Financial inclusion and survival of informal businesses in the townships of Gauteng Province.

FINANCIAL INCLUSION AND SURVIVAL OF INFORMAL BUSINESSES IN THE TOWNSHIPS OF GAUTENG PROVINCE

By

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DECLARATION

I, Sibongiseni Wentzel Sondzaba, hereby declare that the entire work contained in this dissertation, titled "Financial inclusion and survival of informal businesses in the townships of Gauteng province", is my own original work. It does not contain any previously published work by another person without acknowledgement and referencing as required for the award of the master's degree by Tshwane University of Technology.

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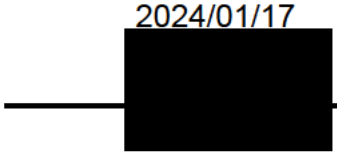

Signature and date

2024/01/17

DEDICATION

I dedicate this research work to Elohim, for making this study possible. This work is also dedicated to my parents, who instilled in me the importance of education and hard work, and my daughters, S'thandiwe and Ntando, who contributed nothing except distraction, but they're still the most beloved of all.

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ABSTRACT

This research determined that there is a link between financial inclusion and the survival of informal businesses. The analysis pointed out that the informal sector plays a significant role in South Africa, with approximately 20% of the labour force operating in this domain, primarily due to inadequate regulations and complicated procedures. Furthermore, one of the principal hindrances faced by informal businesses is their inability to access financial services as they are commonly operated by people who are unemployed in formal sectors and do not possess sufficient resources to utilise financial facilities.

The study followed a research methodology, which integrated both quantitative and qualitative analysis techniques to gauge the degree of financial incorporation and the survival of informal businesses in selected townships located in the Gauteng province. The study postulated three conjectures that relate to the accessibility to monetary resources, namely market openings, business contacts, and entrepreneurial competencies. Furthermore, it scrutinised the influence of these factors on the sustainability and progress of informal businesses. The study focused on the townships of Soweto, Soshanguve, and Tembisa.

This study found that, firstly, informal enterprises located in Gauteng townships encounter a plethora of obstacles including, but not limited to, insufficient resources, unfavourable treatment by authorities, absence of government support, and impediments to acquiring capital. Secondly, the dearth of funding options coupled with an inadequate educational infrastructure and limited business proficiency were some of the reasons behind the elevated rejection rates for loan applications. Thirdly, in order to promote financial inclusion and boost economic progress in the informal

sector, it is imperative to enhance educational opportunities and to offer financial literacy programmes. Lastly, restricted entry to finance and a lack of basic knowledge pertaining to financial management thwart attempts in achieving financial inclusivity within Gauteng's informal sector.

This study underlines the significance of policymakers giving due importance to financial literacy initiatives for informal business owners. It stresses the need for collaboration between the formal and informal sectors to enhance financial access and entrepreneurial opportunities. Furthermore, policymakers should offer tax exemptions and subsidies as incentives to encourage informal businesses to become part of the formal economy, which can foster greater economic growth and job creation.

Keywords: townships, households, financial products and services, financial inclusion, financial exclusion, South Africa

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LIST OF ABBREVIATIONS

GDP	Gross domestic product
IDC	Industrial Development Corporation
LSM	Living standard measure
Log-RE	Measure for Revenue
MFI	Measure of financial inclusion
NEF	National Empowerment Fund
NYDA	National Youth Development Agency
POPI	Protection of Personal Information [Act]
SADC	Southern African Development Community
SDG	Sustainable Development Goal
SME	Small and medium-sized enterprise
SPSS	Statistical Package for the Social Sciences
Stats SA	Statistics South Africa
USA	United States of America
MFI	Measure of Financial Inclusion
Age	Age
BS	Business Survival
RA	Risk- Aversion
ATBS	Access to Business Support
LP	Liquidity Problems
EBSE	Experience Before Self-Employed
Tr	Training
ES	Employment Status
NOYASE	Number of Years Self-Employed

CHAPTER 1

INTRODUCTION AND CONCEPTUAL FRAMEWORK OF THE STUDY

1.1 BACKGROUND

A considerable component of the global economy comprises the informal sector. An estimated two billion individuals around the world are employed by the informal economy, which employs more than 85% of the African population. The informal sector generates more than half of Africa's total gross domestic product (GDP) (Bernards, 2017; Ruzek, 2014). An estimated 60% of global economic output is generated by unregistered and unregulated businesses in the informal economy (Madichie, Nkamnebe & Ekanem, 2020). From a South African perspective, Rogan and Skinner (2017) found that 20% of the overall workforce in South Africa is employed in the country's informal economy, which employs more than 2.5 million people. An estimated 5.1% of the nation's GDP is generated by this sector (Rogan & Skinner, 2017; Masuku & Nzewi, 2021). Throughout history, unregistered businesses have been perceived as a place where the impoverished could find a place to trade as they battled to make ends meet (Mohlokoana et al., 2019). Many people throughout the world still make a living by selling products in unofficial markets (such as flea markets and sidewalk stands) (Rakodi, 2002).

An informal business establishment in South Africa refers to an uncontrolled enterprise that is typically managed by people who are not employed in the formal sector of the economy (Ligthelm, 2005). Informal enterprises do not make use of financial services. In the townships of South Africa, the practice of informal commerce is widespread. With rising unemployment, poverty, and inequality, many individuals are turning towards informal businesses as a means of earning a living (Ndabeni & Maharajh,

2013). The informal economy in Gauteng townships has grown into a vital force. With a high unemployment rate of 32.6%, informal business has become a need in South Africa, and it has been become evident in the last two decades just how important informal enterprises are in producing jobs and alleviating poverty for many people living in townships (Naidoo, 2021).

South Africa's township economies are the focus of policymakers' attention due to the lack of economic progress since democracy and the continuance of extreme poverty. Reaffirming that the country's focus is on strengthening the "township and rural economies", the South African president pledged government support for township businesses in Soweto, which is the country's most well-known township EWN (2018). Challenges such as poverty, unemployment, inequality, and environmental degradation are still present almost 30 years after the end of apartheid. Despite government action and pledges, these issues persist. As a means of reviving the township economy, Gauteng intends to do everything that is possible within and around the township space (Bvuma, S. and Marnewick, C., 2020)

Informal business establishments play a vital role in Gauteng townships despite their lack of organisation (Harrison et al., 2018)); Charman et al.,2017). Informal businesses are promoted because of a lack of stringent restrictions and the presence of burdensome procedures (Harrison et al.,2018). Municipalities regulate hawking and other forms of informal trading by enacting rules and regulations, such as municipal bylaws, to ensure the smooth operation of the industry. Local governments were given greater control over street businesses, and various local administrations have used different strategies. In areas where trading was prohibited, spaces may be defined and

rented out. As a result, some income control was possible (Herselman, 2014; Bähre, 2007).

This study was conducted under the auspices of the dual labour market theory (Cain, 1976:1217-1218; Fourie, 2018; Uys & Blaauw, 2006) and theories of financial inclusion (Ozili, 2020). The main objective of this study was to assess the financial inclusion and survival of informal businesses in selected townships in the Gauteng province of South Africa. It is believed that financial inclusion improves human livelihood and business growth. This study explored the objective mentioned above using quantitative approaches, i.e. quantitative methods of analysis, as described in Chapter 3. This topic was worth investigating since financial products and services are very important to understand the complex links between financial inclusion and exclusion and the survival of informal businesses in the study area and beyond. Firstly, informal businesses are faced with inadequate infrastructure and limited access to resources (Webster,1996; Mbedzi,2023; and Islam, 2018). Secondly, informal businesses face numerous challenges due to the lack of regulation (Zogli,2021; Mugoda,2020; McGahan,2012; Willemse, 2010). Thirdly, education and financial literacy play crucial roles in accessing formal financial services (Sibanda, 2017; Schoombee,2009; Fakoti, 2014; and Nanziri, 2018). To complement the financial support system, policymakers could provide mentorship programmes that focus on developing entrepreneurial skills among business owners. Through this holistic approach, small informal businesses will have a better chance of growing and formalising their operations, which will contribute significantly to enhancing their sustainability and overall economic growth.

1.2 PROBLEM STATEMENT

The role of the informal sector in South Africa's economy is crucial as it employs a significant portion of the labour force. According to Masuku and Nzewi (2021), jobs in the informal sector account for nearly one-third of the national total, which demonstrates the sector's significance in reducing poverty. Furthermore, it has been estimated to contribute 6% to 20% of the GDP; however, businesses that operate in this sector encounter various obstacles, such as limited access to financial services and inadequate regulations. According to existing literature, financial inclusion is essential for the survival and growth of informal businesses (Leibbrandt et al., 2010; Nxozi, Tengeh & Mkubukeli, 2019). Despite its recognised importance, informal businesses in Gauteng are still facing challenges in accessing financial services due to their informal nature and the financial constraints faced by individuals who are employed in informal sectors (Simatele 2022; Louis 2017; Kuada 2021; Chitimira 2020). Insufficient financial inclusion poses a hindrance to the advancement and endurance of unregistered enterprises, as they encounter difficulties in acquiring essential resources and assistance to prosper in their respective industries. Various research efforts have underscored the unfavourable consequences of restricted entry to financial facilities, such as decreased competitiveness and potential for growth (Leibbrandt *et al*., 2010). Furthermore, deficient regulatory frameworks and convoluted processes serve as further impediments to achieving financial inclusion for informal businesses operating in Gauteng (Nxozi *et al*., 2019). Given these challenges, a comprehensive inquiry is imperative to identify the specific obstacles and to explore plausible solutions. Moreover, the rejection rates for loan requests among informal enterprises in the Gauteng province are worrisome (Fatoki, 2014). The high rejection rate is attributed to the scarcity of financing alternatives, insufficient educational

infrastructure, and limited business proficiency (Peberdy, 2016). Entrepreneurs' insufficient formal business competencies and knowledge are crucial factors that contribute to the rejections that informal businesses encounter when seeking financial support (Crush, Skinner & Stulgaitis, 2017). It is therefore critical to improve the educational prospects and to provide financial literacy initiatives that are customised to fulfil the requirements of informal business proprietors. This investigation sought to assess the correlation between financial inclusion and the continuity of informal enterprises in specific townships located in the Gauteng province, namely Soweto, Soshanguve, and Tembisa.

The study sought to explore the hindrances that impede informal businesses from accessing financial services and analyse how financial inclusion can impact their sustainability and expansion. By doing so, this study will be able to furnish policymakers, financial institutions, and stakeholders involved in promoting financial inclusion with valuable recommendations and insight on supporting Gauteng's informal sector.

1.3 OBJECTIVES OF THE STUDY

The main objective of this study was to assess the financial inclusion and survival of informal businesses in selected townships in the Gauteng province of South Africa. In addition, the following secondary objectives were pursued:

- To determine the main factors that contribute to the survival of informal businesses in the selected study areas.
- To analyse determinants of financial inclusion and survival of informal businesses.

- To advise policy lessons on the complex links between financial inclusion/exclusion and the survival of informal businesses for the successful succession towards establishing formal businesses in the study areas.

1.4 HYPOTHESES OF THE STUDY

H_1: Informal businesses in the selected study areas can survive due to various important factors.

"Considering the integration of Dual Labour Market Theory and Financial Inclusion Theories into the existing literature, it is hypothesised that various independent variables, including age, educational level, business survival, risk aversion, access to business support, and liquidity problems, significantly contribute to the financial inclusion and, consequently, the survival of informal businesses in the selected study areas. The study aims to empirically determine the extent of these contributions and their impact on the overall financial well-being and sustainability of informal businesses in the specified regions."

H_2: To quantify data related to the financial inclusion and survival of informal businesses, focusing on the perspectives, perceptions, and demographic characteristics of respondents in this study.

"Building on the literature that integrates the Dual Labour Market Theory and Financial Inclusion Theories, this study aims to quantitatively analyse data concerning the financial inclusion and survival of informal businesses. The dependent variable, measured as financial inclusion, is assessed in relation to various independent variables, including age, educational level, business survival, risk aversion, access to business support, and liquidity problems. Through an examination of perspectives,

perceptions, and demographic characteristics of respondents in the study areas, this research seeks to provide insights into the nuanced relationship between these variables and the overall well-being and sustainability of informal businesses in the specified regions."

1.5 SIGNIFICANCE OF THE STUDY

It is widely believed that increasing people's access to financial services will help alleviate poverty and is the first step towards "inclusive development" (Mhlanga, 2020). In this regard, financial inclusion is crucial to assist the development of small businesses, particularly in developing nations where informal businesses, such as tailors, masons, vegetable dealers, welders, and others, play an important role in the economy of local communities. However, it is unclear how successful enterprises in the informal sector are financially involved in South Africa, particularly in the townships. Conducting this study will lead to recommendations for economic policy that can help the local economy to grow. This is of the utmost significance to developing nations such as South Africa where most township enterprises are owned and operated by owners of informal businesses, who often have no formal education (Morris,1995; Matli, 2016; Charman, 2017; and Urban, 2019). This study is valuable for researchers who pursue further studies on the financial inclusion of informal businesses operating in the informal sector. It also provides suggestions to policymakers in the formulation of evidenced-based informed decisions for the revitalisation of township economies in the study areas and beyond. South Africa's Gauteng townships were studied in relation to the significance of the Sustainable Development Goals (SDGs). The study reveals that informal businesses are crucial to the advancement of financial inclusion. Through its emphasis on inclusive economic

growth and targeted support to these enterprises, the SDGs serve as a catalyst for empowering informal businesses to formalise and flourish, contribute to regional development, and improve local quality of life (Danladi, Modibbo & Prasad, 2023).

1.6 CONCEPTUAL FRAMEWORK OF THE STUDY

The introduction of the conceptual framework for informal business performance in Gauteng, South Africa aims to gather information that can be applied to the development of women and men engaged in informal businesses within the province. This framework considers the roles of small and informal businesses in employment, poverty alleviation, and economic growth. It recognises that the current structures within the South African business environment may be inadequate to support new business entrants and their long-term growth and sustainability (Ngcobo, 2017). Based on context and literature analysis, several factors have been identified as potential inhibitors of informal business performance in Gauteng, South Africa.

These factors include the challenging operating environment and informal nature of most businesses in South Africa, particularly those run by black entrepreneurs (Ssekitoleko, P. and Plessis, d, Y., 2021). These factors are compounded by the high failure rates of the newly started businesses in the country. Additionally, drastic changes in the township business environment, from unplanned infrastructures to state-of-the-art shopping malls, have influenced the way these businesses are operated and managed (Eicker and Cilliers, 2019).

Informal business survival has been extensively studied and researchers have identified five important characteristics. Access to financial services and/or finance, lack of managerial skills, inadequate location, network, and technological innovation

are five variables that contribute to an underachieving economy. South Africa's Gauteng province has never before produced a conceptual framework that combines the concepts of access to finance, business survival, liquidity problems, formal structure, and financial literacy into a single practical framework. Figure 1.1 portrays the conceptual framework of the study as synthesised from the literature review.

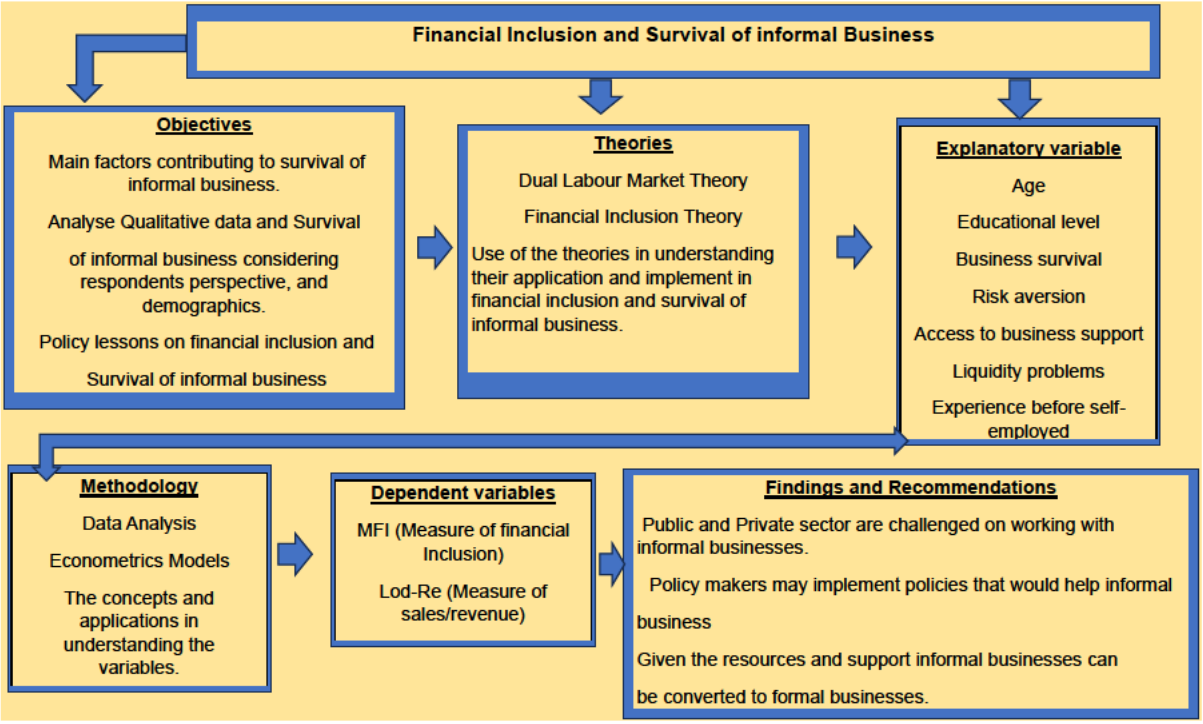

Figure 1.1: Adapted conceptual framework of the study

Source: Adapted from Lemu (2020:2-14)

The significance of the SDGs for informal businesses in Gauteng townships cannot be overstated. The SDGs play a crucial role in promoting sustainable and inclusive economic growth, which creates a conducive environment for informal enterprises to flourish (Briassoulis, 1999: Jones, 2016; Littlewood, 2018; and Del-Aguila-Arcentales, 2022). Through access to financial services, market opportunities, and skills training, these businesses can enhance their productivity and formalise their operations. This will enhance economic development in the region while also improving the resilience and survival of informal businesses (Kang'ethe & Serima, 2014); and (Modiba & Mago,

2022)). As a result, the living standards of communities in Gauteng townships will be uplifted. The SDGs act as a catalyst for positive change that fosters an equitable and prosperous future for all stakeholders involved.

1.7 SCOPE AND LIMITATION OF THE STUDY

This study examined how policies are implemented to guarantee that financial inclusion is a reality for everyone in the country, as well as the effects and benefits of financial inclusion. The target groups were informal businesses operating in the Soweto, Soshanguve, and Tembisa townships. In research, difficulties often arise when measuring financial exclusion due to the limitations of some indicators used to measure exclusion. The analysis of data was limited to the selected townships; however, the recommendations can be adapted to other townships across South Africa. In addition, this study did not cover other township regions in the Mogale City and Emfuleni regions in the Gauteng province due to financial constraints.

1.8 ETHICAL CONSIDERATIONS

This study was conducted in accordance with Tshwane University of Technology's (TUT) Research Ethics policy. According to this policy, this study and the questionnaire had to be submitted for ethical approval (see Annexure 2). The respondents who took part in the study had to provide informed consent before data collection commenced. Participation in the study was on a voluntary basis and information was submitted anonymously. If a participant felt uncomfortable, they could withdraw from participation at any time. The respondents were sufficiently enlightened about the motive of the study and what it sought to achieve, especially regarding their significance in participating in the study. This enabled the voluntary respondents to

make a well-informed decision regarding whether to participate in the study.

The participants' personal information was strictly confidential as the survey does not require the respondents' identities. All the necessary precautionary measures were in place at all times to avoid unpleasant engagements during the survey. This research was carried out in observance of the South African Protection of Personal Information (POPI) Act. This study followed the requirements for the lawful processing of all personal information and the release of such information to other parties. The person whose information was collected and stored had to strictly provide their consent for the further processing of their information, which is presented in aggregate and average forms only for academic purposes, according to the POPI Act, as published in the *Government Gazette* of 2013

1.9 ORGANISATION OF THE STUDY

The study is structured into five chapters. The first chapter introduces the study's background and conceptual framework to provide readers with the context and theoretical foundation. Chapter 2 presents a comprehensive review of existing knowledge and research in the field based on theoretical and empirical literature. Chapter 3 explains the data sources and research methods used in the study. Chapter 4 analyses, interprets, and discusses the findings obtained from the data analysis. Finally, Chapter 5 concludes the study by summarising key findings, drawing conclusions, and discussing the policy implications derived from the study.

CHAPTER 2

REVIEW OF THEORETICAL AND RELATED LITERATURE

2.1 INTRODUCTION

This chapter provides a literature review of existing studies on financial inclusion and the survival of informal businesses. It also highlights that the financial inclusion and survival of informal businesses have received considerable attention; however, there is a scarcity of South African studies on the relationship between financial inclusion and the survival of informal business. The chapter cites studies and theories that have investigated the relationship between financial inclusion and the survival of informal business in the Gauteng province, South Africa.

2.2 THEORETICAL FRAMEWORK OF THE STUDY

This section explores two theoretical frameworks, namely dual labour market theory and theories of financial inclusion. Firstly, the dual labour market theory states that jobs can be roughly divided into two groups, namely formal and informal (Cain, 1976:1217-1218; Fourie, 2018; Uys & Blaauw, 2006). This study explored the dual labour market theory to determine whether dualism is present in the informal sector in selected townships of South Africa.

Secondly, among many identified theories of financial inclusion (Ozili, 2020), this study selected the vulnerable group theory and the financial literacy theory as these two are more appropriate to this research as they are useful to researchers, academics, policymakers, and practitioners who are attempting to address multidimensional problems in the townships of South Africa.

2.2.1 Dual labour market theory

The dual labour market theory originated in the United States of America (USA) and was developed by institutionally orientated economists (Piore, 1969:101-122, 1970:53-69; Doeringer & Piore, 1985). During the late 1960s and early 1970s, a group of American labour economists, called dualists, directed attention to the continuing poverty and unemployment among disadvantaged workers in the poorer American urban (inner city) areas – the so-called “slums” or ghettos. Dissatisfaction with the pace of reform to address the persistence of poverty and the unemployment problem (despite efforts by politicians and programmes to combat poverty), as well as the low economic participation by minorities, including women, led to the emergence of the dual labour market theory (Cain, 1976:1217-1218).

This theory postulates the existence of two separate labour markets, with mobility in each market, but with limited mobility between them. In the Doeringer-Piore formula (Doeringer & Piore, 1985), two markets are stratified along two general dimensions: job characteristics and personal characteristics. These two markets are not defined in terms of specific occupations or industries but by a set of general characteristics. The primary and secondary sectors of the labour market are the result of the interaction between social and economic stratification.

The primary sector is made up of workers who are considered privileged because they have access to high-quality jobs. The internal labour market is governed by high wages, a stable employment situation with good working conditions, job security, and good promotion prospects (Piore, 1969:102, 1970:55; Doeringer & Piore, 1985). The formation of trade unions and the protection they provide to workers are important characteristics of primary sector employment (Doeringer, 1973:30-35; Beck, Horan &

Tolbert, 1978:709; Harrison & Sum, 1979:689; Gordon, Edwards & Reich, 1982:7,225-226).

The secondary sector includes jobs that are not very specialised. The workforce that fills these jobs is relatively indistinguishable and is approaching a homogeneous primitive workforce. Little or no on-the-job training is required to perform these jobs, and, if provided, the training is general in nature. There are no formal grievance procedures; employees therefore have little recourse if they experience unfair treatment from their employer. There is no standardisation of work rules and seniority benefits in the primary sector, which means that different workers receive different benefits based on their rank and experience. The characteristics that are associated with working in these jobs include poor work discipline, job insecurity, unstable work patterns, lack of punctuality and respect, inattention, regular absenteeism, and even petty theft in the company. Secondary sector employment is likely to lead to bad working habits because they are reinforced. In these jobs, wages are low and the working conditions are poor. There is little job security and few promotion prospects in this sector (Piore, 1969:102, 1970:55-56; Doeringer & Piore, 1985; Harrison, 1972:690-691; Edwards, 1975:16-20).

Bluestone (1970), Harrison (1972), and Murphy (1973) refer to the core and the periphery of the economy as the primary and secondary sectors respectively. Firms in the core of the economy typically offer primary jobs, while firms on the periphery typically offer secondary jobs.

Various tests have been conducted to determine if the dual labour market theory is valid, mainly in the USA. Some researchers have found evidence to support the implications of the dual labour market theory, including Osterman (1975:520-521) and

Rumberger and Carnoy (1980:129-130). Dickens and Lang (1985:801) found that the dual labour market theory is supported by many other studies. However, other studies have found that this theory is not accurate (Zucker & Rosenstein, 1981:880). Some studies have concluded that the dual labour market theory can be applied, but not in the simplistic way as previously predicted (Rosenberg, 1975:170). A recent example is Romanienko's (2000) work that explored the historical origins of dual labour markets to investigate the claims that women and people of colour have successfully adjusted to generally unfriendly and discriminatory labour market conditions.

The logic in the provided paragraphs revolves around the segmentation of labour markets, particularly in the context of economic transitions in Europe and Central Asia, with a focus on the growth of the informal sector(Rutkowski, 2006:39). The author highlighted that the informal sector has expanded in European transition economies, and in some low-income Commonwealth of Independent States countries, it constitutes a significant portion of the private sector. This situation is similar to that of other developing countries globally, where the informal sector often serves as the employer of last resorts, associated with an increase in casual jobs and self-employment(Rutkowski, 2006:40).

The discussion then shifts to the application of dual labour market theory in developing countries. The theory posits the existence of two types of labour markets: one for skilled workers and the other for unskilled workers. The reference to Tannen (1991:580) suggests that there is evidence supporting a simplified version of the dual labour market theory in Brazil.

The dual labour market theory in Brazil suggests that the country's labour market is divided into two segments: a primary segment with higher-skilled, better-paid jobs and

a secondary segment with lower-skilled, lower-paid jobs. This division in the labour market serves the purpose of maintaining a core workforce with the essential skills necessary for the company's operations while relying on the secondary market to meet cyclical demands and fluctuations (Chung, H., 2018). The existence of discrimination further exacerbates this divide, as members of the dominant group have an advantage in accessing primary-sector jobs, leaving minority members to predominantly occupy the secondary sector (Beckhusen et al., 2013). Thus, the dual labour market theory in Brazil highlights the presence of two distinct segments within the labour market, characterised by differences in wages, job stability, and opportunities for advancement.

In South Africa's labour market, there exists a significant dualism that hinders economic development and exacerbates inequality. This dualism is characterised by the coexistence of high-productivity, high-wage modern sectors, and low-productivity subsistence sectors. The modern sectors in South Africa's labour market are characterized by higher-skilled, more advanced jobs that offer better wages and opportunities for advancement.(Jackson, T., 2012) On the other hand, the subsistence sectors consist of low-skilled, low-paying jobs with limited growth opportunities. Consequently, individuals working in subsistence sectors often struggle to escape poverty and face precarious working conditions. This dualism in the labour market creates a persistent gap between the rich and the poor, contributing to high levels of income inequality in South Africa.(Leibbrandt, M. and Pabón, D, A, F., 2021) Additionally, this dualism perpetuates social and economic exclusion, as individuals working in the subsistence sectors face limited access to resources, education, and opportunities for upward mobility. The consequences of this dualistic labour market

are far-reaching (Horn 2020). They extend beyond economic inequality and have social implications.

South Africa is one of the most economically advanced countries in Africa, with a GDP per capita of $10 667 (2017 estimate). The country has a very high labour market fragment, with over 27% of the population employed in the informal sector. Finn (2015) indicates that 83% of households with no employed members fall below the poverty line of R1 319, compared to 50% of households with at least one earner. As a result, the main question of tackling poverty and inequality is access to employment.

Wage differentials between industries are a well-documented phenomenon observed in various countries, including South Africa. By examining longitudinal matched employer-employee data, this study measures the relative importance of firms and workers in wage determination (Bhorat et al., 2017). In doing so, it aims to provide a more comprehensive understanding of the factors driving wage differentials in South African industry. Furthermore, it considers the historical racial segregation in the labour market, which has resulted in a formal economy predominantly populated by white individuals and an informal economy populated by black individuals (D'Agostino et al., 2020).

Two different types of wage disparities are present: an inter-industry wage gap and a racial wage gap. The racial wage gap is greater for workers in low-wage industries (including low-wage, educated, predominantly white, and low-wage, uneducated, predominantly black workers) compared to high-wage industry workers (predominantly white, high-paid educated workers and predominantly black, well-paid uneducated workers) (Zhou & Pan, 2023).

Bhorat, Van Der Westhuizen and Goga (2010) analysed the South African workforce and categorised it into three distinct groups, considering their degree of participation in the contemporary consumer economy. The first group comprises those that work in the core consumer economy. It consists of high-wage modern sectors that dominate manufacturing, government services, and other industries. The second group is employed in fringe modern sectors. These include the low-wage sectors of commercial agriculture, domestic services, and mining. Another weak sector is the marginal workforce. Their presence indicates the shortage of jobs in the formal sector.

It is known that the South African labour market is characterised by a high level of unemployment, relative to other developing economies. This is likely due to a variety of factors, including real wage rates and gender disparities (Bhorat & Khan, 2018). In the past two decades, the country's labour market has undergone many changes. The most apparent change is the growth in unemployment, which is currently one of the highest in the world at 32.9% (Statistics South Africa [Stats SA], 2023).

Since the global recession, the employment rate in South Africa has steadily decreased. One of the key factors contributing to the high unemployment rate in South Africa is the lack of education and training among its workforce (Marire, J., 2022). This has resulted in a significant skills gap, where employers struggle to find qualified individuals to fill vacancies (Izaks, F., Avenant, J. and Schalkwyk, V, I., 2018). Furthermore, wage differentials between industries in South Africa also play a role in perpetuating unemployment.

The South African economy saw the largest increase in employment in the formal sector, with 43 000 job seekers absorbed into the labour market, followed by the agricultural sector and private households with 38 000 and 35 000 respectively in the

third quarter of 2019. In contrast, informal sector employment fell by 53 000 in the third quarter of 2019 compared to the second quarter. Between the second and third quarter of 2019, the number of frustrated job seekers rose sharply by 44 000, while the number of economically active workers fell by 35 000 (Masuku & Nzewi, 2021).

The increase in unemployment can be attributed to a higher proportion of people who are unable to find work or to remain employed, slow economic growth, and an increasingly tense labour market (Mbekeni, L. and Phiri, A., 2020). The South African labour market suffers from the predominance of unequal access to employment opportunities and discrimination at work (Fields, 2000). The burden of unemployment is particularly prevalent among black and mixed-race people, while minority whites enjoy the absorption of labour. One example of where racial inequality is pronounced is in government administration jobs. In 2010, black people had high unemployment rates, along with low wages. This was seen in the fact that low-paying jobs were mostly reserved for black people, while white people had higher-paying jobs (Liu, Sun, and Zhang, 2021). In the present day, the world is a very different place than in the past. South Africa is no exception, with a segregated workforce largely due to apartheid policies (Bradach, 2017).

South Africa ranks as the 93rd most efficient country in terms of the labour market according to the Schwab Index (2018). This means that South Africa has a low level of efficiency when it comes to finding and keeping jobs. Labour market efficiency assumes the absence of labour market distortions, such as obstacles related to shifts in the labour market. Labour market efficiency examines how the labour market composition is changing in South Africa; taking into account wage disparities between races, the urban-rural divide resulting from apartheid policies and commuting, and

social and historical factors that have influenced its formation (Bhorat, H. et al., 2020). The issues include equity insights, policy formulation, transportation planning, and socio-economic development. These regulations have led to increased inequality in the workplace, and there is no doubt that they are contributing to the high unemployment in the country.

2.2.2 Theories of financial inclusion

The vulnerable group theory of financial inclusion is a model that seeks to identify and target specific groups of people who are most at risk of being excluded from the financial system. The theory is based on the premise that different groups of people are more likely to be marginalised and suffer from financial instability, which can lead to reduced access to financial services and increased vulnerability to financial risks. Vulnerable groups tend to be the most adversely affected by financial crises and economic downturns; it is therefore important to include vulnerable groups in the formal financial sector. One way to achieve this goal is to provide social cash transfers to vulnerable people through formal bank accounts. This will encourage other poor people, young people, women, and elderly people to open bank accounts and use them for their financial needs. Social cash transfers can help to increase the level of financial inclusion for specific vulnerable populations (Ozili, 2020).

Fintech, short for financial technology, has been gaining traction globally as a game changer in the financial industry. Its impact is not limited to traditional banking systems, but extends to informal businesses in South African townships as well (Eyk, v, M., Amoah, F. and Yase, T., 2022). These informal businesses, operating outside the formal financial system, often face difficulties accessing affordable financial services and credit. However, with the rise of FinTech, these businesses now have access to

innovative financial solutions that address their specific needs and challenges (Ali, G., Dida, A, M. and Sam, A., 2021).

One example is the use of mobile payments and digital wallets in township businesses. One of the advantages of FinTech for informal businesses in South African townships is its ability to access microfinancing and crowdfunding. These solutions allow informal businesses to secure small loans or raise funds from a larger pool of individuals, without the need for collateral or traditional credit history. This empowers informal businesses to invest in their growth, purchase necessary equipment or inventory, and expand their operations. Furthermore, the use of FinTech in informal businesses helps increase financial inclusion by bringing these businesses into the formal financial system. As a result, they can establish a credit history and gain access to a wider range of financial services, such as insurance and savings accounts (Leniwati, D., Brilyan, R, P. and Wahyuni, D, E., 2021).

This increased access to financial services not only supports the growth and sustainability of informal businesses but also contributes to economic development in South African townships. By providing these businesses with financial tools and resources, Fintech helps stimulate local economies, create job opportunities, and improve livelihoods. Moreover, the presence of FinTech in informal businesses promotes financial and digital literacy.

This is essential, as it empowers business owners in South African townships to better understand and navigate the digital financial landscape, enabling them to make informed financial decisions and protect themselves from potential risks.

In 2004, the focus of financial inclusion in South Africa was on three areas: savings, insurance, and debt. According to a survey in 2002, 8% of adults with the lowest living standard measure (LSM) had a bank account, compared with 91% in the highest LSM decile (Ndaba, Sheefeni, and Yu, 2022). This result was expected because access to commercial banks was strictly limited to LSM second-decile employees. However, LSMs with a lower tithe load were excluded. Access to formal financial services was virtually non-existent among the local population among the South African Township, however that has changed(Schoombee, 2009). However, the main factors that prevent poor people from accessing financial services are distance and associated costs, and the fact that the debt of low-income households is largely borne by retailers, furniture stores, and households.

Ncube (2019) used FinScope data to conduct a debt and excess debt analysis in the Southern African Development Community (SADC) region. The following conclusions were drawn from the study. Most people in the SADC region were funded from a single source, while a quarter of South Africans were funded from two sources at the same time. These results show that South Africans are more likely to borrow from more readily available credit. The results also showed that excess debt was not necessarily associated with formal or informal lenders. In South Africa, people with financial literacy and high income had access to formal credit, while those with opposite characteristics had access to informal credit.

The South African government, the private sector, and philanthropists recognised the importance of informal enterprises and set up contingency funds to mitigate the socio-economic impact of the blockade and to mitigate the impact of the pandemic. They responded quickly in most cases, but these funding requirements represent a barrier

to entry for most informal businesses, especially those operating in townships where businesses are often informal. Spaza shops, hair salons, and street vendors are often not formally registered, may not comply with tax laws, and 96% of transactions are made in cash, and no financial records are usually kept.

Many scholars in South Africa have grappled with defining financial literacy, yet none has arrived at a precise definition. According to Atkinson and Messy (2012), financial literacy encompasses investors' or users' knowledge and understanding of financial products and principles, including awareness of financial risks and opportunities. This involves utilising this knowledge to benefit one's finances. Atkinson and Messy (2012) go beyond equating financial literacy merely to financial knowledge; they include aspects such as awareness, knowledge, skills, attitudes, and behaviours, or a combination of these. These elements are crucial for making sound financial decisions and for achieving personal financial well-being. Interest in financial literacy extends from developed countries to developing ones, highlighting its importance in processing financial information, and making informed decisions about personal finances (Cole, 2008). Additionally, it signifies the recognition that understanding finances and money plays a pivotal role in making better financial decisions in life.

Atkinson and Messy (2012) further describe financial literacy as a process by which financial consumers or investors enhance their understanding of financial products and concepts. This enhancement occurs through objective information, guidance, and advice aimed at improving financial skills, boosting confidence, comprehending risk and opportunity, facilitating informed choices, and enabling individuals to understand their financial position or seek assistance. This definition underscores the active role

that financial literacy plays in empowering individuals to take effective action to improve their financial health.

Financial literacy is crucial for individuals, particularly those operating informal businesses in townships, as it equips them with the necessary skills and knowledge to overcome financial challenges and make effective financial decisions (Budiasa, Pratiwi, & Maharani, 2022). Economic knowledge, a component of financial literacy, allows individuals to grasp and utilise economic concepts. Essentially, financial literacy entails the capacity to make informed choices and make effective decisions concerning money spending and management. The ability to make sound judgments about money use and management is synonymous with financial literacy, as emphasised by Huston (2010).

In South Africa, financial literacy plays a key role in entrepreneurship and is particularly important for township businesses. The ability to make informed decisions and understand the financial situation is a critical skill for business operators, which enables entrepreneurs to become effective managers of their finances. Financial literacy training helps business owners to develop the necessary knowledge and skills to build sound financial plans that will enable them to achieve their objectives. Mukwarami (2017) highlights that financial literacy is vital for building resilience among small business owners in South Africa and will enable them to make informed choices and effectively manage their finances. This type of training can help small business owners to navigate through the complex economic environment by providing them with the tools they need to access capital markets or negotiate favourable loan terms. In addition, financial literacy helps township-based enterprises in South Africa become resilient against external shocks such as changes in market conditions or unexpected

expenses. By tracking cash flow and understanding budgeting principles at an early stage of development, these businesses can avoid engaging in high-risk borrowing methods that could lead them into debt traps or bankruptcy. Financially literate informal business owners also have more opportunities for growth because they are better equipped than their non-literate counterparts when it is time for expansion planning. Overall, improving financial literacy levels among township-based enterprises would be beneficial not only for individual business owners but also for society.

Some requirements regarding financial concepts, such as awareness, actions, and attitudes, are included in the definition of financial literacy, which is a broad term. Financial education can help people to become financially literate. The *Journal of Business and Management* of the International Organization of Scientific Research publishes consistently good work on financial literacy. There is no such thing as complete financial literacy, and everyone can benefit from higher education in this area. Financial outcomes such as wealth or income are not reliable indicators of financial literacy and people with less wealth or income are not always less financially educated (Dwiastanti, 2015). Financial market participation and the use of reliable borrowing sources are both strongly associated with financial literacy.

Financial literacy varies with individuals' interpretations. In developed countries, this often entails a comprehensive understanding of tax codes, insurance requirements, and credit cards. Conversely, for non-bankers in developing countries, financial literacy tends to revolve around fundamental concepts such as safe and sound savings, effective budgeting, and prudent borrowing, as noted by Nanziri and Leibbrandt (2018). The relationship between increased wealth and reduced spending

tendencies has been highlighted by Klapper et al. (2011). The field of financial literacy is currently an underexplored and expanding area in philosophy and practice. The present meaning and comprehension of financial literacy reflect its dynamic nature, with expectations of continual evolution and growth over time.

The significant disparity in bank account ownership between individuals with the lowest and highest living standards highlights the importance of promoting financial literacy among marginalised populations. By increasing financial literacy among individuals with lower living standards, we can bridge this gap and empower them to access and utilise banking services effectively (Xu & Zia, 2012). Additionally, financial literacy plays a vital role in promoting economic growth and stability within communities and societies as a whole. By equipping individuals with knowledge and understanding of financial concepts, risks, and skills, financial literacy enables them to navigate various financial contexts effectively. Knowing how one can manage their financial affairs well by making smart short-term decisions and long-term financial plans while keeping in mind life events and changing economic situations is referred to as financial literacy. A large body of research demonstrates a beneficial relationship between financial awareness and sustainable firms (Anderson, 2017; (Schönborn et al., 2019). Companies that are financially responsible are more efficient because they comprehend the financial ramifications of strategic decisions better. (Gong et al., 2019) claim that financial literacy is crucial for the survival of informal businesses in both developed and developing countries.

According to Schönborn *et al*. (2019), poor financial management techniques lead to low financial awareness and a pattern of recurrent financial mistakes. Gong *et al*. (2019) argue that financial awareness is necessary to adjust to fast economic

developments. Likewise, Flores-Hernández, Cambra-Fierro, and Vázquez-Carrasco (2020) concluded that those with sound financial backgrounds were more inclined to invest and to do so effectively in a variety of assets. Additionally, the development of wealth is significantly influenced by both corporate efficiency and financial literacy. The combination of decision making, long-term financial planning, and financial understanding is thus one of the most effective motivators (Tarkhanova, 2018). According to Nedbank (2021), bank's presence in the community is about meeting people where they are. The financial literacy program offered by the bank is comprehensive and designed to help customers manage their finances better. The bank is also promoting financial literacy within the community to help support the economy of the municipality. We are working to create support services and tools that community people in the region need to succeed in the future.

2.3 INFORMAL BUSINESSES IN SOUTH AFRICA

The informal sector is a significant source of employment for the unemployed population in South Africa, but it makes a smaller contribution to the country's GDP than other middle-income countries. While many of South Africa's unemployed actively seek work in the informal sector, when compared to similar economies with middle-income levels, South Africa's informal economy accounts for a much smaller portion of GDP (Lloyd &Leibbrandt, 2018). The informal economy employed only 16% of the working population between January 2008 and June 2016, according to the United Nations Development Programme (Lloyd & Leibbrandt, 2018). Unregistered firms created 2.0 million new work possibilities in 2005, 2.4 million new job opportunities in 2008, 2.6 million new job opportunities in 2015, and 2.7 million new job opportunities in 2017 (Stats SA, 2020). The number of small business owners and employees in

South Africa in 2014 was 1.4 million, with 1.1 million being employees (Rogan & Skinner, 2017).

There are three categories of informal businesses: those focused on merely surviving, those focused on thriving, and those focused on expanding (Grimm, Knorringa & Lay, 2012). Most informal operations in South Africa are subsisting or survivor enterprises, accounting for 73% that provide money to people who cannot find a conventional-wage job (Hadebe, 2010; Makaluza & Burger, 2018). Hadebe (2010) refers to a study conducted by Rogerson (1996), which states that growing companies and survival companies represent distinct types of firms operating in selected areas characterised by high growth potential, typically found in inner cities. The vast majority of unemployed people live in townships, where informal businesses flourish. This necessitates a look at the limitations that informal businesses in townships face (Cichello & Rogan, 2018) and the safeguarding of work in the informal sector (Cichello & Rogan, 2018).

2.4 FINANCIAL INCLUSION AND THE SURVIVAL OF INFORMAL BUSINESSES

In the townships of Gauteng, informal businesses are everywhere. These little enterprises often face difficulties in staying afloat due to their limited access to financial services and loans. However, according to Forbes Africa Insights (2023), “programs promoting financial inclusion can assist informal businesses in Gauteng townships in surviving by granting them entry to loans and other monetary services”. Truly, such initiatives have achieved success across various regions globally. By equipping owners of informal businesses with the necessary resources for growth and stability, such as affordable credit options and savings accounts, these financial inclusion

endeavours can empower these entrepreneurs towards greater self-sufficiency. Moreover, through active participation in these programmes, business owners may acquire enhanced comprehension of fundamental financial principles that could enhance their decision-making abilities when managing their finances. Such knowledge will not only enable them to sustain their ventures but also to gradually expand them over time, which will ultimately make a positive contribution to economic development at both the local and national levels.

Financial exclusion in the townships of Gauteng is a pressing concern with extensive implications for informal enterprises. As highlighted by Louis and Chartier (2017), the scarcity of financial services poses obstacles to the progress and prosperity of these businesses, which perpetuates a distressing cycle of impoverishment and unemployment. The study contends that without access to credit or investment prospects, informal business owners find themselves unable to expand their operations or to embark on new endeavours. Consequently, this hinders their potential for growth and perpetuates the very conditions from which they originated. Furthermore, as highlighted by Louis and Chartier (2017), these communities often find themselves compelled to resort to exploitative moneylenders who levy exorbitant interest rates, which exacerbates their struggle to escape poverty. To tackle these challenges head-on, an integrated framework inspired by Ireland's financial inclusion model can be embraced by South Africa through collaborative efforts involving local banks and government agencies such as the Ministry of Finance. By reframing financial inclusion not merely as a social obligation but as a lucrative business prospect, stakeholders will be motivated to strive towards greater inclusivity via inventive solutions tailored specifically for Gauteng's township community, which in turn would yield superior outcomes, both economically and socially.

The sustainability of informal businesses in townships can greatly benefit from financial inclusion and assistance. Wiid and Cant (2021) state that the market conditions in Gauteng townships fulfil the basic prerequisites for conducting business. However, the lack of financial access poses a significant obstacle for these enterprises. Without adequate financial services, their growth potential remains limited to subsistence levels, which stifles innovation and hinders profitability. To counteract this challenge, offering financial literacy training, micro-finance loans, and other types of support can empower these entrepreneurs to establish more robust ventures that can contribute positively to local economies. However, it is essential to recognise that merely providing financing options is insufficient; regulatory barriers must be addressed as well. Informal businesses often operate outside formal regulations due to complex bureaucratic procedures or exorbitant registration fees. Consequently, they become susceptible to exploitation by unscrupulous individuals who impose unreasonable rents or extort money from them. Moreover, government policies should aim to facilitate the entry of informal traders into formal markets such as grocery stores or shopping malls instead of treating them as illegal competitors to expand opportunities for growth. In conclusion, bolstering financial inclusion alongside a supportive legal framework holds tremendous potential for enhancing township-based informal businesses' contribution to economic development while simultaneously improving the livelihoods of those involved in such endeavours.

2.4.1 Access to financial services

There are various challenges facing the informal economy of Gauteng that hamper its growth and success; however, the potential to create a much-needed source of funding for these businesses could be availed by access to financial services. The fact

that informal businesses in Gauteng are empowered by access to financial services, which would provide them with the necessary funding and resources for their growth and success, was emphasised in a comparative systematic review conducted by Etim and Daramola (2020). This is because most of these informal businesses struggle with limited capital access, poor infrastructure, inadequate management skills, and a lack of knowledge of market trends, among other issues. As a result of these challenges, many small-scale entrepreneurs find themselves unable to move forward or to expand their operations. Moreover, unemployment rates, coupled with income disparities, have forced many people into starting informal businesses as a survival mechanism since formal employment opportunities are scarce or unavailable (Etim & Daramola, 2020). Furthermore, the levying of steep taxes on formal companies by the South African administration poses a hindrance for prospective entrepreneurs who do not possess the financial resources to endure such costs. This highlights the importance of financial inclusivity to empower small and medium-sized enterprises (SMEs) situated on the lower tier of the economic stratum. By fostering financial inclusivity, SMEs can potentially make noteworthy strides towards job generation and spur economic progress.

2.4.2 Increased resilience

Access to financial services and knowledge of financial literacy are critical components for creating an inclusive and sustainable economy in the Gauteng province. The lack of access to financial services often results in businesses and communities relying on informal channels to obtain financing, which often offer unfavourable terms and high interest rates. As such, increasing access to formal banking systems can create new opportunities for individuals who were previously excluded from the formal economy

(Masingili, 2022). Additionally, promoting financial literacy is essential as it empowers individuals with the necessary tools needed to make informed decisions about their finances. Financial education programmes can teach individuals how budgeting works or how compounding interest affects savings over time. By understanding these concepts better, people can make more informed choices that will ultimately lead them towards achieving their long-term goals. In conclusion, enhancing a society's level of economic inclusion calls for adequate measures aimed at providing increased access to formal finance institutions while actively promoting comprehensive knowledge concerning sound personal finance principles (Masingili, 2022). Such steps will also bolster both individual confidence when dealing with money matters as well as reduce poverty by stimulating small business growth, which will ultimately lead us closer to our shared goal – building a more stable and equitable community where everyone has equal opportunity regardless of social class or wealth distribution.

2.5 DRIVERS OF INFORMAL BUSINESS SURVIVAL

This section reviews the drivers of informal business survival factors, namely the effect of access to capital, market opportunities, entrepreneurial skills, support from the local community and government, and adaptability and innovation.

2.5.1 The access to capital

Access to capital is a crucial factor determining the survival of informal businesses in South African townships. Without sufficient access to capital, informal businesses in townships face significant challenges to their operations and growth. This lack of financial resources limits their ability to invest in the equipment, inventory, and marketing efforts necessary to expand their operations (Eicker & Cilliers, 2019).

Consequently, these businesses often struggle to meet customer demands and are unable to compete with formal enterprises. Additionally, limited access to capital hinders their ability to weather financial setbacks or unexpected expenses, leaving them vulnerable to closures. Furthermore, lack of access to capital also affects the perception of these informal businesses. They are seen as unreliable and unstable by external enterprises, further restricting their trading opportunities. Furthermore, the reluctance of many informal business owners to invest heavily in their businesses for growth purposes adds to the challenges they face.

2.5.2 Market opportunities

Market opportunities play a crucial role in determining the survival of informal businesses in South African townships. The availability and accessibility of market opportunities significantly impact the survival of informal businesses in South African townships. Market opportunities are a key driver of the survival of informal businesses in South African townships. Informal businesses in South African townships rely heavily on market opportunities for survival. These market opportunities include demand for basic household necessities, as mentioned in one of the sources. Furthermore, informal businesses in South African townships are driven by market opportunities arising from the specific needs and preferences of the local community (Ligthelm, 2012). These market opportunities create demand for goods and services that can be met by informal businesses, allowing them to generate income and sustain themselves. Market opportunities available in South African townships are essential for the survival of informal businesses. Informal business owners in South African townships rely on market opportunities to sustain informal businesses and generate

income. Market opportunities are crucial to the survival of informal businesses in South African townships.

2.5.3 Entrepreneurial Skills

The level of entrepreneurial skills possessed by informal business owners is a critical factor for their survival. Entrepreneurial skills training is crucial for the sustainability of informal businesses. It equips entrepreneurs with the knowledge and strategies necessary to manage their businesses effectively, identify new opportunities, and navigate challenges. With limited entrepreneurial skills among the operators and owners of SMMEs in South Africa, the survival and success of informal businesses in townships are hindered (Worku, 2019). The lack of entrepreneurial skills among SMME operators and owners in South Africa is a major hindrance to the survival and growth of informal businesses in townships. The lack of entrepreneurial skills among operators and owners of SMMEs in South Africa is a major hindrance to the survival and growth of informal businesses in townships. Without adequate entrepreneurial skills, small business owners in South African townships face significant challenges in business management and growth. Without adequate entrepreneurial skills, small business owners in South African townships face significant challenges in terms of business management and growth.

2.5.4 Support from the Local Community and Government

Support from the local community and the government plays a crucial role in the survival of informal businesses in South African townships. Informal businesses that receive support from the local community and the government are more likely to survive. They can receive assistance in the form of infrastructure development, access

to resources, and business support services. In addition, government policies that create an enabling environment for informal businesses, such as simplifying regulations and providing financial incentives, can contribute to their survival. This support helps address the challenges faced by informal businesses, such as limited access to capital, lack of business skills, and competition from formal businesses. However, the current level of support from local communities and governments for informal businesses in South African townships is often insufficient. Limited support from the local community and government for informal businesses in South African townships hinders their growth and development. As a result, most informal businesses in townships are only able to survive by making enough money to meet the daily needs of their families (Bvuma, S. and Marnewick, C., 2020). To improve the survival and sustainability of informal businesses in South African townships, it is crucial to strengthen the support from the local community and government.

2.5.5 Adaptability and Innovation

According to various studies, adaptability and innovation are crucial factors for the survival of informal businesses in South African townships (Mulibana 2021; Urban 2019; Petersen,2018). Informal businesses in South African townships must be adaptable and innovative to navigate a challenging operating environment and achieve sustainability. These businesses often face constant changes in market conditions, limited resources, and lack of formal support systems. They must be able to quickly adjust their products or services, pricing strategies, and marketing approaches to meet customers' changing needs and preferences. Furthermore, innovation is essential for informal businesses to differentiate themselves from competitors and to remain relevant in the market. These businesses can explore

opportunities to offer unique products or services, improve operational efficiency using technology, and find creative solutions to overcome logistical constraints. Being adaptable and innovative, informal businesses in South African townships can increase their chances of survival and long-term success.

2.6 SUMMARY OF EMPIRICAL LITERATURE

Previous studies, including those by Ozili (2020), Mahalika et al. (2023), and Mhlanga and Denhere (2020), have explored the relationship between financial inclusion and the survival of informal businesses by utilising various methodologies, including estimation techniques. These investigations shed light on the multifaceted nature of hindrances to financial inclusion in South Africa as articulated by Chitimira and Ncube (2020). These obstacles include issues such as unemployment, poverty, inadequate financial literacy, and legal barriers.

In contrast, Mhlanga and Denhere (2020) emphasise factors that contribute to financial inclusion, such as age, education, income level, race, and marital status. They recommended targeted measures to enhance the participation of underprivileged communities. Additionally, Mhlanga, Dunga, and Moloi (2020) highlight a significant discovery regarding the positive impact of marriage on financial inclusivity. Their investigation underscores the importance of National Financial Inclusion Strategies for achieving financial inclusion goals. Furthermore, we propose recommendations to address these concerns and promote inclusiveness.

In a recent study, Simatele and Kabange (2022) underscored the crucial role of education in facilitating capital access for informal businesses in South Africa. Their findings indicate that individuals with higher educational qualifications, particularly

women and those belonging to the black community, are more likely to have better access to start-up funding. These results highlight the importance of promoting entrepreneurship and establishing inclusive financial systems to support the diverse needs of the population.

2.7 CHAPTER SUMMARY

This chapter explored the informal economy in South Africa, with the focus on the dual labour market theory as a framework to understand the divide between primary and secondary sector jobs. The challenges of financial inclusion in South African townships were also addressed, and the vulnerable group theory and financial literacy theory were explored. The chapter highlighted a high level of unemployment and inequality due to apartheid policies, unequal access to employment opportunities, and discrimination at work. Financial literacy is seen as crucial for making smart financial decisions and long-term plans, with financial inclusion being key to reducing poverty and inequality. Challenges hindering financial inclusion in South Africa include unemployment, poverty, lack of financial knowledge, and insufficient laws. The chapter offered suggestions to tackle these problems and to encourage inclusion.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The methodology employed by the study is outlined in this chapter, which covers various aspects such as research design, respondent selection, study area, sampling techniques, research tools, and data-collection methods. Additionally, it details the process of data-collection and -analysis techniques used to ensure the trustworthiness of the study. The chapter also discusses the potential risks and limitations associated with these methodologies.

3.2 SELECTION OF THE STUDY AREA

The study site, as defined by Simons (2009), is the actual location where the research is carried out. The Gauteng province has 54 townships, as listed in Table 3.1. For the sake of further illustration, Figure 3.1 shows the area in Soweto, Soshanguve and Tembisa areas included in this study.

Table 3.1: Number of townships in the Gauteng province

Name of municipality	Number of townships
City of Ekurhuleni	9
City of Tshwane	13
City of Johannesburg	32

Source: Own compilation

The research's investigation took place in the townships of Soweto, Soshanguve, and Tembisa in South Africa. Soweto is a district of Johannesburg, Soshanguve is a district of Tshwane, and Tembisa is a district of Ekurhuleni.

3.3 RESEARCH DESIGN AND PHILOSOPHY

In accordance with Figure 3.1, a total of 250 questionnaires were collected from respondents living in the three townships. There are nine wards in Tembisa Township. A random sample of 50 informal businesses was included in the survey from the Umthambeka and Umgqantsa wards, and the size of the sample was 20% of the informal businesses in these two wards. There are 14 wards in Soshanguve and a random sample of 75 (30%) informal businesses was included in the survey from Block L and Block GG wards. The remaining 125 samples were from Soweto, where there are 130 wards and the sample size was 50%.

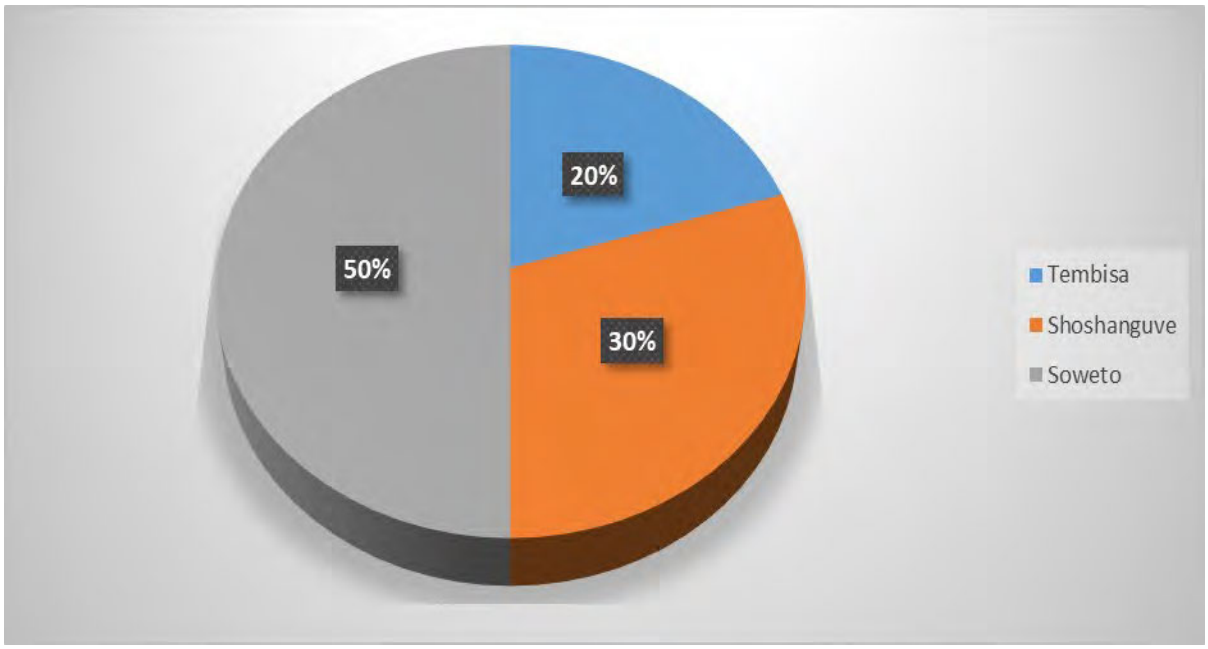

Figure 3.1: Sample size distribution across townships

Source: Own compilation

The study received information from both the principal and resultant sources (Dawadi et al., 2021). During May and June 2022, primary data were collected using a structured questionnaire that had been developed using non-probability sampling techniques. The questionnaire consisted of six parts. All parts address the financial

inclusion of informal businesses, followed by the financial inclusion and demographics of informal businesses, motivational factors, training and financing, and additional information.

This study's research approach focused on ensuring financial inclusion and the long-term viability of small-scale firms in urban areas. To put it simply, the study used an operational strategy that connected various research approaches and procedures so that trustworthy and valid data could be gathered and used to draw conclusions and possibly create theories. Therefore, the study design aimed to provide the researcher with a clear framework to guide the procedures and decisions to be made and set the foundation for data interpretation. Informal business owners completed the questionnaires. First-hand experience and numerical analysis of the data were used to discover if there were any correlations between factors, and the findings were not influenced by the support of the government or other interested institutions.

3.3.1 Positivist view

The informal economy in South Africa has become an important source of livelihood for many people living in townships. As Ntuli (2017) points out, "informal businesses in townships promote economic growth and provide livelihoods for many South Africans". These businesses not only contribute to the overall economic growth of the country but also help to alleviate poverty by providing employment opportunities to individuals who might otherwise be excluded from formal economic sectors. However, success in this sector depends on certain human capital factors such as education and industry experience (Ntuli, 2017). While some may argue that these informal businesses lack stability or regulation, they have proven resilient through periods of hardship and uncertainty. These enterprises often start with little capital and rely

heavily on personal networks to secure suppliers and/or customers. This is where a wealth of local knowledge comes into play; entrepreneurs who are well connected in their communities can quickly establish themselves by offering products or services that meet local demand while keeping prices low enough to remain competitive (Ntuli, 2017). There is no doubt that informal businesses play a critical role in creating jobs and stimulating investment within township economies. By supporting entrepreneurship among its citizens, South Africa can build stronger communities while fostering innovation that will drive long-term development throughout the nation's diverse regions.

Positivist research philosophy acknowledges the importance of taking a comprehensive and inclusive approach to examining informal businesses. According to Pearson, Pillay and Chipkin (2016), institutional fragmentation and poor institutional linkages can hinder the growth of these informal businesses, particularly through top-down management approaches. However, positivist research philosophy recognises that despite these challenges, informal businesses have immense potential for contributing to formal economies through innovation and entrepreneurship. By harnessing their innate creativity, resourcefulness, and ingenuity, these entrepreneurs not only improve their own livelihoods but can also contribute to overall economic development. This perspective is essential as it encourages policymakers and researchers alike to recognise the strengths inherent in informal business practices rather than simply seeing them as obstacles or hindrances towards sustainable economic growth. In this way, positivist research philosophy provides a much-needed alternative lens for understanding how marginalised groups like those involved in informal business activities can be empowered to lead more productive lives while

making meaningful contributions to broader societal goals such as poverty alleviation or wealth creation.

The informal sector in Gauteng embodies a unique culture and community spirit that should be celebrated and supported by policymakers. This vibrant part of the economy is often overlooked, yet it plays an important role in providing employment opportunities for many people who are excluded from the formal job market. However, there are challenges facing informal workers that need urgent attention from policymakers if they are to thrive. The lack of legal recognition leaves them vulnerable without access to financial aid or social security benefits during economic downturns or pandemics such as COVID-19. Nonetheless, the resilience shown by those working within this sector illustrates how essential it is both economically and culturally for Gauteng's development going forward; policies designed around supporting informal work could therefore lead not only to economic growth but could also promote intercultural understanding, all while ensuring that nobody gets left behind due solely to their status as an informal worker.

3.4 POPULATION AND SAMPLE SIZE

This study targeted informal businesses in three Gauteng townships. The study focused on street vendors, hair salon owners, shebeen (tavern) proprietors, small retail shop owners, and hawkers around the selected zones of three municipalities. The focus was on informal businesses that have a high volume of daily operations and that account for a bigger share of the informal market in certain areas.

In the selected areas, comprising a total of 7,438 informal businesses, the sample size was calculated as 379 using the Raosoft sample size calculator, considering a margin

of error of 5% and a confidence level of 95%. However, for the purpose of this study, it was deemed sufficient to include 250 informal business establishments, accounting for 50 people who declined to participate. To ensure a representative sample, weighted averages were assigned based on the area coverage, incorporating samples from the three townships.

Slovin's formula (Adam, 2020) was utilised to determine the sample size, as follows:

$$n = \frac{N}{(1+N\ell^2)} \qquad n = \frac{7438}{(1+7438\times 0.05^2)} n = 379$$

where:

n denotes the sample size;

N denotes the population size; and

(e) denotes the marginal error.

The application of the central limit theory can offer significant benefits as an analytical tool for informal businesses situated in the Gauteng province, South Africa. These types of enterprises are frequently exposed to diverse financial challenges and uncertainties, which highlights the importance of developing effective strategies to manage their financial risks. Employing the principles of the central limit theory can provide business owners with valuable insight into their revenue and expense distribution, which will help them to determine daily financial targets that cover operational costs and contribute to profitability. Through the collection and evaluation of sales data over a period, informal businesses can employ statistical methods such as confidence intervals and standard deviation to develop bespoke plans that enable

them to navigate economic fluctuations effectively while ensuring long-term sustainability (Motala, 2002).

Informal businesses in Gauteng townships serve as a crucial source of income and livelihood opportunities for disregarded communities. However, these enterprises face significant economic risks due to regulatory policies and other external factors. Business owners can apply the central limit theory to analyse their revenue patterns and to evaluate the effects of market fluctuations or government regulations. By possessing such knowledge, they can make wise decisions, foresee potential financial difficulties, and establish backup plans to protect their operations. Through prudent financial management guided by the central limit theory, informal township businesses can enhance their flexibility and resilience in a constantly evolving economic landscape.

3.5 INSTRUMENTS OF INVESTIGATION AND PROCESSES

A questionnaire was created to support and reflect on the main objectives of the study (see Annexure 1) and to obtain descriptive data. As the data-collection tool, the study used a structured questionnaire survey to gather information from all respondents. The research questionnaire was developed using the information gathered from the literature survey. The questionnaires were distributed by hand, and the COVID-19 guidelines that were in place at the time were followed. The participants' responses were directly evaluated as the primary data collected by the researcher. In three regions, demographic characteristics were integrated into the selected locations,

namely Soweto, Soshanguve, and Tembisa. According to Denscombe (2017), interviews, questionnaires, and observations are frequently employed as data-collection instruments.

3.6 QUESTIONNAIRE DESIGN

A structured questionnaire was used to collect reliable data. The questionnaire consisted of six sections. The first section collected demographic data, such as respondents' age, gender, education level, commodity type, and projected weekly earnings. The second section sought information on the effect of financial inclusion in South Africa, particularly on smaller companies in the informal economy. The third section determines which factors drive informal owners to enter their business ventures. The fourth section accumulates a body of knowledge on barriers as well as the challenges faced by current informal business owners in entering and running their own business ventures successfully. The fifth section trains the informal business owner and looks into the business financing needs, and the sixth section looks into additional information. To ease the data collection process, the questionnaire was translated into isiZulu and Sesotho, which are the home languages spoken by the participants. The surveys were conducted among the small business owners of the informal economy. In terms of creating the survey, both demanding and simple questions (open-ended and closed-ended questions) were used.

3.7 DATA MANAGEMENT AND DATA-ANALYSIS PROCEDURES

The data collected from the respondents were kept in a safe place in the Department of Finance and Investment at TUT. In the ethical sense, data management is crucial for ensuring that information is handled with due care and transparency. This also

includes ensuring that the data are safe and confidential for individuals whose information was collected, obtaining informed consent for its collection and use, as well as maintaining the accuracy and regularity of their data. Ethical data management also involves being transparent about how data are collected, used, and shared, and ensuring that data are used for legitimate purposes and in a manner that respects the rights and interests of individuals. By adhering to ethical principles in data management, researchers can build trust with their stakeholders, avoid legal and reputational risks, and ensure that their data practices are socially responsible.

This study used descriptive, and econometrics analyses as its data-analysis methods. Demographics, geographics, education, business continuity, training, the number of years employed, and experience prior to becoming an informal business owner were used as variables. A random sample of 250 informal businesses from three townships was included in the study based on the population ratios of the respective study areas. In this study, there were difficulties with the measurement of financial exclusion due to limitations on certain indicators used for measuring it.

3.8 TYPES OF DATA AND VARIABLE DEFINITION

Table 3.2 represents the definitions of variables for the logistic model and Table 3.3 represents the definitions of variables for the linear regression model.

Table 3.2: Definition of variables for the logistic model

Variable name	Variable code	Variable type	Definition of variable
Dependent variable	MFI	Binary response	It relies on the measurement scale it utilises, which could either be continuous or discrete.
Explanatory variables			
Age	Age	Continuous	Age in years
Educational level	EL	Discrete	1 = education, 0 = Otherwise

Business survival	BS	Discrete	1 = business has survived, 0 = otherwise
Risk averse	RA	Discrete	1 = risk averse, 0 = Otherwise
Access to business support	ATBS	Discrete	1 = access to business 0 = otherwise
Liquidity problems	LP	Discrete	1 = if liquidity, 0 = otherwise

Source: Interview data from fieldwork (2022)

Table 3.3: Definition of variables for linear regression model

Variable name	Variable code	Variable type	Definition of variable
Dependent variable	Log-Re	Binary	Variable that reflects the financial performance of a business by measuring its income or sales.
Explanatory variables			
Age	Age	Continuous	Number of years since birth or establishment for individuals or businesses.
Educational level	EL	Discrete	Categorises education achieved from primary school to postgraduate degrees.
Experience before self-employment	EBSE	Continuous	Measures work experience before starting a business.
Training	Tr	Discrete	Relevant training received and is categorised as trained or not trained.
Employment status	ES	Discrete	Distinguishes between employed and unemployed individuals.
Number of years self-employed	NOYASE	Discrete	Measures how long someone has been running their own business.
Business survival	BS	Discrete	Business survival refers to whether a business continues operating or has closed.
Risk averse	RA	Discrete	Risk averse measures how cautious or averse an individual is when it comes to risks.
Liquidity problems	LP	Discrete	Liquidity problems indicate whether there are any cash flow difficulties or short-term financial obligations in a business.

Source: Interview data from fieldwork (2022)

3.9 DESCRIPTIVE DATA ANALYSIS

Pallant (2020) provides an explanation of why descriptive statistical techniques are required for organising and summarising information collected from a sample. This statistical approach is suitable for responding to certain inquiries posed in research. The study used several statistics that are not only expressive but also easy to understand to make sense of the data. The analysis was conducted using frequencies and percentages of the collected data. This method involved utilising the Statistical Package for the Social Sciences (SPSS) software in conjunction with Microsoft Excel.

3.9.1 Linear probability (logit) model

This study used logit to capture the effects of financial inclusion on the survival of informal businesses as independent variables, which assigned “1” if the informally employed adults were aware of the economic effects of financial inclusion and the survival of informal businesses, and “0” otherwise (Makgwale & Zerihun, 2019). Financially included employed adults in the informal business (EA_i), the dependent variable, will be affected by explanatory variables. The explanatory variables are classified as training to acquire skills required and the level of education to meet the values of financial inclusion and the survival of informal businesses along with other variables.

Following Makgwale and Zerihun (2019), the simple linear regression model on the perception of employed adults of the economic effects on informal business determination can be specified as follows:

$$ln\left(\frac{\pi}{1-\pi}\right) = log(\,odds) \Rightarrow log\,Y = \alpha + \beta X \quad (3.1)$$

Taking the antilog of both sides of Equation 3.1, the equation to predict the probability of the occurrence of the outcome of interest is derived as follows:

$$\pi = P\,(Y) = \frac{e^{\alpha+\beta_x}}{1+e^{\alpha+\beta_x}} \quad (3.2)$$

Where:

π = the probability of the outcome of interest (when Y=1);

α = the Y-intercept;

β_i = the regression coefficients;

X_i = a set of independent variables; and

e = the base of natural logarithmic function above.

By modifying Equation 3.1, the simple regression analysis is thus:

$$EA_{i=}\ \alpha_0 + \ \alpha_1 EE_{FBFI_i} + \ \varepsilon_i \quad (3.3)$$

Where:

EA_i = dependent variable, financially included employed adults in the informal business;

α_0 = population "Y" intercept;

α_1 = population regression coefficients of the explanatory variables;

EE_{FBFI_i} = list of explanatory variables; and

ε_i = random error term.

The logit regression model thus becomes:

$$\pi = P(Y) = \frac{outcome\ of\ interst}{X_i} = \frac{e^{\alpha+\beta_1 x_1+\beta_2 x_2 \ldots \beta_k x_k}}{1+e^{\alpha+\beta_1 x_1+\beta_2 x_2 \ldots \beta_k x_k}} \quad (3.4)$$

The odds ratio or the probability of making one choice relative to the other is:

$$Odds(Y=1) = \frac{P(Y=1)}{1-P(Y=1)} \quad (3.5)$$

The key point is that when an informally employed adult is a binary variable, with the values 0 and 1, it is always true that $P(y=1|x) = E(y|x)$: the probability of "success" – that is, the probability that y = 1 – is the same as the expected value of y. This thus provides a binomial model equation (Wooldridge, 2015).

$$p(y=1|x) = \beta_0 + \beta_{1X1} + \cdots + \beta_{kxk} \quad (3.6)$$

The last two equations then give:

$$Odds(Y=1) = e^{ln\{(odds)(Y=1)\}} = e^{(\alpha+\beta X_1+\beta_2 X_2+\cdots.+\beta_n X_n)} \quad (3.7)$$

Based on Equations 3.6 and 3.7, the likelihood that Y=1 is given as follows:

$$P(Y=1) = \frac{e^{(\alpha+\beta_1 X_1+\beta_2 X_2+\cdots.+\beta_n X_n)}}{1+e^{(\alpha+\beta_1 X_1+\beta_2 X_2+\cdots.+\beta_n X_n)}} \quad (3.8)$$

In the same way:

$$P(1-P(Y=1) = \frac{1}{1+e^{(\alpha+\beta X_1+\beta_2 X_2+\cdots.+\beta_n X_n)}} \quad (3.9)$$

Taking the ratio and cancelling denominators:

$$\left(\frac{P(Y=1)}{P(1-P(Y=1))}\right) = e^{(\alpha+\beta_1 X_1+\cdots+\beta_n^* X_n)} \quad (3.10)$$

Finally, the linear logit model as in Equation 3.11 is produced:

$$\text{In}\left(\frac{P(Y=1)}{P(1-P(Y=1))}\right) = \alpha^* + \beta_1^* X_1 + \cdots + \beta_n^* X_n \ldots \quad (3.11)$$

Also, when the logit model in Equation 3.11 is applied to the dependent and independent variables of this study, it gives:

$$\ln\left(\frac{P(Y=1)}{P(1-P(Y=1))}\right) \quad (3.12)$$

3.9.2 Model specification for logistic regression

This study adopted Makgwale and Zerihun's (2019) model. The researcher made minor modifications to this model; for example, more variables were added.

Makgwale and Zerihun's (2019) model is as follows:

$$ln\left(\frac{\pi}{1-\pi}\right) = log(\,odds) \Rightarrow log\, Y = \beta_0 + \beta_1 X + \varepsilon \quad (3.13)$$

Where:

Y = the population of small businesses; and

X = training to acquire the skills required and the level of education to meet the values of financial inclusion and the survival of informal businesses.

A priori expectations for training to acquire the skills required and the level of education to meet the values of financial inclusion and the survival of informal businesses are positive and significant.

Makgwale and Zerihun's (2019) model was used to capture the relationship between the population of small businesses as a dependent variable and the independent variable, which constituted the skills required and the level of education.

Adjusting the above model to this research work provides:

$$MFI = f(A, EL, BS, RA, ATBS, LP) \ldots \quad (3.14)$$

Transforming it to this study's model provides:

$$MFI = \beta_0 + \beta_1(A) + \beta_2(EL) + \beta_3(BS) + \beta_4(RA) + \beta_5(ATBS) + \beta_6(LP) + \varepsilon \quad (3.15)$$

where:

MFI = the measure of financial inclusion;

A = age;

EL = educational level;

BS = business survival;

RA = risk averse;

ATBS = access to business support;

LP = liquidity problems;

ε *= an error term; and*

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, and\ \beta_6$ are all model parameters.

The *a priori* sign for $\beta_1 < 0$ is negative and significant, which means the more one ages, the less likely one is to be financially included.

The *a priori* sign for $\beta_2 > 0$ is positive and significant, which means that an increase in educational level will increase the likelihood of being financially included. The *a priori* expectation for $\beta_3 > 0$ is positive and significant, which means that an increase in

business survival will increase the likelihood of being financially included. The *a priori* expectation for $\beta_4 > 0$ is positive and significant, which means the more risk averse a person is, the more likely the person will be financially included. In the realm of research and philosophy, the concept of "*a priori*" pertains to knowledge or information that is detached from empirical evidence or personal experience. This type of knowledge is derived or deduced before encountering a specific situation. *A priori* knowledge differs from "*a posteriori*" knowledge, which is acquired through observation or experience. The mention of an "*a priori* sign for β_2 > 0" in the context of the above sentence indicates that the expectation or hypothesis about the positive sign of β_2 is determined through theoretical reasoning or prior knowledge before conducting empirical analysis or collecting specific data. The *a priori* expectation for $\beta_5 > 0$ and significant. $\beta_6 > 0$ and significant. MFI represents the dependent variable.

3.9.3 Model specification for multivariate linear regression

The study also adopted (Leibbrandt et al., 2010) model. This model provides business owners with an opportunity to make informed decisions based on a comprehensive analysis of their target audiences. The model for (Leibbrandt *et a*l., 2010) is specified as follows:

$$Log\ RE = \alpha_0 + \alpha_1 TAS_i + \alpha_2 LE_i + \varepsilon_i \quad (3.16)$$

Adjusting the above model to this research work provides:

$$Log\ RE = f(A, EL, EBSE, TR, ES, NOYASE, BS, RA, LP) \quad (3.17)$$

Transforming it to the study's model provides:

$$Log\ RE = \beta_0 + \beta_1(A) + \beta_2(EL) + \beta_3(EBSE) + \beta_4(TR) + \beta_5(ES) + \beta_6(NAYASE) + \beta_7(BS) + \beta_8(RA) + \beta_9(LP) + \varepsilon \quad (3.18)$$

This paragraph highlights the practical application of a model in research within the context of informal businesses. By employing a model that simultaneously analyses multiple variables, informal business owners can identify factors closely linked to sales figures and make informed modifications. This aligns with the purpose of a research model, which is to provide a systematic framework for understanding complex relationships. For example, if a model reveals that certain customer demographics have a higher purchasing frequency or tend to buy higher-priced products, businesses can tailor their marketing strategies or adjust their product offerings accordingly. Additionally, recognising the influence of location on sales volume underscores the importance of spatial variables in the model, offering insights into the unique demands of different areas.

The Gauteng province's informal sector has experienced substantial growth over time and makes a significant contribution to South Africa's economy. Nonetheless, stakeholders such as policymakers and business owners are struggling to determine the best methods for increasing profitability and growth in this critical sector. One potential approach is employing multivariate linear regression models as suggested by Shah (2022), which analyses several variables simultaneously, such as income levels, employment rates, and education levels, among other factors, to identify effective strategies that enhance both profitability and growth. It is crucial for policymakers and entrepreneurs alike to recognise the unique challenges facing businesses in this industry; limited access to credit facilities and inadequate infrastructure are some examples. As such, they must adopt tailor-made approaches that address these issues while still considering other performance-affecting factors. Advanced statistical tools such as multivariate linear regression offer an all-inclusive approach to identify successful policies capable of driving sustainable development in

Gauteng's informal sector. To conclude, utilising sophisticated modelling techniques such as multivariate linear regression provides a framework for generating insight into how best to tackle the prevailing obstacles faced by small businesses operating in Gauteng's informal economy (Shah, 2022). This methodology presents an opportunity for policymakers and entrepreneurs alike to develop targeted strategies geared towards boosting profit margins while fostering holistic economic expansion in this vital segment of South Africa's economy. This study used the models illustrated in Equations 3.1 to 3.18 to achieve the research objectives as discussed in Chapter 1.

3.10 VALIDITY AND RELIABILITY OF THE STUDY

To guarantee the soundness and dependability of this research, ordinary least squares estimation or regression methods were used to investigate the resilience of the estimations. Moreover, a provisional questionnaire was executed with six participants to verify the effectiveness of the survey tools.

3.11 CHAPTER SUMMARY

This chapter focuses on the informal economy of Gauteng Province in South Africa. This study aimed to provide insight into the financial inclusion of informal businesses in urban areas because it recognised the importance of the informal sector in promoting economic growth and providing livelihoods for many South Africans. The methodology employed during the study was outlined, including research design, respondent selection, study area, sampling techniques, research tools, and data collection methods. The sample size for the study was determined to be 250 respondents from three townships, namely Soweto, Soshanguve, and Tembisa. This study utilised quantitative procedures to gather trustworthy and valid data. One

approach is the central limit theory, which provides insight into how small fluctuations in market conditions can have a significant impact on financial outcomes. Policymakers are urged to prioritise support for the informal sector by focusing on improving financial literacy skills among entrepreneurs in Gauteng Province. Additionally, collaborative efforts by government institutions and private sector organisations are required to unlock the potential of Gauteng's informal business sector. Finally, ordinary least squares estimation/regression methods were used to investigate the resilience of the estimations made during this study, while a provisional questionnaire was pilot tested to verify its effectiveness.

CHAPTER 4

RESULTS AND FINDINGS

4.1 INTRODUCTION

This chapter presents the results and findings of the study, which involved analysing the information provided by the respondents using descriptive statistics and a logit model. The hypotheses are also revisited.

4.2 DATA ANALYSIS AND INTERPRETATIONS

Data analysis in research is a critical tool for extracting meaning from the vast amounts of data that the investigator collects. The process involves identifying patterns, relationships, and trends in data to draw conclusions and make informed decisions. Data analysis is a significant aspect of any study. It enables investigators to identify patterns and relationships in their data, which would be impossible to discern otherwise. As highlighted by Abulela and Harwell (2020), “data analysis is a significant methodological component when conducting quantitative education studies”. The importance of these methodological considerations cannot be overstated as they play an integral role in ensuring that sound conclusions can be made from datasets used during research projects. Data analysis was an essential aspect of this study, as it helped to make sense of the information gathered and to draw valid conclusions. However, it is important to recognise that data analysis is not a one-size-fits-all process. Investigators must carefully choose the methods that are most appropriate for their specific research questions and dataset. In line with Taherdoost’s (2022) emphasis on the need for careful selection based on these criteria, investigators must

carefully consider the appropriateness of their specific research questions and datasets when selecting methods for their research.

4.2.1 Quantitative data analysis: Descriptive analysis

This section presents the results of the descriptive analysis on the demographics of the respondents, business continuity, business survival, and training and financing needs.

4.2.1.1 Demographics of the respondents

The study emphasised educational level, past work experience prior to becoming self-employed, and the duration of self-employment to gain a better understanding of how respondents' background, skills, and entrepreneurial experience contribute to their success and challenges in the realm of self-employment. The results are presented in tables and figures for demonstration purposes.

Table 4.1: Respondents' educational level

Education level	Less than Grade 12	Grade 12	Certificate	Vocational certificate
Respondents	51	50	67	32

Source: Interview data from fieldwork (2022)

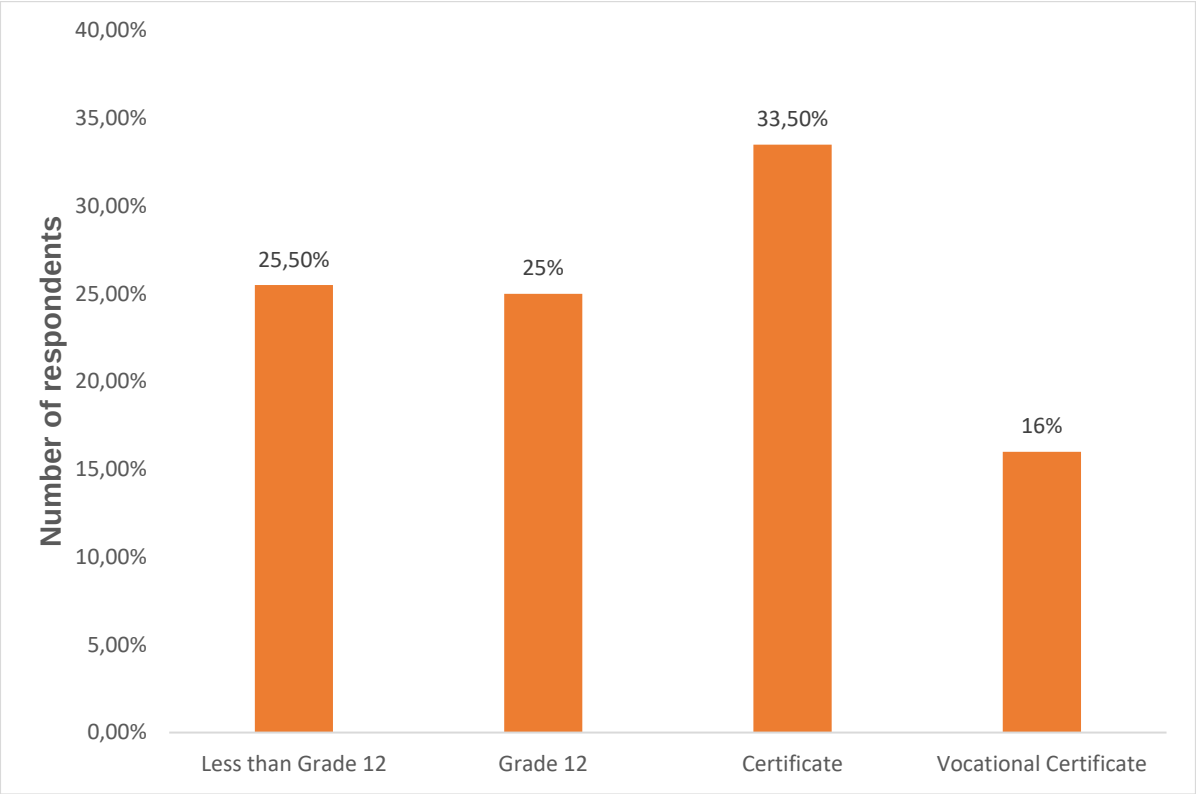

Figure 4.1: The academic attainment of the respondents

Source: Interview data from fieldwork (2022)

In terms of Figure 4.1, it is worth noting that for the highest educational attainment of the respondents, there was a considerable spread of data. Of the respondents, 33.5% (67) possessed some form of education. It is interesting to note that, in terms of frequency, education levels below Grade 12 accounted for the second and third ranks, with figures lower than those belonging to certificate holders. In particular, only 51.5% of the respondents had received education below Grade 12 and slightly less (25%) attained a Grade 12 certificate. Many of these respondents therefore did not finish Grade 12. In addition to these primary categories, 16% (32) held various other vocational qualifications that were not accounted for in the previous three categories. This highlights how individuals acquire education via multiple channels and can attain different levels depending on their chosen path and personal circumstances (World Economic Forum, 2020).

Table 4.2: Respondents' occupational background

Experience	Unemployed	Part-time	Internship
Respondents	171	18	11

Source: Interview data from fieldwork (2022)

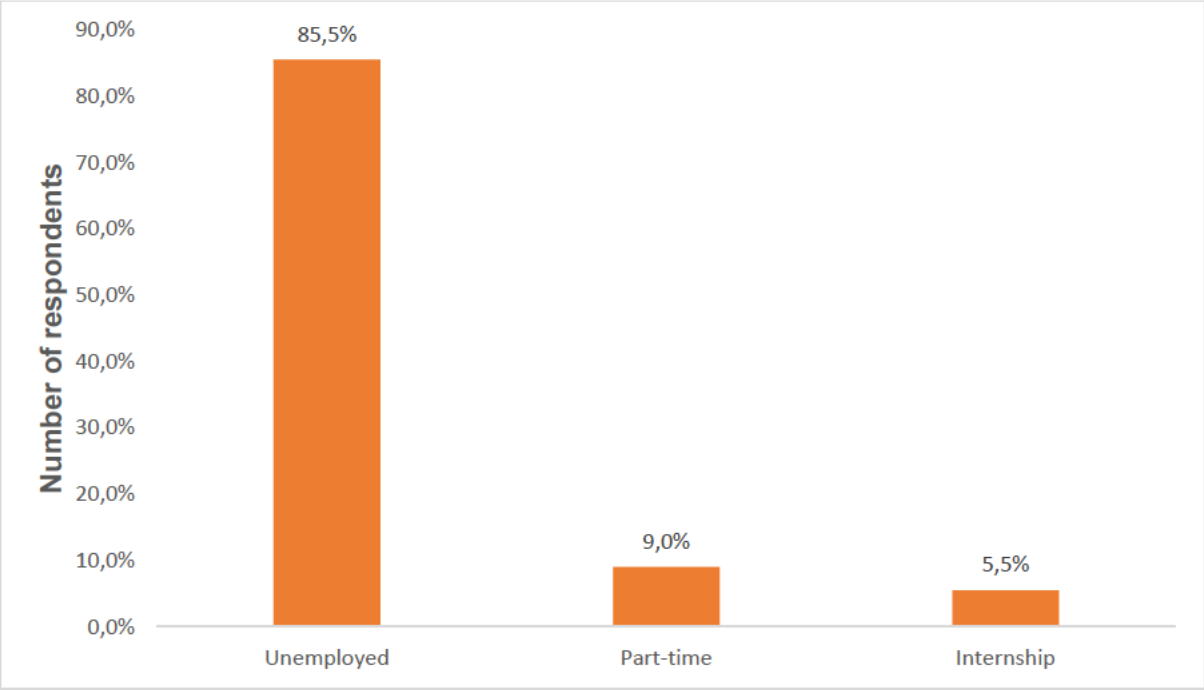

Figure 4.2: The occupational background of respondents

Source: Interview data from fieldwork (2022)

According to the findings of the investigation, most of the respondents who were surveyed were without work at the time. To be precise, 171 respondents (85.5%) identified as jobless, whereas only 18 (9%) were employed in part-time positions and 11 (5.5%) served as interns. The results of this investigation are in line with the (Dewan, Ernst, & Achkar Hilal, 2022), which highlights an alarming tendency. A considerable number of unemployed respondents resorted to creating informal enterprises to earn a living, given the paucity of employment opportunities. These

findings underscore the importance of tackling unemployment and exploring other income-generating avenues for those who are without work.

Table 4.3: Respondents' number of years being self-employed

Years	0-5 years	6-10 years	11-15 years	16-20 years
Respondents	20	67	96	17

Source: Interview data from fieldwork (2022)

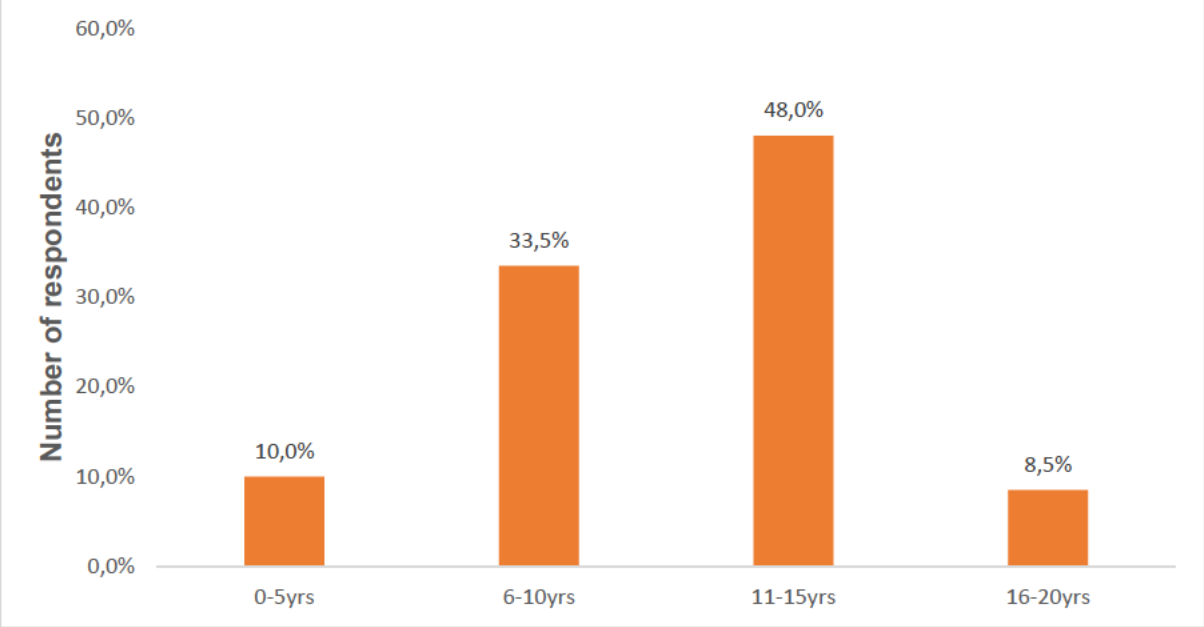

Figure 4.3: Indicates the number of years of self-employment.

Source: Interview data from fieldwork (2022)

Employment duration is a good indicator of organisational stability. To shed more light on this, the study surveyed 96 respondents who had an average of 13 years of experience in informal businesses. This indicates that these respondents had been with their respective organisations for a significant period, which translates to greater stability. It is worth noting that the most experienced respondent had 20 years of experience, while the least experienced respondent had experience of between six

and 10 years. These statistics align with an earlier observation about the age range of the respondents, which indicates that there is a balanced movement of changes and an increase in service duration across the different age groups. In light of these findings, it can be inferred that extended periods of employment exhibit a positive correlation with organizational stability in informal businesses. This inference is supported by the findings of Atkinson and Messy.

4.2.1.2 **Business continuity**

Ineffective business continuity planning and poor risk management can lead to business failure and bankruptcy (Ajmal et al., 2021). Therefore, informal businesses must prioritise business continuity planning and risk management to ensure their long-term survival and success. This is supported by research conducted by Atkinson and Messy, who found that longer employment duration in informal businesses correlates positively with organisational stability. Developing countries need resilient systems that can adapt quickly to changing circumstances while sustaining economic growth. Developing economies face unique challenges in maintaining business continuity during times of crisis, such as natural disasters or political instability. These challenges are complex and multifaceted and require a comprehensive approach to ensure that businesses can survive and thrive in the aftermath of a disaster. This means that developing countries must prioritise not only their immediate response to crises but must also invest in robust contingency plans that can mitigate the long-term effects on their economies. One significant obstacle for businesses in developing countries is limited access to resources such as power, water, and transportation. According to Baba et al. (2015), effective business continuity planning is essential for developing economies to mitigate the risks of disruptions and ensure the continued operation of

critical industries. Disasters can have a negative economic impact and disrupt business operations, especially in vulnerable industry-agglomerated areas. Effective business continuity planning involves assessing potential threats upfront so that risk-mitigation measures can be taken before disaster strikes. It also means having contingency plans in place with clear roles assigned to different groups that are responsible for managing the various stages of disaster response when they occur (Baba et al., 2015). Doing this enables businesses to rapidly recover from disasters while minimising losses incurred during downtime periods, which could lead to significant disruptions not only locally but globally as well. According to Fanta, Mutsonizwa and Berkowitz (2017), collaboration between government, businesses, and communities is crucial for building resilient systems that can adapt to changing circumstances and sustain economic growth. This statement holds true in today's world where disruptions caused by natural calamities or pandemics can wreak havoc on business operations. To build resilience against such disruptions, it is essential for all three entities – governments, businesses, and communities – to work together closely. It means that public-private investments in infrastructure, as well as coordination among different stakeholders, can lead to more robust systems that are capable of withstanding unexpected challenges such as a pandemic or climate change. If the aim is sustainable economic growth while avoiding catastrophic consequences of disruptive forces such as COVID-19 on economies and societies at large, collaboration between governments, businesses, and communities must be prioritised through collective efforts towards building resilient systems (Fanta *et al*., 2017).

Figure 4.4 illustrates the business sector in which the respondents operated at the time that the survey was conducted.

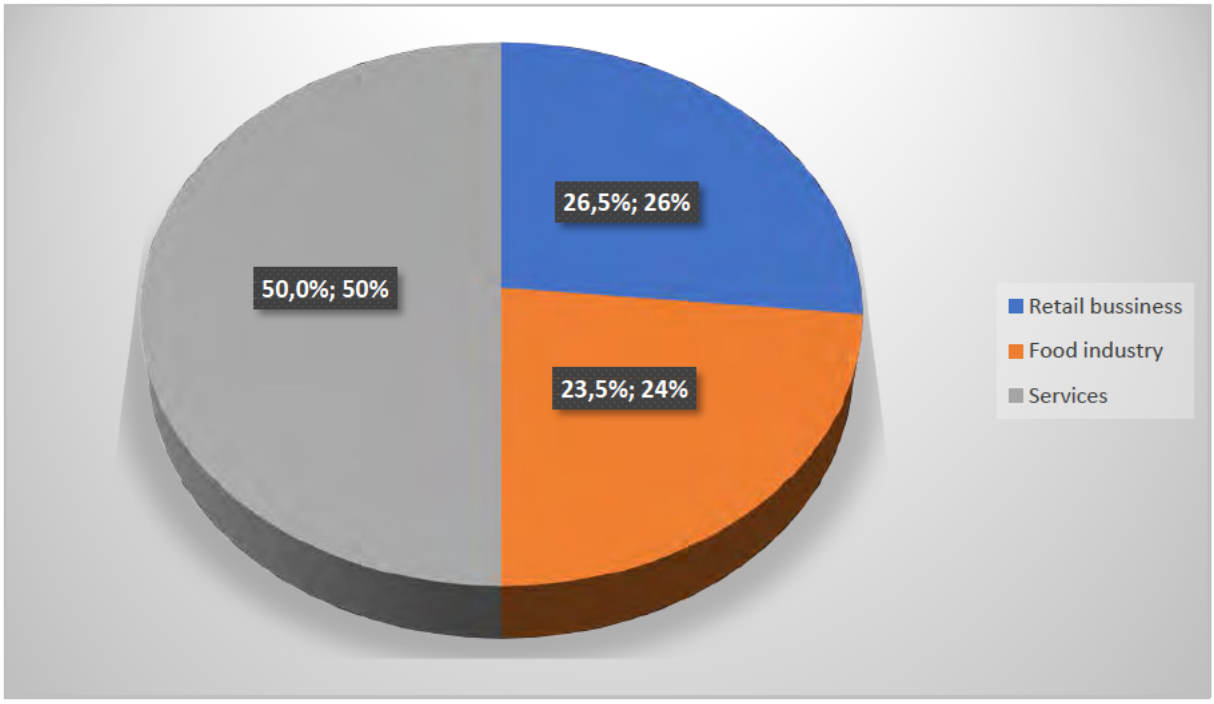

Figure 4.4: The business sector in which the respondents operate
Source: Interview data from fieldwork (2022)

The study conducted a thorough examination of the survey data, which comprised 200 participants' responses, as 50 respondents declined to participate in the study. The goal was to glean insight into the types of business activities that the respondents were involved in. After a thorough examination, it was discovered that services were the preferred option for most respondents, with 50% (100) of the respondents involved in this field. This finding suggests that services are a highly sought-after area of business among those surveyed. Furthermore, delving into the results revealed other significant observations. It appears that retail and food industries were also areas into which the respondents invested their time and resources. Retail came in second place with 26.5% of the respondents engaging in it, whereas the food industry was last with a 23.5% participation rate among those surveyed. In summary, these findings lead to

the conclusion that service-orientated businesses seem to be more lucrative when compared to other sectors evaluated in this study, owing to their higher participation rate among the survey respondents (Van Roestel, 2016).

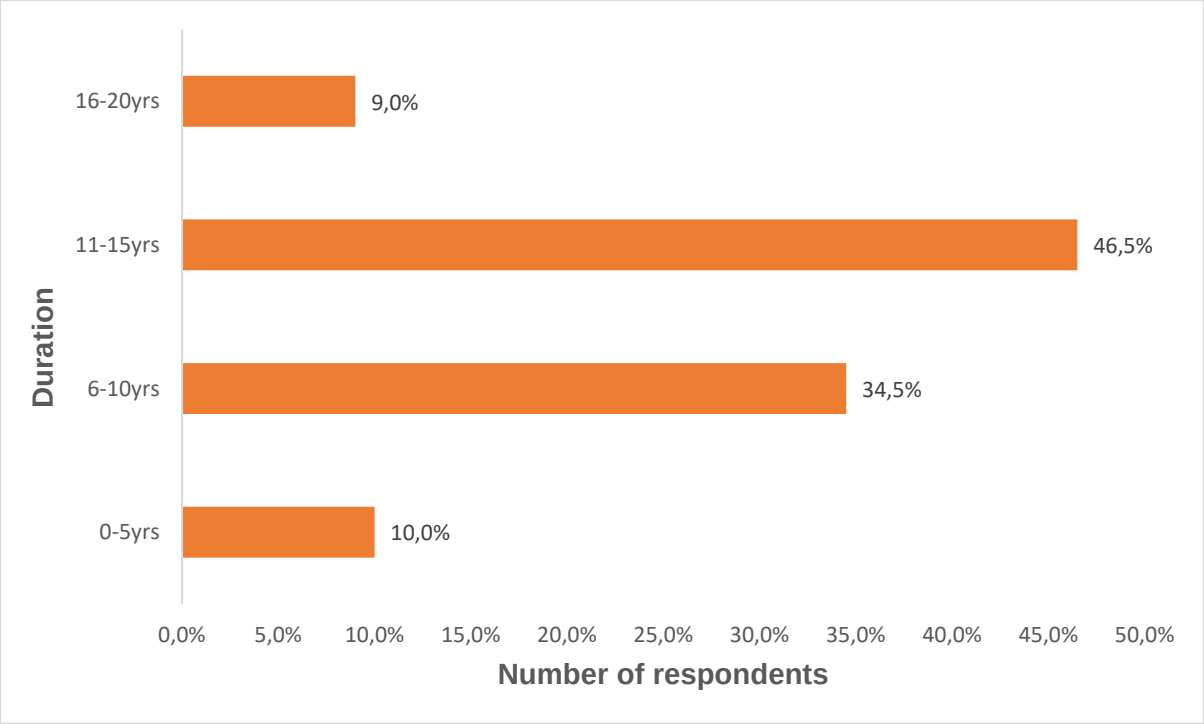

Figure 4.5: The duration of time that the respondents have been engaged in business operations

Source: Interview data from fieldwork (2022)

The data presented in Figure 4.5 offer insight into the longevity of business operations according to the respondents. It indicates that most respondents (46.5%; 93) reported having been in business for a duration of between 11 and 15 years. Additionally, the data suggest that 34.5% (69) of the respondents had run their businesses for six to 10 years. The remaining respondents reported having been in operation for between zero and five years, which accounted for an average of 9.5% (20) of the respondents, while those who had been in business for between 16 and 20 years made up only 9% (18) of the total sample size. Such findings can be crucial in helping policymakers and investors understand business stability trends across various industries, which would

allow them to make informed decisions regarding supporting emerging entrepreneurs or existing businesses that are looking to expand their operations (World Economic Forum, 2020).

Table 4.4: Respondents' source of funding

Source	Personal savings	Borrowings	NYDA	IDC
Respondents	76	109	14	1

NYDA = National Youth Development Agency; IDC = Industrial Development Corporation

Source: Interview data from fieldwork (2022)

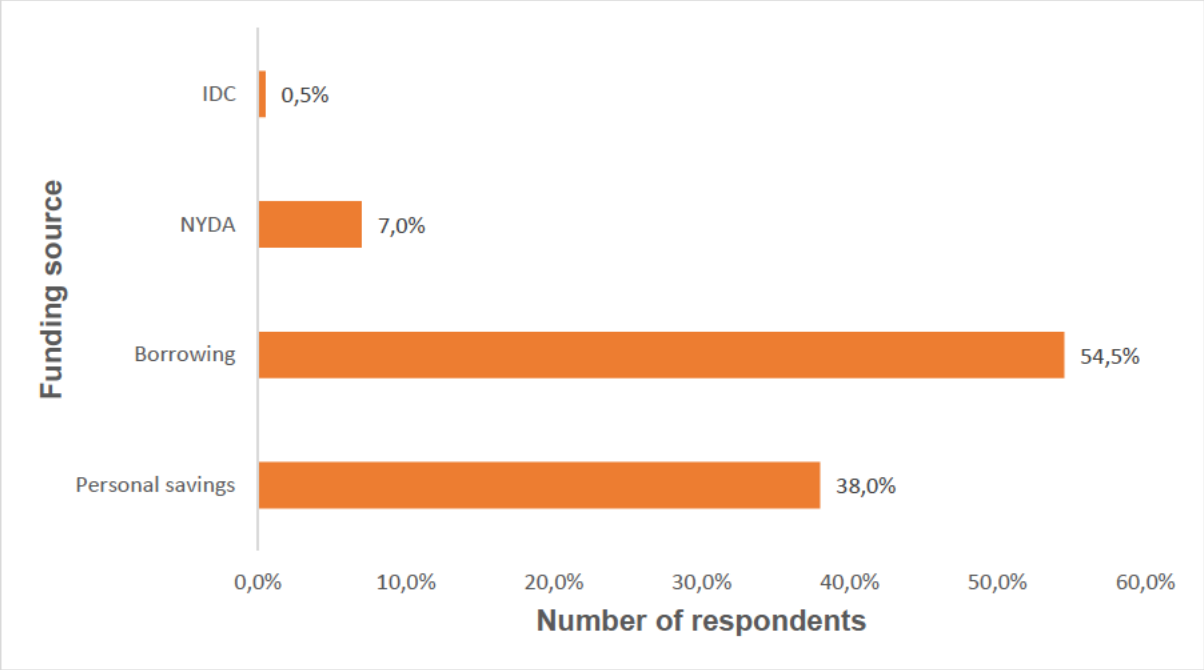

Figure 4.6: The respondents' funding sources

Source: Interview data from fieldwork (2022)

Figure 4.6 shows a comprehensive examination of the survey data, which involved 200 respondents. The table and figure are not similar to the questionnaire because we decided to review a part that incorporated additional questions aligned with the research objectives and provided a deeper understanding of the subject matter.

The primary objective was to gain insight into the different types of funding activities in which the respondents were involved. A detailed analysis of the data revealed that

borrowing was the most popular choice among the respondents, with more than half of them (54.5%; 109) engaged in borrowing as a means of raising funds. The next source of funding was personal savings, with 38% (76) of the respondents making use of their own savings to fund their endeavours. A small percentage (7%; 14) of the respondents utilised funds from the NYDA, while only one respondent (0.5%) had sourced funding from the IDC. This highlights that obtaining funding is not a straightforward process and requires diligent research and planning. It also emphasises the importance and popularity of borrowing to raise capital for various projects, which perhaps indicates a need for financial institutions to improve their lending practices to cater effectively to this demand.

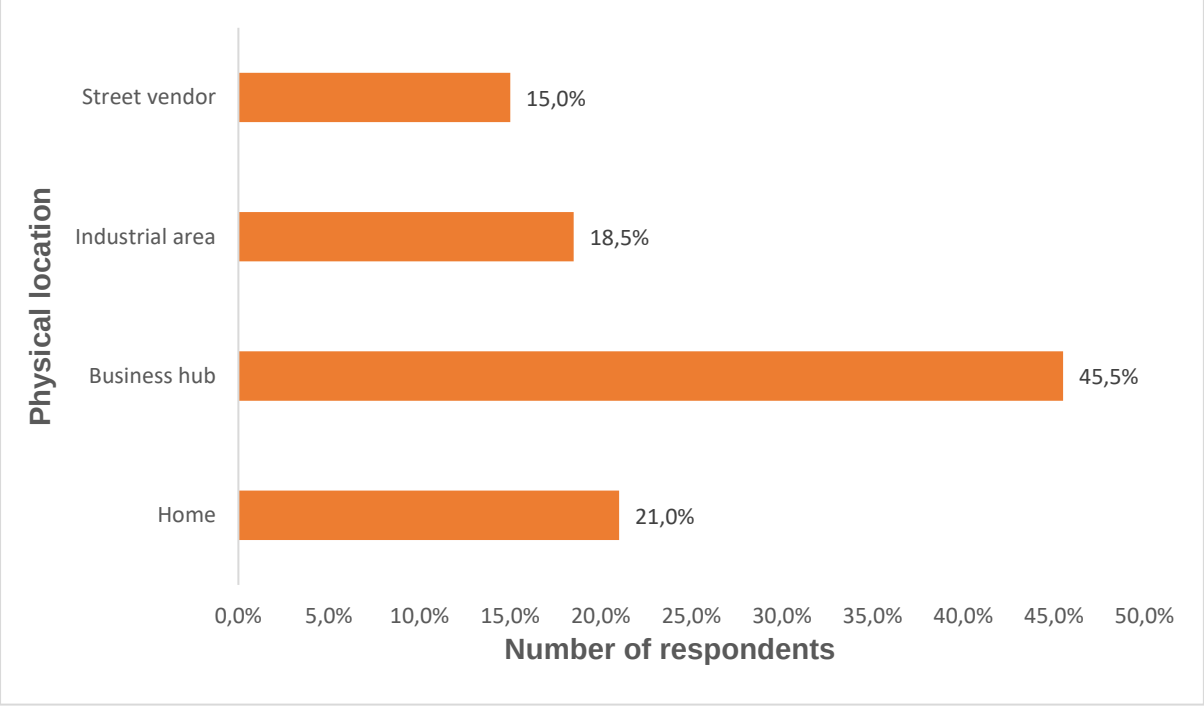

Figure 4.7: The physical location of the respondents' business operations
Source: Interview data from fieldwork (2022)

Figure 4.7 provides valuable insight into the physical location of the respondents' business operations. The data reveal that of all the respondents, a majority of 45.5% (91) of the respondents claimed to conduct their business activities from well-

established business districts. However, it is interesting to note that a significant number of the respondents (21%; 42) ran their businesses from the comfort and convenience of their homes. Additionally, approximately 18.5% (37) of the respondents carried out their business operations in industrial areas, whereas street-based businesses proved to be least popular among those surveyed, with only 15% (30) of the respondents opting for this mode of operation. These findings provide an understanding of the various locations where businesses were established and may help researchers and policymakers to identify trends and patterns in entrepreneurship across different geographical regions.

Table 4.5: Training of informal business owners

Training	Private group	Self-education	Family business	Government agency
Respondents	3	95	96	4

Source: Interview data from fieldwork (2022)

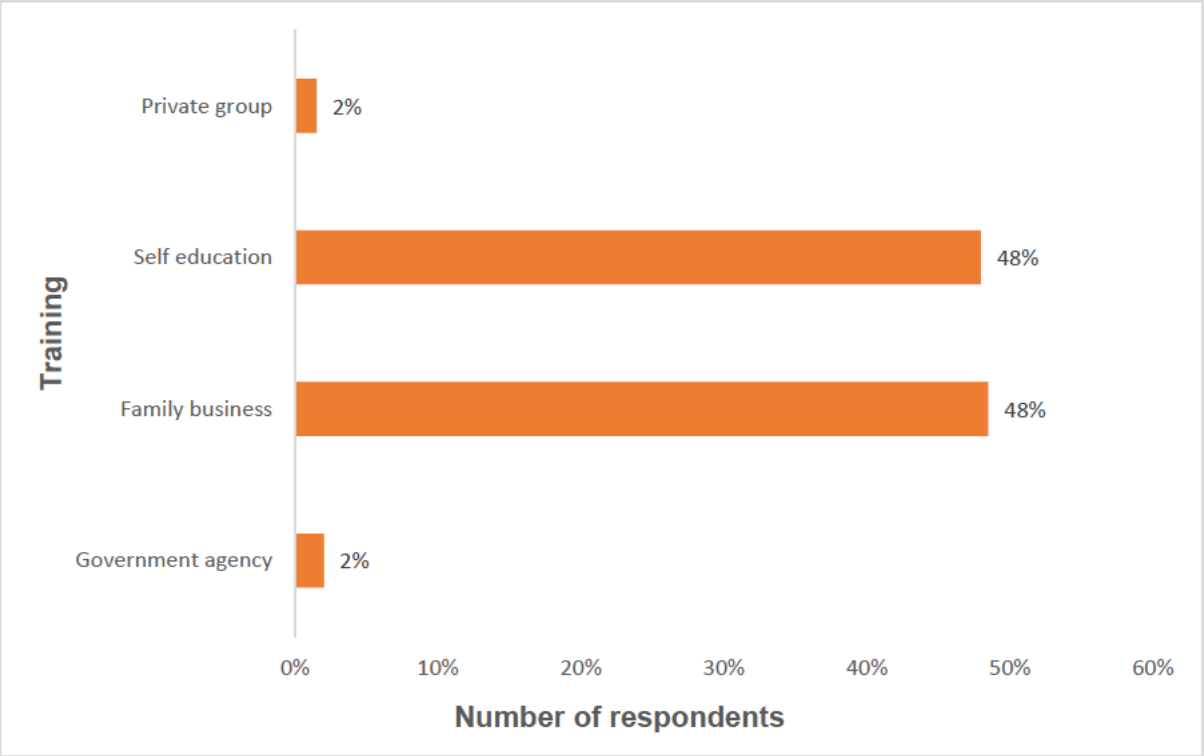

Figure 4.8: Informal business owners' training

Source: Interview data from fieldwork (2022)

The study found that training was a crucial aspect for the respondents. Interestingly, the training methods were mostly self-education and family businesses, with 95 (47.5%) and 96 respondents (48%) respectively. Very few respondents reported government agencies and private groups as their preferred sources of training, with only four (2%) and three respondents (1.5%) respectively. The results indicate that self-education and family business were the most popular forms of training among the surveyed business owners. This finding underscores the importance of these types of training in enhancing the skills and knowledge of informal business owners to enable them to operate their businesses more effectively in a highly competitive market.

Table 4.6: Respondents' business survival

Survival	Went out of business	Still successful	Sold off	Liquidated
Respondents	14	88	55	43

Source: Interview data from fieldwork (2022)

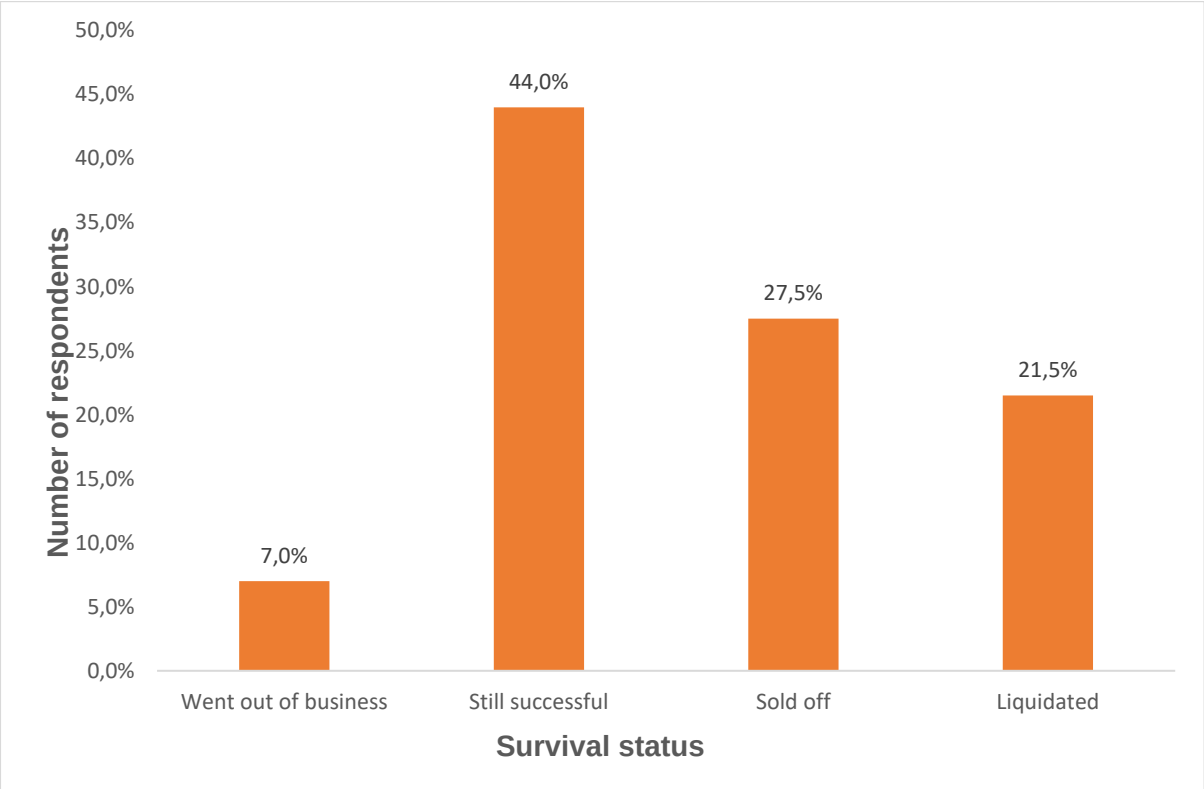

Figure 4.9: The survival of the respondents' businesses

Source: Interview data from fieldwork (2022)

Figure 4.9 illustrates a significant finding that can be drawn from the research. It is noteworthy to mention that business survival rates were quite remarkable, with 44% (88) of the respondents still successfully operating their businesses at the time the survey was conducted. This group of businesses was followed by those that had sold their businesses (27.5%; 55), and those whose businesses were liquidated (21.5%; 43). The least number of businesses went out of business or left the market completely (7%; 14). These findings underscore the importance for businesses to adopt strategies that enable them to retain customers effectively while also scaling up their operations amidst fierce competition from other players in their respective markets. Business owners must remain competitive to ensure the longevity of their enterprises, which means staying abreast of industry trends, providing value-added services, diversifying

product offerings if necessary, and adopting best practices wherever possible; this will keep them ahead of competitors who may pose a threat to their survival otherwise.

4.2.1.3 **Business survival**

The results on business survival in South African townships reveal that informal businesses face a range of challenges that can impact their longevity. These challenges include limited access to capital, a lack of formal business training and support, competition from larger businesses, high crime rates, and inadequate infrastructure. Furthermore, language barriers can hinder entrepreneurs' ability to fully understand and navigate government policies and regulations, which can also impact their chances of survival. Furthermore, language barriers can prevent entrepreneurs from fully understanding the content delivered during these sessions, which further limits their ability to effectively learn and implement new strategies. Additionally, language barriers can prevent entrepreneurs from fully understanding the content delivered during these sessions, which further limits their ability to effectively learn and implement new strategies.

These barriers can hinder their ability to fully grasp and implement the knowledge and skills gained from training programs or business development sessions. Consequently, many informal businesses struggle to survive in South African townships, with a high rate of closure within the first few years of operation. These findings highlight the need for targeted interventions and support systems to address challenges faced by informal entrepreneurs in townships. These interventions should focus on providing access to financial resources, equipping entrepreneurs with business skills and knowledge, addressing competition from larger businesses, improving security measures, and creating an enabling environment with proper

infrastructure and support services. The findings of the study indicate that small tourism enterprises in South African townships, specifically Umlazi township, face unique challenges (Chili, S, N. and Mabaso, L, S., 2016)

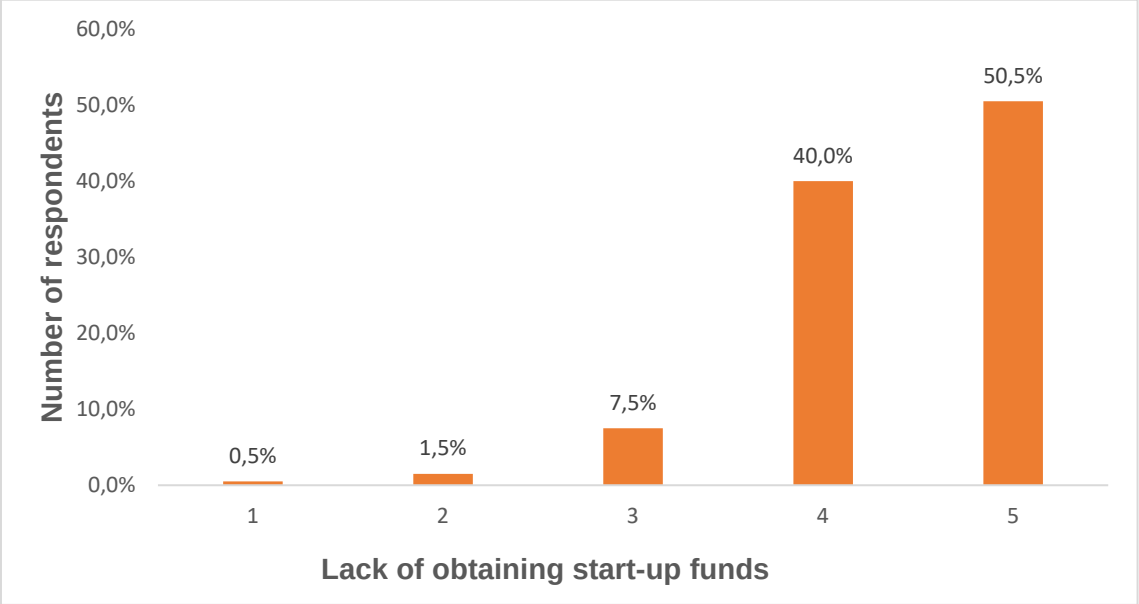

Figure 4.10: Respondents' lack of obtaining start-up funds

Source: Interview data from fieldwork (2022)

Figure 4.10 depicts respondents' levels of lack in obtaining start-up funds for informal businesses. Of the respondents, 50.5% (101) and 40% (80) believed it to be almost impossible, while 7.5% (15) of the respondents held a neutral stance. On the other hand, only a small number of respondents (3; 1.5%) found it relatively easy to acquire the capital, and one person (0.5%) shared this view. According to Wiid and Cant (2021), access to capital is essential in order for SMEs to grow, but much of it remains out of reach. Despite facing numerous obstacles, most business owners surveyed by Wiid and Cant (2021) believed that township market conditions met the requirements

for doing business, but they emphasised that external support was critically needed to overcome challenges such as limited access to credit/finance. Given this context, it is essential for policymakers at all levels, local and nationally, to consider alternative methods of providing support tailored specifically for informal businesses to mitigate some of the significant barriers they face in securing start-up capital (Mukwarami, 2017).

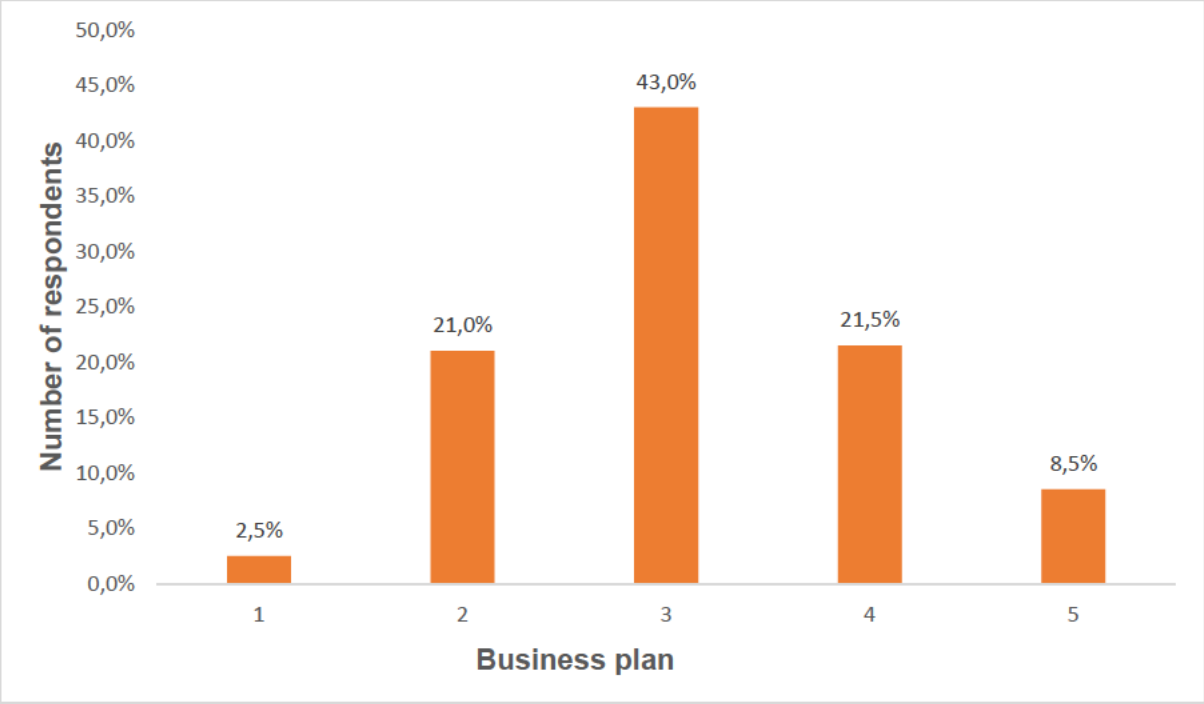

Figure 4.11: The lack of a well-crafted business plan among the respondents

Source: Interview data from fieldwork (2022)

The respondents' views on the challenges faced by informal businesses in acquiring funds due to a weak business plan are displayed in Figure 4.11. The highest percentage, which was 43% (86) of the respondents, was followed by 21.5% (43) of the respondents, then by 21% (42) of the respondents, and finally two groups with the smallest percentages, namely 8.5% (17) and 2.5% (5) of the respondents. The absence of a comprehensive business plan is a significant obstacle for informal

businesses in Gauteng townships to secure funding and grow. As stated by Wiid and Cant (2021), while the market conditions in townships generally meet the requirements for doing business, they are not conducive to business growth and sustainability. The lack of formalised planning hinders these small businesses from accessing necessary capital or support services. An effective business plan serves as a roadmap that outlines objectives, strategies, and expected outcomes. Without one, informal business owners may overlook critical aspects such as market research or financial projections that investors require before committing funds. A clear understanding of the market is essential for any business seeking success regardless of its size. Understanding the target audience enables businesses to tailor products or services offered that are more likely to appeal to customers, which results in increased sales and profits. Additionally, by having a contingency plan in place, businesses can prepare proactively against potential risks such as economic downturns or supply chain disruptions. This preparation promotes financial stability, which allows these businesses not only to survive but also to thrive amidst hardship. Furthermore, crafting a business plan requires entrepreneurs to identify critical milestones towards achieving specific objectives while remaining realistic about resources available at hand; it thus helps them to create measurable goals that act as benchmarks for progress tracking.

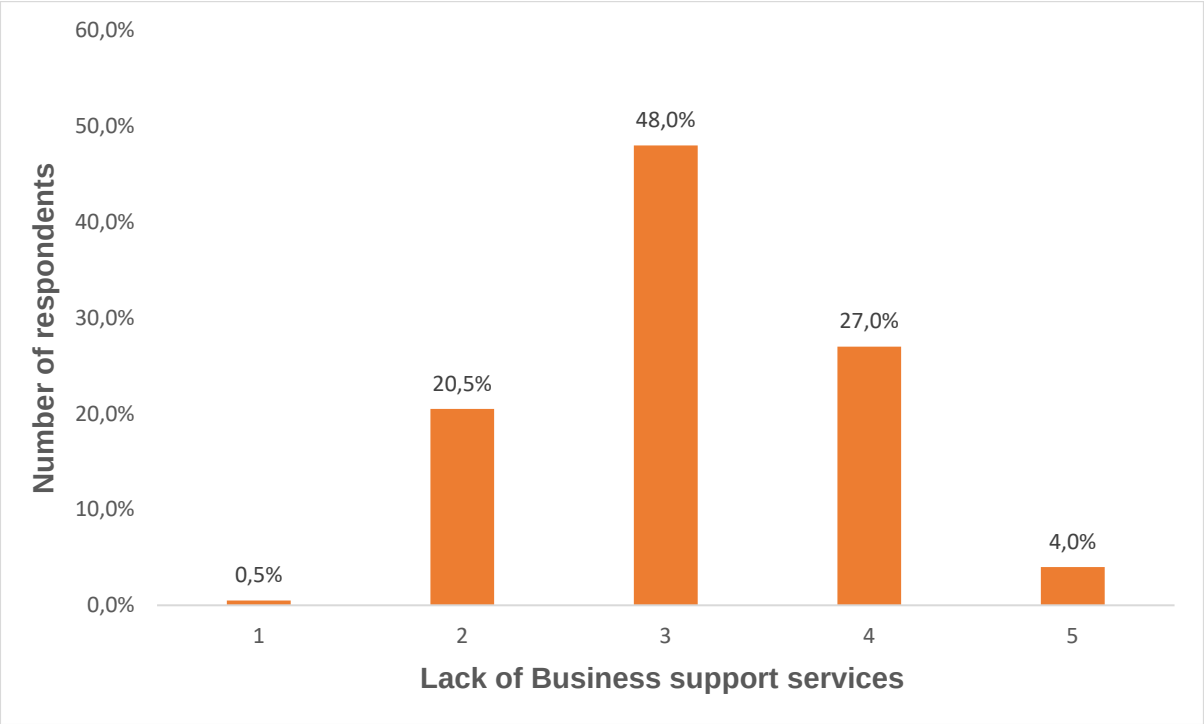

Figure 4.12: The lack of business support services by the respondents

Source: Interview data from fieldwork (2022)

Figure 4.12 displays the perspective of business proprietors towards obtaining business assistance. Nearly half (48%; 96) of the respondents had a neutral stance on business support. On the other hand, 27% (54) were optimistic about it, while 20.5% (41) showed great enthusiasm for acquiring such aid. The remaining percentage was split between those who were least optimistic – 4% (8) and 0.5% (1). These results suggest that informal businesses, particularly those situated in townships, face significant difficulties when it comes to accessing business support. Informal businesses in Gauteng townships have had a longstanding struggle to access business support services, mainly due to limited resources and infrastructure. Wiid and Cant (2021) suggest that these challenges hinder the growth and sustainability of informal businesses in township markets. The issue of access to business support for informal businesses in Gauteng townships remains a significant challenge. As Ntoyanto and Khumalo (2021) point out, both government and private sector initiatives

are required to bridge this gap effectively. Such policies may have the potential to create an emancipatory role in ongoing developmental issues such as poverty alleviation and socio-economic transformation in South Africa.

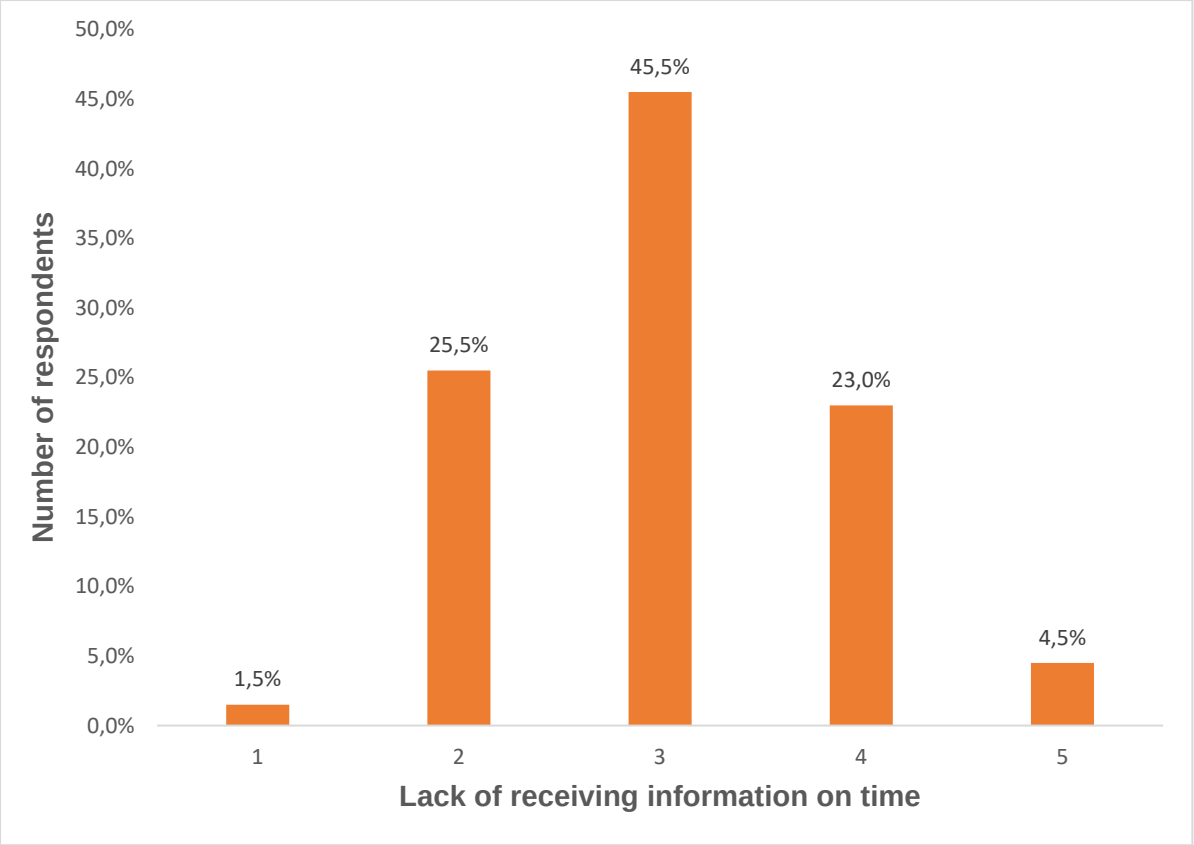

Figure 4.13: The respondents' lack of receiving information in a timely manner
Source: Interview data from fieldwork (2022)

The majority of those surveyed expressed a neutral stance towards the absence of prompt updates. The largest group comprised 45.5% (91), while the next two groups consisted of 25.5% (51) and 23% (46) respectively. The remaining respondents were split between two smaller groups: 4.5% (9) and only 1.5% (3). The potential benefits of improving access to information for township businesses are numerous and far-reaching. As highlighted by Monyebodi (2021), such improvements can lead to increased economic growth and improved public policy. According to Monyebodi (2021), the absence of formal organisation in the informal sector not only makes it

difficult for the government to monitor it, but also makes it difficult for those involved to trade in this sector. The absence of policies governing and regulating such trade is a significant factor contributing to its informality (Monyebodi, 2021).

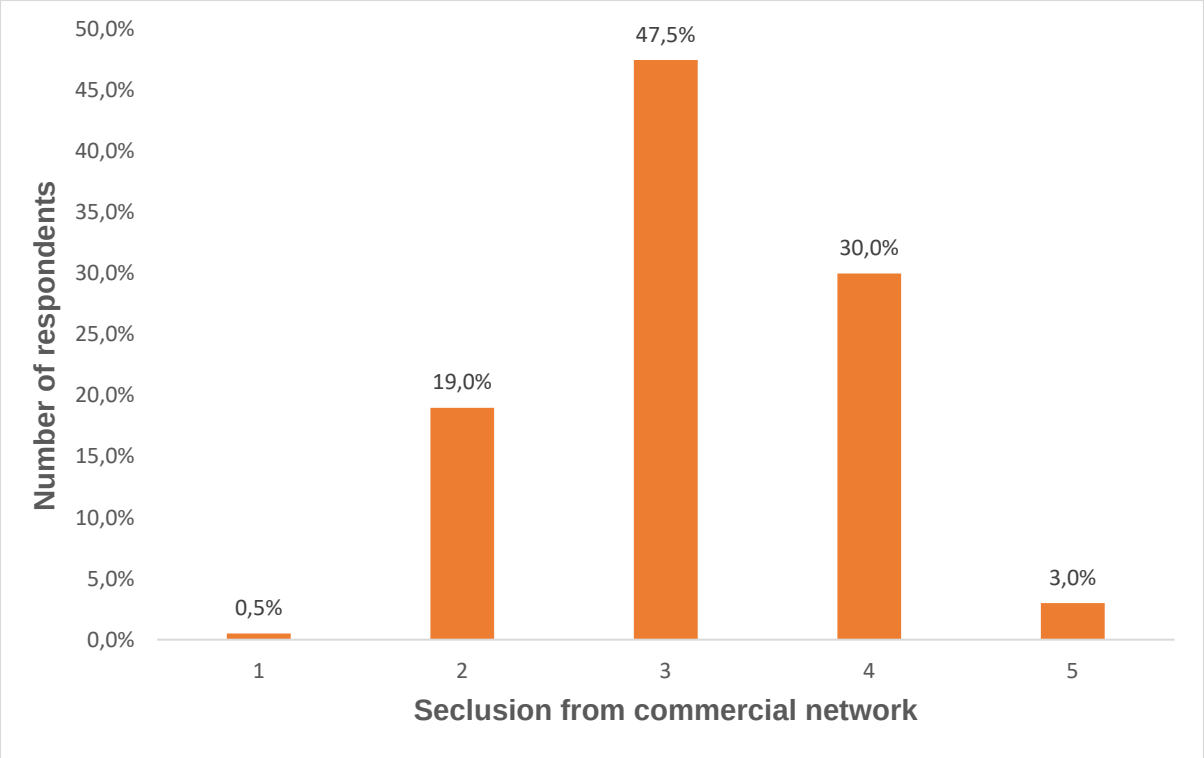

Figure 4.14: The seclusion of the respondents from the commercial network

Source: Interview data from fieldwork (2022)

Figure 4.14 illustrates that the largest portion (47.5%; 95) of those surveyed held a neutral stance regarding detachment from the business network. The remaining respondents were divided into three groups: 30% (60) and 3% (6) who remain positive about resolving isolation from the business network and enabling township businesses to access it, while 19% (38) and only a small fraction of 0.5% (1) expressed pessimism towards business networking among township businesses. The issue of social exclusion in Gauteng townships is a complex one, particularly for informal businesses. These businesses are often unable to connect with others beyond their immediate community due to isolation and a lack of resources. As Charman *et al*. (2017) note,

“[s]ocial exclusion in Gauteng townships is caused by the isolation of informal businesses, preventing interaction with businesses and customers outside their immediate community”. Economic marginalisation continues to be a pressing issue that affects many informal businesses in Gauteng townships. These small-scale enterprises often operate independently of the larger business network, which hinders their ability to access vital resources and capital necessary for growth (Etim & Daramola, 2020). As a result, these businesses are left isolated with limited opportunities for expansion or development. The lack of connection between formalised business networks and informal township-based entrepreneurs perpetuates an economic divide that further exacerbates poverty rates in disadvantaged communities.

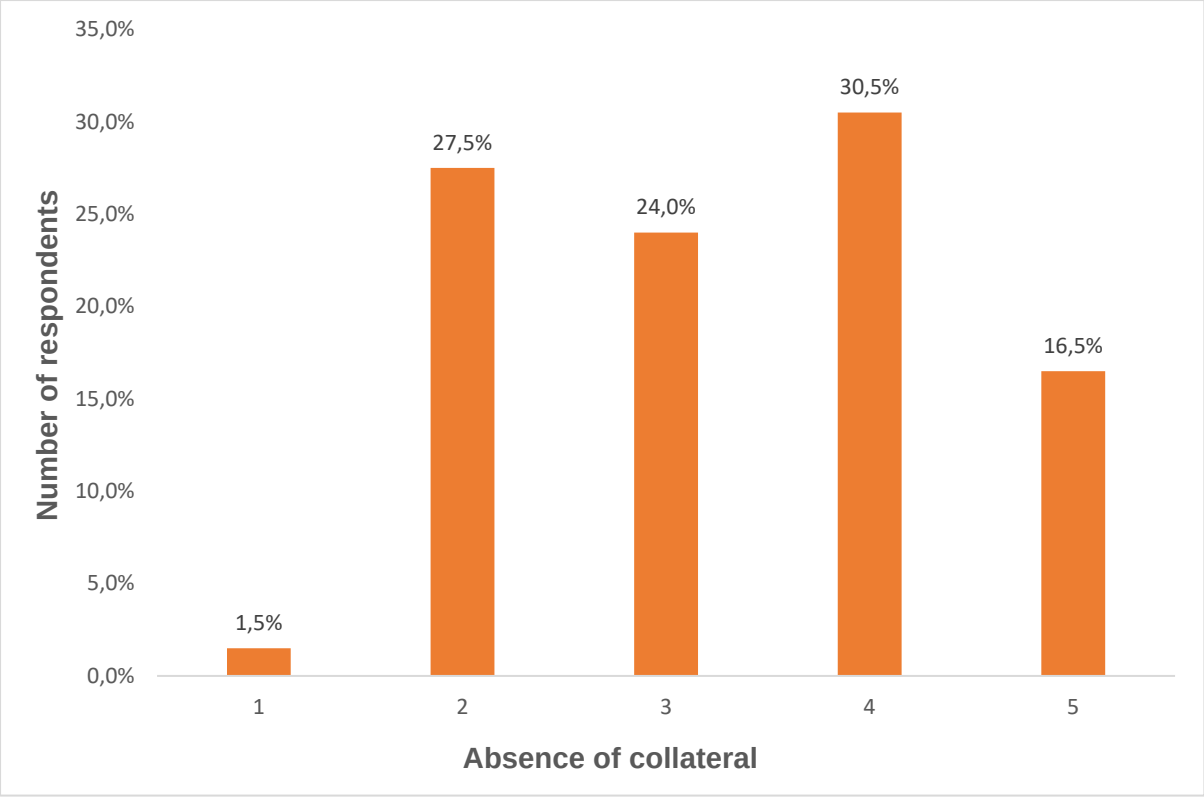

Figure 4.15: The absence of any collateral on the part of the respondent

Source: Interview data from fieldwork (2022)

Based on the data shown in Figure 4.15, it can be observed that most of the respondents have a positive outlook towards collateral, with 30.5% (61) being optimistic about it. On the other hand, 27.5% (55) had a negative perception of collateral, while only 24% (48) remained neutral about it. A small percentage of only 1.5% (3) shared pessimistic views about collateral. Access to finance is a crucial factor in determining the growth potential of informal businesses, particularly in the Gauteng province. However, these businesses face significant challenges when it comes to accessing loans due to their lack of collateral. This has been identified as one of the most significant barriers that impede the growth and development of small informal businesses in South Africa (Nxozi *et al*., 2019). The lack of access to financial support for informal businesses in the townships is a persistent issue, and it is exacerbated by traditional collateral requirements. These requirements do not consider the unique circumstances faced by these businesses, which leads to an inability to obtain much-needed financing (Mukwarami, 2017). This creates a significant obstacle for locally owned businesses in South African townships that are looking to expand their operations. According to Mukwarami (2017), the lack of collateral as security required by lenders has led to difficulties in obtaining finance. Because many informal business owners cannot provide the necessary collateral due to limited resources or insecure property rights, they are often excluded from accessing funds that could help them to grow their enterprises.

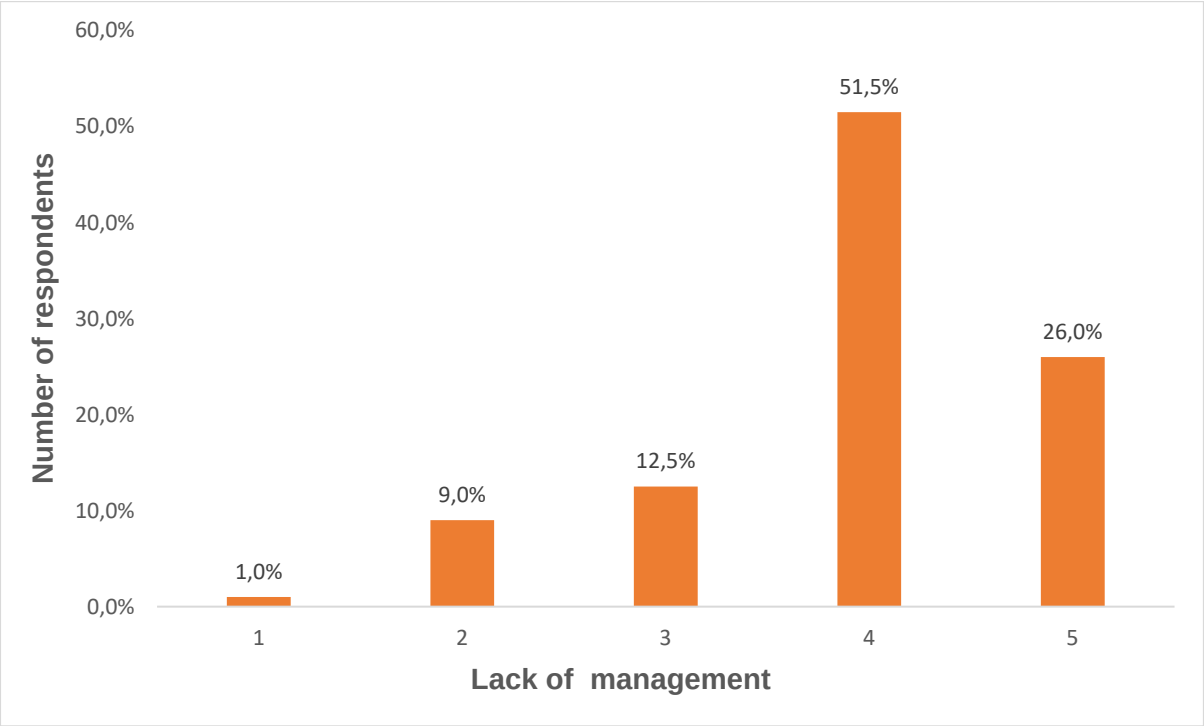

Figure 4.16: The lack on the respondents' ability to manage effectively

Source: Interview data from fieldwork (2022)

Figure 4.16 displays that most of the respondents had a positive outlook on managerial abilities. In particular, 51.5% (103) of the respondents felt positive, and another 26% (52) felt the same way. On the other hand, pessimism was expressed by only a small number of respondents, (12.5%; 25). The remaining respondents were split between two groups: those who had a moderately positive view (9%; 18) and those who held an extremely negative view (1%; 2). The Gauteng townships are home to many informal businesses, which are the backbone of the local economy. However, many business owners struggle to manage their companies effectively, leading to stagnation and even failure. The lack of managerial abilities among informal business owners is not uncommon in developing countries across the world. In fact, a study by Serrasquero, Leitão and Smallbone (2021) found that many SMEs in Nigeria face similar challenges due to inadequate knowledge of financial management. It is worth noting that addressing this issue goes beyond simply helping individual entrepreneurs

succeed; it has broader implications for socio-economic development in disadvantaged communities such as in the townships throughout South Africa. By empowering these underserved individuals with the financial skills and resources needed for successful entrepreneurship endeavours, we can begin to reduce poverty levels within these areas and creating sustainable livelihoods for all involved parties (Ullah, Majeed & Arif, 2021).

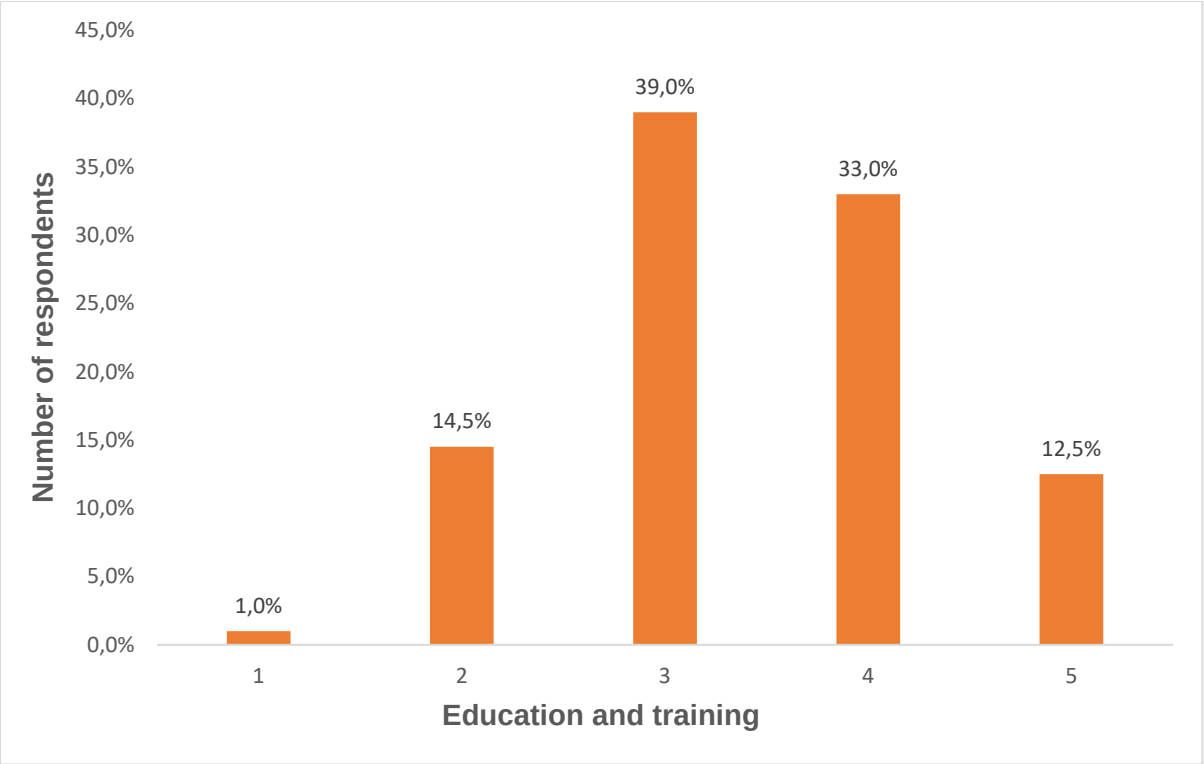

Figure 4.17: The lack of the respondents' education and training

Source: Interview data from fieldwork (2022)

Most people surveyed had no strong feelings about education and training. The largest group, consisting of 39% (78), fell into this category. The next largest group, comprising 33% (66), felt similarly neutral. Smaller percentages of the respondents felt more strongly one way or the other: 14.5% (29) were slightly more in favour of education and training, while only 12.5% (25) were slightly opposed to it. A very small number of the respondents (1%; 2) had particularly negative feelings about education

and training. The issue of lack of education and training among informal businesses in the Gauteng province is a significant factor that leads to stagnation and reduced growth in the economy.

This issue results in a lack of knowledge and skills in essential areas such as financial management, marketing, and customer service. According to Etim and Daramola (2020), entrepreneurs who operate in the informal economy tend to have limited access to conventional business support systems. Further compounding matters, poor corruption control presents another obstacle for informal enterprises, which makes it difficult for them to thrive (Etim & Daramola, 2020).

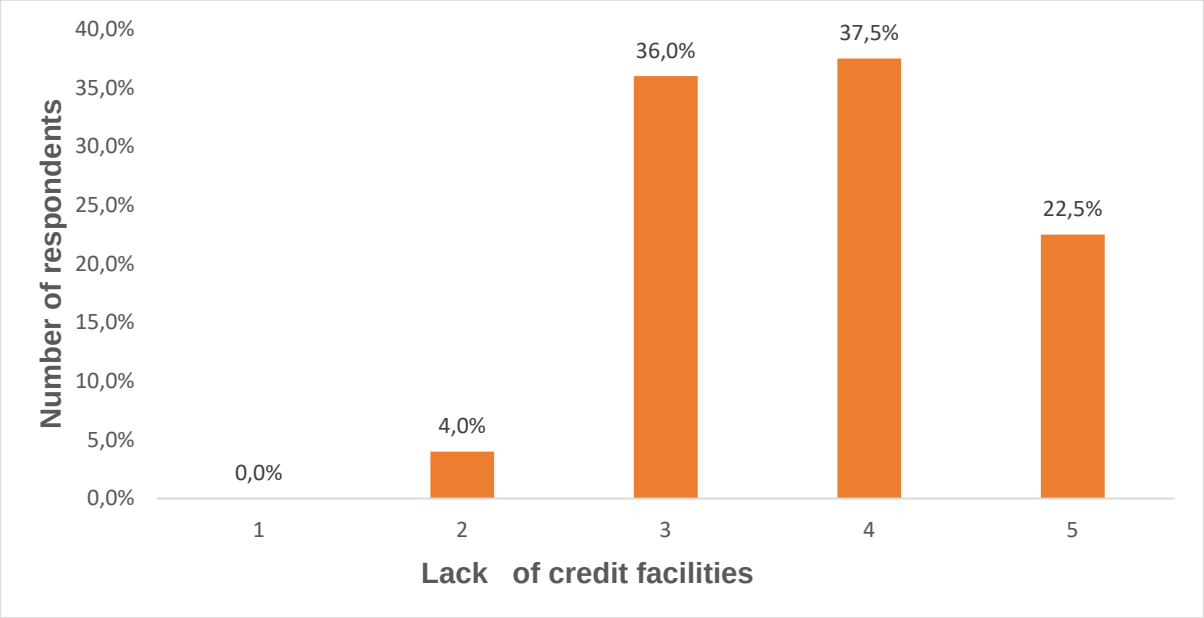

Figure 4.18: The lack of credit facilities available to the respondents

Source: Interview data from fieldwork (2022)

Many respondents had a positive outlook on credit services, with 37.5% (75) expressing optimism. Conversely, 36% (72) had negative views on credit facilities. Additionally, 22.5% (45) were also optimistic about these services, while only 4% (8) expressed clear pessimism towards them. The informal sector in Gauteng plays a significant role in the economy and provides employment and income opportunities for

many low-skilled workers. However, limited access to credit hinders the growth potential of these businesses. According to Leibbrandt *et al*. (2010), "[l]imited credit options negatively impact the growth potential of informal businesses in Gauteng Province". The informal sector has been a significant contributor to the South African economy for many years, with street vending being one of the most common forms of informal work available. However, due to "the lack of banking infrastructure and financial literacy in townships", accessing credit can be an insurmountable challenge for these small businesses (Arias, 2019).

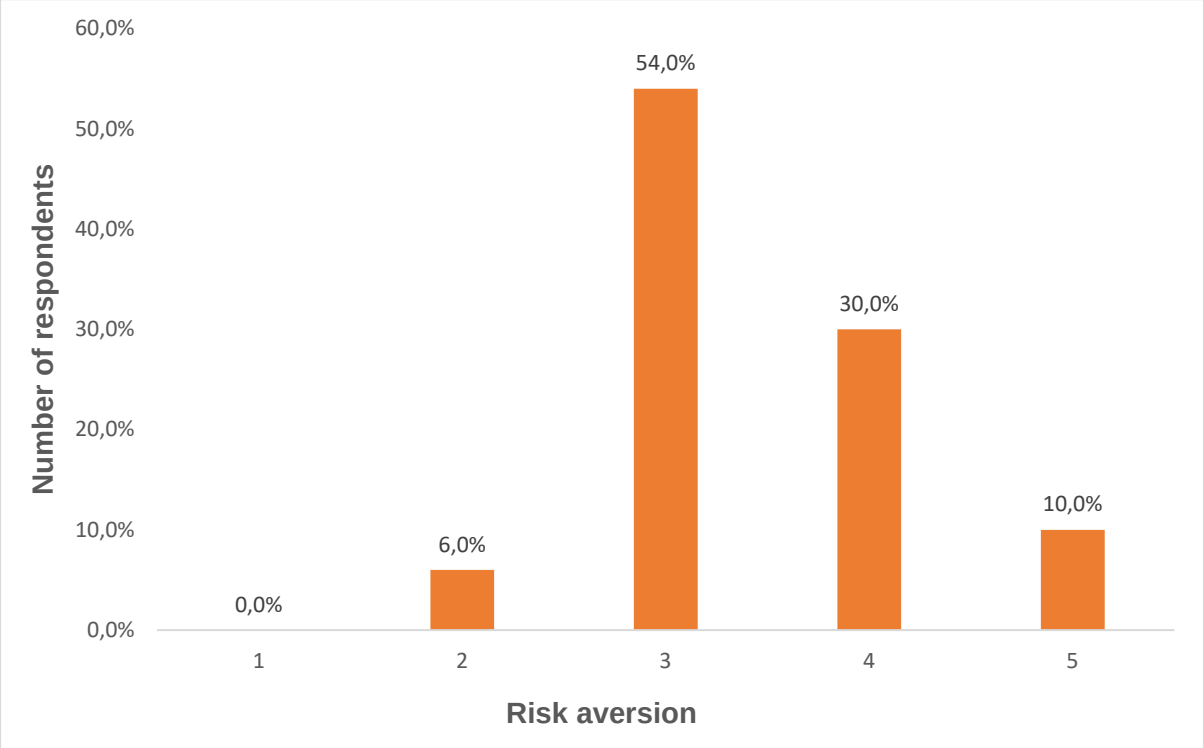

Figure 4.19: The respondents' lack propensity towards risk aversion

Source: Interview data from fieldwork (2022)

Most of the respondents (54%; 108) had a neutral stance to being risk averse. On the other hand, 60 (30%) of the respondents expressed optimism about taking risks. Despite this, only 20 (10%) had a positive outlook on being risk averse. Lastly, only a few respondents (6%; 12) had pessimistic views on risk aversion. It is important to

note that while most people may be seen as neutral with respect to taking risks and avoiding them altogether, there are still some individuals who are open to embracing challenges and opportunities despite potentially negative consequences. Such differences in attitudes towards risk can affect decision-making processes in various aspects of life, such as financial investments and personal relationships. Numerous obstacles hinder the growth and prosperity of informal businesses located in the Gauteng province, such as their capacity to expand and innovate being hampered by their limited access to financial resources (Etim & Daramola, 2020). Furthermore, the lack of legal protection exacerbates this situation by limiting the range within which these enterprises can operate without experiencing adverse consequences. Consequently, risk aversion characterises most informal businesses that operate in Gauteng.

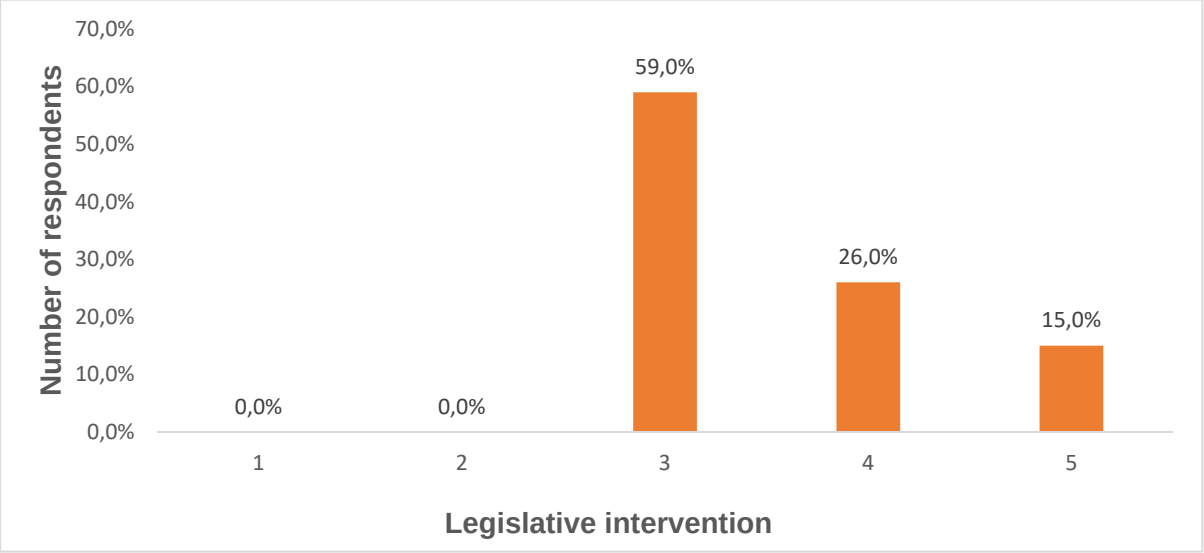

Figure 4.20: Insufficient legislative intervention by the government

Source: Interview data from fieldwork (2022)

The largest group of respondents (59%; 118) remained impartial when questioned about government intervention. Following them were two smaller groups: 26% (52) were divided in their stance towards government involvement and 15% (30) held a

positive outlook towards such intervention. It is apparent that there was no clear consensus among the individuals surveyed regarding this issue. In Gauteng townships, the informal sector has been growing at an extraordinary pace. More and more people have turned to informal business as a source of livelihood. According to Leibbrandt *et al*. (2010), this expansion can be attributed to the government's lack of legislative intervention. Since no regulations or policies are in place, individuals have been able to operate without fear of legal consequences. However, while some may view this as a positive development for those who are struggling financially, its negative implications must also be considered. One such drawback is the barriers to employment issue in the unregulated sector (Leibbrandt *et al*., 2010). Furthermore, due to the lack of regulation, many informal workers face unfair treatment and exploitation by employers in these markets; they often do not have access to basic benefits such as healthcare, which would help safeguard their future financial stability. Furthermore, since these businesses are not officially recognised by either the government or other institutions, they cannot make a significant contribution to South Africa's economy through taxation.

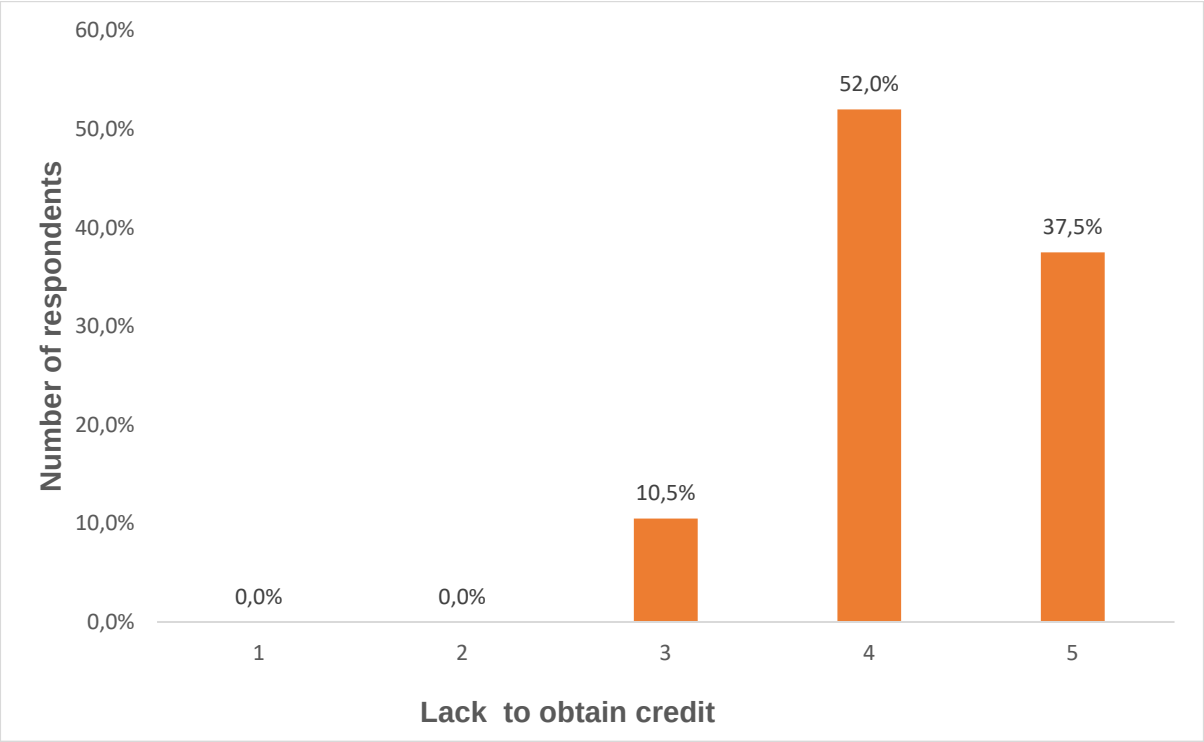

Figure 4.21: The respondents' lack in obtaining credit facilities

Source: Interview data from fieldwork (2022)

According to the data presented in Figure 4.21, it can be deduced that a significant number of respondents possessed a positive outlook regarding their ability to obtain credit facilities. More specifically, 52% (104) indicated that they were optimistic about securing such services. Following closely behind, 37.5% (75) also expressed positivity towards this prospect. The remaining 10.5% (21) maintained a neutral stance on this matter. It can therefore be concluded that a large proportion of the respondents had a positive view regarding obtaining credit facilities.

The challenges experienced by informal businesses in townships to access credit facilities from traditional financial institutions are evident. According to Worku (2019), "the lack of formal credit history and collateral requirements make it difficult for informal businesses in townships to secure credit facilities from traditional financial institutions". Without an established credit history, these small enterprises find themselves locked

out of the formal banking system, with limited options for financing their operations. The absence of appropriate support systems means that these entrepreneurs are not able to benefit from opportunities for growth and development. In conclusion, while efforts have been made through various government initiatives such as micro-lending programmes aimed at supporting emerging entrepreneurs in townships, more needs to be done if real progress is to be made towards addressing this challenge faced by informal businesses. The lack of formal credit history and collateral requirements will continue to hinder start-ups' growth prospects and causing economic exclusion to continue to be felt acutely.

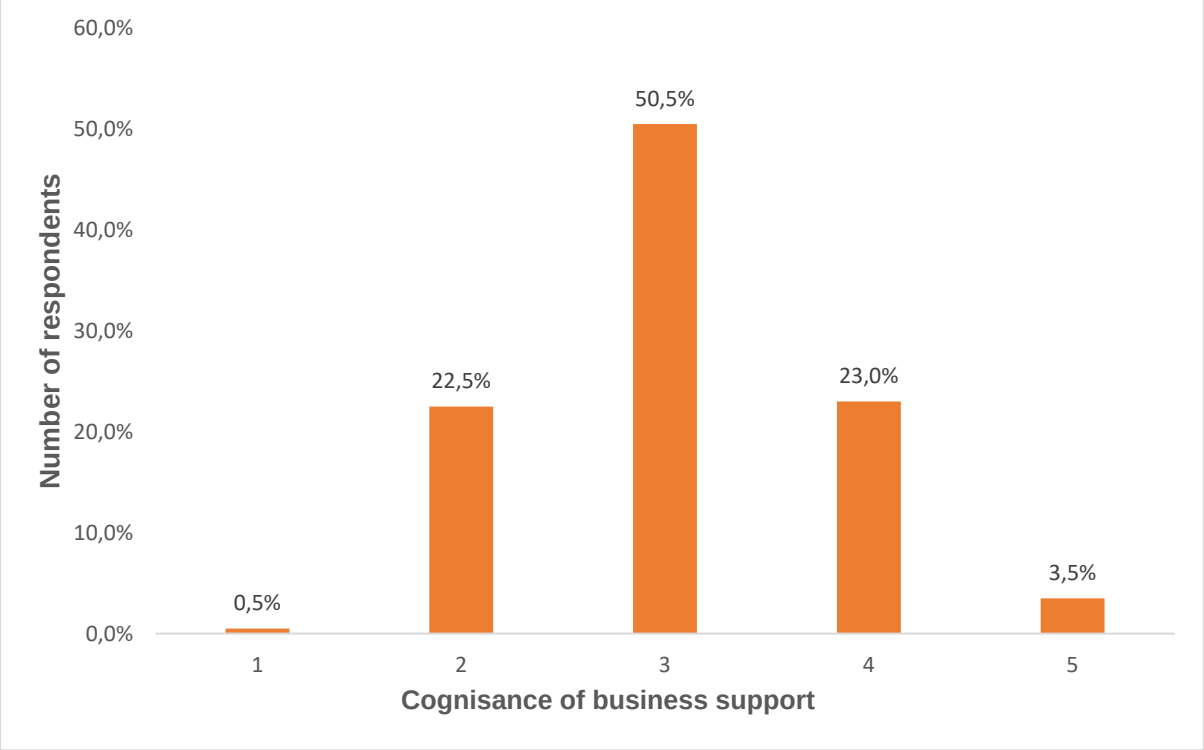

Figure 4.22: The level of the respondents' cognisance of business support

Source: Interview data from fieldwork (2022)

According to the survey results, there is a second group of respondents who had a positive outlook regarding the support available to businesses. This group was divided into two sub-groups: one comprising 23% (46) and the other 3.5% (7) of the

respondents. On the other hand, 45 respondents (22.5%) held a pessimistic view towards business support. Most respondents (50.5%) were neutral and did not lean towards optimism or pessimism with respect to business support. These findings reveal the respondents' perceptions of business aid and indicate that a significant percentage viewed it positively, while others expressed concern or ambivalence towards it. The Gauteng townships have always been a hub of entrepreneurial activity, where informal businesses thrive in the face of numerous obstacles. However, despite their high potential to contribute to the local economy, these businesses often lack access to support structures and resources that are essential for growth and sustainability. Wiid and Cant (2021) observe that the market conditions in the townships may meet the basic requirements for doing business but are not conducive to sustainable business growth. Additionally, increased awareness of government-funded initiatives, such as grants and loans, encourages more entrepreneurs to start new businesses and also helps existing firms to expand into untapped markets. In conclusion, raising awareness of available business support services will play a pivotal role in enabling informal township-based enterprises' long-term success. We must work towards creating an environment where every entrepreneur has equal opportunities regardless of their background or location (Wiid & Cant, 2021).

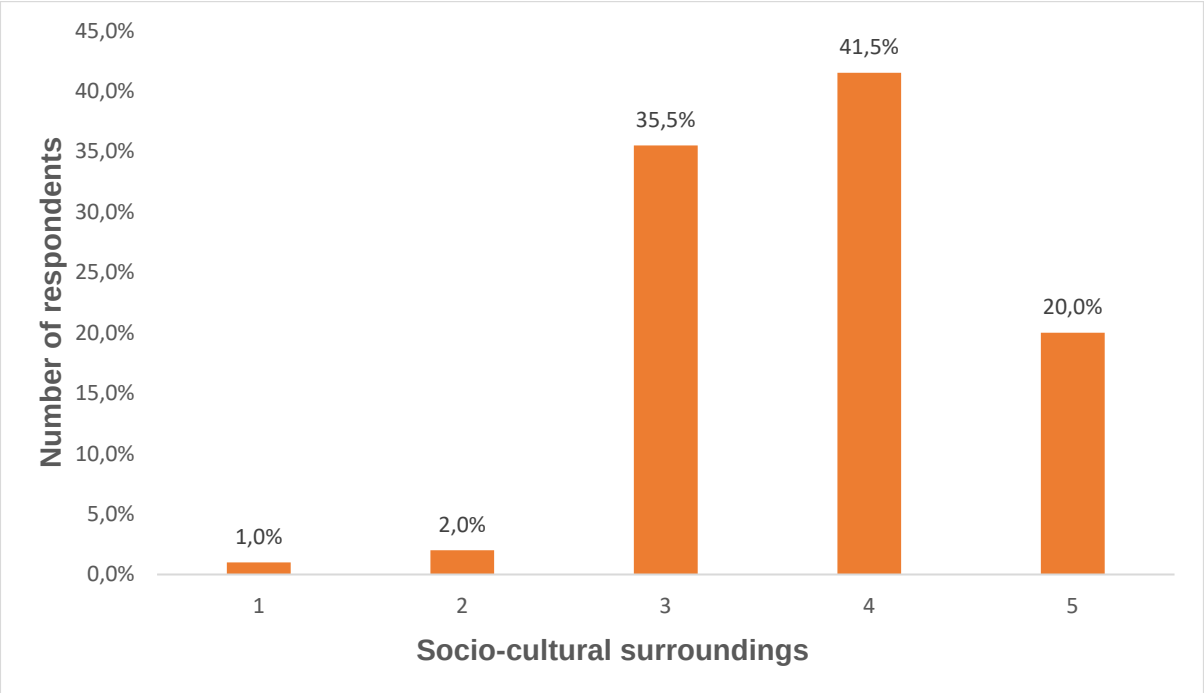

Figure 4.23: The respondents' socio-cultural surroundings

Source: Interview data from fieldwork (2022)

Figure 4.23 presents a clear and comprehensive breakdown of the respondents' attitudes towards their socio-cultural environment. It depicts that only a small percentage (1%; 2) of the respondents felt pessimistic about their current situation, while another negligible group of respondents (2%; 4) held an extremely positive view. It is, however, heartening to note that a significant number of people expressed optimism towards their socio-cultural surroundings; specifically, 20% (40) of the respondents were hopeful regarding their community's social and cultural development. Moreover, the largest chunk of respondents (35.5%; 71) fell under the neutral category with respect to their perception of the local socio-cultural setting. Finally, and most notably, 41.5% (83) of the respondents seemed very optimistic about their society's cultural progress. The Gauteng townships contain a vibrant and diverse community that has a significant influence on informal businesses. According to Mukwarami (2017), the socio-cultural environment plays a crucial role in shaping the

landscape of these enterprises. The socio-cultural dynamics in communities can impact how these enterprises operate and compete with other entities for resources and customer loyalty. Local customs and traditions may also shape how business owners interact with their clientele or manage their finances. Furthermore, informal businesses often struggle to obtain financial support from formal institutions such as banks or government agencies because they lack the proper documentation or collateral required for loans (Mukwarami, 2017). As Motala (2002) points out, “the social and cultural environment can play a critical role in the growth and success of informal businesses”. Supportive community networks that provide access to resources such as finance, training opportunities, or marketing channels can help entrepreneurs to overcome challenges such as limited capital or market competition.

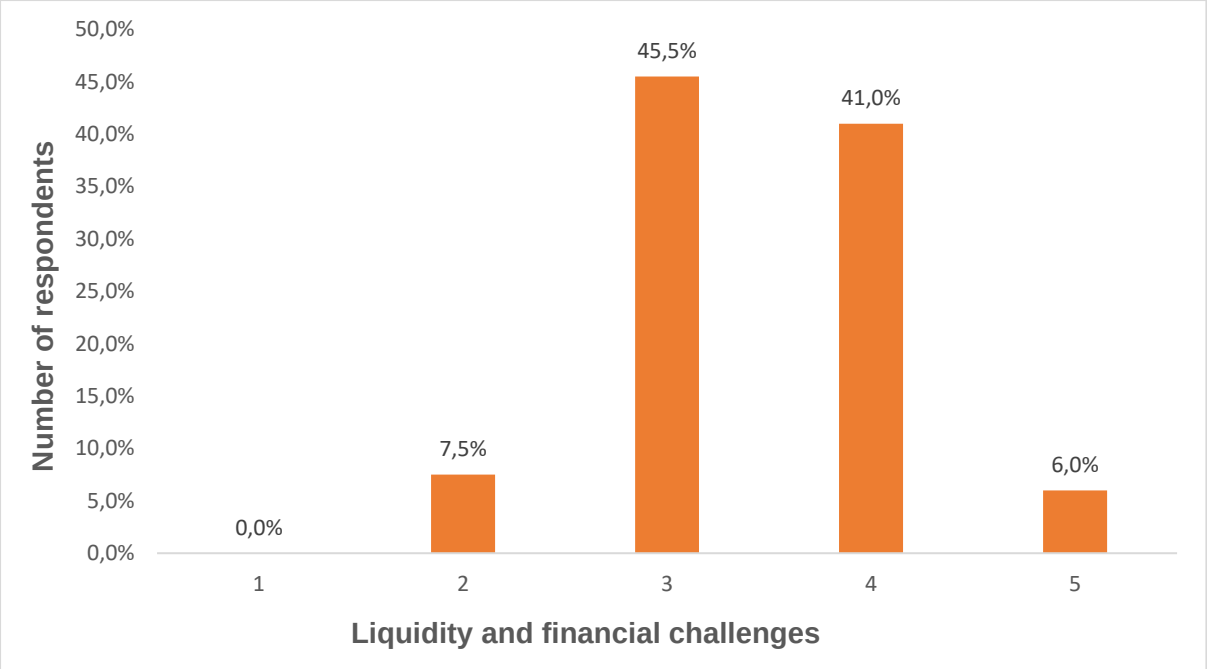

Figure 4.24: The liquidity and financial challenges faced by the respondents

Source: Interview data from fieldwork (2022)

The results indicate that a significant proportion of the respondents did not hold strong views regarding liquidity and financial challenges, with approximately 45.5% (91) of

the respondents reporting a neutral stance on this matter. On the other hand, a relatively large contingent (41%; 82) expressed optimism regarding their ability to overcome any potential financial hurdles. Interestingly, although fewer in number, approximately 6% (12) of the respondents also shared an optimistic outlook towards financial obstacles. However, there was a smaller, yet notable, group of respondents (7.5%; 15) who harboured pessimistic beliefs about liquidity and financial barriers. These results suggest that while most people are neither overly positive nor negative about their financial prospects, there is still considerable variation in attitudes towards managing economic issues that ought to be addressed by policymakers and businesses alike. Liquidity is a crucial aspect of financial stability, but it remains a major challenge for many informal businesses in Gauteng townships. Despite the plethora of initiatives aimed at promoting economic growth and development in this region, informal businesses, continue to face numerous obstacles when it comes to establishment, operation, and growth. This situation is particularly challenging for those owned by foreigners (Mukwarami, 2017).

Furthermore, one of the main obstacles facing these small businesses is a lack of capacity-building programmes that focus on financial literacy, which could help to improve their chances of accessing finance from formal institutions such as banks and other lending agencies. More support must therefore be provided by government departments and non-governmental organisations that can offer training programmes that address issues related specifically to liquidity management within the context of informal business operations in townships such as in Gauteng. The informal sector plays a crucial role in the economic development of townships across South Africa. However, the absence of formal financial services has left many entrepreneurs grappling with inadequate access to credit and high interest rates (Berg, 2009).

Without proper financing options, these businesses struggle to grow and remain sustainable in the long run. In fact, Berg (2009), argues that “the impact of financial obstacles such as inadequate access to credit and high interest rates cannot be ignored in the struggle to sustain informal businesses in the Township”. The lack of financial resources available for informal businesses highlights the urgent need for policymakers at all levels, national and provincial, to develop targeted interventions aimed at addressing existing gaps in finance provision for small-scale entrepreneurs (Ojugbele, Tengeh & Ogunlela, 2022).

4.2.1.4 Training and financing needs

Informal businesses are ubiquitous in the Gauteng province, with many of them operating without official registration or recognition. Despite their significant contribution to the economy, these businesses face numerous challenges such as lack of access to financing and limited training opportunities. It is crucial to address these challenges if informal entrepreneurs are to be empowered and allowed to reach their full potential. Empowering informal businesses through training and financing can create employment opportunities, reduce poverty, and stimulate the economy in the Gauteng province and across South Africa. However, this cannot be achieved without a comprehensive understanding of the context within which these businesses operate. The historical background behind informality is discussed alongside its relationship with economic growth. By directly addressing this critical issue, policymakers can create an enabling environment for small-scale enterprises while simultaneously benefiting communities at large. Informal businesses in Gauteng play an important role in the economy, but they face numerous challenges that hinder their growth and sustainability. According to Wiid and Cant (2021), these firms need training to improve

their skills and knowledge of entrepreneurship, marketing, and financial management. The study demonstrated that despite the favourable township market conditions for doing business, informal businesses are limited in their potential growth due to a shortage of trained staff and inadequate training. Inadequate access to business support further exacerbates this issue. Entrepreneurs need support services such as mentorship programmes or workshops designed to help them develop essential entrepreneurial skills such as marketing strategies, product differentiation, pricing techniques, and how to navigate governmental regulations while keeping accurate financial records. Training can provide entrepreneurs with the necessary tools for taking advantage of opportunities in the current economic environment while minimising risk by making informed decisions about managing their finances effectively.

Moreover, it has been proven that even small investments in human capital development programmes can have significant positive impacts on individuals' overall income levels (Wiid & Cant, 2021). It is therefore crucial that stakeholders invest resources into providing more comprehensive training programmes specifically tailored towards improving informal businesses' skills sets so that these enterprises can compete more effectively against larger established companies in Gauteng's economy. The informal sector has become a significant contributor to economic growth worldwide, and South Africa is no exception. In Gauteng, the informal economy accounts for more than 20% of all employment opportunities (Thwala *et al*., 2023). Empowering these businesses through training and financing can have a positive impact on poverty reduction and job creation.

Table 4.7: Respondents' training received

Training	Technical	Communication	Accounting	Management	Technology
Respondents	37	20	49	58	36

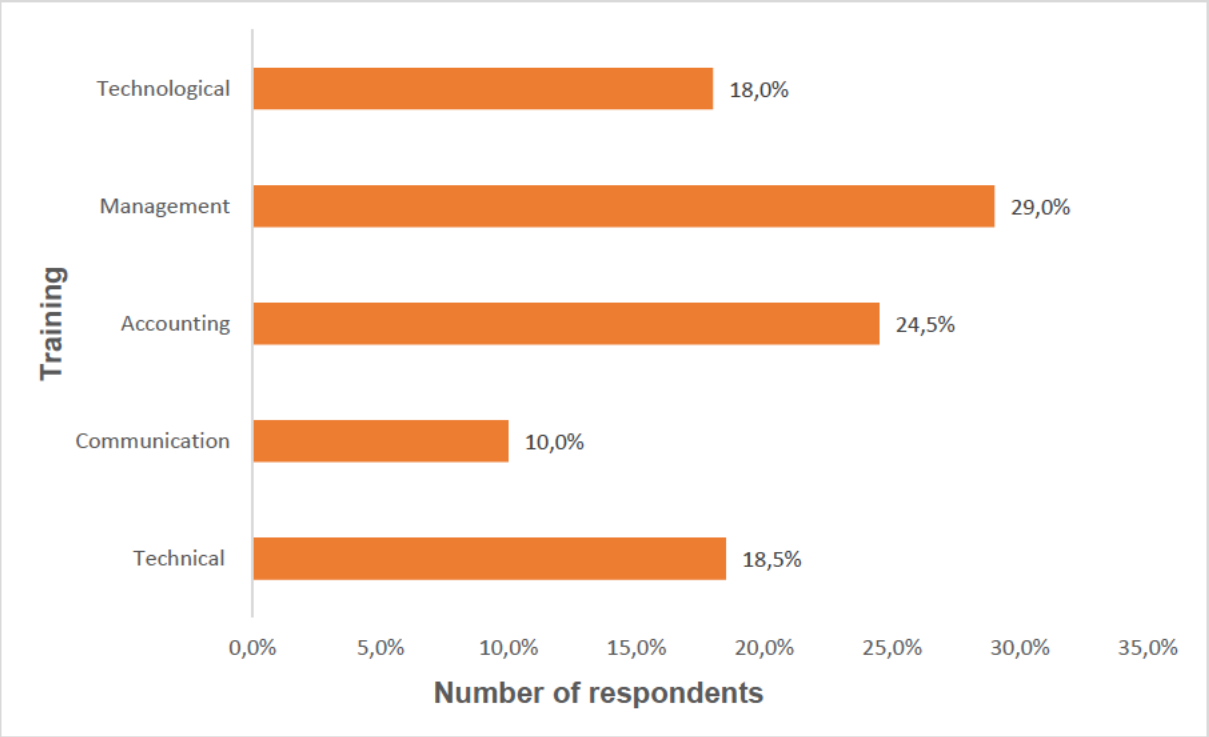

Figure 4.25: The training that the respondents have attained at a higher level
Source: Interview data from fieldwork (2022)

The data presented in Figure 4.25 indicate the different training that the respondents have received across several disciplines. It is noteworthy that management emerged as the most popular choice, with 29% (58) of the respondents indicating their preference for it. The second spot was occupied by accounting, with 24.5% (49) of the respondents having received training in it. Technical and technological areas followed closely behind with 18.5% (37) and 18% (36) respondents respectively. Communication was the least preferred discipline, with only 10% (20) of the respondents opting for it as their training domain. Such diverse results may reflect

specific industry needs and individual preferences among professionals from different sectors and highlight various areas that businesses and organisations may want to focus their training programmes on to meet demand and foster productivity in their employees' work efforts. Informal businesses in the Gauteng townships face numerous challenges when it comes to accessing advanced training resources. According to Leibbrandt *et al*. (2010), these obstacles stem from larger issues related to employment and labour market composition in South Africa. The informal sector is a substantial component of this market, yet its workers often lack access to training programmes that could help them to develop new skills and grow their businesses. This lack of access can lead to stagnation and an inability to compete with more established firms. One significant barrier faced by informal businesses is a lack of funding for training programmes. Without financial support, business owners may find it difficult or impossible to afford the cost of attending workshops or courses designed specifically for small enterprises like theirs. Additionally, language barriers can prevent entrepreneurs from fully understanding the content delivered during these sessions, which further limits their ability to learn and implement new strategies effectively (Shabbir, S, M., 2023). Despite these obstacles, some organisations are working tirelessly to provide accessible training resources for informal business owners in Gauteng townships. By offering grants or subsidies for course fees and providing interpreters who are fluent in local languages, they hope to enable wider participation among those who need it the most. In conclusion, while there are certainly challenges facing informal businesses seeking advanced training resources in Gauteng townships, efforts by organisations such as those mentioned above offer hope that progress will continue making these opportunities more widely available (Leibbrandt et al., 2010).

Table 4.8: Respondents' obstacles in finance applications

Obstacle	Complexity of the form	Too many forms	Prolonged feedback	No response
Respondents	82	44	61	13

Source: Interview data from fieldwork (2022)

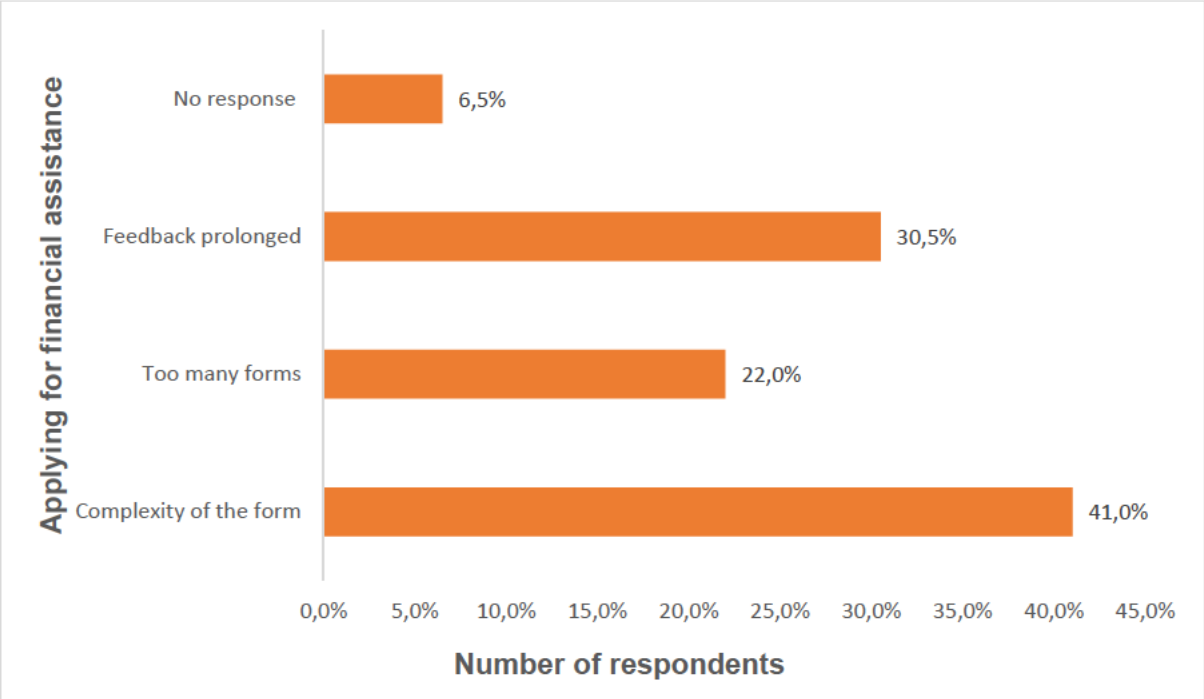

Figure 4.26: Challenges faced by the respondents when applying for financial assistance

Source: Interview data from fieldwork (2022)

According to the results, it can be deduced that the competition for financial application approval was more intricate for 41% (82) of the respondents, which suggests that obtaining finance from formal channels has become increasingly difficult. Furthermore, many applicants had a significant concern about prolonged feedback loops, as indicated by 30.5% (61) of the respondents, who reported experiencing this issue during their application process. Approximately 22% (44) also had difficulty obtaining funding for other reasons, such as security requirements and complex red tape. It is worthwhile to note that a minority of the respondents (6.5%; 13) did not provide any input regarding their experiences with loan applications. It is likely that some informal

businesses do not trust formal lending institutions due to several factors, such as previous negative experiences or a lack of understanding of the lending process' intricacies. The banks' reluctance to provide loans to informal businesses can be attributed to informal businesses' inherent high-risk nature that results from unstable cash flow patterns and inadequate documentation. Due to these concerns, lending institutions typically have stringent protocols when assessing loan applications from small business owners with no credit history or collateral/assets in place. Overall, the study indicates that small businesses' access to finance has become increasingly challenging in recent times due to various factors, such as increased competition and bureaucratic procedures utilised by formal lending institutions. Limited access to financial services in townships creates a significant obstacle for informal businesses in the Gauteng province, South Africa. This issue is further compounded by the fact that most of these businesses are run by women who lack collateral and a formal credit history (Buyinza, Tibaingana & Mutenyo, 2018). As Leibbrandt *et al*. (2010) point out, without access to finance and credit, informal businesses struggle to grow or even sustain their operations.

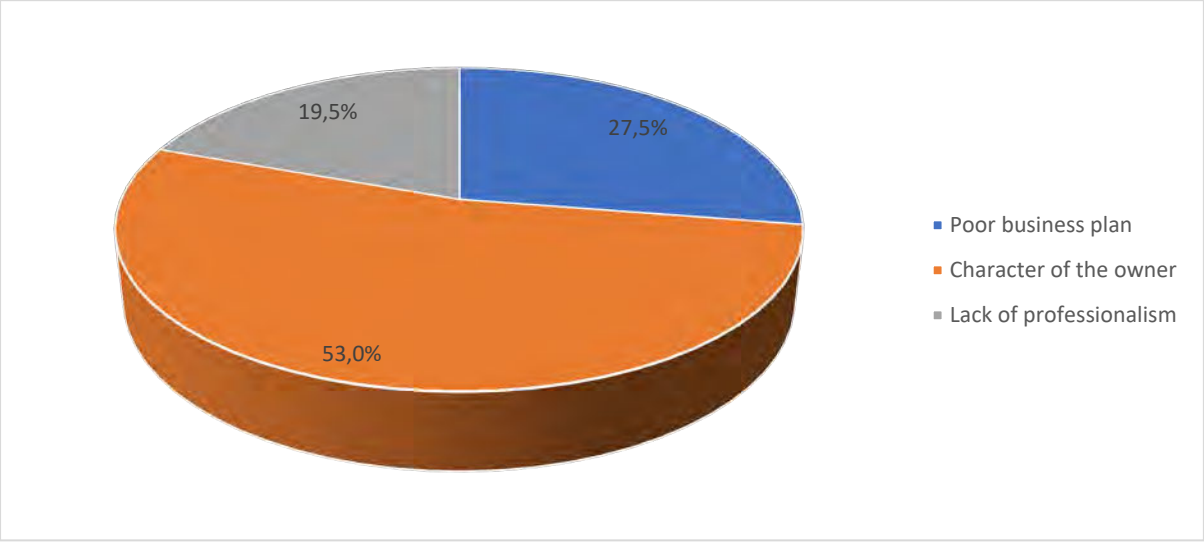

Figure 4.27: The grounds on which the respondents' applications were declined

Source: Interview data from fieldwork (2022)

The analysis revealed that most loan application rejections were attributed to the owner's personal traits. This factor was responsible for 53% (106) of the respondents' rejected applications. The banks believed that these owners were not reliable and trustworthy individuals to lend money to. The second most significant reason for rejection was a poor business plan, which made up 27.5% (55) of the cases. Those who submitted such plans lacked proper strategies and research to support their ventures and convince lenders of their feasibility. Another noteworthy factor observed in this study was a lack of professionalism among some applicants. This attribute caused rejection in 19.5% (39) of the cases where applicants approached banks with an unprofessional attitude or failed to present themselves appropriately. It is evident from these findings that lending institutions have stringent methods concerning loans, especially when there is little or no collateral provided by borrowers to secure their loan requests. The lack of formal business skills and knowledge among applicants in the Gauteng province is a major reason for rejections. According to Peberdy (2016), there are several reasons why this issue persists. One possible explanation is the inadequate educational system that fails to provide learners with practical business skills required by employers. Insufficient access to funding and capital has been identified as a significant factor that contributes to the high levels of applicant rejections in informal businesses operating in Gauteng townships. Those entrepreneurs who lack formal education or have limited experience in running their own businesses are often unable to secure the necessary financial support required for their ventures to succeed (Crush *et al*., 2017). The Gauteng townships are a thriving hub for informal businesses, but higher rates of rejection of applicants seeking to start a business can be discouraging. According to Worku (2019), limited market

demand and competition from established businesses are some of the key drivers behind these high rejection rates.

Table 4.9: Alternative finance institutions

Institution	NYDA	IDC	NEF	Private funding
Respondents	77	13	105	5

NEF = National Empowerment Fund

Source: Interview data from fieldwork (2022)

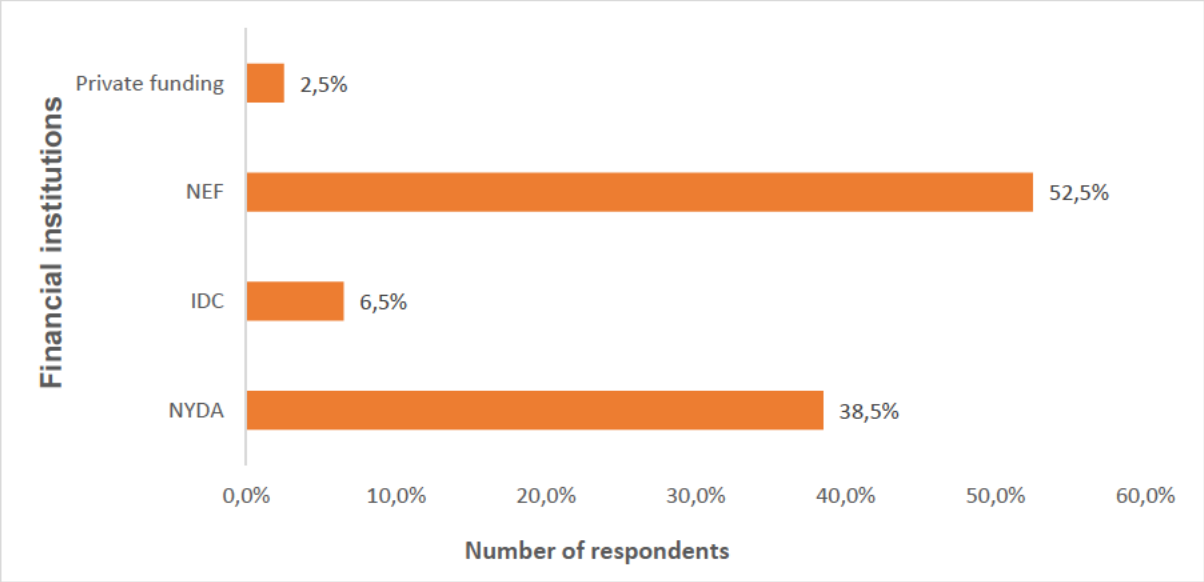

Figure 4.28: Alternative financial institutions for the respondents

Source: Interview data from fieldwork (2022)

According to the data presented in Figure 4.28, it is apparent that the NEF was the most favoured institution among the respondents. The table and figure are not similar to the questionnaire because we decided to review a part that incorporated additional questions aligned with the research objectives and provided a deeper understanding of the subject matter. A significant 52.5% (105) of the respondents chose the NEF their preferred option for borrowing funds. Following closely behind was the NYDA as a popular choice among 38.5% (77) of those surveyed. In contrast, the IDC was one of the least preferred institutions for borrowing funds, with only 6.5% (13) of the respondents indicating it as their go-to source for financial assistance. Similarly,

private funding received only a meagre percentage of support among respondents, with a minuscule 2.5% (5) favouring it over other options. Based on these results, it can be concluded that the NEF and NYDA are currently perceived as more reliable and accessible sources for obtaining financial aid than the IDC or private funding options, which had significantly lower preference rates in comparison with other available choices provided to them during this survey process. In the townships of Gauteng, informal businesses face a crucial hurdle in their pursuit of growth and success, namely access to finance.

Traditional financial institutions often do not offer the funding options that these enterprises require, according to Nxozi *et al*. (2019). By providing customised services tailored to informal business owners' unique needs, entrepreneurs in South Africa now have an equal opportunity of gaining financing, which allows their entrepreneurial goals to blossom while contributing positively to national development efforts at large (Dzomonda & Fatoki, 2018).

Table 4.10: Respondents' reasons for not using alternative financial institutions

Reason	No knowledge of the entity	Inaccessibility	Receiving funds from family	Private funding
Respondents	51	67	80	2

Source: Interview data from fieldwork (2022)

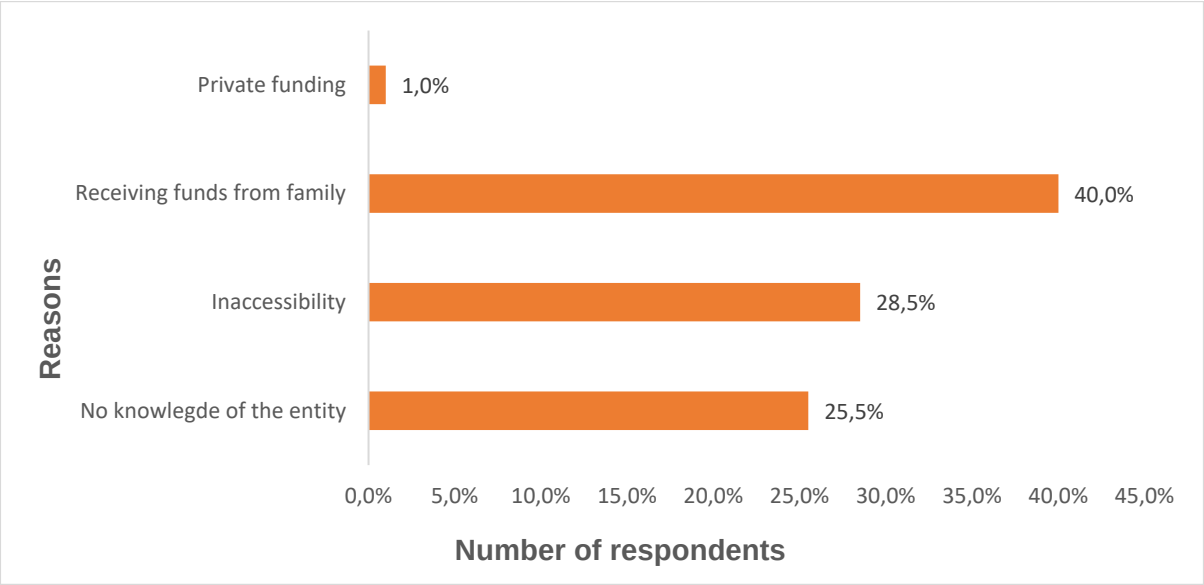

Figure 4.29: Reasons for not approaching alternative financial institutions

Source: Interview data from fieldwork (2022)

A substantial number of respondents (40%; 80) indicated that they refrained from seeking assistance from alternative financing institutions because they had already obtained financial aid from their own family members and acquaintances. Another hurdle that kept potential borrowers at bay was the inaccessibility factor, which accounted for 28.5% (57) of the respondents. Furthermore, a considerable fraction of respondents, constituting about one-quarter of them (25.5%; 51), claimed that they were not aware of any such entities to begin with. This lack of knowledge can be attributed to the fact that these non-traditional sources are still relatively new and unfamiliar to many people. Finally, only two respondents (1%) cited private funding as their reason for not approaching alternative financing options. The NYDA and the NEF are two of the most significant institutions that offer financial assistance to informal business owners. Despite their noble intentions, many businesses shy away from approaching these institutions due to the complex application process and collateral requirements. Mukwarami (2017) highlights this concern by stating that the cumbersome application process and the need for collateral often deter informal businesses from approaching the NYDA or NEF for finance. The lack of awareness

and information about NYDA and NEF financing options, and eligibility criteria, are a significant issue for informal business owners in Gauteng. The challenges faced by small informal business owners in the Western Cape's Wineland District were noted by Nxozi *et al*. (2019). In conclusion, addressing the challenge of inadequate awareness among Gauteng's informal business owners regarding NYDA and NEF financing options demands bespoke interventions that include policy reforms aimed at creating flexibility in state-funded initiatives tailored towards supporting local SMEs' needs rather than the generic ones cited by Nxozi *et al*. (2019).

Table 4.11: Respondents' advanced training needed

Training	Finance training	Business development	Mentoring	Communication training
Respondents	48	109	41	2

Source: Interview data from fieldwork (2022)

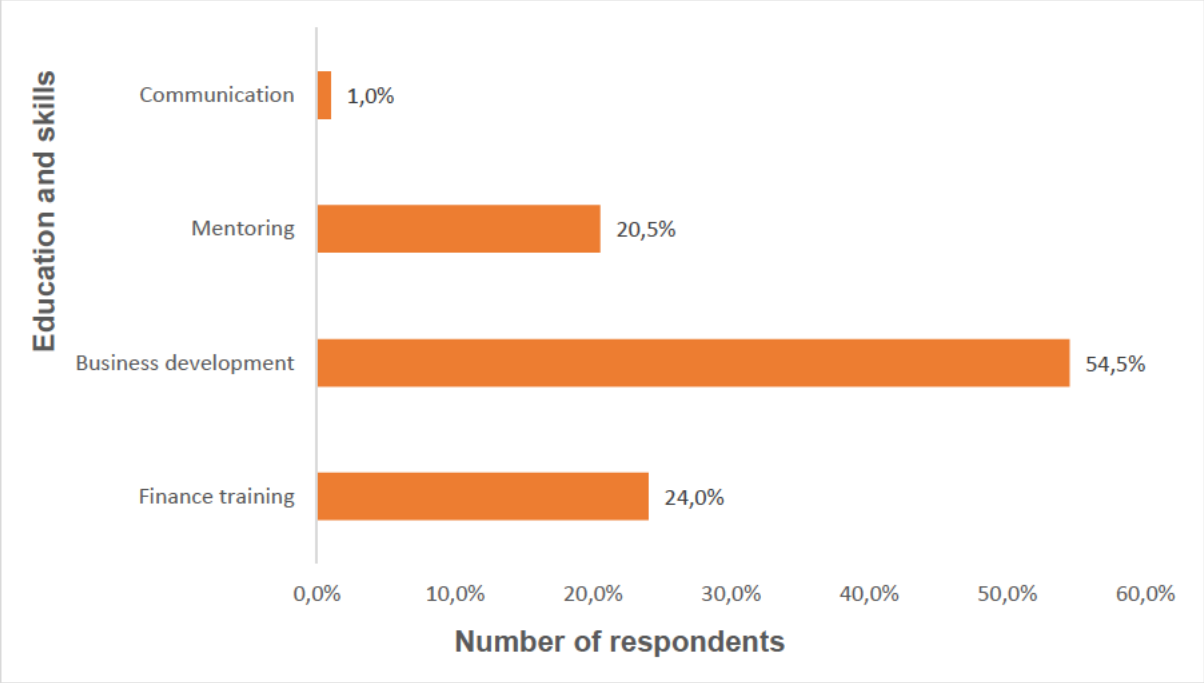

Figure 4.30: The respondents' extensive education and specialised skills

Source: Interview data from fieldwork (2022)

The results revealed that a significant proportion of the respondents required advanced training to enhance their business operations. Business development training was found to be the most sought-after, with 54.5% (109) of the respondents expressing a need for it, as it offers knowledge and skills necessary for expanding and growing a business. Financial training came in second place, as 24% (48) of the respondents highlighted its importance in managing their businesses' finances effectively, which would lead to better financial outcomes. Mentoring is also an area in which many entrepreneurs seek guidance and support, with 20.5% (41) of the respondents recognising its significance in helping them to navigate through challenging situations. However, communication training appeared to be less of a priority among the sample surveyed, with only 1% (2) of the respondents identifying it as an area that requires attention. From these findings, it is evident that business owners need proper education and guidance to improve their operations and to remain competitive in today's market landscape. Nxozi et al. (2019) cite the importance of finance training in improving the financial management of informal businesses in the townships. This can result in greater profitability and sustainability for these companies. The Gauteng townships' informal businesses are facing numerous challenges that hinder their growth and success. Limited access to financial intermediaries, insufficient seed funds, instability, limited access to business space, crime, and lack of infrastructure, marketing, coaching, and mentoring are some of the issues they encounter (Nxozi *et al.*, 2019). According to Matabooe, Venter and Rootman (2016), "Efficient mentoring relationships require conditions such as open communication, mutual respect, trust, and honesty". Such training could help business owners to establish open channels of communication with their customers, which will enable them to build mutual respect while promoting transparency among themselves.

In conclusion, providing access to business development mentoring could facilitate informal entrepreneurs' path towards success despite existing financial constraints within townships like those in the Gauteng province in South Africa (Wiid & Cant, 2021).

4.2.2 Quantitative data analysis: **Findings from the regression analysis**

This study concerned itself with the financial inclusion of businesses operating within the informal sector, with particular emphasis on the extent of their operations. The latter part of the study aimed to investigate the socio-economic characteristics of those who own these informal businesses and their status in terms of financial inclusion.

A quantitative analysis was conducted using the probit/logit model, which is suitable for binary outcomes of yes or no. This model was chosen to measure financial inclusion, which is the dependent variable in this study. Financial inclusion was measured by the financial inclusion of the respondents using factors such as business survival and the frequency of bank visits. Gujarati (2003) supports the use of this model for capturing binary outcomes of quantitative analyses.

The estimated equation measured financial inclusion in this investigation. The study also utilised six explanatory variables, namely age, education, business survival, risk aversion, access to business support, and liquidity problems, to define the dependent variables.

$$MFI = \alpha + \beta_1 A + \beta_1 ED + \beta_1 BS + \beta_1 RA + \beta_1 ABS + \beta_1 LP + \varepsilon_i \quad (4.1)$$

Equation 4.1 represents a model of multiple linear regression, in which the dependent variable is MFI, and α serves as the intercept. The remaining variables, β_1A, β_1ED, β_1BS, β_1RA, β_1ABS, and β_1LP correspond to the regression coefficients associated

with the independent variables, namely A (Age), ED (Education), BS (Business Risk), RA (Risk Aversion), ABS (Access to Business Support), and LP (Liquidity Problems) respectively. ε_i represents the error term that signifies the variation in MFI not explained by the independent variables.

Table 4.12 describes the variables that determine financial inclusion through business survival or failure in a township. The equation predicts the probability of financial inclusion based on these characteristics, including age, education, risk aversion, and liquidity issues. In particular, the sample of individuals with whom a comparison was made included those who did not have any education at all.

$$Log\ RE = \beta_0 + \beta_1(A) + \beta_2(EL) + \beta_3(EBSE) + \beta_4(TR) + \beta_5(ES) + \beta_6(NAYASE) + \beta_7(BS) + \beta_8(RA) + \beta_9(LP) + \varepsilon \quad (4.2)$$

This mathematical equation represents a regression model with multiple independent variables, where the natural logarithm of revenue (Log RE) was the dependent variable. The coefficients β_0, β_1A, β_2EL, β_3EBSE, β_4TR, β_5ES, β_6NAYASE, β_7BS, β_8RA, and β_9LP represent the regression coefficients for the intercept term, and age, educational level, and experience before self-employment, training status, employment status, number of years self-employed, business risk, risk aversion, and liquidity problems respectively. The symbol ε denotes the error term in this equation.

The probability of financial inclusion in a township can be calculated using the provided equation, which considers various township characteristics. Revenue was used as a measure of financial inclusion in this study on an annual basis. Table 4.12 provides information on the variables used in the equation, including age, education, business survival, risk aversion, and liquidity issues. The reference group for education comprised individuals with no formal education.

Table 4.12: Logistic regression results

Variable	Odds ratio	Std. errs.	z	P-value	95% conf. interval	
Age group (years)						
0-25	Ref.					
26-60	0.97	0,32	-0.97	0.334	0.91	1.03
Educational level						
No education	Ref.					
Education	0.87	0.17	-0.74	0.461	0.59	1.26
Business survival						
No	Ref.					
Yes	0.74	0.29	-0.73	0.463	0.34	1.63
Risk averse						
No	Ref.					
Yes	2.42	1.17	1.83	0.067	0.94	6.24
Access to business support						
No	Ref.					
Yes	1.93	1.03	1.24	0.216	0.67	5.49
Liquidity problems						
No	Ref.					
Yes	1.28	0.51	0.61	0.539	0.58	2.81

Source: Interview data from fieldwork (2022)

The results of the study, which had 200 observations, indicated that most informal business proprietors were financially included; however, there were a few exceptions when it came to visiting the bank.

4.2.2.1 Age

The results of the logistic regression analysis are presented in Table 4.12, which predicts the probability of financial inclusion based on selected features. A change in the independent variable of one unit results in a change of 0.96 times in the odds of financial inclusion, as per an odds ratio of 0.96. However, this falls within a confidence interval between 0.91 and 1.03, which indicates that it was not statistically significant

since it included the value of 1. If an odds ratio is statistically significant, its confidence interval should not include 1. There is thus insufficient evidence to conclude that there was a significant relationship between the variables studied and financial inclusion based on the available information. “Entrepreneurs in informal businesses face numerous challenges like restricted market opportunities, lack of access to credit, and insufficient infrastructure support which profoundly impact their decision making while investing resources or expanding operations” (Alderslade, Talmage & Freeman, 2006).

4.2.2.2 Educational level

The estimated odds ratio of 0.87 suggests a reduction in the chances of financial inclusion for every one-unit increase in independent variables on average (Cingano, 2014). However, the confidence interval of 95 indicates that the estimated odds ratio’s precision is uncertain but not statistically significant as it encompasses values above and below 1, with a range between 0.59 and 1.26. It is important to note that if the confidence interval excluded 1, then there would be statistical significance in the observed odds ratio value, which would indicate a significant association between the examined variables and financial inclusion measurement, which was not established for this analysis alone (Cingano, 2014).

4.2.2.3 Business survival

The logistic regression analysis results are shown in Table 4.12. It aimed to forecast the possibility of financial inclusion based on specific features. The odds ratio was 0.74, which indicates that there was a decrease of 0.74 times in the probability of financial inclusion on average for every one-unit increase in the independent variables.

However, it is noteworthy that the confidence interval for the odds ratio ranged from 0.33 to 1.63 at a 95% level, which provides vital information about its accuracy estimation. The fact that the confidence interval encompasses values both below and above 1 implies that the odds ratio lacks statistical significance; a statistically significant result would have had a confidence interval excluding 1 as its value. The variables were not significant because logistic regression demands a larger sample size to arrive at significant variables (Heckmann et al., 2014). According to these data, a meaningful correlation between these variables and the financial inclusion measurement cannot be established (Carballo, 2017)

Table 4.13: Multivariate linear regression results

Variable	Coefficient	Std. err.	t	P-value>t	95% conf. interval	
Age (years)	-0.00	-0.00	0.43	0.669	-0.01	0.00
Educational level	0.04	0.02	2.33	0.021	0.01	0.81
Experience before self-employment	0.14	0.03	4.25	0.000	0.07	0.20
Training	0.08	0.02	4.31	0.000	0.04	0.12
Employment status	0.12	0.06	2.18	0.031	0.01	0.24
Number of years self-employed	0.01	0.01	2.34	0.020	0.00	0.02
Business survival	-0.06	0.04	-1.45	0.147	-0.14	0.02
Risk averse	-0.02	0.04	-0.51	0.608	-0.10	0.06
Liquidity problems	-0.07	0.05	-1.57	0.118	-0.16	0.02

Source: Interview data from fieldwork (2022)

4.2.2.4 Training

The odds ratio of 0.079 indicates that an increase in the independent variables results in 0.079 times change in the odds of financial inclusion on average. The range for the 95% confidence interval was 0.04 to 0.20, which offers valuable information about the precision of the estimated odds ratio. “Since the confidence interval does not include 1 and is entirely lower, this demonstrates a statistically significant association between the variables examined and the measure of financial inclusion” (Beck, Senbet, & Simbanegavi, 2015). The odds ratio of 0.079 indicates a negative relationship between

independent variables and financial inclusion, which means that as variable values increase, the likelihood of financial inclusion decreases.

4.2.2.5 Number of years of being self-employed

According to Strom (2016), as the value of a variable increases, an odds ratio of 0.012 indicates that there has been a significant reduction in access to finance. The odds of achieving financial inclusion are changed by a one-unit increase in independent variables, which is approximately 0.012 times. The confidence interval of the predicted odds ratio is shown to be accurate, ranging from 0.02 to 0.23. In particular, given that the interval does not include 1 and is below it, this indicates a statistically significant association between the variables and financial inclusion. The significant negative association identified in the odds ratio of 0.012 implies that higher variable values significantly reduce the likelihood of financial inclusion.

4.3 FINDINGS OF THE STUDY

The focus of this study was to understand the factors behind financial inclusion and exclusion in informal businesses in townships, especially among the informal sector (spaza shops, shoe repair, hair salons, vegetable vendors, etc.). However, the lack of regulation poses significant challenges for both workers and consumers alike. Without adequate safety standards or legal protection in place within this economy's framework, employees are left vulnerable to exploitation from employers seeking profit over fair labour practices.

In South African townships, the informal economy has emerged as a vital source of employment. The sector is characterised by activities that are unregulated and not subject to taxation. Etim and Daramola (2020) argue that several factors have

contributed to the growth of this economy in South Africa, including unemployment, income disparity, excessive tax burdens, and poor corruption control. This thriving informal sector presents a unique opportunity for job creation in an otherwise struggling economic environment. The relative ease with which one can start a business in the informal economy creates an attractive avenue for those who face limited opportunities in the formal job market. Furthermore, businesses operating within this sector often require low levels of capital investment while providing essential goods and services to their communities.

The findings regarding the respondents' educational level revealed that 33.5% of them were certified. According to Makanyeza, Wealth and Svotwa (2023), the effective delivery of financial and consumer protection initiatives can promote the financial inclusion of these businesses in South Africa. This is particularly important given that informal businesses comprise a significant portion of the economy, especially in developing countries like South Africa. However, it is often difficult for these businesses to gain access to formal financing due to their lack of education and documentation. The informal sector in the Gauteng province plays a significant role in the local economy. However, these businesses often face financial exclusion due to limited access to finance and a lack of knowledge regarding basic financial management. Increasing educational opportunities and providing financial literacy programmes can significantly benefit these businesses by promoting their financial inclusion. Sibanda and Sibanda (2016) argue that increasing educational opportunities and financial literacy programmes for informal businesses in Gauteng can promote their financial inclusion and overall economic growth. As pointed out by Leibbrandt *et al*. (2010), "the lack of education and training among informal businesses in Gauteng Province leads to a lack of competitiveness and growth in the economy". Inadequate

education and training in informal businesses have been identified as significant challenges that impede the growth dynamics of this sector (Etim & Daramola, 2020). This issue results in a lack of knowledge and skills in essential areas such as financial management, marketing, and customer service. On the other hand, the logistic regression exposed that the respondents' level of education would not guarantee them financial inclusion but that was not statistically significant. The analysis of various studies and datasets indicated that there is a strong correlation between education and financial literacy with increased access to formal financial services.

The findings of the data analysis indicated that borrowing was the top choice for most respondents (109; 54.5%) to raise funds for their endeavours. This implies that borrowing is a popular and frequently employed means of accessing capital. Informal businesses in the Gauteng province of South Africa face a major challenge regarding access to formal financial institutions. Despite this limitation, these enterprises are not deterred from seeking innovative ways to secure funding for their expansion and growth. According to Nxozi *et al*. (2019), despite the lack of support from banks and other formal lending institutions, informal businesses have developed diverse financing arrangements that allow them to succeed where conventional means might have failed. Informal businesses in Gauteng prove that limited access to financial institutions does not necessarily mean failure for informal enterprises since alternative options exist through collective action rather than depending on external sources alone (Nxozi *et al*., 2019). As Peberdy (2016) argues, these challenges arise due to the absence of standardised regulations that guide borrowing practices in this sector. This results in increased uncertainty regarding payment terms and conditions among borrowers, which leads them to default on their loan payments. Furthermore, the lack of transparency makes it difficult for both lenders and borrowers alike to determine fair

interest rates, which creates room for exploitation by unscrupulous individuals who prey on unsuspecting clients.

Sixty (30%) of the respondents showed positivity and an inclination towards taking risk. This group seemed to have an optimistic perspective and a willingness to take chances in their decision-making processes. The informal businesses in Gauteng townships are an essential component of the local economy and they provide goods and services to their communities. However, these businesses face significant challenges that limit their growth and development. One of the most critical obstacles is the pervasive risk-averse mindset that characterises many entrepreneurs in this sector (Etim & Daramola, 2020). This mentality leads to a preference for small-scale operations with lower overheads rather than expanding into new markets or investing in innovative products. While caution is understandable given the economic uncertainty faced by entrepreneurs operating outside formal structures, it can also be detrimental to business success. To promote risk-taking and innovation among informal businesses in Gauteng townships, it is crucial to recognise and understand the cultural and economic factors that shape these communities. As Charman, Petersen and Piper (2013) note in their study on informal liquor retailing in South Africa, enforcement often leads to greater informality within this sector, as many shebeens evade regulation by scaling back their activities.

The study found a positive attitude towards managerial skills among most of the respondents. According to the survey results, 51.5% (103) of the respondents had a positive outlook, while another 26% (52) shared this sentiment. In the Gauteng townships, informal businesses have demonstrated remarkable adaptability and flexibility in their managerial approach. These small enterprises often operate without

a formal structure and rely on informal networks and relationships to sustain their operations. As Wiid and Cant (2021) note, this unconventional approach has enabled them to survive despite the challenging economic conditions prevalent in these areas. Through flexible pricing strategies, such as offering discounts for bulk purchases or providing credit to loyal customers, they create a sense of community within their customer base. Despite facing significant challenges related to access to capital and other resources, entrepreneurs in the townships of Gauteng have developed a range of innovative strategies to manage their businesses. According to Goldman (2003), “Entrepreneurs in Gauteng Province’s townships have developed innovative strategies for managing their businesses, including using social media and mobile technology to reach new customers”. These entrepreneurs utilise available resources and adapt them to meet their specific needs. They understand that social media is an effective tool for engaging with potential customers and building brand awareness on a larger scale. Thwala *et al*. (2023) argue that the most successful enterprises in this sector place great emphasis on relationship building and community engagement and recognise the crucial role these factors play in their ongoing success. This approach is understandable when considering how trust and social capital function within these communities; building strong relationships with customers, suppliers, and other stakeholders can help to secure access to resources such as credit or information about market trends.

The study found that 30 (15%) of the respondents had a favourable perspective of government involvement. They considered public intervention beneficial, which could contribute to resolving the issues being discussed in terms of access to capital, business survival, liquidity problems, formal structures, and financial literacy. In Gauteng townships, the informal sector has been growing at an extraordinary pace.

More and more people have turned to it as a source of livelihood. According to Leibbrandt *et al*. (2010), this expansion can be attributed to the government's lack of legislative intervention. Since there are no regulations or policies in place, individuals have been able to operate without fear of legal consequences. However, while some may view this growth as a positive development for those struggling financially, its negative implications must also be considered. One such drawback is the barriers to employment issue in the unregulated sector (Leibbrandt *et al*., 2010). Due to the lack of regulation, many workers face unfair treatment and exploitation by employers in these markets; they often do not have access to basic benefits such as healthcare, which would help to safeguard their future financial stability. Furthermore, since these businesses are not formally recognised by either the government or other institutions, neither can contribute meaningfully to South Africa's economy through taxation (Leibbrandt *et al*., 2010).

The findings indicated that many of those who were surveyed recognised the negative effects that a poorly developed business plan can have on informal businesses' ability to obtain funding. The findings suggest that a considerable portion of the respondents believed it was vital to address this problem to enhance access to funds for informal businesses. The absence of a comprehensive business plan is a significant obstacle for informal businesses in Gauteng townships to secure funding and grow. As stated by Wiid and Cant (2021), while the market conditions in townships generally meet the requirements for doing business, they are not conducive to business growth and sustainability. The lack of formalised planning hinders these small businesses from accessing the necessary capital or support services. An effective business plan serves as a roadmap that outlines objectives, strategies, and expected outcomes. Without one, entrepreneurs may overlook critical aspects such as market research or financial

projections that investors require before committing funds. According to Nxozi *et al*. (2019), a well-designed business plan can help informal businesses in Gauteng townships to better understand their market, plan for contingencies, and improve their chances for success. Informal businesses often operate with little structure or planning, which can lead to inefficiencies and failures. A clear understanding of the market is essential for any business seeking success regardless of its size. Understanding the target audience enables businesses to tailor the products or services offered that are more likely to appeal to customers, which will result in increased sales and profits. Additionally, by having a contingency plan in place, businesses can prepare proactively against potential risks such as economic downturns or supply chain disruptions. This preparation promotes financial stability that allows these businesses not only to survive but also to thrive amidst hardship. Furthermore, crafting a business plan requires entrepreneurs to identify critical milestones towards achieving specific objectives while remaining realistic about the resources at hand; it thus helps them to create measurable goals that act as benchmarks for tracking progress.

The study also clarified the problem of being rejected by banks when applying for funding. The character of the business owners and the quality of their business plans are crucial aspects of loan applications. Banks prioritise trustworthiness and reliability when evaluating eligibility for loans. It is also important to have a well-crafted and complete business plan that showcases the potential success of the proposed venture. Rejected business plans lacked proper strategies and research to support their ventures and failed to convince lenders of their feasibility. Another noteworthy factor observed in this study was a lack of professionalism among some applicants. This attribute caused rejection in 19.5% (39) of the cases where applicants approached

banks with an unprofessional attitude or failed to present themselves appropriately. It is evident from these findings that lending institutions have stringent methods concerning loans, especially when little or no collateral is provided by borrowers to secure their loan requests. The lack of formal business skills and knowledge among applicants in the Gauteng province was a major reason for rejections. According to Peberdy (2016), there are several reasons why this issue persists. One possible explanation is the inadequate educational system that fails to provide learners with practical business skills required by employers. Insufficient access to funding and capital has been identified as a significant factor that contributes to the high levels of applicant rejections of informal businesses operating within Gauteng townships. Those entrepreneurs who lack formal education or have limited experience in running their own businesses are often unable to secure the necessary financial support required for their ventures to succeed (Crush *et al*., 2017). The Gauteng townships are a thriving hub for informal businesses, but the higher rates of rejection of applicants seeking to start a business can be discouraging. According to Worku (2019), limited market demand and competition from established businesses are some of the key drivers behind these high rejection rates. Financial inclusion is crucial for sustainable business development and economic growth worldwide, including in South Africa. Collaboration among all stakeholders in the financial inclusion process is necessary to ensure that informal businesses can survive and operate effectively. It is essential to find ways of incorporating all individuals into financial services based on their capital to eliminate barriers such as limited capital, lack of information, business survival, liquidity problems, and more. By working together through the financial service delivery system, informal business owners can be financially included without being constrained by their limitations.

4.4 HYPOTHESES REVISITED

As stated in Chapter 1, the first null hypothesis (H_0) posits that there are no significant factors that affect the survival of informal businesses in the study areas, which implies that there are no specific elements that contribute to their longevity. However, the data do not support the null hypothesis since this study found that informal businesses in the study areas survived due to significant factors such as financial resource access, market conditions, social networks, and adaptive strategies. These characteristics play a pivotal role in determining the success and survival of these ventures. Furthermore, it is essential to consider the educational level of the respondents when analysing these hypotheses. To gain thorough comprehension of the elements that affect the survival of unregistered enterprises in the analysed regions, one must consider these factors. The alternative hypothesis proposes that these factors hold a significant position in deciding the triumph and durability of informal businesses, which underscores their value in cultivating and promoting such establishments. This is in line with the studies conducted by Triki and Faye (2013) and (Barajas et al., 2020), which pointed to a correlation between financial inclusion and the sustainability of unregistered enterprises. It was deduced that this association is impacted by the outlooks, evaluations, and demographic traits of the people in question (Triki & Faye, 2013; Barajas *et al.* (2020).

The second null hypothesis stated that there is no correlation among the variables, namely financial inclusion, the endurance of informal enterprises, and the viewpoints, beliefs, and demographic traits of the respondents. This null hypothesis was not supported by the data analysed in this study. This study found that the viability of informal businesses can be influenced by financial inclusion, as well as other factors

such as perspectives, perceptions, and demographics. The qualitative data analysis provides evidence to support the alternative hypothesis, which implies a link between financial inclusion and the sustainability of informal businesses. This relationship is subject to the perspectives, assessments, and socio-demographic traits of those surveyed. Access to formal financial services, coupled with the outlooks and attributes of the respondents, significantly contributes to the growth and persistence of informal entrepreneurial ventures. These findings collaborate the findings of previous studies, such as the studies conducted by Ligthelm (2011) and Moyo (2022), which state that several significant factors, like financial resources, market conditions, social networks, adaptability, entrepreneurial actions, and business management skills, are critical for the sustainability of informal businesses. These factors must be considered while evaluating the endurance of informal enterprises (Ligthelm, 2011; Moyo, 2022).

4.5 CHAPTER SUMMARY

This chapter discussed various aspects, including the educational level and work experience of the respondents, their duration of being self-employed, predictors of financial inclusion, and the challenges faced by these businesses. The chapter provided a visual representation of the findings on the respondents past work experience before becoming self-employed and their duration of being self-employed. The data indicated that most respondents had more than five years of work experience before becoming self-employed, and the majority had been self-employed for one to three years. Furthermore, educational level, past work experience before becoming self-employed, and duration of being self-employed were significant predictors of financial inclusion among the respondents.

The chapter also highlighted that informal businesses in Gauteng townships face numerous challenges, such as limited resources, harassment from authorities due to lack of official registration or recognition, lack of government support, and difficulty accessing capital; among others. Despite these obstacles, informal businesses have shown remarkable resilience by embracing new technologies and benefiting from strong community ties.

Policymakers need to consider innovative approaches that empower informal businesses while acknowledging their unique struggles to promote economic development within township areas. Overall, this study sheds light on the importance of supporting informal businesses as valuable contributors to community development in emerging economies like South Africa while addressing the challenges they face.

CHAPTER 5

SUMMARY, CONCLUSION, AND POLICY IMPLICATIONS

5.1 INTRODUCTION

This chapter presents a summary of the study and the conclusions, as well as recommendations to improve the financial inclusion and survival of informal businesses. This study focused on the financial inclusion and survival of informal businesses in the Soweto, Soshanguve, and Tembisa townships of the Gauteng province.

5.2 RESEARCH OBJECTIVES REVISITED

As stated in Chapter 1, the first objective of this study was to explore and pinpoint the main elements that help informal businesses to survive in designated regions. The study analysed several factors such as the availability of financial support, market situations, social connections, and business expertise. By identifying these crucial factors, this study offered valuable perspectives on how informal businesses can prosper and tackle obstacles. Access to financial resources is a major challenge for informal businesses in the Gauteng province. These small enterprises often struggle to acquire capital, which can negatively affect their survival and growth prospects. It is crucial for these businesses to have access to funding to invest in new equipment or inventory, hire employees, and expand their operations. This lack of accessibility can be attributed to several factors, such as the high cost of borrowing from traditional financial institutions and limited knowledge of how to access funding from alternative sources (Mukwarami, 2017). Furthermore, South African-owned informal businesses

face significant challenges during both the start-up and growth phases of their business ventures.

It is imperative that efforts be made by government agencies and other stakeholders in this sector towards developing innovative solutions that will facilitate greater access to capital for these entrepreneurs so that they may thrive despite facing significant obstacles along the way. The success of informal businesses in Gauteng is heavily influenced by market conditions, which can affect demand for goods and services, as well as by competition from other established or emerging businesses. In this regard, Thwala *et al*. (2023) claim that “businesses that can adapt to changing market conditions are more likely to survive and thrive”. The ability to anticipate changes in the economic climate and responding accordingly is critical for informal business owners who operate on tight budgets with little to no access to credit facilities. Furthermore, the nature of informality means that these businesses often lack formalised structures and systems, which makes it difficult for them to navigate complex regulatory environments. This makes adapting quickly an even greater challenge. Nonetheless, those who manage to adapt stand a better chance of survival than their counterparts who fail to adapt. It is not enough to simply keep up with trends; rather, successful informal enterprises have a knack for anticipating shifts in consumer preferences before they even occur. Entrepreneurs who operate informal enterprises must be highly attuned towards shift changes within their markets if they want their ventures to succeed in Gauteng’s dynamic economy. Striving towards adaptability will allow them not only to weather any impending storms but also to emerge stronger when competitors cannot sustain themselves through tough times due to inadequate planning or response strategies put into place ahead of time. Informal businesses in Gauteng have found social networks to be indispensable tools for building and

maintaining relationships with customers, suppliers, and other entrepreneurs. These connections offer a wealth of resources that can help drive success in the long run. According to Worku (2019), “businesses that are able to establish strong social networks are more likely to succeed in the long term”. Social networks provide access to valuable information about new opportunities or market trends while also offering emotional support and encouragement. With this kind of community around them, informal businesses can better navigate challenges such as limited resources or lack of experience. However, relying solely on social networks is not enough; these businesses must actively engage with their network by sharing knowledge, experiences, and ideas with others. The key is establishing trust within the network through genuine interactions that build credibility over time. By doing so, informal businesses position themselves for continued growth while simultaneously creating a supportive environment for fellow entrepreneurs around them.

Policymakers should develop targeted programmes to assist informal businesses by providing training, access to finance, and legal support to facilitate their transition to the formal sector. There are varying understandings of formality among the different segments operating informally in South Africa, but most stakeholders overall view formalisation positively. Policies targeting formalisation should be inclusive and consider the perceptions of informal operators, with a focus on facilitating financial inclusion. Capacity-building workshops can help informal businesses to transition into the formal sector and improve local economies through increased productivity and tax revenue. Collaboration among stakeholders, including the government, private sector actors, and civil society organisations, is crucial for creating an enabling environment that fosters the formalisation of informal businesses. Improving infrastructure and reducing regulatory barriers, such as excessive taxation, are important for supporting

entrepreneurs and promoting formalisation. Chambers of commerce and industry associations can provide support services, information about market trends and networking opportunities, and advocate for policy reform to help informal businesses grow sustainably. The government should collaborate with relevant institutions to provide funds or incentives that enhance capacity-building initiatives for informal businesses to ensure that informality becomes part of formal economic activities without losing its unique characteristics.

5.3 FINANCIAL INCLUSION AND THE SURVIVAL OF INFORMAL BUSINESSES

Financial inclusion initiatives have emerged as a potential solution by providing informal entrepreneurs with previously unattainable resources and services. By promoting greater financial literacy and expanding access to banking systems, these initiatives can aid the growth and sustainability of small-scale enterprises in the region. Furthermore, research has demonstrated that financial inclusion may lead to increased economic development in countries such as South Africa that have lower- or middle-level incomes (Demirguc-Kunt et al., 2018). This is because formerly excluded individuals from formal financial systems can participate more fully in economic activity. Moreover, it has the potential to create opportunities for fresh business ventures by increasing the ease of acquiring capital. Policymakers must therefore prioritise efforts for financial inclusion as part of the wider economic expansion strategy throughout the Gauteng province. By doing so, they can promote a thriving casual sector while also contributing to overall regional economic growth (Demirguc-Kunt et al., 2018).

5.4 CONCLUSION

Financial inclusion is crucial for the survival and success of informal businesses in Gauteng townships. Informal businesses play a vital role in the economic growth and development of marginalised township areas. Market conditions in township areas do not inherently promote the sustainability and growth of informal businesses. Inadequate access to financial services, such as loans and banking facilities, is a significant challenge faced by informal businesses. The lack of financial inclusion restricts informal businesses' ability to invest in necessary infrastructure improvements and to compete effectively with formal sector rivals. Informal businesses predominantly operate a cash transaction basis, which makes it challenging to obtain credit facilities from banks or lending institutions. Insufficient support structures from government agencies and private sector entities hinder the success of informal businesses. Obtaining required permits and navigating complex regulatory frameworks are notable difficulties faced by informal businesses in the townships. Promoting better financial inclusion policies and improved governmental support structures can enhance opportunities and long-term viability for informal enterprises. Inclusive programmes, such as mentorship and entrepreneurial training, can aid informal business owners in managing their finances and scaling up operations sustainably. Improving regulatory frameworks and gradually integrating informal businesses into the formal sector are crucial for their growth and development. Accessible financing options tailored to the unique requirements of informal SMEs in township communities can drive growth and prosperity. These findings highlight the challenges faced by informal businesses and emphasise the importance of financial inclusion, supportive policies, mentorship programmes, and improved regulatory frameworks for their success and the overall economic development of Gauteng

townships. The study also highlighted the importance of the SDGs in promoting financial inclusion and ensuring the long-term sustainability of informal businesses operating within Gauteng townships. By supporting these enterprises and endorsing the principles of inclusive economic growth, the SDGs offer a promising path towards sustainable development and a better quality of life for underprivileged communities in this region.

In conclusion, the study underscored the crucial significance of financial inclusion for informal enterprises in the Gauteng townships to succeed and survive. Informal businesses confront several obstacles such as restricted access to financial resources, market conditions, and navigating difficult regulatory environments. Policymakers can facilitate informal businesses to overcome these hindrances and prosper by encouraging financial inclusion via enhanced accessibility to capital, banking amenities, and support frameworks. The outcomes underscored that personalised financial aid programmes, simplified rules, mentorship initiatives, and comprehensive policies are vital for promoting the sustainable growth of informal businesses and contributing to regional economic development. Stakeholders can advance a thriving casual sector while endorsing inclusivity, entrepreneurship, and poverty reduction in Gauteng townships by prioritising financial inclusion and creating a supportive environment.

5.5 RECOMMENDATIONS

This study on the financial inclusion of informal businesses in South African townships provides valuable insights and recommendations for addressing the challenges faced by these businesses. Key recommendations include improving access to formal financial services through initiatives, such as school banking, agent banking, and

specific loan programs. Promoting the establishment of township banks is recommended to provide basic financial services to poor households. Strengthening supply chains is emphasised, emphasising the importance of integrating local and formal supply chains.

Policymakers are advised to focus on simplifying regulations for informal businesses in Gauteng, while ensuring that essential standards for public health and safety are maintained. Streamlining registration and compliance procedures is recommended to enable lawful operations and access to loans and grants. Effective execution and enforcement of streamlined regulations are essential for encouraging compliance within the informal sector and promoting sustainable livelihoods, entrepreneurship, and economic growth.

This study highlights the significance of establishing infrastructure to support informal business in Gauteng. Basic facilities, such as roads, electricity, and water supply, are deemed crucial for productive and efficient business operations. Prioritising infrastructure development is suggested to trigger economic growth, create job opportunities, and foster entrepreneurship in the province.

Policymakers are urged to allocate resources for financial literacy initiatives, including training in budgeting, investment, and business management for informal business proprietors. Cooperation between formal and informal sectors is recommended to improve access to financial services and enhance prospects for entrepreneurial success. Incentives such as tax breaks and subsidies should be provided to encourage informal businesses to operate within the formal economy and foster economic growth and job creation.

The government can effectively address the challenges faced by small informal businesses through flexible policies, financial assistance, such as loans or grants, and mentorship programs to develop entrepreneurial skills. Simplifying regulations and increasing market access for informal businesses is crucial for creating an enabling environment for them to thrive. Customised training and education programs should be developed to improve business owners' skills and expand their customer base, ultimately promoting economic development.

5.6 CONTRIBUTION TO KNOWLEDGE

According to Louis and Chartier (2017), financial inclusion is crucial in promoting the survival of informal businesses, especially in developing countries such as South Africa. This study shed light on the significant role played by access to financial services in supporting vulnerable communities who struggle to survive due to their exclusion from formal economic activities. In Gauteng, which is one of South Africa’s most populous provinces and a hub for small-scale entrepreneurship, the need for financial inclusion cannot be overstated. Without it, informal business owners lack access to capital and other resources that can help them to grow their ventures sustainably. Moreover, as pointed out by Louis and Chartier (2017), many poor individuals and households have little or no savings due to limited income streams. This makes them highly prone to economic shocks such as sudden illness or loss of employment. Providing affordable credit facilities that are tailored to this group’s specific needs can cushion against these shocks while at the same time facilitating small business growth. In conclusion, financial inclusion plays an essential role in promoting informal business survival in Gauteng and other similar settings across South Africa. Accessible credit facilities enable entrepreneurs from vulnerable

communities with limited resources to start new businesses or expand existing ones without being locked out of formal financing channels. Ultimately, improving access to finance will boost job creation while reducing poverty levels among the low-income earners in these communities, thereby contributing positively not only to individual livelihoods but also to the overall development goals for the region.

Furthermore, according to Thwala *et al*. (2023), the increasing unemployment rate in South Africa is a result of stagnant economic growth rates, which have left policymakers with the challenge of developing new policies that support informal businesses. Through its findings, this study highlighted the need for tailored financial services and support for informal businesses to sustain their operations and contribute to the province's economy. These tailored financial services can take many forms, such as micro-loans or training programmes aimed at building business skills in this sector.

The importance of supporting these informal businesses cannot be overstated based of how much they contribute to job creation and poverty reduction initiatives. However, this contribution often goes unnoticed due to the lack of formal recognition by policymakers, who tend to focus more on formalised sectors such as large corporations when it comes to policy decisions. Acknowledging the role played by informal enterprises could bring about positive change in society while helping people achieve better livelihoods through creating self-employment incentives rather than relying solely on government benefits. It is crucial that policymakers take into consideration what Thwala *et al*. (2023) suggest if they want South Africa's economy to grow sustainably without leaving anyone behind, regardless of their social status or means.

According to the Forbes Africa Insights report (2023), titled *Driving financial inclusion in South Africa's informal economy: The landscape at the bottom of the pyramid*, insight into the challenges faced by informal businesses in accessing financial services can inform policy recommendations and practical interventions to promote financial inclusion in the Gauteng province. Indeed, it is widely known that informal businesses have limited access to formal financial institutions due to a range of barriers such as lack of collateral, documentation requirements, high fees, and interest rates (Makina & Mtshali, 2018). These constraints often force them to rely on loan sharks or other non-regulated sources of finance, which typically come with higher costs and lower-quality products. As a result, many small informal businesses remain financially excluded, which may worsen income inequality and stifle economic growth. Understanding the specific needs and behaviours of this segment is crucial for policymakers who are interested in promoting economic development through inclusive finance initiatives. By leveraging data-driven insight from empirical studies such as the one by Forbes (2023), policymakers can design tailored policies that address key barriers and facilitate access to affordable formal financing options for these underserved entrepreneurs.

5.7 SUGGESTIONS FOR FURTHER RESEARCH

Insufficient and holistic information and resources about the complex interplay between financial inclusion and the sustainability of informal, unregistered enterprises in the Gauteng province pose a significant challenge. This lack of knowledge limits policymakers' capacity to make informed decisions and develop efficacious policies. It is therefore imperative to undertake measures to gather more exhaustive data that

can furnish valuable perspectives on the influence of financial inclusion on informal businesses in this locality.

The second point to consider is that numerous studies have failed to acknowledge the social and economic factors involved in the informal sector. This oversight results in a lack of appreciation for the crucial role played by informal enterprises in propelling local economic development. To rectify this, future research should adopt an interdisciplinary approach to comprehend how social structures and financial systems intersect within the informal sector. By including these aspects, policymakers can design more effective policies that will attend to the obstacles that confront informal businesses and facilitate sustainable advancement in the Gauteng province.

Potential areas for further investigation may involve an exploration of regulations and policies that can provide support for the informal sector, while simultaneously ensuring that fair labour practices and consumer protection standards are maintained. It would also be beneficial to examine the impact of regulations on informal businesses, as well as the role of education and financial literacy programmes in promoting financial inclusion. Moreover, there is value in understanding the alternative financing arrangements used by informal businesses, as well as cultural and economic factors that influence risk-taking and innovation. These insights can offer guidance regarding effective strategies to support informal entrepreneurship.

Finally, comprehending the benefits and difficulties associated with government intervention and identifying ways to encourage the growth and sustainability of informal businesses are crucial inquiry areas. By addressing these limitations through further research, policymakers can develop comprehensive frameworks that facilitate

inclusive growth and sustainable development for informal businesses in the Gauteng province.

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ANNEXURES

Annexure 1: Questionnaire

Topic: Financial Inclusion and Survival of Informal Businesses in the Townships of Gauteng Province

TSHWANE UNIVERSITY OF TECHNOLOGY

FACULTY OF ECONOMICS AND FINANCE

INFORMED CONSENT

Researcher: Sibongiseni W. Sondzaba (062 311 3094)

Supervisor: Prof M.F. Zerihun (061 613 1787)

Dear Respondent

I, **Sibongiseni Wentzel Sondzaba**, am a Master of Business Studies in Finance student at Tshwane University of Technology in the Faculty of Economics and Finance. I hereby invite you to participate in my research project, which is titled "Financial Inclusion and Survival of Informal Businesses in the Townships of Gauteng Province".

Through your participation, I hope to gain a better understanding of the challenges and survival of informal business owners in the City of Johannesburg, City of Tshwane, and City of Ekurhuleni municipalities, to determine to what extent business challenges affect the likelihood of business success. The survey's findings are designed to aid in a better understanding of informal companies in the three municipalities. All relevant authorities will be informed of the study's findings. Your participation in this research is entirely voluntary. You have the right to refuse to participate in this study and to

withdraw at any moment if you believe your right to privacy has been abused. Please note that there will be no compensation for completing the study's questions. The Faculty of Economics and Finance, Tshwane University of Technology, Ga-Rankuwa Campus, will maintain the confidentiality and anonymity of records identifying a participant. It should take you roughly 15 to 20 minutes to finish this questionnaire. I hope you will take the time to complete this survey.

Sincerely

S.W. Sondzaba

_____ Date _____

Instructions for completion:

The selected entrepreneurs from SOWETO, SOSHANGUVE, and TEMBISA TOWNSHIPS must complete this questionnaire.

Please answer the questions as objectively and honestly as possible.

Place a cross (x) in the space provided at each question that reflects your answer the most accurately. Use the following key: **1** = Strongly disagree; **2** = Disagree; **3** = Neutral view; **4** = Agree; **5** = Strongly agree. For example:

	Statement	Strongly disagree	Disagree	Neutral view	Agree	Strongly agree
B7	I am aware of the support and interventions from the government and other groups in promoting township entrepreneurship.	**1**	**2**	**3**	**4** ✗	**5**

It is essential you indicate your choice clearly with a **pen**.

Where asked for comments or to express your own opinion, keep your answers short and to the point.

Please answer all the questions, as this will provide more information to the researcher so that an accurate analysis and interpretation of data can be made.

Thank you for your cooperation. We hope that you will find the questionnaire interesting and stimulating.

A2	**Indicate your past experience before self-employment (occupational background).**		
	Unemployed		(01)
	Self-employed (owned a business)		(02)
	Other (**Please specify)**		(03)
A3	**Indicate the number of years that you are self-employed.**		
	Less than one (1) year		(01)
	1 –3 years		(02)
	4 – 5 years		(03)
	6 – 10 years		(04)
	More than 10 years. **(Please specify)**		(05)
A4	**Indicate the gender of the business owner**		
	Male		(01)
	Female		(02)
	Not interested to disclose.		
	Other (**Please specify)**		(05)

SECTION A: PERSONAL INFORMATION

Take note that all your responses will be treated confidentially. We appreciate your help in providing this important information.

Mark the applicable block with a cross (X). Complete the applicable information.

A1	**Indicate your highest academic qualification.**		
	Lower than Grade 12		(01)
	Grade 12		(02)
	Certificate		(03)
	Other (**Please specify)**		(04)

SECTION B: BUSINESS INFORMATION

Mark the applicable block with a cross (X). Complete the applicable information.

B1	**In which economic sector does your business operate?**		
	Retail trade		(01)
	Food industry		(07)
	Services **(Please specify the type of service)**		(09)
	Other **(Please specify)**		(10)
B2	**For how long your business has been in operation?.....in years**		
	Please specify:		
B3	**Indicate your path to business ownership.**		
	Started (founded) the business		(01)
	Purchased the business		(02)
	Joined the family business		(03)
	Inherited the business (from the family)		(04)
	Other **(Please specify)**		(05)

B4	**Indicate your source of start-up funding.**		
	Personal savings		(01)
	Borrowed or gifted (donated) from relative or friend		(02)
	Government funding		(03)
	Sold previous business		(04)
	Commercial bank		(05)
	Other **(Please specify)**		(06)
B6	**Indicate your business premises (from where your business operates?)**		
	Home		(01)
	Outlying business area (business hubs)		(02)
	Industrial area		(03)
	Street vendor		(04)
	Other **(Please specify)**		(05)

B7	**Have you ever received any form of training from the government?**	**Yes** (01)	**No** (02)
	If no, where did you get training from? (Please specify; i.e., other private group, self- education, or learned from family business).		
B8	**Is the present business the first business that you own?**	**Yes** (01)	**No** (02)
	If no, please indicate what happened to the business previously owned.		
	Went out of business		(03)
	Still successful		(04)
	Sold off		(05)
	Other **(Please specify)**		(06)

SECTION C: MOTIVATIONAL FACTORS

The purpose of this section is to determine which factors drive informal owners to enter their own business ventures.

Indicate to what extent you agree or disagree with the statements. Indicate your motive to start your own business on the scale. Mark the applicable block with a cross (X).

1= SA= Strongly agree

2= A= agree

3= N= neutral

4= DA= Disagree

5= SA= Strongly disagree

		SA	A	N	DA	SD
C1	The need for independence	1	2	3	4	5
C2	The need for flexible work schedule	1	2	3	4	5
C3	The need for a challenge to be promoted to next level of job	1	2	3	4	5
C4	Self-fulfilment	1	2	3	4	5
C5	To develop my hobby	1	2	3	4	5
C6	Role models and other people's influences (friends & family members)	1	2	3	4	5
C7	Redundancy (lost your job, retrenchment)	1	2	3	4	5
C8	Difficulty finding a job	1	2	3	4	5
C9	Dissatisfaction with salaried jobs (job/career frustration)	1	2	3	4	5
C10	Compatibility with family duties	1	2	3	4	5
C11	Insufficient family income	1	2	3	4	5
C12	Desire for wealth	1	2	3	4	5
C13	Ensure high job security	1	2	3	4	5
C14	Entered the family business	1	2	3	4	5
C15	Confidence in the product/service offered	1	2	3	4	5
C16	Others **(Please specify)**					

SECTION D: OBSTACLES FACED BY INFORMAL BUSINESS OWNERS

The purpose of this section is to accumulate a body of knowledge of barriers as well as challenges that are faced by current informal business owners in entering and running their own business ventures successfully.

Indicate to what extent you agree or disagree with the statements concerning the obstacles/barriers for township entrepreneurs to start their own business. Mark the applicable block with a cross (X).

	FACTORS (OBSTACLES) THAT INHIBIT TOWNSHIP INFORMAL OWNER TO START THEIR OWN BUSINESS	Strongly disagree	Disagree	Neutral view	Agree	Strongly agree
D1	Lack of start-up capital (finance)	1	2	3	4	5
D2	Lack of proper business plan	1	2	3	4	5
D3	Awareness / Access to business support	1	2	3	4	5
D4	Lack of timely business information	1	2	3	4	5
D5	Lack of role models	1	2	3	4	5
D6	Isolation from business network	1	2	3	4	5
D7	Lack of collateral	1	2	3	4	5
D8	Lack of business management skills	1	2	3	4	5
D9	Lack of education and training (in general)	1	2	3	4	5
D10	Lack of access to credit facility	1	2	3	4	5
D11	Lack of self-confidence	1	2	3	4	5
D12	Risk averse (great fear of failure)	1	2	3	4	5
D13	Legislative (lack of focused informal business policies from regional municipalities or government)	1	2	3	4	5
D14	Other **(Please specify)**					

Indicate to what extent you agree or disagree with the statements concerning the obstacles/barriers that you are currently experiencing in your own business. Mark the applicable block with a cross (X).

	FACTORS (OBSTACLES) YOU ARE FACING CURRENTLY IN RUNNING YOUR BUSINESS	Strongly disagree	Disagree	Neutral view	Agree	Strongly agree
D15	Inability to secure credit facility	1	2	3	4	5
D16	Family pressures (gender-role expectations)	1	2	3	4	5
D17	Awareness / Access to business support	1	2	3	4	5
D18	Lack of timely business information	1	2	3	4	5
D19	Lack of role models and support	1	2	3	4	5
D20	Isolation from business network	1	2	3	4	5
D21	Socio-cultural environment	1	2	3	4	5
D22	Lack of business management skills	1	2	3	4	5
D23	Liquidity problems and other financial problems	1	2	3	4	5
D24	Gaining acceptance/respect of people (internally and externally)	1	2	3	4	5
D25	No time for training/upgrading of skills	1	2	3	4	5
D26	Other **(Please specify)**					

SECTION E: TRAINING AND FINANCING NEEDS OF ENTREPRENEURS

Mark the applicable block with a cross (X). Complete the applicable information.

E1	Have you ever been supported, trained, or developed by either a government agency or the private sector (non-governmental group)?	**Yes** (01)	**No** (02)
(03)	**If yes, name the institutions you know:**		
	Indicate the type of training that you received.		
	Technical skills (i.e., hand crafting)		(04)
	Communication skills		(05)
	Accounting skills		(06)
	Management skills		(07)
	Technological skills (computers)		(08)
	Other **(Please specify)**		(09)

E2	**Which of the following obstacles have you experienced in the application process for financial assistance?**		
	Complexity of application forms		(01)
	Too many forms to fill in		(02)
	Timeframe of feedback was long		(03)
	Ability of banker to inform and assist in the entire application process		(04)
	Lack of collateral/security		(05)
	Other **(Please specify)**		(06)

E3	**If your application was rejected, what was the reason/s for the rejection?**		
	Bad credit record		(01)
	Lack of collateral		(02)
	Poor business plan		(03)
	Character of entrepreneur		(04)
	Debt review		(05)
	Other **(Please specify)**		

E4	Which institutions did you approach to finance your business?		
	Business partners		(01)
	Commercial banks		(02)
	Khula Finance / Ntsika Enterprise Promotion Agency		(03)
	Industrial Development Corporation		(04)
	National Empowerment Fund		(05)
	Other **(Please specify)**		(06)

E5	If you have not approached any of the above (E4), please indicate why:		
	No knowledge of entity		(01)
	Inaccessibility		(02)
	Received funding from friends and/or family		(03)
	Funding through angel investor or venture capitalist		(04)
	Other **(Please specify)**		(05)

E6	Do you believe informal business owners need training?	
	Yes	
	No	

E7	If you selected Yes above (E6), please indicate in which field the need for training exists
	Finance training
	Business development
	Mentoring
	Other **(Please specify)**

SECTION F: Some Additional Questions

1. Age (in years) _____

2. Family size (in number): _____

3. Your estimated annual income in R_____

4. Your estimated annual expenditure in R_____

5. Marital status: Married……. Not Married……. Divorced……

6. Indicate the type of goods/services you are trading and your daily profit in the table below.

What do you sell/provide?	**Estimate of the amount in profit you make in a day on average.**
6.1 Vegetables	R_____
6.2 Hair salon	R_____
6.3 Shoe repair	R_____
6.4 Spaza shops	R_____
6.5 Other (Specify)……	R_____

7. Is there any bank or micro-finance service in your township?

Yes	No

8. Which type of bank or micro-finance is there in the township that you are living in?

<table><tr><th>Type</th><th>Tick the correct one</th></tr><tr><td>Commercial bank</td><td></td></tr><tr><td>Cooperative bank</td><td></td></tr></table> Community bank	
Cooperative bank	
Micro-finance bank	
Mobile Money	

9. Do you have any account with the bank or any institutions or agents delivering financial service?

Yes	No

10. If yes to Question 9, at which bank do you have an account?.....

10.1 Why did you choose the bank in Question 10?

Type	Tick the correct one
Security	
Saving and investing facilities	
Convenience	

10.2 If no to Question 9, why not?

Type	Tick the correct one
Limited capital	
Lack of information	
Transaction charge	
Illiteracy	
Other (specify)……..	

11. How many times did you visit financial institutions in a month to obtain financial services in the last 12 months?

Type	Tick the correct one
No at all	
Once	
Twice or thrice	
Four to five	
More than five times	

THE END.

THANK YOU FOR YOUR COOPERATION.

Annexure 2: Ethical clearance letter

Tshwane University of Technology

Faculty of Economics and Finance Research Ethics Committee [FREC-ECO]

The TUT Research Ethics Committee is a registered Institutional Review Board (IRB 00005968) with the US Office for Human Research Protections (IORG# 0004997) (Expires 19 Jan 2014). Also, it has Federal Wide Assurance for the Protection of Human Subjects for International Institutions (FWA 00011501) (Expires 31 Jan 2014). In South Africa it is registered with the National Health Research Ethics Council (REC-160509-21).The FREC-ECO is a subcommittee of the TUT Research Ethics Committee

6 June 2022

Ref # : FREC 2022/013-ECO
Name: Sondzaba SW

Student 222659400

Sondzaba SW

Title: Financial Inclusion and Survival of Informal Businesses in the Townships of Gauteng Province
Programme: Master of Business Studies in Finance
Supervisor: Dr MF Zerihun

Thank you for submitting your proposal for ethics clearance.

The Faculty of Economics and Finance Research Ethics Committee reviewed the documents.

The committee approved the ethical clearance on condition that any questionnaires should be submitted for ethical clearance.

The committee wishes you well with your research endeavors.

Kind regards

Chair: Prof HE Klingelhöfer
Faculty Research Ethics Committee
[Ref#: 2022/013-ECO

cc Supervisor/HoD/etc.

Annexure 3: Turnitin similarity index report

Financial Inclusion and Survival of Informal Businesses in the Townships of Gauteng Province

ORIGINALITY REPORT

10%	9%	2%	5%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Tshwane University of Technology Student Paper	2%
2	gbata.org Internet Source	1%
3	core.ac.uk Internet Source	1%
4	silo.pub Internet Source	1%
5	martinslibrary.blogspot.com Internet Source	1%
6	ujcontent.uj.ac.za Internet Source	1%
7	www.coursehero.com Internet Source	1%
8	Submitted to College of Banking and Financial Studies Student Paper	<1%

Annexure 4: Curriculum vitae of the candidate

Personal Details

Full name: Sibongiseni Wentzel Sondzaba

Date of birth: 16/09/1980

Nationality: South African

Marital Status: Married

Cell number: 062 311 3094 / 062 422 0877

Email address: Sibongiseniw@gmail.com / SondzabaSW@tut.ac.za

Location: Johannesburg (East), South Africa (Gauteng)

ID number: 8009165422083

Languages

Current: Read, Write, Speak

English

Read, Speak

IsiZulu, IsiXhosa

Education

Completed: Grade 12 (Matric)

December 1998: Tlakula High School

Subjects: Accounting, Business economics, Economics, English, Mathematics, and IsiXhosa

Completed**:** B Compt

December 2002: Degree at Vista/Unisa in Pretoria (Gauteng)

Subjects: Financial Accounting 3, Auditing 3, Management Accounting 3, Taxation 3

Completed: B Com (Honours)

Regent Business School

Subjects: Financial Management, Human Resources, Economics, Strategic Management, Marketing Management and Research projects

Studying: Master of Business Studies in Finance

Tshwane University of Technology

NQF level 9

Dissertation: Finance

Working Life Employment

1 July 2021 date: Tshwane University of Technology

Full-time skilled position at Tshwane University of Technology in the tertiary sector in Pretoria. South Africa (Gauteng). Benefits: Pension.

Duties: The facilitation of learning and teaching, specifically allocated modules according to the syllabi and congruent with the higher education programme. Adherence to the published calendars and timetables. Timeous uploading of quality-assured teaching, learning, and assessment collateral. Timeous responses to student queries. Being committed and available to support students consistently and timeously. Ensuring that relevant TUT policies and procedures are implemented.

Ensuring that the teaching and learning and assessment strategy for the module(s) is aligned with the institution's pedagogical approach, and policies on teaching, learning, and assessment. I am responsible for the timely production of quality learning and support materials and collateral for use in student learning engagement. Participating in internal and external moderation processes as required. Participation in internal developmental workshops toward the enhanced quality of our provision of learning, teaching, assessment, and student support. Involvement in the syllabus design, development process, and updating of existing syllabi. Analysis of data for reporting purposes. Participating in the collation and preparation of module reviews. Regular reporting to direct and indirect line managers.

Ongoing participation in scholarly activities, including research continued professional development and attendance and presentation at internal colloquia in domain of specialisation. Ongoing participation in community engagement endeavours as per the institution's approach.

Achievements: Obtain 95% for Financial Planning 3 and 85% for Wil (Simulation) in Financial Planning 3 and 75 % for Financial Planning Practice and Ethics 3 (which were above the target of 60% of the department)

March 2009 to June 2009

Country Accountant: Alliance Media (Uganda)

Contract skilled level position at Alliance Media in the media sector in Hyde Park Sandton, South Africa (Gauteng). Benefits: None.

Duties: Full Function Accountant (Using Pastel Partner)

Debtors (queries, doing debtors accounts, reconciliation, and collections)

Creditors (queries, doing accounts, reconciliations, and payments using EFT and cheques)

Cash book (updating it every day and reconciling the cash book)

Journals (month-end journals on depreciation, petty cash, provisions [accruals], VAT and employees tax)

Management accounts (Reporting monthly reflecting what has happened during the month)

Reason for leaving: End of contract.

January 2008 to February 2009

Finance Administrator: Mafuta's Timber cc

Contract skilled position at Mafuta's Timber in manufacturing, production, and trade sector in Brakpan, South Africa (Gauteng). Benefit: None

Duties: Full Function Accountant (Using Pastel Partner)

Debtors (queries, doing debtors accounts, reconciliation, and collections)

Creditors (queries, doing accounts, reconciliations, and payments using EFT)

Cash book (updating it every day and reconciling the cash book)

Journals (month-end journals on depreciation, petty cash, provisions [accruals], VAT and employees tax)

Management accounts (Reporting monthly reflecting what has happened during the month)

Reason for leaving: End of contract.

May 2006 to December 2007

Assistant Accountant (Account Payables): Air Chefs (PTY) Limited

Contract skilled position at Airchefs (PTY) Limited in the hospitality and restaurant sector in Kempton Park, South Africa (Gauteng)

Duties: Full Function Creditors (Using SAP/R3)

Checking invoices received against delivery notes

Getting authorisation for payments

Settling queries regarding unconfirmed amounts

Reconciling records to creditor statements

VAT payments, employees' tax using E-filing.

Reason for leaving: End of contract.

February 2002 to December 2005

Assistant Accountant: Bafurutshe Accounting

Contract junior level position at Bafurutshe Accounting in the financial sector in Springs, South Africa (Gauteng). Benefits: None

Duties: Full Function Accountant (Using Pastel Partner)

Debtors (queries, doing debtors accounts, reconciliation, and collections)

Creditors (queries, doing accounts, reconciliations, and payments using cheques)

Cash book (updating it every day and reconciling the cash book)

Journals (month-end journals on depreciation, petty cash, provisions [accruals], VAT and employees tax)

Management accounts (Reporting monthly reflecting what has happen during the month)

Reason for leaving: End of contract.

Skills

Current: Extensive

Analytical (More than 5 years' experience)

Communication (More than 5 years' experience)

Leadership (More than 5 years' experience)

Managerial (More than 5 years' experience)

Pastel Accounting Partner (More than 5 years' experience)

SAP/R3 (Minimum of 2 years' experience)

Oracle System (Minimum of one and half year experience)

MS Office (PowerPoint, Excel, Word, and Outlook) (more than 5 years' experience)

References:

Mr M.J. Netshandama (Senior lecturer and mentor)

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