

KEY RESULTS

Formalising Informal micro-enterprises Project 2010 - 2016

How township enterprises are formed

- Start up as survivalists, seeking to supplement household income.
- People get informally employed and acquire skills, customer relationships and business experience.
- Youth get incorporated into established family businesses.
- Businesses are established with funds accumulated outside the township.
- Businesses emerge from hobbies (serious leisure), thus enabling the entrepreneurs to acquire unique skills and social networks.

Important Results

LARGE DIVERSITY

There is a large diversity of micro-enterprise categories, though the pattern is similar across all sites.

SPATIAL INFLUENCES & VARIATION

Land availability, transport routes and infrastructure impact on business opportunities. There are also important differences in opportunities between the high street and residential contexts.

GAPS IN THE MARKET

There are notable market opportunities in the township economy, including unfulfilled demand for new clothing, electrical goods and business services.

FOOD & DRINK SECTOR TOP

The township economy is centered on sales from food and drink sectors.

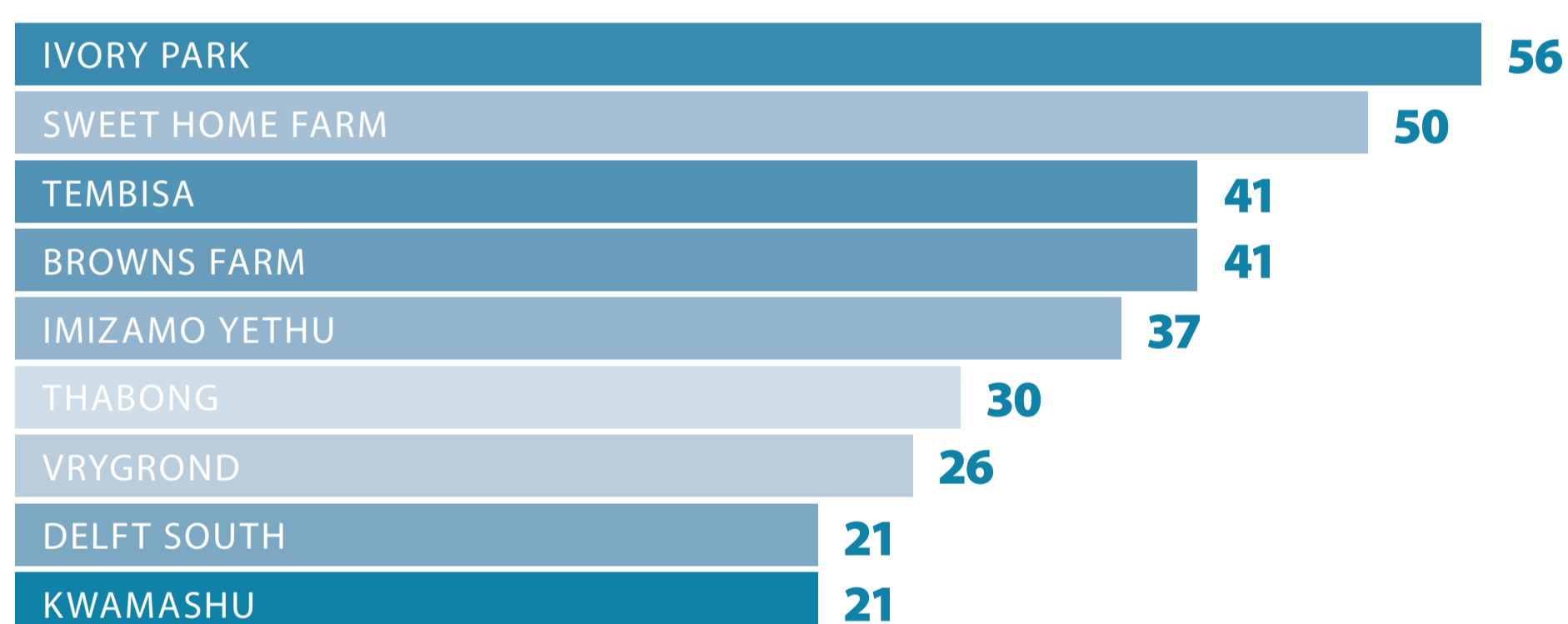
INFORMAL ECONOMY GROWING

The township informal economy is not stagnant but growing as shown in Delft South re-survey results where enterprise activities have doubled since 2010.

Core obstacles affecting business

- CRIME
- STREET TRADE RESTRICTIONS
- ABSENCE OF LAND TO ESTABLISH BUSINESS INFRASTRUCTURE
- PRICE COMPETITION
- POLICE HARASSMENT
- BUSINESS LICENCING RESTRICTIONS

Number enterprises per 1000 people



Our research in numbers

10 842
MICRO-ENTERPRISES

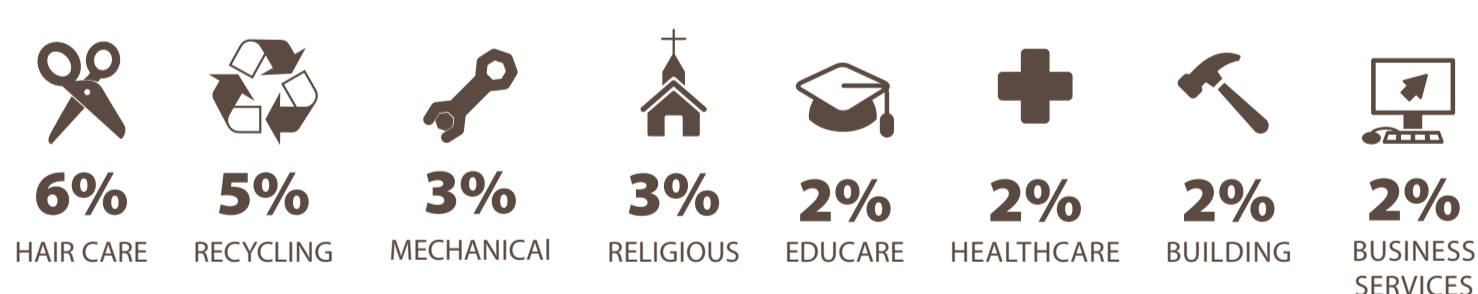
9 956
MICRO-ENTREPRENEURS

3 819
INDIVIDUALS INTERVIEWED
IN DEPTH

36
AVERAGE OF MICRO-ENTERPRISES
PER 1000 PEOPLE.

Top enterprises

34%
Services



- Service businesses account for 34% of micro-enterprise activities.
- Key sectors are hair care, recycling, mechanical services, religious services, educare, business services, health services and building services.
- Hair care sector is an important business for youth entrepreneurs.
- Service businesses such as hair care, appliance repair, and car washes are usually situated within high street contexts where agglomeration fosters synergies.

2%
Micro-Manufacturing

- Small number of enterprises (2%).
- Micro-enterprises include metal fabrication (welders), furniture makers, clothes and shoe makers.
- Self-employed artisans characterise sector.
- Provide 'niche' products (customization).

54%
Food & Drink



- Retail of food and drink account for 54% of micro-enterprise activities.
- Key enterprises are house shops, shebeens, grocery retail (spaza) shops, businesses selling cooked food (takeaways), green grocers, fresh meat traders and taverns.
- In the grocery retail sector, approximately 60% of shops are operated by immigrant entrepreneurs.
- In the liquor sector, less than 1% have liquor licences.
- Apart from spaza shops and licenced taverns, most businesses are survivalist.
- Most house shops, liquor traders, and spaza stores are situated in residential contexts. In contrast, most restaurants and green grocers are situated on the high street.

10%
Miscellaneous

