

THE UNIVERSITY OF THE WITWATERSRAND



Nkosinathi Witness Radebe

**THE IMPACT OF MUNICIPAL SKILLS
DEVELOPMENT PROGRAMMES ON THE INFORMAL
TRADING SECTOR: JOHANNESBURG (2001 – 2006).**

A dissertation submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, in fulfilment of the requirements for the degree of Master of Science in Development Planning.

February 12, 2007

Copyright

The copyright of the above-mentioned described thesis rest with the author or University to which it was submitted. No portion of the text derived from it may be published without the prior written consent of the author or University (as may be appropriate). Short quotations may be included in the text of a thesis or dissertation for purposes of illustration, comment or criticism, provided full acknowledgement is made of the source, author and University,

Declaration

I declare that this research report is my own, unaided. It is being submitted as partial fulfilment of the requirements for the degree of Master of Science in Development Planning in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any University.

Signature

Date

Acknowledgement

I am indebted to many colleagues and friends whose help was invaluable in the gestation and birth of this report. For contributing their deeply informed expertise in specific areas of informal sector skills development sub-fields. I am grateful to my supervisor Amanda Williamson for relevant materials and advices from University of the Witwatersrand. Thank you for your hard work, your heart and your encouragement. I would like to thank my friend Willy Thys for proof reading parts of the manuscript in various stages of development and the comments he offered.

This research report serves as a tribute to my sister Nompumelelo and my uncle Kwekwe who passed away at different times before the completion of this work. With the same smile they use to give me, I am inviting them both to be part of this progress. I deeply appreciate a strong support I received from my mother a very good someone who saw the need for the compilation of this report and gave painstakingly focus to its completion.

And, of course this list would not be complete if I do not acknowledge the constant encouragement I received from Nondumiso Mqikela, one of the best friend I could ever make, for her dedication to clarity and her perceptive questions that continually force me to re-evaluate my work. She postponed things she wanted to do and did things that needed to be done, in support of my aim. Throughout difficult times she was always there and this manuscript is better for that.

Thank you one and the only, without you I could have not done it.

ABSTRACT

This research report investigates the impact of skills development programmes on the informal traders in the City of Johannesburg (COJ). The research would like to determine if skills development provided by municipality has benefited individual traders, in terms of financial performance and increased employment. The researcher will ascertain the progress between informal traders who receive training and those who did not participate in the training programme. The report would further establish if there were any impacts at all. Was the impact directly influenced by municipal training or was because of some externalities such as trader's innovation or trader's organisations? To what extent has training been able to reduce the skills gap in the informal business?

This research is responding to the lack of previous work on the impact of training offered to informal traders. There is a strong commitment on the part of COJ to dialogue with informal traders. Informal trading is regarded as integral part of broader economy (The Star: 2006: 21). The research was conducted through in-depth interviews with informal traders operating at Metro Mall in the City Business District (CBD). The researcher conducted interviews with service providers and municipality.

The hypothesis suggests that informal traders who receive training are more productive than those who did not participate. The lack of skills in the informal business prompted the COJ to deliver skills training in an attempt to improve the condition of the informal traders. (Simon McGrath 1994), referred to this scenario as "planning for what was traditionally unplanned". The argument is that training does not make successful informal traders. The report will argue that while training is important to informal traders who arrive in Johannesburg lacking skills, training should be monitored and be accompanied by incentives for example to help those who may not have a start-up capital. The selection criteria will have to be reviewed such that most informal traders are given equal opportunity to acquire skills necessary for the development of their business.

As long as these factors, remain un-addressed there are limited potential growth in the informal business. Training should be an integral process linked to various structures such that survivalist activities are replaced by sustainable entrepreneurial business. The duty of the planners as the practitioners in the built environment is to ensure that informal trading co-exist with formal business without one affecting negatively on the other. They also have a duty of influencing municipal decision-makers in ensuring that informal traders training programmes reinforce the enabling environment that would allow them to benefit and improve their business undertakings. This may be accomplished by restricting competition from illegal informal traders operating outside the mall, providing incentives to informal traders after the training and organise special events that would attract more customers at the mall. This is because "planning is a profession concerned with the management and development of human beings and their settlements within urban and rural settings. It is about the organisation of human activity in a way that will help to realise their hopes and dreams for future" (www.wits.ac.za/depts/wcs/archschool.html).

Table of Contents

Cover-Page -----	(i)
Copyright Notice -----	(ii)
Declaration -----	(iii)
Acknowledgement -----	(iv)
Abstract -----	(v)
List of Abbreviations-----	(x)
Background-----	1
Chapter One: The Informal Traders Training Programmes-----	7
1. Introduction -----	7
1.1 Statement of Research Problem -----	10
1.2 Rationale for the Research -----	10
1.3 Primary Research Question -----	11
1.4 Subsidiary Questions -----	12
1.5 Hypothesis -----	14
1.6 Research Methodology -----	18
1.6.1 Interaction with Respondents -----	18
1.6.2 Ethical Issues -----	18
1.6.3 Limitations -----	19
1.7 Overview of Structure -----	19
1.7.1 Chapter by Chapter -----	19
Chapter Two: Conceptual Framework -----	21
2.1 Introduction -----	21
2.2 Literature Review -----	21
2.3 The Informal Traders Best Practice -----	27
2.3.1 Introduction -----	27
2.4 Government Intervention -----	29
2.5 International Labour Organization -----	31
2.5.1 The Mobile Unit for Informal Sector -----	31
2.5.2 Introduction -----	31
2.5.3 Strategies Proposed by ILO (ILO, 1991) -----	33
2.5.4 The DaCum/SCID -----	33
2.5.5 The Limitation of the Mobile Unit -----	34
2.5.6 Entrepreneurial Model (Model F) -----	35

Chapter Three: Overview of Policy Framework -----40

3.1 Introduction -----	40
3.1.2 Joburg 2030 Strategy -----	40
3.1.3 Human Development Agenda (HDA)-----	41
3.1.4 Growth Development Strategy (GDS) -----	41
3.1.5 The Informal Trading Development Programme (ITDP) -----	43
3.1.6 Street Trading By-Laws -----	44
3.2 Critical Overview of Municipal Skills Development in the Informal Sector -----	45
3.2.1 Introduction -----	45
3.2.2 Economic Development Unit (EDU)-----	46
3.2.3 The Role of EDU Stakeholders -----	46
3.3 Preliminary Skills Development Programmes -----	50
3.3.1 Centre for Entrepreneurship and Development (CEED) -----	50
3.3.2 Forging Ties with Institutions of Higher Learning -----	50
3.3.3 Creating Scientist of Tomorrow -----	51
3.4 Metro Mall -----	52
3.5 Training Support -----	53
3.6 The Resurgence of Municipal Training -----	53
3.6.1 Grow Your Business -----	53
3.6.2 The Role of EDU and JPC in Informal Trading -----	54
3.6.3 Solutions Proposed -----	56
3.7 Premier Food Catering-----	56
3.8 Periodic Markets -----	57
3.9 Critical Review of the Programmes -----	58
3.10 Overview of the Course Content -----	59
3.10.1 Introduction -----	59
3.10.2 Formulation of GYB Course Content -----	59
3.10.3 Objectives -----	60
3.10.4 The Component of the Course -----	60
3.10.5 How the Course of Disseminated -----	62

Chapter Four: Critical Review of COJ Approach in Relation to Best Practice -----64

4.1 Introduction -----	64
4.2 Approach Overview -----	64
4.3 Strategies to Informal Traders Training -----	66
4.4 Programme Contradictions -----	70
4.4.1 The Low Road Contradictions-----	71
4.4.2 The Street By-laws Contradictions -----	73

Chapter Five: Case Study Findings -----78

5.1 Introduction -----	78
5.2 Primary Questions -----	79
5.2.1 What impact has training had on the target group? -----	79
5.2.2 Has informal traders business expanded as a result of training? -----	80
5.2.3 Has training increased income and increased employment? -----	81

5.2.4	Are informal traders changing their attitudes as a result of training?	81
5.2.5	How effective has training been in reaching the target group?	82
5.2.6	What reservations do informal traders have about training?	84
5.2.7	What priorities are accorded to female traders?	85
5.2.8	Are informal traders committed in becoming entrepreneurs?	85
5.9	Subsidiary Questions	87
5.9.1	Has training encouraged participation among different stakeholders?	87
5.9.2	How training can be linked to long-term strategy?	88
5.9.3	What mechanism can be used to assess if training is in line with long-term strategies and ultimately benefit informal traders?	89
5.9.4	Is the COJ meeting its objectives in reducing the skills gap in the informal sector?	90
5.10	Municipal View of Training Impact	91
5.11	Challenges of the Training Programme	93
5.12	Future Directions	95
5.12.1	Views of Informal Traders	95
5.12.2	Views of the Municipality	96
5.12.3	Views of Service Providers	98
5.13	Criticisms of the Training Programme	100
5.14	The Summary of the Key Findings	101
Chapter Six: Interpretation and Analysis of Research Findings		103
6.1	Introduction	103
6.2	The key questions to be asked	103
6.2.1	How successful has training been in expanding the business of the informal?	103
6.2.2	How successful has training been in responding to financial performance and increased employment?	104
6.2.3	How effective has training been in reaching the target group?	106
6.3	Conclusion	109
6.4	Recommendations	111
6.4.1	Recommendation for COJ	111
6.4.2	Recommendation for Informal Traders	112
6.4.3	Recommendation for Service Providers	112
Bibliography		114
Appendices		119
Interviews		120

List of Abbreviations (acronyms)

ABET	Adult Basic Education and Training
ACORD	British Informal Training Agency
ATM	Achievement Motivation Training
CBD	Central Business District
CEED	Centre for Entrepreneurship Education and Development
COJ	City of Johannesburg DaCum Developing A Curriculum
DTI	Department of Trade and Industry
EDU	Economic Development Unit
FET	Further Education and Training
GDS	Growth and Development Strategy
GGP	Gross Geographical Product
GYB	Grow Your Business HDA Human Development Agenda
HDS	Human Development Strategy
HSRC	Human Science Research Council
IDP	Integrated Development Plan
ILO	International Labour Organization
ITDP	Informal Trading Development Unit
JFPM	Johannesburg Fresh Produce Market
JMPD	Johannesburg Metropolitan Police Department
JPC	Joburg Property Company
JSE	Johannesburg Stock Exchange
JTC	Joburg Tourism Company
MOU	Memorandum of Understanding
MTC	Metro Trading Company
NTB	National Training Board
OBE	Outcome-Based-Education
ODA	World Bank Informal Training Agency
PRO	Public Relation Officer
SCID	Systematic Instructional Training
SEBS	School of Economic and Business Science
SEWA	Self-Employment Women's Association
SMMEs	Small Macro and Medium Enterprise
TBDC	eThekwini Business Development Centre
USM	Urban Space Management
VIP	Very Important Person
W&RSETA	Wholesale and Retail Sector Education and Training Authority