

**THE ENTREPRENEURIAL MOTIVATIONS OF INFORMAL TRADERS
IN SOUTH AFRICA AND LESOTHO.**

LIATILE ERASMUS

PALESA LEHLOAEA

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IN SOUTH AFRICA AND LESOTHO.**

BY

**LIATILE ERASMUS
(215246438)**

**PALESA LEHLOAEA
(215200624)**

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Supervisor: Dr. R. Lillah**

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DECLARATION

We, Liatile Erasmus and Palesa Lehloaea, hereby declare that this treatise entitled “*The entrepreneurial motivation of informal traders in South Africa and Lesotho*” is our own work, that all sources used or quoted have been indicated and acknowledged by means of complete references, and that this treatise has not been previously submitted by us for assessment to another university or for another qualification.

LIATILE ERASMUS

PALESA LEHLOAEA

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ABSTRACT

The informal economy has grown significantly in the past two decades as a result of the formal economy's inability to accommodate growing populations, especially in developing countries. The informal economy is a vital component of economic activity in both South Africa and Lesotho and has been recognised as a mechanism to alleviate poverty and grow the national economy. However, little research has been conducted to understand why individuals pursue informal trading. The primary objective of this study is to investigate the entrepreneurial motivations of informal traders in South Africa and Lesotho. The informal economy refers to the paid production and sale of goods and services that are not registered, and are not exposed to tax regulations, but are legal in other aspects.

The informal economy consists of informal trading, informal enterprises and informal employment (including informal traders). Informal trading refers to the economic activities of individuals or groups involved in the sale of legal goods and services, within public and private spaces. Informal enterprises are economic units that are involved in the production of goods and services that takes place in or outside the owner's home, or without a fixed location. Informal employment refers to those employees who work on an informal basis and participate wholly or partly in informal production. Informal traders are traders or producers (including home-based workers, waste collectors and street vendors) who are not legally or formally registered. Entrepreneurial motivation is the willingness of an entrepreneur to sustain his or her entrepreneurial behaviour. Entrepreneurial motivations can be identified as either pull or push factors or a combination of both. Pull factors are forces that attract individuals to start a business while push factors compel individuals to pursue entrepreneurship.

A quantitative research approach, where a survey methodology was used to collect data, was adopted to investigate the entrepreneurial motivations of informal traders in this study. A convenience sample of informal traders was drawn from a large metropolitan area in South Africa (namely Nelson Mandela Bay) and the capital city of Lesotho (Maseru). In total, 105 questionnaires were distributed to and collected from informal traders. Exploratory Factor Analysis (EFA) was used to test the construct validity of the items measuring the entrepreneurial motivations of the informal traders.

Cronbach Alpha coefficients were calculated to test for reliability. Descriptive statistics such as means, standard deviations and percentages were calculated to describe the entrepreneurial motivations of the informal traders. To test whether relationships exist between the entrepreneurial motivations of the informal traders, Pearson Product Moment Correlations were computed.

Ten factors were returned and considered valid and reliable based on the EFA results and Cronbach Alpha coefficients. Out of the ten factors returned, two were push factors related to entrepreneurial motivations (*financial survival and destitute conditions*), while the rest were pull factors (*entrepreneurial orientation, need for independence, financial benefits and security, negative employment experience, government evasion, social capital and altruism, personal ambition and investment considerations and personal development*). The empirical results of this revealed that most of the informal traders in the overall sample and the sub-samples agreed that they started their own businesses as a result of *financial benefits and security, need for independence, financial survival and personal development*. Two significant, strong and positive relationships were found between *entrepreneurial orientation* and *social capital and altruism*; and *need for independence* and *personal ambition and investment considerations*. In addition, moderate positive relationships were found between *entrepreneurial orientation* and *negative employment experience, personal ambition* as well as *investment considerations and personal development, destitute conditions and need for independence* as well as *government evasion; social capital and altruism and negative employment experience* as well as *personal ambition and investment considerations*; and *financial benefits and security and financial survival*.

Given the empirical evidence in the study, several recommendations were provided to improve informal trading in South Africa and Lesotho. Government and society as a whole should recognize the influence of culture on entrepreneurship especially in terms of informal trading. Informal traders should be recognised and celebrated as role models to create a culture of self-sufficiency as opposed to state dependency. Policy makers such as local municipalities should amend restrictive by-laws applicable to informal traders to enable them to grow their businesses. Government agencies should introduce different strategies, policies and mechanisms to encourage informal trading as well as restructuring of the basic education system.

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

The informal economy has grown significantly in the past two decades as a result of the formal economy's inability to accommodate growing populations, especially in developing countries. Antonopoulos and Mitra (2009) state that informal trading has grown both locally and internationally, due to a lack of employment opportunities in the public and private sectors. This has led to an increasing number of people entering the informal economy to generate an income (Horn, 2011:1). According to Thai and Turkina (2013:3) the informal economy accounts for more than 30% of entrepreneurial activity globally. These authors further state that the informal economy in some countries account for up to 70% of total employment. Similarly, the International Labour Organisation (2002) reports that more than half of the global labour force is employed in the informal economy and more than 90% of Small and Micro Enterprises (SMEs) worldwide operate within this economy.

In South Africa, the informal economy has been recognised as a mechanism to alleviate poverty and grow the national economy (Tonjeni, 2004:48). Thus, the informal economy is increasingly acknowledged as a solution to growing unemployment, especially among the youth and the poor (Chingono, 2016:633). According to Labour Force Survey (2016: 1), 2 641 000 South Africans work in the informal economy, which represents 16.7% of total employment in the country. Statistics South Africa (Stats SA) (2015) estimates that informal enterprises contribute 5.2 percent to the GDP of South Africa.

Lesotho, like South Africa, suffers from underdevelopment, unemployment, poverty and political instability. According to Chingono (2016:633), the economy of Lesotho only grew by 3.1 percent in 2016. Mapetla and Petlane (2007:73) state that almost 60% of the population in Lesotho has been living below the national poverty line and that there has been a decrease in household income, since 1987. However, the informal economy in Lesotho has shown rapid growth. Approximately, nine percent of the total labour force in Lesotho is employed in the informal economy (Chingono,

2016:633). According to the Ministry of Economic Planning (2011) the informal economy is a vital component of economic activity in the country. Despite the important role that the informal economy plays in developing countries, such as South Africa and Lesotho, little research has been conducted to understand why individuals pursue informal trading.

Motivation is a key element in understanding human behaviour and performance in general (Hellriegel, Slocum, Jackson, Louw, Staude, Amos, Klopper, Louw, Oosthuizen, Perks, & Zindiye, 2012:407). According to Segal, Borgia and Schoenfeld (2005:42) motivation also plays a pivotal role in new venture creation and theories of entrepreneurship that neglect motivation are inadequate. Similarly, Shane, Locke and Collins (2003) have argued that entrepreneurial motivations could have a profound effect on how the entrepreneurial process unfolds. According to Ademola, Akintunde, Oyerinde and Ayodele, (2015:20) theories of motivation suggest that economic and social concerns are of importance when one decides to operate in the informal economy.

1.2 PROBLEM STATEMENT

Despite the importance of motivation in understanding human behaviour (especially in terms of economic behaviour), there is a general lack of research on entrepreneurial motivations. The field of entrepreneurship lacks research on individual entrepreneurial motivations. Taormina and Loa (2007) highlight that research on entrepreneurship has historically focused on traits or characteristics that distinguishes entrepreneurs from the general population and has also concentrated on external conditions that influence the establishment of businesses. This trend is also evident in the literature on the informal economy.

Several authors (such as Chen 2012 and Bonnet & Venkatesh 2016) have conducted research on the informal economy, but this body of work focuses on theoretical aspects such as defining the informal economy, perspectives on informality, and policies to regulate the informal economy. Charman, Petersen, Piper, Liedeman and Legg (2015:2) suggest that the lack of fundamental research on informal trading is due to inadequate methodologies used to conduct research in the informal economy.

Previous research within the South African context also suffers inadequacies. Horn (2011) profiled informal traders in four South African cities. This research was used as a representation of informal traders in South African cities. Although the research provides insight into informal trading, it failed to include all major metropolitan areas in the country. Furthermore, researchers have failed to adopt a broad conceptualisation of informal the economy by only focussing on street traders (thus ignoring other informal business activities). It can thus be deduced that the present research does not capture the entirety of the informal economy.

From the preceding discussion, it is evident that the entrepreneurial motivations of informal traders have been neglected in both the entrepreneurship and informal economy literature. Given this lack of research, this study attempts to answer the following research question: what motivates individuals to engage in informal trading?

1.3 OBJECTIVES OF THE STUDY

1.3.1 PRIMARY OBJECTIVES

The primary objective of this study was to investigate the entrepreneurial motivations of informal traders in South Africa and Lesotho.

1.3.2 SECONDARY OBJECTIVES

In order to address the primary objective, the following secondary objectives were deemed important:

- To provide a theoretical overview of entrepreneurship; the informal economy and informal traders; and entrepreneurial motivations.
- To identify the factors that motivate individuals to become informal traders.
- To measure the entrepreneurial motivations of informal traders in South Africa and Lesotho.

1.3.3 METHODOLOGICAL OBJECTIVES

To execute the study, the following methodological objectives was pursued:

- To collect secondary data from academic sources (such as journal articles, websites, textbooks) to compile a literature review on entrepreneurship, the informal economy, informal traders and entrepreneurial motivations.
- To select an appropriate research design to conduct the present study.
- To develop a research instrument to collect primary data from informal traders in South Africa and Lesotho.
- To analyse the primary data collected from informal traders in South Africa and Lesotho using appropriate statistical techniques.
- To provide appropriate recommendations to encourage informal trading in South Africa and Lesotho.

1.4 LITERATURE REVIEW

1.4.1 AN OVERVIEW OF ENTREPRENEURSHIP

According to Shane *et al.* (2003:259) entrepreneurship is a process initiated by individuals who discover, evaluate and explore opportunities to create need satisfying goods and services. Entrepreneurship depends on the decisions that individuals make to undertake the process of new venture creation (Shane *et al.*, 2003:258). Entrepreneurship is facilitated by an entrepreneur that identifies opportunities where most people are unable to do so (Kuratko & Hodgetts, 2007:4). Entrepreneurs exploit opportunities in the market by shifting economic resources from an area of low productivity to one of high productivity (Ademola *et al.*, 2015:19).

The decision to engage in entrepreneurship is influenced by an individual's personal characteristics (Shane *et al.*, 2003:258). Characteristics commonly associated with entrepreneurs include passion, internal locus of control, need for independence and risk-taking propensity (Nieman & Nieuwenhuizen, 2014:28; Dracke, 2014:33). Various

types of entrepreneurs are identified based on their entrepreneurial activities (Nieman & Nieuwenhuizen, 2014:28). Entrepreneurs are classified into basic survivalist, subsistence entrepreneurs, micro entrepreneurs and small-scale entrepreneurs. Entrepreneurs are further identified based on whether they are 'pushed' or 'pulled' into entrepreneurship (Williams, 2014:42). Individuals who are forced into entrepreneurship are known as necessity-driven entrepreneurs and those who engage in entrepreneurship out of choice are known as opportunity-driven entrepreneurs (Nieman & Nieuwenhuizen, 2014:28; Williams, 2014:42).

Entrepreneurs experience various rewards, but could also face a number of drawbacks. Entrepreneurship provides individuals with an opportunity to generate income for themselves and others; gain independence; and challenge and fine-tune their abilities, skills and creativity (Bosch *et al.*, 2011:108). However, entrepreneurs may face financial, business and personal risks if their business ventures fail (Bosch *et al.*, 2011:108).

1.4.2 AN OVERVIEW OF THE INFORMAL ECONOMY AND INFORMAL TRADERS

The informal economy refers to the paid production and sale of goods and services that are not registered, and are not exposed to tax regulations, but are legal in other aspects (Adom & Williams, 2012:2). As such, entrepreneurs operating in the informal economy are subject to the absence of legal protection and recognition; non-coverage by minimum wage legislation and the social security systems; the predominance of own-account and self-employment work; the absence of trade unions; the presence of low income and wages with little job security; and no fringe benefits from formal institutions (Becker, 2004:11; Chen, 2012:19).

The informal economy consists of informal trading, informal enterprises and informal employment (including informal traders). Informal trading refers to the economic activities of individuals or groups involved in the sale of legal goods and services, within public and private spaces (SEDA, 2008). Informal enterprises are economic units that are involved in the production of goods and services that take place in or outside the owner's home, or without a fixed location. Often these small businesses are not legally registered (Hussmans, 2004:3; Cardno Agrisystems Limited, 2008).

Informal employment refers to jobs that are not declared to authorities (Andrews *et al.*, 2011:8).

The link between the formal and informal economies is well documented. According to Chen (2012:15) there is an exchange of goods between the formal and informal economies. Secondly, the formal and informal economies are linked thorough informal employment. Thirdly, informal businesses borrow goods or capital from the formal economy in the form of credit purchases and loans. It has also been noted that some informal traders participate in both the formal and informal economy. This is known as multiple livelihood strategies (Owusu, 2007:454).

Informal traders are traders or producers (including home-based workers, waste collectors and street vendors) who do not operate legally or formally registered businesses (Modupi 2017:29). Wills (2009:44) identified three sub-groups of informal traders, namely home-based workers, waste collectors and street vendors. Informal trader face multiple obstacles which include a lack of financial knowledge and financing; a lack of appropriate government policies; a lack of access to basic infrastructure and services; and burdensome local government processes (Beck, 2004:23; Chiloane & Mayhew, 2010; Ligthelm & van Wyk, 2004; Cardno Agrisystems Limited, 2008:20; Modupi, 2017:37).

1.4.3 AN OVERVIEW OF ENTREPRENEURIAL MOTIVATIONS

According to Beck (2004:3) motivation is concerned with human actions and their determinants. Hellriegel *et al.* (2012:409) categorise motivation theories into need theories and process theories. The need theories of motivation include Maslow's hierarchy of needs theory, Alderfer's ERG theory and McClelland's theory of learnt needs. The process theories of motivation include goal-setting theory, reinforcement theory and Vroom's expectancy theory.

Entrepreneurial motivation is "the willingness of an entrepreneur to sustain his or her entrepreneurial behaviour" (Kuratko & Hodgetts, 2007:729). Entrepreneurial motivations can be classified as either push or pull factors. Pull factors are forces that

attract individuals to start a business while push factors compel individuals to pursue entrepreneurship (Isaga, 2012:48).

There are various push factors that motivate informal traders. These include insufficient income, family responsibility, destitute conditions, and negative work experience (Williams, 2014:9; Henning & Akoob, 2017:7). Pull factors such as independence, flexibility to fulfil family roles, the opportunity to earn an extra income, and a personal preference for entrepreneurship attract individuals toward informal trading (Segal *et al.*, 2005:43; Henning & Akoob, 2017:3).

1.5 RESEARCH DESIGN AND METHODOLOGY

1.5.1 RESEARCH METHODOLOGY

The selection of research methodology is dictated by the paradigm adopted by the researcher (Nayak & Singh, 2015:1). There two main research paradigms, namely the interpretivist and positivist research paradigms (Kumar, 2011:33). Interpretivist assume that people interpret the world differently based on their preconceived beliefs and values. On the other hand, positivists assume that the world can be understood by using controlled experiments, mathematical models and quantitative analysis (Williman, 2011:21). The interpretivist research paradigm is associated with the qualitative research approach, whereas the positivist paradigm is associated with the quantitative research approach. The positivist research paradigm will be used in this study, because it involves the use of the quantitative approach (Burns, 2000:43).

Research methodology includes the processes used to complete a research project by collecting and analysing data (Struwig & Stead, 2013:55). Different types of research methodologies are associated with the main research paradigms. Research methodologies used under the interpretivist paradigm includes hermeneutics, ethnography, participative enquiry, action research, case studies, grounded theory as well as feminist, gender and ethnic studies. On the other hand, the positivist research paradigm is associated with experimental studies, cross-sectional studies, longitudinal studies and surveys (Collis & Hussey, 2014:60). For the purpose of this research, a

quantitative approach will be adopted where a survey methodology will be used to collect quantitative data.

1.5.2 RESEARCH DESIGN

Research design refers to the plans and procedures used in research to provide answers to research questions (Creswell, 2009:3). The function of research design is to ensure that the data collected for a study will enable researchers to answer a research question as clearly as possible (De Vaus, 2001:9). The sections that follow will elaborate on the data collection and analysis methods used in the present study.

1.5.2.1 Data collection

For the purpose of this study, both secondary and primary data was collected. Secondary data is data that was previously collected and analysed which can be used to obtain a general understanding of the research problem (Kothari, 2004:111). Municipal documents, academic books, journals as well as reputable internet sites and reports were used to collect secondary data for this study. These sources were used to compile a comprehensive literature review on entrepreneurship, informal traders and entrepreneurial motivations. Primary data is data that is collected for the first time (Kothari, 2004:95). For the purpose of this study, primary survey data was collected using a structured questionnaire.

A survey may be conducted through a census method or a sampling method (Pandey & Pandey, 2015:40). A population describes the whole universe of objects, people or items that are subjects in a study (Walliman, 2015:94). In this study the population consisted of all informal traders in South Africa and Lesotho.

The process of selecting a small representative group out of a large population is called sampling (Walliman, 2015:93). There are two sampling methods that are available to researchers, namely probability and non-probability sampling (Nayak & Singh, 2015:80). Probability sampling techniques include simple random sampling, stratified sampling and cluster sampling (Walliman, 2015:96). Various non-probability sampling techniques exist which include convenience sampling, purposive sampling,

snowball sampling and quota sampling (Nayak & Singh, 2015:84). In this study, convenience sampling was used. This technique enabled the researchers to select those sample elements that are conveniently available (Alvi, 2016:29; Walliman, 2015:182; Maree, 2007:1). A sample size of hundred-and-five respondents was used where fifty respondents were from the Nelson Mandela Bay, South Africa; and fifty-five respondents were from Lesotho, Maseru.

Surveys can be administered either through observation, interviews or questionnaires (Kothari, 2004:121). In this study, a questionnaire was developed to collect data. An advantage of a questionnaire is that it captures respondent's responses in a standardised manner (Nayak & Singh, 2015:87). The questionnaire used in this study consisted of a cover letter and two sub-sections. The purpose of the cover letter was to inform the respondents about the topic of the research, the primary objective and the requirements for participation. The cover letter also assured the respondents' anonymity and confidentiality. Section A of the questionnaire dealt with the demographic information of the informal traders and their businesses. Section B dealt with the entrepreneurial motivations of the informal traders.

1.5.2.2 Data analysis

Before the data can be transformed into information, it is important to check the validity and reliability of the data (Singh, 2017:2). To test for validity, factor analysis was used. For the purpose of this research, Exploratory Factor Analysis (EFA) was used to test the construct validity of the items measuring the entrepreneurial motivations of the informal traders. Factor loadings greater than 0.5 were considered practically significant in this study (Hair, Black, Babin & Anderson, 2014:116). To test reliability, Cronbach Alpha coefficients were calculated and alpha values greater than 0.5 were considered acceptable (Nunnally, 1978:45, Abdul-halim & Che-Ha, 2009).

Quantitative data analysis was conducted to reduce and analyse the data in this study (Walliman, 2015:114). Descriptive statistics such as means, standard deviations and percentages were calculated to describe the entrepreneurial motivations of the informal traders from South Africa and Lesotho. To test whether relationships exist between the entrepreneurial motivations of the informal traders, Pearson Product

Moment Correlations were computed. The statistical programme known as Statistica version 12 was used to analyse the data.

1.6 SCOPE AND DEMARCATION OF THE STUDY

As discussed earlier, informal traders play an important role in economies by alleviating poverty and creating jobs. Although a lack of research on informal traders in general exists, the primary objective of this study is to investigate the entrepreneurial motivations of informal traders in South Africa and Lesotho. As such, the study only focussed on the entrepreneurial motivations of informal traders and did not pay attention to other issues related to informal trading (such as the challenges, advantages and disadvantages of informal trading). In addition, the study was limited to a major metropolitan area in South Africa, namely the Nelson Mandela Bay, and the capital city of Lesotho, Maseru. Furthermore, only informal traders who were older than 18 years of age were included in the study.

1.7 CONTRIBUTION OF THE STUDY

The informal sector plays an important role in any country's economy. This study aims to expand on the existing body of knowledge on informal traders in general and provide unique insights into the motivations of informal traders in South Africa and Lesotho. Investigating the entrepreneurial motivations of informal traders in South Africa and Lesotho will provide policy makers in these countries with greater insight into the reasons for and the contributions of informal trading. This will enable government officials to develop appropriate strategies to support this critical component of the economy. For example, local municipalities will be able to formulate informal trading policies that are informed by scientific knowledge and that beneficial to all parties involved. In addition, this research will also prove useful for researchers and academics in the field of entrepreneurship as it will highlight the reasons why individuals engage in the establishment of informal businesses.

1.8 DEFINITIONS OF KEY CONCEPTS

As this study focused on the entrepreneurial motivations of informal traders, clear definitions of these and related terms are presented below:

Entrepreneurship: According to Shane, Locke and Collins (2003:259) entrepreneurship is a process initiated by individuals who discover, evaluate and explore opportunities to create need satisfying goods and services.

Entrepreneurial motivations: Entrepreneurial motivation is an internal force that initiates, energises, and directs an individual toward starting and operating a business venture (Reeve, 2005:6; Kuratko & Hodgetts, 2007:729)

Informal economy: The informal economy refers to the paid production and sale of goods and services that are not registered and are not exposed to tax regulations, but are legal in other aspects (Adom & Williams, 2012:2).

Informal trader: Informal traders are traders or producers (including home-based workers, waste collectors and street vendors) who do not operate legally or formally registered businesses (Modupi, 2017:29).

1.9 STRUCTURE OF THE RESEARCH

Chapter one provides an introduction and background to the study. In addition, reference is made to the research problem and objectives.

Chapter two provides a theoretical overview of entrepreneurship, the informal economy and informal trading as well as entrepreneurial motivations.

Chapter three focuses on the methodology used in the study. This chapter also elaborates on the data collection and analysis methods used in the study.

Chapter four presents the empirical results of the study.

Chapter five concludes the study by providing a brief overview of the preceding chapters as well as the conclusions and recommendations of the study.

CHAPTER TWO

ENTREPRENEURIAL MOTIVATIONS OF INFORMAL TRADERS

2.1 INTRODUCTION

In chapter one an introduction and background to the present study was presented. The problem statement and the research objectives of this study was highlighted. This chapter provides an overview of entrepreneurship, the informal economy and entrepreneurial motivations.

2.2 AN OVERVIEW OF ENTREPRENEURSHIP

In this section entrepreneurship and the entrepreneur will be defined. In addition, the characteristics of an entrepreneur and the different types of entrepreneurs will be discussed. The section concludes with a discussion of the rewards and drawbacks of entrepreneurship.

2.2.1 THE NATURE OF ENTREPRENEURSHIP AND ENTREPRENEURS

Nieman and Nieuwenhuizen (2014:9) define entrepreneurship as the development and growth of a new businesses which involves a process of economic changes driven by innovative individuals who exploit market opportunities and create value for themselves and their society. According to Shane *et al.* (2003:259) entrepreneurship is a process initiated by individuals who discover, evaluate and explore opportunities to create need satisfying goods and services. Ademola *et al.* (2015:19) describe entrepreneurship as “a socio-economic process by which an individual discovers and evaluate an opportunity, and with available resources, plan, design, produce and offer for exchange items or services of value in the market for mutual benefits.” Entrepreneurship is important for several reasons. Firstly, it promotes innovation and technical change which has a positive effect on economic growth. Secondly, it is a process by which demand and supply of goods and services is brought into equilibrium. Thirdly, through entrepreneurship new knowledge is converted into goods and services. (Shane *et al.*, 2003:259).

According to Kuratko and Hodgetts (2007:4) an entrepreneur is an individual that identifies opportunities where most people are unable to do so. Entrepreneurs bring about change in the market place and are considered as leaders as they create new business ventures and jobs. Entrepreneurs drive economic progress through the creation of innovative ventures that outcompete existing ventures and render their business models obsolete (Ademola *et al.*, 2015:19). Nieman and Nieuwenhuizen (2014:4) also add that entrepreneurs are the main driving force of an economy as they establish and manage businesses for growth and profits. Oyrinde (2015:19) describes an entrepreneur as a person who exploits opportunities by shifting economic resources from an area of low productivity to one of high productivity.

2.2.2 CHARACTERISTICS ASSOCIATED WITH ENTREPRENEURS

There are certain characteristics that distinguish entrepreneurs from non-entrepreneurs. Shane *et al.* (2003:258) argue that entrepreneurship depends on the decisions that individuals make to undertake the process of new venture creation. These authors further state that the decision to engage in entrepreneurship is influenced by an individual's personal characteristics. Given this link between entrepreneurial decision-making and individual characteristics, different researchers have attempted to provide a summary of traits associated with successful entrepreneurs (Nieman & Nieuwenhuizen, 2014:28). However, it is difficult to identify an exhaustive list of entrepreneurial characteristics as individual entrepreneurs are unique and different. Entrepreneurs acquire certain characteristics through experience and the entrepreneurial process. The characteristics needed by entrepreneurs to successfully start, manage and maintain a business include passion, locus of control, need for independence and risk taking (Nieman & Nieuwenhuizen, 2014:28; Dracke, 2014:33).

People will often pursue business ventures that are related to their passion (Nieman & Nieuwenhuizen, 2014:28). According to Dracke (2014:35) passion for one's entrepreneurial venture is important as it influences one's ability to cope with the challenges associated with entrepreneurship. In addition, passion drives entrepreneurs to exert a considerable amount of effort in their businesses over a long period of time.

According to Isaga (2012:18) locus of control refers to an individual's perception of the underlying causes of events in their lives. Locus of control theory proposes that individuals perceive events as either being within or out of their control. Individuals with an external locus of control believe that events are out of their control. On the other hand, individuals with an internal locus of control believe that events are within their control. Internal locus of control is often associated with entrepreneurs. Entrepreneurs prefer to be in control of their own destinies by overseeing their own business activities. They have a high degree of autonomy and usually do not respond well to authority (Nieman & Nieuwenhuizen, 2014:28).

According to Ernst and Kisker (2016:74) independence refers to taking responsibility for one's actions and its resultant outcomes. These actions are related to the desire for control. For entrepreneurs this means doing things the way they want to, which could lead to difficulties working with others. Entrepreneurs may leave their formal jobs because of the need to be independent (Ernst & Kisker, 2016:74; Nieman & Nieuwenhuizen, 2014:28).

According to Isaga (2012:17) entrepreneurs are risk-takers. This means that they engage in activities that are risky in nature. Entrepreneurs risk financial, social and personal resources. Entrepreneurs face personal risk because they may lose time which could have been spent with their family (Shane *et al.*, 2003:264; Nieman & Nieuwenhuizen, 2014:28).

2.2.3 DIFFERENT TYPES OF ENTREPRENEURS

According to Nieman and Nieuwenhuizen (2014:26) entrepreneurs can be classified at different levels of entrepreneurial sophistication according to their entrepreneurial activities. Entrepreneurs are classified into basic survivalist, substance entrepreneurs, micro entrepreneurs and small-scale entrepreneurs.

Basic survivalist entrepreneurs do not create jobs for others. They operate on a small scale with the objective of supporting themselves and their families (Iwu, Gwija, Tengeh, Cupido & Mason, 2015:1). They depend on their income for their own and

their family's survival and they often operate in the informal economy to avoid poverty and unemployment (Ranyane, 2015:302).

Subsistence entrepreneurs are defined as those individuals who operate in the informal economy, live in poverty, and trade in subsistence markets (Viswanathan, Echambadi, Venugopal & Sridhran, 2014:214). These entrepreneurs are self-employed and generate revenue through a short-term market. They lack experience in business management and lack managerial skills (Nieman & Nieuwenhuizen, 2014:28). These entrepreneurs are embedded in the informal sector and often rely on family and friends for resources to sustain their businesses (Viswanathan *et al.*, 2014:214).

Micro entrepreneurs employ less than ten employees, have an operating licence from local authorities, and fixed workspaces (Nieman & Nieuwenhuizen, 2014:26; Hussain & Yaqub, 2010:23; Bhattacharya & Londhe, 2014:776). Micro entrepreneurs operate in various types of small businesses and are involved in production, retailing and service provision. Micro entrepreneurs provide for their families and employ other individuals (Bhattacharya & Londhe, 2014:776). These entrepreneurs are often faced with challenges which include obtaining loans from banks and environmental uncertainty (Hussain & Yaqub, 2010:23).

Small-scale entrepreneurs often employ between ten to 49 employees (Nieman & Nieuwenhuizen, 2014:28) and often run their businesses by themselves as sole proprietors (Richards-Gustafson, 2018). These entrepreneurs are well educated, and qualify for bank loans (Nieman & Nieuwenhuizen, 2014:28).

Entrepreneurs can also be classified as necessity- and opportunity-driven entrepreneurs. Necessity-driven entrepreneurs are individuals who have little to no other income or any opportunities of being employed. They become entrepreneurs through necessity rather than choice (Nieman & Nieuwenhuizen, 2014:28). These individuals are pushed into entrepreneurship because they do not have any other means to sustain their lives (Williams, 2014:42; Williams, 2007:242).

Opportunity-driven entrepreneurs are individuals that follow a perceived opportunity in the market and then decide to start their own businesses, despite having an alternative income through formal employment (Nieman & Nieuwenhuizen, 2014:28). These individuals are pulled into entrepreneurship out of a choice (Williams, 2007:242).

2.2.4 REWARDS AND DRAWBACKS ASSOCIATED WITH ENTREPRENEURSHIP

One of the benefits of becoming an entrepreneur is the ability to have control over your own destiny. Owning a business provides entrepreneurs with the independence to make their own decisions and achieve what they have always wanted to (Bosch, Tait & Venter, 2011:108; Skripak, 2016: 147). Entrepreneurship provides individuals with an opportunity to make a difference in areas that are close to their hearts. In places where there are high unemployment, entrepreneurs often come up with solutions to generate income (Bosch *et al.*, 2011:108). Some individuals find working for other big companies boring and unsatisfying, thus pushing them to become entrepreneurs so as to challenge their abilities, skills and creativity (Bosch *et al.*, 2011:108). Entrepreneurship also provides an individual with the opportunity to use their skills and knowledge which contributes to their personal satisfaction (Skripak, 2016:147). Despite the high financial risk of running a business, entrepreneurship provides an individual with an opportunity to make their own money and gain financial security (Heidemann, 2016; Skripak, 2016:147).

According to Bosch *et al.* (2011:108) becoming an entrepreneur may be rewarding in certain aspects. However, entrepreneurship also has disadvantages which include being exposed to financial, business and personal risks; failing to get formal employment in case the new venture fails; not being able to recover losses; and experiencing difficulty in handing over the business or delegating tasks. Skripak (2016:147) and Heidemann (2016) add that entrepreneurs are susceptible to stress. Factors such as business failure, irregular income and the responsibility of having employees can create stress for an entrepreneur. Spending too much time at work can also result in work life imbalance (Heidemann, 2016).

2.3 AN OVERVIEW OF THE INFORMAL ECONOMY AND INFORMAL TRADERS

This section provides an overview on the nature of the informal economy, the importance of the informal economy, the theories of the informal economy, the links between the formal and informal economy, nature of informal traders, as well as obstacles faced by informal traders.

2.3.1 THE NATURE OF THE INFORMAL ECONOMY

According to International Labour organisation (1993:2) the informal sector is characterised by economic units that are at a low level of organisation. In addition, these informal economic units do not utilise division of labour and are engaged in the production of goods and services with the aim of creating employment as well as income for an individual (International Labour Organisation, 1993:2). The informal sector has emerged as a key strategy to alleviate poverty and increase the living standards of communities. As such, this sector symbolises an important part of the economy and the labour market and in some countries, it is responsible for most employment creation, the production of goods and services as well as income generation. (Henning & Akoob, 2017:2).

The informal sector has gradually being referred to as the informal economy to change the impression that informality should be associated with a certain economic sector (Becker 2004:8). The informal economy should rather be linked to different economic sectors. The informal economy refers to the paid production and sale of goods and services that are not registered and are not exposed to tax regulations, but are legal in other aspects (Adom & Williams, 2012:2). According to Akinboade (2005:261), businesses in the informal economy do not have formal contracts, fixed hours, and employment benefits. These authors further state that the informal economy consist of survivalist, small enterprises which provide subsistence employment, unpaid domestic work and are involved in informal cross-border trade.

The informal economy is characterised by low entry requirements in terms of capital and professional qualifications; small-scale operations; labour-intensive methods of production; and adapted technology (Becker, 2004:11). Other characteristics

associated with the informal economy include the absence of legal protection and recognition; non-coverage by minimum wage legislation and the social security systems; the predominance of own-account and self-employment work; the absence of trade unions; the presence of low income and wages with little job security; and no fringe benefits from formal institutions (Becker, 2004:11; Chen, 2012:19).

Becker (2004:11) further states that the informal economy comprises of unpaid domestic work and activities. There are negative aspects associated with the informal economy, which include tax evasion, undeclared labour, unregulated enterprises, and illegal or criminal activity. However, most activities in the informal economy provide goods and services which go through legal production and distribution. (Becker, 2004:11). Additionally, Becker (2004:13) and David, Ulrich Zelezeck and Majoe (2013:15) state that informal traders do not perform activities in the informal economy to deliberately evade taxes and social security contributions. According to Adom and Williams (2012:2) only monetized exchange is included in the informal economy, and solely includes exchanges of legal goods and services. The informal economy forms a key component of strategies to alleviate poverty and to support the creation of sustainable livelihoods.

The informal economy consists of informal trading, informal enterprises and informal employment (including informal traders). Informal trading refers to the economic activities of individuals or groups involved in the sale of legal goods and services, within public and private spaces (SEDA, 2008). It is mostly disorganised and may not be registered as a formal business activity (SEDA, 2008). In African cities, informal trading occurs in different parts of the streets and roads with most traders locating themselves at strategic points with heavy human traffic and high visibility, while others walk from one place to another without an official allocation (Mitullah, 2003; SEDA, 2008). Informal trading also includes informal production by both formal and informal firms that under-report revenue (Andrews, Sánchez & Johansson, 2011:8).

Informal enterprises are economic units that are involved in the production of goods and services that takes place in or outside the owner's home, or without a fixed location. It is also not limited to production units that involve hired labour, but units that are owned by an individual working as self-employed individuals, sometimes with the

help of family members who do not get paid. In addition, these businesses are small in nature and not legally registered. (Hussmans, 2004:3; Cardno Agrisystems Limited, 2008).

According to Andrews *et al.* (2011:8) informal employment refers to those employees who work on an informal basis and participate wholly or partly in informal production. This includes occupations that do not apply or comply with labour regulations. It also includes jobs that are not declared to authorities. The workers included are illegal immigrant workers and those who wish to work in the formal sector but have difficulties in finding such jobs. However, it also includes those who find satisfaction in operating in the informal sector. (Andrews *et al.* 2011:8). Informal employment is primarily described by the characteristics of an individual, not by the characteristics of the enterprise they work for. According to Hussmans (2004:2) it includes all individuals who have been employed in at least one informal enterprise during a given period of time, either as a primary or secondary job. Informal self-employed involves own account workers who operate completely on an informal basis. It also includes self-employed workers who obtain part of their income from cash-in-hand transactions to avoid tax. This group may include unlicensed street traders and individuals that operate informally to balance responsibilities (Andrews *et al.*, 2011:8). For the purpose of this study, multiple perspectives were taken into consideration because of the complexity of the informal economy.

2.3.2 THE IMPORTANCE OF THE INFORMAL ECONOMY

Although there has been arguments and critiques related to the informal economy, the concept has proven useful to legislators and researchers because of the reality it conveys about the share of economic units and workers that are not part of regulated economic activities and secured employment (Chen, 2007:1). According to Schneider (2002) the informal economy represents a significant complement to the formal economy with estimates suggesting that it accounts for approximately 10–20% of annual Gross Domestic Product in mature economies (e.g., Australia: 15.3%, Germany: 16.3%, Japan: 11.3%, and the United States: 8.8%) and up to 60% in emerging economies (e.g., Brazil: 39.8%, Russia: 46.1%, India: 23.1%, and Nigeria: 57.9%). Even though firms in the informal economy are often smaller and have lower levels of productivity than formal businesses, the employment rate in the informal

economy translates to approximately 65% of employment in Asia, 51% of employment in Latin America, and 72% of employment in North/Sub-Saharan Africa respectively (International Labour Organisation, 2002).

2.3.3 THEORIES OF THE INFORMAL ECONOMY

There are three main schools of thought on the relationship between the formal and informal economy, namely, the dualist, structuralist and legal perspectives. The dualist perspective is also referred to as the development perspective (Bonnet & Venkatesh 2016:6). This perspective assumes that the informal economy is not directly associated to and operate separately from the formal economy (Becker 2004:10: Bonnet & Venkatesh 2016:6). Accordingly, Bonnet and Venkatesh (2016:6) the dualist perspective is an extension of the dual labour market theory which categorises the labour market into the primary sector (which include well-paying legitimate jobs); the secondary sector (which includes unskilled, temporary employment); the informal sector; and the illegal criminal sector. Proponents of this perspective usually associate informal business activities with the survival strategies for the poor (Becker, 2004:10: Bonnet & Venkatesh 2016:6). Given this, dualists believe there is a difference in the motivations of people operating in the informal economy of developed and underdeveloped countries (Bonnet & Venkatesh, 2016:6)

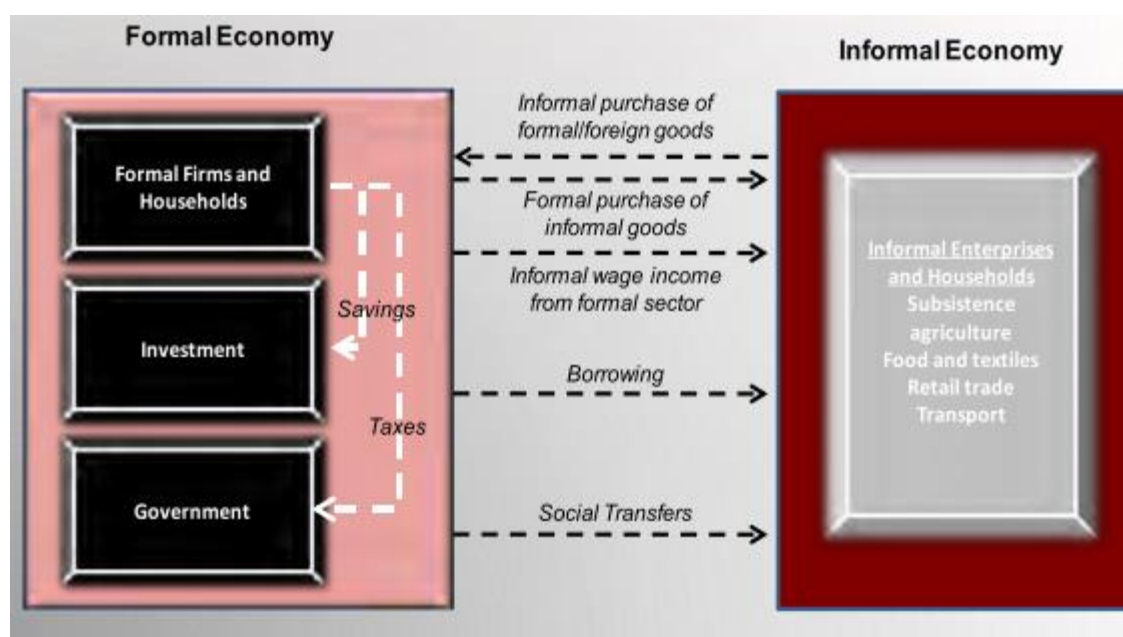
The legalist, which is also known as neoliberal perspective, focuses on the role of the state in regulating economic activity (Centeno & Portes, 2006:30). According to Centeno and Portes (2006:30) the relationship between the informal economy and the state is one of unavoidable conflict (Centeno & Portes, 2006:30). Therefore, Becker (2004:10) suggests that informal business activities are undertaken by micro entrepreneurs as a response to over regulation by government. According to Centeno and Portes (2006:30) informal economic activities are not a result of poverty or a structural necessity of capitalism, but rather a choice for those that are faced with a legal environment that slows down creative entrepreneurship. This means traders move to informal activities to pursue their business interests if the state does not approve of other ways of generating income.

The structuralist perspective, also known as the neo-Marxist perspective, is an extension of both the dualist and legalist perspectives (Bonnet & Venkatesh, 2016:6). The structuralist school of thought views the informal economy as subservient to the formal economy because formal entrepreneurs exploit informal traders or workers in order to reduce costs (Becker, 2004:10; Bonnet & Venkatesh, 2016:6). For example, the informal economy in developed countries allows for uncontrolled and unfair production by ignoring labour, health and environmental regulations which allows entrepreneurs to cut expenses while increasing competitiveness (Castells & Portes, 1989:29; Bonnet & Venkatesh 2016:8). Therefore, the structuralist perspective focuses more on the regulation of profitability and employment relationships between the informal and formal economy and highlights the inequality between big formal businesses and their smaller counterparts (informal traders) (Castells & Portes, 1989:29; Bonnet & Venkatesh, 2016:8). According to Bonnet and Venkatesh (2016:8) structuralist disapprove of the dualist perspective as it is associated with the survival strategies of the poor rather than the exploitative actions of large rich corporations.

2.3.4 THE LINKS BETWEEN THE FORMAL AND INFORMAL ECONOMY

Many authors have stated that the informal economy and the activities related to it play an important role in and contribute to the growth of the economy, as a whole. Since the appearance of informal activities, the debates concerning its relationship with formal activities were focused on regulation (ILO, 1972). The debate then shifted from the view that informal trading is a non-registered and unregulated economy to the realisation that formal and informal activities are interrelated. It is critical to understand the forces that lead to the relationship between these two dimensions of the same economy. Figure 2.1 below graphically depicts the relationships between the formal and informal economy.

Figure 2.1: Linkage between the formal and informal economy



Source: Davies & Thurlow, 2009.

Figure 2.1 above shows various linkages between the formal and informal economies. Firstly, there is an exchange of goods between the formal and informal economies. Informal traders purchase formally produced products from the formal economy and formal businesses buy informally produced goods from informal traders. Chen (2012:15) supports this notion by stating that informal enterprises are involved in an exchange of goods and services with formal entities in an open or pure market exchange where the leading firm, which is normally the formal one, controls the overall transactions. Secondly, the formal and informal economies are linked through informal employment. According to Davies and Thurlow (2009:9) informal workers source external earnings through wages earned in the formal economy. Thirdly, informal businesses also borrow goods or capital from the formal economy in the form of credit purchases and loans. Fourthly, participants in the informal economy receive social transfers from the government through public pension or child support grants.

Some informal traders actually participate both in the formal and informal sector. This participation emerged in the 1990s in most African cities. This has led the emergence of the concept known as multiple livelihood strategies. Owusu (2007:454) defines multiple livelihood strategies as a practice of depending on more than one source of income. He further argues that these strategies include participation in both the formal

and informal economy. Informal traders embark on multiple livelihood strategies within the economy for survival and the accumulation of capital.

2.3.5 THE NATURE OF INFORMAL TRADERS

There is a growing recognition that entrepreneurs may sometimes choose to operate partially or fully in the informal sector especially in the early stages of starting up their businesses (Williams, 2014:5). Informal traders are traders or producers (including home-based workers, waste collectors and street vendors) who do not operate legally or formally registered businesses (Modupi 2017:29). According to Hunter and Skinner (2003:306) informal traders are involved in multiple economic activities which include cutting hair; selling of clothes, related items and related goods; and repairing and manufacturing shoes. Approximately two-thirds of informal traders are women and they account for about ten to 20% of total employment in the African cities (WIEGO, 2012). According to Skinner (2008:229) and Quantec Research (2011) the number of informal traders in South Africa increased sharply after apartheid and by 2010 2.2 million people were employed in the informal economy.

Wills (2009:44) identified three sub-groups of informal traders, namely home-based workers, waste collectors and street vendors. According to WIEGO (2018) home-based work is universal and can be found in poor and rich countries. Home-based workers carry out market work in their homes either as self-employed individuals or employees of other informal traders. Home-based work include production and entrepreneurial activities performed by skilled and low-skilled workers as a means of survival (ILO, 2002:46). Wills (2009:46) further states that home-based work is characterised by and includes dressmaking, motor vehicle mechanics, practice in traditional medicine, as well as taxi and truck drivers.

According to Medina (2007) waste collectors (or waste pickers) are considered low skilled workers, earn low wages and do not enjoy significant social status in the communities they come from. Waste picking is informal work where the informal trader collects waste materials for resale (Reno, 2009). According to WIEGO (2018) waste pickers collect waste from private households, businesses, the streets or public spaces, and landfills.

According to Schraader, Whittaker, and McKay (2010:330) informal street vendors (street traders) are involved in selling of goods and services on public property, sometimes without required licences. There are a large number of street vendors who are normally highly visible around the cities and sell a variety of goods and services like vegetables, crafts, garments, shoe repairs etc. (WIEGO, 2018). According to Huang, Zhang and Xue (2017:4) street vendors are unskilled labourers who cannot find employment in the formal sector. For the purpose of this study, informal traders were defined as individuals who are involved in an activity of selling goods and services in public spaces.

2.3.6 OBSTACLES FACED BY INFORMAL TRADERS

Informal traders operating in the informal economy face multiple obstacles which, in some cases, are similar to those experienced by formal traders. The obstacles include a lack of financial knowledge and financing; a lack of appropriate government policies; a lack of access to basic infrastructure and services; and burdensome local government processes.

Cardno Agrisystems Limited (2008:19) argues that a lack of funds and access to credit is one of the constraints of business growth in the informal economy. This obstacle is related to a lack of knowledge in terms credit management and savings. Furthermore, most informal traders have not undergone any formal of training, specifically in the financial management, market analysis and customer care (Cardno Agrisystems Limited, 2008:19). This means that informal traders have no knowledge about how to grow and sustain their businesses. In addition, informal traders incur relatively high costs when starting and operating their businesses. They also have little access to technology and no opportunities to purchase stock in bulk because of insufficient funds and a lack of credit facilities (Becker, 2004:23).

There are numerous factors that makes it difficult to implement policies related to the informal economy from a government point of view. These may include instability and vulnerability of the associations representing informal workers as well as low literacy

levels that may result in informal workers being unable to exercise their constitutional rights (Chiloane & Mayhew, 2010).

The main problems street traders face in South African cities are a lack of infrastructure (i.e. water, electricity, refuse removal and sanitation) and unorganized trading areas (Ligthelm & van Wyk, 2004; Cardno Agrisystems Limited, 2008:20). The conditions often lead to conflicts among informal trader and between traders and government officials; a lack of storage space, shelter, and transport to and from trading areas; crime against traders; strict and inconsiderate by-laws and law enforcement; and high infrastructure costs (Ligthelm & van Wyk, 2004; Cardno Agrisystems Limited, 2008:20).

Modupi (2017:37) states that the processes involved in obtaining a trading license from local authorities are complicated and expensive in most South African cities. In addition, Modupi (2017:37) states that street traders need to visit different local government departments to register their businesses. For example, a person who desires to start an informal trade in food wishes to trade in food stuffs would have to apply for a license at the relevant department.

2.4 AN OVERVIEW OF ENTREPRENEURIAL MOTIVATIONS

This section of the study will define motivation and discuss different motivation theories. The section will conclude with a discussion of entrepreneurial motivations of informal traders.

2.4.1 THE NATURE OF MOTIVATION

According to Beck (2004:3) motivation is concerned with human actions and its determinants. It is concerned with questions about the '*why*' of behaviour, as opposed to questions relating to the '*what*' and '*how*' of *behaviour* (McClelland, 1987:4). Beck (2004:3) proposes that humans are motivated to pursue goals or engage in activities that they expect will yield desirable outcomes, and avoid those that are expected to yield unpleasant outcomes. Motivation is a dynamic process in which motives are always changing. A motive is an internal force that initiates, energises, and directs

behaviour (Reeve, 2005:6). The strongest motive often has the greatest influence on an individual's behaviour. Because motives are always changing, subordinate motives can become dominant motives as circumstances change (Reeve, 2005:13).

Internal and external factors are used to explain why people behave a particular way at particular times (Beck, 2004:3). These factors provide for intrinsic and extrinsic motivation (Rinne, 2017:5; Reeve, 2005:134; Henning & Akoob, 2017:2). Individuals that are intrinsically motivated engage in activities because they enjoy them (Rinne, 2017:5; Reeve, 2005:134; Henning & Akoob, 2017:2); they act out of interest and a desire to master challenging activities (Reeve, 2005:134). Intrinsic motivation emerges spontaneously from psychological needs such as the desire for personal growth (Reeve, 2005:134). Extrinsic motivation involves a tangible reward such as money (Henning & Akoob, 2005:2; Rinne, 2017:27). The following section will explore theories of motivation.

2.4.2 THEORIES OF MOTIVATION

Hellriegel *et al.* (2012:409) categorise motivation theories into need theories and process theories. Historically, motivation theories focused on need theories. However, the emphasis in motivation theories has shifted towards process theories (Segal *et al.* 2005:43). According to Segal *et al.* (2005:43) need theories are concerned with the needs of an individual that initiate, direct and sustain behaviour. Need theories include Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's two factor theory and McClelland's theory of learnt needs. Process theories were advanced by psychologists such as Mischel that argued that behaviour was a result of the interaction between the individual and his or her situation. Process theories include the reinforcement theory, equity theory, goal-setting theory and Vroom's expectancy theory (Hellriegel *et al.* 2012:409).

2.4.2.1 Need theories of motivation

This section of the study will explore various need theories namely Maslow's hierarchy of needs theory, Alderfer's ERG theory and McClelland's theory of learnt needs.

i) Maslow's hierarchy of needs theory

Maslow proposed that people are motivated by five types of needs (Hellriegel *et al.* 2012:410; Reeve, 2004:412; Beck, 2004:400). These needs are arranged in a hierarchy, suggesting that needs lower in the hierarchy have to be partially satisfied before motivation shifts to satisfying higher level needs (Beck, 2004:400). The needs are arranged according to importance. The lower the need in the hierarchy, the more compelling and urgent it is to satisfy the need (Reeve, 2005:413).

The first level of needs are the physiological needs (Hellriegel *et al.*, 2012:411; Reeve, 2005:412; Beck, 2004:400). Physiological needs are basic needs of survival and include the need for food, clothing, and shelter (Hellriegel *et al.*, 2012:411; Pardee, 1990:5; Oanh, 2016:7). Hellriegel *et al.* (2012:411) state that people that are hungry, for example, are primarily motivated to obtain food rather than seek recognition for achievements. This implies that people will embark on entrepreneurship to obtain an income that will allow them to satisfy their need for survival.

The second level of needs are security needs (Hellriegel *et al.*, 2012:411; Reeve, 2005:412; Beck, 2004:400; Pardee, 1990:5; Oanh, 2016:7). According to Hellriegel *et al.* (2012:411), Pardee (1990:5) and Oanh (2016:7) people seek safety, stability, and protection against threats and danger. Entrepreneurs may fulfil their security need by starting a business that can provide them with job and financial security (Hellriegel *et al.*, 2012:411; Oanh, 2016:7).

The third level of needs are affiliation needs (Hellriegel *et al.*, 2012:411; Reeve, 2005:412; Beck, 2004:400; Pardee, 1990:5; Oanh, 2016:7). These needs include the desire for affection, a sense of belonging, love, friendship, and acceptance by people whose opinions and company are valued by an individual (Hellriegel *et al.*, 2012:411; Oanh, 2016:7). This implies that entrepreneurs may fulfil their affiliation need by starting a business because of the desire for affection and belong, feeling loved and

accepted by the people whose opinions and company matter most. They may also start a business to build meaningful friendships.

The forth level of needs are esteem needs (Hellriegel *et al.*, 2012:411; Reeve, 2005:412; Beck, 2004:400; Pardee, 1990:6; Oanh, 2016:8). Esteem needs come from internal esteem factors such as self-respect, a sense of achievement and autonomy or external esteem factors such as recognition from others and social status (Hellriegel *et al.*, 2012:411; Oanh, 2016:8).

To satisfy these needs, people pursue opportunities that will illustrate their competence and worth (Hellriegel *et al.*, 2012:411). For entrepreneurs, this implies that they fulfil their esteem needs by starting a business that will illustrate their competence and worth to elevate their social status and recognition in society. This in turn will build self-respect and a sense of achievement.

The last level of needs are self-actualisation needs (Hellriegel *et al.*, 2012:411; Reeve, 2004:412; Beck, 2004:400; Pardee, 1990:6; Oanh, 2016:8). Self-actualisation needs include the desire for personal growth, reaching ones full potential, and becoming what one is capable of becoming (Hellriegel *et al.*, 2012:411; Pardee, 1990:6; Oanh, 2016:8). This means that entrepreneurs may fulfil their self-actualisation need by starting a business that will enable them to grow, reach their full potential and become what they are capable of becoming.

ii) Alderfer's ERG theory

Alderfer's ERG theory consist of three need categories. The needs include existence needs, relatedness needs and growth needs (Hellriegel *et al.*, 2012:414). Existence needs are a combination of Maslow's physiological and security needs (Oanh, 2016:10). Relatedness needs are similar to Maslow's affiliation needs as they are needs to establish and maintain interpersonal relationships with others (Hellriegel *et al.*, 2012:414; Oanh, 2016:10). Growth needs are similar to Maslow's esteem and self-actualisation needs. These are the desires to grow and develop, and to become creative and make useful and productive contributions in society (Hellriegel *et al.*, 2012:414; Oanh, 2016:10).

Although Maslow's hierarchy of needs and Alderfer's ERG theory share similarities, they are dissimilar in practical application. According to Maslow a lower level need must be satisfied before a higher level need becomes significant in motivating behaviour. However, Alderfer suggested that individuals may be motivated by two or more needs at the same time (Oanh, 2016:11). Alderfer holds that some needs may become more dominant than others (Hellriegel *et al.*, 2012:414; Oanh, 2016:11). If an individual is unable to satisfy with a need, the individual may stop pursuing that need; and instead, regress to pursuing activities that will satisfy his or her relevant need that will become the dominant motivator (Hellriegel *et al.*, 2012:414; Oanh, 2016:11). Alderfer's theory implies that individuals may pursue entrepreneurship to fulfil their existence, relatedness and growth needs simultaneously. However, these needs may motivate entrepreneurs with varying intensity as other needs may become more dominant than others. For example an entrepreneur may be greatly motivated to make a societal contribution while at the same time meeting existence needs such as buying food and shelter for his or her family.

iii) McClelland's theory of learnt needs

In contrast to Maslow's and Alderfer's need theories, McClelland's theory of learnt needs takes a different approach on need theories. McClelland's theory of learnt needs does not view needs as a hierarchy through which people move, but rather as needs learnt over time through interaction with the environment (Hellriegel *et al.*, 2012:415). According to McClelland when a need acts as a determinant of an individual's behaviour it becomes a motive. McClelland proposes that there are three key motives that are important to understanding human behaviour. They are the achievement motive, the affiliation motive and the power motive (Hellriegel *et al.*, 2012:415; Oanh, 2016:12).

The achievement motive often referred to as the need for achievement refers to an individual's desire to succeed in competition or some standard of excellence (Hellriegel *et al.*, 2012:415; Reeve, 2005:167; Beck, 2004:322). Individuals with a high need for achievement want to take responsibility for setting their goals, seek challenges, and are willing to work harder to achieve their goals (Hellriegel *et al.*, 2012:415; Oanh, 2016:12; Beck, 2004:323). The achievement motive implies that

entrepreneurs are challenge driven in that they would start business because of the desire to succeed in competitive business markets. To overcome competition, entrepreneurs work harder to achieve their goals and exceed some standard of excellence.

Need for affiliation refers to an individual's desire for acceptance, affection, forming and maintaining close relationships with others (Hellriegel *et al.*, 2012:415; Oanh, 2016:12). According to McClelland (1987, 530) people with a high need for affiliation like to do things with other people; that is, if they are working alone and the socialising aspect is removed they do not enjoy activities as much. However, if other people are involved in an activity, people with a high need for affiliation enjoy activities more because they offer interaction with other people (McClelland, 1987: 530; Oanh, 2016:12). The affiliation motive implies that entrepreneurs start their businesses because of the desire to be accepted, and starting and forming close relationships with others. They start businesses that will enable them to interact with others.

Need for power is an individual's desire to have influence and impact on others as well as the social environment (Hellriegel *et al.*, 2012:415; Oanh, 2016:12). Need for power can be expressed as either personal power or social power. People with a high need for personal power are characterised by dominance; they try to influence and control other people. Social power is aimed at helping others and solving social issues (Hellriegel *et al.*, 2012:415; Oanh, 2016:12; Beck, 2004:336). The power motive implies that entrepreneurs start their businesses because of the desire to have a positive impact on others and society by help others and solving social issues.

2.4.2.2 Process theories of motivation

This section of the study will explore various process theories namely goal-setting theory, reinforcement theory and Vroom's expectancy theory.

a) Goal-setting theory

Goals are what people strive to accomplish (Reeve, 2005:204). Goals motivate individuals when there is a discrepancy between the current level of accomplishment

and the ideal level of accomplishment (Reeve, 2005:204). Goals influence motivation by increasing the amount of effort that individuals exert and by directing their efforts (Hellriegel *et al.*, 2012:424). Easy goals stimulate low levels of effort, whereas difficult goals stimulate high levels effort. In addition, the more difficult the goal, the more motivating it is to the individual to accomplish as it satisfies the need for achievement (Reeve, 2005:205). This implies that entrepreneurs may start their businesses because of the desire to fill the gap between their current level of accomplishment and their desired level of accomplishment. Entrepreneurs are motivated to achieve difficult accomplishments as they satisfy their need for achievement.

b) Reinforcement theory

Skinner's reinforcement theory proposes that behaviour followed by a favourable outcome is more likely to be repeated. An outcome can be in the form of a reward or punishment, which will influence future behaviour (Hellriegel *et al.*, 2012:421). If outcomes of a behaviour are unpleasant, an individual will most likely modify that behaviour (Hellriegel *et al.*, 2012:421). Behaviour can be modified through positive reinforcement, negative reinforcement or punishment (Hellriegel *et al.*, 2012:422). Positive reinforcement refers to any stimuli that increases the probability that desired behaviour will be repeated.

This can be in the form of rewards such as money, approval from others, public recognition and food (Reeve, 2005:139). This means that an individual may embark on entrepreneurship to make money, be able to buy food and be recognised and approved by others. This is synonymous with Maslow's physiological and esteem needs, and Alderfer's existence and growth needs. Negative reinforcement occurs when individuals engage in behaviour to avoid unpleasant consequences (Hellriegel *et al.*, 2012:422; Reeve, 2005:139). For example, an individual may pursue entrepreneurship with the intention to avoid poverty. In this instance entrepreneurship negatively reinforces the individual to continue with the business venture in order to earn money and avoid poverty. Punishment refers to any stimuli that decreases the probability of future undesired behaviour (Hellriegel *et al.*, 2012:422; Reeve, 2005:141). The difference between punishment and negative reinforcement is that negative reinforcement encourages behaviour to be repeated, whereas punishment discourage behaviour from reoccurring (Hellriegel *et al.*, 2012:423). Punishment

implies that an individual may discourage future reoccurrence of past predicaments such as poverty through entrepreneurship.

c) Vroom's expectancy theory

Vroom proposed the valence-instrumentality-expectancy theory to explain decisions how to behave (Adamu & Shakur, 2018:49). The theory is based on concepts of desirability and feasibility. Individuals appraise whether entrepreneurship will lead to desirable outcomes, and whether the individual has what it takes to succeed as an entrepreneur (Segal *et al.*, 2005:45). According to the theory, if an individual perceives that his or her efforts have a high probability of producing a desired outcome, the individual is most likely going to direct his or her efforts to attain that outcome (Adamu & Shakur, 2018:49). Individuals choose among alternative behaviours and select the behaviour that will lead to desired outcomes and avoid those that will lead to undesirable consequences (Hellriegel *et al.*, 2012:425).

According to Segal *et al.* (2005:44) and Hellriegel *et al.* (2012:425) motivation is a product of three components namely valence, instrumentality and expectancy. Valence refers to the value that the individual associates with an outcome (Hellriegel *et al.*, 2012:426; Beck, 2004:401; Adamu & Shakur, 2018:50). According to Hellriegel *et al.* (2012:425) value is subjective. The same outcome may have more value for one person and low value for another. In addition, Adamu and Shakur (2018:50) propose that value placed on outcomes may vary across different expected results. An individual may be motivated by financial gains of running a business, however, other individuals are more attracted by outcomes that are intrinsic in nature such as family commitments, the need for independence, poverty reduction and the desire to work in better conditions. If an individual does not value an outcome, he or she is less likely going to work hard for it (Hellriegel *et al.*, 2012:425; Beck, 2004:400).

Instrumentality is the perceived usefulness of efforts as a means of achieving desired outcomes or avoiding undesired outcomes (Hellriegel *et al.*, 2012:425). Personal and environmental factors play an important role in influencing individuals towards employing efforts that will be instrumental in accomplishing desired outcomes. These factors may include resilience, autonomy, availability of financing, equipment or

machinery, and training (Adamu & Shakur, 2018:49). If an individual expects that his or her efforts will achieve the desired outcome, the perceived instrumentality of the effort will be high, and the individual is most likely going to work hard (Beck, 2004:401). Instrumentality means that an individual will exert high efforts in entrepreneurship with the expectation that they will result in desired outcomes such as financial gains, meeting family commitments and poverty reduction with the help of factors such as the availability of resources, equipment and machinery, and personal characteristics such as resilience.

Expectancy is the perceived probability that a certain level of effort will be instrumental in achieving desired outcomes (Hellriegel *et al.*, 2012:425; Beck, 2004:401). For entrepreneurially inclined individuals the probability of achieving desired outcomes can be fostered by several factors such as belief in one's skills and knowledge, previous success or failure in similar activities, perceptions about the competition, industry, economy, and the individual's characteristics (Adamu & Shakur, 2018:49). If the entrepreneur believes that his or her efforts have a high probability of achieving desired outcomes, the entrepreneur is going to be attracted by the outcomes and the individual will exert more effort to obtain those outcomes such as the ability to meet family commitments, independence, poverty reduction and better working conditions (Adamu & Shakur, 2018:49).

2.4.2.3 Economic theory of motivation

According to the economic theory of motivation, individuals are motivated by the reward structure in the economy. The theory focuses on the usefulness and desirability of entrepreneurship (Segal *et al.*, 2005:45). An individual becomes an entrepreneur if he or she expects rewards from the entrepreneurial venture to exceed the wage of formal employment. Consideration of risk plays an important role in the decision to become an entrepreneur. Individuals that are risk tolerant have been found to be more likely to pursue entrepreneurship (Segal *et al.*, 2005:45).

2.4.3 THE ENTREPRENEURIAL MOTIVATIONS OF INFORMAL TRADERS

Before elaborating on the entrepreneurial motivations of informal traders, it is necessary to explain entrepreneurial motivations in general.

2.4.3.1 Entrepreneurial motivations in general

According to Kuratko and Hodgetts (2007:729) entrepreneurial motivation is “the willingness of an entrepreneur to sustain his or her entrepreneurial behaviour”. The decision to behave entrepreneurially is the result of an interaction between the individual’s personal characteristics, personal environment, personal goals and the venture itself (Kuratko & Hodgetts, 2007: 131).

Various authors (such as Henning and Akoob, 2017:3; Isaga, 2012:48; Williams 2007:243 & Segal *et al.* 2005:43) identify entrepreneurial motivations as either pull or push factors. Pull factors are forces that attract individuals to start a business while push factors compel individuals to pursue entrepreneurship (Isaga, 2012:48). However, the classification of entrepreneurial motivations as either pull or push factors has received criticism. Williams (2007:248) criticise this approach as overly simplistic claiming that both pull and push factors might co-exist as a set of entrepreneurial motivations. Welter *et al.* (2015:299) support this notion and refer to the co-existence of both pull and push factors as hybrid entrepreneurship. For the purpose of this study, the factors will be discussed separately, however, they should not be understood as mutually exclusive.

2.4.3.2 Entrepreneurial motivations related to informal trading

Although there has been a growing interest in developing policies to manage the informal sector, few studies have investigated the nature and motivations of entrepreneurs operating in the informal economy (Williams, 2007:241). The theories of the informal economy provide a general explanation as to why individuals become informal traders.

According to the dualist explanation of the informal economy, informal trading is a result of the underdevelopment of societies (Williams, 2014:9). The dualist perspective asserts that informal trading is the product of rapid population growth, rural to urban migration, and the underdevelopment of modern industries. As a result, there is an imbalance between demographic and economic development. In response to this discrepancy, individuals create jobs in the informal economy. (Huang *et al.*, 2017:4). From the dualist perspective, informal trading is thus more prevalent in less developed economies (Williams, 2014:9).

The structuralist perspective states that informal trading is a direct result of subcontracting or outsourcing in under-regulated labour markets and a lack of social protection and transfers (Williams, 2014:9). It suggests that with greater state intervention, social protection and social grants, informal trading would occur less and it would be characterised by individuals who trade informally out of a choice (Williams, 2014:9).

According to Ademola *et al.* (2015:21), over regulation in the formal sector results in individuals choosing to operate informally in order to avoid high taxes, cost, time and other efforts associated with the formal registration of their businesses. The avoidance of taxes is synonymous with the legalist perspective explanation of the informal economy (Huang *et al.*, 2017:5; Williams, 2014:10). The following section will explore push factors that motivate informal traders, followed by pull factors. The subsequent section will conclude with differences in entrepreneurial motivations according to country.

2.4.3.3 Push factors that motivate informal traders

Individuals may be forced into informal trading because of dissatisfaction with their current employment, difficulty in finding employment, insufficient income and work schedules that contradict their personal commitments, among other things (Segal *et al.*, 2005:43). In addition, destitute conditions are regarded as push factors because individuals want to avoid or alleviate unfortunate circumstances such as poverty (Henning & Akoob, 2017:7). According to Henning and Akoob (2017:3) and Williams,

Shahid and Martinez (2016:7) destitute conditions refer to insufficient family income and the difficulty in finding a job.

Adom (2014:3) stated that the need for survival, particularly to provide for one's family, is a more important motivator for informal trading than maximising profit. Segal *et al.* (2005:44) identified job displacement, negative work experience, resource unavailability and government restriction as situational and environmental factors that influence informal trading. Williams (2014:9) added that low-income earners, especially women and former workers, are more prone to participate in informal trading out of necessity.

In a study by Williams and Round (2009:102) individuals pursued informal trading because formal employment income and state benefits were insufficient to meet their daily needs. Huang *et al.* (2017:8) also reported that individuals resorted to informal trading because of low income from their current employment. In addition, the study revealed that labourers who were unable to find employment turned to informal employment as a last resort to ensure survival. Huang *et al.* (2017:12) further reported that poverty, especially for rural labourers, induced individuals to migrate into cities to trade informally.

2.4.3.4 Pull factors that motivate informal traders

Informal trading attracts individuals seeking entrepreneurial independence, self-fulfilment, wealth and other favourable outcomes, among other things (Segal *et al.*, 2005:43). Williams (2007:242) and Ademola *et al.* (2015:21) proposed that individuals choose to participate in the informal economy because of the autonomy, flexibility and freedom that is lacking in the formal economy. Individuals are attracted by the freedom of being able to operate their own business, the flexibility of being able to determine their own working hours or days, and the ability to use and develop their creative talents.

Flexibility is closely related to fulfilling traditional roles. Fulfilling traditional roles entail that an individual engages in an entrepreneurial activity because it is compatible with family duties, and it provides a flexible working schedule to satisfy family duties

(Henning & Akoob, 2017:3). Women, pursue informal trading because it provides an opportunity to combine both family obligations with earning an income. In addition, it can also be an opportunity to work near home (Franck, 2012:70). Family history is also associated with informal trading. Family history entails that an individual engages in entrepreneurial activity by entering the family business (Henning & Akoob, 2017:3). Family inheritance is one of the most common motivators for informal trading as discovered and it involves direct inheritance of the business from parents and in some cases through marriage (Franck, 2012:72). Religious teachings also play an important role in influencing informal trading. For example, a study by Franck (2012:68) reveals that women in Malaysia were influenced by Islamic teachings to pursue informal trading.

The decision to participate in informal trading is not always motivated by unemployment or the need to earn an extra income. Huang *et al.* (2017:15) found that amongst the street vendors that were interviewed in their study, there were graduates that entered the informal sector to raise funds and gain experience in entrepreneurship. Another group of street vendors were former wage workers that entered the informal sector because of their personal preference for informal trading. In addition, individuals have the opportunity to transform their career identity and embrace their entrepreneurial spirit (Ademola *et al.*, 2015:21).

2.4.3.5 Differences in entrepreneurial motivations according to country

Extensive research on entrepreneurial motivations have been conducted in developed countries (Kavese, 2015:21). Isaga (2012:49) states that the most important motives for entrepreneurship in developed countries are the need for recognition, work flexibility and a sense of achievement. Taormina and Lao (2007:202) state that a sense of achievement is based on Maslow's hierarchy of needs theory and puts pressure on an individual to satisfy psychological needs such as business success in a competitive product or market. Studies have also been conducted on entrepreneurial motivations in developing countries. Rinne (2017:27) reveals that although the primary motivator for informal trading in developing countries is money, there are intrinsic motivators such as the satisfaction of being able to provide for one's family. In a study by Rinne (2017:25), the entrepreneurial motivations of early stage entrepreneurs in

different countries (Turkey, Serbia, Ghana, Kenya, China and Vietnam) were investigated. The study revealed that Vietnam was the only country where informal trading was more pursued to provide employment to family members. Findings from these studies are significant as they highlight the difference in entrepreneurial motivations between countries.

Although African economies have experienced growth during the past decade, many Africans still live in poverty. As a result of unemployment, informal businesses remain an alternative means of survival in Africa (Henning & Akoob, 2017:2). In a study conducted by Chingono (2016:636) in Lesotho, a range of entrepreneurial motives were presented to informal traders and included the need for basic survival, supplementing their income, making a profit and generating wealth.

The results revealed that the majority of respondents mentioned poverty and failure to obtain formal work as reasons for starting an informal business. In another study by Kavese (2015:21), unemployment and a lack of alternative sources of income were the top reasons for trading informally in the Eastern Cape of South Africa. Within the South African context, high unemployment and the lack of job opportunities in the formal sector have exacerbated the emergence of informal trading (Modupi, 2017:27). In addition, changes in legislation that grants previously excluded non-white majority economic rights has contributed to the rapid growth of entrepreneurship particularly in the informal economy (Modupi, 2017:27). In addition, the study by Kavese (2015:21) returned a low mean score for passion as a motivator for starting an informal business. This supports research that states that the majority of informal traders in developed countries are more likely to be forced into entrepreneurship, and pull factors such as passion have minimal influence on entrepreneurial motivations of informal traders.

2.5 SUMMARY

This chapter provided an in-depth literature review on entrepreneurship, the informal economy and entrepreneurial motivations. The chapter that follows will present a detailed discussion of the research methodology and research design adopted in this study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

The previous chapter presented the literature review and theoretical background for the present study. This chapter will provide a discussion on the research methodology and research design of this study.

3.2 RESEARCH METHODOLOGY


The selection of research methodology is dictated by the paradigm adopted by the researcher (Nayak & Singh, 2015:1). The interpretivist and positivist research paradigms are the two main research paradigms that are used as the basis of research (Kumar 2011:33). The interpretivist research paradigm assumes that people interpret the world differently based on their preconceived beliefs and values. The theoretical approach to interpretivist research paradigm is subjective. On the other hand, the positivist research paradigm assumes that realities about the world can be derived using experiments, mathematical models and quantitative analysis to validate or reject hypotheses (Williman, 2015:21).

The interpretivist research paradigm is associated with the qualitative research approach, whereas the positivist paradigm is associated with the quantitative research approach. The qualitative research approach is concerned with describing a situation, phenomenon, problem or event (Kumar, 2011:33). The qualitative research approach seeks to understand the underlying reasons and motivations for human behaviour and how humans interpret the world around them (Macdonald & Headlam, 2009:8). On the other hand, the quantitative research approach is concerned with quantify observable phenomena (MacDonald & Headlam, 2009:8). In other words, quantitative research involves the collection of numerical data to explain phenomenon. Quantitative research methods are designed to provide statistical inferences that describe how and why many people behave in certain manner (Nayak & Singh, 2015:159). The positivist research paradigm will be used in this study, because it involves the use of the

quantitative approach and the data collection methods are rigid and strict (Burns 2000:43).

Research methodology describes the procedure by which researchers describe, explain and predict research phenomena (Rajasekar, Philaminathan & Chinnathambi 2006:5). According to Struwig and Stead (2013:55) research methodology includes the processes used to complete a research project by collecting and analysing data. Research methodology can also be defined as a scientific discipline that describes how to conduct research in order to solve a research problem (Kothari, 2004:8). Different types of research methodologies are associated with the main research paradigms as shown in Table 3.1.

Table 3.1: Methodologies associated with the main research paradigms

Positivism  Interpretivism	
Experimental studies	Hermeneutics
Cross-sectional studies	Ethnography
Longitudinal studies	Participative enquiry
Surveys (using primary & secondary data)	Action research
	Case studies
	Grounded theory
	Feminist, gender, and ethnicity studies

Source: Collis and Hussey (2014:60)

From Table 3.1, it is evident that the research methodologies used under the interpretivist paradigm includes hermeneutics, ethnography, participative enquiry, action research, case studies, grounded theory as well as feminist, gender and ethnic studies. On the other hand, the positivist research paradigm is associated with experimental studies, cross-sectional studies, longitudinal studies as well as surveys.

For the purpose of this research, a quantitative approach will be adopted where a survey methodology will be used to collect quantitative data. Survey research is used to describe aspects of a population (Glasow, 2005:1). The survey methodology is useful for systematically gathering information about a population when sufficient information is not available in records, files and other sources (Pandey & Pandey, 2015:84). Given that the primary objective of this study was to investigate the

entrepreneurial motivations of informal traders in South Africa and Lesotho, the survey methodology was deemed appropriate.

3.3 RESEARCH DESIGN

According to Creswell (2009:3) research design refers to the plans and procedures used in research to provide answers to research questions. Labovitz and Hagedorn (1981:42) defines research design as a traditional set of logical actions that enable researchers to obtain evidence to answer a research question. These authors add that research design enables the researcher to analyse and compare individuals or objects that are of interest in a study. In addition, De Vaus (2001:9) states that the function of research design is to ensure that the data collected for a study will enable researchers to answer a research question as clearly possible. Research design can also be described as a strategy that communicates how, when and where data is to be collected and analysed (Parahoo, 1997:142). The sections that follow will elaborate on the data collection and analysis methods used in the present study.

3.3.1 DATA COLLECTION

For the purpose of this study, both secondary and primary data was collected. Secondary data is data that was previously collected and analysed which can be used to obtain a general understanding of the research problem (Kothari, 2004:111). Secondary data may be published or unpublished data. Secondary data for this study has been collected from various sources which include municipal documents, academic books, journals as well as reputable internet sites and reports. These sources were used to compile a comprehensive of literature review on entrepreneurship, informal traders and entrepreneurial motivations. The literature review formed the theoretical basis of the study and was used to identify possible items to measure the entrepreneurial motivations of informal traders.

According to McNeill (1990:99) primary data is defined as first-hand information collected by a researcher through interviews, surveys or observations. Primary data is data that is collected for the first time (Kothari, 2004:95). For the purpose of this study,

primary survey data was collected using a structured questionnaire which was distributed to informal traders in South Africa and Lesotho.

3.3.1.1 Population, sample frame and sample

A survey may be conducted through a census method or a sampling method (Pandey & Pandey, 2015:40). A census investigation is conducted by collecting data from each element of the entire population (Kothari, 2004:56). A population describes the whole universe of objects, people or items that are subjects in a study (Walliman, 2015:94). A population can also be defined as a set of elements which a researcher focuses on in order to obtain data (Bless & Higson-Smith, 2000:85). In addition, Rassel and O'Sullivan (1999:133) state that a target population should be clearly defined by the researcher.

In this study the population consisted of all informal traders in South Africa and Lesotho. Statistics South Africa (2013) reported that 1.5 million individuals are active in the South African informal sector. In Lesotho, approximately 20% of the total labour force is employed in the informal sector (Kao, 2002). In addition, Chingono (2016) reported that "the Maseru City Council (MCC)'s register of informal traders revealed that by the end of 2003 a total of 2744 informal traders were operating legally in the city."

According to Struwig and Stead (2013:115) a sampling frame is a list of sampling units within a population from which a sample for a study can be drawn. No sampling frame of all informal traders in South Africa and Lesotho exists or could be found. As such, the researchers restricted the data collection to a large metropolitan area in South Africa (namely Nelson Mandela Bay) and the capital city of Lesotho (Maseru). A sample size of hundred-and-five respondents was used where fifty respondents were from the Nelson Mandela Bay, and fifty-five respondents were from Maseru. A sample is selected through a process of sampling. The process of selecting a small representative group out of a large population is called sampling (Walliman, 2015:93). There are two sampling methods that are available to researchers, namely probability and non-probability sampling (Nayak & Singh, 2015:80). The sampling techniques will be discussed in the section that follows.

3.3.1.2 Sampling techniques

According to Alvi (2016:12) probability sampling, also referred to as representative sampling is a method where all members of a certain population has a known probability of being included in a sample and random selection is used. In other words, in probability sampling every item of the population has an equal chance of being selected for the sample (Kothari, 2004:60). Alvi (2016:13) states that probability sampling can be advantageous as it reduces the chances of systematic errors and minimises the chances of sampling biases. Probability sampling techniques include simple random sampling, stratified sampling and cluster sampling (Walliman, 2015:96).

Non-probability sampling referred to as judgment or non-random sampling means that not every member of the population has an equal chance to participate in an investigation and no random sample is drawn (Alvi, 2016:13). This technique may be advantageous as it is cheap, needs less effort and is quick to complete. In non-probability sampling, the sample is selected without estimating the probability that each item in the population will be selected for the sample (Kothari 2004:59). Sampling techniques for non-probability sampling include convenience sampling, purposive sampling, snowball sampling and quota sampling (Nayak & Singh, 2015:84).

In this study, convenience sampling was used. This technique can also referred to as opportunity sampling, as the researcher selects those sample elements who are conveniently available (Alvi, 2016:29; Walliman, 2015:182; Maree, 2007:1). In addition, Statpac (2016) states that convenience sampling is normally used because of low cost and minimum time required to select a sample. Once the sample has been selected, a research instrument had to be developed to collect data.

3.3.1.3 Research instrument (questionnaire)

According to Kothari (2004:121) surveys can be administered either through observation, interviews or questionnaires. In this study, a questionnaire was developed to collect data. A questionnaire is a collection of questions and statements

that are distributed to a sample from which information will be collected (Pandey, Prabhat & Pandey, 2015:57). An advantage of a questionnaire is that it captures respondent's responses in a standardised manner (Nayak & Singh, 2015:87). A questionnaire also provides unbiased responses because the answers are provided independent of the interviewer. In addition, because the respondents have sufficient time to complete the questionnaire, they tend to provide thoughtful answers (Kothari, 2004:100). According to Wilkingson and Birmingham (2003:7) researchers favour questionnaires as a research tool as it provides a cheap and effective way to collect structured and manageable data.

The questionnaire used in this study consisted of a cover letter and two sub-sections. The purpose of the cover letter was to inform the respondents about the topic and primary objective of the research. It also indicated the requirements that the respondents had to meet and what was expected from respondents. The cover letter was also used to ensure the respondents that their information will be treated with the strictest confidence and that their right to anonymity and to opt out of the research will be respected.

Section A of the questionnaire dealt with the demographic information of the informal traders and their businesses. The demographic information collected about the informal trader included his/her gender, nationality, race, education, business related training and previous employment. The information related to the informal businesses included details about the founder of the business, structure of the business, average sales income achieved and business sector. Section A of the questionnaire consisted of both closed and open-ended questions.

Section B dealt with the entrepreneurial motivations of the informal traders. A total of 53 items were used to measure the entrepreneurial motivations of the informal traders, which 43 items were intended to measure pull factors and ten were intended to measure push factors. All questions in Section B were asked starting with the phrase "I started my business because" and were closed-ended. These items were phrased using five-point Likert scale ranging from strongly disagree (1) to strongly agree (5).

Most of the items used to measure the entrepreneurial motivations of the informal traders were extracted from past literature while some were self-constructed, as indicated in Table 3.2.

Table 3.2: Items used to measure the entrepreneurial motivations of informal traders

Code	Item	Source
PULL1	I wanted to contribute to the economy.	Self-constructed
PULL2	I wanted to provide employment for others.	(Stefanovic, Prokic & Rankovic 2010:258); (Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL3	there was an opportunity in the market.	(Kim-Soon, Ahmad & Ibrahim 2014:1004-1005); (Stephan, Hart, Mickiewicz & Drews 2015:24)
PULL4	I had an idea for a new product/service to sell.	(Stephan, Hart, Mickiewicz & Drews 2015:24)
PULL5	there was a shortage of (a) certain good(s)/service(s).	(David, Ulrich, Zelezeck, & Majoe, 2013)
PULL6	I wanted to improve my skills.	(Stephan, Hart, Mickiewicz & Drews 2015:24)
PULL7	I like to challenge myself.	(Stephan, Hart, Mickiewicz & Drews 2015:24); (Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL8	I enjoy taking risks.	(Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL9	I wanted to compete with others.	(David, Ulrich, Zelezeck, & Majoe, 2013)
PULL10	I wanted to invest my money.	(Kim-Soon, Ahmad & Ibrahim 2014:1004-1005); (Stephan, Hart, Mickiewicz & Drews 2015:24)
PULL11	it did not require a lot of capital.	Self-constructed
PULL12	I wanted to achieve my dream.	(Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL13	I wanted to increase my status in the community.	(Nsubili Isaga 2012:203-204); (Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL14	I wanted recognition for my accomplishments.	(Nsubili Isaga 2012:203-204)
PULL15	I wanted to continue a family tradition.	(Nsubili Isaga 2012:203-204); (Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL16	I wanted to have time for my family.	Self-constructed

Code	Item	Source
PULL17	I want to leave a legacy for my family.	Self-constructed
PULL18	I wanted to create wealth for my family.	(Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL19	I wanted to give my family financial security.	(David, Ulrich, Zelezeck, & Majoe, 2013)
PULL20	I wanted to use my past experience.	(Stefanovic, Prokic & Rankovic 2010:258)
PULL21	I wanted to use my past training.	(Stefanovic, Prokic & Rankovic 2010:258)
PULL22	I wanted to use my creative talent.	(Nsubili Isaga 2012:203-204); (Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL23	I wanted to create a job for myself.	(Kim-Soon, Ahmad & Ibrahim 2014:1004-1005)
PULL24	I wanted to increase my income.	(Stefanovic, Prokic & Rankovic 2010:258)
PULL25	I wanted to create wealth for myself.	(Kim-Soon, Ahmad & Ibrahim 2014:1004-1005); (Jordaan 2014:236)
PULL26	I wanted to give myself financial security.	Self-constructed
PULL27	I wanted to be my own boss.	(Stephan, Hart, Mickiewicz & Drews 2015:24); (Stefanovic, Prokic & Rankovic 2010:258); (Kim-Soon, Ahmad & Ibrahim 2014:1004-1005); (Nsubili Isaga 2012:203-204)
PULL28	I wanted to be independent.	(Stephan, Hart, Mickiewicz & Drews 2015:24)
PULL29	I wanted to be in control of my own life.	(Stephan, Hart, Mickiewicz & Drews 2015:24)
PULL30	I wanted to have more control over my time.	(Nsubili Isaga 2012:203-204)
PULL31	I was unhappy with my previous job.	(Stephan, Hart, Mickiewicz & Drews 2015:24)
PULL32	my previous employer would not promote me.	Self-constructed

Code	Item	Source
PULL33	I experienced discrimination at work.	(Nsubili Isaga 2012:203-204)
PULL34	I wanted to stay active.	(Stephan, Hart,Mickiewicz &Drews 2015:24)
PULL35	I wanted to satisfy/fulfill my own needs.	Self-constructed
PULL36	I wanted to achieve personal growth.	(Stefanovic, Prokic& Rankovic 2010:258); (Kim-Soon, Ahmad &Ibrahim 2014:1004-1005)
PULL37	I have a personal interest (i.e. hobby) in this work.	(Stephan, Hart,Mickiewicz &Drews 2015:24)
PULL38	it is my passion.	Self-constructed
PULL39	I do not want to pay taxes.	Self-constructed
PULL40	I wanted to avoid complying with laws/regulations.	Self-constructed
PULL41	I do not trust the government.	Self-constructed
PULL42	I had help from others.	(David, Ulrich, Zelezeck, & Majoe, 2013)
PULL43	I was encouraged by others.	(Stephan, Hart,Mickiewicz &Drews 2015:24)
PUSH44	it was the only way I could make a living.	(Nsubili Isaga 2012:203-204)
PUSH45	of poverty.	(David, Ulrich, Zelezeck, & Majoe, 2013)
PUSH46	I needed more money just to survive.	(David, Ulrich, Zelezeck, & Majoe, 2013)
PUSH47	I had to support my family.	(Kim-Soon, Ahmad &Ibrahim 2014:1004-1005)
PUSH48	I wanted to earn extra income.	(Stephan, Hart,Mickiewicz &Drews 2015:24)
PUSH49	I was unemployed.	(David, Ulrich, Zelezeck, & Majoe, 2013)

Code	Item	Source
PUSH50	I lost my previous job.	(Nsubili Isaga 2012:203-204); (Stephan, Hart,Mickiewicz &Drews 2015:24)
PUSH51	I could not find a job.	(Nsubili Isaga 2012:203-204); (Stephan, Hart,Mickiewicz &Drews 2015:24)
PUSH52	health issues made having a regular job difficult.	(Stephan, Hart,Mickiewicz &Drews 2015:24)
PUSH53	my education/qualifications were not suited for formal employment.	(Adom, n.d.)

The structured questionnaires were distributed using by face to face interviews. The respondents were briefed about the research by the researchers and assured that the information provided will be treated confidentially. Because most of the respondents were not first language English speaking individuals the researchers (who were fluent in both languages predominately spoken in the Nelson Mandela Bay and Maseru, namely Xhosa and Sesotho) assisted the respondents in the completion of the questionnaires.

3.3.2 DATA ANALYSIS

Before the data is transformed into information, it is important to check the validity and reliability of the data (Singh, 2017:2). To test validity, factor analysis was used. Factor analysis is used in research when the variables are interrelated in a complex manner. Factor analysis is then used to untangle the linear relationships into their separate patterns (Zikmund, 2003:586). For the purpose of this research, an Exploratory Factor Analysis (EFA) was used to test the construct validity of the items measuring the entrepreneurial motivations of the informal traders. Factor loadings greater than 0.5 were considered significant (Hair *et al.* 2014:116). The Cronbach Alpha coefficients were calculated to test for reliability. More specifically, Cronbach Alpha coefficients were calculated to test the internal consistency of the data. A Cronbach Alpha coefficient greater than 0.5 was to indicate reliability (Nunally, 1978:45).

As previously mentioned, a quantitative approach was undertaken. Quantitative data analysis is concerned with the analysis of data in the form of numbers and uses statistical techniques to reduce and analyse data (Walliman, 2015:114). Therefore, in this research statistical techniques were used to describe the sample data. More specifically, descriptive statistics such as means, standard deviations and percentages were calculated to describe the entrepreneurial motivations of informal traders in the Nelson Mandela Bay area and Maseru. To test whether relationships exist between the entrepreneurial motivations of the informal traders, Pearson Product Moment Correlations were computed. The statistical programme known as Statistica version 12 was used to analyse the data.

3.4 SUMMARY

In this chapter the research methodology and research design used in this study were elaborated on. This included discussions related to the data collection and data analysis methods used. The chapter that follows will present the empirical results of the study.

CHAPTER FOUR

EMPIRICAL RESULTS

4.1 INTRODUCTION

In the previous chapter the research design used in the present study was explained. As indicated in Chapter Three, the survey methodology was applied to collect quantitative data from informal traders in South Africa and Lesotho. The data collected was analysed using various statistical methods. This chapter will present the results of the statistical analyses. Firstly, the demographic information of the respondents and their businesses will be reported. Thereafter, the results of the validity and reliability tests will be presented and interpreted. Finally, the descriptive and inferential statistics calculated for the entrepreneurial motivations of the informal traders will be discussed.

4.2 DEMOGRAPHIC INFORMATION

Section A of the questionnaire asked the informal traders about their demographic characteristics as well as the demographic characteristics of their businesses. Tables 4.1 and 4.2 contain the demographic information related to the informal traders, whereas Tables 4.3, 4.4 and 4.5 contain the demographic information about their businesses.

Table 4.1: Demographic information of the informal traders

Variable	Overall sample		Sub-samples			
			Lesotho		South Africa	
Gender	N	%	N	%	N	%
Male	32	30.48	20	36.36	12	24
Female	73	69.52	35	63.64	38	76
TOTAL	105	100	55	100	50	100
Nationality	N	%	N	%	N	%
South African	41	39.05	-	-	41	82
Mosotho	55	52.38	55	100	-	-
Nigeria	2	1.90	-	-	2	4
Zimbabwean	6	5.71	-	-	6	12
Tanzania	1	0.95	-	-	1	2
TOTAL	105	100	55	100	50	100

Variable	Overall sample		Sub-samples			
			Lesotho		South Africa	
Race	N	%	N	%	N	%
Black	102	97.14	54	98.18	48	96
Coloured	2	1.90	-	-	2	4
White	1	0.95	1	1.82	-	-
TOTAL	105	100	55	100	50	100
Education	N	%	N	%	N	%
No schooling	10	9.52	9	16.36	1	2
Primary school	19	18.10	13	23.64	6	12
High school	54	51.43	19	34.55	35	70
Post Matric	20	19.05	12	21.82	8	16
Post graduate	2	1.90	2	3.64	-	-
TOTAL	105	100	55	100	50	100
Business training	N	%	N	%	N	%
Yes	26	24.76	12	21.82	14	28
No	79	75.24	43	78.18	36	72
TOTAL	105	100	55	100	50	100
Previous employment	N	%	N	%	N	%
Yes	55	52.38	25	45.45	30	60
No	50	47.62	30	54.55	20	40
TOTAL	105	100	55	100	50	100

As can be seen in Table 4.1, the overall sample consisted of 105 informal traders, of which 32 (30.48%) were male and 73 were female (69.52%). Of the 105 informal traders 55 were from Lesotho and 50 were from South Africa. In terms of the gender of the informal traders from Lesotho, 20 (36.36%) were male and 35 (63.64%) were female. The informal traders from South Africa showed a similar trend in terms gender, where 12 (24%) were male and 38 (76%) were female.

In terms of the nationality of the overall sample, most respondents were Basotho (52.38%), followed by South Africans (39.05%), Nigerians (1.90%), Zimbabweans (5.71%) and Tanzanians (0.95%). A closer inspection of the sub-samples revealed that all informal traders from Lesotho were Basotho, while the South African sample also included foreigner nationals from Nigeria, Zimbabwe and Tanzania.

Most of the respondents in the overall sample were black (97.14%), followed by two coloureds (1.90%), and one white individual (0.95%). In terms of the Lesotho sub-sample, almost all the informal traders were black (98.18%) and only one was white.

A similar situation existed in South Africa with 48 of the respondents being black (96%) and only two being coloured (4%).

Of the 105 respondents, ten (9.52%) did not have any schooling – nine from Lesotho and one from South Africa. Nineteen respondents (18.10%) from the overall sample indicated that they only attended primary school (grade 1 to 7), while most of the respondents' (51.43%) highest level of education was high school. Almost one fifth of the overall sample (19.05%) obtained a post matric qualification and less than two percent (1.90%) possessed a post graduate qualification. In terms of the Lesotho sub-sample, 23.64% attended primary school, 34.55% attended high school and 21.82% obtained a post matric qualification. The Lesotho sub-sample also boasted the only two informal traders that obtained a post-graduate qualification. In terms of the South African sub-sample, 12% attended primary school, 70% attended high school and 16% obtained a post matric qualification.

The majority of the respondents in the overall (75.24%) did not undergo any business-related training before starting their businesses, while only 26 (24.76%) respondents were exposed to some sort of business-related training. A similar trend was observed for both the Lesotho and South African sub-samples. Of the 55 respondents from Lesotho, 43 (78.18%) were not exposed to any business training, while 12 (21.82%) received business-related training. In South Africa, 36 respondents (72%) indicated that they did not undergo any business-related training, while 14 (28%) did.

Fifty-five respondents from the overall sample (52.38%) were employed before pursuing informal trading while 50 (47.62%) were never previously employed. Twenty-five respondents (45.45%) from the Lesotho sub-sample were employed before starting their informal business, whereas 30 (54.54%) were not previously employed. In South Africa, 30 respondents (60%) were previously employed, while 20 (40%) were not.

Table 4.2 contains the descriptive statistics related to the age of the respondents. The age of the respondents was obtained using an open question and therefore the mean, minimum, maximum and standard deviation was calculated to summarise the sample data.

Table 4.2: Age of the respondents

Sample	N	Mean	Minimum	Maximum	Std.Dev.
Overall sample	105	39,47	18,00	65,00	10,70
Lesotho sub-sample	55	37,11	18,00	62,00	10,36
South Africa sub-sample	50	42,06	25,00	65,00	10,56

As can be seen in Table 4.2, the average age of the overall sample was 39.47 years; the youngest respondent was 18 years of age; and the oldest respondent was 65. For Lesotho sub-sample, the average age was 37 years; the youngest respondent was 18 years of age; and the oldest respondent was 62. In terms of the South African sub-sample the average age was 42.06 years; the youngest respondent was 25 years of age; and the oldest respondent was 65. Tables 4.3, 4.4 and 4.5 contain the demographic information related to the informal businesses.

Table 4.3: Demographic information of the informal businesses

Variable	Overall sample		Sub-samples			
			Lesotho		South Africa	
Founding members	N	%	N	%	N	%
Alone.	63	60.00	33	60.00	30	60
With (a) family member(s).	25	23.81	14	25.45	11	22
With (a) business partner(s).	11	10.48	6	10.91	5	10
A family member	5	4.76	2	3.64	3	6
Missing	1	0.95	-	-	1	2
TOTAL	105	100	55	100	50	100
Structure	N	%	N	%	N	%
Static	46	43.81	29	52.73	17	34.00
Semi-static	40	38.10	12	21.82	28	56.00
Mobile	18	17.14	13	23.64	5	10.00
Missing	1	0.95	1	1.82	-	-
TOTAL	105	100	55	100	50	100
Average sales income	N	%	N	%	N	%
R0 - R350	3	2.86	3	5.45	-	-
R301 - R750	11	10.48	8	14.55	3	6
R751 - R1500	43	40.95	17	30.91	26	52
R1501 - R3000	24	22.86	12	21.82	12	24
R3001 - R6000	14	13.33	7	12.73	7	14
R6000 +	8	7.62	8	14.55	-	-
Missing	2	1.90	-	-	2	4
TOTAL	105	100	55	100	50	100

Variable	Overall sample		Sub-samples			
			Lesotho		South Africa	
Sector	N	%	N	%	N	%
Service sector only	28	26.67	20	36.36	8	16
Retail sector only	51	48.57	23	41.82	28	56
Manufacturing sector only	4	3.81	3	5.45	1	2
Agricultural sector only	3	2.86	3	5.45	-	-
Service & retail sectors	3	2.86	1	1.82	2	4
Service & man. sectors	3	2.86	1	1.82	2	4
Service & agricultural sectors	1	0.95	-	-	1	2
Retail & manufacturing sectors	6	5.71	-	-	6	12
Retail & agricultural sectors	2	1.90	-	-	2	4
Service, retail & man. sectors	1	0.95	1	1.82	-	-
Missing	3	2.86	3	5.45	-	-
TOTAL	105	100	55	100	50	100

As can be seen in Table 4.3, most of the respondents (60%) in the overall sample stated that they founded the business by themselves, twenty-five (23.81%) founded the business with (a) family member(s) and 10.48% with (a) business partner(s). In addition, 4.76% of the respondents specified that the business was founded by a family member. In terms of the Lesotho sub-sample, the majority of the informal traders (60%) indicated that they founded their business by themselves, 25.45% founded the business with (a) family member(s), 10.91% founded the business with (a) business partner(s), and only two stated that a family member founded the business. In South Africa, the majority of the informal traders (60%) also indicated that they founded their business by themselves, 22% founded the business with (a) family member(s) and 10% founded the business with (a) business partner(s). In addition, only three informal traders from South Africa stated that a family member founded the business.

Forty-six informal traders (43.81%) from the overall sample operated from a static structure (which is either fixed or a lock up market stall/kiosk), followed by forty (38.10%) who worked from a semi-static structure that they dismantle after working hours and eighteen (17.14%) moved from place to place (i.e. mobile structure) to conduct their business. In Lesotho, the majority of the informal traders (52.73%) operated from a static structure, followed by 13 (23.64%) who worked from a mobile structure and 12 (21.82%) who operated from semi-static structure. In terms of the South African sub-sample, the majority of informal traders (56%) operated from a

semi-static structure, followed by 17 (34%) who operated from a static structure and five (10%) who operated from a mobile structure.

In terms of the average monthly sales income generated by the informal businesses in the overall sample, three respondents (2.86%) indicated R350 or below; 11 (10.48%) between R351 and R750; 43 (40.95%) between R751 and R1500; 24 (22.86%) between R1501 and R3000; 14 (13.33%) between R3001 and R6000; and eight (7.62%) above R6000. In terms of the Lesotho sub-sample, three informal traders indicated an average sales income of R350 or below; eight (14.55%) between R351 and R750; 17 (30.91%) between R751 and R1500; 12 (12.82%) between R1501 and R3000; seven (12.73%) between R3001 and R6000; and eight (14.55%) above R6000. In South Africa, three (6%) of informal traders disclosed an average monthly income between R351 and R750; 26 (52%) between R751 and R1500; 12 (24%) between R1501 and R3000; and seven (14%) between R3001 and R6000.

With regard to the sector in which the informal businesses from the overall sample operated, most respondents (48.57%) indicated the retail sector, slightly more than a quarter the service sector (26.67%), 3.81% the manufacturing sector and 2.86% the agricultural sector. In addition, sixteen respondents stated that they operated their businesses in more than one sector. In terms of the Lesotho sub-sample, most respondents (41.82%) indicated the retail sector, 20 (36.36%) the service sector, and 5.45% the manufacturing and agricultural sectors, respectively. In addition, three respondents from Lesotho stated that they operated their businesses in more than one sector. In South Africa, the majority of respondents (56%) indicated that they operated in the retail sector, eight (16%) the service sector, and only one the manufacturing sector. In addition, 13 South African respondents stated that they operated their businesses in more than one sector.

Table 4.4 below provides a summary of the number of employees in the informal businesses. The number of employees was obtained using an open question and therefore the mean, minimum, maximum and standard deviation was calculated to summarise the sample data.

Table 4.4: Number of employees

Sample	N	Mean	Minimum	Maximum	Std.Dev.
Overall sample	105	0,86	0,00	15,00	1,84
Lesotho sub-sample	55	1,36	0,00	15,00	2,37
South Africa sub-sample	50	0,30	0,00	2,00	0,65

As can be seen in Table 4.4, the average number of employees working in a single informal business for the overall sample were less than one (0.86 employees); the least number of employees was zero; and the highest number of employees were 15. For Lesotho sub-sample, the average number of employees working in a single informal business were slightly more than one (1.36 employees); the least number of employees was zero; and the highest number of employees were 15. In terms of the South African sub-sample the average number of employees working in a single informal business was 0.30; the least number of employees was zero; and the highest number of employees was two.

Table 4.5 contains the descriptive statistics related to the age of the business. The number of years that the business has been in existence was obtained using an open question and therefore the mean, minimum, maximum and standard deviation was calculated to summarise the sample data.

Table 4.5: Years in existence

Sample	N	Mean	Minimum	Maximum	Std.Dev.
Overall sample	105	8,04	0,42	38,00	8,37
Lesotho sub-sample	55	5,84	0,42	32,58	6,91
South Africa sub-sample	50	10,47	2,00	38,00	9,20

As can be seen in Table 4.5, the average age of the businesses in the overall sample was 8.04 years; the youngest business was less than one year old (0.42 years); and the oldest business was 38 years old. For the Lesotho sub-sample, the average age of the businesses was 5.84 years; the youngest business was less than one year old (0.42 years); and the oldest business was 32.58 years old. In terms of the South African sub-sample the average age of the businesses was 10.47 years; the youngest business was two years of old; and the oldest business was 38 years old

4.3 VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENTS – ENTREPRENEURIAL MOTIVATIONS

To determine the validity of the scales measuring the entrepreneurial motivations of the informal traders in this study, factor analysis was utilised. An exploratory factor analysis (EFA) was conducted on the pull and push factors related to entrepreneurial motivations. Factor loadings greater than 0.5 were considered acceptable for validity. Ten factors were returned and considered significant as their factor loadings were greater than 0.5 and items measuring the same factor were greater than three. The reliability of the items measuring the pull and push factors related to entrepreneurial motivations was determined by calculating Cronbach alpha coefficients. For this study, a Cronbach Alpha coefficient of 0.5 and higher was considered acceptable to prove reliability.

4.3.1 Entrepreneurial orientation

Six (PULL37, PULL38, PULL22, PULL6, PULL12, and PULL17) of the 43 items intended to measure the pull factors related to entrepreneurial motivations loaded together (see Table 4.6). As a result, a new factor was constructed and named *entrepreneurial orientation*. Factor loadings of between 0.50 and 0.84 were reported for this factor. Sufficient evidence of validity is provided for this factor as the loadings are above the cut-off point of 0.5. *Entrepreneurial orientation* explained 5.10 % of the variance in the data. The Cronbach Alpha coefficient for *entrepreneurial orientation* was 0.85, indicating a satisfactory level of reliability for this factor.

Table 4.6: Validity and reliability results for *Entrepreneurial orientation*

% Variance explained: 5.10		Cronbach's Alpha: 0.85		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL37	I have a personal interest (i.e. hobby) in this work	0.84	0.70	0.81
PULL38	It is my passion.	0.83	0.79	0.80
PULL22	I wanted to use my creative talent.	0.76	0.54	0.84
PULL6	I wanted to improve my skills.	0.60	0.58	0.83
PULL12	I wanted to achieve my dream.	0.57	0.66	0.82
PULL17	I want to leave a legacy for my family.	0.50	0.57	0.84

4.3.2 Need for independence

Five (PULL29, PULL30, PULL28, PULL27, and PULL14) of the 43 items intended to the pull factors related to entrepreneurial motivations loaded together (see Table 4.7). As a result, a new factor was constructed and labelled *need for independence*. Factor loadings of between 0.52 and 0.86 were reported for this factor providing adequate evidence of validity. *Need or independence* explained 4.28 % of the variance in the data. A Cronbach Alpha coefficient of 0.85 indicates satisfactory reliability for *need for independence*.

Table 4.7: Validity and reliability results for *Need for independence*

% Variance explained: 4.28		Cronbach's Alpha: 0.85		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL29	I wanted to be in control of my own life.	0.86	0.82	0.77
PULL30	I wanted to have more control over my time.	0.82	0.77	0.78
PULL28	I wanted to be independent.	0.80	0.75	0.80
PULL27	I wanted to be my own boss.	0.62	0.57	0.84
PULL14	I wanted recognition for my accomplishments.	0.52	0.46	0.88

4.3.3 Financial benefits and security

Table 4.8 illustrates that three (PULL25, PULL26, and PULL24) of the 43 items intended to measure the pull factors related to entrepreneurial motivations grouped together. In addition, the item PUSH5 which was originally intended to measure the push factors related to entrepreneurial motivations loaded onto this factor. As a result, a new factor was constructed and named *financial benefits and security*. Factor loadings of between 0.53 and 0.78 are reported for this factor, thus providing sufficient evidence of validity. *Financial benefits and security* explained 3.21 % of the variance in the data. A Cronbach Alpha coefficient of 0.73 was reported for this factor, thus indicating satisfactory levels of reliability.

Table 4.8: Validity and reliability results for *Financial benefits and security*

% Variance explained: 3.21		Cronbach's Alpha: 0.73		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL25	I wanted to create wealth for myself.	0.79	0.59	0.62
PULL26	I wanted to give myself financial security.	0.78	0.53	0.66
PULL24	I wanted to increase my income.	0.70	0.56	0.64
PUSH5	I wanted to earn extra income.	0.53	0.40	0.74

4.3.4 Negative employment experience

Three (PULL33, PULL32, and PULL31) of the 43 items intended to measure the pull factors related to entrepreneurial motivations loaded together (see Table 4.9). In addition, the item PUSH7 which was originally intended to measure the push factors related to entrepreneurial motivations loaded onto this factor. As a result, a new factor was constructed and named *negative employment experience* with factor loadings ranging between 0.59 and 0.89. *Negative employment experience* explained 3.65 % of the variance in the data. A Cronbach Alpha coefficient of 0.81 was reported for this factor. *Negative employment experience* was thus considered valid and reliable.

Table 4.9: Validity and reliability results for *Negative employment experience*

% Variance explained: 3.65		Cronbach's Alpha: 0.81		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL33	I experienced discrimination at work.	0.89	0.67	0.74
PULL32	My previous employer would not promote me.	0.85	0.78	0.69
PULL31	I was unhappy with my previous job.	0.84	0.59	0.78
PUSH7	I lost my previous job	0.59	0.52	0.83

4.3.5 Financial survival

Table 4.10 shows that three (PUSH1, PUSH3 and PUSH4) of the original ten items intended to measure the push factors related to entrepreneurial motivations loaded together. Given the nature of these items, the new factor was named *financial survival*. *Financial survival* explained 2.70% of the variance in the data with factor loadings

ranging between 0.68 and 0.73. A Cronbach Alpha coefficient of 0.66 was reported for this factor. *Financial survival* was thus considered valid and reliable.

Table 4.10: Validity and reliability results for *Financial survival*

% Variance explained: 2.70		Cronbach's Alpha: 0.66		
Code	Item	Factor loading	Item total correl.	CA if deleted
PUSH1	It was the only way I could make a living.	0.73	0.43	0.63
PUSH3	I needed more money just to survive.	0.71	0.56	0.46
PUSH4	I had to support my family.	0.68	0.44	0.60

4.3.6 Government evasion

Three (PULL40, PULL39, and PULL41) of the original 43 items intended to measure the pull factors related to entrepreneurial motivations loaded together (see Table 4.11). Given the nature of the items, a new factor was created and labelled *government evasion*. *Government evasion* explained 2.48% of the variance in the data. Factor loadings ranging between 0.67 and 0.85 was reported for this factor. *Government evasion* is considered valid and reliable with a Cronbach Alpha coefficient of 0.75.

Table 4.11: Validity and reliability results for *Government evasion*

% Variance explained: 2.48		Cronbach's Alpha: 0.75		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL40	I wanted to avoid complying with laws/regulations.	0.85	0.65	0.59
PULL39	I do not want to pay taxes.	0.81	0.52	0.73
PULL41	I do not trust the government.	0.67	0.57	0.68

4.3.7 Social capital and altruism

Three (PULL2, PULL4, and PULL1) items of the original 43 items intended to measure the pull factors related to entrepreneurial motivations loaded together (see Table 4.12). As a result, a new factor was created and named *social capital and altruism*. Factor loading ranging between 0.66 and 0.77 were reported for this factor, thus providing sufficient evidence of validity. *Social capital and altruism* explained 3.40% of the

variance in the data. A Cronbach Alpha coefficient of 0.81 provided adequate evidence of reliability for *social capital and altruism*.

Table 4.12: Validity and reliability results for *Social capital and altruism*

% Variance explained: 3.40		Cronbach's Alpha: 0.81		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL2	I wanted to provide employment for others.	0.77	0.74	0.65
PULL4	I had an idea for a new product/service to sell.	0.75	0.54	0.85
PULL1	I wanted to contribute to the economy.	0.66	0.71	0.69

4.3.8 Destitute conditions

Four (PUSH6, PUSH2, PUSH8, and PUSH10) of the original ten items intended to measure the push factors related to entrepreneurial motivations loaded together (see Table 4.13). In addition, item PULL23 that was intended to measure the pull factors related to entrepreneurial motivations loaded onto this factor. As a result, a new factor was created and named *destitute conditions*. *Destitute conditions* explained 2.78% of the variance in the data. Factor loadings ranging between 0.53 and 0.71 were reported for this factor. A Cronbach Alpha coefficient of 0.75 was returned for *destitute conditions*. Satisfactory evidence for validity and reliability was thus provided for this factor.

Table 4.13: Validity and reliability results for *Destitute conditions*

% Variance explained: 2.78		Cronbach's Alpha: 0.75		
Code	Item	Factor loading	Item total correl.	CA if deleted
PUSH6	I was unemployed	0.71	0.52	0.70
PUSH2	of poverty	0.64	0.65	0.66
PUSH8	I could not find a job	0.63	0.51	0.71
PUSH10	my education/qualifications were not suited for formal employment	0.56	0.46	0.73
PULL23	I wanted to create a job for myself.	0.53	0.50	0.72

4.3.9 Personal ambition and investment considerations

Table 4.14 illustrates that four (PULL9, PULL13, PULL11, and PULL10) of the original 43 items intended to measure the pull factors related to entrepreneurial motivations loaded together. As a result, a new factor was constructed and named *personal ambition and investment considerations*. *Personal ambition and investment considerations* explained 2.30% of the variance in the data. Factor loadings of between 0.53 and 0.63 were reported for this factor, providing sufficient evidence of validity. A Cronbach Alpha coefficient of 0.68 was reported which indicates an acceptable level of reliability for this factor.

Table 4.14: Validity and reliability results for *Personal ambition and investment considerations*

% Variance explained: 2.30		Cronbach's Alpha: 0.68		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL9	I wanted to compete with others.	0.63	0.45	0.62
PULL13	I wanted to increase my status in the community.	0.61	0.53	0.56
PULL11	It did not require a lot of capital.	0.55	0.49	0.60
PULL10	I wanted to invest my money.	0.53	0.40	0.65

4.3.10 Personal development

Table 4.15 illustrates that three (PULL34, PULL35, and PULL36) of the original 43 items intended to measure the pull factors related to entrepreneurial motivations loaded together. As a result, a new factor was constructed and named *personal development*. *Personal development* explained 1.72% of the variance in the data. Factor loadings between 0.51 and 0.70 were reported for this factor, providing sufficient evidence of validity. A Cronbach Alpha coefficient of 0.54 was returned for *personal development*. Although the Cronbach Alpha coefficient is relatively low, it is considered as an acceptable level of reliability for this study.

Table 4.15: Validity and reliability results for *Personal development*

% Variance explained: 1.72		Cronbach's Alpha: 0.54		
Code	Item	Factor loading	Item total correl.	CA if deleted
PULL34	I wanted to stay active.	0.70	0.36	0.53
PULL35	I wanted to satisfy/fulfil my own needs.	0.65	0.45	0.32
PULL36	I wanted to achieve personal growth.	0.51	0.33	0.50

4.3.11 Operational definitions for the entrepreneurial motivations of informal traders in South Africa and Lesotho

Given the results of the validity and reliability tests, operational definitions for the entrepreneurial motivations of informal traders in South Africa and Lesotho were formulated, as indicated in Table 4.16 below.

Table 4.16: Operational definitions of the entrepreneurial motivations of informal traders

Factor	Operational definition
Entrepreneurial orientation	Entrepreneurial orientation is when informal traders start their own businesses because they want to pursue a passion, personal interest or a dream; use their creative talent and skills; and leave a legacy for their family.
Need for independence	Need for independence is when informal traders start their own businesses because they want to control their own life and time; be independent and their own boss; and be recognised for their accomplishments.
Financial benefits and security	Financial benefits and security is when informal traders start their own businesses because they want to create wealth, financial security and an extra income for themselves.
Negative employment experience	Negative employment experience is when informal traders start their own businesses because they lost their previous job and experienced discrimination, a lack of career advancement or unhappiness at work.
Financial survival	Financial survival is when informal traders start their own businesses because they need more money to survive and support their families or they have no other options to make a living.
Government evasion	Government evasion is when informal traders start their own businesses because they do not trust the government and do not want to comply with laws/regulations or pay taxes.
Social capital and altruism	Social capital and altruism is when informal traders start their own businesses because they want to provide employment for

Factor	Operational definition
	others and contribute to the economy or they had an idea for a new product/service to sell.
Destitute conditions	Destitute conditions is when informal traders start their own businesses because they are poor, unemployed and lack the education/qualifications needed for formal employment.
Personal ambition and investment considerations	Personal ambition and investment considerations is when informal traders start their own businesses because they do not require a lot of capital and they want to invest their money, compete with others and increase their social status.
Personal development	Personal development is when informal traders start their own businesses because they want to stay active, satisfy/fulfil their own needs and achieve personal growth.

4.4 DESCRIPTIVE STATISTICS

Descriptive statistics related to the entrepreneurial motivations of the informal traders were calculated for overall sample as well as the Lesotho and South African sub-samples. Table 4.17 contains the descriptive statistics for the overall sample.

Table 4.17: Descriptive statistics for the overall sample (N=105)

Factor	Means	Std. Dev.	Disagree %	Neutral %	Agree %
Entrepreneurial orientation	3.38	1.00	15.24	35.24	49.52
Need for independence	3.95	0.83	6.67	16.19	77.14
Financial benefits and security	4.20	0.61	0.95	12.38	86.67
Negative employment experience	2.04	0.95	67.62	27.62	4.76
Financial survival	3.87	0.71	0.95	27.62	71.43
Government evasion	2.73	1.01	37.14	36.19	26.67
Social capital and altruism	2.93	1.08	31.43	34.29	34.29
Destitute conditions	3.58	0.86	11.43	25.71	62.86
Personal ambition and investment considerations	3.29	0.81	13.33	54.29	32.38
Personal development	3.73	0.69	1.90	30.48	67.62

As can be seen in Table 4.17, the mean score reported for *entrepreneurial orientation* was 3.38. Slightly less than half of the overall sample (49.52%) agreed that they started their informal businesses as a result of their *entrepreneurial orientation*, while 15.24% disagreed and 35.24% were neutral. The factor, *need for independence*, reported a mean score of 3.95. The majority of the respondents (77.14%) agreed that they started their informal businesses to be independent, whereas 6.67% disagreed and 16.19% were neutral. Table 4.17 also shows that *financial benefits and security* returned the highest mean score ($\bar{x} = 4.20$) for the entrepreneurial motivations of the informal traders.

The vast majority of the respondents (86.67%) agreed that they started their businesses for *financial benefits and security*, while 12.38% were neutral and 0.95% disagreed. The factor labelled, *negative employment experience*, reported a mean score of 2.04. Most of the respondents (67.62%) indicated that they did not start their businesses because of *negative employment experience*, whereas 27.62% were neutral and 4.76% agreed. A mean score of 3.87 was returned for *financial survival*. The majority of informal traders (71.43%) agreed with the statements measuring *financial survival*. In addition, less than one percent (0.95%) of the respondents indicated that they did not start their informal businesses to survive financially and 27.62% were neutral.

Government evasion returned a mean score of 2.73. More than a third of the respondents (37.14%) disagreed with the statements measuring *government evasion*. In addition, 26.67% indicated that they started their businesses to avoid government regulations and 36.19% were neutral. *Social capital and altruism* returned a mean score of 2.93. Slightly more than a third of the informal traders (34.29%) either agreed or were neutral with regard to *social capital and altruism* and 31.43% disagreed.

The factor, *destitute conditions*, reported a mean score of 3.58. The majority of the respondents (62.86%) agreed that they entered into informal trading because of *destitute conditions*, followed by 25.71% who were neutral and 11.43% who disagreed. For *personal ambition and investment considerations*, a mean score of 3.29 was returned. Most respondents (54.29%) were neutral, 32.38% agreed and 13.33% disagreed with the statements measuring *personal ambition and investment considerations*. The factor, *personal development*, returned a mean score of 3.73.

Most respondents (67.62%) agreed that they started their businesses because they wanted to develop themselves, 30.48% were neutral and 1.90% disagreed. Table 4.18 contains the descriptive statistics for the Lesotho sub-sample.

Table 4.18: Descriptive statistics for Lesotho (N=55)

Factor	Means	Std. Dev.	Disagree %	Neutral %	Agree %
Entrepreneurial orientation	3.05	1.17	27.27	36.36	36.36
Need for independence	3.86	1.01	10.91	23.64	65.45
Financial benefits and security	4.31	0.73	1.82	10.91	87.27
Negative employment experience	1.70	0.84	81.82	14.55	3.64
Financial survival	3.75	0.80	1.82	38.18	60
Government evasion	2.64	1.15	40	36.36	23.64
Social capital and altruism	2.65	1.16	43.64	27.27	29.09
Destitute conditions	3.39	1.08	21.82	27.27	50.91
Personal ambition and investment considerations	3.04	0.93	25.45	50.91	23.64
Personal development	3.61	0.81	3.64	36.36	60

Table 4.18 provides a detailed summary of the descriptive statistics for the informal traders who operated their businesses in Lesotho. For the *entrepreneurial orientation* factor, the mean score reported was 3.05. More than a quarter (27.27%) of the respondents from Lesotho disagreed with the statements measuring *entrepreneurial orientation*, while 36.36% either agreed or were neutral. *Need for independence* had a mean score of 3.86. The majority of the respondents (65.45%) agreed that they started their businesses because they wanted to be independent, followed by 23.64% who were neutral and 10.91% who disagreed. *Financial benefits and security* returned a mean score of 4.31. The vast majority of respondents from Lesotho (87.27%) agreed with the statements measuring *financial benefits and security*, while 10.91% were neutral and 1.82% disagreed. *Negative employment experience* reported a mean score of 1.70. The majority respondents (81.82%) did not agree that they started their

own informal businesses because of negative experiences during formal employment, while 14.55% were neutral and 3.64% agreed.

For *financial survival*, a mean score of 3.75 was reported. Sixty percent of the respondents from Lesotho agreed that they started their businesses for *financial survival*, followed by 38.18% who were neutral and 1.82% who disagreed. The factor, *government evasion*, returned a mean score of 2.64. Most respondents (40%) disagreed that they started the business to avoid government regulations, followed by 36.36% who were neutral and 23.64% who agreed. *Social capital and altruism* reported a mean score of 2.65.

The majority of the respondents from Lesotho (43.64%) disagreed with the statements measuring *social capital and altruism*, while 27.27% were neutral and 29.09% agreed. *Destitute conditions* returned a mean score of 3.39. Most of the respondents from Lesotho (50.91%) indicated that they started their own businesses as a result of *destitute conditions*, 27.27% were neutral and 21.82% disagreed. The mean score report for *personal ambition and investment considerations* was 3.04. The least number of respondents (23.64%) agreed with the statements measuring *personal ambition and investment considerations*, 50.91% were neutral and 24.45% disagreed. The factor, *personal development*, returned a mean score of 3.61. Sixty percent of the respondents agreed that they decided to start their own business because they wanted to develop themselves, while 36.36% were neutral and 3.64% disagreed. Table 4.19 contains the descriptive statistics for the South African sub-sample.

Table 4.19: Descriptive statistics for South Africa (N=50)

Factor	Means	Std. Dev.	Disagree %	Neutral %	Agree %
Entrepreneurial orientation	3.73	0.61	2	34	64
Need for independence	4.05	0.56	2	8	90
Financial benefits and security	4.08	0.42	0	14	86
Negative employment experience	2.42	0.92	52	42	6
Financial survival	4.00	0.57	0	16	84
Government evasion	2.84	0.83	34	36	30
Social capital and altruism	3.24	0.91	18	42	40

Factor	Means	Std. Dev.	Disagree %	Neutral %	Agree %
Destitute conditions	3.79	0.46	0	24	76
Personal ambition and investment considerations	3.56	0.54	0	58	42
Personal development	3.87	0.52	0	24	76

As seen in Table 4.19, the factor, *entrepreneurial orientation*, returned a mean score of 3.73. Most of the South African respondents (64%) agreed that they started their businesses because of their *entrepreneurial orientation*, while 34% were neutral and 2% disagreed. A mean score of 4.05 was returned for the factor, *need for independence*. The majority of the respondents (90%) indicated that they started their informal businesses to be independent, while 2% disagreed and 8% were neutral. The factor labelled *financial benefits and security* reported a mean score of 4.08. The vast majority of the South African respondents (86%) agreed that they started their businesses for *financial benefits and security*, while 14% were neutral and none disagreed. *Negative employment experience* reported a mean score of 2.42. Slightly more than half (52%) of the respondents disagreed with the statements measuring *negative employment experience*, 42% were neutral and 6% agreed. A mean score of 4.00 was returned for the factor labelled *financial survival*. Most of the South African respondents (84%) agreed with the statements measuring *financial survival*, 16% were neutral and no respondents disagreed.

Government invasion reported a mean score of 2.84. Most respondents (36%) were neutral regarding *government evasion*, followed by 34% who disagreed and 30% agreed. For the factor labelled *social capital and altruism*, a mean score of 3.24 was reported. Forty percent of the respondents agreed with the statements measuring *social capital and altruism*, while 18% disagreed and 42% were neutral. *Destitute conditions* returned a mean score of 3.79. The majority of the respondents (76%) agreed that they started their businesses as a result of *destitute conditions*, whereas 24% were neutral and none disagreed. *Personal ambition and investment considerations* reported a mean score of 3.56. Slightly more than two fifths (42%) of the respondents agreed that they took into account *personal ambition and investment considerations* when they started their informal businesses, while 58% were neutral

and none disagreed. In terms of the factor, *personal development*, a mean score of 3.87 was returned. The majority of the respondents (76%) agreed that they started their businesses because they wanted to develop themselves, whereas 24% were neutral and none disagreed.

4.5 PEARSON'S PRODUCT MOMENT CORRELATION COEFFICIENTS

Table 14.20 below provides the guidelines, used in this study, to interpret the strength of relationships when using Pearson Product Moment Correlations.

Table 14.20: Pearson's correlations guideline

Value of r	Strength of relationship
-1.0 to -0.5 or 1.0 to 0.5	strong
-0.5 to -0.3 or 0.3 to 0.5	moderate
-0.3 to -0.1 or 0.1 to 0.3	weak
-0.1 to 0.1	None or very weak

Source: Farrington (2018)

4.5.1 Pearson's Product Moment Correlations Coefficients for the overall sample

Table 14.21 contains the correlations coefficients calculated for the overall sample. This table illustrates significant ($p < 0.05$) positive correlations between *entrepreneurial orientation* and four other factors, namely *negative employment experience* ($r = 0.36$), *social capital and altruism* ($r = 0.60$), *personal ambition and investment considerations* ($r = 0.32$), and *personal development* ($r = 0.35$). Based on the r-values reported, *entrepreneurial orientation* has a strong correlation with *personal development* and moderate associations with the other factors.

Need for independence returned significant ($p < 0.05$) positive correlations with five other factors. *Need for independence* had weak correlations with *financial benefits and security* ($r = 0.24$), *government evasion* ($r = 0.29$) and *personal development* ($r = 0.26$). In addition, *need for independence* reported a moderate correlation with *destitute conditions* ($r = 0.47$), and a strong correlation with *personal ambition and investment considerations* ($r = 0.54$).

Financial benefits and security reported significant ($p < 0.05$) positive correlations with three other factors. In addition to weak the correlation with *need for independence* reported earlier *financial benefits and security* also showed a weak correlation with *destitute conditions* ($r = 0.26$) and a moderate correlation with *financial survival* ($r = 0.33$).

Negative employment experience was reported to have significant ($p < 0.025$) positive correlations with four other factors. In addition to the moderate correlation with *entrepreneurial orientation* reported earlier, *negative employment experience* also showed a moderate relationship with *social capital and altruism* ($r = 0.45$), and weak correlations with *personal ambition and investment considerations* ($r = 0.20$) and *personal development* ($r = 0.25$).

Financial survival reported significant ($p < 0.05$) positive correlations with two other factors. In addition to the moderate association between *financial survival* and *financial benefits and security* reported earlier and a weak association with *destitute conditions* ($r = 0.25$) can also be seen in Table 14.21.

Government evasion reported significant ($p < 0.05$) positive correlations with three other factors. A weak positive association with *need for independence* was reported earlier. Government evasion also showed a weak correlation with *personal ambition and investment considerations* ($r = 0.20$) and a moderate association with *destitute conditions* ($r = 0.30$).

Social capital and altruism reported significant ($p < 0.05$) positive correlations with four other factors. *Social capital and altruism* had moderate associations with *personal ambition and investment considerations* ($r = 0.31$) as well as *personal development* ($r = 0.30$). The other two significant correlations with *negative employment experience* and *entrepreneurial orientation* were reported earlier.

Destitute conditions reported significant ($p < 0.05$) positive correlations with five other factors. In addition to the four correlations reported earlier, *destitute conditions* had a

weak positive association with *personal ambition and investment considerations* ($r=0.29$).

Table 14.21 illustrates that *personal ambition and investment considerations* had the most significant ($p<0.05$) positive associations with other factors (a total of six significant correlations). In addition to the five positive correlations reported earlier, *personal ambition and investment considerations* reported a moderate relationship with *personal development* (0.38).

Table 4.21: Pearson's Product Moment Correlations Coefficients – Overall Sample

Factor	Entrepreneurial orientation	Need for independence	Financial benefits and security	Negative employment experience	Financial survival	Government evasion	Social capital and altruism	Destitute conditions	Personal ambition and investment considerations	Personal development
Entrepreneurial orientation	1.00	0.14	0.08	0.36	0.13	-0.08	0.60	-0.12	0.32	0.35
Need for independence	0.14	1.00	0.24	0.16	0.01	0.29	0.07	0.47	0.54	0.26
Financial benefits and security	0.08	0.24	1.00	0.02	0.33	0.02	0.10	0.26	0.14	0.10
Negative employment experience	0.36	0.16	0.02	1.00	0.10	0.07	0.45	0.02	0.20	0.25
Financial survival	0.13	0.01	0.33	0.10	1.00	-0.08	0.15	0.25	-0.02	0.09
Government evasion	-0.08	0.29	0.02	0.07	-0.08	1.00	-0.09	0.30	0.20	0.10
Social capital and altruism	0.60	0.07	0.10	0.45	0.15	-0.09	1.00	-0.18	0.31	0.30
Destitute conditions	-0.12	0.47	0.26	0.02	0.25	0.30	-0.18	1.00	0.29	0.07
Personal ambition and investment considerations	0.32	0.54	0.14	0.20	-0.02	0.20	0.31	0.29	1.00	0.38
Personal development	0.35	0.26	0.10	0.25	0.09	0.10	0.30	0.07	0.38	1.00

Marked correlations are significant at ($p < 0.05$)

4.5.2 Pearson's Product Moment Correlations Coefficients for Lesotho

Table 14.22 contains the correlations coefficients calculated for the Lesotho sub-sample. This table illustrates significant ($p < 0.05$) positive correlations between *entrepreneurial orientation* and three other factors, namely *negative employment experience* ($r = 0.35$), *social capital and altruism* ($r = 0.63$) and *personal development* ($r = 0.32$). These r -values reflect moderate associations between *entrepreneurial orientation* and *negative employment experience* as well as *personal development*. In addition, the r -value reported for *social capital and altruism* reflects a strong association with *entrepreneurial orientation*. *Entrepreneurial orientation* also returned significant ($p < 0.05$) negative correlations with two other factors, namely *government evasion* ($r = -0.28$) and *destitute conditions* (-0.27). Based on the r -values reported, *entrepreneurial orientation* had weak negative associations with these two factors.

Need for independence reported significant ($p < 0.05$) positive correlations with four other factors. Based on the r -values reported for *government evasion* ($r = 0.35$) and *personal development* ($r = 0.31$), the correlation between *need for independence* and these two factors were moderate. Strong positive correlations were also reported between *need for independence* and both *destitute conditions* ($r = 0.56$) and *personal ambition and investment considerations* ($r = 0.62$).

Financial benefits and security reported significant ($p < 0.05$) positive correlations with two other factors, namely *financial survival* ($r = 0.48$) and *destitute conditions* ($r = 0.39$). Based on the r -values reported, *financial benefits and security* had a moderate correlation with these two factors.

Negative employment experience reported significant ($p < 0.05$) positive correlations with two other factors. In addition to the correlation with *entrepreneurial orientation* reported earlier, *negative employment experience* had a moderate association with *social capital and altruism* ($r = 0.43$).

Government evasion reported significant ($p < 0.05$) positive correlations with two other factors, namely *need for independence* (reported earlier), and *destitute conditions* ($r = 0.42$). The r -values reported for these factors reflect moderate associations with

government evasion. *Government evasion* also returned significant ($p < 0.05$) negative correlations with two other factors. The association with *entrepreneurial orientation* was reported earlier, while the r -value returned for *social capital and altruism* reflects a moderate negative association.

Social capital and altruism reported significant ($p < 0.05$) positive correlations with two other factors. In addition to the correlation with *entrepreneurial orientation* reported earlier, *social capital and altruism* also returned a moderate correlations with *negative employment experience* ($r = 0.43$). *Social capital and altruism* also reported significant ($p < 0.05$) negative correlations with two other factors, namely *government evasion* (reported earlier) and *destitute conditions* ($r = -0.29$). The r -value returned for *destitute conditions* reflect a weak negative relationship.

Destitute conditions reported significant ($p < 0.05$) positive correlations with four other factors. Associations with *need for independence*, *financial benefits and security* and *government evasion* were reported earlier. *Destitute conditions* also showed a moderate positive relationship with *personal ambition and investment considerations* ($r = 0.35$).

Personal ambition and investment considerations reported significant ($p < 0.05$) positive correlations with three other factors. Two of these relationships, namely *need for independence* and *destitute conditions* were reported earlier. *Personal ambition and investment considerations* also returned a moderate positive correlation with *personal development* ($r = 0.41$).

From the above it can be concluded that in Lesotho strong associations are found between *destitute conditions* with *need for independence* ($r = 0.56$). *Social capital and altruism* is also reported to have a strong association with *entrepreneurial orientation* ($r = 0.63$). Lastly, a strong association is reported for *personal ambition and investment considerations* with *need for independence* ($r = 0.62$).

Table 4.22: Pearson's Product Moment Correlations Coefficients – Lesotho

Factor	Entrepreneurial orientation	Need for independence	Financial benefits and security	Negative employment experience	Financial survival	Government evasion	Social capital and altruism	Destitute conditions	Personal ambition and investment considerations	Personal development
Entrepreneurial orientation	1.00	0.00	0.07	0.35	0.04	-0.28	0.63	-0.27	0.21	0.32
Need for independence	0.00	1.00	0.24	0.26	-0.06	0.35	0.00	0.56	0.62	0.31
Financial benefits and security	0.07	0.24	1.00	0.08	0.48	0.09	0.13	0.39	0.22	0.16
Negative employment experience	0.35	0.26	0.08	1.00	0.14	-0.03	0.43	-0.02	0.10	0.21
Financial survival	0.04	-0.06	0.48	0.14	1.00	-0.13	0.04	0.21	-0.17	0.02
Government evasion	-0.28	0.35	0.09	-0.03	-0.13	1.00	-0.35	0.42	0.19	0.05
Social capital and altruism	0.63	0.00	0.13	0.43	0.04	-0.35	1.00	-0.29	0.21	0.23
Destitute conditions	-0.27	0.56	0.39	-0.02	0.21	0.42	-0.29	1.00	0.35	0.07
Personal ambition and investment considerations	0.21	0.62	0.22	0.10	-0.17	0.19	0.21	0.35	1.00	0.41
Personal development	0.32	0.31	0.16	0.21	0.02	0.05	0.23	0.07	0.41	1.00

Marked correlations are significant at ($p < 0.05$)

4.5.3 Pearson's Product Moment Correlations Coefficients for South Africa

Table 14.23 contains the correlations coefficients calculated for the South African sub-sample. This table illustrates significant ($p < 0.05$) positive correlations between *entrepreneurial orientation* and five other factors. *Need for independence* ($r = 0.50$) reported the highest r-value reflecting a strong association with *entrepreneurial orientation*. The r-values for *financial benefits and security* ($r = 0.43$), *government evasion* ($r = 0.33$), *social capital and altruism* ($r = 0.30$) and *personal ambition and investment considerations* ($r = 0.30$) reflect moderate associations with *entrepreneurial orientation*.

Need for independence reported significant ($p < 0.05$) positive correlations with two other factors. The association with *entrepreneurial orientation* was reported earlier. A moderate association between *need for independence* and *financial benefits and security* ($r = 0.36$) was also returned.

Negative employment experience reported a significant ($p < 0.05$) positive correlation with *social capital and altruism* ($r = 0.34$). The association between these two factors was moderate.

Financial survival reported a significant ($p < 0.05$) positive correlation with *destitute conditions* ($r = 0.29$). Although the association is positive, it is considered to be a weak relationship.

Government evasion reported significant ($p < 0.05$) positive correlations with two other factors. The association between this factor and *entrepreneurial orientation* was reported earlier. *Social capital and altruism* also had a moderate association ($r = 0.33$) with *government evasion*.

Social capital and altruism reported significant ($p < 0.05$) positive correlations with five other factors, of which three were reported earlier. The r-values reported for *personal ambition and investment considerations* ($r = 0.32$) and *personal development* ($r = 0.35$) reflect moderate associations with *social capital and altruism*.

Destitute conditions reported a significant ($p < 0.05$) positive correlation with *financial survival* (0.29) which was reported earlier. *Destitute conditions* also returned a significant ($p < 0.05$), but weak negative correlation with *personal ambition and investment considerations* ($r = -0.29$).

From the above it can be concluded that in South Africa the only strong association is between entrepreneurial orientation and need for independence ($r = 0.50$).

Table 4.23: Pearson's Product Moment Correlations Coefficients - South Africa

Factor	Entrepreneurial orientation	Need for independence	Financial benefits and security	Negative employment experience	Financial survival	Government evasion	Social capital and altruism	Destitute conditions	Personal ambition and investment considerations	Personal development
Entrepreneurial orientation	1.00	0.50	0.43	0.14	0.17	0.33	0.38	0.00	0.30	0.26
Need for independence	0.50	1.00	0.36	-0.11	0.14	0.10	0.16	0.01	0.26	0.05
Financial benefits and security	0.43	0.36	1.00	0.14	0.11	-0.10	0.22	0.02	0.21	0.10
Negative employment experience	0.14	-0.11	0.14	1.00	-0.10	0.11	0.34	-0.26	0.09	0.20
Financial survival	0.17	0.14	0.11	-0.10	1.00	-0.02	0.24	0.29	0.13	0.16
Government evasion	0.33	0.10	-0.10	0.11	-0.02	1.00	0.33	-0.14	0.15	0.16
Social capital and altruism	0.38	0.16	0.22	0.34	0.24	0.33	1.00	-0.17	0.32	0.35
Destitute conditions	0.00	0.01	0.02	-0.26	0.29	-0.14	-0.17	1.00	-0.29	-0.14
Personal ambition and investment considerations	0.30	0.26	0.21	0.09	0.13	0.15	0.32	-0.29	1.00	0.16
Personal development	0.26	0.05	0.10	0.20	0.16	0.16	0.35	-0.14	0.16	1.00

Marked correlations are significant at ($p < 0.05$)

4.6 SUMMARY

In this chapter the empirical results of the study were presented. It included a discussion about the sample description, the validity and reliability results, the descriptive statistics and the Pearson Product Moment Correlations. The chapter that follows will provide a summary of the study, the conclusions drawn from the results and the resultant recommendations.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter provides a summary of the entire study. Firstly, the research objectives will be restated. Secondly, a brief description of the research design will be presented. Thirdly, the main findings from the literature review and empirical investigation will be summarised. Fourthly, the conclusions and recommendations of the study will be presented. Lastly, the shortcomings of the research and recommendations for future research will be stated.

5.2 RESEARCH OBJECTIVES

The primary objective of this study was to investigate the entrepreneurial motivations of informal traders in South Africa and Lesotho.

The following secondary objectives were formulated to assist in achieving the primary objective of the study:

- To provide an overview on the informal economy and informal traders.
- To identify the factors that motivate individuals to become informal traders.
- To measure the entrepreneurial motivations of informal traders in South Africa and Lesotho.

Table 5.1 summarises the methodological objectives pursued in order to execute the study and the chapter in which each were achieved.

Table 5.1: Achieved methodological objectives of the study and relevant chapters

Methodological objectives	Chapters in which objectives were achieved
To collect secondary data from academic sources (such as journal articles, websites, textbooks) to compile a literature review on the informal economy, informal traders and entrepreneurial motivation.	Chapter 2
To select an appropriate research design to conduct the present study.	Chapter 3
To develop a research instrument to collect primary data from informal traders in South Africa and Lesotho.	Chapter 3
To analyse the primary data collected from informal traders in South Africa and Lesotho using appropriate statistical techniques	Chapter 4
To provide appropriate recommendations to encourage informal trading in South Africa and Lesotho	Chapter 5

5.3 RESEARCH DESIGN

5.3.1 RESEARCH METHODOLOGY

The selection of research methodology was dictated by the research paradigm adopted by the researcher (Nayak & Singh, 2015:1). The two main research paradigms considered were interpretivist and positivist research paradigms (Kumar 2011:33). Interpretivist assume that people interpret the world differently based on their preconceived beliefs and values. On the other hand, positivists assume that the world can be understood by using controlled experiments, mathematical models and quantitative analysis (Williman, 2015:21). The interpretivist research paradigm is associated with the qualitative research approach, whereas the positivist paradigm is associated with the quantitative research approach. The positivist research paradigm was used in this study, because it involves the use of the quantitative approach (Burns, 2000:43).

Research methodology includes the processes used to complete a research project by collecting and analysing data (Struwig & Stead, 2013:55). Different types of research methodologies are associated with the main research paradigms. Research methodologies used under the interpretivist paradigm includes hermeneutics,

ethnography, participative enquiry, action research, case studies, grounded theory as well as feminist, gender and ethnic studies. On the other hand, the positivist research paradigm is associated with experimental studies, cross-sectional studies, longitudinal studies and surveys (Collis & Hussey, 2014:60). For the purpose of this research, a quantitative approach was adopted where a survey methodology was used to collect quantitative data.

5.3.2 RESEARCH DESIGN

Research design refers to the plans and procedures used in research to provide answers to research questions (Creswell, 2009:3). The function of research design is to ensure that the data collected for a study will enable researchers to answer a research question as clearly as possible (De Vaus, 2001:9). The sections that follow will elaborate on the data collection and analysis methods used in the present study.

5.3.2.1 Data collection

For the purpose of this study, both secondary and primary data was collected. Secondary data is data that was previously collected and analysed which can be used to obtain a general understanding of the research problem (Kothari, 2004:111). Municipal documents, academic books, journals as well as reputable internet sites and reports were used to collect secondary data for this study. These sources were used to compile a comprehensive literature review on entrepreneurship, informal traders and entrepreneurial motivations. Primary data is data that is collected for the first time (Kothari, 2004:95). For the purpose of this study, primary survey data was collected using a structured questionnaire.

A survey may be conducted through a census method or a sampling method (Pandey & Pandey, 2015:40). A population describes the whole universe of objects, people or items that are subjects in a study (Walliman, 2015:94). In this study the population consisted of all informal traders in South Africa and Lesotho.

The process of selecting a small representative group out of a large population is called sampling (Walliman, 2015:93). There are two sampling methods that are

available to researchers, namely probability and non-probability sampling (Nayak & Singh 2015:80). Probability sampling techniques include simple random sampling, stratified sampling and cluster sampling (Walliman 2015:96). Various non-probability sampling techniques exist which include convenience sampling, purposive sampling, snowball sampling and quota sampling (Nayak & Singh, 2015:84). In this study, convenience sampling was used. This technique enabled the researchers to select those sample elements that were conveniently available (Alvi, 2016:29; Walliman, 2015:182; Maree, 2007:1). A sample size of hundred-and-five respondents was used where fifty respondents were from the Nelson Mandela Bay, South Africa; and fifty-five respondents were from Lesotho, Maseru.

Surveys can be administered either through observation, interviews or questionnaires (Kothari, 2004:121). In this study, a questionnaire was developed to collect data. An advantage of a questionnaire is that it captures respondents' responses in a standardised manner (Nayak & Singh, 2015:87). The questionnaire used in this study consisted of a cover letter and two sub-sections. The purpose of the cover letter was to inform the respondents about the topic of the research, the primary objective and the requirements for participation. The cover letter also assured the respondents' anonymity and confidentiality. Section A of the questionnaire dealt with the demographic information of the informal traders and their businesses. Section B dealt with the entrepreneurial motivations of the informal traders.

5.3.2.2 Data analysis

Before the data can transformed into information, it is important to check the validity and reliability of the data (Singh, 2017:2). To test for validity, factor analysis was used. For the purpose of this research, Exploratory Factor Analysis (EFA) was used to test the construct validity of the items measuring the entrepreneurial motivations of the informal traders. Factor loadings greater than 0.5 were considered practically significant in this study (Hair *et al.* 2014:116). To test for reliability, Cronbach Alpha coefficients were calculated and Alpha values greater than 0.5 was considered acceptable (Nunally, 1978:45, Abdul-halim & Che-Ha, 2009).

Quantitative data analysis was conducted to reduce and analyse the data in this study (Walliman, 2015:114). Descriptive statistics such as means, standard deviations and percentages were calculated to describe the entrepreneurial motivations of the informal traders from South Africa and Lesotho. To test whether relationships exist between the entrepreneurial motivations of the informal traders, Pearson Product Moment Correlations were computed. The statistical programme known as Statistica version 12 was used to analyse the data.

5.4 MAIN FINDINGS FROM THE LITERATURE REVIEW

In Chapter Three in-depth literature reviews of entrepreneurship, the informal economy and informal trading and entrepreneurial motivations were provided. The sections that follow will provide a brief overview of this literature.

5.4.1 AN OVERVIEW OF ENTREPRENEURSHIP

According to Shane, Locke and Collins (2003:259) entrepreneurship is a process initiated by individuals who discover, evaluate and explore opportunities to create need satisfying goods and services. Entrepreneurship was considered important for several reasons. Firstly, it promotes innovation and technical change which has a positive effect on economic growth. Secondly, it is a process by which demand, and supply of goods and services is brought into equilibrium. Thirdly, through entrepreneurship new knowledge is converted into goods and services. (Shane *et al.*, 2003:259).

Oyrinde (2015:19) describes an entrepreneur as a person who exploits opportunities by shifting economic resources from an area of low productivity to one of high productivity. Entrepreneurs drive economic progress through the creation of innovative ventures that outcompete existing ventures and render their business models obsolete (Ademola *et al.*, 2015:19).

There are certain characteristics that distinguish entrepreneurs from non-entrepreneurs (Shane *et al.* 2003:258). The characteristics needed by entrepreneurs to successfully start, manage and maintain a business include passion, locus of

control, need for independence and risk taking (Nieman & Nieuwenhuizen, 2014:28; Dracke, 2014:33).

According to Nieman and Nieuwenhuizen (2014:26) entrepreneurs can be classified at different levels of entrepreneurial sophistication according to their entrepreneurial activities. Entrepreneurs are classified into basic survivalist, subsistence entrepreneurs, micro entrepreneurs and small-scale entrepreneurs (Iwu *et al.*, 2015:1; Viswanathan *et al.*, 2014:214). Entrepreneurs can also be classified as necessity- and opportunity-driven entrepreneurs, given their motives for starting their businesses.

An entrepreneurial career has various rewards and drawbacks. Owning a business provides entrepreneurs with the independence to make their own decisions and achieve what they have always wanted to (Bosch *et al.*, 2011:108; Skripak, 2016: 147). Entrepreneurship also provides individuals with an opportunity to make a difference in areas that are close to their hearts. In places where there is high unemployment, entrepreneurs often come up with solutions to generate income (Bosch *et al.*, 2011:108). Entrepreneurship also provides an individual with the opportunity to use their skills and knowledge which contributes to their personal satisfaction (Skripak, 2016:147).

Despite the high financial risk of running a business, entrepreneurship provides an individual with an opportunity to make their own money and gain financial security (Heidemann, 2016; Skripak, 2016:147). However, entrepreneurship also has disadvantages which include being exposed to financial, business and personal risks; failing to get formal employment in case the new venture fails; not being able to recover losses; and experiencing difficulty in handing over the business or delegating tasks. Skripak (2016:147) and Heidemann (2016) add that entrepreneurs are susceptible to stress. Factors such as business failure, irregular income and the responsibility of having employees can create stress for an entrepreneur. Spending too much time at work can also result in work life imbalance (Heidemann, 2016).

5.4.2 AN OVERVIEW OF THE INFORMAL ECONOMY AND INFORMAL TRADERS

The informal economy refers to the paid production and sale of goods and services that are not registered and are not exposed to tax regulations but are legal in other aspects (Adom & Williams, 2012:2). Characteristics associated with the informal economy include the absence of legal protection and recognition; non-coverage by minimum wage legislation and the social security systems; the predominance of own-account and self-employment work; the absence of trade unions; the presence of low income and wages with little job security; and no fringe benefits from formal institutions (Becker, 2004:11; Chen, 2012:19).

There are three main schools of thought on the relationship between the formal and informal economy, namely, the dualist, structuralist and legal perspectives. The dualist perspective assumes that the informal economy is not directly associated to and operate separately from the formal economy (Becker, 2004:10; Bonnet & Venkatesh , 2016:6). Legalists focuses on the role of the state in regulating economic activity (Centeno & Portes, 2006:30). The structuralist school of thought views the informal economy as subservient to the formal economy because formal entrepreneurs exploit informal traders or workers in order to reduce costs (Becker, 2004:10; Bonnet & Venkatesh, 2016:6).

There are various linkages between the formal and informal economies (Davies & Thurlow, 2009:9). Firstly, there is an exchange of goods between the formal and informal economies. Secondly, the formal and informal economies are linked thorough informal employment. Thirdly, informal businesses also borrow goods or capital from the formal economy in the form of credit purchases and loans. Fourthly, participants in the informal economy receive social transfers from the government through public pension or child support grants.

Informal traders are traders or producers (including home-based workers, waste collectors and street vendors) who do not operate legally or formally registered businesses (Modupi, 2017:29). According to Hunter and Skinner (2003:306) informal traders are involved in multiple economic activities which include cutting hair; selling of clothes and related goods; and repairing and manufacturing shoes. Wills (2009:44)

identified three sub-groups of informal traders, namely home-based workers, waste collectors and street vendors.

Informal traders operating in the informal economy face multiple obstacles which, in some cases, are similar to those experienced by formal traders. The obstacles include a lack of financial knowledge and financing; a lack of appropriate government policies; a lack of access to basic infrastructure and services; and burdensome local government processes. (Cardno Agrisystems Limited, 2008:19; Becker, 2004:23).

5.4.3 AN OVERVIEW OF ENTREPRENEURIAL MOTIVATIONS

Hellriegel *et al.*, (2012:409) categorise motivation theories into need theories and process theories. Need theories include Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's two factor theory and McClelland's theory of learnt needs. Process theories include the reinforcement theory, equity theory, goal-setting theory and Vroom's expectancy theory (Hellriegel *et al.*, 2012:409).

Informal trading attracts individuals seeking entrepreneurial independence, self-fulfilment, wealth and other favourable outcomes, among other things (Segal *et al.*, 2005:43). Williams (2007:242) and Ademola *et al.* (2015:21) proposed that individuals choose to participate in the informal economy because of the autonomy, flexibility and freedom that is lacking in the formal economy. Individuals are attracted by the freedom of being able to operate their own business, the flexibility of being able to determine their own working hours or days, and the ability to use and develop their creative talents. Family inheritance is one of the most common motivators for entrepreneurship as discovered and it involves direct inheritance of the business from parents and in some cases through marriage (Franck, 2012:72).

Individuals may be forced into informal trading because of dissatisfaction with their current employment, difficulty in finding employment, insufficient income and work schedules that contradict their personal commitments, among other things (Segal *et al.*, 2005:43). In addition, destitute conditions are regarded as push factors because individuals want to avoid or alleviate unfortunate circumstances such as poverty (Henning & Akoob, 2017:7). According to Henning and Akoob (2017:3) and Williams,

Shahid and Martinez (2016:7) destitute conditions refer to insufficient family income and the difficulty in finding a job.

Adom (2014:3) stated that the need for survival is an important motivator for informal trading. Segal *et al.* (2005:44) identified job displacement, negative work experience, resource unavailability and government restriction as situational and environmental factors that influence informal trading.

5.5 MAIN FINDINGS FROM THE EMPIRICAL INVESTIGATION

In Chapter Four, the demographic information of the respondents and their businesses were provided. The overall sample consisted of 105 respondents. The overall sample and sub-samples mostly consisted black females who obtained a high school education and received no prior business training. The majority of the respondents were natives of Lesotho and South Africa. Although the overall sample and the South Africa sub-sample revealed that most informal traders had been previously employed, this was not the case in Lesotho.

For the overall sample and the two sub-samples, a typical informal business operated in the retail sector; was founded by the informal trader by him- or herself; was operated from a static structure; and earned an average sales income between R751 and R1500. The average age and number of employees of the businesses in the sub-samples varied slightly. In Lesotho the typical informal business was 5.84 years old, while in South Africa the typical informal business was 10.47 years old. In addition, informal businesses in Lesotho typically employed more than one individual (1.36), while less than one person (0.30) was employed in the South African informal businesses.

Table 5.2 provides a summary of the results returned for the validity and reliability of the measuring instrument. Initially, a total of 53 items were used to measure the entrepreneurial motivations of the informal traders, of which 43 items were intended to measure pull factors related to entrepreneurial motivations and ten were intended to measure push factors related to entrepreneurial motivations. An exploratory factor analysis (EFA) was performed to test for validity. Ten factors were returned and

considered significant as their factor loadings were greater than 0.5 and items measuring the same factor were greater than three. Out of the ten factors returned, two were push factors related to entrepreneurial motivations (*financial survival* and *destitute conditions*), while the rest were pull factors.

As can be seen from Table 5.2 all of the factors were reliable. Four of the factors (*entrepreneurial orientation*, *need for independence*, *negative employment experience* and *social capital and altruism*) returned a Cronbach Alpha above 0.8 which is considered good. Three of the factors (*financial benefits and security*, *government evasion* and *destitute conditions*) returned a Cronbach Alpha coefficient above 0.7 which is considered acceptable. However, three of the factors (*financial survival*, *personal ambition and investment considerations* and *personal development*) returned a Cronbach Alpha between 0.5 and 0.6 which was deemed sufficient.

Table 5.2: Summary of the validity and reliability results

No.	Factor	Number Items	Cronbach Alpha
1	Entrepreneurial orientation	6	0.85
2	Need for independence	5	0.85
3	Financial benefits and security	4	0.73
4	Negative employment experience	4	0.81
5	Financial survival	3	0.66
6	Government evasion	3	0.75
7	Social capital and altruism	3	0.81
8	Destitute conditions	5	0.75
9	Personal ambition and investment considerations	4	0.68
10	Personal development	3	0.54

Descriptive statistics related to the entrepreneurial motivations of the informal traders were calculated for overall sample as well as the Lesotho and South African sub-samples. In terms of the overall sample, the highest mean scores were returned for *financial benefits and security* (4.20), *need for independence* (3.95), *financial survival* (3.87) and *personal development* (3.73). This implies that most of the respondents in the overall sample agreed with the statements measuring these factors. In addition, mean scores of between 2.73 and 3.58 were returned for *destitute conditions*, *entrepreneurial orientation*, *personal ambition and investment considerations*, *social capital and altruism* and *government evasion*. This means that most of the

respondents were undecided (neutral) in terms of these entrepreneurial motivations. Lastly, *negative employment experience* returned the lowest mean score (2.04) of all the entrepreneurial motivations investigated in this study. This implies that most of the respondents in the overall sample disagreed that they started their business due to *negative employment experience*.

In terms of the Lesotho sub-sample, the highest mean scores were reported for *financial benefits and security* (4.31), *need for independence* (3.86), *financial survival* (3.75) and *personal development* (3.61). This means that most respondents from Lesotho agreed with the statements that measured these entrepreneurial motivations. Additionally, mean scores between 2.64 and 3.39 were reported for *destitute conditions*, *entrepreneurial orientation*, *personal ambition and investment considerations*, *social capital and altruism* and *government evasion*. This implies that most of the respondents neither agreed nor disagreed (neutral) that they were motivated to start their business as a result of these entrepreneurial motivations. Lastly, *negative employment experience* returned the lowest mean score (1.70) out of all the factors investigated. This indicates that most respondents from Lesotho disagreed that they started their business due to *negative employment experience*.

For the South Africa sub-sample, the highest mean scores were reported for *financial benefits and security* (4.08), *need for independence* (4.05), *financial survival* (4.00), *personal development* (3.87), *destitute conditions* (3.79) and *entrepreneurial orientation* (3.73). This implies that most of the respondents in the South African sub-sample agreed with the statements measuring these entrepreneurial motivations. The entrepreneurial motivations, *personal ambition and investment considerations*, *social capital and altruism*, *government evasion* and *negative employment experience* reported mean scores between 2.42 and 3.56. This implies that most of the respondents were neutral in terms of these entrepreneurial motivations.

Pearson Product Moment Correlations were calculated to test whether relationships exist between the entrepreneurial motivations investigated in this study. Table 5.3 contains a summary of the relationships between the entrepreneurial motivations of the informal traders in the overall sample.

Table 5.3: Summary of the relationships between the entrepreneurial motivations of informal traders in the overall sample

No.	Significant relationships were found between:	Strength and direction of relationship
1	<i>entrepreneurial orientation and negative employment experience</i>	Moderate (+)
2	<i>entrepreneurial orientation and social capital and altruism</i>	Strong (+)
3	<i>entrepreneurial orientation and personal ambition and investment considerations</i>	Moderate (+)
4	<i>entrepreneurial orientation and personal development</i>	Moderate (+)
5	<i>need for independence and financial benefits and security</i>	Weak (+)
6	<i>need for independence and government evasion</i>	Weak (+)
7	<i>need for independence and personal development</i>	Weak (+)
8	<i>need for independence and destitute condition</i>	Moderate (+)
9	<i>need for independence and personal ambition and investment considerations</i>	Strong (+)
10	<i>financial benefits and security and financial survival</i>	Moderate (+)
11	<i>financial benefits and security and destitute conditions</i>	Weak (+)
12	<i>negative employment experience and social capital and altruism</i>	Moderate (+)
13	<i>negative employment experience and personal ambition and investment considerations</i>	Weak (+)
14	<i>negative employment experience and personal development</i>	Weak (+)
15	<i>financial survival and destitute conditions</i>	Weak (+)
16	<i>government evasion and personal ambition and investment considerations</i>	Weak (+)
17	<i>government evasion and destitute conditions</i>	Moderate (+)
18	<i>social capital and altruism and personal ambition and investment considerations</i>	Moderate (+)
19	<i>social capital and altruism and personal development</i>	Moderate (+)
20	<i>destitute conditions and personal ambition and investment considerations</i>	Weak (+)

As can be seen in Table 5.3, 20 significant correlations were found between the entrepreneurial motivations of the informal traders in the overall sample. Two strong positive relationships were found between:

- *entrepreneurial orientation and social capital and altruism; and*
- *need for independence and personal ambition and investment considerations*

In addition, moderate positive relationships were found between:

- *entrepreneurial orientation and negative employment experience;*
- *entrepreneurial orientation and personal ambition and investment considerations;*
- *entrepreneurial orientation and personal development;*
- *need for independence and destitute conditions;*
- *financial benefits and security and financial survival;*

- *negative employment experience and social capital and altruism;*
- *government evasion reported significant and destitute conditions;*
- *social capital and altruism and personal ambition and investment considerations;*
and
- *social capital and altruism and personal development.*

The rest of the entrepreneurial motivations of the overall sample had weak correlations. Table 5.4 contains a summary of the relationships between the entrepreneurial motivations of the informal traders in Lesotho.

Table 5.4: Summary of the relationships between the entrepreneurial motivations of informal traders in Lesotho

No.	Significant relationships were found between:	Strength and direction of relationship
1	<i>entrepreneurial orientation and negative employment experience</i>	Moderate (+)
2	<i>entrepreneurial orientation and social capital and altruism</i>	Strong (+)
3	<i>entrepreneurial orientation and personal development</i>	Moderate (+)
4	<i>entrepreneurial orientation and government evasion</i>	Weak (-)
5	<i>entrepreneurial orientation and destitute conditions</i>	Weak (-)
6	<i>need for independence and personal ambition and investment considerations</i>	Strong (+)
7	<i>need for independence destitute conditions</i>	Strong (+)
8	<i>need for independence and personal development</i>	Moderate (+)
9	<i>need for independence government evasion</i>	Moderate (+)
10	<i>financial benefits and security and financial survival</i>	Moderate (+)
11	<i>financial benefits and security and destitute conditions</i>	Moderate (+)
12	<i>negative employment experience and social capital and altruism</i>	Moderate (+)
13	<i>government evasion and destitute conditions</i>	Moderate (+)
14	<i>social capital and altruism and negative employment experience</i>	Moderate (+)
15	<i>social capital and altruism and destitute conditions</i>	Weak (-)
16	<i>destitute conditions and personal ambition and investment considerations</i>	Moderate (+)
17	<i>personal ambition and investment and personal development</i>	Moderate (+)

As can be seen in Table 5.4, 17 significant correlations were found between the entrepreneurial motivations of the informal traders in Lesotho. Three strong positive relationships were found between:

- *entrepreneurial orientation and social capital and altruism;*
- *need for independence and personal ambition and investment considerations; and*
- *need for independence destitute conditions.*

Furthermore, moderate positive relationships were found between:

- *entrepreneurial orientation and negative employment experience;*
- *entrepreneurial orientation and personal development;*
- *need for independence and personal ambition and investment considerations;*
- *need for independence and personal development;*
- *need for independence government evasion;*
- *financial benefits and security and financial survival;*
- *financial benefits and security and destitute conditions;*
- *negative employment experience and social capital and altruism;*
- *government evasion and destitute conditions;*
- *social capital and altruism and negative employment experience;*
- *destitute conditions and personal ambition and investment considerations; and*
- *personal ambition and investment and personal development.*

The rest of the entrepreneurial motivations of the Lesotho sub-sample had weak correlations. Table 5.5 contains a summary of the relationships between the entrepreneurial motivations of the informal traders in South Africa.

Table 5.5: Summary of the relationships between the entrepreneurial motivations of informal traders in South Africa

No.	Significant relationships were found between:	Strength and direction of relationship
1	<i>entrepreneurial orientation and financial benefits and security</i>	Moderate (+)
2	<i>entrepreneurial orientation and government evasion</i>	Moderate (+)
3	<i>entrepreneurial orientation and social capital and altruism</i>	Moderate (+)
4	<i>entrepreneurial orientation and need for independence</i>	Strong (+)
5	<i>entrepreneurial orientation and personal ambition and investment considerations</i>	Moderate (+)
6	<i>need for independence and financial benefits and security</i>	Moderate (+)
7	<i>negative employment experience and social capital and altruism</i>	Moderate (+)
8	<i>financial survival and destitute conditions</i>	Weak (+)
9	<i>government evasion and social capital and altruism</i>	Moderate (+)
10	<i>social capital and altruism and personal ambition and investment considerations</i>	Moderate (+)
11	<i>social capital and altruism and personal development</i>	Moderate (+)
12	<i>destitute conditions and financial survival</i>	Weak (+)
13	<i>destitute conditions and personal ambition and investment considerations</i>	Weak (-)

As can be seen in Table 5.5, 13 significant correlations were found between the entrepreneurial motivations of the informal traders in South Africa. Only one strong relationship was found between *entrepreneurial orientation* and *need for independence*.

Moreover, moderate positive relationships were found between:

- *entrepreneurial orientation* and *financial benefits and security*;
- *entrepreneurial orientation* and *government evasion*;
- *entrepreneurial orientation* and *social capital and altruism*;
- *entrepreneurial orientation* and *personal ambition and investment considerations*;
- *need for independence* and *financial benefits and security*;
- *negative employment experience* and *social capital and altruism*;
- *government evasion* and *social capital and altruism*;
- *social capital and altruism* and *personal ambition and investment considerations*;
- and
- *social capital and altruism* and *personal development*.

The rest of the entrepreneurial motivations of the South African sub-sample had weak correlations.

5.6 CONCLUSIONS

The empirical results of this revealed that most of the informal traders in the overall sample and the sub-samples agreed that they started their own businesses as a result of *financial benefits and security*, *need for independence*, *financial survival* and *personal development*. This means that most informal traders in South Africa and Lesotho start their own businesses because they:

- want to create wealth, financial security and an extra income for themselves;
- want to control their own life and time, be independent and their own boss, as well as receive recognition for their accomplishments;
- need more money to survive and support their families or they had no other options to make a living; and

- want to stay active, satisfy/fulfil their own needs and achieve personal growth.

In addition, the empirical results showed that most of the South African respondents agreed that *destitute conditions* and *entrepreneurial orientation* influenced their decision to start their own businesses. This implies that South African informal traders start their own businesses because they:

- are poor, unemployed and lack the education/qualifications needed for formal employment; and
- want to pursue a passion, personal interest or a dream; use their creative talent and skills; and leave a legacy for their family.

Negative employment experience had the lowest mean scores among all the entrepreneurial motivations investigated, in general. The results for the overall sample and the Lesotho sub-sample revealed that most informal traders disagreed that they started their businesses due to *negative employment experience*. This means that most informal traders do not start their businesses because they lost their previous job or experienced discrimination, a lack of career advancement or unhappiness at work.

The results of the Pearson Product Moment Correlations calculated for the overall sample and both the sub-samples, revealed that moderate to strong positive relationships exist between:

- *entrepreneurial orientation* and *social capital and altruism*; and
- *negative employment experience* and *social capital and altruism*.

These results imply that informal traders that start businesses because they want to pursue a passion, personal interest or a dream; use their creative talent and skills; and leave a legacy for their family or because they lost their previous job and experienced discrimination; a lack of career advancement; or unhappiness at work also want to provide employment for others and contribute to the economy by creating a new product/service. Therefore, individuals who have a passion for entrepreneurship and have a negative employment experience become informal traders to make a social contribution.

In addition, the results for the overall sample and the Lesotho sub-sample showed that moderate or strong positive relationships exist between:

- *entrepreneurial orientation* and *negative employment experience*;
- *entrepreneurial orientation* and *personal development*;
- *need for independence* and *destitute conditions*;
- *need for independence* and *personal ambition and investment consideration*;
- *financial benefits and security* and *financial survival*; and
- *government evasion* and *destitute conditions*.

These results suggest that informal traders (especially in Lesotho) that start businesses because they lost their previous job and experienced discrimination; a lack of career advancement; and unhappiness at work or because they want to stay active, satisfy/fulfil their own needs and achieve personal growth also want to pursue their passion, personal interest or a dream; use their creative talent and skills; and leave a legacy for their family.

In addition, the results imply that informal traders (especially in Lesotho) that start businesses because they are poor, unemployed and lack the education/qualifications needed for formal employment or because they do not require a lot of capital and they want to invest their money, compete with others and increase their social status also want to control their own life and time; be independent and their own boss; and be recognised for their accomplishments.

Furthermore, informal traders that start their own businesses because they want to create wealth, financial security and an extra income for themselves also to so because they need more money to survive and support their families or have no other options to make a living.

Moreover, informal traders that start their own businesses because they are poor, unemployed and lack the education/qualifications needed for formal employment also distrust the government and do not want to comply with laws/regulations or pay taxes

Furthermore, the results for the overall sample and the South African sub-sample showed that moderate positive relationships exist between:

- *social capital and altruism and personal ambition and investment considerations*; and
- *social capital and altruism and personal development*.

The results provided above, imply that informal traders (especially in South Africa) that start their own businesses because they do not require a lot of capital to do so and they want to invest their money, compete with others and increase their social status or because they want to stay active, satisfy/fulfil their own needs and achieve personal growth also want to provide employment for others and contribute to the economy by creating a new product/service.

It is also interesting to note that the results for the overall sample and the South African sub-sample indicated that a weak positive relationship exist between *financial survival* and *destitute conditions*. Given that these two motivations could be considered to be push factors of entrepreneurship, it would be expected that they should be highly correlated. Individuals who start a business because they are poor, unemployed and lack the education/qualifications needed for formal employment (*destitute conditions*) would be expected to need more money to survive and support their families as they have no other options to make a living.

Additionally, the only strong positive relationship found for the South African sub-sample was between *entrepreneurial orientation* and *need for independence*. This relationship could be expected as individuals who start their own businesses because they want to control their own life and time; be independent and their own boss; and receive recognition for their accomplishments would also want to pursue their passion, personal interest or dream; use their creative talent and skills; and leave a legacy for their family.

5.7 RECOMMENDATIONS

South Africa and Lesotho are characterized by high unemployment, poverty, and underdevelopment. The formal economy in these countries is also unable to accommodate its growing populations, thus informal trading should be seen as a vehicle to alleviate these conditions. This study proved that informal traders start their businesses to gain financial benefits, financial security and financial survival as well as independence and personal development. As such, different strategies, policies and mechanisms need to be put in place to encourage informal trading. Government and society as a whole should recognize the influence of culture on entrepreneurship especially in terms of informal trading. These stakeholders should create an environment where informal trading is not stigmatized and seen as inferior to the formal economy.

Informal traders should be recognised and celebrated as role models to create a culture of self-sufficiency as opposed to state dependency. This, in turn could create an environment where people are encouraged to pursue their personal interest and passion to create new businesses. These new businesses can contribute to employment, economic growth and creation of innovative products and services. It could also create opportunities for people to stay active, satisfy their own personal needs and achieve personal growth. As such, informal trading can be used as one of the mechanisms to reduce crime as inactive people do not see any prospects for the future and personal growth thus resorting to in criminal activities.

The basic education system should be restructured to equip learners with the basic skills of running their own businesses. School subjects such as business management should be more practical by inducing creativity and entrepreneurship in assignments. Tertiary education should fill the gap between the skills that students possess and the skills required by industry by including experiential learning in the curriculum. Students should be taught to become employers rather than employees to increase the levels of entrepreneurship in the economy.

Policy makers such as local municipalities should amend restrictive by-laws applicable to informal traders by introducing reasonable measures and consultative procedures

to regulate informal trading. This measures can include the creation of business clusters, incubators or hubs to create a supportive environment for informal businesses.

Informal traders that start their own businesses by investing their personal money should be encouraged to grow their businesses in order to provide employment for more people. It is recommended that informal trading be encouraged as an accepted means of survival for the poor and unemployed.

Informal traders do not have access to formal financial support because they do not have a formal employment history or a credit record. Their business also do not have formal documented financial records, which makes it difficult to prove financial viability. Therefore, the government should assist informal trader to formalise their businesses and provide incentives such as trade guarantees to access credit.

Government agencies (such as the Small Enterprise Development Agency, Small Enterprise Finance Agency and the Basotho Enterprises Development Corporation) which are established for the development, support and promotion as well as financial assistance for small businesses should be made more visible to informal traders. These agencies should provide business consultancy services that are tailored to the needs of informal traders and equip them with the necessary skills and knowledge to improve their prospects of having access to government grants dedicated to the growth of small businesses.

5.8 SHORTCOMINGS OF THE RESEARCH

This study attempted to make a number of important contributions in terms of the body of knowledge on informal traders, in general, and the motivations of informal traders in South Africa and Lesotho, in particular. However, several limitations of the study must be noted.

In terms of the empirical investigation, only informal traders in Nelson Mandela Bay and Maseru were included in the sample due to time and resource constraints. The perceptions of the informal traders used in the study might not be an accurate

representation of the entire informal trader population in South Africa and Lesotho. Thus, the generalisations made from the results could only be applicable to informal traders in these geographical areas. Moreover, the convenience non-probability sampling technique was used which added to the difficulty of generalising the findings to the entire population of informal traders in South Africa and Lesotho. Therefore, the results in this study should be carefully scrutinised and caution should be used when making inferences to the population.

In addition, only the entrepreneurial motivations of the informal traders were investigated in this study. Other factors could influence individuals to pursue informal trading. These factors include external socio-economic variables that are not under the control of the informal traders. Another limitation of the study is that the research team obtained the perceptions relating to entrepreneurial motivations directly from the informal traders. The informal traders could have inflated their responses due to social desirability bias.

Finally, the lack of previous research on informal traders in South and Lesotho limited the extent of the literature review. Previous research related to the relationships between entrepreneurial motivations could not be found to motivate the use of the correlation tests.

5.9 SUGGESTIONS FOR FUTURE RESEARCH

Given the geographical limitations of the present study, future research should include more informal traders from different parts of South Africa and Lesotho. By doing this, future researchers could provide a more accurate representation of the informal traders in South Africa and Lesotho and produce generalisable results.

The sampling method used in the study also presented limitations which can be overcome by making use of a comprehensive database of informal traders. However, as mentioned in Chapter Three a sampling frame that includes all informal traders in South Africa and Lesotho is not available. Therefore, future researchers should endeavour to compile such a database and make use of probability sampling

techniques. This will also enable future researchers to draw representative samples of informal traders to further ensure the generalisability of the results.

In terms of the scope of future research, it is suggested that other factors that could possibly influence individuals to pursue informal trading be investigated. Factors such as the socio-economic factor not under the control of informal traders, the role of local municipalities and informal trader associations could prove useful in understanding informal trading.

To reduce the possibility of social desirability bias, future researchers could make use of different research methods. Obtaining data from multiple sources over time could provide a more accurate picture of informal traders' motivations to start their own businesses. In addition, the use of qualitative research methods will also provide more in depth and contextualised information related to informal traders.

5.10 SELF REFLECTION

The present study allowed the researchers to gain useful insights into entrepreneurship, the informal economy, informal trading and the entrepreneurial motivations of informal traders, in general, and in South Africa and Lesotho in particular.

Through interaction with the informal traders, the researchers experienced how optimistic, hardworking and dedicated informal traders are. This is evident in the number of years that some informal businesses have been in operation, despite poor conditions. These traits are also reflective of the characteristics associated with successful entrepreneurs. Even though the majority of the informal traders did not receive formal business education and training, the researchers discovered that many of them apply business concepts such as a selecting location that best suite their businesses.

The researchers also gained experience in executing scientific research. More specifically, the researchers were exposed to research instrument development, the

collection of both primary and secondary data, data analysis and interpretation as well as academic writing.

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ANNEXURE A

**Summerstrand South Campus
DEPARTMENT OF BUSINESS MANAGEMENT**

June 2018

Dear Respondent (informal trader)

The Business Management Honours students at the Nelson Mandela University have been instructed to complete the following project.

Topic: Informal trading in South Africa and Lesotho.
The Aim: To investigate informal trading in South Africa and Lesotho.

Students are required to gather the necessary information from **informal traders in South Africa** (Nelson Mandela Bay) and **Lesotho** (Maseru). The informal trader should be over the age of 18 years as well own and run an informal business in **South Africa** (Nelson Mandela Bay) or **Lesotho** (Maseru).

It would be greatly appreciated if you could respond to the following questions so as to assist the students in the completion of this project. The questionnaire **should take about 20 to 30 minutes** to complete. There are no right or wrong answers. Only your honesty and the perceptions you hold are important.

All information will be treated in the strictest confidence and you are under no obligation to participate. Please note that the information obtained will be used for research and publication purposes only and you may withdraw from the study at any time. The final report will not include any identifying information. Please feel free to contact me with regards to any queries you might have. Your participation in the project will be most appreciated.

Yours Faithfully



Dr R Lillah (Supervisor)
Department of Business Management
Nelson Mandela University
Email: Riyaadh.Lillah@mandela.ac.za
Tel: +27 (0) 415042157

SECTION A: GENERAL INFORMATION

Please mark your selection to the following questions with an "X"

1. Please indicate your **gender**.

Male		1
Female		2

2. Please indicate your **nationality**.

South African		1
Mosotho		2
Other, please specify:		3

3. Please indicate your **race group**.

Black		1
Colored		2
White		3
Asian/Indian		4
Other, please specify:		5

4. Please indicate your **age**:

_____ years

5. Please indicate your **level of formal education**.

No schooling		1
Primary school (Grade 1 - Grade 7)		2
High school (Grade 8 - Grade 12)		3
Post Matric (e.g. Higher certificate, Diploma, Degree)		4
Post graduate (e.g. Honours, Masters, Doctorate)		5

6. Have you received any **training to run a business**?

Yes		1
No		2

7. Were you **employed before starting your own businesses**?

Yes		1
No		2

8. How long has your **business been in existence**?

_____ years _____ months

9. **Who founded the business** which you are currently operating?

I founded it alone.		1
I founded it with (a) family member(s).		2
I founded it with (a) business partner(s).		3
A family member founded the businesses.		4
Other, please specify:		5

10. Which **sector** does your business operate in (choose all relevant options)?

Service sector		1
Retail sector		2
Manufacturing sector		3
Agricultural sector		4
Other, please specify:		5

11. What **structure** are you operating your business from?

Static (fixed, lock up market stall/kiosk)		1
Semi-static (dismantle after working hours)		2
Mobile (move from place to place)		3
Other, please specify:		4

12. How many **employees** are working in your business?

13. What is the **average monthly sales income** from your business?

R0 - R350		1
R301 - R750		2
R751 - R1500		3
R1501 - R3000		4
R3001 - R6000		5
R6000 +		6

SECTION B: ENTREPRENEURIAL MOTIVATIONS

Please **indicate** (with an "X") the **extent to which you agree or disagree with** each of the following **statements dealing with why you started your business**. The columns are graded from 1 to 5. The number 1 denotes strong disagreement with the statement, and at the other end of the scale, 5 denotes strong agreement with the statement.

	I started my own business because...	Extent of agreement				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	I wanted to contribute to the economy .	1	2	3	4	5
2	I wanted to provide employment for others .	1	2	3	4	5
3	there was an opportunity in the market .	1	2	3	4	5
4	I had an idea for a new product/service to sell .	1	2	3	4	5
5	there was a shortage of (a) certain good(s)/service(s) .	1	2	3	4	5
6	I wanted to improve my skills .	1	2	3	4	5
7	I like to challenge myself .	1	2	3	4	5
8	I enjoy taking risks .	1	2	3	4	5
9	I wanted to compete with others .	1	2	3	4	5
10	I wanted to invest my money .	1	2	3	4	5
11	it did not require a lot of capital .	1	2	3	4	5
12	I wanted to achieve my dream .	1	2	3	4	5
13	I wanted to increase my status in the community .	1	2	3	4	5
14	I wanted recognition for my accomplishments .	1	2	3	4	5

	I started my own business because...	Extent of agreement				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
15	I wanted to continue a family tradition.	1	2	3	4	5
16	I wanted to have time for my family .	1	2	3	4	5
17	I want to leave a legacy for my family .	1	2	3	4	5
18	I wanted to create wealth for my family .	1	2	3	4	5
19	I wanted to give my family financial security .	1	2	3	4	5
20	I wanted to use my past experience .	1	2	3	4	5
21	I wanted to use my past training .	1	2	3	4	5
22	I wanted to use my creative talent .	1	2	3	4	5
23	I wanted to create a job for myself .	1	2	3	4	5
24	I wanted to increase my income .	1	2	3	4	5
25	I wanted to create wealth for myself .	1	2	3	4	5
26	I wanted to give myself financial security .	1	2	3	4	5
27	I wanted to be my own boss .	1	2	3	4	5
28	I wanted to be independent .	1	2	3	4	5
29	I wanted to be in control of my own life .	1	2	3	4	5
30	I wanted to have more control over my time .	1	2	3	4	5
31	I was unhappy with my previous job .	1	2	3	4	5
32	my previous employer would not promote me .	1	2	3	4	5
33	I experienced discrimination at work .	1	2	3	4	5
34	I wanted to stay active .	1	2	3	4	5
35	I wanted to satisfy/fulfill my own needs .	1	2	3	4	5
36	I wanted to achieve personal growth .	1	2	3	4	5
37	I have a personal interest (i.e. hobby) in this work .	1	2	3	4	5
38	it is my passion .	1	2	3	4	5
39	I do not want to pay taxes .	1	2	3	4	5
40	I wanted to avoid complying with laws/regulations .	1	2	3	4	5
41	I do not trust the government .	1	2	3	4	5
42	I had help from others .	1	2	3	4	5
43	I was encouraged by others .	1	2	3	4	5
44	it was the only way I could make a living .	1	2	3	4	5
45	of poverty .	1	2	3	4	5
46	I needed more money just to survive .	1	2	3	4	5
47	I had to support my family .	1	2	3	4	5
48	I wanted to earn extra income .	1	2	3	4	5
49	I was unemployed .	1	2	3	4	5
50	I lost my previous job .	1	2	3	4	5
51	I could not find a job .	1	2	3	4	5
52	health issues made having a regular job difficult.	1	2	3	4	5
53	my education/qualifications were not suited for formal employment.	1	2	3	4	5

THANK YOU VERY MUCH FOR YOUR PARTICIPATION