper, Liedeman, and Legg, 2015). The objective of this approach is to identify all existing micro-enterprises within an area of sufficient size to adequately reflect the local spatial dynamics of business distribution. The area chosen was 2,93km$^2$ and comprised about 11,000 households and a heterogeneous population of 43 185 (demographic data from the 2011 national census), roughly divided between 'coloured' and 'African' sub-populations. The average household size is 3.8 person per household (3.7 national average) and area density is 11,795 persons per km$^2$. An important component of the small area census method was to conduct interviews using a semi-structured questionnaire with business owners in key sectors.

The 2010/11 research resulted in the identification of 879 micro-enterprise activities. The spatial position of each business was recorded and most businesses were photographed. In-depth interviews were undertaken with 287 businesses owners in grocery retail (spaza shops), educare and liquor trading sectors. The researchers kept field notes on the general business environment; made systematic observations of business activities, the spatial location of businesses, infrastructure and trader socio-economic characteristics; collected artefacts (such as posters and flyers) and held numerous discussions with business persons and community members. The data from this first wave of research enabled the researchers to make an important contribution to understanding informal micro-enterprise business dynamics. The findings have supported, for example, a more in-depth understanding of the competitiveness within the spaza shop sector, resulting in the collapse of smaller, predominately South African businesses (Charman, Petersen and Piper, 2012). Subsequent research in Delft (Liedeman, 2013) found that some of the Delft businesses that were identified in the spaza sector had closed down, though some shifted locality and now operate from different venues. The scale of this change was hitherto unknown. We have learnt from field research experience that there is a relatively high turnover in business ownership, especially in foreign run businesses, though this observation had not been systematically studied.

## 3. Research questions

Through re-investigating micro-enterprise numbers and activities in Delft, the second wave of the research sought to understand whether changes had taken place in the enterprise scope (an increase OR decrease in numbers and types of informal businesses). Furthermore, the research sought to understand the complexities of the informal economy in terms of the characteristics of the participants. These questions needs to be seen in light of the findings from an analysis of QLFS and SESE data which indicates that informal employment both nationally and within Cape Town, has stagnated over the period between the first survey in 2010 and the resurvey in 2015 (Ranchhod, Petersen and James, 2015). Furthermore, the researchers sought to ask whether the informal economy of Delft 2015 corroborates the proposition that under conditions of stagnant growth, businesses on the margins and notably women traders have been 'pushed' out of the informal economy with men acquiring these opportunities (Skinner, 2015). Is this finding evident in Delft, and if not, why might Delft differ from broader trends?

Hence the central focus of the research was on identifying changes in the Delft informal economy, focusing on micro-enterprise numbers, business type, business ownership and spatial dynamics. In comparing the 2010/2011 and 2015 surveys, the research sought to answer three questions:

1. In quantitative terms, how many businesses identified in 2010 are still in business and how many new informal businesses have set up since the initial survey?
2. What quantitative changes have taken place in the three sectors in which in-depth surveys were conducted: namely, spaza shops, liquor traders and educares? In these sectors, the research sought to examine whether or not there was evidence of ownership change.
3. Is there any evidence of any shifts or changes in the spatial distribution of micro-enterprises within the study area? This question sought to respond to the observations which suggested the possible intensification of high street businesses. If there was evidence of enterprise growth within the site, does this represent an upscale in local entrepreneurship or external investment, and it what spatial context?

## 4. Methods

### 4.1. Data gathering

> *"I was told by the neighbours that the lady is selling bompies, though she did not want to be interviewed and ran away when I approached, saying 'I do not sell anything'" (FRN, 750).*

The research process utilised an amended form of the 'small area census' method. We adapted both the questionnaire tool (refined and added new questions) and means of data collection. For the enterprise survey component, we utilised an online data management platform (CommCare (www.**commcare**hq.org/) and conducted surveys using hand-held cell-phone enabled devices (7 inch tablets). The first task in the resurvey process was to interview every business owner, co-owner or their partners in situ. Where the business was closed (at the time of the research) or where the business owner was absent, the researchers sought to collect basic information from informants (verifying that the business was still in operation and confirming the products sold/services provided). The questionnaire captured qualitative notes (researcher comments and information from the informants) and quantitative data on business category, demographic characteristics, business registration status, trading times, time in business, employment and profit rates. All quotes used in this paper either refer to field researcher notes (FRN) or researcher informant (RI); the accompanying number refers to the anonymised case number. For each identified micro-enterprise, the location was logged geospatially and where possible a photograph of the business was taken. Where the research encountered larger micro-enterprises, including those in the spaza, liquor and educare sectors, a more extensive questionnaire was performed. The questionnaire included a paper component for ease of note taking. As we moved from street to street, so we endeavoured to record all cases of business closure using the 2010/2011 business census result maps. We also met numerous individuals with whom we had previously engaged and caught up on their stories. There were a number of limitations to this method: some micro-enterprises could not be relocated and furthermore field researchers did not record all evidence of closed businesses through oversight and the complexities of field work operations.

The research was undertaken over a three-month period from June 2015 to August 2015. At the conclusion, the researchers had completed 129 detailed interviews, captured enterprise census data from 1485 informants (complete and incomplete) and obtained minimal data on 32 enterprises activities that could not be surveyed (due to threats or because of the inability to engage with an

informant, as a result, for example, of language). In terms of the survey informants, 66% were the business owner, 13% were relatives, 11% were employees and 10% were neighbours.

The field research encountered a number of obstacles. Early encounters with criminals and threats from gangsters meant that we had to employ members of the Delft neighbourhood watch to provide security surveillance. We were unable to conduct lengthy in-depth interviews in streets of gang strongholds. Although the great majority of business people were willing to share information with the researchers, we encountered a higher degree of resistance to 'data capture' than in previous research experiences. In certain sectors, notably the spaza sector, our capacity to undertake interviews were constrained by language barriers (among Ethiopian shop keepers in particular; we had an indigenous Somali employed as part of the team but did not anticipate the high number of Ethiopians) and the reluctance of shop employees to divulge information without authorisation from their 'boss'. Apart from the spaza sector (where both a high proportion of South Africans and non-South Africans were unwilling to be interviewed), other business sectors where we encountered hostility towards the research objectives were unlicensed liquor traders, Rastafarians selling fruit and vegetables (and marijuana) and immigrants running hair salons.

**4.2. Analysis**

The raw data was extracted from the CommCare cloud in Excel. The dataset was examined to eradicate anomalies, remove duplication, correct spelling and obvious data-entry errors. All quantitative variables were coded to enable statistical analysis. The geospatial data (captured separately) had to be aligned to the survey data through a common reference number; as a result of human error a minority of surveys (<10) could not be matched. Each survey was ascribed with a unique identifier.

In the analysis, we are unable to examine the change in enterprise activities relative to population because the sub-place population data has yet to be revised. It would be inaccurate to rely on the 2011 national census. We are of the opinion that the population within the research site has been relatively stable, apart from natural increases/decreases, since the area has not altered through new housing developments. An 'ocular' analysis of the site through Google earth's historical images confirms that the residential footprint has not substantially changed over the study period. The Delft high street, however, has potentially benefited from the demographic changes relating to informal settlements and resettlement camps within the broader area. We therefore assume that there has been no substantial change in household size or in dwelling numbers. There are changes in settlement dynamics with the emergence of small blocks of flats, though their number is too small to have had a notable influence on the demographic profile.

All businesses were classified according to 36 enterprise categories (Annex 1 contains an explanation of the categories). Where the entrepreneur was engaged in distinctly different activities, these were differentiated at the point of capture into primary and secondary categories according to entrepreneurs' own assessment of the dominant/secondary importance of the activities. Our employment of the categories was consistent with the analysis of the 2010 data (Charman and Petersen, 2015:10, table 2), though one additional category was incorporated into the classification (homeware) whilst the term 'other' replaced 'miscellaneous'. The sale of paraffin was included under 'wood and coal'. All non-responses are excluded from the analysis. The dataset was imported into MapInfo to analyse the spatial distribution of enterprises.

In analysing the spatial distribution, a series of assumptions were made. We applied a 'buffer zone' of 20 meters of the high street central point to categorize enterprises as occupying a high street locality; those outside the buffer were categorised residential. The selection of high streets was consistent with the streets applied in the 2010 analysis. In the sectors of liquor trade, grocery retail and educare, where we sought to triangulate business transitions (comparing the survey data with the geospatial data), we applied a 15-meter buffer to test whether or not a similar business category traded within the same locality in the 2010/2011 survey. Where no point (geospatial record) was historically observed AND where the new business reported being in operation for less than 5 years or if there was a non-response, we assumed that the business was 'new'; in other words, established since the previous survey. Applying similar assumptions, a business was categorised as 'old', in other words existing in the previous survey, where the 2010/2011 point was in the vicinity of the 2015 point, where the business had reported operating for greater than 5 years or if there was a non-response AND where the business reported operating for less than 5 years but where there were obviously similarities (such as the business name or product characteristics).

## 5. The micro-enterprise landscape in 2010

The results of the 2010/2011 survey are reported in Charman and Petersen (2015). Numerically the most significant micro-enterprises were, in descending order, grocery retail shops (spaza) (n=181), house shops (n=131), liquor retailing (n=120), hair care (n=63), and mechanical services (n=52). The number and relative proportion of enterprises per 100 households and 1000 population are shown in Table 1.

**Table 1: 2011 Survey – Absolute and Relative (per household and per 1000 persons) Number of Micro-enterprises / Category**

| | | AGRICULTURE | APPLIANCE REPAIR | ART AND CRAFT | BUILDING SERVICES | BUSINESS SERVICES | CAR WASH | COMMUNITY SERVICE | DRUG DEALER | EDUCARE | ENTERTAINMENT SERVICE | GREEN GROCER | HAIR CARE | HEALTH SERVICES | HOME MAINTENANCE | HOUSE SHOP | LIQUOR SALES | MEAT, POULTRY & FISH RETAIL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MICRO-ENTERPRISES | | 7 | 6 | 0 | 22 | 17 | 6 | 8 | 8 | 32 | 30 | 21 | 63 | 5 | 0 | 131 | 120 | 17 |
| DELFT SOUTH PER 100 HHs | | 0.06 | 0.05 | 0 | 0.19 | 0.15 | 0.05 | 0.07 | 0.07 | 0.28 | 0.26 | 0.19 | 0.56 | 0.04 | 0 | 1.16 | 1.06 | 0.15 |
| DELFT SOUTH PER 1000 | | 0.16 | 0.14 | 0 | 0.51 | 0.39 | 0.14 | 0.19 | 0.19 | 0.74 | 0.69 | 0.49 | 1.46 | 0.12 | 0 | 3.03 | 2.78 | 0.39 |
| SITE | MECHANICAL SERVICES | MICRO-MANUFACTURE | PERSONAL SERVICES | PHONES | RECYCLING | RELIGIOUS SERVICES | RESTAURANTS | SHOE REPAIR | GROCERY RETAIL (SPAZA) | SPECIALIST STORE | STREET TRADE | TAILOR | TAKEAWAYS | TRANSPORT SERVICES | TUCK SHOP | WHOLESALER | WOOD AND COAL | MISCELLANEOUS |
| MICRO-ENTERPRISES | 52 | 22 | 1 | 10 | 16 | 38 | 5 | 4 | 181 | 7 | 17 | 11 | 36 | 3 | 0 | 2 | 4 | 0 |
| DELFT SOUTH PER 100 HHs | 0.46 | 0.19 | 0.01 | 0.09 | 0.14 | 0.34 | 0.04 | 0.04 | 1.6 | 0.06 | 0.15 | 0.1 | 0.32 | 0.03 | 0 | 0.02 | 0.04 | 0 |
| DELFT SOUTH PER 1000 | 1.2 | 0.51 | 0.02 | 0.23 | 0.37 | 0.88 | 0.12 | 0.09 | 4.19 | 0.16 | 0.39 | 0.25 | 0.83 | 0.07 | 0 | 0.05 | 0.09 | 0 |

Source: Charman and Petersen, 2015.

In comparison to sites in Philippi, Sweet Home Farm, Imizamo Yethu and Vrygrond, which were surveyed using the same method, the Delft site in 2011 had the lowest level of business activity (measured in terms of enterprises per population). The frequency of common township micro-enterprises such as liquor retailing, street trading and takeaways was lower compared to sites with a predominantly black African population. Unlike these localities, the research identified a higher proportion of businesses engaged in mechanical repair services, a finding that was repeated in Vrygrond/ Seawinds, a site of a similar demographic profile. In reflection – and despite promising signs of entrepreneurship - it could not be said that the informal sector 'visibly pervades' Delft in the manner that informal businesses in Diepsloot, Johannesburg, marked this township as a site of particular vibrancy for a World Bank research undertaking (Mahajan, 2014).

## 6. 2015 Survey Findings

> *"I spoke to David a skarrelaar [scrap collector] at a burnt down house and noted following while he went through it for scrap metal. He skarrels anything that he can get. His wife doesn't work and has two kids in school. 'Life is very tough my friend but my mind doesn't run away from me by doing wrong things. I skarrel sometimes for entire day for only R25 but what can I do? I'm happy and it puts bread on the table.'" (FRN 1483).*

The 2015 survey identified a doubling of micro-enterprise activities. Whereas in 2010 the survey identified 861 micro-entrepreneurs engaged in 879 distinct business activities, the number of entrepreneurs had increased to 1645 engaged in 1798 activities. The resurvey identified a notable change in the ranking of enterprise categories (see Table 2; the full data table is presented in Annex 2). The top five businesses were: food take-aways (n=167; 9.3%); grocery retail (spaza shops) (n=152; 8.5%); street trade (n=148; 8.2%); liquor sales (n = 145; 8.1%), and house shops (n=140; 7.8%). In 2010/2011, spaza shops and house shops together accounted for one third of micro-enterprises, whereas in 2015 the combined scale of grocery retailing was down approximately 15 percentage points. From an area perspective, the upscaling in scope and scale indicates a diversification away from groceries towards (fresh and prepared) food/drink, whilst service-related activities have intensified. Nonetheless, food, drink and groceries still dominate (in numerical terms) the range of micro-enterprise activities within the Delft informal economy.

The comparative change in enterprise numbers is shown in Figure 1. The spatial distribution of the micro-enterprises is shown in Map 1. The research found growth in enterprise numbers across all categories, apart from two: phone shops disappeared (-100% growth and spaza shops declined by -14%). The negative growth in these sectors is not surprising or unanticipated. Micro-enterprises that provided a degree of phone-related services were recorded under business services. The trend is significant. The widening availability in cell phones has made fixed-line phone services largely redundant; these businesses comprised the core of the phone shop category in the 2001/2011 survey. Additionally, the relative drop in cell phone handset costs has meant that it is potentially cheaper to purchase a new phone than have an old phone repaired. A final point to note is that cell phone airtime/data is widely accessible via online platforms such as 'Flash', which are commonly available in house shops and spaza shops; hence the specialist need for phone shops has disappeared.

**Table 2: Change in Category Scale: 2015 versus 2010/11**

| SECTOR | 2015 | | | 2010/11 | | | Change in number | Change in rank |
|---|---|---|---|---|---|---|---|---|
| | Number | Share | Rank | Number | Share | Rank | | |
| TAKEAWAY FOOD | 167 | 9.30% | 1 | 34 | 3.90% | 7 | 133 | 6 |
| SPAZA SHOP | 152 | 8.50% | 2 | 179 | 20.10% | 1 | -25 | -1 |
| STREET TRADE | 146 | 8.20% | 3 | 18 | 2.00% | 13 | 130 | 10 |
| LIQUOR SALES | 145 | 8.10% | 4 | 110 | 12.50% | 3 | 35 | 1 |
| HOUSE SHOP | 140 | 7.80% | 5 | 126 | 14.30% | 2 | 14 | -3 |
| MECHANICAL SERVICES | 87 | 4.80% | 6 | 52 | 5.90% | 5 | 35 | -1 |
| HAIR CARE | 85 | 4.70% | 7 | 64 | 7.30% | 4 | 21 | -3 |
| MEAT, POULTRY, FISH | 72 | 4.00% | 8 | 16 | 1.80% | 15 | 56 | 7 |
| WOOD AND COAL | 71 | 3.90% | 9 | 4 | 0.50% | 29 | 67 | 20 |
| RECYCLING | 67 | 3.70% | 10 | 16 | 1.80% | 15 | 51 | 6 |
| RELIGIOUS SERVICES | 65 | 3.60% | 11 | 38 | 4.30% | 6 | 27 | -5 |
| GREEN GROCER | 57 | 3.20% | 12 | 20 | 2.30% | 12 | 37 | 0 |
| MICRO-MANUFACTURE | 53 | 2.90% | 13 | 22 | 2.50% | 10 | 31 | -3 |
| BUILDING SERVICES | 53 | 2.90% | 13 | 21 | 2.40% | 11 | 33 | -2 |
| EDUCARE | 50 | 2.80% | 15 | 32 | 3.60% | 8 | 18 | -7 |
| BUSINESS SERVICES | 50 | 2.80% | 15 | 17 | 2.40% | 14 | 33 | -1 |

In the case of the grocery retail (spaza) sector, our previous research (Charman, Petersen and Piper, 2012; Liedeman, 2013) identified the consolidation of the sector as an emerging trend as a result of the strong business competition from larger shops that are predominately run by immigrant entrepreneurs. This trend has resulted in the closure of less competitive businesses. In the Delft case, there are now 25 fewer spaza shops, with the number of spaza shops decreasing relative to all identified micro-enterprises (from 20.1% to 8.5%). The situation of spaza shops is examined below in our discussion on business transitions.

**Map 1: Enterprise Spatial Distribution** (Map available at [http://livelihoods.org.za/projects/fime#lightbox[group-316]/5/](http://livelihoods.org.za/projects/fime#lightbox[group-316]/5/))

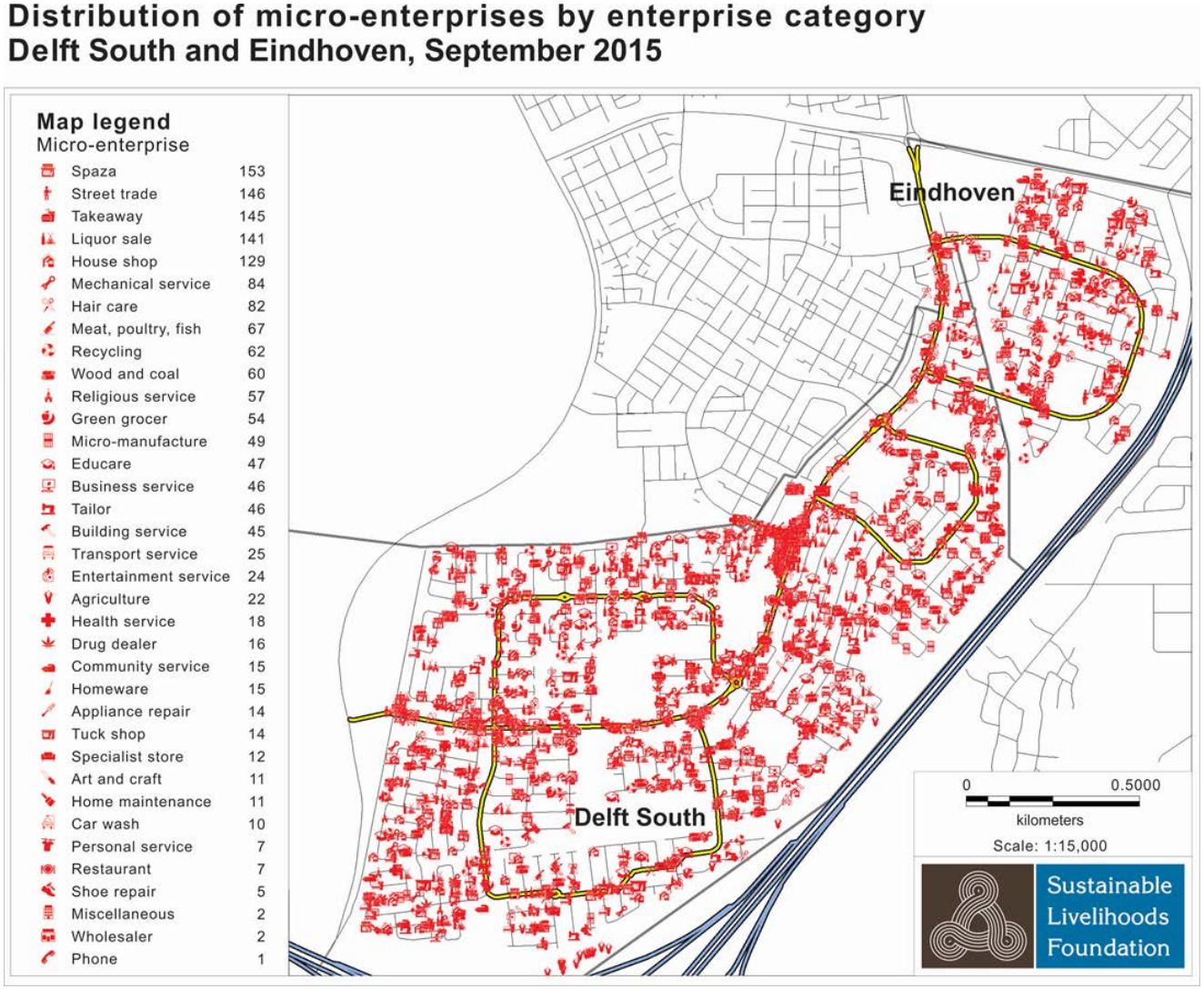
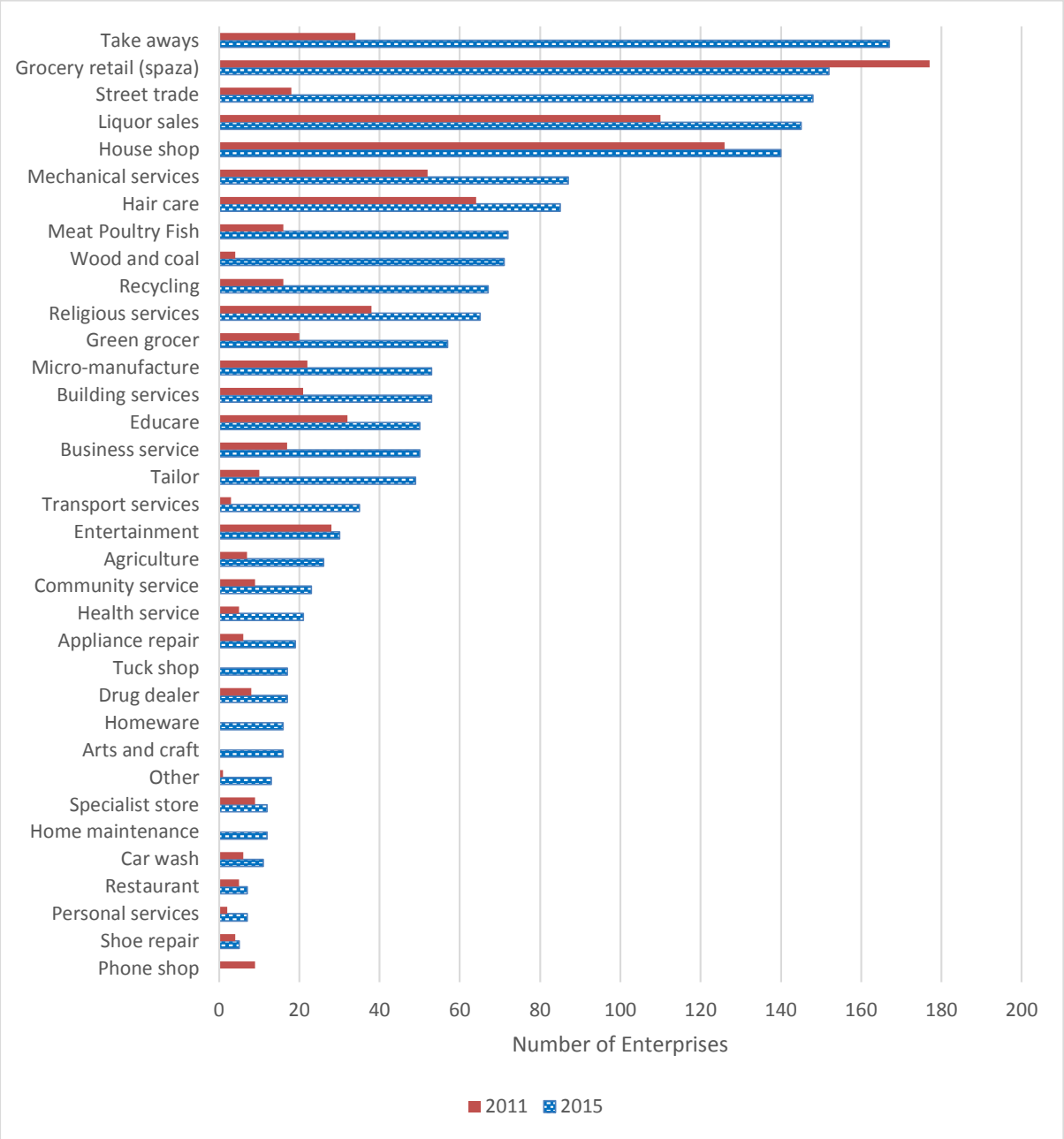


**Figure 1: Number of Micro-Enterprise Activities in Delft South, 2010/2011 vs 2015**



In several categories, the strong growth is simply a reflection of the low base level identified in 2010/2011. This observation would most probably apply in the categories of wood and coal (1675% growth), transport services (1067% growth) and street trade (722%). It is possible that a degree of activity in these categories went undetected in the initial survey. This concern aside, the data does indicate a profound (and indeed startling) growth in micro-enterprise activities. Consider the example of the educare sector. This sector, in which Delft was comparatively well served, has seen a 56% growth in enterprise numbers, with an accumulation of 18 additional educares. A similar story can be found in the case of hair care businesses which increased by 33%. Business services and building services have both substantially increased (152% and 194% respectively), whilst the number of mechanical services (such as car repair and panel beating) increased from a relatively high base by 35%. The growth in the service enterprise categories could potentially indicate an increase in disposable income within Delft, though this cannot be verified.

The growth in categories that have a relatively low entry barrier is less surprising. In takeaways (364%), tailoring services (355%), street trade (776%) and in the sale of meat, poultry and fish (391%), for example, the research identified a substantial increase in business activities. Also noteworthy is the growth in liquor retail (predominately, the very small micro-enterprise variety), which increased by 32%; a high growth given the risks of trading liquor illegally. We have sought to describe this process of 'enforced informalisation' (where very small businesses proliferate under situations of rigorous regulatory control) in another paper (Charman, Petersen and Piper, 2013), suffice to add at this point that some of these survivalist liquor retailers reflect the inability of liquor trading enterprises to consolidate their market dominance in a manner now witnessed in the spaza sector. All of the above micro-enterprises, including wood and coal sales, are characteristically survivalist. Although there are different understandings of the term 'survivalist' (note that some literature refers to survival activities (Chen, 2012), whilst the idea of a 'survivalist informal enterprise' (Rogerson, 2007:1054) has gained wide currency in the South African literature), in this paper we understand survivalist to mean a micro-enterprise that provides supplementary income, has no dedicated business infrastructure, are nameless (unbranded) and usually have no employees.

***Entrepreneur characteristics***

> *"She sells a few household items, everything for less than five rand, the most expensive item costs three Rand. She sells the most essential items such as coffee, sugar, milk, and washing powder. This is a small establishment." (FRN, 266).*

Ninety-five percent of the business owners surveyed reside in Delft. The greatest number of non-residents are engaged in street trade (n=15, 11%), hair care (n = 8, 12%), recycling (n=5, 8.6%) and business services (n=5; 10.9%). Roughly half the entrepreneurs operating specialist stores reside outside Delft, though the number of businesses is few. The age profile of the identified businesses was 2% (0 – 19 years), 14% (20 – 29 years), 26% (30 – 39 years), 33% (40 – 49 years), 19% (50 – 59 years) and 6% (over 60 years). Youth (0 – 29 years) thus represent a relatively small proportion (n=192) with the greatest numbers of youth engaged in grocery retail (n=43), hair care (n=27), street trade (n=20), and categories with relatively high levels of immigrant business ownership. This dynamic is discussed below. Amongst the over 60-years cohort, house shops (n=13), liquor sales (n=8), recycling (n=9), street trade (n=8) and takeaways (n=8) have the highest numerical levels of participation.

South Africans operate 83% of the surveyed businesses (n=1158) with other numerically important nationalities being Somalis (n=54), Ethiopians (n=34), Zimbabweans (n=30), Congolese (n=23), Bangladeshis (n=15), Nigerians (n=11), Tanzanians (n=11), Malawians (n=10) and Mozambicans (n=8). In relative terms, non-South Africans have a proportionally greater role (near parity, parity, or majority) in appliance repair (44%), arts and crafts (46%), grocery retail (82%) and hair care (48%). The gender distribution across all micro-enterprises was male (46%) and female (54%); the case number was 1356. The gender differences are highly pronounced in certain categories. Women dominate trade in food/drink, whilst men dominate technical repair services; in contrast, business services and some personal services (such as hair care) are more evenly split. These gender differences are shown in the contrast between Figure 2 (female predominant businesses) and Figure 3 (male predominant businesses). Interestingly, the trade in fruit and vegetables (green grocery) has an equal share of male/female entrepreneurs, whilst approximately two thirds of these businesses are operated by persons 40 years and over. The researchers speculate that the relatively older profile amongst green grocers is because one of the main competitive advantages in the sector is access to light delivery vehicle transport, which enables vehicle owning entrepreneurs to purchase directly from the main wholesale channel (the Epping fresh produce market).

**Figure 2: Sectors with majority female run enterprises**

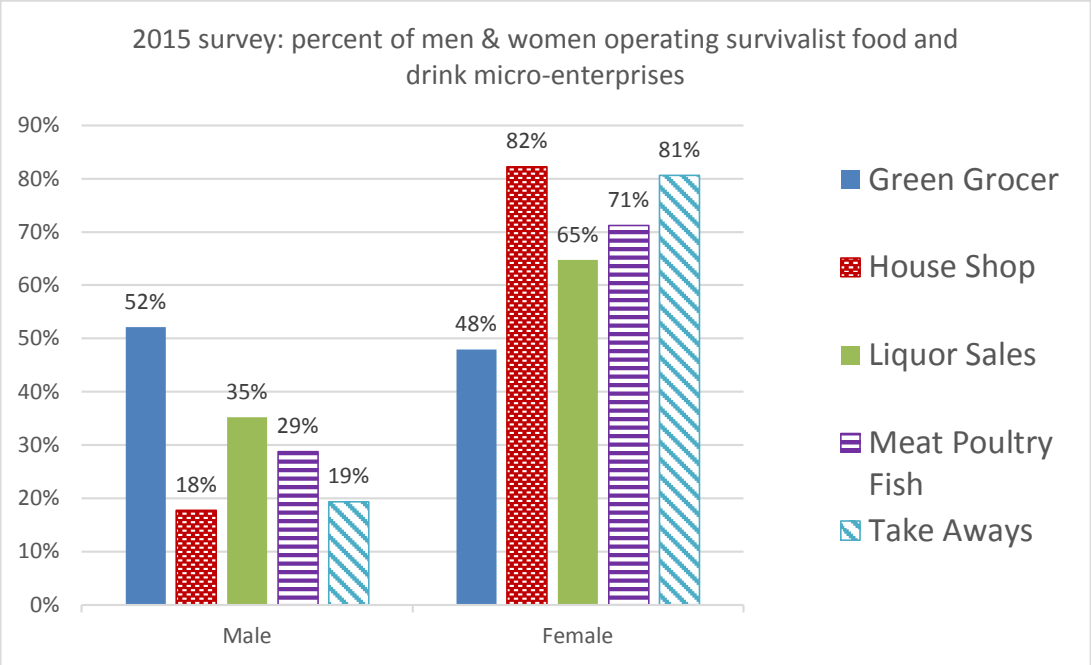
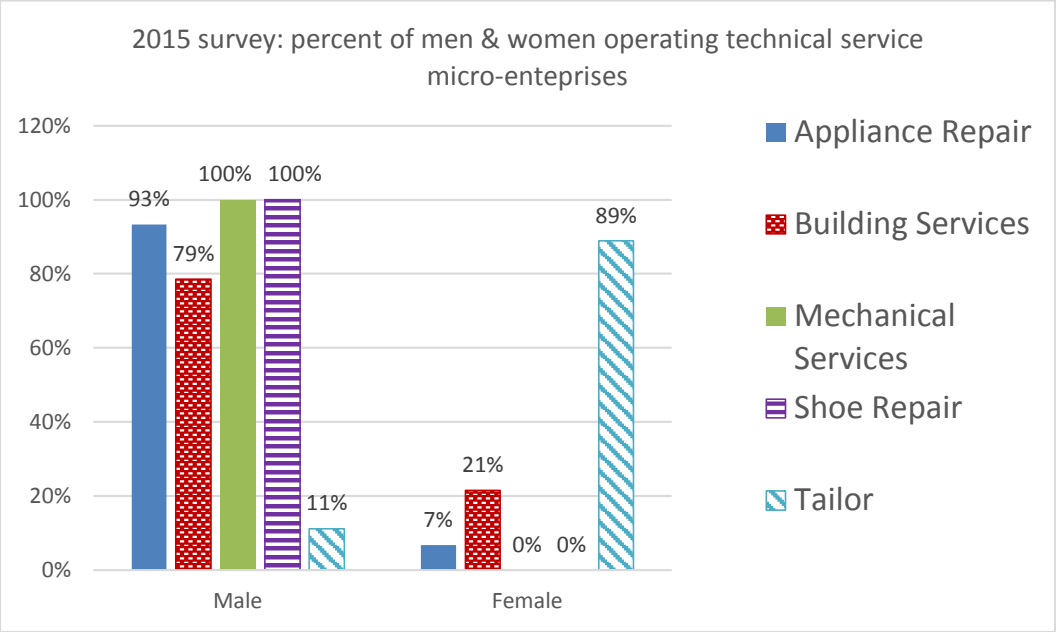


**Figure 3. Sectors with majority male run enterprises**




***Survivalist micro-enterprises***

> *"A South African woman is having a loan shark business, she is doing the business from the grant that she receives for her four children. She gets R1200 a month, takes half of the money to buy food and the other half she lends to her customers." (FRN, 1234).*

> *"A South African female. Bakes cakes and donuts and sell them to people of her community. She sells them because she earns a grant and she wants to make day to day living." (FRN, 1413).*

Analysing the data by enterprise variables[2], we find that main entrepreneurs who account for growth in 'survivalist' businesses (house shops, liquor, fish/meat/poultry, tailoring, takeaways and wood and coal) are largely South African women (wood and coal with equal gender involvement), predominantly in the 30 – 39 and 40 – 49 age categories. The data on survivalist micro-enterprises is presented in Table 3. The term 'survivalist' is used with caution. We recognise, in the first instance, that some of the businesses in these categories are not survivalist, with a small number having registered with CIPRO or SARS and obtained licences. In the second instance, the businesses in these sectors report monthly profits ranging from R200 – R20,000, though the higher figure represents an outlier position. In most cases, survivalists are people responding to long term unemployment (and limited formal job prospects) through engaging in informal activities AND characteristically they are compelled to remain in Delft during working hours to provide child care and home reproduction work. The tailor category, for example, includes a number of women who were once formally employed in the textile industry

[2] In the analysis of enterprise characteristics, we analyse actual case numbers. Non-responses account for the difference between the total number of enterprises identified and total case numbers for each enterprise characteristic variable.

but were made redundant and now mend and do alterations, working from home and looking after children or the elderly.

A significant number of these survivalist businesses have been in operation for one year or less (house shops = 38%; meat/fish/poultry = 35%; takeaways = 31%; wood and coal = 51%). Liquor survivalist are an anomaly to this trend with merely 14% less than one-year old.

**Table 3: Survivalist Micro-Enterprises**

| | | HOUSE SHOP | LIQUOR SALES | MEAT POULTRY FISH | STREET TRADE | TAILOR | TAKE AWAYS | WOOD AND COAL |
|---|---|---|---|---|---|---|---|---|
| | 2015 N | 140 | 145 | 72 | 148 | 49 | 167 | 71 |
| | % of all Enterprises | 7.8% | 8.1% | 4.0% | 8.2% | 2.7% | 9.3% | 3.9% |
| | Change 2011-15 % | 11 | 32 | 350 | 722 | 390 | 391 | 1675 |
| Age | 0-19 | 2.7% | 0.0% | 0.0% | 1.6% | 2.7% | 2.9% | 5.7% |
| | 20-29 | 5.4% | 6.9% | 14.0% | 14.6% | 0.0% | 8.8% | 11.3% |
| | 30-39 | 14.3% | 24.8% | 21.1% | 28.5% | 24.3% | 25.0% | 32.1% |
| | 40-49 | 42.9% | 40.6% | 26.3% | 30.1% | 29.7% | 33.8% | 32.1% |
| | 50-59 | 23.2% | 19.8% | 29.8% | 18.7% | 29.7% | 23.5% | 15.1% |
| | 60+ | 11.6% | 7.9% | 8.8% | 6.5% | 13.5% | 5.9% | 3.8% |
| Gender | % Female | 82% | 65% | 71% | 80% | 89% | 81% | 58% |
| Time in Business | Less than 6 months | 25% | 6% | 28% | 15% | 10% | 21% | 36% |
| | 6-12 months | 13% | 8% | 7% | 6% | 8% | 10% | 15% |
| | Over 1 year | 8% | 19% | 15% | 12% | 10% | 12% | 9% |
| | Over 2 years | 13% | 7% | 16% | 12% | 8% | 16% | 11% |
| | Over 3 years | 8% | 8% | 7% | 15% | 0% | 8% | 2% |
| | Over 4 years | 9% | 8% | 9% | 2% | 10% | 3% | 4% |
| | Over 5 years | 16% | 26% | 7% | 20% | 8% | 17% | 6% |
| | Over 10 years | 8% | 18% | 9% | 17% | 46% | 14% | 17% |

***Immigrant businesses***

> *"He started the business because there were no jobs for him and his countrymen, so business was the only way out. Three brothers put their money together and started the business. 'Its' small but growing fast'." (FRN 1485).*

> *"He had a spaza shop but changed to selling spices. During December he sells Christmas trees and clothing. He changed because of competition with the foreign nationals." (FRN, 945).*

Immigrant businesses have had a role in Delft in both responding to market opportunities through providing more competitive services and introducing innovations. The case of the grocery retail (spaza) sector has been extensively examined, in Delft and other localities (Charman et. al. 2012; Liedeman, 2013; Khambule, 2014). The identified trend of immigrant pre-eminence in this sector is confirmed in the 2015 data. Of the 157 spaza shops, 82% are now owned by immigrant entrepreneurs, with the great majority run by employees who have only recently come to South Africa. In 2010/2011 spaza market ownership was evenly split. Though outnumbered, many South Africans have remained in business, retaining their localised market stronghold, and are able to make substantial profit (commonly R20,000 per month). Other sectors in which immigrant run businesses are numerically noticeable are specialist shops (50%), hair care (49%), appliance repair (44%), art and craft (30%), and building services (24%).

***Enterprise longevity***

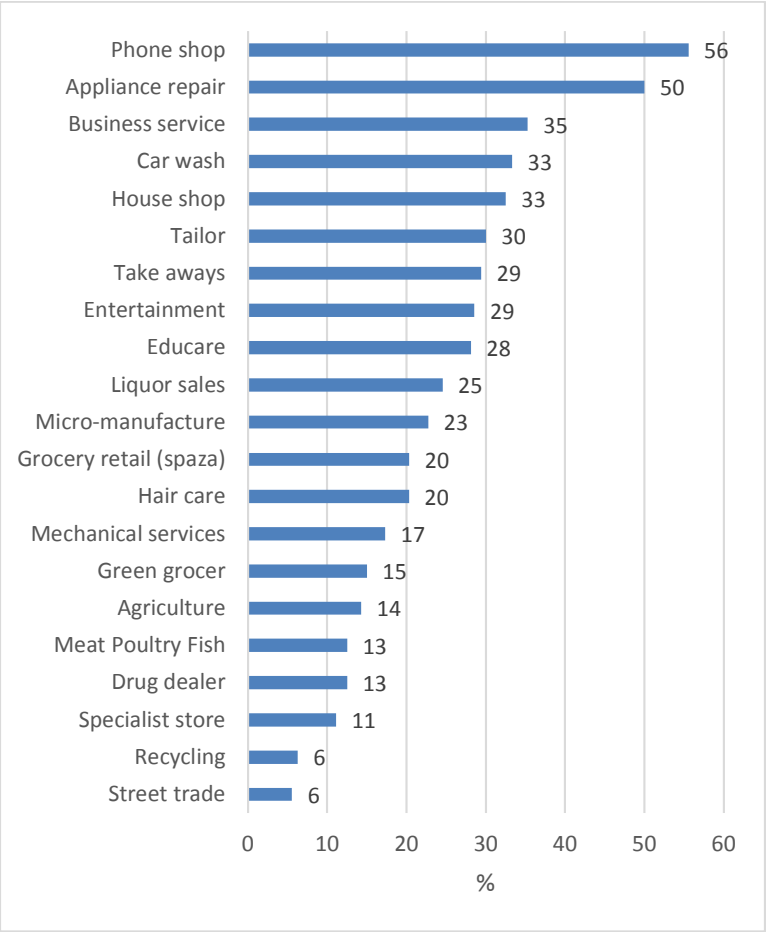
> *"Business owner does tiling around Delft when he has clients. He's known by recommendations from previous clients. He also does it for white people. He's been doing this for more than 25 years." (FRN, 1395)*

The research endeavoured to enquire into the longevity of each business. We obtained data on this question from 1303 micro-enterprises. The research found that 727 micro-enterprises reported having been established subsequent to the 2010/2011 survey. Significantly, 576 businesses (44% of total identified enterprises) have traded for four years or longer; interestingly, 19.7% of the total case number have been running for over a decade. We assume that most of the micro-enterprises that have been in business for greater than 4 years previously traded in Delft and would, therefore, have been recorded in the 2011 census. The finding suggests a higher than anticipated rate of business survival, though we are unable to verify whether all 576 businesses were recorded in 2010/2011 because the combined dataset did not allow us to match enterprises by name or physical location. During the field research we noted (via observation and reports from local community members) 187 closed businesses, the bulk of which comprised spaza shops (36 or 19.3% of 2011 category), house shops (41 or 21.9% of 2011 category), and liquor traders (27 or 14.4% of category). As a percent of the enterprise category, the highest proportion of closed businesses were in the phone shop (56%) and appliance repair (50%) sectors. The distribution of closed businesses is shown in Figure 4. The cause of business closure in these cases was then investigated within the research project; the results are reported in Hartnack and Liedeman (2016). We analysed the geospatial data to triangulate data on enterprise closure. The analysis found that only 288 micro-enterprises from 2010/2011 are still trading in the same locality (within a 15-meter buffer zone), conducting business in the same enterprise category. The researchers deduce that a considerable number of the 576 businesses have altered the business focus and/or shifted their position. This is observable in our geospatial analysis of the spaza

and liquor sectors[3]. Assuming the 576 micro-enterprises existed in Delft in 2010/2011, the implication is that 65% of the businesses recorded in the census have remained trading.

In contrast to the evidence on survivalist businesses (Table 3), service related businesses have a lower proportion of start-ups (0 – 12 months) and high proportion of sustainable businesses (running for 5 years or longer). The argument is illustrated in Figure 5 which compares the time in business (all) against that of building services, business services, hair care and micro-manufacture. These services are highlighted because of the relatively higher number of case responses (we exclude mechanical services because 53% of enterprises have been operating for over ten years; a situation that can be considered exceptional but one which highlights the difficulty for new entrants to establish themselves in this sector). All enterprises considered, the data suggests that business survival decreases dramatically within the first 12 months (from 315 enterprises to 141), stabilising in years one and two, reduces in years three and again year four, but then stabilises around the fifth year with businesses thereafter operating sustainably. Analysing for gender, we found a noticeable difference in the start-up category (less than 6 months) with women running 70% of these enterprises, though we found close gender parity in all other 'time in business' categories.

**Figure 4: Closed businesses as a percent of categories**




[3] The geospatial results are available from the authors.

**Figure 5: Micro-enterprise longevity in service sectors**


***Employment and regulation***

> "This is Mzansis car wash. He is a South African male in his 40s who had a job but got injured. He started the car wash at his place. He also is a partner in an upholstery business on the same premises. He employs nine South African males in the car wash." (FRN, 187)

Sixty-one percent of the respondents (n=1178) are self-employed, 21% employ one other person, 9% two other persons, 5% employ three persons, 2% employ four persons and 1% employ five or more persons. The sectors with the highest ratio of employees per businesses are: restaurants (1), community service businesses (0.9), specialist stores (0.9), spaza shops (0.8), educares (0.8), home maintenance (0.6), appliance repair (0.6), agriculture (0.6) and car washes (0.6). Survivalist businesses in food/liquor are low employment generators: meat, poultry, fish (0.3), wood and coal (0.3), takeaways (0.3), house shop (0.2), and liquor sales (0.1).

***Formality***

> "*One of the requirements [to register the educare] is that there must be a matriculant on the staff to complete the registration process. This is a stumbling block because there are no matriculants willing to earn so little (R2000) that is offered. …' (FRN, 446).*

Seventy-five business owners (4.5%) reported that their enterprises were registered with CIPRO (the business licencing institution) and SARS (the revenue gathering institution) for VAT. In numerical terms, the greatest number of these enterprises were liquor traders (16), though this number comprised less than 11% of all businesses in this category. In the grocery retail sector there were merely seven enterprises (4.6% of all shops) registered with CIPRO and SARS which is understandable given the high levels of immigrants operating in this sector. In proportional terms, the highest levels of formalisation where in the categories specialist stores (57% CIRPO, 57% SARS), community services (45% CIPRO, 37% SARS) and religious services (27% CIRPO, 27% SARS). The research enquired whether the businesses had obtained licences or permits. One hundred and twenty-two informants reported they have some form of permit with roughly half of this number operating liquor sales (n = 22), educares (n=18), grocery retail (n=15), and business services (n=11). It seems that the rationale for formalisation is motivated either as a result of the licencing requirement or to benefit from opportunities for work / subsidies (educares and business services) or as a strategy to minimise police (SAPS) interference (liquor traders and spaza shops). The relatively few cases of business licences/permits amongst groups such as street traders (n=0), mechanical services (n=8), micro-manufacture (n=3), takeaways (n=6) provides an indication that the business environment is not (regularly) policed by metro authorities whose responsibilities include bylaw enforcement with respect to the use of signage, business noise, environmental health and food hygiene, trading rights and such like (in compliance with the Business Act).

***Spatial shifts in business activities***

> *"This is a Xhosa South African sangoma's practice with a painted sign on the wall. It is a man of between 30 – 40 and he is an albino. He apparently was at spar area until 2013 but he was beaten up by Xhosa men from Thubelitsha houses behind spar because he was giving muthi to women who were then able to extract money from them in bars and even at home! He then moved to this spot and changed his business name." (FRN, 144).*

In previous work (Charman et. al. 2015), we established an important distinction between high street and residential localities. The high street was the main destination for specialist shops, service related activities and street trading. In contrast, most grocery retailers, liquor venues and takeaway food sellers operated from residential localities. Additionally, our research identified the (relatively even) geographic spread of these micro-enterprises with each business operating in the market space of a neighbourhood niche.

In the 2010/11 survey, 42% of identified micro-enterprises traded on the high street. In 2015 the proportion of high street business had increased to 46.2%, a figure that is inflated by the comparatively higher number of street traders (n=104) identified in the latest survey. We must therefore conclude that the high street has not intensified in business activity at a rate substantially greater than business development in the residential areas. In sector terms, some shifts have taken place in certain business categories, though in many cases there are too few enterprises to draw

definitive answers. The data is presented in Table 5. The shift in the ratio of green grocers towards residential localities must surely relate to the growth in home based survivalists in this sector. A similar argument can be advanced in the case of recycling, tailoring and the sale of paraffin (wood and coal). An opposite movement from residential area to high street in the case of hair care and micro-manufacturing underpins the change we have observed as researchers in the vibrancy of the high street overtime but might also relate to the establishment of businesses by non-Delft residents in these sectors. Predominately high street categories are appliance repair (67%), car wash (83%), hair care (65%), restaurants (86%), shoe repair (60%), specialist store (83%) and street trade (69%). Evidence of a shift in the position of spaza shops away from profoundly residential localities might be indicative of a new trend as many of these shops have been established on high streets. Gender differences in business localities are not pronounced; the percent of male entrepreneurs in high street localities is 32.7% whilst the figure for females is 29%. A visual inspection of the distribution of enterprises across the site reveals a marked clustering of business activities on the high street in the vicinity of the shopping mall and taxi rank. This space is important for street traders, specialist stores and sellers of hardware.

The case of both spaza shops and liquor retailers reveals a new insight into the dynamics of spatial shifts and transformations. Of the 119 micro-enterprises engaged in selling liquor as either a primary or secondary activity, 71 (59%) had ceased trading in 2015; merely 48 remained in businesses. The research re-engaged with ten business owners who had participated in the 2011 survey. A number of the continuously trading liquor businesses were operated by employees or relatives who were unable to confirm participation in the original business census. The researchers observed that most of the sustained enterprises have remained under the same 'family ownership', though in some cases operational responsibility shifted within the family structure. Interestingly, a number of the closed businesses (n=13) identified in the geospatial analysis had not actually 'closed' but instead shifted locality, though remained in close proximity. Furthermore, many of the 85 new liquor traders have been positioned close to the businesses that actually closed to benefit from the geographic advantages of the established market demand.

In the spaza sector, of the 177 shops originally identified, 126 (70%) had ceased trading by 2015. Only 53 shops continued to operate from precisely the same locality, though in many cases the ownership had changed. A mere 12 shopkeepers recalled participating in the 2011 survey, of whom only six were the business owners (two South Africans, two Somalis and two Bangladeshis). Local residents reported that spaza shops were frequently bought and sold, even changing hands between entrepreneurs of different nationalities (Somali business owners selling to Ethiopians was noted). Again a number of shops (n=15) did not close but shifted locality. This finding is less surprising given that most shops operate from rented property and hence where leases were not renewed the shops have opted to relocate. As in the case of the liquor traders, many of the new businesses are positioned within neighbourhood niche markets where businesses have closed or competition from existing shops was deemed to be weak. An interesting finding from the Hartnack and Liedeman (2016) component of the research is that most of the entrepreneurs who had ceased trading had maintained their interest in business and were exploring new entrepreneurial ventures. This research also highlights the diverse reasons for business failure with idiosyncratic shocks (such as the ill health of a core family member) having a strong influence of business prospects.

**Table 5: Percent of High Street and Residential Business Activates / Category; 2011 and 2015**

| | | Agriculture | Appliance Repair | Arts and Crafts | Building Services | Building Services | Car Wash | Community Services | Drug Dealer | Educare | Entertainment | Green Grocer | Grocery retail | Hair Care | Health Services | Home Maintenance | Homeware | House Shop | Liquor Sales |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2011 | High Street | 14% | 33% | | 43% | 35% | 83% | 22% | 13% | 16% | 25% | 60% | 21% | 47% | 60% | | | 18% | 20% |
| 2011 | Residential | 86% | 67% | | 57% | 65% | 17% | 78% | 88% | 84% | 75% | 40% | 79% | 53% | 40% | | | 82% | 80% |
| 2015 | High Street | 3% | 67% | 29% | 41% | 33% | 83% | 32% | 6% | 25% | 14% | 40% | 32% | 65% | 46% | 15% | 29% | 11% | 13% |
| 2015 | Residential | 97% | 33% | 71% | 59% | 67% | 17% | 68% | 94% | 75% | 86% | 60% | 68% | 35% | 54% | 85% | 71% | 89% | 87% |
| | | Meat Poultry Fish | Mechanical Services | Micro-Manufacture | Other | Personal Services | Phone shop | Recycling | Religious Services | Restaurant | Shoe Repair | Specialist Store | Street Trade | Tailor | Take Aways | Transport Services | Tuck Shop | Wood and Coal | |
| 2011 | High Street | 25% | 38% | 27% | 0% | 50% | 67% | 31% | 29% | 100% | 75% | 56% | 39% | 30% | 35% | 67% | | 50% | |
| 2011 | Residential | 75% | 62% | 73% | ### | 50% | 33% | 69% | 71% | 0% | 25% | 44% | 61% | 70% | 65% | 33% | | 50% | |
| 2015 | High Street | 16% | 22% | 37% | 74% | 29% | | 13% | 40% | 86% | 60% | 83% | 69% | 23% | 26% | 20% | 35% | 16% | |
| 2015 | Residential | 84% | 78% | 63% | 26% | 71% | | 88% | 60% | 14% | 40% | 17% | 31% | 77% | 74% | 80% | 65% | 84% | |

As with both liquor and spaza sectors, in the educare sector the researchers were only able to re-engage with six entrepreneurs previously surveyed. The research found that 29 (63%) of the educares had been in business for four years or longer, whilst 14 businesses (43% within category) had ceased trading over the intervening period. The geospatial analysis found that 18 businesses were unchanged in their spatial position whilst 29 businesses were established after 2010/2011.

***What accounts for the growth in micro-enterprise activity?***

The research has identified evidence of enterprise growth in all but two business categories. The spatial dynamics of this growth appears fairly evenly distributed across the research site, apart from the particular concentration on the high street, at the taxi rank and shopping mall. It is evident that much of the new enterprise activity falls within the survivalist category, with entrepreneurship arising from the need for household survival. Within the range of business activities, the research encountered different kinds of services and approaches to business, such as 'Avon' styled sales or for example the partnership between a small washing service and a large dry-cleaning company, which indicates that micro-enterprises are becoming more sophisticated in their business strategies and better utilising social networks (marketing at church, for example). The ability of entrepreneurs to survive the increase in competition from the growing number of businesses suggest that people who have stayed in businesses, do accumulate skills and knowledge.

External influences may also have had an impact on the business environment. Electricity access issues (affordability and supply) has impacted on the retail cold chain within Delft, which in turn creates opportunities for sellers of fresh meat, poultry and fish. Similarly, many households had turned to paraffin for lighting and cooking, thus creating localised demand. Of the external influences that have reshaped the business environment, the stimulation of the high street as a business and transport hub and the role of immigrants and non-resident entrepreneurs may have had a particularly strong impact on informal business growth.

Since 2010 the adjacent settlements have expanded and overtime the residents have sought to utilise the proximate opportunities along high street feeder roads and within the Delft high street in particular. The main taxi artery route connecting Delft to various destinations within the metro region is located on the high street with about 450 taxis operating from the three taxi ranks. We have calculated that between 24,300 - 32,400 commuters travel by taxi from Delft on a daily basis. The residents of neighbouring settlements must enter into the research site in order to access public transport and this localised movement of people surely contributes towards the vibrancy of the high street economy. Immigrants and non-residential entrepreneurs have begun to exploit the relatively weak competition and limited range of services/product offering within local markets as a result of the dualistic urban economy. In terms of town planning, Delft was conceptualised as a residential settlement (see Pieterse, 2009 for critique of the perpetuation of this historical legacy and implications) and businesses investment was discouraged through a combination of the absence of commercial property, crime and competition from informal businesses on terms that the formal sector could not match. In the spaza sector, most shops are now owned by entrepreneurs who originate from outside Delft. Outsiders have also set up more sophisticated business services such as a legal firm, health care practice and a wheel fitment centre, to cite three examples. During the field research we encountered several cases of non-residents purchasing residential property which was then converted

into income-generating opportunities, most notably rental units for immigrants seeking affordable housing.

The entrepreneurial response in Delft must be contextualised against the state of insecurity within the township. The pervasiveness of crime has surely impacted on some businesses. The official crime statistics report that in the period April 2014-March 2015 there were 163 murders (107 per 100,000 people), 657 robberies and 811 burglaries (SAPS, 2015). These figures underplay the extent to which Delft has been affected by gang violence, including territorial battles to secure market for the sale of crystal meth ('tik'). The impact of crime and violence on businesses is uncertain. Although it has not seemingly resulted in the spatial displacement of businesses, crime has certainly impacted on the way businesses operate. Spaza shops, for instance, have been substantially fortified. Furthermore, under the guise of gang violence, there is evidence of 'violent entrepreneurship' where business entrepreneurs have sought market domination (or fought turf battles) through the mobilisation of violence against competitors (the notion of violent entrepreneurs comes from Volkov, 2002). The researchers learnt about specific incidents of violent entrepreneurship in the taxi and spaza sectors. Yet crime has also been a stimulant for some business activities, including the case of a backstreet abortion service and counterfeit money production operation. 'Tik' addicts have become very entrepreneurial in their survivalist strategies to obtain cash through activities such as recycling, casual labour, and transport services (fetching building sand, beers for shebeens etc.). An important component of crime in Delft is police corruption, theft from businesses and collusion with prominent mobsters thus enabling the territorial control by gangs (see http://livelihoods.org.za/wp-content/uploads/2016/11/PMA-National-Report-2016.pdf).

Finally, an important (potentially critical) component in enterprise survival and growth is the flexible agility that the informal economy affords businesses to reposition themselves in space/place dimensions and refocus their service and product offerings. This agility enables entrepreneurs to respond to changing market dynamics, whether police raids, crime impacts or shifts in pedestrian movements. Businesses shift location to survive. Regulations that severely limit the places and spaces in which people may conduct business presents a steep constraint to survivalist activities as these micro-enterprises are most dependent on the availability of trading sites with low entry barriers.

## 7. Conclusion

Examining time series data from a micro-enterprise small area based census undertaken in 2011 and a resurvey in 2015, the paper has sought to address three questions. First, what quantitative changes have taken place in the scope and scale of informal business activities in Delft and have businesses survived? Second, what quantitative as well as qualitative changes to enterprise dynamics have taken place in three sectors (spaza, liquor and educares) where comparable data was obtained? Third, is there evidence of shifts and transitions in the spatial distribution of business activities to support the proposition of growth in high street business activity?

The first question has a straightforward answer. The number of micro-enterprises has doubled, increasing from 879 activities to 1798 activities. Of these businesses, 576 (or 44%) have been trading for 4 years or longer, the majority having been identified in the 2011 business census. The research was able to identify 187 cases of closed businesses, though this figure under-reports very small micro-enterprises and businesses that could not be re-identified.

The second question has a more complex answer. In both liquor retail and spaza cases there has been a high turnover of businesses. The enterprise dynamics in these sectors differs considerably. In the liquor sector there has been a proliferation of small-size survivalist micro-enterprises operated by middle aged women, whereas in the spaza sector there has been a consolidation and reduction in enterprise numbers with smaller shops eliminated. Over 80% of the spaza shops are now run by immigrant entrepreneurs. Across the grocery retail category, 77% of the businesses have been in operation for less than four years with a quarter in operation for less than 12 months. Although 52% of the liquor retailers have been in operation since the 2010/11 research, the researchers were only able to contact a handful of the business owners with whom we originally engaged. Similarly, in the spaza and educare sectors, few of the original owners were still running the business and/or available to be interviewed.

The third question has a surprising outcome. Whereas the researchers anticipated an intensification of micro-enterprise activities on the high street, the data indicates that residential business activities have remained in proportion. The research did identify nodes where high street activities have intensified, but this growth does not appear to attract entrepreneurship away from residential localities. A relatively bigger proportion of high street businesses (11% versus 5% for all businesses) are operated by non-residents which suggest that the high street environment has benefited from external investment, though the majority of businesses are operated by South Africans who reside in Delft. In the residential areas we identified subtle shifts in the locality from which businesses operate which translates to an important strategy in business survival. Nonetheless, the overarching spatial distribution conforms to the trend of neighbourhood market segments. Where one enterprise closes within the segment, another swiftly takes its place.

Are the results a unique Delft story: a case of an informal economy outlier? In this case, the research challenges the argument and evidence that informal employment is stagnant and has been 'decreasing in Cape Town in the recent past' (Ranchhod et. al., 2015:19). The major trend of a massive survivalist response to supplement household income is absent in the QLFS dataset. Is this because these actors are simply not captured, either as a result of resistance to state quantification or because the businesses are so small that have been overlooked in the process of data capture during the enumeration? We do not attempt to answer this question. It is important to recognise that in the comparative analysis of Delft South against four other sites (Charman and Petersen, 2015), Delft was somewhat of a laggard in its informal economy performance, not the trend setter. The Delft case shows that the informal economy trends are potentially more uneven than is claimed with some positive entrepreneurial developments underreported. Further research is required to understand the 'trend' in the Delft informal economy. For example, we need to better comprehend the impact of this growth on enterprise profitability; has the market been divided between a greater number of enterprises or are Delft businesses able to capture a greater share of the household income within the community? If one subtracts with activities of survivalists in Delft the story is less impressive, though positive developments are nevertheless noticeable in terms of the expansion of service oriented businesses.

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**Annex 1: Enterprise Categories**

| Category | Example 1 | Example 2 | Example 3 |
|---|---|---|---|
| AGRICULTURE | Livestock | Food gardens | |
| APPLIANCE REPAIR | Cell phone repairs | TV repairs | |
| ART AND CRAFT | Beadwork | Carvings | |
| BUILDING SERVICES | Artisans | Hardware sales | Bricks |
| BUSINESS SERVICES | Internet café | Photographer | Driving school |
| CAR WASH | | | |
| COMMUNITY SERVICE | NGO | Soup kitchens | |
| DRUG DEALER | | | |
| EDUCARE | Crèche | Preschool | |
| ENTERTAINMENT SERVICE | DJs | Game shop | |
| GREEN GROCER[2] | Fruit | Vegetables | |
| GROCERY RETAIL (SPAZA)[1] | Spaza | | |
| HAIR CARE | Hair dresser | Barber shop | |
| HEALTH SERVICES | Doctor | Traditional healer | |
| HOME MAINTENANCE SERVICES | Garden services | | |
| HOMEWARE[2] | Plastic buckets and Tupperware | Brooms and Mops | Linen |
| HOUSE SHOP[1] | Frozen meat | Sweet, chips and | |
| LIQUOR SALES | Tavern | Shebeen | Home off-sales |
| MEAT, POULTRY & FISH RETAIL | Butcher | Hawker | |
| MECHANICAL SERVICES | Car mechanic | panel beater | |
| MICRO-MANUFACTURE | Burglar bars | Wendy houses | Bedding and cushions |
| OTHER | Hotel | Container storage | |
| PERSONAL SERVICES | Child minding | Clothes washing | Home care |
| PHONES | Public phones | Container phone | |
| RECYCLING | Glass | Scrap metal | |
| RELIGIOUS SERVICES | Church | Mosque | |
| RESTAURANTS | | | |
| SHOE REPAIR | Shoe repair | Shoe making | |
| SPECIALIST STORE | General dealers | Furniture store | Car spares |
| STREET TRADE | Clothes | Airtime | Music |
| TAILOR | Clothes repair | Clothes making | |
| TAKEAWAYS | Street braais | Home businesses | |
| TRANSPORT SERVICES | School transport | Freight services | |
| TUCK SHOP[1] | Small spaza | | |
| WHOLESALER | Grocery wholesaler | | |
| WOOD AND COAL | Braai wood | Paraffin | |

Notes:

1. Spaza shops differ from house shops in both scale and business focus. To be included in the spaza category, the enterprise had to comply with the majority of the following conditions: i) have business signage and name, ii) operate from a dedicated business structure, iii) trade at least 5 days a week and operate for 8 hours per day, and iv) sell the following products - milk, cooldrinks, cigarettes, eggs, grain staples (rice and maize meal) and sugar. Tuck shops are spaza shops that operate at an intermediate scale. In the Delft case site, the tuck shops sell most of the core products, but differ from spaza shops in scale, infrastructure and signage. Most tuck shops operate from house sites. The house shops tend to operate infrequently and sell a select range of items, notably chips, sweets, ice-cream, and frozen meat.
2. Several green grocers, homeware traders and sellers of meat operate from street trade localities. These enterprises are not included in the street trade category.

**Annex 2: 2010/2011 and 2015 Comparative Data (Enterprise Number and Change)**

| | AGRICULTURE | APPLIANCE REPAIR | ARTS AND CRAFT | BUILDING SERVICES | BUSINESS SERVICES | CAR WASH | COMMUNITY SERVICES | DRUG DEALER | EDUCARE | ENTERTAINMENT | GREEN GROCER | GROCERY RETAIL (spaza) | HAIR CARE | HEALTH SERVICE | HOME MAINTENANCE | HOMEWARE | HOUSE SHOP | LIQUOR SALES |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 N | 26 | 19 | 16 | 53 | 50 | 11 | 23 | 17 | 50 | 30 | 57 | 152 | 85 | 21 | 12 | 16 | 140 | 145 |
| 2015 % | 1.4% | 1.1% | .9% | 2.9% | 2.8% | .6% | 1.3% | .9% | 2.8% | 1.7% | 3.2% | 8.5% | 4.7% | 1.2% | .7% | .9% | 7.8% | 8.1% |
| CHANGE 2011-15 N | 19 | 13 | 16 | 32 | 33 | 5 | 14 | 9 | 18 | 2 | 37 | -25 | 21 | 16 | 12 | 16 | 14 | 35 |
| CHANGE 2011-15 % | 271 | 217 | | 152 | 194 | 83 | 156 | 113 | 56 | 7 | 185 | -14 | 33 | 320 | 0 | 0 | 11 | 32 |

| | MEAT POULTRY FISH | MECHANICAL SERVICES | MICRO-MANUFACTUR | OTHER | PERSONAL SERVICES | PHONE SHOP | RECYCLING | RELIGIOUS SERVICES | RESTAURANT | SHOE REPAIR | SPECIALIST STORE | STREET TRADE | TAILOR | TAKE AWAYS | TRANSPORT SERVICES | TUCK SHOP | WOOD AND COAL | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 N | 72 | 87 | 53 | 13 | 7 | | 67 | 65 | 7 | 5 | 12 | 148 | 49 | 167 | 35 | 17 | 71 | 1798 |
| 2015 % | 4.0% | 4.8% | 2.9% | .7% | .4% | | 3.7% | 3.6% | .4% | .3% | .7% | 8.2% | 2.7% | 9.3% | 1.9% | .9% | 3.9% | |
| CHANGE 2011-15 N | 56 | 35 | 31 | 12 | 5 | -9 | 51 | 27 | 2 | 1 | 3 | 130 | 39 | 133 | 32 | 17 | 67 | 919 |
| CHANGE 2011-15 % | 350 | 67 | 141 | 1200 | 250 | -100 | 319 | 71 | 40 | 25 | 33 | 722 | 390 | 391 | 1067 | 0 | 1675 | |

The **Research Project on Employment, Income Distribution and Inclusive Growth (REDI3x3)** is a multi-year collaborative national research initiative. The project seeks to address South Africa's unemployment, inequality and poverty challenges.

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Collaboration with researchers at universities and research entities and fostering engagement between researchers and policymakers are key objectives of the initiative.

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