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Investigating the 'Regulation' of Economic Activities in Mohlakeng Extension 7

Research Report

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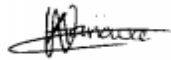
Investigating the 'Regulation' of Economic Activities in Mohlakeng Extension 7.

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A dissertation submitted to the School of Architecture and Planning at the University of the Witwatersrand, in the partial completion of the degree of Bachelor of Science (Honours) in Urban and Regional Planning.

Declaration

I declare that this dissertation is my own unaided work. It is being submitted for the Honours Degree in Bachelor of Science in Urban and Regional Planning to the University of the Witwatersrand, Johannesburg. It has not been previously submitted for any degree or examination to any other University.



Signature of Candidate

26 Day of November year 2014

For my Family

Acknowledgements

God

I would first and foremost like to thank the Almighty for granting me this wonderful opportunity of being in this world, and without whom nothing is possible. You have blessed me with so much and got me through all the difficulties and hardships in my life, you are the Greatest and I love you.

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List of Acronyms

- **RDP – Reconstruction and Development Programme**
- **HBE – Home-Based Enterprises**
- **DOD – Department Of Social Development**
- **DTI – Department Of Trade and Industry**
- **SPLUMA – Spatial Planning and Land Use Management Act**
- **SAB – South African Breweries**
- **SAPS – South African Police Services**

Abstract

Home-based enterprises are becoming increasingly common, especially in many townships within South Africa. Numerous home-based enterprises offer a means of survival as they allow for an income generation that sustains the livelihoods of many. However, some of these home-based enterprises are viewed as being unregulated, and falls part of the informal economy.

Situated on the West Rand in Randfontein is a Township called Mohlakeng, of which Extension 7 in particular was explored during this study. This extension is an RDP housing settlement that was developed in 2003. Extension 7 provides a variety of home-based enterprises such as spaza shops, hairdressers, shebeens, day-care centres, motor vehicle repairs and so forth. I initially viewed these home-based enterprises as being unregulated and informal because of the structures in which they were carried out in, as many structures were made from corrugated iron.

This initiated questions such as are economic activities (home-based enterprises) in Mohlakeng Extension 7 being regulated? Is the municipality aware of such economic activities? Are there any policies or regulatory frameworks set out by the municipality or other government structures? What are the processes of opening up a home-based enterprise?

These questions stirred up an interest and laid the foundation of what this research essentially sets out to answer.

Chapter 1

Introduction

Introduction

South Africa in particular has experienced a very harsh past that was embedded in and plagued by colonialism, apartheid, racism, and many other oppressive policies. Urban planning over a century in South Africa aimed to create a segregated city and left complete disarray. As a result all of which there are two extremes, on the one hand there are people living extravagant, affluent lives and on the other are people living in abject poverty. All spheres of society- economic, political, environmental and social have been adversely affected by the apartheid regime (RDP, 1994). This has, in essence, produced a society in which formal and informal spheres exist. One of the reasons could be that peoples' financial positions are different, those that receive a higher income lead better lives by having more opportunities such as education, whereas those with little or a lower income often have less opportunities and less advantages. This in turn has resulted in inequitable spatial implications on both city form and function. Many people reside in informal settlements that are situated a distance from economic centres as well as economic opportunities. This research aims to unveil the multifaceted intersection that exists between housing and home-based economic activities in a formal low-income neighbourhood on Gauteng's West Rand. It considers the regulatory framework such as land use policies and other rules in respect of a home-based enterprise.

Section 26 of the South African Constitution states that everyone has the right of access to adequate housing (Tissington, 2011). Since 1994, there have been various policies and legislation enacted to address the housing problem in the country. When the democratic dispensation prevailed in 1994, the RDP programme was introduced and one of its objectives was to address the large scale housing problem. The RDP programme is an 'integrated, socio-economic policy framework' (RDP, 1994), that was created to address severe conditions that were left by the apartheid regime and rid the country of all forms of racial inequalities, more particularly in regard to housing and its related issues, whilst promoting a democratic state (RDP, 1994).

Housing is inextricably linked to a person's dignity and is regarded as a fundamental human right that represents a form of tangible asset to the poor (Charlton and Kihato, 2006). The aim of the RDP as outlined in the White Paper (1994) is to promote and achieve a more equitable society in which people are located close to social, financial and economic opportunities. Unfortunately, the implementation of this policy has not always achieved such an aim (Department of Housing 1994). In most cases RDP housing settlements are located far distances from such opportunities, and this indirectly deepens the effects of Apartheid (Huchzermeyer, 2003).

After 20 years of democracy, there are still major backlogs leaving many homeless and an increasing amount of people residing in informal settlements. In addition, there are still millions of people that do not have access to basic services (Tissington, 2011). Furthermore, the unemployment rate in South Africa is constantly increasing as many lose their jobs due to technology or the lack of skills and knowledge to attain a particular job, whilst many do not have jobs in the first place (Banerjee, Galiani, Levinsohn, and McLaren, 2007). There, therefore, remains a large portion of the population that are forced to obtain alternate forms of employment, one of which is in the informal sector.

For the purposes of this research 'home-based enterprises' will be explored with specific focus on RDP houses in Mohlakeng Extension 7; where some of the residents use their homes as a means of earning an income as well as for living in. Some of these houses have been altered to cater for particular businesses, whilst others just operate from the original RDP house. It appears, from prima facie observations that these home-based enterprises generally do not adhere to any legal or regulatory practices either structurally or otherwise. A Ward Councilor, Tshepo Motaung, observed that most of the RDP houses in Duduza Township that have shops are practiced "*illegally as they are not registered to operate*" (SABC News, 2013).

The image below demonstrates an example of a home-based enterprise.



Figure 1: Home-Based Enterprise in Mohlakeng Extension 7 (Wariawa, 2014)

RDP Houses as Social, Financial and Economic Assets

This section provides insight as to what a house means for different people. The reason for bringing this in is so that one can understand the importance of what a house entails and what people can use their houses for. Houses do not just simply provide a means of shelter; they can also be used as a source of income by using it as a shop/business. Drawing on the work of classical economists, people residing in dwellings that were joined to one's business were extremely common (Strassmann, 1987).

A FinMark Trust and Urban Landmark research report (2006) seeks to unpack the concept of a house as an asset in three ways: as a social asset, financial asset and an economic asset.

Social Asset: A house as a social asset provides the family with a safety net and an identity for them to fit in and be part of the city. In the case of receiving subsidised housing from the government, it allows the state to give a valuable social asset that will improve these households to grow further to sustain themselves, whilst reducing the risk of vulnerability. This was an important aspect of the 1994 policy in which Rust (2009) states *"As a social asset the house enhances identity and security. And social networks within neighborhoods enhance the building of community as does the ability to access*

social facilities as a result of having a legal address” (Rust et al, 2009:53).

Financial Asset: A financial asset of a house means that the owner may sell his/her house in order to buy another house. If the owner sells his/her house for a higher price, he has a better chance of buying a nicer house in a better neighbourhood. If an owner decides he wants a smaller house, he may sell his house, buy a small one and then treat the equity balance as an income. Housing can further be used to obtain finance for other purposes, for instance it can be used to create a business or pay university fees. Hence the financial asset allows households to move out of their current situations to gain more growth and wealth. Financial assets boost the growth of an individual when used to secure finance, and when it is used as a tradable asset (Rust et al, 2009).

Economic Asset: The house as an economic asset can be used to generate an income which can ultimately sustain livelihoods. When there is a high percentage of unemployment, income can be made from the house by either home-based enterprises, or by offering accommodation and earning a rental income (Rust et al, 2009). For the purposes of this research the economic asset perspective will be used and further explored.

1.1 Rationale for this research

South Africa being a middle income country still suffers from large scale poverty, even though policies have been put in place after the apartheid to address it. The economy is said to be in a sluggish state as the formal sector job employment is decreasing leaving countless people in a state of poverty (Gough, Tipple and Napier, 2003).

It has become more common, recognized and acceptable that the informal economy plays a vital role in South Africa and most developing countries. With the rapid increase in population, the formal sector is not vast enough to cater for all citizens' demands in terms of jobs, goods and services. With reduced employment in the formal sector it has not been able to fully cater for the needs of all the people. Hence, the informal sector has been more effective in creating employment for those not part of the formal economy, as well as providing goods and services that the formal economy fails to

produce (Gough, Tipple and Napier, 2003).

The noticeable increases in activity in the informal sector, especially those that operate from the home, have become an important aspect in many countries (Gilbert, 1988; Rogerson, 1991; Tipple, 1993; Cardo, 2000; Gough and Kellett, 2001). It is extremely difficult to take account of the full extent of home-based enterprises, as they are generally not recorded in national statistics. However, according to micro studies conducted it is evident that a large and increasing portion of the workforce is concentrated in home-based enterprises (Chen et al 1999).

The reason for choosing this research is to uncover how seemingly informal economic activities such as home-based enterprises in low income housing settlements work from a regulatory perspective. For instance what legal prohibitions, framework of rules and regulations are in place that allows people to practice economic activities from their homes?

This has been an interest of mine, as there is a limited amount of research done on this topic to date. Quite apart from the foregoing, with the rising rate of unemployment in the country, it is intriguing to learn of the unique methods that people have employed to survive and make their own means of income. However some of these activities are not always practised in a regulated manner and this could lead to a number of problems for both the municipality and residents in the area. For instance in Duduza Township (an RDP Housing settlement), many home owners rented out their houses to foreigners, and these foreigners have converted the houses into informal shops (such as spaza shops). This has in turn left many residents in an angry state and triggered riots, and civil disobedience that has taken the form of setting alight foreign-owned shops (SABC News, 2013). Thus as planners we need to ensure that all land use activities are being practised in a way that is appropriately managed, so that no harm is done to people or the environment.

One of the reasons for having chosen Mohlakeng Extension 7 is that it is a recently developed RDP housing area and there are many forms of home-based enterprises in the area. My father is a business owner in the Randfontein district; thus I have

personally encountered this area on numerous occasions. Certain of my father's clients reside in Mohlakeng Extension 7 which presented an opportunity to use the area as my case study.

Being a planner requires a certain level of expertise in understanding the manner and relationships of activities and practises that have developed over time. Planners amongst other qualities are required to ensure that activities are being carried out in a legal and orderly manner so that cities and towns can be developed in an efficient and effective way, without negatively affecting the amenity and functioning of neighbourhoods. Thus this research will consider home-based enterprises (economic activities) occurring in Mohlakeng Extension 7 and whether these enterprises are practised in a way that adheres to rules and regulations (such as policies) that are currently in force.

1.2 Problem Statement

RDP housing areas are generally talked about as they provide a means of shelter and a home for people who were previously disadvantaged. These homes potentially allow for problems such as poverty and inequalities to be addressed. In that it is important to note that not all residents given RDP housing have a stable or full-time formal employment, leaving them in a vulnerable position. Hence people need to look for alternate means of survival so that they can sustain their livelihoods. People look for easy, flexible and cheap ways of bringing in income as they find that they can earn more in this way.

Mohlakeng Extension 7 is a recently developed RDP housing area, and contains a number of economic activities/ home-based enterprises. RDP housing developments are formally developed neighbourhoods which are intended to overcome the problems of informal and inadequate living conditions. This invites questions as to how the economic activities which have subsequently sprung up are being regulated. The reason for choosing this research topic is because as planners we need to ensure that all activities are practiced in a legal, regulated, and orderly manner so that cities and towns are essentially safe, efficient and produce friendly environments in which all residents may live in harmony without having any problems, for instance noise or

pollution. Some of these home-based enterprises from a first glance seem to have no regulation as some of their physical structures are informal looking.

1.3 Research Topic

Investigating the 'Regulation' of Economic Activities in Mohlakeng Extension 7.

1.4 Research Question

How are economic activities within Mohlakeng Extension 7 RDP housing area being regulated?

1.5 Sub-Questions

1. What economic activities are evident in Mohlakeng Extension 7?
2. What social or regulatory factors influence these businesses, according to business owners?
3. What influence does the municipality and other government structures have on the way economic activities take place in Mohlakeng Extension 7?
4. What are the processes one has to follow in order to open up a home-based enterprise?
5. How do neighbours feel about home-based enterprises taking place in the area?

In essence, this research attempts to unpack the regulatory dimension of economic activities that are taking place in Mohlakeng Extension 7. These regulatory aspects will be looked at from different lenses such as from the municipality, neighbours and business owner's points of views. In attempting to undertake this research question the research will focus on:

- Providing a literature review that can be used to better understand a number of concepts that will be used throughout the research. These include unpacking notions of home-based enterprises, the informal economy and the regulation of economic activities.
- The research methods involved undertaking a number of interviews with business owners, residents and government structures.

- The processes of applying for permission for home-based enterprises such as spaza shops, shebeens and day care centres will be explored.
- Completed interviews and data will be thoroughly analysed so that the research questions may be answered.
- Lastly conclusions will be reached based on what the main outcomes of this research are, and its implications for planning.

Chapter 2

Literature Review

In attempting to unpack this research on the regulation of economic activities in Mohlakeng Extension 7, a range of literature is required to give the reader a better understanding of the foundations of this research. The first set of literature will include 1) a brief history of RDP houses in South Africa, 2) literature on home-based enterprises, 3) relevant literature on the informal economy, and lastly 4) literature on regulatory practices with regards to economic activities.

2.1 Brief History of RDP Houses in South Africa

In order to gain a better understanding of the RDP, this section briefly summarizes how this programme came into being. It is important to understand this as this research is based on an RDP housing area. South Africa is the product of a complicated and complex history, much of which is referred to as the apartheid era. This is because during the apartheid era, majority of the population were limited from moving around freely, and could only reside in certain areas. These people experienced harsh consequences with regards to housing affordability, accessibility and availability; and this is mostly evident with the poor (Sowman and Urquhart, 1998). During the 1980s laws of influx-control, that had initially limited the access of blacks, were removed (after apartheid) and blacks were allowed to reside and move around without any restrictions; this had then led to further challenges within the housing sector. This is because a number of black people migrated to urban areas and found residence in the inner city that led to the creation of slums. Additionally, others found residence in open spaces surrounding urban areas, which resulted in the creation of informal settlements (Sowman and Urquhart, 1998).

However, in 1994 South Africa held its first democratic election in which the African National Congress (ANC) came into power. The ANC ensured that a low-income housing policy was introduced, a national department of housing (now called Human Settlements) was set up, a large housing budget was adopted and a target of one million houses in 5 years was set. This was done through a section of the Reconstruction Development Programme (RDP) policy which was focused on housing

(Fitchett, 2001; Donaldson & Marais, 2002). The idea of the RDP programme was based on six important characteristics which were to create an:

“Integrated and sustainable programme, a people-driven process, striving to create peace and security for all, eradicating a fragmented society, linking reconstruction, development, growth and redistribution, and lastly embodying a democratisation process in which society contributes to change” (Donaldson & Marais, 2002, pg. 139).

Thus, it is evident that the RDP programme was set out to rid inequalities that existed in the past, and to better the lives of those who were suffering and those that lived in poverty. The housing dimension of the RDP programme has helped a great portion of this population, however there are still thousands that are homeless and many living in informal settlements. Though there are many people who have benefitted from the RDP housing programme, as these people now have houses, adequate services, and ownership of property which they did not have in the past. The reason for giving an introduction to the RDP Programme is because the focus of this study will be based on an RDP housing settlement in Mohlakeng Extension 7 region. The image below illustrates the study area that will be focused on.

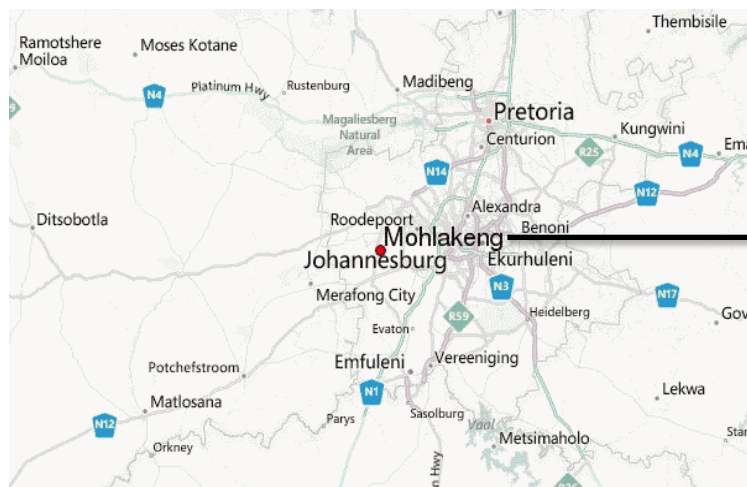


Figure 2: Mohlakeng
Source: <http://en.google.org/wiki/Randfontein/Local/Municipality>.
Accessed 16/04/14

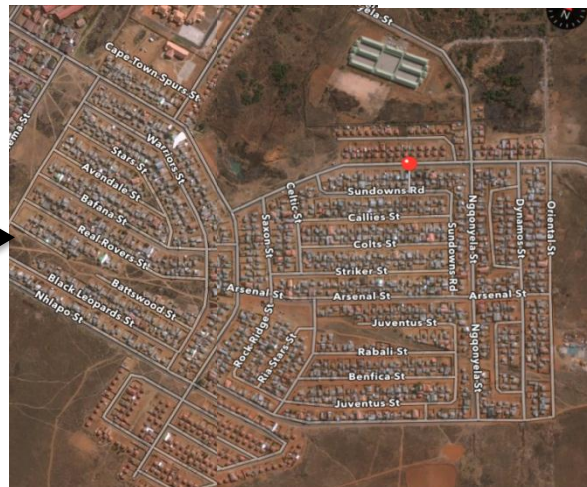


Figure 3: Mohlakeng Extension 7. Source: Google Maps, Mohlakeng, Randfontein
Accessed. 16/04/2014

Mohlakeng Extension 7, as mentioned, is an RDP housing settlement, and within this area there exist many economic activities that are conducted from these houses. Hence the next section will provide the reader with an explanation as to what a home-based enterprise is and what it comprises of.

2.2 What are Home-Based Enterprises?

When trying to define a home-based enterprise one must understand that it is not merely a small business in a house, but it is rather a family operation where a purposeful and structural unit of production (i.e. for instance selling groceries or repairing cars in order to earn an income) takes place (Brunner, 1968). Strassmann (1987) describes a home-based enterprise as one that occurs near to or in the home rather than in a commercial or industrial building. There are two types of home-based workers, the first type being industrial outworkers who undertake work for their firms. And the second type is self-employed home-based workers who generally sell market-orientated goods and produce services (Carr and Chen 2002, Horn 2009). For countless households, more generally in developing countries a small income daily can make a difference between survival and poverty. Home-based enterprises not only allow people to generate an income but may also save them time, and from additional cost's such as travelling. For the purposes of this research, home-based enterprises will refer to self-employed people who sell goods and those who provide services in Mohlakeng Extension 7.

In poor communities home-based enterprises have complicated economic linkages and allow people to create a living as well as provide shelter for themselves. Therefore, housing plays a vital role when it comes to the informal economy in many developing countries all over the world (Kellett and Tipple, 2002). Organizations such as 'Global Strategy for Shelter in the Year 2000' (UNCHS, 1990) as well as 'The Habitat Agenda' (UNCHS, 1997) together distinguish that housing should be viewed as economically productive, and not merely consumption that was understood in past housing policy programmes. Thus there are forward linkages that present itself such as the delivery of employment through the presence of housing. Therefore this allows residents to work in

and generate an income from their home (Kellett and Tipple, 2002).

Home-based enterprises have become extremely common in poor community residential areas. Over 10 years ago, about 20 to 40 percent of poor neighborhoods in India and Indonesia used their homes as a means of generating income (Raj and Mitra, 1990). According to Gafur (2000) the density and layout of houses can be significant in poor communities, where for instance women are isolated (either because they need to look after children or they cannot attain full-time employment in the formal market) and can therefore only work from their homes. Kellett and Tipple (2002) suggest that from the viewpoint of many authorities in developing countries, home-based enterprises are required to meet regulations regarding housing and employment. However this is rarely the case, as most of these enterprises are not regulated and not approved by officials. A great number of people that run home-based enterprises are women, Beneria (2001) claims that women are unequally represented in this sector and the difference in gender has escalated in an increasing number of countries (Horn, 2009).

Home-based enterprises are rather popular as they sustain the livelihoods of many that have no other form of employment and income. Thus these people combine their work together with their domestic household tasks and chores (Carr et al 2000; ILO 2002). According to Tipple (1993) home-based enterprises differ from neighbourhood to neighbourhood within developing countries. For instance if a poor residential area is located far away from formal economic activities and they have minimal access to transportation, then selling retail goods and making home-cooked food to sell from their homes are more dominant within these areas (Ezeadichie, 2012).

Lacquan (1983) has critiqued urban planners stating that residential areas should not be restricted as solely for home living purposes but it should be a combination of a production place, entertainment hub, market place, financial centre, and recreation place. Additionally Lacquan (1983) states that creating restrictions in poor communities will cause unstable conditions, as these communities generally function with having a number of purposes (Ezeadichie, 2012).

2.2.1 Disadvantages of Home-Based Enterprises

Some in the planning profession might view home-based enterprises as being unwanted as they syndicate industrial and commercial activities in areas that are zoned for residential purposes. Certain scholars maintain that poverty, informality, informal housing, and informal income are all interrelated in a close way. Thus, in poor neighbourhoods a large number of houses are altered as there is a need for an income (ILO/UNCHS, 1995). Okeke (2000) suggests that extensive use of temporary (non-permanent) structures creates an annoyance with regards to the value in terms of land use development. With the constant development of structures such as sheds and shacks that are used for retail purposes it creates an entire new neighbourhood that planners oppose; as this clearly shows that residents are disobeying official regulations. Strassmann (1986) claims that areas with a high concentration of home-based enterprises are usually much lower in value as they produce nuisances such as fumes from smoke or pollution. Whereas, areas that contain small portions of home-based enterprises usually have a higher value to them.

According to Benería and Floro (2005) home-based enterprises in developing countries sometimes use children in their businesses which results in very poor education and skill levels and this inevitably leads to conditions like poverty. One of the major disadvantages of home-based enterprises is that they may avoid paying taxes and fail to comply with stipulated regulations, which essentially result in low fiscal returns to the government (Ezeadichie, 2012).

2.2.2 Advantages of Home-Based Enterprises

It has become apparent that there is an increase especially with regards to home-based enterprises in the informal economy, since many workers get laid off from work, where women and other family members look for alternate employment so that they can receive an income (World Bank 1995; Hope 1997). According to Roy (2005), home-based enterprises are vital responses for residents when formal employment ends and salaries decrease, thus the only alternative is to derive an income from the house. Most low-income neighborhoods count on home-based enterprises as they provide an easy

means to goods such as food, as well as services that are practised at a cheaper rate like hairdressing or motor vehicle repairs.

In 1997 the informal economy employed approximately 60 percent of Africa's population (African Development Bank, 1997), and it is estimated that by 2020, 95 percent of all African workers will be employed by the informal economy (Hope, 2001). Hope (2004) emphasized that all restrictions placed on the informal economy should be eliminated as the informal economy has great potential as a source of economic growth and employment, and this could go a long way in decreasing poverty and deprivation in developing countries. Home-based enterprises have shown a sense of enthusiasm and resilience, as they represent a major portion of economic activity and employment in Africa. Sometimes informal home-based enterprises, mainly during periods of change do as well as, or even better than formal businesses do.

Tipple (1993) explains that through home-based enterprises there are two specific businesses in South Africa that stand out as they have expanded far beyond the means of a home, the first being a sporting goods business and the second being an itinerant business. These businesses had initially begun as small home-based enterprises and over time they had expended, became more recognized and very successful. Thus Tipple (1993) argues that without using the primary environment which was the home, these two businesses would not have been able to go city-wide and reach where they are today (Ezeadichie, 2012). Another benefit home-based enterprise is that these businesses do not have to pay rent and their overhead costs are minimal, therefore resulting in them having higher profit margins. Through a case study conducted in Lima by Strassmann (1986) he established that out of 106,500 households a great portion were of home-based enterprises and this made up a significant percentage of the total household income. The reason that these home-based enterprises were a success, was due to their easy locations, thus there was very little or in some cases no transport costs made.

Businesses in the informal economy, like some home-based enterprises that are informal (not all home-based enterprises are informal), are fundamental parts of society

as they reduce poverty, create employment, as well as offer skills to the young. These informal businesses bring goods and services closer to the home; hence residents do not have to travel to commercial centres, saving them on transportation costs. The goods and services provided by these informal businesses help to satisfy the residents in three ways: availability, affordability and accessibility (Kamete, 2004).

2.2.3 Home-Based Enterprises and its Relationship with Urban Planning

Watson (2011) explains that urban planning education, especially with countries in the Global South have been influential in helping address issues of inclusivity and planning for the poor workforce. She further states that “*laws, regulations and professional practices*” which are connected to urban planning have remarkable effects on the ability for the disadvantage poor to survive in places (Watson, 2011 cited in Ezeadichie, 2012 pg. 54). Watson (2011) believes that rules and regulations of planning are usually burdensome, and this forces the poor to look for alternates such as the informal economy, and thus they are left vulnerable to the state which can inevitably lead to oppressive interventions (such as the state confiscating their goods/ closing their businesses up). She further states that planners are usually educated to enforce rules and controls within towns and cities because of dominant legislations. This however, has a negative impact especially for the urban poor as their livelihoods are at stake as planner’s rules and controls favour formal economic interests, and this essentially leads to environments that exclude spatially and socially (Watson, 2011).

When looking at informality, it is usually seen as a land use problem, and hence attempts to control it is done by means of restoring ‘order’ to the urban landscape, or trying to change it to formal markets. Restrictions placed on urban upgrading policies shows the limits of the ideology of space. Basically what happens is that in trying to upgrade the urban landscape there are only physical attributes that tend to be redeveloped (such as poor services and informally constructed buildings), rather than helping and improving the livelihoods of the poor and disadvantaged (Roy, 2005).

It has become evident that home-based enterprises are becoming more and more recognized in countries all over the world, more specifically in developing countries. Home-based enterprises provide a means of employment and income to those that cannot find formal work, but at the same time they are not always in line with stipulated rules and regulations. However, there are clearly both advantages and disadvantages that need to be considered when looking at home-based enterprises. For the purpose of this research, Mohlakeng Extension 7 will be further explored with regards to the regulation perspective of home-based enterprises. Hence, it is important to understand what a home-based enterprise comprises.

2.3 What is the Informal Economy?

The informal economy plays a crucial role in sustaining the lives of many urban people that are living in poverty especially in developing countries (Kellett and Tipple, 2002). With the rapid increase of population and the constant demand for jobs, goods and services, it is very difficult for the formal economy to sustain. Due to a decrease in job opportunities in the formal sector, many have resorted in seeking employment in the informal sector. Thus, the informal sector offers employment to the rising workforce in supplying goods and services which the formal sector is unable to provide (Kellett and Tipple, 2002).

From the 1970's some of the initial literatures on the informal economy were said to have a distinct division between the formal and informal sector. However, in recent times this has proved to be untrue as all characteristics of the informal economy are not always all present in an informal business; some businesses may have one characteristic of informality, whilst another may have four characteristics. Therefore, it is very complex in trying to define the concept of informality or classify businesses distinctly (Romanos and Chifos, 1996). In 1992 Thomas described the informal economy as being activities that take place in a manner that is not accounted for in national income financial records.

The informal economy is said to occur 'between underground and legality' (Tokman, 1992, pg.4) this could mean that informal activities fall outside the law with regards to

taxation, the protection of workers as well as retirement packages. Chen (1999) describes four interlinked theories which occur in the informal sector in developing countries. The first theory is a “*lack of growth*” this theory describes how rapid informality leads to a drop in gross domestic product (GDP) of that country. The second theory is “*jobless growth*”; this theory basically states that with new capital investments in technology and current processes of privatisation in the economy it has led to a decrease in formal activities and an increase of informal activities. The third theory is “*growth from below*” and this theory identifies features of a development in GDP to the progress of small-scale enterprises. The last theory is “*the period of adjustment*” and this shows how the informal sector expands when economies go through structural adjustment which shows a shift from formal to informal employment (Kellett and Tipple, 2002, pg. 4).

The informal economy comprises informal businesses which fall outside legal requirements and institutional regulatory frameworks. This notion refers to businesses and employees that are not registered with respective legal systems (Statistics South Africa, 2010). The informal economy in its broadest view is said to include illegal activities in which crime and tax avoidance are among the highest activities that ignore national and local laws (Ligthelm, 2008). Basically the informal economy comprises activities in which income is not reported for taxation (Charman, Peterson, and Piper, 2012). Small-scale businesses are explained in the Small Business Act (1996 and 2003), which stipulate that a micro-enterprise consisting of less than 5 full-time employees, and a yearly turnover under R0.2 million, with gross assets that are estimated below R0.1 million (Small Business Act, 1996).

This is sometimes debatable, as academics argue that informality should be treated as part of formalisation (Maloney 2004:1168). For instance, sometimes these small businesses do not abide by regulatory rules such as registering their businesses, but have the required zoning permission; hence this can be seen as a sector of formalisation (Charman, Peterson, and Piper, 2012).

It is important however to note that existing knowledge of the informal economy with regards to micro-enterprises is very limited and requires much growth. It is not always accurate to view the informal economy as being marginalised. However Meagher (2005: 268) explains within Africa the informal economy is largely occupied by the poor. With research a number of qualitative studies have been conducted and it is evident that informal businesses do not follow the same rules which formal businesses do. For instance when informal businesses are raising capital they are usually received from friends and family, where the assurance of repayment is created through strong social relations and flexible terms (Charman, Peterson, and Piper, 2012). According to Maloney (2004:1168) getting capital from social networks are better options than receiving capital from formal organizations of civil society which are far more expensive to maintain. For instance if one gets a loan, one needs to pay back with interest and these rates keep increasing, thus in the end people end up paying more. Additionally the process of receiving a loan is complicated and requires a lengthy procedure before one can obtain a loan.

In countries like South Africa the informal economy provides a basis in which it allows unemployed people that for instance have a lack of skills or education to be employed and have a sense of economic opportunities. There is a wide range of economic activities that surround the informal sector; some of them include trading, whilst others include providing services such as hairdressing, child-care or even motor vehicle repairs (Charman, Peterson, and Piper, 2012). In communities where there is little or no presence of formal businesses, the demand for goods and services increase. This then allows for micro-enterprises (home-based enterprises) to be created, however, these businesses are mostly run informally.

With regards to price-setting (prices that business sells their goods or services) in the informal economy, it is not suitable for owners to have competition as this allows for a more accessible entry into the market for others wanting open up similar businesses (however this is not always the case, as many business owners have competition and compete with price). Thus, there is a low entry into the market for those needing to

attain a means of survival (Charman, Peterson, and Piper, 2012 pg.52). According to Ligthelm (2008) approximately only 15% of South African entrepreneurs in the informal economy have the required skills and knowledge to run and expand their businesses; whilst the majority of entrepreneurs just use this as a basis for providing an income as a means of employment (Ligthelm cited in Charman, Peterson, and Piper, 2012, pg.52).

Generally the informal sector is associated with being “*small scale and characterised by low capital endowments, simple technologies, unremunerated family labour and flexible work-sites*” (Hays-Mitchell, 1993, cited in Kellett and Tipple, 2002, pg.5). Below is a summary of some of the most common characteristics of informal small-scale enterprises:

- There are minimal requirements needed on entry; skills and capital investments necessary are of a low standard.
- Almost all employers learn through informal education in this sector.
- People in this sector have little or no formal credit, thus their capital comes from family, friends or sometimes it is borrowed.
- The informal sector mostly functions outside boundaries of the law, such as avoiding tax, having no license, and they do not follow compulsory standards (UNCHS, 1989, cited in Kellett and Tipple, 2002, pg.5).

Small-scale enterprises have the ability to grow in strength, and they work in local communities. The ones located in the house, offer employment to the local skilled, unskilled and those without jobs (Kellett and Tipple, 2002). Therefore, this research focuses on home-based enterprises in the Mohlakeng Extension 7 that forms part of the informal economy. Additionally it explores the regulatory framework within the area, in order to establish if there is any part of ‘formality’ and order that exists. The informal economy plays a major role not only in South Africa but in most developing countries, and it sustains the livelihoods of many more specifically the poor.

2.3.1 Regulatory Planning and Informality

From 1994 the work of planners in the South African context has been to develop town planning schemes at the scale of municipalities, amongst other work. However, there has been a shift in emphasis which is now based on land use management, which includes “*regulatory planning as a necessary tool to implement development plans*” (Godehart, 2006, pg.1). Basically the new legislation on land use management stipulates that there should be a single town planning scheme for each municipality, in many cases however this will be the first town planning scheme for that township. In certain townships where there is no presence of enforced regulations over the past 20 years, that township is characterised as having informal developments.

A large portion of literature looks at the nature of relationships between the formal and informal economy; there are three perspectives that are well-known, namely: dualists, structuralists, and legalists. Dualists are said to look at the informal economy as being separate to the formal economy, it is merely seen as a means that provides an income or safety net to the poor (ILO, 1972). Dualists contend that the presence of the informal economy is only because economic growth and industrial production has been unsuccessful in taking in those that are employed in the informal sector. Structuralists look at the informal sector as being lower in rank to the formal sector (Castells and Portes, 1989). This is because structuralists believe that capitalists that have an advantage as they reduce their labour and input costs, thus destroying employment and generally wearing away petty traders. And lastly legalists look at the informal sector as being one where micro-enterprises that are run informally do so to decrease their costs whilst increasing their wealth (de Soto, 1990).

It is a complicated topic to distinguish the relationship between regulation and non-regulation. However, an international meaning of the informal sector can be described as an informal business, where the size of employment is under a certain threshold, and one that is not registered with specific national legislation that is written by national bodies (ICLS, 1993). Additionally there are two types of regulation, the first regulation is linked with becoming legal, and includes registration and licensing. These refer to

taxation and labour obligations, including health and safety regulations. These are definitions that are derived from the international meaning of the informal sector (Chen, 2001). And secondly there are urban planning regulations, which will be further discussed in this section.

Over the past and increasingly in current times many households and individuals take up informal economic activities as a means of absolute survival. What is most attractive about these informal businesses is the ease in starting up these businesses, such as the reliance on local resources, small management scales, and low capital investments (Chen, 2001, pg.14). These activities in many cases allow underprivileged individuals and households to make the most of what is their only asset, their labour power. People who have informal businesses solely as means of survival usually do so, because formalizing them would be far too expensive, it takes up time, it can sometimes be intimidating and it is a complex process. Another reason that individuals take up informal businesses is simply to increase their progress and wealth, as informal businesses avoid tax payments and are unregulated, thereby generating a higher profit. Lastly some individuals have both part-time/ full-time work as well as informal businesses, as it allows flexibility with regards to the location and time, and there is also minimal investment required in starting up the business (Chen, 2001).

In addition there is a further category of informal activities that exist; for instance with the case of home-based workers, some women prefer to have home-based work as this helps them to maintain a balance between housework and their work. Whereas other women are obligated to choose home-based work, as there is unstable employment for them in the work industry.

2.4 Urban Policies and Regulatory Controls

Urban policies and regulatory controls at the very core is said to be a combination of land-use policy, zoning regulations, planning and building regulations which cities utilize for different purposes. The next section focuses on the above mentioned policies and regulations.

Planning Regulations: With regards to planning regulations in developing countries, most of them were (to allow for the possibility that in some places they have changed) created and introduced by past colonial powers or industrialised countries. It is a rather costly process in maintaining planning regulations when receiving authorisation for developments. This is because building costs increase exponentially, whilst the informal sector is relatively cheaper and a much easier way for starting economic activities (Kellett and Tipple, 2002). For instance, starting up an informal business in Ghana is approximately about one-sixth of the cost of starting up a formal business (UNCHS/ILO, 1995). Furthermore, there are sometimes administrative costs, and illegal activities such as regular bribery that takes place with both formal and informal businesses (Kellett and Tipple, 2002). Looking at Mumbai in India, Payne (2001) suggests that it takes a lengthy period of time gaining the required permissions and permits that are needed; and these can last up to 75 days of no work. Thus many people avoid such delays when applying for these permits.

Zoning Regulations: The reason that zoning regulations were introduced in the initial days of the planning control; was to simply remove unwanted activities and developments from residential areas. These unwanted practices cause negative externalities such as traffic, pollution, noise and so forth which result in disturbances. Thus by separating activities like these annoyances it would result in a desirable outcome such as no traffic, pollution, noise or any disturbances. Other features of zoning that are not transparent include the upkeep of property values, as well as easing the task of the planning control which is the management of land and buildings (Kellett and Tipple, 2002).

Building Regulations: There are rules that need to be followed when constructing or altering any building. In South Africa the National Building and Regulations Standard Act (No. 103 of 1997) outlines how buildings should be constructed. These buildings need to be constructed in an effective manner so that it can suit human habitation. However, these practices are quite difficult to follow and carry out. Additionally when following the actual writings, a high level of reading skills and professional knowledge is

required (Kellett and Tipple, 2002).

Employment Regulations: These regulations focus on protecting individuals and the economy such as the safety at work, conditions that one must follow when at work, pension funds, unions and so forth. It is only fair that employment regulations be carried out with home-based enterprises, as formal enterprises regularly live up to the same regulations. However, Hameed and Raemaekers (1999) believe that this is never the case especially in developing countries (Hameed and Raemaekers cited in Kellett and Tipple, 2002). It is noted that home-based enterprises in the informal sector that do not conform to regulations have more of an advantage than those in the formal sector which have to additionally comply with several stipulated regulations. These informal home-based enterprises in addition clash with employment rights as informal owners do not receive all the benefits such as pension, holidays and sickness pay (Kellett and Tipple, 2002).

A second set of policies that are identified, involve the regulation of health standards. This has become a serious issue, as the government's health departments in South Africa and abroad have struggled to monitor various land-use activities that are currently on-going. For instance where home-based activities are concerned, a neighbour may complain that a backyard mechanic is making noise and that the smell of welding interrupts his space or affects his standard of living (Chen, 2001). On the other hand formal businesses may complain that street vendors are causing health risks by attracting rats and flies to their open fresh meat stands. Therefore, it is visible that these risks affect "*occupational health, public health, and environmental health*" (Chen, 2001, pg. 33) and it is not an easy task that local authorities can simply or easily meet.

A third set of policies are involved with the regulation and registering of a business, through the issuing of licenses in order to operate. Whilst many assume that informal businesses refuse to register for reasons such as tax evasions, in Durban a study by Chen (2001) has confirmed otherwise. These people from Durban want to register so that they can feel a sense of legality as well as have certain advantages (Chen, 2001). However, certain informal business owners want to register so that they can know what

they are entitled to in return. However, being registered involves these informal business owners going to a number of different departments, filling out a number of forms that are usually not in their first languages, and waiting in long queues on a monthly basis. This often presents as undesirable for informal business owners to register their businesses.

A fourth set of policy involves the provision of basic infrastructural facilities; this includes water, electricity and waste removal. With regards to home-based enterprises in formally developed areas, these businesses generally have these services such as electricity and water, and these are crucial components that need to be received when running a business from home (Chen, 2001).

A last set of policies is to ensure that local authorities create policies that help groups such as small operators or younger women. These policies are to target poor community residential areas, in which goods that are most in demand should be supplied easily as this will help go a long way in supporting home-based economic activities (Chen, 2001).

Thus the local government has an important role on deciding whether there should be constraints or opportunities regarding the informal economy. Hence, we can see that businesses have a number of rules and regulations that need to be followed in order to be regarded as formal. However, these procedures take up time, cost money and are complicated processes for many, especially for the poor to keep up with. Therefore much of the poor population that have home-based enterprises do so informally to avoid such 'nuisances'. For the purposes of this research, regulation plays the most important role, as the research will attempt to uncover whether home-based enterprises in Mohlakeng Extension 7 follow any rules and regulations that have been mentioned above. Furthermore, the research will ascertain the type of experiences neighbours have encountered in regard to these activities and whether any forms of internal/ community regulations exist in Mohlakeng.

2.5 Conclusion

Firstly one needs to appreciate that South Africa has undergone a difficult past with regards to the apartheid. In 1994 when democracy was achieved policies such as the RDP were introduced to alleviate poverty and any other inequalities that existed at that time. However, the country is still experiencing many of the far reaching effects of apartheid, one of which is unemployment. Thus many people, especially the urban poor have resorted to alternate forms of employment and this employment is usually associated with the informal economy.

With the increasing rate of unemployment in the country many people resort to looking for alternate work, an example of this is would be home-based enterprises. Home-based enterprises have become a common phenomenon for many people especially those in developing countries. Home-based enterprises allow people to generate an income from their home and they sustain the livelihoods of many. Besides sustaining livelihoods, these home-based enterprises provide services and goods that are easily accessible to the residents in the area, saving them travelling costs. However home-based enterprises do sometimes cause disturbances such as pollution and noise. Home-based enterprises sometimes do not follow policies, rules and regulations, thus they can fall part of the informal economy.

The informal economy plays a major role in many countries all over the world as it reduces poverty and is responsible for sustaining the lives of many urban people. With the limited amount of jobs available in the formal economy, many people resort to seeking employment in the informal sector. However the informal economy is said to be illegal as it avoids paying taxes, there is no protection of workers and it fails to abide by rules and regulations that the formal economy follows. However, the informal economy offers economic opportunities to people that lack certain skills and knowledge. There is minimal entry of starting up a business in the informal economy, such as low capital investments and flexible working hours. It is important to note that the informal economy does not function without the formal economy.

There are many forms of regulation that present itself such as land-use policies, zoning regulations, planning and building regulations, as well as the registering of a business and becoming legal. However, it is difficult to distinguish between businesses that are completely formal and those that are informal as, sometimes the business has characteristics of both. Most legal rules and regulations regarding land uses are set out by local municipalities and sometimes other government spheres (provincial and national).

Therefore these concepts outlined in literature are of vital importance as they will be used throughout this research in order to better understand the regulatory perspective of economic activities. For the purposes of this research home-based enterprises within Mohlakeng Extension 7 will be explored so as to understand if there are any forms, types or structures of formality that exist internally (between, the community and neighbours) and externally (within municipal structures).

Chapter 3

Research Methods

3.1 Focus Area

The focus area of this research is based in Mohlakeng Extension 7. Mohlakeng is a Township that is situated South of Randfontein in Gauteng; it is one of the oldest Townships on the West Rand, and it was initially known as “*InXhosa-Mohlakeng*”. Mohlakeng Extension 7 is located next to a main road (Main Road) and is clearly visible to those driving past. This area (Extension 7) was originally just a barren piece of land, thereafter developments started taking place, thus the area had new roads constructed and RDP houses were developed. Hence, this was an interesting factor that caught attention for this research. As it is a fairly new development and this could give a fresh perspective of economic activities taking place in a formal low income neighbourhood. The area highlighted in the circle below shows Mohlakeng Extension 7, the area that will be under study.

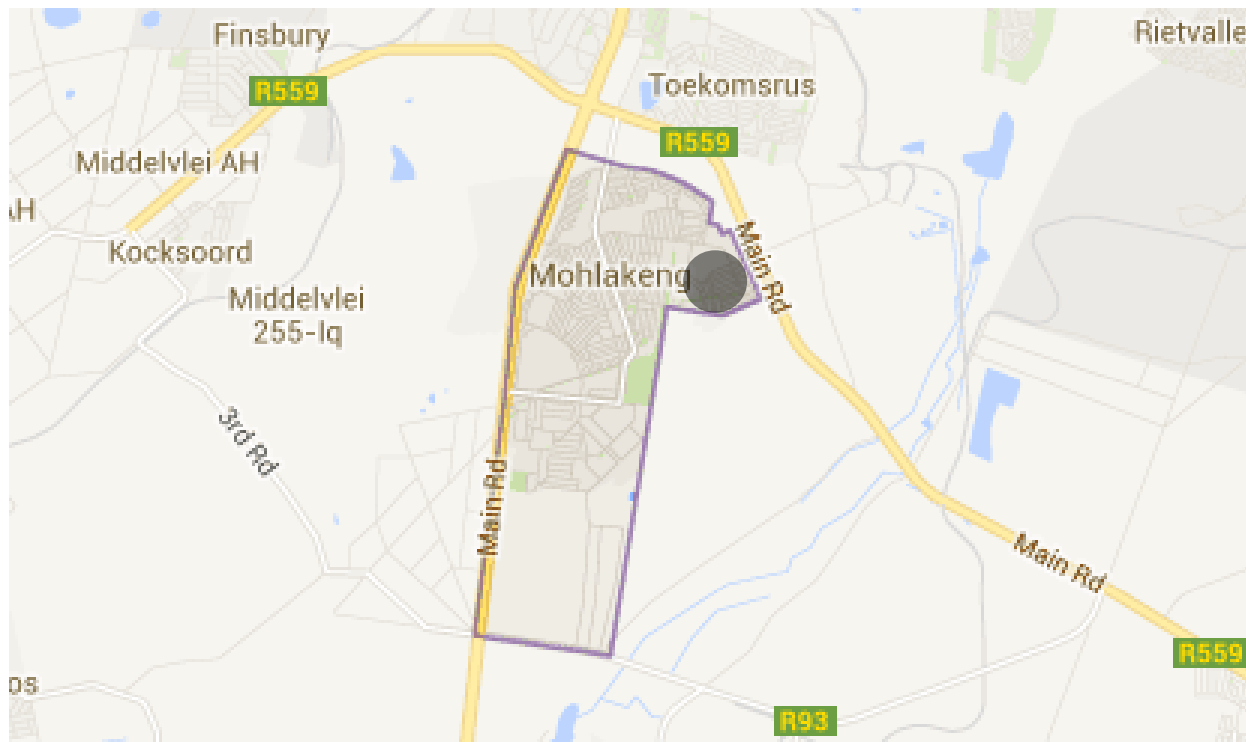


Figure 4 Source: Google Maps. Accessed

3.2 Rationale for choosing Extension 7 as a focus area

An RDP (housing) area was chosen because it is a development intended to improve peoples' housing conditions and overcome informal and inadequate conditions. The economic activities apparent there raise questions as to how they are being regulated in this new neighbourhood. Randfontein used to be a labour servicing area for the mines and thus the Township of Mohlakeng came into being because of the existence of mining. The original inhabitants of the township (Mohlakeng) used to work at the mines. Since then Mohlakeng has grown in size, for instance there are currently 7 extensions, and there are further proposed developments in place for Extension 8 and 9. Extension 7 in particular was established in 2003 and is a result of provincial government intervention. This is because the Randfontein Municipality is not accredited to do housing, hence provincial governments intervene. The Gauteng Department of Housing is responsible for providing the houses in Mohlakeng Extension 7 amongst others. When taking a drive through this area it is evident that there are many economic activities taking place; and this research ultimately aims to unpack if there are any forms of regulation taking place with these economic activities. Hence, this area gives a suitable choice to use that will complement the research being undertaken.

Having passed through the area a number of times, it is evident that many people in this extension make a living from their home. This is interesting as this gives them a chance to be independent as well as have an option of flexibility that formal businesses might not have. This is also helpful to neighbours in the community as they do not need to travel far distances in order to get daily basic necessities, such as milk and bread. There are also services such day-care centres where people that are employed outside Mohlakeng may leave their children with; or hairdressers that are open at night so people that work long hours still have the option of going to the hairdresser when they come back from work. Hence from an initial glimpse this extension appears to work well with the people of the community, as it provides them with basic needs and services, whilst at the same time allowing them to make a living. However, on the other hand it is quite difficult by just observing the area, to find out if any of these activities are being

regulated in any way, as many home-based enterprises are “informal” looking (shack structures). This essentially brings out the interest of this research, as the information that will be obtained through interviews with business owners, the Randfontein Municipality and neighbours in the community, will determine what forms of regulation if any are followed when running these home-based enterprises.

3.3 Application of Methods

The method that will be used to undertake this research will be qualitative research. Qualitative research ultimately aims to answer a question by gathering evidence/proof, and producing answers that cannot be determined beforehand. Qualitative can sometimes help in understanding and determining the views of people from a chosen community under study to eventually answer a research topic.

Qualitative research is essential when uncovering “*specific information about the values, opinions, behaviors, and social contexts of particular populations*” (Denzin and Lincoln, 2000, pg.2). The use of qualitative research helps to understand how people experience a particular topic. It provides a “*human*” approach in that it uncovers beliefs, opinions, emotions, behaviours as well as the relationships of people. Qualitative research further assists in finding out intangible factors of individuals such as “*social norms, socioeconomic status, gender roles, ethnicity and religion*” which is not easily present in just observing a particular area (Denzin and Lincoln, 2000, pg.3). As a result qualitative methods allow for a better understanding of situations as it gives more in-depth analyses where quantitative methods may fail to do so.

A Qualitative method is useful in this research as it will determine if the municipality or other government spheres (provincial and national) have any policies set out that need to be abided by when commencing home-based enterprise. It will proceed by viewing if business owners follow these policies, rules and regulations when running their home-based enterprises. If one just looks at policies and applications for business licenses it will not fully determine if every home-based enterprise is following set policies, rules and regulations that are set out by the municipality or other government spheres. Thus these interviews that have been undertaken will provide an in-depth understanding of the

policies that are in place and consider whether and to what extent these regulations are being followed.

Qualitative research provides three important methods that can be used when undertaking a research topic, namely:

- Participant Observation: this method includes extracting information on the behaviours of individuals in a natural context that occurs on a daily basis.
- In-depth Interviews: this method includes collecting information on interviews that will help better understand personal experiences of people that can sometimes be sensitive issues.
- Focus Groups: this method is effective when producing information on cultural norms of particular groups and providing general overviews of these groups being represented (Denzin and Lincoln, 2000).

For the purposes of this research the second method, in-depth interviews has been employed. Personal observation has also been utilized in this research which included driving and walking through Mohlakeng Extension 7 by identifying and characterizing each of the economic activities occurring, and the aforesaid information has been graphically presented on a map. From here at least two interviews will be conducted from each category, for instance, two interviews will come from services such as hairdressing and motor vehicle repairs; and another two will come from spaza shops, and shebeens. The reason two interviews will be done from each category is firstly because of time constraints. Secondly two interviews from each category could help identify what similar or different ways of regulation if any are being followed with the same home-based enterprise. Thus these interviews will tease out what types of regulation and processes one has to follow if opening up a home-based enterprise.

Additionally interviews will be conducted with Municipal Officials from the Randfontein Municipality. The members selected will be from the town planning division as they deal

with land uses, zoning and policies of townships within Randfontein. This will be done in order to get an understanding of the knowledge that the municipality have on home-based enterprises, and what sort of policies, rules and regulations are set out by them (Randfontein Municipality). Lastly interviews will be conducted with neighbours, people from Mohlakeng Extension 7, to better understand what their views are on the home-based enterprises and if they know of any policies, rules and regulations that need to followed if they intend on opening a home-based enterprise.

3.4 Information and Data Collection Methods

The bulk of this research that will be used will be concentrated around interviews and documents such as policies at local, provincial and national levels. The research will use an unstructured observation in that in the initial days of the research, one may become precise about what, where and when to observe, as well as how to make and assess observations. This will be done by simply noting down anything interesting that one might see, as well as any evidence that one might observe (Holly, 2012). This could establish if any forms of regulation is being adhered to or exists. For instance in observing taverns there are rules written out on the wall of the premise. So from here one can see that there is some form of regulation taking place. Thus the interviews will confirm this statement by providing an in-depth understanding of what rules are essentially being followed, and from where these rules originated (municipality or social rules).

The interviews conducted will play the most important part of this research as it will allow the researcher to gain factual knowledge and experience the personal relationships of the individuals under study (Holly, 2012). This means that interviews will allow the researcher to understand what the municipality, business owners and neighbours understand to be the requirements for home-based enterprises as well as their attitudes to them in order to arrive at a conclusion that would effectively answer the research question, which is: How are economic activities within the Mohlakeng Extension 7 RDP housing area being regulated?

Furthermore a wide variety of articles and academic literature that was utilized in

chapter 2 will be compared to the findings of this research. This will be done by analyzing the findings of interviews and comparing it to existing literature which either confirms, contests or extends the results to what is there already.

3.5 Use of a Translator

For the purposes of this research due to an in-depth qualitative research method carried out, the use of a translator was necessary. This is because many people living in Mohlakeng Extension 7 do not use English as their primary language. Thus it was essential to have a translator so as to fully understand all the interviewee's answers. The translator that was used during this study was Mr. Jonathan Sithole, who was previously an English teacher in Randfontein. I came into contact with him, as he is a client of my father, and he resides in Mohlakeng Extension 2. Mr. Sithole is well aware of the surroundings (Mohlakeng Extension 7) and is able to translate interviewee's who cannot speak English.

3.6 Sampling Method

This research consists of a total of 24 interviews with three different sets of people. The first set of interviews were conducted with the Randfontein Municipality, two members from the municipality were interviewed. The two members were from the Town Planning Department, the one was the head town planner of Randfontein and the second planner in charge of land uses in the Randfontein area. This interview was conducted with both members (town planners) present at the same time.

The next set of interviews were conducted with business owners that lived in Mohlakeng Extension 7, these were selected from categorizing the different economic activities in the area. There are 8 different categories that were identified during this study (spaza shops, shebeens, food catering, hairdressers, fruit and vegetable, motor vehicle repairs, day-care centres and car washes). However, there was only one interview conducted with the day-care centre, fruit and vegetable stall, car wash and catering business. This is because these were the only businesses from these four categories that gave consent to be interviewed. The remaining four categories (spaza-shops, shebeens,

motor-vehicle repairs and hairdressers) had two interviews each that were conducted during this study. In total 12 interviews were conducted with business owners in Mohlakeng Extension 7.

The last set of interviews were conducted with neighbours, people that live in Mohlakeng Extension 7 that do not run home-based enterprises. The selection processes of these people were neighbours and people living on the same street as home-based enterprises and a total of 10 interviews were conducted in this section.

3.7 Ethical Considerations

Ethical considerations that applied to this research played an important role. I approached possible business owners and informed them of the research I was undertaking. If they agreed to be part of the study then an ethics approval form and consent form were given to them. The same applied to neighbours that were interviewed during this study, ethics approval form and consent forms were given to them as well. Before conducting these interviews I felt that I might pose as a threat to businesses, as if their businesses were not registered they might assume that I would report them. However, when interviewing these business owners I assured them that any information gathered would be used solely for research purposes and nothing more. Before interviewing municipal officials, I approached them explaining the research I was undertaking and asked if I could interview them. When municipal officials agreed, both were given the ethics approval forms and consent forms before they answered any questions.

When interviewing the residents of Mohlakeng (business owners and neighbours) and Municipal Officials, no personal and sensitive questions were asked. If an interviewee did not want to answer any question, he was not forced to do so. Additionally I as an interviewer did not place myself in any vulnerable situations and I ensured all interviewees that the interviews were strictly for research purposes and it would not affect their businesses or positions in any way.

3.8 Limitations faced during the research

Limitations that were encountered during this study were issues regarding language. This is because sometimes people did not understand the questions being asked and this sometimes altered their answers or changed the meaning of the actual question that was being asked. Interviews were conducted during the day time, and this limited interviews with certain enterprises. For instance shebeens as mentioned by their owners get busy during the nights and thus no observations could be done when the business was at its peak. Due to the time limit as well as the research limit, this study may not be completely accurate, as interviews were conducted at a micro-scale. Thus this research will not be able to generalize that all home-based enterprises in Mohlakeng Extension 7 are the same other home-based enterprises. And sometimes important information may not necessarily present itself like what it would on a macro-scale.

Chapter 4

Findings

This chapter seeks to analyse the processes of applying for home-based economic activities in Mohlakeng Extension 7. There are currently only three policies that are in place, these are for spaza shops, shebeens and day-care centres. This chapter also looks at a broader view of the provincial and national policies that are being used as the background of how these policies are created.

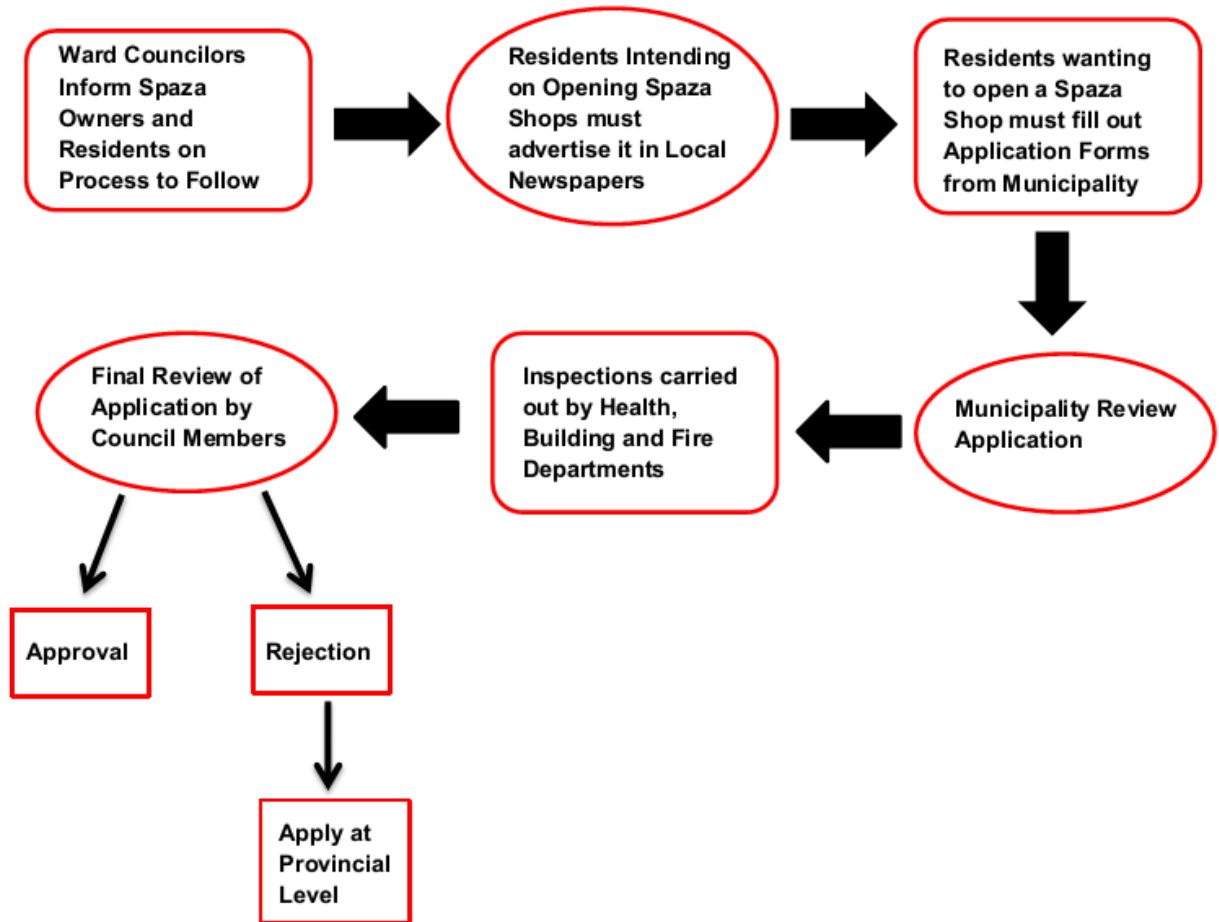
4.1 Analyzing the process of Opening a Spaza Shop

Spaza shops are economic activities that take place from certain residential dwellings, such as those that are evident in Mohlakeng Extension 7. These spaza shops are retail businesses that sell groceries such as milk, bread, tin-foods, sweets, cold-drinks, toiletries and so forth. These spaza shops provide daily essentials to people, such as neighbours in the community so that these neighbours do not need to travel far distances to get their everyday needs (Charman, Peterson and Piper, 2012). A number of these spaza shops were opened because owners needed to generate some form of income so that they could be employed and sustain themselves.

PTO.

Diagram 1: Process of Applying for Spaza Shop License (Wariawa, 2014)

The diagram below captures the process of applying for a spaza shop license as prescribed by the Randfontein Municipality. This process is described below the diagram.



With the 'mushrooming' (increasing) of spaza shops, the Randfontein Municipality believed that this type of activity was becoming a major economic contributor to the area and thus a policy was developed in 2003 (Randfontein Municipality, 2014). The policy was developed so that spaza shops could be regulated and controlled by the municipality. The process of opening up a spaza shop would firstly include ward councilors of the area informing people (spaza owners and residents that were thinking of opening up spaza shops) about the policy that was created and would encourage

them to apply to the municipality for a license to trade. This was considered necessary, so that the municipality could control the different land-uses taking place in the area (Randfontein Municipal Officials, 13/08/2014). These spaza shop owners then proceed to the municipality (local council) where they are assisted in filling out an application form for their business. The spaza shop owners are also required to put an advertisement in the local newspaper, and billboards on the street corners about the business they are opening. These advertisements are done so that if any residents in the area have objections it can be lodged to the municipality within a 14 day period (Randfontein Municipal Officials, 13/08/2014). On submission of the application, town planners would view if the sub-area can be zoned for business purposes, as Mohlakeng Extension 7 is zoned as “residential” (no businesses are allowed without permission). Thereafter, the municipality together with health inspectors, building inspectors and fire department inspectors would visit the site so that an examination of the area can be done. This examination is done to ensure that the spaza shop that wants to open is suitable and complies with relevant regulations (health, building, fire) (Municipal Officials, 13/08/2014).

This process is generally carried out within 35 days after the submission of an application. Once the inspectors have finished examining the area; they meet with the council to discuss if the application in question is being approved or rejected. If any changes are to be made to the business by the owner (such as altering the construction of the building), the owner has a period of 14 days to re-apply, if he fails to do so he will need to repeat the entire process. After the council and various inspectors are satisfied with the business site, a license will be issued to the business (Spaza Shop Policy, Randfontein 2003). If however, the owner of a business does not get approval and a license to trade even after the 14 day period from the municipality the business can apply at a provincial level. This can be done by the Gauteng Department of Economic Development where the applicant may appeal to the Gauteng Townships Boards (Provincial Official, 08/10/2014).

When conducting interviews with the Randfontein Municipality regarding spaza shops in Mohlakeng Extension 7, they explained that they were lenient and flexible towards spaza shop owners, as they usually granted licenses to people who applied.

Additionally the Municipal Officials stated that if a spaza shop was not registered, and the municipality approached the owner, the owner would generally register his/her business. This is because the municipality has adopted the view that spaza shops provide a means of employment to many people, as these people cannot attain jobs in the formal market. These people who own spaza shops sometimes only make a small profit, hence the municipality tries to assist their efforts by giving them an opportunity to register for a license without paying any application or advertisement fees. These advertisements are put in a local newspaper, in the case of Mohlakeng which falls part of Randfontein, it is put in the “*Herald Newspaper*” (Randfontein Municipal Officials 13/08/2014). Furthermore the municipality suggests that they rarely receive any major complains about spaza shops, and hence they are “*easy-going*” and lenient towards them. However, the municipality does encourage all spaza shops to be registered and there are monthly inspections of the area. These inspections are done to ensure that registered businesses are following the rules and not causing disturbances. These inspections also include municipal officials going to new and unregistered spaza shops, and informing them about applying for a license to trade (Randfontein Municipal Officials, 18/08/2014).

If the municipality feels that a spaza shop is causing any major problems such as selling illegal items or creating any disturbances in the neighbourhood, then with a thorough inspection, the license of that business may be revoked and prohibited from operating. An interview with a municipal official revealed that applications were rarely rejected. This is because they feel that most people who want to open up these businesses are usually doing so, so that they can sustain themselves and as a means of employment (Randfontein Municipal Officials, 18/08/2014).

When interviewing spaza shop owners, 2 out of the 3 mentioned that they applied for a license after being informed by the ward councilors. Whereas the one owner mentioned

he knew he had to apply even before he opened up his spaza shop. What was intriguing was that the one owner explained that the reason he applied to register his business, besides being informed by the ward councilors, was he believed that in receiving a license, it would allow him to expand his business. By this he meant that he could possibly receive some sort of financial support such as a loan from the bank in the future. Here we can see that even though the municipality does not state that by registering any benefits could come through, the owners feel differently in that registering could possibly open new doors for them.

When asked if spaza shop owners had to follow any rules and regulations, the owners responded in the negative. The owners mentioned that they made up their own rules as they went along. This is because when they registered they were not informed of any rules by the municipality that were needed to abide by. However, the spaza owners acknowledged that they provided basic daily needs, and were not permitted to sell any form of liquor or anything considered illegal by the law. It is evident that spaza shops even without receiving rules from the municipality, do understand that there are certain limits to what they are allowed to do. And hence, this could be a further reason that the municipality is lenient towards them.

The next section goes on to discuss the way in which applicants need to proceed when opening a tavern/ shebeen.

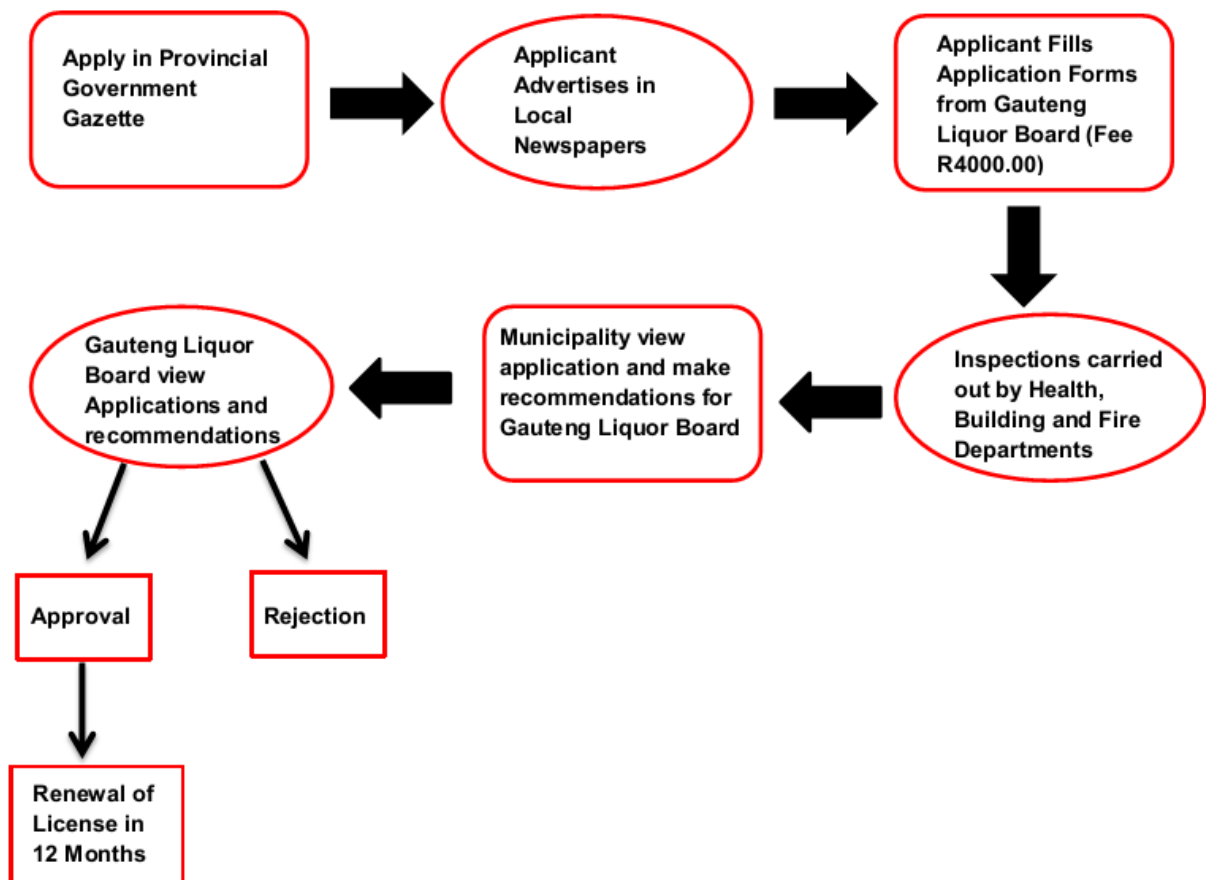
4.2 Analyzing the process of Opening a Tavern/ Shebeen

A tavern/shebeen is a business whose main purpose is the supply of alcohol/liquor, food and sometimes entertainment (pool tables) that is carried out from a residential dwelling (Tavern Policy, Randfontein 2004). These shebeens provide a meeting place where people gather to drink alcohol and to be served food. Shebeens are however associated with being notorious, disreputable and causing certain social problems. Social problems such as *“traffic accidents, workplace-related problems, family and domestic problems, and interpersonal violence”* are amongst some of the most common problems that are associated with alcohol consumption (Klingemann & Gmel, 2001 cited

in Global Status Report on Alcohol, 2004, pg. 59).

Diagram 2: Process of Applying for a Tavern License (Wariawa, 2014)

The diagram below captures the process of applying for a tavern and Liquor license. This process is described below the diagram.



Shebeens have become increasingly common in most townships, however the use of alcohol as mentioned above can be associated with many problems, and hence there are policies and acts enforced so that such businesses can be regulated. The Gauteng Liquor Board deals with the applications of liquor licenses and is part of the Department of Economic Development. The Gauteng Liquor Board is responsible for enforcing the Gauteng Liquor Act (2003) and the Gauteng Liquor Regulations (2013) which have to be abided by all those wanting to acquire a liquor license.

The Randfontein Municipality developed a tavern policy in 2004 that aims to regulate and control businesses that sell liquor. The tavern policy complies with rules that are set out in the Gauteng Liquor Act. For instance the Randfontein tavern policy (2004) states: *“(xv) that an application for a liquor license for a tavern, in terms of the Liquor Act, be submitted for approval by the Liquor Board;*
(xvi) that proof of the approved liquor license be submitted to the Local Authority, on application and renewal prior to operation of any tavern
(xviii) that all conditions laid down by the Liquor Board shall be adhered to” (Randfontein Tavern Policy, 2004).

The Randfontein tavern policy has rules which are subject to that region only. For instance the tavern policy states that the size of the premise should not be bigger than 40m²; and parking spaces of taverns should not obstruct the way of any residential dwellings in the area. These rules are part of the Randfontein tavern policy, but they are not included in the Gauteng Liquor Act. This could possibly be because the Randfontein municipality has to ensure that all taverns are complying with both local and provincial rules (Randfontein Tavern Policy and Gauteng Liquor Act). However, in order to obtain a liquor license there is a lengthy procedure that has to be followed.

The first step in applying for a liquor license is by advertising in the Provincial Government Gazette as well as a minimum of two local newspapers. These advertisements is required to contain the full particulars and details of the person who is applying, as well as the location of and premises from which the tavern will operate.(Gauteng Liquor Act, 2003). The reason for the advertisement is so that neighbours in the community as well as the public have a right in terms of section 25 of the Liquor Act to object to the issuing of a liquor license. If there are any objections the applicant may respond to the local committee (Randfontein Municipality) and objectors in writing within a 7 day period. If there are no objections or if objections have been resolved, the applicant may start his process in registering with the Liquor Board (Gauteng Liquor Act, 2003).

When applying for a license to the Liquor Board one needs to provide a motivational letter stating reasons as to why the person (owner) wants to open up the business, the exact details of how the business will be operated (site and location) and the particulars of employees that will be hired. A fee of R4000.00 is required to be paid when submitting a completed application form (Gauteng Liquor Act, 2003). Inspections will then be carried out on the site where the owner wishes to sell alcohol to ensure that it complies with relevant health, fire and building regulations. This is done by professional inspectors in each department from the municipality as well as the Liquor Board. Thereafter the municipality shall consider the application and make recommendations. These recommendations will then be submitted to the Gauteng Liquor Board where the application will either be approved or rejected. According to Chapter 3, section 30 (2) and (3) of the Gauteng Liquor Act (2 of 2003) it states:

“(2) The Board shall grant an application for any license if:

- a) The premises are or will, on completion, be suitable for the purposes for which they will be used under the license;*
- b) The applicant concerned is of good character and is otherwise fit to be the holder of the license*

The above rule 2(b) is done by having a thorough background inspection of the person applying to open a tavern. This is done to ensure that the person applying has no illegal or criminal charges associated with them.

- c) The granting of the license is in the public interest;*
 - d) The possibility does not exist that the granting of the application may cause a harmful monopolistic condition to arise or be aggravated; or*
 - e) The premises, accommodation, equipment and facilities in respect of which the license is to be issued are, or will be, if the applicant is licensed, in compliance with this Act and regulations.*
- (3) The Board shall grant an application in the case of premises not situated within a radius of five hundred (500) metres in the vicinity of a place of worship, educational institution, similar licensed premises, public transport facility, or such*

further distance as the Board may determine or as may be prescribed from time to time” (Gauteng Liquor Act, 2003).

Section 38 of the Gauteng Liquor Act (2003) states that all licensed liquor applicants must affiliate with the Liquor Trade Association. The Liquor Trade Association is set out by the Department of Trade and Industry. The Department of Trade and Industry (national level) has initiated over the last two years to reorganize the liquor industry by adding a new structure so that the facilitation of entry and the authorization of new applicants are handled with utmost importance. This means that there are extra precautions taken when looking at new applicants to ensure they are suitable to supply and sell liquor. Furthermore it is to regulate the costs related to liquor and address problems associated with alcohol consumption, in health and other categories.

The Liquor Trade Association provides a vital process of self-regulation in the industry as it encourages all applicants, licensees and associations to belong with one body. An example of this would be the South African Breweries (SAB) which is one of the largest breweries in the country. The Trade Association set out in section 38 of the Gauteng Liquor Act (2003) must ensure that the selling of liquor is practiced in an orderly manner and must adhere to all rules, policies and laws set out within.

When specifically looking at taverns, the Gauteng Liquor Act (2003) states:

(61) Nature of business (Taverns)

- 1. The holder of a tavern license shall at all times ensure that the licensed premises is separate from any other dwelling, especially a residential dwelling or if attached to any dwelling, it shall be separated by means of walls and securable doors.*
- 2. The licensee shall at all times provide food and various forms of entertainment, of acceptable standards, on the licensed premises.*

(62) Times of business

The holder of a tavern liquor license may, notwithstanding any law to the contrary, sell

liquor on any day during the prescribed times.

The prescribed times for a tavern to sell alcohol as set out in the Liquor Act (2003) is from 10:00 am until 02:00 am. All licenses are required to be renewed every 12 months, if it is not renewed the license can be revoked. Members of the Liquor Board may at any time come to a tavern for an inspection; and they may be accompanied by the “*South African Police Service, Metro Police, South African National Defense Force or any law enforcement agency*”. The Gauteng Liquor Regulations (2004) clearly specifies with regards to licenses and permits that:

- (1) A licensee shall at all times display at a conspicuous place on the premises a license, permit or certificate.*
- (2) A licensee shall ensure that the name of the business, type of license issued, times of business and license number are visibly and legibly written in characters of larger than 5 centimeters in height, on the front door or window of the licensed premises (Gauteng Liquor Regulations 2004).*

The policy on taverns (2004) that is set out by the Randfontein Municipality basically provides a guideline and summary of what is set out in the Gauteng Liquor Act, and Gauteng Liquor Regulations (2004). Thus the municipality together with Liquor Board makes sure that the supply of liquor is carried out in a legal and regulated manner. However failure to abide by the Gauteng Liquor Act (2003) and the Gauteng Liquor Regulations (2004) shall have consequences. These consequences could result in owners paying fines, licenses being revoked and criminal charges could be laid.

In the case of Mohlakeng Extension 7, the 2 shebeen owners that were interviewed had to advertise in the “*Herald Newspaper*” and the “*Sowetan Newspaper*”, before they could apply for a liquor license. It was evident that the liquor premise was separate from the residential dwelling; in both cases the business were separated by walls from the house. In addition the liquor was also sold from an enclosed area where only employers were allowed. Both the shebeens had their registration numbers, type of licenses and times of the business in visible sight as set out in the Gauteng Liquor Regulations (2013).

The owners explained that the process in applying for a liquor license was extremely time-consuming and it could sometimes take up to a full year to get an approval. The owners in addition mentioned that the municipality together with the police carried out regular inspections of and at the shebeens to make sure that there is compliance with the stipulated rules and regulations. The owners explained that if they did encounter any problems with customers who attempted to cause disturbances, they would try and resolve it; however, if they failed to do so then they would seek assistance from the police.

What was interesting was that both the owners complained that there are illegal shebeens that open from midnight until 6am. They explained that this is bad for their businesses, as when they open at 10am some people have already consumed their alcohol from these illegal shebeens and the legal shebeens lose out on business. The Randfontein Municipality has also acknowledged that there are illegal shebeens that are prevalent but they do try to curb such illegal activity by calling out to the police who confiscate alcohol from the illegal shebeens and fine them. From here we can see that the municipality does take the regulation of alcohol in a very strict and orderly manner.

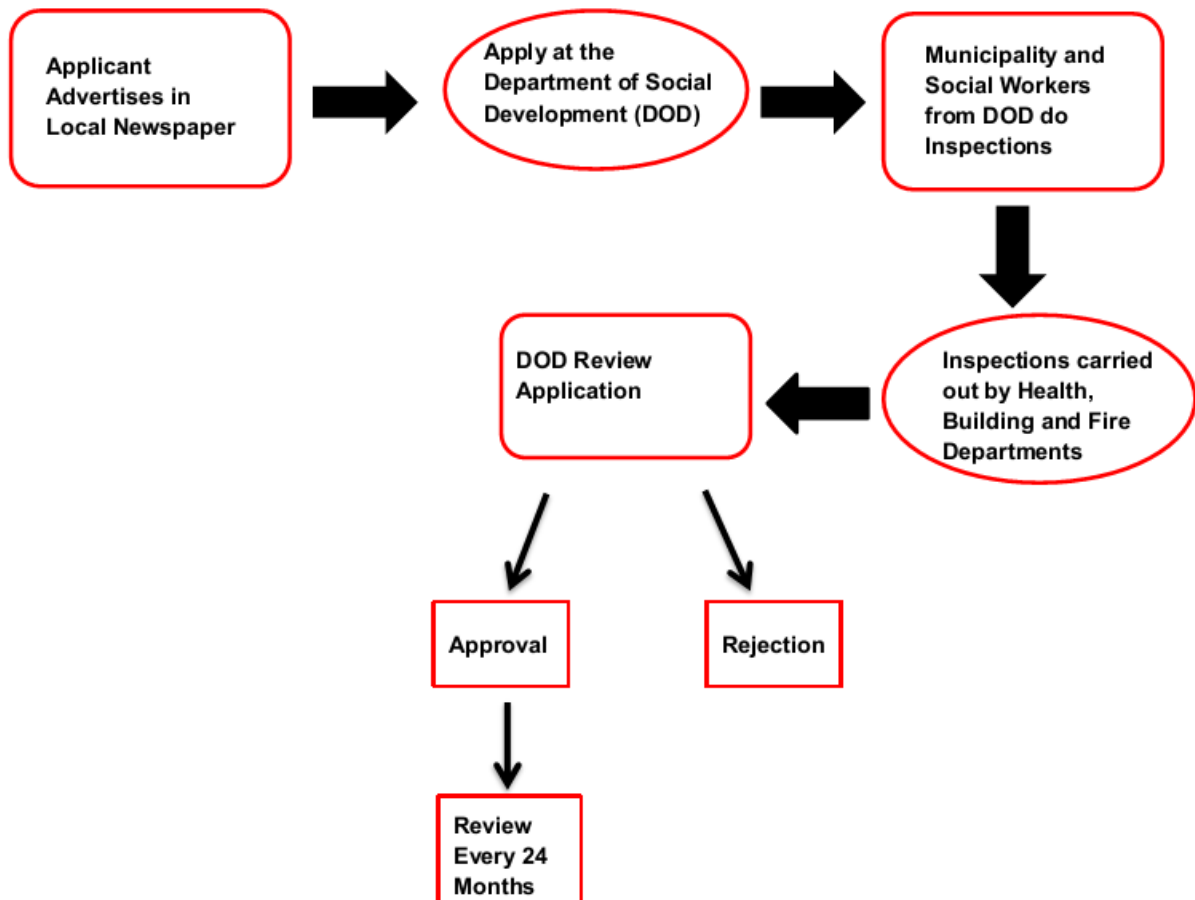
The next section goes on to discuss the way in which applicants need to proceed when opening a day care centre.

4.3 Analyzing the process of Opening a Day Care Centre

The Department of Social Development (2011) which is at a provincial level, describes guidelines one needs to follow in order to open up a day-care centre/ crèche. It outlines that registering a day-care centre or any facility that deals with looking after children is encouraged as it is dependent upon a child's development, education as well as protecting a child's rights. This is because the quality of a child is largely rests on the treatment a child receives during the early years of their lives. A child care worker is described as *"any person concerned with the care of children. Child care workers are also called educarers, teachers, child minders, practitioners, and care givers amongst others"* (Department of Social Development, 2011).

Diagram 3: Process of Applying for a Day Care License (Wariawa, 2014)

The diagram below captures the process of applying for a day care centre certificate. This process is described below the diagram.



The Child Care Act (74 of 1983) states that any person that intends on looking after 6 or more children is required to register with the Department of Social Development. When applying for a day-care centre the applicant must ensure that all their correct details are submitted so that the local authority can inspect the premises from which the day care will operate. In order for a person to run a day care they must have a minimum requirement of a Level One qualification from the South African Qualifications Authority (Child Care Act 74 of 1983). A level one qualification basically includes the necessary

knowledge and skills to deal with early childhood development. The place where the day care centre is run should comply with all building, health and security regulations (Child Care Act 74 of 1983).

For instance if there are children between 0-6 years, the day-care centre must provide a suitable kitchen where food can be prepared, a playroom, safe toilet facilities, an outdoor play area of at least 2 square metres, and furniture and equipment (beds, sleeping mats, blankets, toys etc.). It is also required that the day-care centre be closed off by an appropriate fence or walls to ensure safety of the children (Child Care Act 74 of 1983).

When the municipality together with the Department of Social Development is satisfied that the applicant has fulfilled all the necessary requirements, the applicant shall receive a certificate enabling them to proceed by running a day-care centre. Once an applicant is successful in this process there are on-going inspections that take place and these inspections are done by social workers, nurses or any other personal authorized by the director-general. After a day care centre is registered there is a review that takes place after every 24 months by trained officials to ensure that the quality of the centre is keeping up with the required standards (Child Care Act 74 of 1983). If however at any inspection, the day care centre is not following the required rules and regulations, the centre will be under a thorough review and the centre could be closed and owner (care worker) could lose their certificate (Child Care Act 74 of 1983).

When interviewing the owner of a day-care centre in Mohlakeng Extension 7, the child care worker explained that she looks after 14 children ranging from the ages of 6 months to 6 years. She described that she undertook a teaching course through a college and was first employed at a primary school. However, now that she has children of her own, she prefers to work from the home, and thus she opened up a day-care centre. When asked about the process she had to follow in order to open up this type of centre, she explained that she had to advertise in a newspaper and fill out application forms from the Department of Social Development. Thereafter, there were inspections that were carried out by members of the department and local authorities (Randfontein

Municipality) to assess whether centre was suitable for looking after children. Once the application was approved, the care worker was given a certificate and was able to open up her day care centre.

The child care worker explains that she has the day care centre running for three years and at the beginning it was difficult to run the centre, as it requires a considerable amount of attention. She explains that over time however, she was able to provide more than when she had initially started. She explains she managed to get more toys, books, and an outdoor play gym for the children. What the child care worker feels is important and what makes the business successful is that the area is well serviced so she doesn't have any challenges with regards to water and electricity. She explains that other areas that do not have access to services have more difficulties in running their centres.

When interviewing the Randfontein Municipality they explained that day-care centres are regulated, but there is no policy set out for it at the local municipality. However as mentioned above we can see that the municipality does take a part in supervising these centres together with the help of the Department of Social Development. In essence the municipality acknowledged that when it comes to dealing with children, a high degree of care and quality is required to be observed as a child's foundation relies on it and it demands being regulated.

4.4 Other Economic Activities

In Mohlakeng Extension 7, besides spaza shops, shebeens, and day-care centres, there are also car washes, vegetable stands, motor vehicle repairs, hairdressers and catering (food) services. However these activities such as car washes, vegetable stalls, motor vehicle repairs, hairdressing, and catering services are not regulated by the Randfontein Municipality. The Randfontein Municipality explained that with the increasing of these activities especially the vegetable stands and motor-vehicle repairs they are going to formulate policies and regulate these activities. This is because the more economic activities open, the more "chaos" there will be, thus by implementing policies these activities can be controlled (Randfontein Municipal Official, 13/08/2014). The municipality has mentioned that even though these activities are not regulated, if

they receive any complaints, they do intervene with a view to resolve issues.

4.5 National Policies

With regards to South Africa, there have been a number of national policies in place to regulate and control the use of land. These policies were introduced post 1994 (after the apartheid). Some of these policies are:

- *Development Facilitation Act 67 of 1995*
- *White Paper on Local Government (March 1998)*
- *Local Government: Municipal Structures Act 117 of 1998*
- *Green Paper on Development and Planning (GN 626 of 1999)*
- *Local Government: Municipal Systems Act 32 of 2000*
- *White Paper on Spatial Planning & Land Use Management (July 2001)*
- *Draft Land Use Management Bill (July 2001)* (Department of Rural Development and Land Reform, 2012).

These national policies mentioned above were the underlying influences of which most land use policies after 1994 were founded upon. However, the Development Facilitation Act (DFA) was found to have been uncertain as to which sphere of government was responsible for land-use planning and spatial planning. Hence, the Spatial Planning and Land-Use Management Act (SPLUMA) was drawn up so that it could clear up inconsistencies that were found in the previous policies (Department of Rural Development and Land Reform, 2012). SPLUMA sets out to encourage a form of order and consistency in processes dealing with land use management and spatial planning. The SPLUMA Act is still not yet in operation, however, if SPLUMA is introduced it could be an effective policy when looking at home-based enterprises in this instance.

Section 5 (1) (c) of the SPLUMA Act (2013) states:

5. *Categories of Spatial Planning*

“(1) Municipal Planning, for the purposes of this Act, consists of the following elements:

(c) The control and regulation of the use of land within the municipal area where the nature, scale and intensity of the land use do not affect the provincial mandate of provincial government or the national interest” (SPLUMA Act, 2013).

SPLUMA aims to develop a structured system that will regulate land development (in South Africa) whilst focusing on making municipalities the fundamental stakeholders (SALGA, 2014). This will be done so that there is a clear regulatory system on land development, land use management and the planning system (Department of Rural Development and Land Reform, 2012). From here we can see that a policy like that of SPLUMA can be a great tool that helps municipalities deal with the regulation of land-uses taking place in the area. When interviewing the Randfontein Municipality an official mentioned that they are now looking towards SPLUMA for policies that they intend creating, however they are waiting for the go-ahead of the policy to be implemented.

Chapter 5

Analyses

This chapter seeks to analyse the findings that were conducted during the field work, and position it with the relevant literature of home-based enterprises and the informal economy. It further goes on to unpack the regulatory factors and policies such as building regulations, zoning regulations, land-use policies (spaza policy and tavern policy) and employment regulations that are carried out by the municipality. This section additionally looks at neighbours views and perspectives on the economic activities taking place in the area.

5.1 Economic Activities Taking Place in Mohlakeng Extension 7

The map below indicates economic activities/home-based enterprises and services that are taking place in Mohlakeng Extension 7. The symbols (home-based enterprises) that are shown below were utilized for the purposes of this research report. The map indicates the different types of home-based enterprises such as spaza shops, shebeens, food catering, hairdressers, vegetables stalls, motor vehicle repairs, a day-care centre and car wash that were all interviewed as part of this study.

There is a difference between spaza shops, food catering businesses and fruit and vegetable businesses. Spaza shops sell daily essentials (such as milk, bread, tin-foods, cold-drinks, air-time, sweets, toiletries, however they do not sell fruit and vegetables and food) and they are regulated by the municipality; whereas the food catering business only sells cooked food (not daily essentials and fruit and vegetable) and is not regulated by the municipality or any other government spheres. Lastly fresh fruit and vegetables (not food or daily essentials) are the only goods sold in the fruit and vegetable business, these activities are not regulated by the municipality or any other government spheres.



Figure 5: Day Care Centre in Mhlakeng Extension 7 (Wariawa, 2014)



Figure 6: Inside a Spaza Shop in Mhlakeng Extension 7 (Wariawa, 2014)



Figure 7: Fruit and Vegetable Stand in Mhlakeng Extension 7 (Wariawa, 2014)

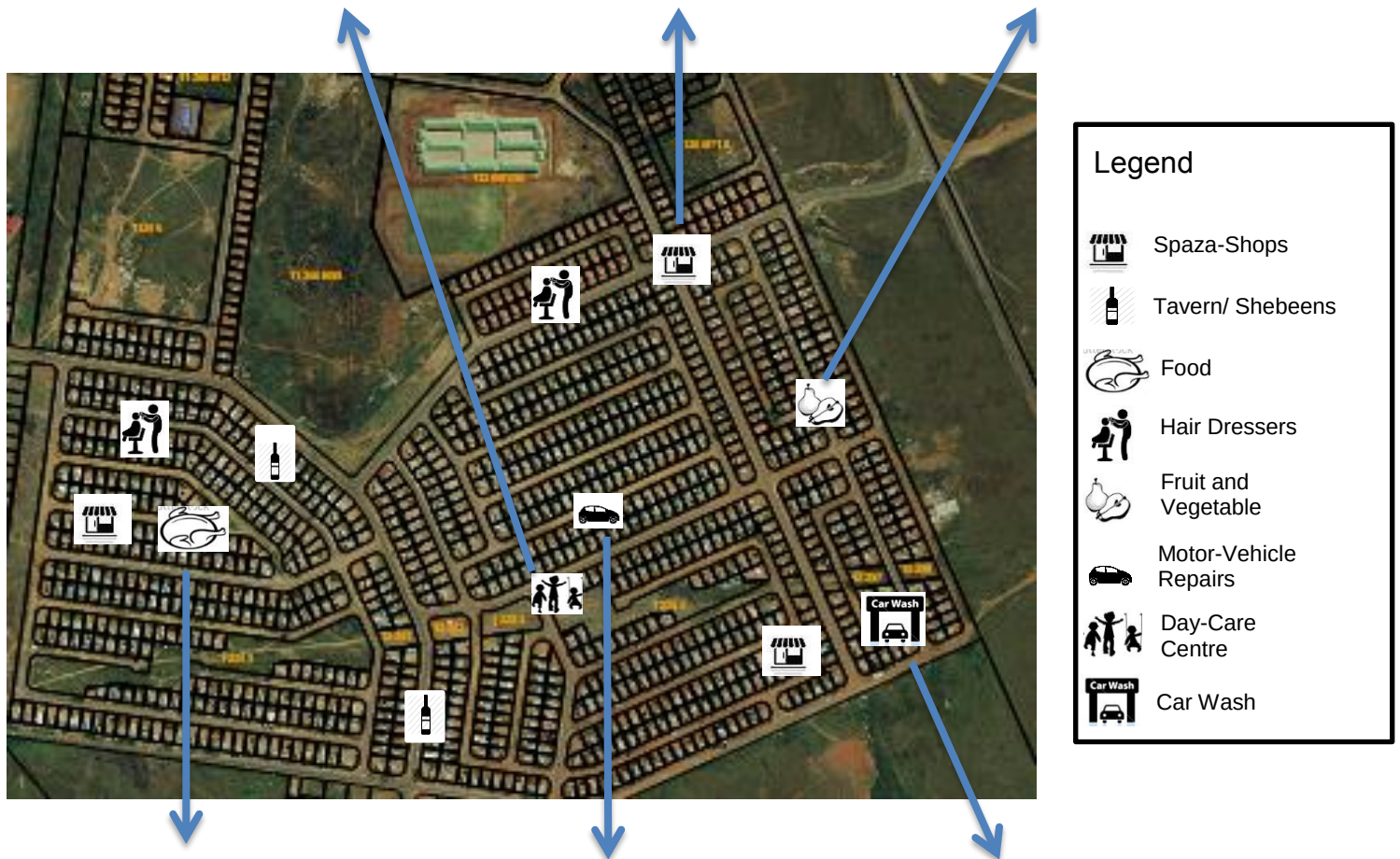


Figure 8: Catering Business and Take-away in Mhlakeng Extension 7 (Wariawa, 2014)



Figure 9: Motor Vehicle Repair in Mhlakeng Extension 7 (Wariawa, 2014)



Figure 10: Car Wash in Mhlakeng Extension 7 (Wariawa, 2014)

5.2 Positioning the findings with some of the existing literature on home-based enterprises.

Strassmann (1987), and Smit and Donaldson (2000) describe home-based enterprises as being carried out on the property of a residential house and used to generate an income either on a part-time or full-time basis. Home-based enterprises allow income generation so that people are able to sustain their livelihoods (Smit and Donaldson, 2000). The economic activities in Mohlakeng Extension 7 that were explored during this study represent home-based enterprises. This is because the people who own businesses (home-based enterprises), are carried out on the same plot as their residential dwelling. This means that these activities are carried out either within the household or from an extension/alteration made to the house. However, some of these activities (such as services like motor vehicle repairs and car-washes) do not necessarily have specific structures like that of spaza shops. For instance these activities are simply practiced in the business owner's yards. An example would be a hair dresser who stated "*I have a business that is here in the front of my house... so it's very easy for me... I don't need to travel far to get to work... I just have to walk outside*" (Interview 7, 07/08/2014).

According to Rogerson (1996) there are two categories of informal enterprises that exist namely, survivalist enterprises and micro-enterprises. Survivalist enterprises are carried out by people who cannot maintain a regular salary and do not have a variety of economic opportunities at their fingertips. These enterprises in general make a bare minimum income, there are no skills acquired, they are mostly run by women, capital investments and start-up costs are very low, and there is a small chance of expanding the business (Rogerson, 1996). Micro-enterprises on the other hand are relatively small businesses, which usually include 1-5 employees with a turnover of less than R300 000. These enterprises typically have an absence of formality, meaning they do not register to pay taxes or any other form of labour registrations (von Broembsen, 2003). With regards to economic activities taking place in Mohlakeng Extension 7, the majority of

business owners who were interviewed have mostly characteristics of survivalist enterprises. This is because many of the interviewees (business owners) were incapable of attaining a job and receiving any fixed salaries or wages. The start-up costs of their businesses are relatively low when compared to bigger established businesses like supermarkets or clothing stores that are found in the CBD or in established shopping centres. However, the interviewees describe that it cost them all their money and savings they had, which to them was a great deal of money, so that they could open up these businesses. In some instances these owners borrowed money from family members or close friends. An interviewee that runs a spaza shop mentioned *“I looked around trying to find a job, but I had no success and luck... So I decided with every last cent I have I will open up my own business... And I got a little financial support from my brother who also runs a spaza shop”* (Interview 3, 07/08/2014). Some of these businesses are family business, where the owners together with their spouses and even their children play a role in running the business. One interviewee mentioned *“When I need to go to town and get stock then my wife will stand in the shop and sometimes on the weekend my children help as well”* (Interview 6, 07/08/2014).

There is an increasing amount of home-based enterprises especially in black communities, which range from activities such as child-minding, spaza shops, hairdressers, shebeens, and motor vehicle repairs. Horn (2008) confirms this statement by explaining that these home enterprises have become more common as there is an increase of these activities (spaza shops, shebeens, child-care services, hairdressers and motor vehicle repairs) occurring in many townships, especially in poor communities. Home-based enterprises generally sell market-orientated goods and produce services (Carr and Chen, 2002). These goods basically refer to the needs and wants of the community, for instance daily necessities like groceries such as milk, bread, tin-foods, cold-drinks, sweets, fruits and vegetable, food, and toiletries. The services refer to hairdressers, motor mechanics, car washes, day-care centres, tailors, and so forth. When driving through Mohlakeng Extension 7, one can see that these activities mentioned above are taking place in the area. These home-based enterprises provide

daily essentials as well as certain services to residents. One interviewee who runs a spaza shop, when asked what he was selling answered, *"I sell everything like groceries as well as daily requirements... I sell tin foods, milk, bread, cold-drinks, chips, cigarettes and airtime"* (Interview 1, 07/08/2014).

Gafur (2000) explains that women account for a large portion that runs home-based enterprises. When conducting interviews in Mohlakeng Extension 7, there was a food catering business, a day-care centre, fruit and vegetable stall, and hairdresser that were amongst activities run by women. However, the majority of interviews conducted with business owners were run by males. One interviewee who runs a food catering business mentioned *"Well I enjoy cooking food...it's easy for me because I am at home and if I get busy my neighbour comes to help me... Sometimes I cook for different occasions like birthday parties or anniversaries"* (Interview 9, 08/08/2014).

According to Beneria (2001) women are seen as being at a disadvantage as compared to men when it comes to home-based enterprises, as they earn less than men do. Friedman and Hambridge (1991) believe that women have limited access to resources especially with regards to credits and loan services. Whereas Carr (2000) believes women prefer home-based enterprises as they can combine their work with their domestic household chores and tasks. When conducting interviews with women that run home-based enterprises they agree that having a home-based enterprise allows them to be at home, so they can do housework and look after their children at the same time. These interviewees did not mention anything about having to compete with males in terms of the money that they make. A hairdresser owner mentioned *"I enjoy working at home, because I can do all my cooking and cleaning and I can be there when my kids come from school... and I also make my money from doing hairdressing"* (Interview 11, 08/08/2014).

Benería and Floro (2005) suggest that home enterprises sometimes use children in their businesses which results in low education and skill levels and this leads to conditions such poverty (Benería and Floro, 2005). When conducting interviews with business owners in Mohlakeng Extension 7, all the businesses were run by owners or employers

who were all over the age of 18 (most of the owners were 28 years and older). This shows that children did not work in these businesses (with the exception of interview 6 who mentioned that his children occasionally helped out). However, what did stand out, is a comment from a lady who sells fruits and vegetables who mentioned *“I used to work in Toekomsrus as a domestic but last year i left because I had a baby... but I needed to make money because I needed to send my other son to school... and fees and uniforms aren’t cheap... so that’s why I started selling fruits and vegetables...”* (Interview 3, 07/08/2014).

5.3 Positioning the findings with some of the existing literature on the informal economy.

Kellett and Tipple (2002) explain that the informal economy plays a vital role in sustaining the livelihoods of many people. According to the Department of Labour (2014) the unemployment rate keeps increasing and it is one of the major social challenges of South Africa. Thus many people resort to seeking employment from the informal sector, as the formal sector cannot attain them (for instance if there is a lack of skills or knowledge). In Mohlakeng Extension 7, a few of the business owners state that the reason they resorted to finding their own employment was because there were no jobs available in the formal market available to them. Other interviewees explained that the businesses or services they provide help the residents, as residents do not have to travel a distance (Randfontein CBD which is 6km from Mohlakeng) for certain activities. The residents explain that in travelling to town they usually have to take their cars or a taxi as they cannot walk such far distances carrying their goods. One interviewee explains *“If I want to do my hair, then I don’t need to travel to town, I can just walk down the street...If I need to do my hair at night... The shops in town close at 5pm or 6pm, but the hairdresser here lets me come at night if I need to”* (Interview 17, 09/08/2014).

In the past there was a strong division that existed between the formal and informal sector, however over time this has proved to be untrue. Romano and Chios (1996) explain that the formal and informal economy does not exist without each other. This is because some businesses have characteristics of both formal and informal

characteristics, thus it is very hard to distinguish between the two, and say whether it forms part of the formal or informal economy. When looking at Mohlakeng Extension 7, this statement proves to be true, as it is difficult to differentiate if a business is completely formal or informal at a first glance. For instance one of the businesses that were interviewed was a spaza shop that had an informal shop setting. The spaza owners shop was made out of corrugated iron (shack looking), but the owner had presented a license to trade from the municipality. The reason the spaza shop would be regarded as informal, is because as mentioned in the previous chapter, the spaza shop policy (Randfontein 2003) states that all buildings must comply with the National Buildings Regulation and Buildings Standard Act (No. 103 of 1997). And within this act, buildings cannot be constructed with corrugated iron. Thus in this instance we can't assume whether the business is formal or informal as it possesses characteristics of both.

According to Ligthelm (2008), and Charman, Peterson and Piper (2012) the informal economy consists of activities that are not recorded in national statistics, as they do not pay any taxes. From 12 businesses that were interviewed in Mohlakeng Extension 7, only 2 businesses mentioned paying any forms of taxation. The other businesses that were interviewed, mentioned that they were not registered to pay any taxes. From here we can assume that these businesses that do not pay taxes do in turn fall part of the informal economy to some degree.

According to qualitative studies conducted in the informal sector, it is evident that informal businesses do not follow the same rules as formal businesses (Charman, Peterson and Piper, 2012). For instance formal businesses need to abide by set rules and regulations in order to run their businesses, such as registering to pay taxes that include Value Added Tax (VAT), Pay As You Earn (PAYE), Unemployment Insurance Fund (UIF) and others. All formal businesses need to ensure that all building, health, safety and zoning regulations are followed. These are then controlled by having regular inspections that are carried out by respective governmental spheres (usually the local municipality) (Municipal Official Randfontein, 2014). If a business is located in a

shopping mall/centre, then the business needs to abide by rules of the centre, such as opening and closing at stipulated times (Municipal Official Randfontein, 2014).

Interviews conducted with business owners in Mohlakeng Extension 7, mention that they have flexible times as well as making their own rules, with the exception of shebeens. These business owners in Extension 7 are not registered to pay taxes as mentioned above like those of formal businesses. One of the interviewees who own a spaza shop stated *“I open up at 5am sometimes... other times I open at 9am... I don’t have set times that I open... Because sometimes I first need to go to Randfontein to buy stock so those days I open up later in the morning... If at night my family come to visit I close early like maybe 6pm, and other times I open till 9pm... it just depends, it is my business, so I can choose my times...”* (Interview 5, 07/08/2014).

According Charman, Peterson and Piper (2012) the price of goods and services in the informal economy are usually kept low. This is because people compete with each other for prices; hence it makes it harder for the next person who wants to open up the same business, as they need to compete with relatively low prices (Charman, Peterson and Piper, 2012). When conducting interviews in Mohlakeng Extension 7, business owners stated that there is competition with other businesses, and made the obvious point that the more of the same businesses there are, the harder it is for them to generate an income. Thus the market is very competitive and everyone tries to do well for themselves. One of the interviewees who owned a car-wash stated *“Other car-washes like mine is very bad for business... Because I buy expensive cleaning materials and if the other car-washes buy cheap cleaning stuff... then their prices are lower than mine and I can lose my customers”* (Interview 4, 07/08/2014).

Ligthelm (2008) suggests that a very small percentage of informal business owners have the required skills and training to run and expand their business, whilst the majority of people in the informal sector use it as a basis for providing an income. When conducting interviews with business owners, most of the owners had a simple background in the work place, and did not attend any tertiary institutions. For instance the one spaza shop owner, believed that he needed to know business and management

skills in order to run his business, he mentioned *“I worked in my brother’s spaza shop for a while so I got some knowledge on how to run one”* (Interview 3, 07/08/2014).

However, only 3 out of the 12 business owners mentioned that they attended a tertiary institution, where they attained the required skills to run their business. The one is a motor vehicle repair business, he mentioned that he needed to have knowledge about cars before he had opened up, he stated *“I attended a college in order to learn more about motor-mechanics”* (Interview 6, 07/08/2014). The second is a hairdressing business where the owner attended a hair salon training school. Lastly there was day-care centre owner who obtained a teaching degree. Hence we can see that only a quarter of the businesses that were interviewed had the formally-approved skills to run their businesses.

Kellett and Tipple (2002) suggest people in the informal economy have very limited or almost no line of credit given to them. Most of their capital is borrowed from family members and close friends. When conducting interviews in Mohlakeng Extension 7, most of the business owners answered that they started their businesses from savings that they had, or sometimes they borrowed from their family members and friends. However, one interviewee in particular stood out, as when asked how was he able to start his business he replied, *“What I did was I managed to get a bond...Because you need start-up capital and I also managed to borrow some money... I did this by putting a loan against my house, so I could start up this business”* (Interview 9, 08/08/2014).

5.4 Understanding the Regulation of Home-Based Enterprises

This section of the analyses unpacks the concept of regulation and relates it to the case-study, Mohlakeng Extension 7. This section firstly looks at how the Randfontein Municipality views home-based enterprises in this area. It further goes on to viewing the different types of regulation that exist, namely building regulations, zoning regulations, land-use policies, social regulations, and employment regulations. This section will go through each type of regulation and see if businesses in Mohlakeng are complying with

any of these regulations. Lastly this section will look at how neighbours view home-based enterprises in Mohlakeng Extension 7.

5.4.1 Municipality and Home-Based Enterprises

This section looks at how economic activities in Mohlakeng Extension 7 are handled and how certain activities are regulated. It also looks at the processes one has to follow in order to get a license to trade and how the Randfontein Municipality deals with any complaints or problems they receive on home-based enterprises.

According to the Randfontein Municipality they are aware of economic activities taking place in Mohlakeng Extension 7. The municipality believes that as the townships and settlements in Randfontein grew over time, the Central Business District (CBD) itself has not grown. Hence, as a result more and more home-based enterprises have opened up in the townships (Randfontein Municipal Officials, 13/08/2014). The township itself does not have any big established businesses; they have small-medium enterprises that come in various forms. Vegetable stalls are very common as they are found on most of the street corners, and the municipality is now trying to regulate them. This is because they feel that these businesses (fruit and vegetable stalls) create employment, and with these businesses spiraling there needs to be some sort of regulation in place. After all it does deal with food, thus health and food regulations need to be put in place.

The next common businesses is spaza shops, a Municipal Official (Randfontein, 13/08/2014) describes them as being a “hit” because people can derive a living out of them. The municipality however mentions that they are not very strict on these activities seeing that it is one of the major contributors to the area. What happens is people come and apply for these businesses and they are given a special consent, thereafter these businesses (spaza shops) are regulated. The next well-known business are taverns/shebeens, these businesses are strictly regulated by the municipality. However it is not an easy task as they are associated with being infamous activities that are difficult to control them at times (Randfontein Municipal Officials, 13/08/2014).

Besides the above main economic activities, there are people that are selling “in

between their houses” (Randfontein Municipal Officials, 13/08/2014), these activities include hairdressing, motor vehicle repairs, shoe repairs, food catering and a few other small businesses. However, these businesses are not regulated as the municipality explains that they are a “*headache*” to regulate. The municipality is however trying to regulate motor-vehicle repair businesses as the municipality has received a number of complaints from residents with regards to spray painting of cars. This is because these spray painting businesses are not done in an enclosed area and thus it stains neighbours homes (Randfontein Municipal Officials, 13/08/2014).

There are also bigger corner shops, though not necessarily in Mohlakeng Extension 7, and these provide additional items that spaza shops do not provide, for instance items like shoe glue. There are also seasonal activities that occur periodically, for example these businesses in winter sell food such as “*quarters*” (bread with curry inside) and in summer they sell “*ice*” (juice concentrate mixed with water and then put in the freezer) (Randfontein Municipal Officials, 13/08/2014). These seasonal businesses are usually half-day businesses, and can be opened up by any household which usually tend to get quite busy. The Municipal Officials explains that there are only three butcheries in the whole of Mohlakeng; these butcheries are not just easily found and this could be because it is an expensive business to run and requires much attention (Randfontein Municipal Officials, 13/08/2014).

Lastly with regards to day-care centres, not just any person is allowed to open up one. People who want to open up these businesses need to have a background in teaching or some qualification to that effect so that they can be given permission to open. These businesses are not simply just for anyone as it deals with children; thus one needs to have some experience in order to run a day-care centre. These activities are regulated by the Department of Social Development even though there is not a policy set out by the Randfontein Municipality (Randfontein Municipal Officials, 13/08/2014).

5.4.2 Processes of Opening up Businesses According to the Municipality

(The processes of opening up a business in Mohlakeng Extension 7 is outlined in chapter 4, this section provides a brief summary of that chapter) According to the municipality they try their best to educate residents on the content and requirements of town planning schemes. For instance with spaza shops, most people are aware that one needs to approach the municipality before they can open up one as they are approached by ward councilors. One can receive a form from the municipality, fill it in, and submit it, and if it is approved special consent is given to that person and the business is referred to as a home-industry (Randfontein Municipal Officials, 13/08/2014). The spaza shop owners are exempted from paying any advertisement costs and application fees. However establishments like day-care centres and taverns they have to pay a certain amount for application fees and for social advertising in the “*Herald Newspaper*” and the “*Sowetan Newspaper*”.

What essentially happens is that people first apply to municipality. The planners then generate a report to the relevant town planning and council committees, that deals with approval of such attempts. Thereafter, the council members visit for inspections, be it a day-care centre, spaza shop or tavern. This usually takes place on a monthly basis. This is done so that the municipality can consider the different types of applications. However, the majority of spaza shops and taverns are assisted by the municipality with regards to them being regulated. In addition day-care centres receive inspections from social workers that are sent from the Department of Social Development (Randfontein Municipal Officials, 13/08/2014).

5.4.3 Complaints that the Municipality Receive

The Municipal Officials explain that there aren't really any major complaints that they receive from residents in the area. They further comment that complaints received from the township, compared to complaints received from established settlement areas, are very low (Randfontein Municipal Officials, 13/08/2014). This is because people get to know each other's cultures, and traditions within the townships (Municipal Official 13/08/2014). For instance if one's neighbour owns a shebeen, its fine and acceptable,

as long as they do not interfere with any other neighbours (Randfontein Municipal Officials, 13/08/2014). Whereas in established settlements the Randfontein Municipality receive a number of complaints; residents in these communities want businesses to be closed down if they have the slightest of disturbances (Randfontein Municipal Officials, 13/08/2014). However, there are general complaints received in Mohlakeng such as spray painting and sometimes noise from shebeens. With other shops there are small complaints in between, such as people littering in other people's yards. Though the municipality explains that there aren't any major complaints and they are dealt with immediately in most cases (Randfontein Municipal Officials, 13/08/2014).

5.4.4 Complaints the Municipality have about Mohlakeng Extension 7

According to the municipality with regards to Mohlakeng extension 7 in particular, there are rarely any problems. The whole of Mohlakeng has an adequate delivery of services, there are however issues of roads such as potholes and in some cases there is only gravel and no tar on the road. However, the Municipal Officials express that it is a work-in-progress and the municipality is constantly trying to upgrade and make sure all areas are sufficiently upgraded when required (Randfontein Municipal Officials, 13/08/2014).

Another problem in Mohlakeng is backyard shacks, as they are booming uncontrollably. This is because it is very difficult to control, even though the municipality has tried to regulate them (Randfontein Municipal Officials, 13/08/2014). This was carried out by Municipal Officials and building inspectors trying to inform people of the building requirements they needed to follow in order to provide a safe area for people living in these "*backyard dwellings*". Additionally these backyard shacks sometimes place a backlog on the service delivery in the area, and illegal electrical connections are made in these shacks. A Municipal Official comments that trying to regulate these backyard shacks is "*like fighting a losing battle*" (Randfontein Municipal Officials, 13/08/2014). The reality is that a family of maybe 8 people is given an RDP house, so it is difficult for all of them to live in that small house. Hence, many extend their houses with shacks. This leads to them putting a heavy a load on services in the area, and illegal electrical connections are made. This then leads a number of issues and other residents in the

area complain.

However the municipality is trying their best to always strive and supply services to the best of their abilities in the area. Sometimes what the municipality sees as being illegal or not complying with certain regulations, the residents and the community find that it is acceptable, and they find a way to live around those things. Though, the municipality does try to educate the residents on the town planning schemes and policies that are put in place. Thus it is startling to see that residents become aware of their expectations from the municipality, and what the municipality must in turn deliver to them (Randfontein Municipal Officials, 13/08/2014).

5.5 The Different types of Regulation

5.5.1 Building Regulations

When constructing a building, be it just an extension or alteration, it is required for one to get permission for building approvals from the local authorities. The National Buildings Regulation and Buildings Standard Acts (No. 103 of 1977) forms the foundation of how buildings in South Africa should be constructed to suit human habitation. With regards to the policies set out by the Randfontein Municipality the spaza shop policy (2003) states:

(xii) That a building plan application must be lodged to the Building Plan Committee for consideration in terms of the National Building Regulations and Building Standards Act (Act 103 of 1977) for the building to be used for a Spaza Shop (Spaza Shop Policy, Randfontein, 2003).

However when interviewing the spaza shop owners in Mohlakeng Extension 7, they had informal structures through which they ran their businesses. When asked if there were any procedures that had to followed in order to construct these buildings their reply was no. The one interviewee however said that, *“I couldn’t afford to put a brick structure for my shop because it’s expensive, and with the money I did have I bought stock... I bought shelves and a fridge... But when I make more money I intend to put a proper building”* (Interview 5, 07/08/2014). These buildings have not been approved according

to the policy set out; however these spaza shops have shelving, fridges and tills.

The tavern policy (2004) as set out by the Randfontein Municipality states:

(xviii) that a building plan application must be lodged to the Building Plan Committee for consideration in terms of the National Building Regulations and Building Standards Act (Act 103 of 1977) for the building to be used for a Tavern (Tavern Policy, Randfontein, 2004).

In this instance both the shebeen owners who were interviewed mentioned that they needed to submit building plans in order for their structures to be approved. This is one of the tavern policy requirements set out in Randfontein Municipality as well as the Gauteng Liquor Act (2003) (see chapter 4). This shows us how strict the municipality is when it comes to following rules regarding shebeens in Mohlakeng, whereas they are more merciful towards spaza shops. The reason for the municipality being so strict with shebeens is because of health risks and social problems that are linked with alcohol consumption as well as crimes and violence associated with being drunk. Whereas spaza shops basically provide daily essentials to residents, and they are rarely or never associated with any crimes or violence.

5.5.2 Zoning Regulations

Kellett and Tipple (2002) suggest that zoning regulations were introduced to protect residential areas from unwanted activities and developments. Zoning essentially identifies areas of land into industrial, commercial, residential and agricultural zones. Zoning is a way in which the physical development of land is controlled and the how different types of uses that each property holds may be carried out. According to the Conditions of Establishment of Townships in Randfontein, Mohlakeng Extension 7 is zoned as “*residential*”; however there are economic activities that are taking place in the area. There are currently two municipal (Randfontein) policies in place to regulate economic activities; one is for taverns and the other for spaza shops. The Municipal Official explained with the case of spaza shops, “*We are not very strict on spaza shops... Seeing that it is one of the main economic contributors of the area... What we do, is that we regulate it... People come and apply to open up spaza shops... And then*

we give them special consent to open them” (Randfontein Municipal Officials, 13/08/2014). Hence, when people are applying for these spaza shops and if the municipality grants them an approval to open up the shop; they are given special consent which allows them to practice their activity from their residential plot. Out of the 12 business that were interviewed, only 6 of them had a special consent in terms of zoning (3 spaza shops, 2 shebeens, 1 day care centre).

For this study all 3 spaza shops that were interviewed had a special consent, and were given licenses to trade. However in the spaza shop policy the one rule reads:

(viii) that no preparation of food shall be allowed (Spaza Shop Policy, Randfontein, 2003). When interviewing one of the spaza shop owners, he mentioned “*Besides selling the basic items like bread, milk, tin-foods, sweets and cold-drinks... I make sandwiches like toasted cheese, toasted chicken I also sell hot-dogs, chips and sometimes I sell pap and curry*” (Interview 1, 07/08/2014).

From here we can see that even though the policy clearly states that there shall be no preparation of food sold in spaza shops, this spaza shop sells it. This spaza owner explained that he does receive visits from the municipality to see that he has a license to trade. Hence the municipality is aware that this spaza sells food, and yet no objection was taken. This could be as mentioned earlier, that the Randfontein Municipality are lenient towards spaza shops and the municipality possibly does not view this spaza shop that is selling food as a problem.

With regards to the tavern policy a Municipal Official mentioned “*Another infamous form of economic activity, especially in the new areas are taverns... Infamous I would say, as you know what they are associated with... some are illegal whilst others are legal... We do try to regulate and it...but it is not a very easy task... Nonetheless given the history of our black townships, they unfortunately have a way to contribute to economy of the area*” (Randfontein Municipal Officials, 13/08/2014). In Mohlakeng Extension 7 there were two tavern owners that were interviewed, however they explain that it wasn’t an easy process obtain a license. This is because these applicants needed to apply at a provincial and local level as outlined in chapter 4 (Figure 2: Process of Applying for a

Tavern License). The one tavern owner mentioned that it took him almost a year to open up his business. According to the tavern owners, the municipality is quite strict when it comes to rules about opening taverns. And according to the municipality there are also constant patrols done (by the municipality and SAPS) to make sure that these shebeens are following the required rules and regulations that are set out in the Gauteng Liquor Act (2 of 2003) and the Tavern Policy (Randfontein, 2004). If any rules are broken by these shebeens the Randfontein Municipality and the Gauteng Liquor Board have the right to take action against them. This could result in their liquor being confiscated, tavern owners being fined, taverns being closed up and their licenses could be revoked.

Lastly day care centres also need to apply for a special consent from the municipality, and this is done with the help of the Department of Social Development (DOD), as the DOD states all the processes rules and regulations day-care centres need to follow. (See diagram 3, chapter 4). There is no policy set out by the Randfontein Municipality for day care centres; but the municipality works with the DOD when approving and regulating these activities.

Thus from all the home-based enterprises taking place in Mohlakeng Extension 7, only three categories, the taverns, spaza shops and day-care centres are given consent to operate from their homes. Whereas the other businesses and services have no form of consent or any other license that is given to them, yet they are still carrying on with their businesses. The municipality is however aware of these other activities taking place; and a Municipal Official mentioned that they trying to formulate policies for these other businesses, but it is time-consuming and does not just happen at once (Randfontein Municipal Officials, 13/08/2014).

5.5.3 Land Use Policy

When conducting interviews with the Randfontein Municipality, they explained that there are land use policies in place for spaza shops and taverns/shebeens. The interview conducted with one of the Randfontein Municipal Officials (13/08/2014), pointed out that the regulation of shebeens/taverns is carried out in a very strict manner and thus there

are policies for it. With regards to the spaza shops, there is a policy in place, but the municipality is not as strict as they are with the shebeens (Randfontein Municipal Officials, 13/08/2014).

Taverns/Shebeens

The policy set defines a tavern as *“a place whose main business is the supply of liquor, food and various forms of entertainment, which will trade from a residential erf where the main use of the erf will be residential in nature. The tavern shall comply with Council’s approved by-laws and policies”* (Tavern Policy, Randfontein 2004).

When conducting interviews, with two tavern owners in Mohlakeng Extension 7, it was evident that these businesses had to follow a set process in order to get an approval to open up their businesses. The one tavern owner explained *“First I had to apply in the newspapers... and get permission from all my neighbours, the people that lived behind me, the people next to me and the people across... and then I had to apply for a liquor license from the Gauteng Liquor Board... and it was a very long process”* (Interview 8, 07/08/2014). Both the tavern owners needed to apply in two local newspapers the *“Herald Newspaper”* and the *“Sowetan Newspaper”*, this was done so that people from the community, the public, and neighbours could have a chance to object if they were unhappy with a tavern opening up. They then needed to apply to the Municipality to get the required zoning permission to open up a tavern. Thereafter they had to apply the Gauteng Liquor Board, where an approval or rejection was made. In this case of the two taverns were both given approval and were able to open up their taverns.

These are some of the requirements which are set out in the tavern policy. Though two of the rules in the policy in particular stood out, it stated:

(ix) That the necessary parking, to the satisfaction of the Local Authority, shall be provided in such a manner that access to the properties of adjacent land owners shall not be obstructed;

(xi) That noise originating from the tavern shall be kept within acceptable levels; (Tavern Policy, Randfontein, 2004).

However, when visiting these shebeens there were only place for a maximum of three cars to be parked outside the dwelling. And according to the business owners, these shebeens get quite full from the evenings onwards and especially over the weekends. If this is the case, then where do people who come to these shebeens park their cars? It could be that the people who come to these shebeens live in the area and therefore they can walk to the shebeen. One of the neighbours that were interviewed stated *“People that go to the shebeen sometimes just park their cars anywhere on the street...sometimes they come to park outside my house... but if they do, I tell them to move because this is my house and I don’t want anyone to park outside, especially if they going to be drunk... because the one time a drunk guy drove into my neighbours fence”* (Interview 15, 08/08/2014). 4 out of the 10 neighbours that were interviewed for this study complained that sometimes the shebeens get loud and noisy, and this causes disturbances to them. If this happens they either call the police or lodge complaints at the Randfontein Municipality. This shows that these shebeens are not always in line with the rules that are stipulated within the tavern policy, and the Gauteng Liquor Act.

According to Crush and Ambler (2000) from the 1900’s in South Africa, the state has been involved with the regulation of alcohol in a top-down manner. However as time passed, shebeens have become the central focus of constant police raids, confiscation, and recently policies of formalization (Crush and Ambler in Bundy, 2000). With the implementation of the alcohol legislation by Gauteng Liquor Board such as the Liquor Act, the municipality mentioned that they take the regulation of shebeens very seriously to make ensure that they abide by the stipulated rules and requirements. An interview conducted with a Municipal Official (13/08/2014) explained that *“we try and make sure shebeens do not cause any disturbances to the neighbourhood”*. He further mentioned that on weekends there is regular police patrolling the area, as it is requirement of the Gauteng Liquor Act. Furthermore if people lodge complaints about taverns to the municipality, then the municipality together with the police visits these taverns to make sure that disturbances are kept to a minimum. The Municipal Official also mentioned that there are a number of illegal shebeens that take place in the area. If the police find a shebeen without proper registration and licenses, then the police can close them up

and confiscate their liquor and criminal charges can be faced.

Spaza Shops

Spaza shops are small businesses which have a fairly high success rate in South Africa, and function as part of the informal economy. Spaza shops function by providing daily goods such as milk and bread to residents in the area, instead of them travelling far distances to supermarkets (Charman, Petersen and Piper,). According to the policy which set out by the Randfontein Municipality, it defines a spaza shop as “*a shop that will trade from a residential erf where the main use of the erf will be residential in nature*” (Spaza Shop Policy, Randfontein, 2003). When conducting interviews with neighbours in Mohlakeng Extension 7, all 10 of them agreed that spaza shops help them in some way or another. They stated it provided them with their daily essentials, and they were open from early in the morning to quite a reasonable time at night. The one interviewee mentioned “*Having spaza shops around is very easy for me... I don't need to worry about paying an extra R15.00 to get to town... so these shops help me a lot*” (Interview 16, 08/08/2014).

The number of spaza shops have increased at a rapid rate over time, as this is a way to provide poor settlement business owners with a disposable income (Van der Berg and Louw 2003:7). According to the Small Business Act of 1996 and 2004, it is evident that spaza shops fall under micro-enterprises as they have less than five workers in their businesses. When conducting interviews with spaza shops they were mostly run by the owner who at times got help from a family member or close friend, however this was only when the owner couldn't be in the shop. The one interviewee mentioned “*I like to be in my shop because I know what's going on... if I leave someone else they don't always understand everything... that's why I like to be here*” (Interview 1, 07/08/2014).

According to Maloney (2004) scholars have contended that the notion of informality should be recognized as parts of formalization rather than simple absolutes. This is because in some instances, businesses are registered; however they might not necessarily conform to the stipulated zoning rules. Charman, Peterson and Piper (2012) suggest that the majority of spaza shops function without licenses to sell. When

conducting interviews with spaza shops in Mohlakeng Extension 7, all 3 of them that were interviewed were registered with the municipality and had the licenses to trade. However, according to the spaza shop policy, one rule reads:

(xii) that a building plan application must be lodged to the Building Plan Committee for consideration in terms of the National Building Regulations and Building Standards Act (Act 103 of 1977) for the building to be used for a Spaza Shop. (Spaza Shop Policy, Randfontein, 2003).

However, none of the 3 businesses that were interviewed complied with this rule. Two of the spaza shops have “informal settings” as they are made with corrugated iron (shack looking) and only one spaza shop had a brick structure. When asked if they needed to follow specific criteria in order to construct and run their businesses, all three interviewees said no. The one interviewee mentioned *“When I started this business I wasn’t aware of even registering my business...But after some time, municipal members came to inform me that I need to register, then I did... but that was it, I didn’t need to get permission on how my shop was built or how I run it”* (Interview 7, 07/08/2014). This shows that these businesses all failed to comply with the requirement to have building plans approved. Even though the one spaza shop had a brick structure, he mentioned that he did not submit any building plans for approval.

According to the spaza shop policy one rule stipulates:

(ii) “That notices of the application be published by the applicant at his/her own costs in the local newspaper and on site in terms of Clause 13 of the Randfontein Town Planning Scheme, 1988” (Spaza Shop Policy, Randfontein 2003).

When interviewing these spaza shop owners they mentioned that they needed to put an advertisement in the “*Herald Newspaper*” this is a local newspaper, as well as posters around the area a month before opening. If there were any objections, the council could try to resolve it. What was interesting is that when conducting the interview with a Municipal Official (13/08/2014) he mentioned that they do not charge spaza shop owners to advertise in the newspaper. He said *“we don’t charge them, because sometimes they can barely make R100.00 a day, so where will they get R4000.00 to print an advertisement in the newspaper?”*. From here we can see the municipality is

lenient and fairly supportive towards spaza shops within the area.

According to a study undertaken by Charman and Peterson (2007) spaza shops compete by the appearance of their shops, their locations, their goods, and their relationships with people. When conducting interviews with neighbours most of them said that they go to the spaza shop that is closest to them, because that is more convenient. However, none of the neighbours mentioned anything about the appearances of these spaza shops. All that the neighbours were concerned about was that the spaza shop provided them with daily essentials so that they didn't have to travel far distances. Though a few neighbours did explain that they go to a certain spaza shop because they have a good relationships with the owners. The one neighbour explained *"I like going to Joe's Spaza shop because if I don't have money on me he lets me take stuff on account"* (Interview 13, 08/08/2014). The other neighbour explained that she preferred going to a specific spaza shop as she knows the owner and if she wants something that he doesn't sell in his shop, he makes a plan to get it for her. So from here we can see that these spaza shops are associated with being convenient, easily accessible, and they maintain good relationships with their customers.

5.5.4 Social Regulations

The social regulations unpacked during this study come from a personal view. Social regulations in this instance will refer to different norms that surround the community, which are not necessarily rules/regulations set out by any governmental spheres. For instance with the case of shebeens the one owner explained that they do not allow pregnant women in their premises. However, nowhere in the tavern policy or the Gauteng Liquor Act (2003) does it state that pregnant women are not allowed in taverns.

When interviewing one of the residents in the area, she mentioned that she didn't think it was possible for her to open up a spaza shop, as there was already one a few doors away from her. She explained that she might not be as busy, as the other spaza shop has been there for a lengthy period of time and he is well-known residents. She also explained that opening up a spaza shop could weaken or destroy her relationship with

the spaza shop down her road. Here we can see that even though that aren't any rules regarding who can and who cannot open up businesses, residents sometimes feel threatened to open up a business similar or close to an existing one.

5.5.5 Employment Regulations

Employment regulations are put in place to protect individuals and the economy, these help with regards to safety in the work place, rules that one must follow in the work place, pension funds and unions (Kellett and Tipple, 2002). However, with regards to economic activities taking place in Mohlakeng Extension 7, these business owners generally do not follow any forms of employment regulations. As when asked if they were aware of any employment regulations that they needed to follow their responses were no. This is because most of them are not registered with any unions and do not pay or receive any forms of pension or unemployment funds. This can be seen as a weakness as these owners do not know about some of the benefits they can receive by complying with employment regulations. However one tavern owner said that he does pay Unemployment Insurance Fund (UIF) for the two workers which he hired.

The Basic Conditions of Employment Act (11 of 2002), that falls within the Department of Labour lays the ground rules of how employees should be treated in workplace. For instance this includes, working hours, overtime, sick leave, maternity leave, public holidays and so forth. However with the case of Mohlakeng Extension 7, most of the businesses are run by just one person, there are little or no employees that are hired. The employees that are hired are unaware of these rules and thus follow rules that the business owners give.

5.6 Neighbours views on Home-Based Enterprises

This section of the report seeks to explore neighbours attitude towards home-based enterprises occurring in the area. There were 10 interviews that were conducted with residents in Mohlakeng Extension 7. These 10 interviews were done with neighbours and people who live on the same street where economic activities were taking place.

5.6.1 Neighbours views on Home-Based Enterprises Being Positive

Most of the neighbours felt that these home-based enterprises provided them with an easy and accessible means in which they could acquire their daily needs as well as certain services, without having to travel far distances. Common words that were used to describe home-based enterprises were “*convenient*”, “*near*”, “*cheap*” and “*helpful*”. This is because they felt that these home-based enterprises allowed them with an alternative. Some of the interviewees explained that certain services that were provided like hairdressing were much cheaper than prices they would normally pay in established hair salons. One interviewee explained “*See if there’s something wrong with my car, I just take it down the road because that guy is cheaper than other garages... and I get my car fixed the same time I take it*” (Interview 14, 08/08/2014). This could be because these home-based enterprises do not need to pay any rentals and thus they can reduce their prices of these services in the area.

An important factor that stood out when conducting these interviews, were that two neighbours mentioned they felt especially safe in the area. They explained that having these home-based enterprises around, especially the spaza shops that were open till late at night, provided them with some sort of security. They expressed that these spaza shops always had some sort of activity outside, so they felt safe walking around at night. One interviewee expressed “*I have been here since I was given this home, and I have never once had a problem or felt unsafe... I think because I have a spaza shop next to me and it’s always busy, so people don’t try anything...*” (Interview 13, 08/08/2014).

5.6.2 Neighbours views on Home-Based Enterprises as Being Negative

Most of the neighbours that were interviewed had very little or no negative feedback on home-based enterprises occurring in Mohlakeng. Some however explained that these home-based enterprises did not always cater for all the needs which they required. They explained that they still needed to go to town or bigger shopping centres for certain items, for instance the one interviewee said “*I don’t think there are any negatives about the shops and services as they help all the people that are staying here...but sometimes if we need meat then there is no butcher and we have to go out to buy it*

from the other end of Mohlakeng or we have go to Randfontein, like Checkers or something... I think if they open up a butcher here then maybe we don't need to go out of Mohlakeng so often..." (Interview 19, 08/08/2014).

5.6.3 Neighbours Complains about Home-Based Enterprises

When interviewing neighbours in Mohlakeng Extension 7, there were some complaints that were brought up by residents. Some of the common complaints were around noise and pollution. The residents that complained about noise lived near shebeens; they explained that from Friday evening to Sundays were when they were the nosiest, as well as when there were big sport games on. This is because residents mentioned that the shebeens would sometimes play loud music till late at night, and drunken people would also cause disturbances like screaming or talking loudly at odd times of the night. One resident also mentioned that living next to a mechanic caused disturbances at certain times; however it was only during the day time. The residents who complained about pollution explained that people who buy items like chips or cold-drinks from spaza shops often eat them whilst walking and some of them just throw their empty cans or packets on the floor or in other people's yards.

Table 1: Summary of findings in relation to looking at home-based enterprises, the informal economy and regulatory practices (Wariawa, 2014).

Concept	Literature	Findings & Analyses
Home-Based Enterprises	- Occurs near to or in the home (sometimes in informal structures such as shacks or containers) - Creates Employment for income generation - Provides convenience to neighbours and people in the community	These home-based enterprises create employment for many people that cannot attain formal employment. And thus they are able to derive a living and sustain themselves. It allows business owners to be independent and their own bosses. Spaza shops and services make some of their own rules. However, taverns need to strictly abide by all official regulations firmly or they could jeopardize their businesses.
Informal Economy	- Minimal requirements needed on entry (skills and capital investments are of a low standard). - People in this sector have little or no formal credit, hence their capital comes from family, friends or sometimes it is borrowed. - Functions outside boundaries of the law, such as avoiding tax, having no licenses, and they do not follow compulsory standards.	Only half the businesses (6) do not have licenses to trade making them part of the informal economy. Most of the people started their businesses from savings and money they had, whilst one business owner borrowed from relatives. Some of these businesses do not have formal structures in which they run their business. Certain spaza shops and hairdressers are constructed with congregated iron making them fall part of the informal economy to some degree. Other businesses do not have any forms of structures in which their businesses are run such as motor-vehicle repairs.
Regulation of Businesses	Types of Regulation: - Zoning Regulations - Land-Use Policy - Building Regulations - Social Regulations - Employment Regulations	There are two policies in place: spaza shop policy and tavern policy. These activities are being regulated although the tavern policy is stricter as it involves the use of liquor. Day-care centres are also regulated at a provincial level, with help from the local municipality. The balances of the home-based enterprises, especially services are not regulated in any way. But the municipality is working on trying to regulate them, as the numbers of home-based enterprises are increasing. All activities except shebeens have not complied with any building or employment regulations.

Table 2: Home-based enterprises that were used in this study (Wariawa, 2014).

Type of Business	Regulated	Reason for Opening Up Business
3 Spaza Shops	All 3 Spaza Shops are Regulated	Two were for employment reasons to sustain livelihoods and one was to be independent.
2 Taverns	Both Taverns are Regulated	One tavern opened up for employment and the other tavern was a passed down family business.
1 Food Catering	Not Regulated	Enjoyed cooking and being at home.
2 Hairdressers	Not Regulated	Had studied hair products and wanted employment.
1 Fruit and Vegetable	Not Regulated	Employment – needed to derive an income.
1 Motor Vehicle Repairs	Not Regulated	Enjoys working with cars.
1 Day Care Centre	Regulated	Had a teaching degree and loves to look after children.
1 Car Wash	Not Regulated	Needed employment.

Chapter 6

Conclusion

This chapter starts by informing the reader of the fundamental purpose of this research, the motivation behind this research and the method approach taken during this research. The chapter then goes on to outline the main outcomes of this research. Lastly this chapter draws on the importance of this research and its implications for planning specifically with regards to the regulation of economic activities/ home-based enterprises.

6.1 Initial thought process of the research

In this research I set out to understand the notion of regulation with regards to economic activities/ home-based enterprises occurring in an RDP housing area. The concept of “regulation” is linked to understanding how government spheres (municipal, provincial, national) and non-government (such as community and social norms) apply to the chosen area. This brings a dimension that is important to planning as it uncovers what kind of policies are put in place and how they are carried out.

This research was carried out in the following way:

Selecting Mohlakeng as the case study

Mohlakeng was chosen as the case study as it is one of the oldest, but largest townships within Randfontein. Mohlakeng provides mixed neighbourhoods and certain extensions have RDP houses. Economic activities taking place in the area seem to be regarded as informal, as this could be because of the informal structures (shack looking) that they are carried out in. This made Mohlakeng an appropriate choice to use for the purposes of this research.

The use of concepts and theories for this research

For this study to be carried there was a range of literature that was required in order to formulate this research. The research drew on concepts such home-based enterprises, the informal economy, and regulation (specifically on economic activities/ home-based enterprises), which formed the foundation and background of this research.

Interviews and data collection methods undertaken in this research

Interviews that were conducted during this research were carried in a qualitative method. The research required interviewing home-based enterprises owners, neighbours of the community and Municipal Officials. When interviewing home-based enterprise owners, the aim was to unpack how their businesses are run from a regulatory perspective. When interviewing neighbours in the community, it unpacked how they felt about home-based enterprises in the area, and additionally if they knew about any forms of regulation regarding home-based enterprises. Lastly Municipal Officials were interviewed to get a background of the case study and unpack what policies were set out by them regarding economic activities. These interviews were carried out in a face-to-face manner, and the information obtained (from interviews) was used to reflect against the concepts outlined in the literature (home-based enterprises, informal economy and regulation), however, making the “regulation” dimension the focal point of this research.

The selection of Extension 7 as the focus area of this research

The reason for choosing Extension 7 in particular, is that it is one of the newest extensions within Mohlakeng. Extension 7 furthermore includes other housing typologies such as flats, hostels, social housing and so forth. When driving through extension 7, there were a number of economic activities taking place making the selection a suitable one. Additionally Extension 7 being one of the newest areas, allowed for a fresh perspective on home-based enterprises occurring. Furthermore this area is fairly small in scale as compared to the other extensions; hence it fitted well for scope of this research.

The limitation of choosing Extension 7 as a focus area is that other extensions also have variety of home-based enterprises including “bigger corner shops”. These “bigger corner shops” as explained by Municipal Officials offer more than what home-based enterprises sell and this could possibly have a further dimension of regulation which I did not get to explore in this research. With selecting a micro sample (of interviews) it is difficult to position it with current theoretical literature as the existing literature usually

includes much larger samples.

In the initial stages of the research, when driving through Mohlakeng Extension 7, I anticipated that most economic activities taking place in the area are not regulated. This is because when I looked at the economic activities, most of them had informal structures such as shacks in which their businesses were taking place, and from this I assumed that they were unregulated. Additionally I anticipated that these businesses do not pay any forms of taxation and thus fall into the informal economy category. I assumed that people who ran these businesses had little knowledge and skills such as not attending tertiary institutions. Furthermore I thought that any person in Mohlakeng Extension 7 could start up any business if they wanted without having to get any permission. Lastly I believed that the information obtained from this research (findings) could help add to the existing literature.

One of the limitations I was concerned about in this study was that business owners would not want to answer questions regarding the “regulation” dimension of this research. Another limitation that arose was around the issue of language, as I feared that some of the business owners and resident’s first language would not be English. However I was able to get help from Mr. Jonathan Sithole, who previously worked as an English teacher in Randfontein. I came into contact with him, as he is a client and friend of my father; and when I approached him he offered to help me out. Furthermore Mr. Sithole resides in Mohlakeng and is familiar with Extension 7.

However the positive aspect of conducting interviews with the business owners was my interviews were conducted during the weekdays from about 9am until 3pm. During these times the area is generally quiet as most people are gone to work, so the business owners aren’t very busy. This allowed me to really interact with these business owners and get more out of interviews, which probably wouldn’t be the case if these owners were busy.

The next section goes onto highlighting the main outcomes of this research.

6.2 Main outcomes of the research

This section provides a summary of the most important outcomes that were found during this research, keeping in mind that the findings only represent a micro (small) sample of interviews taken in Mohlakeng Extension 7. Firstly, there are many home-based enterprises occurring in Extension 7 with some of the most common ones being spaza shops, shebeens, hairdressing, motor vehicle repairs and vegetable stands; however there is only one day-centre in Extension 7. There are three policies in place, one is for spaza shops (policy set out at a local level), the second for shebeens (policy set out at a local and provincial level), and lastly day-care centres (policy set out at a provincial level). The 3 spaza shops, 2 shebeens and 1 day care centre that were utilized for purposes of this study were registered with the respective government spheres and they are regulated. However the remaining economic activities have no policies set out and are largely unregulated. What is interesting and stands out is that from the micro sample that was chosen exactly half of the businesses were regulated. This is a relatively good sign, as most of the theoretical literature used during the study proved to be otherwise; meaning the literature suggested most home-based enterprises are unregulated and fall part of the informal economy.

Secondly, it is very complex and difficult to distinguish the difference between the formal and informal economy. This is because some of the home-based enterprises have both formal and informal characteristics such as spaza shops which are registered with the municipality but are conducted from informal structures. Additionally informal economy includes businesses not paying any forms of taxation; the majority of the business owners that were interviewed do not pay any taxes, which show that they fall part of the informal economy to some extent. It is important to note that when looking at formal and informal, the one does not exist without the other and there are instances of overlap.

Thirdly, the municipality takes an active role in continuously inspecting the area (Extension 7), to ensure they (municipality) are up to date with all economic activities taking place, regardless if these activities are regulated or not. The municipality feels most businesses that are unregulated pose no threat to the area, and there are rarely

any complaints received from residents. However as more of the same activities such as hairdressing, vegetable stands and motor vehicle repairs are increasing (in quantity) the municipality is endeavoring to formulate policies to regulate them. Thus it is evident that the municipality does not ignore economic activities that are not regulated, they are aware of them, and there is intention of coming up with policies for them.

Additionally the municipality is quite strict when it comes to the regulation of shebeens. This is because the consumption of alcohol can lead to social problems, such as crimes, violence, domestic abuse, car accidents and so forth; and this can be dangerous to the residents in the area. Thus there are police patrols for shebeens, especially when the shebeens get busy (after hours and weekends). When looking at the regulation of spaza shops, the municipality is not as strict when it comes to rules set out in the spaza policy, as long as the spaza shops are registered and are not posing any threats or health risks. With regards to day care centres even though the municipality do not have a policy in place for it, the municipality assists the Department of Social Development when regulating day care centres.

Fourth, most home-based enterprises in Extension 7 were opened as the owners needed to generate some form of income to sustain their livelihoods; as a result of them being let go from previous jobs or if they were unable to find employment in formal market. With regards to women that run home-based enterprises, they believed that working from home allowed them to take care of their children and do domestic chores while earning an income all at once.

Fifth, home-based enterprises provide a convenience to neighbours and residents of the area. This is because these enterprises offer daily essentials as well as services at an easy and accessible manner, saving them on travelling costs. Residents feel home-based enterprises provide them with flexibility as they open from relatively early in the morning, 5am, and closed generally late at night, between 9pm and 10pm. Furthermore residents explained that goods and services provided by home-based enterprises are usually cheaper than established businesses.

6.3 What it means for planning?

This research demonstrated that home-based enterprises provide a means of survival to many households and people who are unemployed that cannot find work in the formal market, as was demonstrated in the interviews conducted. Besides generating an income, these enterprises provide a more accessible way of running a business as they (business owners) do not need to travel far distances or pay any forms of rental expenses. Mohlakeng Extension 7 in particular is fortunate in a way as it is a fully serviced RDP area, and this makes these enterprises more successful than those in informal settlements.

However, there are only three economic activities in the area that are being regulated (shebeens, spaza shops and day-care centres); the remaining activities are all unregulated. This is when planning comes into the picture, because as planners we are made to ensure that needs of people are at the core of every decision especially for those who are disadvantaged, whilst at the same time protecting the environment in which we live. This is because certain economic activities may harm both people and the environment. For instance, if a person selling fruit and vegetables is in an unhygienic location and if people buy those goods it could impose a health risk on them. Or if a mechanic does not have the proper tools and equipment to repair cars he may put himself, others and the environment (example from fumes) in an unsafe situation. Hence by introducing land-use policies, these activities can be controlled, so that people and the environment are protected. Home-based enterprises have a further disadvantage as when it comes to employment benefits such as unemployment funds or pension funds, the majority of them are not registered with the municipality and South African Revenue Services (SARS), and therefore they cannot collect on any of these benefits. Hence if all home-based enterprises register, it could allow them to broaden their knowledge on certain advantages that one may receive (such as unemployment funds and pension funds). Ward councilors and municipal officials should try and inform people to register as well as inform them of the benefits they can receive by registering.

Approaches such as Local Economic Development (LED) should be carried out by planners. LED essentially aims to create jobs, encourage and support micro-enterprises and to enhance the economic context of an area (Lawanson, and Olanrewaju, 2012). One of the initiatives of LED is to fundamentally target disadvantage groups and to support survivalist enterprises. Pro-poor strategies can also be used when planning towns and cities, as it can go a long way in developing informal activities and encouraging mixed land uses in residential areas (Lawanson, and Olanrewaju, 2012).

According to a paper on Informal Settlement Upgrading (PPT, 2014), it outlines some potential principles for responding to the informal economy. It highlights that livelihoods in the informal economy can be successful by supporting them, such as allowing them an opportunity to learn business skills and equip them with mentors that guide them. This could go a long way in dealing with economic activities that are not regulated within settlements and create a better relationship between local government and people of the community (PPT, 2014). .

Thus it is important for planners to develop on these strategies so that activities can ultimately be regulated, and people as well as the environment will not be at any risk. This will also create a form of consistency and order in the community and will make the task of the municipality easier. Furthermore people will be made aware of the different benefits they could receive by complying with set policies and regulations that are set out. Hence it is of utmost importance that planners make it their duty to deal with the informal economy and any activities that are causing any forms of disturbances in neighborhoods.

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Interviews Conducted

Randfontein Municipal Officials (2014), Interview conducted with Town Planning Department (Vusi Hadebe)

Mohlakeng Extension 7 (2014), Interviews conducted with 12 Business Owners

Mohlakeng Extension 7 (2014), Interviews conducted with 10 Neighbours

Appendices

Appendix A – Interview Questions

Municipal Questionnaire

1. What is the background of the Mohlakeng Extension 7 Region, which is currently an RDP (Reconstruction Development Programme) area?
2. When was this RDP area developed?
3. To your knowledge are there any forms of economic activities taking place within the area?
4. If so, are there any processes or procedures one has to follow in order to open up a business?
5. Are these businesses then regulated or controlled in any way?
6. Are there any policies in place for home-based enterprises?
7. How do the municipality handle any complains that are brought in regarding economic activities taking place in the area? If there are complains, how are they handled?
8. Does the municipality have any problems regarding economic activities taking place in the area? If so, what kind of problems have there been?

Appendix B – Interview Questions

Business Owners Questionnaire

1. What type of business do you run?
2. What has influenced you to run this form of business?
3. How was it possible for you to start this business?
4. What kind of work hours do you provide?
5. What sort of skills do you acquire for running this type of business?
6. Was there a process in which you had to follow to get approval in order to open up this business? If so, what process did you follow?
7. Have you received any complaints or problems from anyone?
8. Do you have any complaints about other businesses in the area?
9. If there is, what are the social norms of this area?

Appendix C – Interview Questions

Neighbours Questionnaire

1. How do you feel about economic activities taking place within this area?
2. Do you have any complaints/problems regarding economic activities that are around you?
3. What do you feel is positive about home-based enterprises in your area?
4. What do you feel is negative about home-based enterprises in your area?
5. If you were thinking of opening up a business, are there any rules that you are aware of that need to be followed?