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Вклад неформальной экономики в муниципалитете района Табо Мофуцаньян

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Аннотация: Исследование направлено на определение вклада неформальных предприятий в экономику муниципалитета округа Табо-Мофуцаньян в провинции Free State, Южная Африка. В исследовании использовалась количественная методология исследования. Размер выборки исследования составил 333 респондента, выбранных с использованием таблицы выборки Конроя. Всего было распространено 333 вопросника, из которых 232 были заполнены и возвращены, что дало 70% ответов. Продемонстрирована устойчивая позитивная связь между повышением квалификации, сокращением масштабов нищеты и созданием рабочих мест. Исследование показало, что неформальное предпринимательство вносит значительный вклад в ВВП, местный экономический рост и служит источником средств к существованию, создания рабочих мест, получения дохода и выживания для неформальных предпринимателей. В настоящем документе рекомендовано обеспечить активное участие заинтересованных сторон и включение неформальной экономики.

Ключевые слова: вклад, создание рабочих мест, привитие навыков, неформальная экономика, неформальное предпринимательство, местное экономическое развитие, сети заинтересованных сторон, сокращение бедности.

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Contribution of the informal economy at Thabo Mofutsanyane District Municipality

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Abstract: *This study aimed to delineate the contributions of informal businesses to the economy of the Thabo Mofutsanyane District Municipality in the Free State Province, South Africa. The study employed a quantitative research methodology. The study's sample size comprised 333 respondents, chosen using the Conroy sampling table¹. A total of 333 questionnaires were distributed, of which 232 were completed and returned, yielding a response rate of 70%. A robust positive association has been demonstrated between skill development, poverty alleviation, and job creation. The study revealed that informal entrepreneurship significantly contributes to GDP, local economic growth, and serves as a source of livelihood, employment creation, income generation, and survival for informal entrepreneurs. Robust stakeholder involvement and the incorporation of the informal economy were recommended in this paper.*

Keywords: *contribution, employment creation, imparting skills, informal economy, informal entrepreneurship, local economic development, stakeholder networks, poverty reduction.*

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1. Introduction

The South African government implemented an integrated approach to local economic development (LED) as outlined in the White Paper on Local Government²) and the Municipal Systems Act³. The integrative process was commenced to generate employment, mitigate poverty, enhance the quality of life in communities, and confront the issues of the apartheid era. An integrated holistic approach must be employed to achieve local objectives, economic development, social wellbeing, and environmental concerns in local communities⁴.

The apartheid-era legislation established spatial segregation, resulting in significant disparities, with numerous black South Africans residing in informal settlements. They were distanced from urban centres and geographically removed from employment prospects⁵. The apartheid-era legislation established spatial segregation, resulting in significant disparities, with numerous black South Africans residing in informal settlements. They were distanced from urban centres and geographically removed from employment

¹ Conroy, R. (2020) *Sample Size: A Rough Guide*. <http://www.beaumontethics.ie/docs/application/samplesizecalculation.pdf>.

² Republic of South Africa. (1998). White paper on Local Government. Development of Constitutional Development. Pretoria. Government Printer.

³ Republic of South Africa. (2000). *Municipal Systems Act, no 32 of 2000*. Pretoria. Government printer.

⁴ Rogerson, C.M. (2009). Strategic Review of local economic development in South Africa. Final report submitted to Minister S Shiceka of Department of Development Planning and Local Government (DPLG). Commissioned by DPLG and GTZ. May 2009. Meyer, D. (2014). Local Economic Development (LED) Challenges and Solutions: The Case of the Northern Free State Region, South Africa. *Mediterranean Journal of Social Sciences* 5(16).

⁵ Fernandez, C., Lilenstein, K., Oosthuizen, M. and Villar, L. (2017). *Rethinking the Effect of Informality on Inclusive Growth: Lessons from Colombia and South Africa for their Regions*. ELLA Research Paper Series. [Online]. Available: <http://www.ella.practicalaction.org/wp-content/uploads/2017/02/CEP-Rethinking-the-effectof-informality-on-inclusive-growth.pdf>.

prospects⁶. Moreover, the substantial enforcement of labour rules in South Africa is hindering the expansion of informal activities⁷.

Entrepreneurial development policies and programs in developing Africa favour formal entrepreneurs over informal ones, resulting in a significant disparity that needs addressing⁸. Nonetheless, survivalist entrepreneurs are overlooked at both micro and macro-economic levels, despite their significance and contributions to the economy⁹.

Informal entrepreneurs are overlooked and severely penalised by punitive policies and regulations, resulting in a significant void. The municipal initiatives to sanitise the streets in Johannesburg in 2013 exemplify the rules and laws that negatively impact the operations of informal enterprises¹⁰. The South African policy framework for the informal food sector exemplifies a neglectful and detrimental approach.

African towns have implemented planning policies that encompass a blend of harassment, regulatory tolerance, and the promotion of definitive measures to manage street vending. Designating informal entrepreneurs as survivalists reflects a careless and discriminatory stance by the government. This has also generated a significant disparity that requires attention. Municipalities encounter fiscal difficulties in maintaining their operations. The objective of this study was to develop strategies to facilitate the formation and expansion of the informal entrepreneurial sector at Thabo Mofutsanyane District Municipality in Free State Province, South Africa. The study thus concentrates on enhancing municipal revenue streams through the collection of levies and taxes to facilitate the efficient functioning of these towns. It is essential to facilitate the expansion of the informal sector to enable its support for local authorities' LED programs.

2. Literature Review

Informal entrepreneurship constitutes a vital component of the global economy. In the global community, two billion individuals subsist through informal firms; more than 85% of the workforce in Africa is engaged by the informal sector. The informal sector accounts for approximately 55% of the Gross Domestic Product (GDP) in the Sub-Saharan African Region¹¹. These statistics results underscore the significance of the informal economy's contribution to the national development of the countries' economies.

The informal entrepreneurial sector in South Africa employs 2.5 million individuals, representing 20% of the nation's overall employment. This accounts for 5.1% of the nation's GDP¹². The economic crisis, exacerbated by retrenchments and the impacts of Covid-19, has led to a significant rise in informal entrepreneurship participation in the economy¹³. Informal entrepreneurs account for 18% of South Africa's GDP, employing three million individuals in the informal sector¹⁴. The informal entrepreneurship sector significantly contributes to the nation's GDP.

⁶ Fernandez, C., Lilenstein, K., Oosthuizen, M. and Villar, L. (2017). *Rethinking the Effect of Informality on Inclusive Growth: Lessons from Colombia and South Africa for their Regions*. ELLA Research Paper Series. [Online]. Available: <http://www.ella.practicalaction.org/wp-content/uploads/2017/02/CEP-Rethinking-the-effectof-informality-on-inclusive-growth.pdf>.

⁷ Fernandez, C., Lilenstein, K., Oosthuizen, M. and Villar, L. (2017). *Rethinking the Effect of Informality on Inclusive Growth: Lessons from Colombia and South Africa for their Regions*. ELLA Research Paper Series. [Online]. Available: <http://www.ella.practicalaction.org/wp-content/uploads/2017/02/CEP-Rethinking-the-effectof-informality-on-inclusive-growth.pdf>.

⁸ Rogerson, C. M. (2017). Policy responses to informality in urban Africa: The example of Maputo, Mozambique. *Geo Journal* 82(6), 1179–1194. Available at: <https://doi.org/10.1007/s10708-016-9735-x>.

⁹ Rogerson, C. M. (2017). Policy responses to informality in urban Africa: The example of Maputo, Mozambique. *Geo Journal* 82(6), 1179–1194. Available at: <https://doi.org/10.1007/s10708-016-9735-x>.

¹⁰ Skinner, C. & Haysom, G. (2016). The informal sector's role in food security: A missing link in policy debates? Working Paper No. 44. Cape Town: PLAAS, UWC and Centre of Excellence on Food Security.

¹¹ Knox, A.J., Bressers, H., Mohlakoana, N. & de Groot, J. (2019). Aspirations to grow: when micro- and informal enterprises in the street food sector speak for themselves. *Journal of Global Entrepreneurship Research*, 9 (38), 1–24.

¹² Ruzek, W., 2015. The informal economy as a catalyst for sustainability. *Sustainability* 2015, 7(1), 23–34; <https://doi.org/10.3390/su7010023>.

¹³ Statistics South Africa (2019). Quarterly Labour Force Survey: Quarter 2: 2019 <http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2019.pdf>.

¹⁴ Ngwenya, M., Blauw, P.F., Pretorius, A., Claassen, C. & Schenck, R. (2020). Skills-related underemployment amongst South Africa's informally employed and self-employed: A case study of Potchefstroom. *South African Journal of Human Resources Management* 18(1), 1–12.

¹⁵ SME South Africa (2022). Formal and Informal Business in South Africa. Available at: <https://smesouthafrica.co.za/formal-and-informal-business-in-south-africa/>.

Informal entrepreneurs provide livelihoods, generate money, and create employment for the general population of the Thabo Mofutsanyane District Municipality due to a lack of job opportunities. The district municipality faces significant unemployment issues due to the economic slump and Covid-19.¹⁵

The informal entrepreneurial sector in South Africa supplies livelihoods, income, and jobs to millions impacted by formal economy retrenchments resulting from the economic crisis and Covid-19.¹⁶ The sector is essential in rural and small municipalities, significantly contributing to local economic growth.¹⁷ The informal entrepreneurial sector in South Africa serves as a refuge for the unemployed impacted by layoffs and economic decline. Informal entrepreneurs significantly contribute to the South African economy. The informal entrepreneurial sector enhances the nation's economy and it augments the GDP.¹⁸ The industry possesses the capability to address unemployment issues, alleviate poverty, and bridge the income inequality gaps prevalent in emerging nations.¹⁹

The informal entrepreneurial sector in South Africa is pushed by need due to unemployment, the contraction of the formal sector, and additional issues like as the Covid-19 pandemic.²⁰ South Africa faces its own socio-economic challenges. The South African economy is characterised by a high unemployment rate, severe poverty, and significant income disparity, compounded by low living standards. This, however, results in a significant number of unemployed individuals resorting to the informal sector for sustenance.²¹

The informal sector is an essential component that enhances the formal economy.²² In several African developing nations, informal businesses contribute more to economic growth than formal entrepreneurs.²³ The informal economy in sub-Saharan Africa significantly contributes 25% to 65% of GDP and accounts for 30% to 90% of employment in the non-agricultural sector.²⁴

The informal sector serves as a supplementary component of the formal economy, particularly during periods of crisis.²⁵ Formalised enterprises can develop from initiatives originating in informal firms. The informal sector offers motivating elements for economic agents seeking possibilities.²⁶ The informal economy

¹⁵ Thabo Mofutsanyane District Municipality (2020). *Thabo Mofutsanyane History*. Available: <http://www.thaboMofutsanyane.gov.za/history.aspx>.

¹⁶ Fourie, F. & Kerr, A. (2016). *The NDP on Unemployment: On Consistency Coherence and Comprehensiveness*. REDI 3X3 Working Paper 7. Available at: www.redi3x3.org/papers.

¹⁷ Mashinini, S. (2016). Free State Economic, Small Business Development 2016/2017 Budget Vote: Free State Legislature. Pretoria. Republic of South Africa.

¹⁸ Fu, X., Mohnen, P. & Zanello, G. (2018). Innovation and productivity in formal and informal firms in Ghana', *Technological Forecasting and Social Change* 131(C), 315–325. Mintah, S. & Darkwah, S. (2018). Drivers of informal sector participation of small and medium enterprises in Ghana', *Scientia Agriculturae Bohemica* 49(1), 60–67.

¹⁹ Alrawadie, Z. & Alrawadie, Z. (2018). Exploring entrepreneurship in the sharing accommodation sector: Empirical evidence from a developing country. *Tourism Management Perspectives* (28)1, 179–188.

²⁰ Alrawadie, Z. & Alrawadie, Z. (2018). Exploring entrepreneurship in the sharing accommodation sector: Empirical evidence from a developing country. *Tourism Management Perspectives* (28)1, 179–188. Bozhikin, I., Macke, J. & Da Costa, L.F. (2019). The role of government and key non-state actors in social entrepreneurship: A systematic literature review. *Journal of Cleaner Production* 226(1), 730–747. Rogerson, C.M. (2018). Informal sector city tourism: Cross-border shoppers in Johannesburg', *Journal of Tourism and Geosites* 22(2), 381–392.

²¹ Adeyemi, R.A., Joel, A., Ebenezer, J.T. & Attah, E.Y. (2018). The effect of brain drain on the economic development of developing countries: Evidence from selected African countries. *Journal of Health and Social Issues* 7(2), 66–76.

²² Pankomera, R. & Greunen, D. (2019). Opportunities, barriers, and adoption factors of mobile commerce for the informal sector in developing countries in Africa: A systematic review. *The Electronic Journal of Information Systems in Developing Countries* 85(1), 1–18. Hartwell, C.A. & Malinowska, A.P. (2019) *Informal institutions and firm valuation*. <https://doi.org/10.1016/j.ememar.2019.03.001>.

²³ Fuentelsaz, L., Gonz6lez, C. & Maicas, J.P. (2019). 'Formal institutions and opportunity entrepreneurship. The contingent role of informal institutions. *Business Research Quarterly* 22(1), 5–24.

²⁴ IMF (2017). Regional Sub-Saharan Africa Economic Outlook. <https://doi.org/10.5089/9781475574463.086>.

²⁵ Ngwenya, M., Blauw, P.F., Pretorius, A., Claassen, C. & Schenck, R. (2020). Skills-related underemployment amongst South Africa's informally employed and self-employed: A case study of Potchefstroom. *South African Journal of Human Resources Management* 18(1), 1–12.

²⁶ Rankumise, E.M. (2017). Realities and challenges of running SMME's in Mpumalanga, South Africa and Chuzhou, China, in The 1st International Conference on Entrepreneurship Development (ICED), Bloemfontein, South Africa, April 03 to 05, 2019, pp. 56–64. Karrim, A. (2020) Millions have lost their jobs during the lockdown, impacting social welfare and food poverty. <https://www.news24.com/news24/southafrica/news/millions-have-lost-their-jobs-during-the-lockdown-impacting-social-welfare-and-food-poverty-20200716>.

in South Africa is a crucial supporter of the official economy during prolonged economic difficulties. The augmentation of the informal sector has been convincingly advocated as a stimulus for employment generation amid the constraints posed by the Covid-19 pandemic. An increasing number of individuals are joining the informal sector in pursuit of survival prospects.²⁷ The success of South Africa's informal sector depends on the integration of informal enterprises.

The informal sector may serve as a supplementary component of the formal economy, particularly during periods of crisis. Formalised enterprises can develop from initiatives originating in informal firms. The informal sector offers motivating elements for economic agents seeking possibilities.²⁸

The informal economy in South Africa is a crucial supporter of the official economy during prolonged economic difficulties.²⁹ The advancement of the informal sector has been effectively advocated as a catalyst for employment generation amid the obstacles posed by the Covid-19 pandemic. An increasing number of individuals are joining the informal sector in pursuit of survival prospects.³⁰ The success of the informal sector in South Africa depends on the integration of informal enterprises.

The minimal start-up costs in South Africa facilitate the expansion of the informal sector, as numerous unemployed individuals perceive informal entrepreneurship as a means of generating employment and money for the broader community.³¹

The informal sector in South Africa is anticipated to comprise 2.5 million employees and business proprietors, with this figure experiencing significant growth.³² Current figures indicate that approximately 20% of South Africa's overall employment is situated in the informal sector.³³

3. Research Method

This study employed a quantitative research methodology associated with the positivist philosophical perspective. This research philosophy is associated with the deductive research approach, which emphasises hypothesis formulation and theory validation. The quantitative research method utilises numerical data to gather quantitative information. Quantitative research utilises scientific methodologies.³⁴ The quantitative research methodology was employed as it is optimal for statistically analysing the study variables and producing generalisable conclusions.

3.1. Population

The study population consisted of all 2,500 informal entrepreneurs specialising in vegetable and fruit vending, hair salons, street food and beverage vending, spaza shop operations, motor mechanics, and panel beating. These are in the Thabo Mofutsanyane District Municipality which comprises of six local municipalities.

²⁷ Karrim, A. (2020) Millions have lost their jobs during the lockdown, impacting social welfare and food poverty. <https://www.news24.com/news24/southafrica/news/millions-have-lost-their-jobs-during-the-lockdown-impacting-social-welfare-and-food-poverty-20200716>.

²⁸ Kadir, A.M., Williams, C. & Altinay, L. 2018. *Services industries and the informal economy: an introduction*. The *Service Industries Journal*, Taylor & Francis Journals, vol. 38(11-12), 645–649.

²⁹ Ngwenya, M., Blauw, P.F., Pretorius, A., Claassen, C. & Schenck, R. (2020). Skills-related underemployment amongst South Africa's informally employed and self-employed: A case study of Potchefstroom. *South African Journal of Human Resources Management* 18(1), 1–12.

³⁰ Karrim, A. (2020) Millions have lost their jobs during the lockdown, impacting social welfare and food poverty. <https://www.news24.com/news24/southafrica/news/millions-have-lost-their-jobs-during-the-lockdown-impacting-social-welfare-and-food-poverty-20200716>. Francis, D. & Valodia, I. (2020). *South Africa needs to focus urgently on how COVID-19 will reshape its labour market*, viewed 23 January 2021, from <https://www.wits.ac.za/scis/publications/opinion/sa-needs-to-focus-on-how-covid-19-will-reshape-labourmarket/>

³¹ Cobbinah, C. & Chinyamurindi, W.T. (2016) Motivational factors for engaging in dirty work entrepreneurship among a sample of African immigrant entrepreneurs in South Africa. *South African Journal of Human Resource Management* 16, 1–9. a1025.

³² Ngwenya, M., Blauw, P.F., Pretorius, A., Claassen, C. & Schenck, R. (2020). Skills-related underemployment amongst South Africa's informally employed and self-employed: A case study of Potchefstroom. *South African Journal of Human Resources Management* 18(1), 1–12.

³³ Statistics South Africa (2019). Quarterly Labour Force Survey: Quarter 2: 2019 <http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2019.pdf>.

³⁴ Saunders, M.N.K., Lewis, P. & Thornhill, A. (2020). *Research Methods for Business Students*. 8th Edition. Pearson. USA.

3.2. Sample Size

The sample size for quantitative data collection was 333, selected from a pool of 2500 informal entrepreneurs across six local towns. The sample size calculation was derived from Conroy³⁵ as illustrated in Table 1 below, with a confidence interval of 95% and a margin of error of $\pm 5\%$.

Table 1

Conroy Sample Size Guide³⁶

Margin of error	Population					
	Large	5000	2500	1000	500	200
$\pm 20\%$	24	24	24	23	23	22
$\pm 15\%$	43	42	42	41	39	35
$\pm 10\%$	96	94	93	88	81	61
$\pm 7.5\%$	171	165	160	146	127	92
$\pm 5\%$	384	357	333	278	217	132
$\pm 3\%$	1067	880	748	516	341	169

3.3. Data Analysis

The acquired quantitative data was evaluated using IBM's Statistical Programme for Social Sciences (SPSS) version 27. The Correlational Matrix was employed to examine the variables in order to ascertain the relationships among the study variables. The results acquired were documented and analysed in the subsequent section.

4. Findings and Discussions

A total of 333 questionnaires were issued to respondents, of which 232 were completed and returned. The response rate was 70 percent.

The findings indicated that 58% of the participants in the study were male, whilst 42% were female. The male respondents exceeded the female participants, as women are typically less inclined than males to pursue entrepreneurship.³⁷ This may be ascribed to societal or cultural gender biases affecting the random distribution of the questionnaires.

The age distribution of respondents indicated that 29% were aged 20 to 29 years, 17% were aged 30 to 39 years, 32% were aged 40 to 49 years, and 22% were aged 50 years and over at the time of the survey. Seventy-eight percent of the respondents were aged between 20 and 29 years, 30 and 39 years, and 40 and 49 years.

The findings align with global entrepreneurship data, which reveals that the majority of entrepreneurs are aged between 18 and 64 years. The absence of employment is leading respondents in these age demographics to engage in informal entrepreneurship.³⁸

The educational attainment data indicated that 19% of respondents completed Grade 11, 53% completed Grade 12, and 28% obtained First Degrees. The findings indicate that all respondents possessed the ability to read and write. The majority of respondents have completed basic schooling, as individuals with a primary school education or higher had fundamental numeracy skills.

During the entrepreneurship operational period, the findings indicate that 55% of respondents had been in operation for one to five years, 34% for six to 10 years, and 11% for eleven years or more. Sixty-six percent of the responders had been in operation for a duration ranging from one to ten years.

³⁵ Conroy, R. (2020) *Sample Size: A Rough Guide*. Available at: <http://www.beaumontethics.ie/docs/application/samplesizecalculation.pdf>

³⁶ A Rough Guide-Sample Size: (Conroy, 2020).

³⁷ Ndofirepi, T.M., Rambe, P. & Dzansi, D.Y. (2018). An Exploratory Study on the Gender-Based Differences in Entrepreneurial Intention and Its Antecedents amongst Students of a South African University of Technology. *Southern African Business Review*, 22, 1-28. <https://doi.org/10.25159/1998-8125/4345>.

³⁸ ILO. (2018). *Women and men in the informal economy : A Statistical Picture*. 3rd ed. International Labour Office: Geneva, Switzerland. http://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/documents/publication/wcms_626831.pdf.

The results of the entrepreneurship employment survey indicated that 86% of respondents employed between one and five individuals, 10% employed six to ten individuals, and 4% employed eleven or more individuals. Informal entrepreneurs are classified within the micro enterprise sector, which employs between zero and ten individuals.³⁹ In this study, the employees were aligned with small firms that employ between zero and ten individuals. Approximately 96% of the respondents had between one to 10 employees, indicating that informal enterprises do not employ a significant number of individuals. Merely 4% of the respondents employed 11 or more individuals.

The findings on kinds of entrepreneurship indicated that 66% of the surveyed informal entrepreneurs generated an average monthly income ranging from R1,500 to R5,000, 25% earned between R5,001 and R10,000, 5% earned between R10,001 and R15,000, and 4% earned between R15,001 and R20,000. The informal entrepreneurs operate within the micro business sector, generating an annual turnover of 2.5 million.⁴⁰ The findings indicate that informal enterprises are not generating substantial income. They are merely survivalists, and the quantitative findings align with the qualitative outcomes. Informal entrepreneurs engage in business primarily for subsistence. The findings indicate that the majority of respondents do not attain sufficient annual income, since most informal entrepreneurs earn between R18,000 and R60,000 per year. Their wages solely facilitate their survival. Informal entrepreneurship is intended to assist informal entrepreneurs in their survival. Consequently, it is imperative to enhance the sector to optimise the advantages of informal entrepreneurial activities inside local government.

4.1. Correlational Matrix

A Correlational Analysis was conducted and the results are indicated on Table 2 and discussed below:

Table 2

Correlation Analysis

		Skills Impartation	Poverty Reduction	Employment Creation
Skills Impartation	Pearson Correlation	1	.949**	.962**
	Sig. (2 tailed)	.000	.000	.000
	N	232	232	232
Poverty Reduction	Pearson Correlation	.949**	1	.960**
	Sig. (2 tailed)	.000		.000
	N	232	232	232
Employment Creation	Pearson Correlation	.975**	.980**	1
	Sig. (2 tailed)	.000	.000	
	N	232	232	232

** . Correlation is significant at the 0.01 level (2-tailed).

The Correlation results on Table 2 indicate that there is a very strong positive correlation that exists between skills impartation and poverty reduction $r(230) = .95, p < .01$.

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³⁹ Department of Small Business Development (2019). Annual Report 2019/20. https://www.gov.za/sites/default/files/gcis_document/202012/small-business-annual-report-2019-20.pdf.

⁴⁰ Department of Small Business Development (2019). Annual Report 2019/20. https://www.gov.za/sites/default/files/gcis_document/202012/small-business-annual-report-2019-20.pdf.

4.2. Skills Impartation

Table 3 indicates that 29% of respondents expressed their disagreement regarding the significance of skill impartation, 14% remained neutral, 44% agreed, and 13% strongly agreed on the relevance of skill impartation in the informal entrepreneurial sector. The transfer of skills is a significant variable, evidenced by a p value of less than .01. The null hypothesis is rejected since the p-value is less than 0.01, leading to the acceptance of the alternative hypothesis.

Table 3

Respondents attitude to the skill impartation

	FREQUENCY	PERCENT	VALID	CUMULATIVE
Disagree	68	29	29	29
Neutral	31	14	14	43
Agree	103	44	44	87
Strongly Agree	30	13	13	100
Total	232	100	100	

4.3. Poverty Reduction

Table 4 reveals that 10% of respondents strongly disagreed, 27% disagreed, 12% were neutral, 28% agreed, and 23% strongly agreed that informal entrepreneurship alleviates poverty. The lessening of poverty is a significant factor, evidenced by a p value of less than .01. The null hypothesis is rejected because the p-value is less than .01, so the alternative hypothesis is accepted.

Table 4

Reducing poverty

	FREQUENCY	PERCENT	VALID	CUMULATIVE %
Strongly Disagree	22	10	10	10
Disagree	63	27	27	37
Neutral	27	12	12	49
Agree	66	28	28	77
Strongly Agree	54	23	23	100
Total	232	100	100	

4.4. Employment creation

Table 5 reveals that 13% strongly disagreed with employment creation, 47% disagreed, 11% were neutral, 11% agreed, and 18% strongly agreed on employment creation within the informal entrepreneurial sector. The lessening of poverty is a significant factor, evidenced by a p value of less than .01. The null hypothesis is rejected since the p-value is less than .01, leading to the acceptance of the alternative hypothesis.

Table 5

Employment creation

	FREQUENCY	PERCENT	VALID	CUMULATIVE %
Strongly Disagree	31	13	13	13
Disagree	110	47	47	60
Neutral	25	11	11	71
Agree	25	11	11	82
Strongly Agree	41	18	18	100
Total	232	100	100	326

4.5. Contribution of Informal Entrepreneurs

Informal entrepreneurship in South Africa has accounted for 18% of the nation's GDP and has generated employment for over three million individuals. This signifies that the industry makes a substantial contribution to the economy. The literature research indicates that informal entrepreneurship serves as a

livelihood source, generating income and employment for the general population of the Thabo Mofutsanyane District Municipality due to a lack of formal employment opportunities. The district municipality faces significant unemployment issues due to the economic slump and Covid-19.⁴¹ The sector in South Africa supplies livelihoods, income, and jobs to millions impacted by formal economy retrenchments resulting from the economic crisis and Covid-19.⁴²

The sector merits recognition and valuation for its significance in local economic growth. There is a necessity to cultivate abilities in the sector to advance this vital segment of the economy. The sector substantially contributes to poverty alleviation. At a minimum, the impoverished can manage to provide sustenance for their households. The informal sector has offered work opportunities to the unemployed and facilitates survival for individuals. The informal sector is an essential domain that must not be overlooked. Stakeholder engagement is crucial to augment the sector's economic output.

5. Recommendations

Theoretical implications:

Given the informal sector's significant role in the economy, robust stakeholder involvement is essential to enable effective coordination and development, hence enhancing its contribution to both the national economy and local authorities. Stakeholder engagement fosters support from diverse stakeholders to promote organisational growth and development. Informal entrepreneurs stand to gain from diverse stakeholder networks, facilitating their expansion and enhancing their contributions to the economy.

Managerial Implications:

Training and developing the abilities of informal entrepreneurs is crucial. They must obtain managerial abilities that will empower them to operate their firms. They must make prudent business judgements for their firms to thrive. A specific emphasis must be placed on acquiring efficient and effective managing abilities to improve operations. Human capital development is essential to guarantee that the workforce is adequately equipped and completely capable of generating beneficial outcomes.

Incorporating the informal economy into the formal economy would facilitate the establishment and expansion of this vital sector.

Acknowledgement of the industry would significantly contribute to its advancement. The sector is not now expanding due to the lack of recognition it receives from the relevant authorities.

Integrating informal entrepreneurship into incubation centres will significantly foster the development of informal entrepreneurs, enabling them to achieve independence and make substantial contributions to the formal economy.

6. Conclusion

Informal entrepreneurship is a vital component of the economy that substantially contributes to both the national economy and local economic development. There is, nonetheless, a significant necessity to advance the sector as it addresses the socio-cultural requirements of the populace. It offers a secure refuge for the impoverished, generates jobs for the unemployed, and ultimately supplies means of sustenance and money for the populace's existence. This sector requires cultivation for societal gain.

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