



The Impact of retail centre development on local economic development in
Ndwedwe Local Municipality, KwaZulu-Natal.

By:

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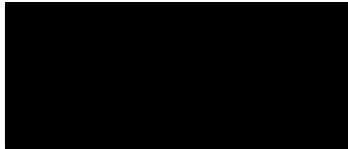
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A RESEARCH STUDY PRESENTED TO THE HIGHER DEGREE COMMITTEE OF THE
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COMMUNITY AND DEVELOPMENT STUDIES DEGREE

DECLARATION

With this statement, I, Nonkazimulo Magwaza, confirm that the research work of this study is my own. Neither the entire research nor any part thereof has been, is being or is to be submitted for another degree in this or any other institution or award.

Name: Nonkazimulo Magwaza



20 July 2023

DEDICATION

This work is dedicated to my first love, Mkhulu Nkobo Emmanuel Magwaza; his true love Doris Mantombana Magwaza and their loving daughter, my mother, Ntombizini Doreen Magwaza.

To the heavenly angels looking after me in God's favour, Nina beqhawe elathwala inkomo iphila.

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I would like first to thank the Lord, my creator, for he has given me the strength to study and complete this master's dissertation through trials and tribulations.

I want to thank my mother for always being the pillar of my strength. She has dedicated her life to raising me into the young woman I am today. For being supportive emotionally, mentally, and financially, how can I repay you?

I would also like to appreciate my Supervisor, Dr Muzi Matse, for the encouragement and for being difficult to deal with even though, at the time, I did not realise it was for my good. Should there be any errors with my dissertation, it should confirm that my supervisor, the editor, and I are only human.

I also want to thank myself for believing in myself, not giving up, and pushing until the end.

ABSTRACT

The informal sector has employed a lot of underprivileged people for about two decades in South Africa. However, South Africa is still facing high unemployment rates and poverty; even with the informal sector as an alternative to solving this socio-economic issue. Moreover, local government is mandated to promote local economic development and curb the issue of unemployment and poverty. As a result, the informal retail sector is one of the significant contributors to local economic development in township and rural areas. Besides, the informal sector faced many challenges, such as poor governance, low productivity, etc. In addition, they recently faced two significant challenges: the emergence of formal retailers and immigrant spaza-shop. Establishing formal retail centres in townships and rural areas has brought debates on whether formal retailers are good or bad for the local economy of these areas. Thus, the study focuses on the impact of formal retail development on the informal economy at Ndwedwe Municipality.

The study adopted qualitative research methods to explore the impact of retail centre development on the local economic development of Ndwedwe Municipality in KwaZulu-Natal, iLembe District. The research places the informal business sector and the taxi industry as the major areas affected by this development. Individual interviews (N=10) were conducted at Ndwedwe Municipality Ward 15 with informal traders (street hawkers and spaza shop owners) and taxi owners/drivers. This study used the Institutional theory as a lens to guide the study. Interviews were analysed employing thematic analysis. The key findings confirm that formal retail centres have both negatively and positively affect the local economy. Positive aspects are that it creates employment for the local community, brings goods and services closer to the people, and offers a range of goods and services to the local people. Indirectly, formal retail centres also result in infrastructural development, such as roads, electricity, and buildings. The negative side of formal retail centres is the competition between the formal and informal sectors. As a result, the formal sector out-competes the informal sector, primarily because lack of the knowledge of running a business and insufficient resources. Therefore, this study recommends local government to uplift previously disadvantaged communities and close the gap between the informal and formal sector. In addition, capacity building can contribute to the informal sector to able to effectively compete with the formal sector.

Key Words:

The informal sector, formal sector, sustainable livelihoods, and local economic development

ABBREVIATIONS AND ACRONYMS

ABCD: Asset-Based Community Development

LED: Local Economic Development

IDP: Integrated Development Plan.

IMF: International Monetary Fund

RDP: Reconstruction and Development Programme

GDP: Gross Domestic Product

RET: Radical Economic Transformation

SALGA: South African Local Government Association

SMMEs: Small, Medium and Micro Enterprises

GEM: Global Entrepreneurship Monitor

DPLG: Department of Provincial and Local Government

BMR: Bureau of Market Research

SEDA: Small Enterprise Development Agency

NYDA: National Youth Development Agency

NSDP: National Spatial Development Perspective

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CHAPTER 1

INTRODUCTION TO THE STUDY

1.1 Introduction

South Africa is characterised as a dual economy; Valodia and Devey (2012) indicate two types of economies in their study: the formal and the informal. South Africa has experienced increasing shopping or retail centre development for the past decade in second-economy areas (rural and township) (Ntombela, 2016). Before this trend, the second economy areas were mainly dominated by informal businesses, and communities depended on them for essential products and services (Masuku and Nzewi, 2021). The biggest challenge facing the emergence of formal retail centres in second-economy areas is their socio-economic impact on the region or community in which they operate (Masuku and Nzewi, 2021). Thus, the Unisa Bureau of Market Research (BMR) researched the sustainability of informal businesses with the emergence of formal retailing. The BMR (2013) report showed the survivalist nature of the informal sector, where in some cases, both could co-exist; in some cases, the new formal sector retailers replaced the existing informal businesses that contributed to the Local Economic Development (LED).

Local Government has always, wittingly, or unwittingly, had an essential role in growing local economic development (Koma, 2014). Therefore, for local government, this has always involved a three-legged stool of recruiting new businesses and retaining and expanding the already existing businesses in the community (Phillips and Pitman, 2009: 210). There have been great attributes of retail development, especially in township areas, where they create job opportunities and bring goods and services closer to the people and physical infrastructural development, thus, contributing to the growth of LED (Adatia, 2010). In contrast, there also have been trends of the demise of informal sector business, which has been the backbone of the community's economic development for years (Masuku and Nzewi, 2021). These trends raise a question on the competition created by recruiting new businesses to invest in rural areas, whether formal businesses are necessary for the economic growth and the sustainability of livelihoods of those who participate in the informal trading sector.

The main argument around this study is whether the approach of retail development (recruiting new investments) for local economic development in rural areas is sustainable. Buye (2021) argues that communities are contextually different; hence, there are many approaches to development. Madlala (2022) further argues that there must be something other than an already

imitated, one-size-fits-all approach to local economic development. Both rural and township areas have been excluded from the mainstream economy. However, retail development in township areas has done exceptionally well economically, whereas rural areas are a bit behind (Willemse, 2011). Besides, the South African government is mandated to correct all the ills of apartheid and radically strengthen the economy (Madlala, 2022). Therefore, the main concern in this study is whether the same approach that worked for township areas could also work in rural areas since both these areas were affected tremendously by the apartheid regime.

This chapter presents the background information of the study. Specifically, it outlines how retail development impacts the local economy of second-economy areas - townships and rural areas - in South Africa. In addition, this chapter addresses the controversies around the phenomenon, with those who support retail growth on one side and those who oppose it on the other. Lastly, the chapter presents a statement of the problem, research problem, study objectives, research questions, rationale and significance of the study, study location, definitions of essential terms, and summary of methodology and structure of the dissertation.

1.2 Definition of Significant Terms

The study contains certain vital constructs. Although these constructs will be further explained in detail in Chapter 2, this chapter introduces these concepts early to allow the reader to understand what is being presented.

1. **Local Economic Development:** Refers to the process by which civil society, the public, and the business sector work collectively to create better economic growth conditions and employment generation (Koma, 2014).
2. **Retail Development:** Refers to economic activities that involve the acquisition or improvement of property to facilitate the sale of goods and services at retail.
3. **Second Economy Areas:** The term refers to “areas that are mainly informal, marginalised, unskilled economy and is populated by the unemployed and those that are unemployable by the formal sector” (Frye,2007)
4. **Sustainable Development:** Development that meets the needs of the present generation without compromising the future generation to meet their own needs (United Nations, 2015).
5. **Informal sector-** The informal sector includes the part of the economy not taxed or monitored by the government. The businesses are typically small and owned by solo entrepreneurs, usually not registered, protected, or organised (Thulo, 2022).

6. Formal sector- The formal sector in South Africa includes any formal business that is organised, registered, and protected businesses with employers who offer fixed terms of employment with regular hours, regular wages/salaries, and pay taxes (Thulo, 2022)

1.3 Study Background

Local Economic Development (LED) is an integral part of developmental local government. In addition, it is a process of bringing together different partners in a community to work collectively to harness resources for sustainable economic growth. As a result, LED has increasingly been valued as one of the critical functions of developmental local government (Ramodula and Govender, 2021). Therefore, the role of developmental local government towards LED includes (but is not limited to) business retention and expansion, where it retains, strengthens, and expands existing enterprises in a community. The United Cities and Local Government (UCLG) policy paper states that these enterprises contribute to job creation, income, and registered tax. Retail development primarily includes attracting new business investments to promote economic growth (UCLG, 2014).

Rural and township areas in the past have been economically excluded. As a result, many people in rural areas have migrated to cities/urban areas for employment and income generation. United Nations projected that by 2030, 7.3% of South Africans will live in urban areas due to the need of better employment and improved standard of living (United Nations, 2020). In the Agenda interview, the Abahlali Basemjondolo spoke person Thapelo Mohapi argued that most people migrate to the city because rural areas are excluded and far away from places with economic activities. However, there has been a trend of retail development in rural and township areas in the past decade, and the Ndwedwe community has also experienced this kind of development.

Shopping centres, supermarkets, and malls appeared to influence informal micro-enterprise negatively. The conversational discourse around retailing is that it contributes little to the economy (Williams, 1997). However (Adanlawo and Vezi-Magigaba, 2020) states that this is because shopping malls in the township provide many options for the customers in township areas. Tshabalala (2007), cited in (Mokgabudi, 2011), discovered that malls are becoming the primary alternative for shoppers that once frequented small retailers, even in informal areas. These established formal businesses compete with informal retailers through economies of scale, variety, and other competitive advantages such as centralised procurement, consolidated

distribution, and better inventory management (United Nations Development Programme (UNDP), 2022).

The 2000 Municipal Systems Act 32 of 2000 promotes the Integrated Development Plan (IDP), which regards LED as one of its key elements (Rogerson, 2016). The IDP is a "participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies, in a manner that provides sustainable growth, equity and the empowerment of the poor and the marginalised" (Rogerson, 2016). Although in the past, William (1997) alluded that retailing contributes little, if anything, to the economy, the IDP of Ndwedwe Municipality shows that the wholesale and retail trade contribute 18.3% to the local economy (Ndwedwe IDP, 2018).

For many decades rural development plans for economic growth have always involved agriculture. Even in the land development plans for rural areas, agriculture plays a significant role in economic growth (Ndwedwe IDP, 2016). Ndwedwe IDP (2018) shows that agriculture is the major employer in Ndwedwe, amounting to 21% of the employed population; this places retail development in second place. LED is also premised on having community support; therefore, the idea is that when people invest in or support local businesses, there will be growth in the local economy. In addition, formal retailers have balanced and diverse economy; hence, developing retail centres in rural areas must not be seen as cannibalistic but as strengthening and diversifying the economy. This study's central argument/problem is whether retail development negatively or positively impacts local economic development. Some authors vouch that it is the perfect solution to rural development, for it provides employment and, thus, financial freedom and stability to communities (UNDP, 2022).

1.4 Problem Statement

According to the International Labour Organisation (ILO (2021), high unemployment rates have caused many people in developing countries to engage in informal trading to make a living. In Africa, Uganda has the highest rate of informal employment, with 94% (IOL, 2021). South Africa is no different; with 44.1% of the unemployment rate, about 28.8 people have opted for informal trading (Statistics South Africa, 2022). A study by the Sustainable Livelihood Foundation in Delft near Cape Town shows two challenges faced by the informal sector in the area. First, the study revealed that South African informal traders face challenges, including competing with big formal retailers and, secondly, with immigrant businesses. With the emergence of formal retail centres in township and rural areas, informal traders have had

to find ways to co-exist and compete with these big retailers (Charman, 2016). The Delft case study shows that the municipal policy environment favours the formal sector the most in the township and rural areas. With Shoprite/Checkers (and others), emerging in these areas. These business types compete with the informal sector regarding location and customers.

Charman and Petersen (2010) state that formal businesses, due to their size/scale, have the power to procure land and leverage their businesses far more than South African independent spaza shops. The problem with the formal retail centre in the township and rural areas is that the informal sectors need to be more stable to compete with the formal sector (Adatia, 2010). Mahadea and Khumalo (2020) state that the informal sector operates on a single-operator and micro-business model. Thus, it is vulnerable to business failure when competing with businesses at a macro-level. Charman and Petersen (2010) claim that the local government is successfully out-competing the informal sector by attracting big/formal businesses in second-economy areas where the informal economy has reigned for decades. Moreover, the study conducted by Valodia *et al.* (2006) in KwaMashu, South Africa, showed that formal retail establishments posit the possibility of replacing the informal sector. The study questions how the informal sector has driven the local economy for the time in memorial survive. With high unemployment rates in South Africa and the scramble for jobs, will the informal sector survive all its challenges? Empirical evidence has shown that the labour force unemployment rate is at 32.7 (Stats SA, 2022). There has been a consistent trend of many people opting for informal small businesses as an alternative. Madlala (2022) argued that the informal sector must be recognised as a genuine economic and community development alternative.

The purpose of this study is to look at how formal retailers have an impact on local economic development in rural areas. The informal economic sector predominantly dominates the local economy of rural and township areas. The informal sector mainly comprises street hawkers, public transport, online distributors and so forth (Rogerson, 2013). Thus, to unpack the aim of this study, it is to look at both the positive and negative impact the formal retail sector has on the informal sector of Ndwedwe Municipality, focusing on engaging with the taxi drivers and the informal traders. Therefore, this will help the researcher gain more insight through their shared experiences.

1.5 Study Area: Ndwedwe

The study was conducted at Ndwedwe Local Municipality, one of the four municipalities comprising iLembe District Municipality. Ndwedwe Integrated Development Plan (IDP) reveals that the area accommodates about 143 177 people (Ndwedwe IDP, 2022). In economic terms, the local economy is primarily defined by the service sector, where most people are employed in the public sector (various government departments and municipalities as well as through government-funded programmes and projects), the informal economic sector and SMME, and the public transport sector. Moreover, the area has enormous tourism, agricultural, and commercial development potential.

Figure 1.1: iLembe District Map



Source: KZN Office of the Premier

1.6 Aim, Objectives and Questions Answered

The study seeks to explore the impact of retail centre development on local economic development in Ndwedwe Municipality in KwaZulu-Natal. As mentioned in the preceding discussions, formal retailing has negatively and positively impacted local markets. In addition, formal retail growth provides job creation, skills development, and social responsibility, among others; however, it poses a threat to already existing small business establishments in the

townships (Mason, Malgas and Khatle, 2018). Therefore, this study's central question is whether formal and informal sectors can coexist, with no industry cannibalising the other. Hence, the research questions are as follows:

Research questions

1. What is the role of the retail centre in the local economic development of Ndwedwe Local Municipality?
2. How does retail centre development affect local economic development?
3. How can retail centres' development contribute towards local government development?

Objective of the study

1. To explore the role of retail centres in local economic development at Ndwedwe Local Municipality.
2. To assess the impact of retail centres' development on local economic development.
3. To recommend how retail centres' development can contribute to local government community development.

1.7. Significance of the Study

From a community development perspective, retail-based development over the years has been overlooked; however, it is a vital component of economic development (Phillips and Pitman, 2009:8). Shragge (2006) maintain that economic growth and community development are extricable linked; thus, the purpose of this study is to look at how retail-based economic development can lead or impact the community development process. Furthermore, community development is multi-disciplinary; it borrows and integrates different thoughts from various disciplines to tackle community issues holistically. Thus, as a topic that is overlooked but does contribute to the community development school of thought, retail development must be critically defined, critiqued, and embraced in the context of community development.

While some community development philosophers realise the link between retail-based development and community development, other researchers, such as Lackey and Ekenstahler,

beg to differ. Thus, the significance of this study is to look at retail-based development in the context of economic, social, and physical development using community development principles, approaches, and guidelines. As a result, institutionalism/institutional theory was adopted to guide the study since local government is mandated to foster LED. Madlala (2022) maintain that when large retailers such as Pic n Pay were opened in the township of KwaMashu, they were an inspiration and a symbol of Transformation and development. The Department of Provincial and Local Government (DPLG, 2006) further stresses that local economies must be sustainable to stimulate economic growth and development in low-economy areas.

Community development has maintained its ideas around people-centred, grassroots, and bottom-up approaches. However, Philips and Pitman (2015) argue that the discipline recognises other approaches. For example, retail-based economic development is not a typical grassroots development but a more pro-market local development approach. Pro-market approaches have been used to boost economic development tremendously, and they are effective (Rogerson, 2008).

The study aims to contribute to the broader understanding of why retail development can be viewed as a community development phenomenon. The study will also contribute to the linkage of community and retail development and how these two correlates, thus closing the existing gap in the literature. Retail development fits the economic and community development description and is viewed as both the process and outcome of community development. On the other hand, local economic development is a term used by community development practitioners to describe economic activities in a specific locality that benefit the local community. The study also touches on the issue of land development, which in recent years has been of utmost importance in community development. Retail development also has elements of land development (simply because you need to land to a build retail infrastructure).

1.8 Research Structure – Mini Dissertation

This study will present five chapters as follows:

1.8.1 Chapter 1

The current chapter serves as an introductory chapter. This chapter outlines the background of the study, problem statement, aim and objectives, rationale, and the study area. The purpose of this chapter is to provide a brief overview of what the study is about and what can be expected from the following chapters.

1.8.2 Chapter 2

The second chapter will present a literature review and a theoretical framework. The literature review will discuss the previous scholar's findings and views on the phenomenon and what has been discovered by previous research on the topic. The importance of this chapter is showing the discussions or literature around retail development in rural areas. These discussions will assist in understanding retail development trends, their impact on the socio-economic status of communities, and what writers/researchers make of it. Furthermore, the chapter will provide the theoretical gaps that are within the topic at hand. Finally, the chapter will also present the theoretical framework, which will serve as a lens to guide this study. For this study, Institutionalism or institutional theory used as a theoretical framework.

1.8.3 Chapter 3

The third chapter will be the methodology chapter. This chapter will provide how the study will be conducted, the method being used and how the method is suitable for the study. This will include the participants involved, how participants were selected, the research tools, and how the data will be analysed and stored.

1.8.4 Chapter 4

The fourth chapter will present the analysis phase of the research. The chapter will analyse participants' views and experiences regarding retail development in Ndwedwe Municipality. Moreover, the researcher will discuss or integrate the study's findings and the arguments made by other authors in the literature review.

1.8.5 Chapter 5

The fifth and final chapter will discuss findings, concluding statements and recommendations.

1.9 Conclusion

This chapter has presented a synopsis of the study. The chapter has highlighted the significance of the study, why the study is essential, and what it contributes, especially to the community development field. Hence, connecting retail and community development through local economic development as one of the approaches to community development. It has also elaborated on the local government's role in ensuring that the plans for local economic development are followed through using Integrated Development Plan. The chapter also highlighted the aims and the objectives of the study, definitions of keywords and a brief overview of where the study will be conducted, which is Ndwedwe Municipality, with an emphasis on its economic structure.

CHAPTER 2

Literature Review and Theoretical Framework

2.1 Introduction

For many years, rural areas have remained economically excluded and underdeveloped. In the past decade, however, there have been attempts to get townships (mainly) and rural regions into the mainstream economy by establishing formal retail centres (McGaffin, 2010). There have been debates around the issue of retail development as one of the strategies for rural and township development. Pelser (2015) argue that this development is cannibalistic. Cannibalistic refers to a situation where a new shop/mall is introduced in an area close to existing businesses causes a demise in already existing businesses. New formal businesses tend to create massive competition between formal and informal enterprises. Research around shopping and its impact on the community remains relatively scarce compared to research on shopping centres and their impact on the bigger scale of the economy, e.g., how much they contribute to the GDP. It is thus cumbersome to understand what the community benefits from this development except for job opportunities (Ikadeh, 2018).

This chapter presents literature on retail centre development in rural areas. The critical area covered in this chapter is how the retail centre development has impacted local markets that contribute to rural economic development. Furthermore, the chapter presents the role played by the retail sector in the local economy and the retail development trends in rural areas in and around South Africa and globally. Literature has shown that local economic development strategies, specifically the IDPs in rural areas, have faced many challenges that make it difficult for retail development to be deemed a meaningful community development strategy. The chapter will present challenges and, importantly, the theoretical frameworks used as a lens to guide the study and understand what we know about the phenomenon in question. This theoretical framework will also assist in understanding the relationship between the formal and informal retail sectors as well as local government role in local economic development.

The researcher grew up in Ndwedwe and lived in urban areas and believes that retail-based development has a vast potential to transform the economy in rural and township areas. However, how implementations are done hinders development for local markets. In addition, the researcher believes that retail development should bring about opportunities for the local people and not take them away from them. This idea is supported by Jim Diers (2007) with his

principles of community development, with advocates that using communities' assets as the starting point can benefit and improve the communities.

2.2 Conceptualisation of terms

2.2.1 Local Economic development

Local economic development (LED) is a community development approach that seek to foster social and economic development. It is a strategy that aims to address poverty, unemployment and enhance entrepreneurial skills in communities. LED can be either pro-poor or pro-market; pro-poor LED adopt top-down strategies, whereas pro-markets LED on the other hand refers to strategies of economic development that adopt top-down approaches to economic development (Hlongwane, 2018).

2.2.2 Retail

A retail is a business that sells goods and services in an either small quantity for personal use or consumption; or in large quantities so that they can be sold in in smaller units (English Dictionary)

2.2.3 Development

The United Nations (2015) define the term development as a multidimensional undertaking to achieving the goal of improving/sustaining the quality of life of people, economically, socially, environmentally/physically, and politically.

2.3 Literature review capturing the following:

2.3.1 Role of retail centre in LED

According to Fourie (2018), the informal sector employs about 1.8 billion people globally. The importance of the informal sector in the economy is that it provides goods/products, and services and acts as conduits of employment. Therefore, International Monetary Fund (2017) articulated that in South Africa, the informal sector is one of the prevalent employment mediums, especially amongst the youth and women. As a result, in the first quarter of the year 2021, the official unemployment rate was 32.6%, from 46.3% which was the previous youth unemployed rate of South Africa. Hence, most women (predominantly black) and youth turn to informal trading when faced with unemployment and the need to sustain their livelihoods. The retail industry does not only have an economic role to play; historically and even today, it has a social responsibility. However, Sullivan and Savitt (1997) maintain that the formal retail

sector could mean formal social hub in rural areas, where people socialise and do other leisure activities.

Rhoda Philips is one of the prominent writers on community development around the issue of retail-based economic growth. In 2002 he wrote a book chapter titled “What are the positive impacts of retail-based economic growth for Communities?”. Phillips (2002) argues that, in community development, retail-based economic development for communities is often overlooked as a strategy for local economic development. However, it plays a pivotal role in opening new sources of revenue and offers employment. Lackey and Eckenstahler (1995), on the other hand, criticise retail-based strategies for economic growth by saying that it is cannibalistic and creates unnecessary competition between formal and informal retail sectors.

Before the introduction of formal retail stores, people in rural and township areas depended on urban or close towns for their shopping. However, they used informal spaza shops/ small businesses as convenience stores (Lightelm (2008). Cant and Wiid (2013) maintain that the role played by informal/small businesses in rural and township areas has not lost its value and relevance because of the now-existing formal shopping areas, that came with a complex and competitive business environment. For many years, most people in South Africa (especially older women and the youth) have turned to informal trading because of the low of employment opportunities (International Monetary Fund (IMF), 2017). Formal retailing may create secured job opportunities for the community, especially the youth (Mwamba and Qutieshat, 2021). However, it could destroy the livelihoods of people who make a living through informal/small businesses.

Berdegúe and Cazzuffi (2014) state that there is a new trend in rural areas, where most people are now not relocating to the cities, and they now gravitate towards remaining and developing the rural areas. There is now a call for the rural local municipalities to ensure that there are enough goods and services within these communities, through attracting new and formal businesses, and attaining existing small businesses. The role of the formal sector is to diversify the economy and the points where people can get their services and goods. As people choose to stay in rural areas, they do not have to travel long distances to find decent and hygienic places to buy essentials.

Small businesses mostly dominate rural areas as convenient shopping. Introducing formal businesses has created competition between formal and small businesses in the township and rural areas. Competition plays both negative and positive impacts on the economy and the

community. According to the International Monetary Fund (IMF (2021), competition between the formal and informal sectors has both negative and positive economic consequences. Positively, the competition will lead to the expansion of the market, more options for customers and more job opportunities. With more people staying in rural areas, they must have options. However, Werner and Lim (2017) maintain that this competition has dire consequences on the informal sector, which may lead to low sales revenues or, much more significant damage, the closure of small retailers.

The IDP of Ndwedwe Municipality 2017-2021 illustrated that the unemployment rates in the Ndwedwe community have declined from 67.8% to 48.7% from 2001 to 2011, respectively. Youth unemployment in South Africa is on the rise. The 2001 statistics showed that amongst the youth of Ndwedwe Municipality, 76.4% of Ndwedwe youth are unemployed. Compared to the 2001 stats in 2011, youth unemployment in this community declined to 58.3%. The decline in the unemployment rate could result from many things. More often, decreasing unemployment rates in rural areas result from outward migration. Thus, this does not necessarily mean that Ndwedwe Municipality is absorbing its human resources. The table below illustrates industries or sectors that contribute to the local economy of Ndwedwe Municipality, with Wholesale and retail trade at 18.3%.

Industry / Sector	Ndwedwe
Agriculture, Forestry & Fishing	10.5%
Mining & Quarrying	1.6%
Manufacturing	23.3%
Electricity, gas & water	1.0%
Construction	4.6%
Wholesale & Retail Trade, Catering & Accommodation	18.3%
Transport, storage & communication	5.9%
Finance, insurance, real estate & business services	17.8%
Community, social & personal services	6.8%
General government	10.2%

Source: Ndwedwe IDP 2017-2021

Strydom (2013) outlines the role of formal retailing in rural areas; he asserts that formal retailers improve infrastructural development. He further argues that this type of development

creates better-informed customers, for it brings about a range of retail facilities for customers to choose from. Kim and Stoel (2010:70) maintain that bringing formal retailers to rural areas is convenient for the locals because they do not have to travel to other cities for goods and services. However, even though they observed this positive impact of formal retailers, they also raised concerns about how some big retailing groups lead to the demise of small retailers in their surroundings.

2.3.2 Impact of retail centres on LED

One cannot separate local government from the process of economic development. Traditionally, the role of local government includes but is not limited to creating a stable and secure environment in which businesses can flourish. This responsibility includes attracting new business investments; hence, it is responsible for the physical infrastructure – water, waste management, and roads (UCLG Policy paper, 2016). Moreover, the Constitution (1996) encourages the local government to intervene and lead in job creation and poverty reduction through Local Economic Development. Scheepers and Monchusi (2002) define LED as a process constitutionally mandated to promote economic and social development and it is managed by the local government.

South African Constitution (1998) defines *local government* as the sphere committed to working with citizens and finding approaches to meet their economic, social, and material needs, thus, improving their quality of life. Therefore, this definition uses a community-based planning methodology to place the community at the centre of development. Community-based planning seeks to strengthen democracy and allow citizens to participate in their development. In South Africa, this is done through Integrated Development Planning (IDP). The IDP is the tool municipalities use to promote and implement citizen participation. The IDP of Ndwedwe Municipality shows that wholesale and retail trade contribute 18% to the local economy (IDP, 2018)

Moreover, the IDP is a tool that allows the community to be involved in government initiatives; and be part of the deliberations and decision making. Therefore, this suggests that local government can achieve a people-centred development. The researcher's experience as a community member who grew up in Ndwedwe local Municipality believes that local governments have failed to involve the community in the IDP processes. Most community members need to be better acquainted with this process and the importance of their participation. Mlele (2013) concurred with this statement and contended that the process of

IDP is flawed and fails to create an equal society because it is heavily politically motivated. Furthermore, Hlongwane (2010) transparently maintains that in Southern Africa, studies have shown that there needs to be more citizen participation in compiling of the IDP process and the budgeting processes in local municipalities. As a result, this raises questions if the IDP and the LED processes are this flawed, can retail development truly bring socioeconomic growth and empowerment to the community?

LED can be defined as a multifaceted process that aims to build up the economy's capacity in the local area to create better and sustainable opportunities for all. This process involves partnerships between the community, private sector, civil society, and local government, to establish and manage existing resources to create jobs that stimulate the economy (Meyer and Venter, 2013). The most prominent feature of LED is advocating for local control, using the potential of human, natural, institutional, and physical resources Meyer and Venter (2013). Consequently, this can help uplift residents' socioeconomic status and standard of living, while incubating a culture of self-sufficiency (Swinburn and Yatta, 2006, cited in Meyer and Venter, 2013).

Local Governments have always, wittingly, or unwittingly, had an important role to play in growing local economic development (Koma, 2012). For local government, this has always involved the three-legged stool of recruiting new businesses and retaining and expanding the already existing businesses in the community (Phillips and Pitman, 2009:210). At the same time, there have been great attributes of retail development, especially in township areas, where they create job opportunities and bring goods and services closer to the people and physical infrastructural development, thus, contributing to the growth of LED. There also have been trends of the demise of informal sector business, which has been the backbone of the community's economic development for years (Etim and Daramola, 2020). This raises questions about the competition created by recruiting new businesses to invest in rural and township areas, and what do formal retailers mean for the existence and sustainability of small businesses.

LED is one of the most strategic tools through which local municipalities adhere to their developmental duties, as prescribed by the Local Government: Municipal Structures Act (117 of 1998). The Act requires municipalities to develop an IDP, which will assist local governments in achieving their objectives and give effect to their developmental duties as enshrined in the Constitution of the Republic of South Africa. The IDP specifies the

development priorities, vision, and goals of the municipal council, including LED. All municipalities in South Africa must develop a LED strategy and integrate such a strategy into the IDP (Enwereji and Uwizeyimana, 2019).

2.3.3 Challenges of establishing retail centre development in rural areas.

In most rural/disadvantaged areas, informal small businesses face the challenge of outshopping. Outshopping occurs when retailers that have served the communities for years are demising and are replaced by other retailers. Kim and Stoel (2010:70) refer to this as the triple jeopardy phenomenon, where small retailers in rural areas lose customers and those who transact buy/spend less. In South African small businesses in rural areas suffer from this a lot; part of the contributing factor to this is the fact that in rural areas, are away from major business hub locations. Other possible reasons in South African township areas include but are not limited to a lack of alternative retailing institutions, limited merchandise selection, poor service, and high prices (Nieman and Nieuwenhuizen, 2010). This results to the people in rural areas having to travel long distances to access bigger towns and cities for goods and services (Kim and Stoel, 2010:72).

The retail sector is changing both globally and locally at an exponential pace. Goga et al. (2019) highlighted that the shift to online trading became famous in 2019/2020 when covid-19 began. Mwamba and Outieshat (2021) also maintain that the coronavirus pandemic outbreak resulted in national lockdowns in most countries, which led to unprecedented online retailing adoption. As a result, it was reported that online platforms have revolutionised the retailing industry locally and globally. In South African rural areas, however, online trading is less prevalent than it is in other developed countries. Shava (2016) argues that many black South Africans do not have the skills and resources to participate in the mainstream economy.

Moreover, the formal and informal sectors in rural areas have common challenges that make it difficult for businesses to thrive (Fourie, 2019). Rural areas are too excluded from the rest of the cities; thus, transportation becomes too expensive. However, formal businesses may be better because they have more resources than informal retailers. In addition, resources are not the only issue in this case; road infrastructure also plays a role. Distance plus terrain adds to the costs (Tengeh et al., 2012).

Empirical research has suggested that establishing new businesses multiplies when people have enough capital (Van Scheers, 2010). Tengeh et al. (2012) maintain that one of the informal businesses' challenges is the need for more financial support. They further argue that lack of

financial support has constrained many informal businesses in the township and rural areas. However, Rolfe et al. (2010) made contradictory statements that informal businesses' challenge is not necessarily a lack of financial support. Still, instead, it is limited access to affordable formal finance. This is caused by various issues, including little information, a lack of collaterals to secure loans and no record of the business (Tengeh et al., 2012). Thus, most people end up closing their businesses (Mukwarami and Tengeh, 2017).

Spaza shops can only grow with business skills (Rolfe et al., 2010). Besides, several scholars agree that the absence of business skills results in the inability of spaza shops to cope with the demands of growing their businesses sustainably (Rolfe et al., 2010). Perks (2010) articulated that various business skills include but are not limited to market purchasing, stock control, storage, labour relations, customer care, management (planning, controlling, and organising) etc. These skills are essential in running a thriving and self-sustaining business.

South Africa's informal sector is slowly shifting to having immigrant-owned informal businesses especially tuck shops/spaza shops (Chimucheka, 2019). However, a study conducted by Liendeman Charman, Piper and Petersen (2013) in Delft (Cape Town) shows that apart from the formal retail centres being a challenge for informal traders, immigrant-owned spaza shops have also become a massive competitor for small businesses that local people own. Liedeman et al. (2013) conducted a study in Tembisa Gauteng, showing that South Africans own only 32% of hair care enterprises. Furthermore, the Delft case study shows many spaza shops and hair care enterprises owned by foreign nationals. In addition, they stated that there had been a considerable rivalry between South African spaza shop operators and foreign-owned shops since 2005.

The cause of this rivalry resulted from many reasons. One is that migrant traders use social systems and have access to cheap labour, social connections, and a competitive edge. Besides, they administer their investments by having business deals in different locations (Liedeman, 2013). Another vital element of migrant-owned spaza shop operators is purchasing their stock as a collective/in bulk. Thus, they use economies of scale to assist one another financially by organising their investments and business connections (Ntema and Marais, 2010). This way, goods and services from foreign-owned enterprises tend to be more affordable than those of South African-owned enterprises. As a result, it causes competition in the retailing environment because the business's survival depends on the customer's buying powers and preferences (Ntema and Marais, 2010).

Thinkers such as Eicker and Cillier (2017) and Charman et al. (2012) favour the existence of foreign national-owned spaza shops. These thinkers believe that foreign nationals have brought competition within the informal sector, which did not previously exist, and this competition is good for the local economy. However, the labour department introduced legislation making the R90 billion sectors look radically different and boost small local businesses and be able to compete with other businesses. This proposal had the backing of the small business development ministry” (eNCA, 2022). This proposal also calls for a quota of foreign national businesses that can be operate within specific areas. This is done to prioritise local small businesses.

Moreover, this will be done to reduce and balance ownership between indigenous and foreign national small businesses. This has however evoked several different views amongst South Africans. Some fully support this legislation, while others feel the government has failed foreign nationals and South Africans.

2.3.4 Trends of Retail Centre development in Second economy areas in South Africa

Before 1994, the township and rural areas were dominated by small, informal businesses that only offered little but essential products and services (Ligthelm,2008). These businesses were serving as convenient shops, and because they provided necessary goods and services, they only attracted small crowds to buy these services; they did not attract any investments. During the late 1990s, the township areas experienced substantial economic development; however, the rural areas needed to be included. The period from 1994 to 2008 marks a significant time for the township areas where most investors saw an opportunity for economically untapped areas. For example, big corporates like Shoprite and Pick n Pay untapped the township markets when regional malls such as uMlazi Mega City and Maponya Mall were opened (Masojada, 2014).

The research done in Silesian Voivodeship globally concluded that well-established corporates cannibalise local/small businesses, and South African trends are no different. Masojada (2014) argue that the development of these regional malls resulted in black-owned spaza shops needing help to compete with these supermarket chains. Hence, they ended up being out of business or sold. The 2019-2020 IDP of Ndwedwe Municipality shows that most informal trading shelters in Ndwedwe Town could improve after establishing the centre. Though there have been significant setbacks in retail development in rural areas, some positive aspects come with it. According to Phillip (2002), retail development can benefit the community. He

maintains that retail/shopping centre development is one of the most significant property developments a community can experience. Weinburg (2004) concurred with Phillip and argued that the development of shopping centres is lucrative, offers employment opportunities, and is convenient for testing new business ventures.

Aliber et al. (2013) used the case study evidence of Elim in Limpopo as a significant rural retail development success. Elim shopping mall was built in Limpopo in 2006, where traditional authorities and developers negotiated a long-term lease. The mall consists of 36 stores and 11 encored significant tenant Spar Supermarket. Evidence from this case study revealed that the development of this mall intensified commercial activities in and around Elim. Most residents who used to travel all the way to Makhado (formally known as Louis Trichadt) now choose to shop locally. Furthermore, Aliber et al. (2013) observed that Elim Spar Supermarkets sourced 75 per cent of its fresh produce from local black farmers. Elim Spar collectively relies on about 40 to 50 local farmers, who e home about R5.4 million per annum (or on average about R120 00 each).

2.3.5 Small, Medium, and Micro Enterprises - SMMEs

Small and Medium-sized enterprises (SMEs) play a crucial role in employment creation and economic growth. Between 1998 and 2005, small, medium, and micro enterprises created about 90% of employment (Finmark Trust, 2010). Business incubator programmes have played a huge role in the success of small, medium, and micro enterprises. Business incubation according to Mutambi et al (2010) refers to institutions that aim to equip SMMEs with adequate skills to create jobs, provide business development and create jobs. According to Hewitt and van Rensburg (2020), business incubators aim to improve and close the gap between formal and informal businesses by providing small businesses with access to professional business services. The idea behind business incubation is to reduce the business failure rate brought about by the competitive nature of production and the sale of goods and services (Hewitt and van Rensburg, 2020). In addition, Masutha and Rogerson (2014) argue that the key to sustainable economic development is supporting and equipping small businesses with entrepreneurial skills. Moreover, Rogerson (2013) articulated that several business incubators have been established to improve the local business environment and enhance local development in South Africa. Nevertheless, Timm (2011) argues that SMMEs have yet to reach their full potential even with the increased support and commitment from the government and policymakers.

The Global Entrepreneurship Monitor (GEM) has reported low SMME survival rates in South Africa (Herrington et al. 2011). The report reflects that South Africa still records below-average entrepreneurship development even with government support programmes. The Bureau of Markets Research (BMR, 2013) documented developmental factors and reviews entrepreneurial practices in small businesses in Soweto. The BMR Soweto study proved the survivalist nature of most informal businesses with the emergence of large retail malls (BMR, 2013).

At local government level, the Integrated Enterprise Development Strategy (IEDS, 2005) supports and develops services for those excluded from fully participating in the mainstream economy. Hence, municipalities must target small, informal businesses and keep them under the SMMEs programs. The local government is statutorily mandated to support SMMEs through local economic development strategies. The IEDS (2005) policy stipulates that municipalities must support local small businesses by promoting entrepreneurship campaigns, leadership training, and awards; enabling small businesses to thrive, have better access to finance, markets, improve infrastructural development, and enhance the competitive environment. Phago and Tsoabisi (2010) outline that the issue with most small businesses is that they need to be made aware of the existence of many governments supporting SMMEs incentives. They further explain that the role of municipalities in supporting SMMEs needs to be clearly stated. Thus, national agencies such as the Small Enterprise Development Agency (SEDA) and the National Youth Development Agency (NYDA) are formulated.

2.4 International perspective on retail centre development

Regarding the number of enterprises and people employed, the retail sector has contributed tremendously to the European economy (McArthur, Weaven and Dant, 2014). Nearly 55 million enterprises were active in the year 2018, which contributes approximately 23% to the overall non-financial businesses in the European economy (Valiaparampil and Gupta, 2018). Even though the sector has been essential and played a huge role in the economy, the sector has faced a lot of challenges, developments, and trends. In Europe, (McArthur et al. 2014) argue that the characteristics of big retailers are similar to those of small and medium enterprises (SMEs). By definition, a small enterprise has less than 50 staff members and less than 10 million euros (The European Commission, 2010).

Developing countries have experienced outshopping issues, which is what developed countries such as Scotland and the United States of America (USA) have also experienced. In the USA,

a study conducted by Lee et al. (2008) is an example of how local traders struggled when Walmart was open; the impact of a big retail centre on small traders was profound. Local retailers needed help to compete with this big discount enterprise regarding price, product availability, and infrastructure. As previously discussed, the retail industry is dependent on customer behaviour. Local members in the Walmart case study also preferred the giant retailer, neglecting small, informal traders. Therefore, small retailers failed to meet customer expectations in terms of service, quality products, etc. Lee, Johnson and Gahring (2008:145)

Madlala (2022) argues that informal economic activities existed before introducing formal economic activities/sectors. The quotes by Mayhew (1968:4) say that “it will be found that the shopkeepers are the real intruders; they are having to succeed the hawkers, who were, in truth, the original distributors of the produce of the country”. Currently, the informal sector has been crowned with negative terms that include but are not limited to the underground economy, black economy, unstable economy etc.

Regarding the trends of problems South Africa has encountered regarding retail development, South African past experiences have never been unique but generic, not only to retailers in other developing countries but also in developed countries. There have been trends of negative and positive impacts of formal retail centres on the local economy. Chile, Rivero and Vergara (2008:65-66) reported that large, well-established retailers such as hypermarkets have negatively impacted local markets in disadvantaged areas. Rivero and Vergara’s (2008) study investigated how the emergence of large retailers has affected local retailers in underprivileged areas. The findings were that, positively, these giant retailers created job opportunities for local people.

2.5 Perspective on retail centre development in South Africa

1994 marked the change in the political dispensation in South Africa. The change called for the rectification of retail infrastructure and addressing the need of residents in disadvantaged areas. The new government adopted an economic strategy to increase black disposable income and marginalised community participation in the mainstream economy (Masola, Venter and Bain, 2017). The development of shopping centres was implemented to ensure that black communities contribute to the country's economy.

According to Vezi-Magigaba (2021), retail development has made township areas the destination of choice, for example, big township malls such as Umlazi Mega City, Jabulani Mall, Mnyandu Mall etc. In addition, shopping malls/centres in second-economy areas are

presented as a symbol and strategy for development and transformation and are generally sites of desire and inspiration. Further, Lighthelm (2008) argues that to others, shopping malls/centres are a transformation of post-apartheid South Africa, with attempts to de-racialise social and economic policies and redress the disadvantages experienced by the marginalised group. In eThekweni Municipality, retail centres play an essential role in producing and sustaining nodal economies, thus, stimulating economic growth and development in second/low economy areas Department of Provincial and Local Government (DPLG, 2015).

Moreover, the study conducted in KwaMashu in KwaZulu-Natal, Valodia et al. (2007) provide evidence that formal retailers posit possibilities of promoting or displacing informal businesses. These informal businesses may include but are not limited to, street vendors, general dealers, spaza shops, online trading, etc. The retail sector is deemed as an entry-level job for most youth of South Africa, and it is the biggest employer for the low-class communities. Klein (2013) states that the informal sector is an economy of inspiration and makes a crucial contribution to the South African economy. As a result, the survey conducted by Organisation for Economic Co-operation and Development OECD (2009) revealed that the informal sector created about 1.8 million jobs. In addition, the study also projected that by 2020 the informal sector would employ about two-thirds of the world's workers.

2.5.1 Role/characteristics and challenges

Rural communities' economy is characterised by mainly the informal sector (spaza-shops, taxi industry and street hawkers), and the agricultural sector (Ndwedwe IDP, 2022). Formal retail centres are a new thing in rural areas, and their role amongst other thing is to diversify the economy. Furthermore, the role of formal retailers in rural areas is to open up the markets and offering residents with convenient access to a wide range of products and services. Formal retailers are characterised by urbanization of South Africa's rural areas and the economic growth of the middle class. Both formal and informal sectors play a huge role in role in employment, food security and income generation and it is an important (Masojada, 2020).

Formal retail centres are more than just point of retailing; however, they serve a social role. They provide the community with places of meet up (Meyer, 2014). Most business deals are no longer made in boardrooms. People go to malls or shopping centres (Restaurants), socialise and make network. It is these networks formations that further the development and forming new partnerships. The challenge with the informal sector is the lack formality in terms of

business licences, VAT registration, operating permits and accounting procedures, and these stores are usually, unregistered (Masojada, 2020).

2.6. Theoretical Framework

This study aims to understand the impact of retail centre development on local economic development in Ndwedwe local Municipality, KwaZulu-Natal. The theoretical framework offers a systematic and structured approach to understanding retail centre development's relationship with the local economy. Therefore, this study adopted Institutionalism as a lens to guide the study. Regarding the envisaged economic development, the South African government has pledged an equal and fair distribution of wealth. Black communities have been economically disadvantaged, while most of the wealth lies in the hands of white minorities. Local government is a lower institution of Government that is responsible for fostering economic growth. According to Niehaus (2021), the role of the government in the market economy is to regulate, provide and guarantee a safety net for market dynamics.

This study is premised on the idea that local government has a role to play in attracting, retaining, and foster growth between formal and informal trading institutions. Thus, strengthening the economy, building, and developing economic institutions. Economic institutions mean different things in different contexts. For the context of this study economic institutions refers to the retail sectors - small, medium, and big, the banking systems (Crowley, 2019); as well as the local government (Philips and Pitman. 2009:210) in this case which is the Ndwedwe Local Municipality. Theories are explanations that can provide us with an understanding of people's behaviour and a framework which community developers can explain and comprehend the events.

2.6.1. Structural functionalism

Structural functionalism according to Tshililo (2022) is a theory that seeks to explore processes and roles structures play in social and economic development. Pike, Marlow, McCarthy, O'Brien and Tomanery (2015) argue that structures play a huge role in economic and social development. According to this theoretical framework, societies contain certain interdependent structures (e.g., Local government and formal and informal retail shops), that performs certain functions for societal maintenance (Phillips and Pitman, 2009: P24) By structures refer to institutions and/or organizations such as health care, educational entities, business and non-profits, or informal/informal institutions that exist in a community etc. While functions refer to their purposes, missions, and their role in a community.

In the case of this study Local Government, the Boxer centre and small local businesses are the structures in question. Local government as a lower sphere/institution of government is tasked with a mandate of ensuring that the economy, in each municipality developed and sustained. This is recognised and enshrined by the Constitution of the Republic of South Africa (1996). Section 152 and 153 (a) states that "a municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community". In this case, the South African constitution clearly outlines that it is the role of local municipalities to carry out obligations that pertain with LED.

Furthermore, the constitution is supported by the White paper on Local Government (1998: 23-36) as it further collaborates that the local government is the primary structure for LED as enshrined in the constitution. Ndwedwe Municipality in this case is attempting to create the environment for businesses to thrive through attracting new businesses such as the Boxer stores, Pep, Banking services and so forth. This encourages new investments attraction it creates a need for proper infrastructural development. For example, if investors are to invest their businesses in Ndwedwe town, the municipality must ensure good road infrastructure (for transportation of goods), adequate water and electricity; safe and available public transport; and good security.

Philips and Pitman (2009) define structures as organisations and institutions such as education, health care, businesses, non-profit etc. Thus, this study considers the local government (Ndwedwe Municipality), formal and informal businesses as institutions that have a huge role to play in local economic development. Hence, the question of whether formal institutions can co-exist with informal institutions and generate local economic growth. Moreover, the question of which policies have been implemented by the local government to foster this co-existence between these two sectors. Literature has alluded that local governments must and ensure that the environment enables businesses to succeed so that they can contribute to the overall economic growth through paying taxes and employing local people (Meyer and Ventre, 2013). This sphere of government is also responsible for ensuring that policies in both formal and informal sectors are implemented and abide by.

Meyer (2014) further argues that local government is suitable for implementing relevant policies associated with common concepts of LED, thus, creating favourable environment for local businesses' success and development. The informal sector has been known for poor policy

regulations, that a need for proper policies need to be in place for this sector to contribute to the mainstream economy more effectively. As previously alluded, local government is not responsible for job creation, however, to create an environment where businesses can thrive. The objective of local government in economic development includes encouraging private investments, retaining jobs for the local people, increase tax contribution and increase economic growth in general (Sithole, 2022). This in turn will improve communities' quality of life. Consequently, the role of retail centre development is to enhance economic growth through job creation and economic growth in the community.

The South African Cities Network (2014) asserts that there is no universal agreement on the term LED. Thus, it is open to several interpretations that however include pro-poor and pro-market economic development approaches. This study sees informal businesses as pro-poor (bottom – up) as it is from a grassroots level and according to Sithole (2022) small and locally owned businesses can be considered as an example of a pro-poor LED. Formal businesses on the other hand can be regarded as pro-market (top – down) as these are the types of businesses that usually come from outside investors and the community indirectly benefits (as employees not owners) from them. The study then seeks to understand how can these two co-exist and contribute to the economy effectively, without one compromising the other as it has been established that, formal businesses tend to cannibalise small/informal businesses. The aim of the local government institution is to create and enhance a conducive environment and promote initiatives/projects that drives the development of businesses (both formal and informal). Hence Boxer Centre in Ndwedwe Municipality is an example of projects that fosters formal economic development in the area. The centre thus balances the business sector in the area since it was dominated by informal businesses only. Moreover, to ensure that national and provincial legislations are followed at local level to radically transform rural communities. Sithole (2022) maintains that for radical economic growth, formal and informal businesses must be supported equally.

Literature has revealed some of the roles of the formal retail sector, which include but are not limited to secured employment, and diversifying and boosting the economy (Masojada, 2014). When more people work in a society that creates a community of people who can provide for themselves, they can make better financial decisions. Retail development offers entry-level jobs for people in rural areas, especially the youth, thus, decreasing the unemployment rate (Madlala, 2022). When members of the community are employed can make their own financial

decisions it means they can afford to take their children to better schools, healthcare facilities etc. This also means that people will not only depend on governments grants for a living, since the majority of the population in rural and township areas depend on the government. Retail-based development is one way of bringing development/growth to rural communities, reduce the dependency on the government and foster economic and social growth.

Critics of this theory is that, according to Phillips and Pitman (2009) structurers/institutions often contribute to their own maintenance and not necessarily that of a greater community. Which is what most entrepreneurship businesses such as boxer centre; their main aim is to make profit and not to develop societies. This is supported also in the ideas of (Rogerson, 2008) when he maintained that pro-market local economic development approach, prioritises profit generation over social initiatives.

2.6.2 Types of structures

Local structures and organizations cannot be taken at “face value” (Joshi and Carter, 2015). Ideally, we must try and go beneath their surface to better understand their value and role in societies. Institutions are sometimes confused with associations or organisations. Some authors use the terms interchangeably, while others tend to differentiate them. Institutions can be formal or informal. Formal institutions are the (written) laws, regulations, legal agreements, contracts and constitutions that are enforced by third parties, while informal institutions are the (usually unwritten) norms, procedures, conventions and traditions that are often embedded in culture (Leftwich & Sen, 2010, p. 16) Public sector institutions are referred to as the policies, legal frameworks, informal norms and codes of conduct that create the incentives that drive government decision-making, the behaviour of public sector workers, resource allocation – and ultimately the exercise of power within the state bureaucracy (World Bank 2012).

Retail institutions refers to the basic format or structure of business (Habeeb, 2012). Poudel (2012) defines business institutions and a retail point that sells final goods and services to customers, these institutions are often referred to as retailers. The researcher sees formal and informal retail points as institutions of local economic development, who's its success may co-depend on a bigger government institution, the local government. This is because as stated previously, the local government is a sphere of government that is mandated to deal with issues pertaining local economic development (White paper on local government, 1998). Moreover, it is also responsible for ensuring that the environment is attractive and lucrative for businesses to survive in a specific locality.

2.6.3. Pro-market LED as a Top-Down Approach

Pro-Market Local Economic Development is classified as a top-down approach. The top-down approach in community development refers to initiatives directed from the directive or authoritative core, mostly at strategic levels of government (Gemma et al. 2015:167). Atkinson (2017) maintains that some local government development programmes are planned, implemented, and evaluated using a model structured around professional leadership. Therefore, the development plans are sometimes provided by external resources and discussion made in closed spaces of government and/or the private sector. The trickle-down approach is a theoretical, professional and leadership approach, aiming to improve the standard of living of disadvantaged people (Keast (2011).

The trickle-down approach gained recognition in the 1970, as it implies a vertical approach to development – a development that flows from the rich to the poor and occurs on its own accord (Keizer, 2015). This approach has been used in economics and other development context to create social, economic, political, and physical development. According to Gemma et al. (2015:167), the formation of the top-down approach is based on the assumption that the poor supposedly radically benefits as much as the policy developers benefit from development programmes. However, other scholars believe that the top-down mainly benefits the rich and the disadvantaged people are often exploited the process (Keizer, 2015).

Formal/big retail investment according to Sithole (2022) also uses the top-down approaches. Gemma et al. (2015) argue that investors use the top-down approach by analysing big ideas, looking at the economy, and predicting how retail investment will generate significant returns in a particular area. Retail development in rural areas can also be classified as top-down because the communities are not responsible for attracting investments, but rather it is the role of the local government (Koma, 2012). The significance of this approach in this study is to show how top-down approaches can be used to develop/transform communities. Even though bottom-up approaches are the most preferable in community development, Keizer (2015) asserts that, when applied properly, top-down approaches can foster sustainable development.

The functions of local government include but are not limited to attracting new business, attaining existing businesses and, most importantly, developing a plan on how to and when these can be delivered to the community. This can be done through drafting a development plan that will include the vision of the community called the Integrated Development Plan (IDP). The Municipal System Act: of 2000 defines the IDP as a single inclusive plan of a

municipality that promotes public participation. This is how local government can include the community in deliberations and decisions that impact their lives. However, (Khatleli, 2019) assert that South Africa needs more evidence of public involvement in IDP. Hence, most government plans tend to adopt more top-down, with councillors and other government officials pushing their political agenda. According to Davids et al. (2009), some scholars have contributed to literature about the challenges facing IDPs. They argued that power and control between all three spheres of government create tension in the planning and delivery of what is planned in the IDP.

Critics against the top-down approach is that it is an assumed structure where the community is subject to already made plans, costs, design, and implementation of projects (Carey, Crammond, and Riley, 2015). Furthermore, the approach has been criticised for assuming that communities are naïve and do not know what is good for them; hence, development plans and decisions need to come from the authority (Keizer, 2015). Similarly, Thomas (2013) argues that the top-down approach is tokenistic, for it deals with issues from the top. Likewise, Keast (2011) stresses that the top-down approach to community development initiatives comes from the top and works down to the community and forecasts the results of an implemented project. The top may refer to the government, donor agencies and other organisations.

2.7 Conclusion

This chapter has presented significant arguments that are around the issue of retail development in rural areas. Retail-based community development must be addressed as a community and economic development strategy. Even though retail-based development has brought about positive economic results, such as creating jobs and offering sanitary goods and services, it also has shortfalls. The municipality's role in this dilemma is essential; the white paper clearly states that local municipalities must create an environment that allows businesses to flourish-formal and informal. However, evidence shows that the introduction of formal retail points creates competition that leads to the demise of small and informal businesses.

The theoretical frameworks that guide this study is institutionalism/institutional theory. Institutionalism is suitable for the study because even though the local government is autonomous, it must follow provincial policies and frameworks. The role of formal retail centres is to diversify the economy in rural areas and get these communities recognised as players in the economy. However, the setback is that with retail development, black people are still left behind because they are not investors but consumers of outside goods and services

(Ellyne, 2016). This kind of development is thus seen as a top-down approach because communities are mostly the receivers of an already planned and decided-upon plan; they do not own the development.

CHAPTER 3

Research Methodology

3.1 Introduction

To comprehend the methodological approach outlined in this chapter, it is necessary to begin by presenting the study aim and objectives so that the methodology presented in this chapter can be understood properly. Therefore, this study explored the impact of retail centre development on local economic development in Ndwedwe Municipality in KwaZulu-Natal. The study began by exploring the role of retail centres in local economic development at Ndwedwe Local Municipality. Secondly, the study assessed the impact of retail centres' development on local economic development at Ndwedwe Local Municipality. Finally, the study offered recommendations on how the centre can contribute to the local economy of Ndwedwe Local Municipality. According to McMillan and Schumacher (2010), research is a systematic process to collect and critically analyse data for a specific goal. This process involves collecting, analysing, and interpreting data or information to answer the research questions. Therefore, research methodology is a process that guides the researcher's ways of collecting and analysing data; these methods thus ensure that the data collected is valid and reliable (McMillan and Schumacher, 2010). The chapter presents the processes and steps to gather and analyse data to understand this research topic. Further, it provides an overview of the research design and methodology employed in the study. Other research aspects in this chapter include the research philosophy, paradigm, research method, data collection tools, sampling method, data analysis, data validation and reliability, and ethical issues.

3.2. Research Philosophy

The term philosophy of science encompasses how knowledge is developed and the nature of that knowledge within a specific research setting (Saunders et al., 2009:107). Creswell (2009:5) similarly uses the phrase "philosophical worldview." Holistic-inductive paradigms (social constructionist, social constructivism, phenomenological, and interpretive social sciences perspectives) are connected to the qualitative technique. There is an overwhelming variety of "isms": positivism, empiricism, rationalism, critical realism, objectivism, subjectivism, social constructivism, social constructionism, interpretivism, postmodernism, poststructuralism, pragmatism, symbolic interactionism, and many others. Some of these terms are frequently used in the same context (Mauther, 2020).

Consequently, the study's research philosophy is social constructivism/interpretivism. The research aims and objectives, accordingly, informs the research perspective. The study aims to explore the impact of formal retail centres in local markets, which in this case is the informal sector, that comprises street vendors, spaza shops and the public transport industry. Hence, the researcher seeks to explore the experiences from the informal traders' perspectives and how the emergence of the Boxer Centre has impacted them. According to the social constructivist perspective, meaning is interpreted while taking one's past experiences and current conception of "the world" into consideration. Therefore, knowledge is underpinned by cultural characteristics and influenced by experiences gained at an individual and societal level across social contexts (Scotland, 2012).

Research philosophers provide theories about the nature of the reality that is under investigation (ontology) and about how knowledge of this reality is produced and justified (epistemology) (Mauther, 2020). Relativist ontology is based on the philosophy that knowledge, or what we consider reality, is socially and cognitively constructed (Moon and Blackman, 2018). Therefore, the reality/truth is relative to what individuals have experienced. Epistemology is concerned with validating the truth and answering the "how do we know what we know is true" question. The study has employed different approaches/mechanisms to validate the knowledge/truth of the study, which includes triangulation of data, and informed consent forms.

3.3. Research Paradigm - Interpretive Paradigm

Saunders et al. (2019) suggest that the interpretive paradigm critiques positivism from a subjectivist point of view. It is argued that interpretivism emphasises that humans are different; hence the meanings they ascribe different viewpoints to social matters. Therefore, the interpretivism paradigm aims to create and offer a new, richer, more critical understanding and interpretation of the social context and world (Saunders et al. 2019). Hence one of the objectives of this research is to understand the phenomenon. Putman and Baghart (2017) argues that the interpretive paradigm researchers believe that people construct subjective and intersubjective meanings based on their experiences as they interact with the world/people around them.

Meriam (2009) assert that it is imperative to position qualitative research philosophically. Positioning in terms of epistemology (the nature of knowledge) and ontology (what one believes about the nature of reality). Lichtman (2006) maintains that there are multiple

interpretations or/and facts of a single event; and these realities are socially constructed (Merriam, 2009). Hence, the truth is relative. With this thought in mind, the study seeks to explore the experience of informal traders concerning the development of formal business chains that took place in Ndwedwe. The interpretive paradigm allowed the researcher to locate different realities, interpretations, and perspectives on how formal retail development has impacted the informal sector. Qualitative research methodologies and, as such, use interpretive paradigm to guide the studies that seek to explore socially constructed realities. Guest, McQueen and Namey (2012) contend that qualitative methods have provided substantial room for interpretive inquiry. This paradigm assumes that social realities are not singular nor objective; nevertheless, they are shaped by human experiences and context (ontology).

Interpretive research does not aim to discover context, truth and value-free knowledge that is universal. Instead, it seeks to understand how individuals understand and interprets social phenomenon they may have experienced. Thus, with the interpretive paradigm, epistemology is subjective. Rehman and Alharthi (2016) maintain that individuals interact with one another in society and ascribe meaning to different phenomena. Similarly, Cohen et al. (2011:7) argue that epistemology concerns "the nature and forms of knowledge, how it can be acquired and communicated to other human beings". Rehman and Alharthi concurred that interpretive methodology needs individuals to understand social phenomena works with the participants' worldview rather than a researcher.

Putman and Baghart (2017) argues that interpretive paradigm researchers can best use this paradigm when used with a case study approach. Therefore, the researcher has chosen the case study approach as the best-suited approach for the study. The combination of interpretive paradigm and case study approach is to gain insight into participant experiences in their natural setting (Putman and Baghart, 2017). Hammersley (2013:26) states that the interpretive paradigm originated from qualitative methods to understand human or social sciences knowledge. This knowledge cannot be used in the physical sciences, nor can it be used to generalise for the whole population. This is because humans interpret their world and act differently based on how they experience and view it. Interpretive researchers adopt this paradigm to gain a deeper understanding of the phenomenon and its complexities by exploring different views of individuals (Creswell, 2013:89).

Cohen et al. (2011) discussed a few criticisms of the interpretive paradigm. They assert this paradigm relies more on understanding knowledge from its naturally complex context rather

than generalised results. Therefore, it makes it difficult to verify/validate the outcome of the research result without using scientific procedures. Further elaborating on this point, Mark (2010) argues that an interpretive ontological view is subjective because it cannot be scientifically proven but is relatively objective, which can lead to biasness. Hammersley (2013) articulated that to overcome the interpretive approach's shortcomings; researchers must develop diverse ways to try and avoid biases, be impartial and refrain from projecting their values and beliefs.

3.4. Research Method-Qualitative method

The study used a qualitative method of research. Denzin and Lincoln (2011:97) maintain that qualitative research is widely or commonly used in various academic fields and market research. Consequently, Denzin and Lincoln (2011:98) define qualitative research as an inductive, holistic, and subjective-oriented process used to understand, interpret, and describe a phenomenon, context or setting and then develop a theory. Hammarberg et al. (2016) further describe qualitative research methods as an inquiry adopted by many academic disciplines, conventionally in social sciences, market research and other contexts. Qualitative research is mainly associated with words (not numbers, statistics, or numerical figures), experiences and language. Thus, qualitative researchers must adopt a holistic, people-centred perspective to understand human experiences.

Qualitative research aims to collect detailed data to understand human behaviour and what leads to such behaviour. People view different phenomena differently based on how they have experienced the world. Hence, Creswell (2014:20) states that qualitative research is empirical, where a researcher collects data to understand the investigated phenomenon better. Therefore, in this study, the researcher adopted qualitative research to understand and answer questions about experience, perspective and meaning from the participant's standpoint. In qualitative research methods, sample sizes are usually smaller than in quantitative research methods (Hammarberg et al., 2016). This is because the qualitative research method focuses on comprehensive knowledge of a phenomenon, centred on the how and why of the problem, process, situation, subculture, scene, or set of social interactions (Shari, 2012). As a result, a small number of participants is an acceptable source of information. Thus, the study only involved 10 participants.

The rationale for choosing qualitative research methods for this study is because (Creswell and Creswell, 2018:98) argued that qualitative research uses interpretive/theoretical frameworks

that inform the study's research problem and address the meaning that groups/individuals ascribe to human or social issues. Therefore, Denzin and Lincoln (2011:3) maintain that qualitative research is characterised by interpretive and material practice that makes the world visible. As such, it locates the researcher in the world. As a result, this method allowed the researcher to understand the truth regarding the phenomenon under investigation. Denzin and Lincoln (2011:3) further argue that the qualitative research method is about understanding the phenomenon in the natural setting and concerning the meaning and how participants perceive it. The researcher then becomes immersed in the phenomenon, first through collecting secondary data. However, the researcher According to Denzin and Lincoln (2011:3) must avoid being too engaged in the study to avoid biases. Likewise, Holloway and Galvin (2016) emphasised that qualitative researchers must be good listeners, non-judgemental, flexible, and honest.

Qualitative research is described as an effective model that offers the researcher to develop a level of involvement in actual participants' experiences (Creswell, 2009:89). Levitt et al. (2017) define the nature of qualitative research as inductive, allowing the researcher to explore the insights and meanings, generally, in each situation. The qualitative method is mainly used in social sciences, primarily collecting, and working with non-numerical data. Hence, according to Punch (2013), it seeks to interpret and understand the meaning of data, thus, understanding the social life through the views and experiences of a targeted population in a study. Zohrabi (2013:245) shared the same sentiments when he argued that qualitative research is a form of social action where the researcher must interpret and make sense of the participants' experiences to understand social life and their social realities.

The rationale behind using this method is that it helps the researcher answer the research questions. This method allows subjectivity; thus, participants can share what they have been experiencing and observing from the emergence of the Boxer Centre development in the community. Therefore, adopting the qualitative research method helped answer the research questions and provided a space for participants to freely share their feelings, thoughts, and perceptions; hence, it aligns with the study's objectives and the research paradigm. In addition, as a constructivist researcher, I believe that individuals actively construct knowledge through social engagement and do not passively receive it. As a result, participants can socially understand their world through engaging with others. Besides, understanding and uncovering social truths allows individuals to produce thoughtful and meaningful knowledge.

3.5 Research Approach - Case Study Method

Yin (2013) defines the case study research approach as an empirical inquiry that seeks to investigate a phenomenon in its natural context, especially when the boundaries of that phenomenon are not presented. The rationale for this approach is that the study was conducted in a real-life context, with data collected through semi-structured interviews and observations. This allowed the researcher to gain insight into the phenomenon in its natural context. The case study approach is mostly used in research when less is known about the phenomena. Thus, it has previously alluded that the implications/role of retail-based development on community development has been overlooked, the implications need to be clearly defined.

Thomas (2011) states that case study research is prevalent among qualitative researchers. Hyett, Kenny and Dickson-Swift (2014) argue that Creswell, Merriam, and Denzin and Lincoln are some of the prominent authors that have contributed to the methodological developments of case study approaches. The case study method may be defined as conducting a critical, systematic inquiry into the phenomenon (Bryman, 2016). Creswell (2013:89) argues that qualitative case studies are composed to illustrate unique cases with unusual interest and needs thorough descriptions and details. Retail-based community development is often overlooked Philip (2002), as a result needs thorough research, engagement, and studies of various cases to better understand its contribution to the economy. Creswell is one of the prominent thinkers on the research subject, and he maintains that as a qualitative approach, the case study approach explores real life, contemporary bounded systems (a case) or multiple bounded systems (cases) through an in-depth, detailed data collection which involves various sources of information (Creswell, 2013:97).

This study adopted a qualitative case study design of research, as it explores the impacts of retail centre development on local economic development of the Ndwedwe local community. Qualitative research is about how people understand and interpret their experiences, thus deciphering social realities. Hence, it is subjective and cannot be generalised (Korstjens and Moser, 2016). This method allowed the researcher to get in-depth and detailed information, exploring the context and participants' experiences of events on how their businesses have been economically affected by the retail development of Ndwedwe Centre.

The rationale behind using the case study method is that it allowed the researcher to gain a detailed and rich understanding of the case by exploring its various aspects. It was also best suited for this study because it appropriately and adequately answered the research questions

since this phenomenon has not been thoroughly studied in the field of community development. Furthermore, the case study method aims to avoid predicting but focuses on exploring and explaining the phenomenon (Merriam, 2009). This is in line with the aim of the study, which was to explore how retail development affects local businesses.

3.6 Research Design

Pilot and Tatano Beck (2017) describe research design as a holistic plan for data collection and analysis, aiming to enhance the trustworthiness of the data collected. The research design seeks to provide the researcher with an appropriate framework for the study. This study used an exploratory research design. The researcher selected this design because it allowed the study to better understand the phenomenon without giving conclusive results. This method enabled the researcher to convey a much broader understanding of participants' experiences and, most importantly, how those experiences shape their views/opinions on how they see the world (Yin, 2013). Thus, the explorative design is used to better understand the existing research problem but not give generative responses. Gray (2014) maintains that qualitative research designs offer an understanding of how people understand and associate their experiences and knowledge in their natural environment.

Saunders et al. (2012) stress that exploratory research is mainly conducted when little is known about a particular phenomenon, and the problem needs to be clearly defined. This design best suits this study because retail-based economic development has not yet been critically studied/conceptualised as a retail-based community development approach.

3.6.1 Sampling method - Purposive Sample

Sampling involves defining the population of concern and selecting individuals within that population (Holloway and Galvin, 2016). Qualitative research uses non-probability sampling techniques, which include convenience, volunteer, purposeful and snowball sampling. The researcher has used a purposive sampling method, allowing the researcher to identify and select information-rich participants (Palinkas et al. 2015). Saunders et al. (2012) offer an alternative name for purposive sampling, judgemental sampling. According to Lune and Berg (2017), when using a purposive or judgemental sampling method, the researcher uses particular/unique ways and knowledge to acquire information-rich individuals to represent the population. Creswell (2009:89) stresses that one of the ideas behind qualitative research is to purposefully select participants, visual material and locations that best respond to the problem and the

research questions. This technique further supports the paradigm chosen for the study, which is the interpretive paradigm.

Interpretivism scholars believe that human experiences shape social reality and are subjective (Kumar, 2019). Moreover, interpretive ontology cannot be achieved with superficial knowledge but with unique individual realities. Qualitative research seeks to understand the phenomenon from within and is subjective (Holloway and Galvin, 2016). Purposive sampling allowed the researcher to gain rich information from knowledgeable participants with experience related to the phenomenon under investigation (Palinkas et al. 2015). Furthermore, this method enabled the researcher to, thus, explore the experience of informal traders in Ndwedwe Municipality with the emergence of formal retail development in the area.

Best and Kahn (2006) define a population as a group of individuals with at least one common characteristic distinguishing that group from others. The sample comprises 10 participants, informal traders (within 5 kilometres from Ndwedwe retail centre) and local public transport service providers. Therefore, when the researcher selected the participants, the following selection criteria were applied: the participants needed to reside in Ndwedwe, run a small business 10 km from Ndwedwe centre, and use the local public transport that operates from Ndwedwe Centre to KwaKhasimbe.

3.6.2 Recruitment Process

The study used purposive sampling methods to recruit participants. The researcher previously worked as a sales representative at a telecommunications company, working with informal businesses around Ndwedwe, Verulam and Tongaat. Through this occupation the researcher was able to form relationships with some of the small business owners around Ndwedwe. Therefore, the researcher is privy to the database of people who have businesses around Boxer/Ndwedwe Centre. This database was used to acquire contact details of potential participants interested in participating in the study. Because the participants and the researcher had a previous working relationship, calling, messaging, and physically visiting potential participants was not an issue. The study involved participants who own small businesses in Ndwedwe CBD, Ward 15, and surrounding areas. The challenge, however, was finding the time where both the researcher and participants were available for interviews. Hence, some of the interviews were telephonic, especially with participants in the taxi industry.

The inclusion criteria stipulated that should the small business owners must be within 5km from Boxer Centre. They must have three years or more operating in this area. Furthermore, they must be South African. The study excluded any business owners that were not South Africans to avoid language barrier, and any business that is not within 5 km from the boxer centre. The study also excluded businesses that had been operating for less than three years.

3.6.3 Description of the sample

Participants were selected because they are small or medium business owners around ward 15 of Ndwedwe Municipality in iLembe District. Ten participants were selected, three public transport drivers/owners, four street vendors and three small/medium business (tuck shop) owners within 5km of the boxer centre. To ensure heterogeneity, selected participants varied in terms of their years in operation. 70% of the sample population comprises small/informal businesspeople and street vendors, and the 30% remaining are taxi drivers/owners. The table below presents an overview of the heterogeneity of the sample.

Table 4.5.1 The biographic profile of the respondents

Key Informants	No. of respondents	Percentage of the population	Male	Female
Street vendors	3	30%	×	×
Taxi drivers	3	30%	×	
Tuck shop owners	4	40%	×	×
Total	10 Respondents	100%	Six male respondents	Four female respondents

The table above outlines the biographic profile of all participants in this study. The researcher aimed to select information-rich participants in informal trading at iLembe District, Ndwedwe Municipality, Ward 15. This group had three street Vendors who contributed 30% to the total number of participants. Another portion of the participants were taxi owners who operate the Zamukulungisa taxi association. Taxi owners totalled 30% of the population. Finally, the sample also had people who hold spaza shops, which totalled 40% of the chosen population sample.

Table: 4.5.2 An overview of the sample characteristics

participants	No. of years in operation	Street vending	Taxi Industry	In-store trading	Formally registered business
Participant 1	3 Years	×			No
Participant 2	3 Years	×			No
Participant 3	23+	×			No
Participant 4	27+			×	Yes
Participant 5				×	No
Participant 6				×	No
Participant 7				×	Yes
Participant 8	25+		×		Yes
Participant 9	16		×		Yes
Participant 10	5		×		Yes

The table above depicts an overview of the characteristics of the participants in this study. The participants needed intense experience working in Ndwedwe as informal traders. Thus, anyone with less than three years in the field was excluded from the sample. It is crucial to mention the issue of covid-19 and its implications when dealing with economic issues, as it has affected many countries economically. South Africa was also one of the countries hugely affected by the covid-19 restrictions. These restrictions affected the country's economy and the world economy. Thus, the researcher aimed to involve these participants because they have experience and knowledge of how this pandemic affected their businesses.

3.6.4 Data Generation Method

According to Creswell (2009), the data collection step includes setting boundaries for the study, such as what will and will not be included. Thus, the study was conducted at Ndwedwe and involved residents that engage in local economic activities at Ndwedwe. Those who do not reside in the area were excluded from participating in this study. Bryman (2016) defines data collection as obtaining data from the empirical field. The researcher collected both primary and secondary data. The researcher prepared semi-structured interviews with the selected participants. Interviews help understand the participants' experiences and knowledge about the phenomenon.

Primary data collection techniques included on-site interviews and observations (the researcher's and the participants). Appendix D presents the interview guide used as a base to conduct the interview. Because the interviews were semi-structured, participants could freely and comfortably talk about their experiences. Secondary data collection techniques had desktop research, presented in Chapter 2 as a literature review.

3.6.5 Semi-structured interviews

Koskei and Simiyu (2015) define interviews as exchanging views between two parties on a specific topic with mutual interest. According to Koskei and Simiyu (2015), semi-structured interviews are commonly used in qualitative research, and they need to be standardised. Blandford (2013) defines semi-structured interviews as interviews with pre-planned questions before the interview. However, the respondents are given a chance to elaborate on their points through the open-ended question. As a result, this technique allowed the researcher to probe the questions to capture the voice of the participants (Koskei and Simiyu, 2015) and gain insights into the opinions and views on the participants' experiences (Dane, 2010:136). In addition, the researcher also paid attention to the participant's body language and non-verbal responses during the interview. According to Bearman (2019), participants respond better when they enjoy themselves, are not defensive and don't feel threatened about what is being asked.

Adams (2015) defines semi-structured interviews as in-depth interviews where participants/respondents must answer open-ended questions. The researcher thus prepared a semi-structured interview guide (Appendix D). Moreover, Jamshed (2014) defines the interview guide as a schematic presentation which comprises topics or questions that need to be explored in an interview. The guide thus contains various topics or questions derived from the core research question. Before the interviews, the participants were presented with a

gatekeepers' letter (Appendix A) from the Ndwedwe Municipal Manager, Mr Musawenkosi Hadebe, the informed consent form (Appendix C) as well as the ethical clearance from the Humanities Research Ethics (Appendix B). The informed consent form outlined the purpose and benefits of the study and the rights and responsibilities of the participants and the researcher.

The informed consent form disclosed research project risks, data treatment, and the rights and responsibilities of the respondents. The researcher gave the informed consent form to all parties involved before the interviews for them to read and sign. The researcher also gave clarity where it was needed by the participants so that they sign with understanding before implementing the research project.

Adams (2015) emphasises the point of recording the interviews as empirical. He maintains that upon being granted permission, the researcher must record the interview. As a result, the researcher recorded the interviews while actively engaging in the conversation and concentrating on the interviewer instead of worrying about remembering the conversation later and writing down all the answers. Jamshed (2014) concurs with Adams (2015) in that recording the interview allows the researcher to focus on the content and the verbal prompts, consequently enabling the transcriber to capture and generate the verbatim transcript of the interview. Furthermore, handwritten interviews are often unreliable because the researcher will most likely miss some critical points.

Another prevalent benefit of audio recording the interviews in this study was that it preserved the words of the participants and the researcher and provided the researcher with the original data. Whenever there was confusion on the transcript, the researcher could go back to the source (audio tape) and check for accuracy. Not only did the audio recording benefit the researcher, but it also benefited the participants and assured them that there was a record of what they said. Thus, this makes them sure that what they said cannot be altered should there be any concerns about what is written, and they can defend themselves. Thus, participants in this study were given the right to access their interview records and assured of keeping the audio tapes and transcripts safe. The interviews were thus audio-recorded with a recording app and then transcribed unorthographically.

3.6.6 Observation

Observation is a qualitative tool offering research information about actual behaviour (Ciesielska et al., 2018). Therefore, Smit and Onwuegbuzie (2018) maintain that observation is a good tool for interpretive researchers, as they observe and report data that reflects the subjective perspectives of participants. It involves connecting to what we see versus what we know about a particular setting. Various factors affect how and what we observe, including our experiences, background, interests, familiarity with the scene, and training (Kielmann Cataldo and Seeley, 2011). In qualitative research, observations are often used to understand the context and physical environment that shapes and influences people's behaviour, thus, covering ethnography (Gray, 2009). Therefore, the researcher observed and paid attention to the location of the informal business, the busyness of the area as well as the business's infrastructure. Thus, the researcher has conducted data through direct observation to source out the state in which retail centres have impacted local businesses. The observations allowed the researcher to understand the context better.

Observation is a qualitative method and one of the ways to collect primary data. Kumar (2019:274) describes observation as a systematic, purposeful, and selective manner of listening and watching interactions concerning a particular phenomenon. Kumar (2019:274) also outlines that observations are most appropriate when you want to learn about the interactions in a group. Concerning this study, the researcher observed customers' behaviour, whether they are most likely to buy from Boxer stores or opt for an informal retail point such as a tuck shop or a street vendor. According to Kumar (2019:274), observations are used only when the researcher is interested mainly in behaviour rather than participants' perceptions of a particular phenomenon. Hence, observing business viability in the chosen sample's formal and informal spaces. The researcher also observed the transport business. Specifically, in this study, the researcher paid attention to the frequency of local public transport and the number of people requiring public transport.

Further, observations were used as confirmatory of auxiliary research, as Jamshed (2014) would call it. In this sense, they were used to confirm what the participants have shared as experiences. Observations were the researcher's first step in collecting credible data and triangulating the data, which will be discussed later. The researcher used observational techniques to understand participants' experiences by watching participants experience things

as they unfold. This process helped the researcher understand the phenomenon being investigated and its context.

Observations also allowed the researcher to take notes of non-verbal expressions of feelings and communication made by participants as they interacted with customers. Observations also allowed the researcher to see how informal retailers interact with their customers and vice versa. Jamshed (2014) argues that with social and behavioural science, people do not always do what they say they do; observations then come in and provide an essential aspect of first-hand witnessing these experiences (actions, behaviours, and interaction).

The researcher ensured that observations were done in a natural setting. And by the natural environment, according to Ciesielska et al. (2018) means that no interventions must be employed during observations. The researcher instead went to the natural settings where participants are found, in this case, visiting tuck shops, street vendors, and taxi ranks. Hence when visiting, the researcher did not manipulate any variables, nor manipulation of the environment, and the participants were not stimulated in any way. The natural setting observations are different to analogue observations which, according to Ciesielska et al. (2018), uses artificial settings; and the environment is manipulated for the researcher to make observations. The rationale of naturalistic observation is that the researcher wanted to get accurate reflections of participants' experiences, which analogue observation cannot provide.

Hellesø, et al. (2015) argue that data from observations must be recorded in field notes. Hence, the researcher kept a field notebook where daily notes were recorded. These included every detail encountered in the field setting, such as places visited, people's interactions, etc. Because observations are not structured, the researcher did not need to record daily notes in a standardised way. The record only consists of what the researcher sees and hears at that point and time.

The researcher visited the Boxer Centre for observation for eight days, on the 1st, 15th and 25th of September 2022. These days were noted because they are the most common pay dates in South Africa. Other important dates include the 2nd of September 2022, the older age pension grant, the 5th of September 2022 disability grant pay-out day, and the 6th of September 2022, the child support grant payment date. The last two days were used as controlling factors: the 17th and 11th of September. The researcher used an observation schedule (see Appendix E) for observations. Part of what was observed was customer behaviour on these days. This was to check whether customers would be more likely to go to the formal establishment or would

instead go to spaza shops/general dealers. These observations aim to find answers to whether the formal retail establishment positively or negatively impact small local businesses.

The researcher did both participant observations and non-participant observations. In participant observation, the researcher became a customer at the Boxer centre while observing the number of people buying at Boxer, making small conversations with other customers. Moreover, as the mode of transportation, the researcher used public transport to observe the availability of taxis and the usage of taxis by the community/or customers of the Boxer Centre. In contrast, as described by Kumar (2019:274), non-participant observation is when a researcher does not get involved in any activities but becomes a passive observer, listening and watching the interactions and drawing conclusions from them.

The researcher also observed the characteristics of the sample and what type of business they do. Be it street vending, tuck shop owners or in the transport industry. In this case, the most crucial feature observed was their years' operating in their respective businesses. Of the interviewed participants, 30% were street vendors, another 30% were taxi operators, and the remaining 40% were people with spaza/tuck shops. 1% has been operational for more than 25 years.

3.7 Data Analysis

According to Cohen et al. (2011), data analysis involves the organisation and making sense of data provided through participants' definitions of situations or experiences, paying careful attention to patterns, themes, categories, and regularities. Saldana and Omasta (2017) state that there is no single way of analysing and presenting the data; however, it must fit the purpose. The data analysis includes data reduction, transcription of interviews, data display and conclusion drawing. Data analysis aims to understand the complexity of meanings in the data. Sundler et al. (2019) state that thematic analysis involves 1) familiarising yourself with data through open-minded reading, 2) Searching for meanings and themes, and 3) organising themes into a meaningful wholeness. The data analysis aimed to answer the research questions by focusing on data collected through primary and secondary data.

Rehman and Alharthi (2016) maintain that interpretivism mainly collects qualitative data and uses case study methods, amongst others; thus, data analysis tends to be inductive. For this study, the researcher will do thematic data analysis. Thematic analysis is a systemic process of identifying and organising datasets into patterns or themes. (Braun and Clarke, 2012). In this case, the researcher has discovered the patterns in the data that collapsed under the same broad

themes to understand the phenomenon. To quantify and conceptualise data, the researcher used a software program called NVivo for data coding. Therefore, the data were categorised, coded, and grouped into similar themes to allow the researcher to make sense of meaning, views, and experiences. Data was presented by using illustrative quotes, through using raw data as well as bar graphs. Kozak (2021) maintains that bar graphs and pie charts are the most common graphs in qualitative data.

The researcher used 6 phases of thematic analysis described by Braun and Clarke (2006:77). These phases follow a systematic way of seeing and processing qualitative data using coding. This process allowed the researcher to understand the meanings derived or embedded in participants' experiences, views, and opinions. The phases of thematic analysis are described as follows: Data familiarisation, generating initial code, searching for themes, reviewing themes, and producing the report (Braun and Clarke, 2006:80).

3.7.1 Stage 1: Data familiarisation.

The first stage of thematic analysis is data familiarisation (Sundler et al., 2019); the researcher must familiarise themselves with data through open-minded reading. This phase helps the researcher to become familiar with the content in the database and start searching for responses relevant to the study's aim, questions, literature review, problem statement and the theoretical framework. The researcher had to read the transcripts twice to familiarise themselves with the data. Reading the text several times allowed the researcher to explore participants' experiences expressed during the interviews, not only that but also paying attention to how these were narrated (body language) and how they can be understood. In this phase, the researcher read through the entire data set three times and was familiar with the data content. The researcher also created notes as a point of reference for individual/respondent transcripts.

At this phase, it is noted that formal identification of themes and coding still needs to be made. However, casual observations of patterns are made following these steps.

- Reading transcriptions and highlighting meaning units
- Coding and looking for abstractions in participants' accounts
- Writing reflective notes

3.7.2 Stage 2: Generating initial code.

This is the second phase of thematic data analysis, where a researcher compares and organises the codes to identify similarities and differences. These codes are identified to determine which research question they aim to answer. This phase also has five sub-stages: Classifying, comparing, labelling, translating, transliteration, defining, and describing data. In this phase, the researcher starts organising data systematically and meaningfully. This allowed the researcher only to code data that captured something interesting about or relevant to the study's questions, aim, literature review and theoretical framework. Thus, not every piece of interview or observation was coded.

Because not all data collected gets coded, data gets reduced into small themes which answer the research questions. The researcher used the transcript to highlight codes.

3.7.3 Stage 3: Searching for themes.

In this stage of thematic analysis, the researcher is on the verge of fully developing the themes. This stage is also called the verification stage or process and involves checking and confirming the data, to ensure the themes identified are relevant to the study. This stage is categorised into three sub-stages: immersion and distancing, relating themes to established knowledge and stabilising.

3.7.4 Immersion and Distancing

Researchers need to paradoxically immerse themselves in the data and contrariwise remove themselves from the data to reveal the theme and examine the accuracy of the coding process. Engaging with data is a pre-requisite of a researcher, allowing the researcher to have a valid representation of participants' views. However, this shortfall can prevent the researcher from conducting rigorous data analysis. Qualitative research has been generally accused of being biased. Now to overcome biasness, in line with the notion of qualitative data analysis, the researcher removed/distanced herself and ensured that the data was presented ethically as articulated by the participants. This, in turn, allowed the researcher to facilitate and improve data analysis.

3.7.5 Relating Themes to established knowledge.

In the qualitative method, the researcher must, before anything, engage with existing literature on a particular phenomenon (Creswell, 2019). This helps the researcher to identify overcome the gaps the study and contribute to the literature. Engaging with existing literature in data analysis also helps to curb the researcher from introducing bias and preconceived notions into

the study. Thus, this stage of relating themes to existing or established knowledge was very vital for the study. Hence presenting already existing literature was a vital part of the study, as the researcher presented existing literature and theoretical framework in Chapter 2.

Not all scholars agree with the general practice qualitative method and thematic analysis. Some believe that an in-depth literature review needs to be postponed until all data collection has been completed (Xiao and Watson, 2017). They believe this prevents the researcher from being biased and entering a study with preconceived notions and ideas (Sundler et al. 2019). Templier and Pare (2015) argue that this method allows themes to emerge naturally from the empirical data during analysis in isolation from theoretical frameworks and associated literature/hypothesis. Thus, this approach encourages researchers to keep literature abeyance to develop themes and conduct inductive analysis. Sundler et al. (2019) believe this approach allows the researcher to develop the themes innovatively.

3.7.6 Stabilizing.

A common mistake researchers make in the thematic analysis is offering a list of themes and their related subthemes without offering a theory connection to each other or using them to connect with or explain the phenomenon under the study. Unlike themes, subthemes are summaries drawn from participants (Braun and Clarke, 2006:80). The quality and meaning of themes are formatted in the saturation of subthemes. Hence the stabilising stage is where the researcher describes themes and their variations (Braun and Clarke, 2006:80). This is done because presenting the themes and subthemes without integrating details about how they are linked has little analytical value. To enhance analytical value, truthfulness and transparency of findings, the researcher gives attention to data saturation.

3.7.7 Stage 4: Reviewing themes.

In this phase, preliminary themes identified in stage 3 are reviewed, modified, and developed (Rehman and Alharthi, 2016). The researcher needs to ask him or herself if these themes make sense. Thus, all data relevant to each theme is gathered. In this study, the researcher colour-coded data associated with each theme to verify whether each data supported each theme. The next step was to check if each theme worked with or responded to the context of the entire data set.

3.8. Limitations

The limitation of this study is that even though similar studies have been conducted on this topic, they however, were not done or conducted in the Ndwedwe area. And thus, there may

be challenges in enough sources on the trends of the impacts of retail centre development, particularly in the area. And through cultural and economic differences and location; data according to Kozak (2021) cannot automatically be extended to other rural areas. Phillips (2002) said that retail-based development is often overlooked in community development. Thus, the researcher anticipated challenges in conducting primary data that links community development and retail development. Because this topic has not been critically studied in the discipline of Community Development; the researcher seeks to contribute to the body of knowledge by providing insight and recommendations on the phenomenon in question.

The recruitment process was the most challenging one. Finding participants willing to participate and understand the purpose of this research was a significant limitation of this study. Even though the researcher had worked with small businesses in this area, some of them have closed or relocated. Secondly, some people were not interested. Thirdly, the inclusion criteria of this study were small business owners and street vendors within 5km from the centre and local taxi drivers/owners. This criterion limited the researcher to only those that fit the description. Getting people to participate was challenging because of the nature of their businesses. Businesspeople are generally busy, no matter how small the business is. It even made it more challenging because participants must be interviewed at work.

Getting participants to sign the consent form was also challenging; some people do not like signing this from strangers. Thus, the researcher had to thoroughly explain the need for signing and its benefits for the participants. The researcher also translated the informed consent from English to isiZulu, to allow the participants to understand it in their mother tongue. However, some participants did withdraw from the study because they wanted to refrain from signing anything. Another challenge was getting small business owners that were South African. The literature review has outlined how in township and rural areas, most small businesses are now owned by foreign nationals. Because of the language barrier, foreign nationals were excluded from participating in this study.

Another area for improvement is based on the type of research paradigm chosen for this study. The interpretive paradigm has been criticised for being subjective (Mack, 2010). Hence Mack (2010) states that the outcomes of the research in this paradigm may be affected by the participant's belief systems, interpretations, and way of thinking or cultural/political preference; thus, the results may be biased. The participants signed informed consent form

stipulating how cultural or political ideologies will not be part of this study. The informed consent form also binds the participants to be truthful about the events and their experiences.

3.9 Validity, Reliability and Rigour

Noble and Smith (2015) maintain that one of the critical elements of research is evaluating the quality of research, including validity, reliability, and trustworthiness. Qualitative research has received criticism for needing more scientific rigour, because the collection of personal experiences could lead to biases and the need for more transparency in the analysis stage (Noble and Smith, 2015). To ensure rigour in a qualitative study, the researcher has ensured trustworthiness in the study, which Pilot and Beck (2017) define as a degree of confidence in data interpretation and measures taken to ensure the quality of the study. The best-known criterion of trustworthiness is credibility (Korstjensa and Moser, 2016). For qualitative research, reliability is concerned with two things, which include consistency and dependability (Hammarberg et al., 2016)

Credibility in a qualitative study questions the confidence of the truth; hence, it questions data collection processes and the analysis phase and ensures there are no biases from the researcher or the participant (Connelly, 2016). Qualitative research uses credibility to evaluate the study's validity and truth value. Strategies to ensure credibility and trustworthiness include triangulation, observations, and participant checks (Korstjensa and Moser, 2016). Therefore, in this study, data triangulation strategies provided trustworthiness and credibility. According to Tracy (2010), data triangulation refers to the use of multiple data sources (primary and secondary), these sources may include (but not limited to) interviews, observation, focus group discussions etc. The researcher triangulated both primary and secondary data. Data from the interviews and observation were analysed in conjunction with the desktop information on the literature review. To further the quality of this research, the researcher worked hand in hand with a supervisor who guided the whole data collection and analysis process.

The researcher also did member checks. Moreover, all transcripts of the interviews were sent to participants to check whether what was being transcribed was exactly what they articulated. This process was done to check if the participant's information was captured correctly and if nothing was left out during the interviews.

3.10 Ethical Consideration

Protecting the human subject is crucial in any research study by applying ethical principles. In qualitative research, ethical consideration is mainly concerned with various things: informed consent, voluntary participation, privacy, anonymity, confidentiality, and ethical approval to conduct the study (Arifin, 2018). Thus, informed consent is a cornerstone of ethical research (Denzin and Lincoln, 2011). When carefully examined, “informed consent” consists of two essential elements. First is “informed”, Where participants must fully be informed of what is asked of them, the consequences of partaking in that research and how the information gathered will be used. Secondly is “consent”, which is concerned with participants explicitly understanding their right to access the information they have provided and their freedom to withdraw from the study at any given point. The researcher drew up an informed consent form (Appendix C) which provided clear information about the research; the researcher’s name, what sort of data will be collected from the participants, how it will be collected and stored, the risks of partaking in the study, and the level of commitment needed to form every participant.

Clark-Kazak (2017) maintain that in a study, all respondents must formally consent/willingly participate in research. Moreover, Clark-Kazak (2017) further states that participants can withdraw from the study at any time. Thus, the informed consent stipulated the rights of participants to withdraw from the study at any time without consequences. Participants were also given information on how to lay a complaint to the necessary institution; the process and contact details are offered on the informed consent form.

Another essential feature of research ethics is the issue of confidentiality and anonymity. Fouka and Mantzourou (2011) stress the importance of protecting the identity of the subjects. Confidentiality means that participants are free to withhold or give information as they wish (Fouka and Mantzourou, 2011). The researcher ensured that the subjects’ responses are not linked with the participant's identities. Thus, the researcher has assured that during data analysis, the participants are given codes or pseudo names, and findings will be categorised into similar themes and content. Friends and family were not allowed to participate in this study. This is to ensure that there is no biasness from both the researcher and the participants and avoid conflict of interest (Fleming and Zegwaard 2018).

The data was collected using an audio recorder after the participants granted permission. The recording was given to the supervisor and locked using the pin only the researcher and

supervisor can access for five years of safekeeping. Prior to conducting the data, permission was sought from relevant authorities. Moreover, the Municipal Manager of Ndwedwe Municipality granted the permission to conduct research and signed a gatekeepers' letter: see Appendix A.

3.11 Conclusion

Lune and Berg (2017) maintain that research is a meticulous method used to examine, investigate, and restructure theories, realities, and applications. This chapter provided and described the methodology and the design for the study. It began by giving the study's setting or background location, philosophically positioning qualitative research, and defining the research design. The study used a qualitative case study method, which by nature is interpretive. The study utilised two qualitative data collection methods: semi-structured interviews and observations. Another pertinent argument this chapter has presented is the summary of how data will be collected and analysed. The chapter offered validity, reliability, and ethical considerations, highlighting, and overcoming the study's limitations.

CHAPTER 4

Data Analysis and Interpretation

4.1 Introduction

In South Africa, rural and township retail trade environments have been dominated by informal, small businesses that offer essential products and services (Lighthelm, 2008). In the past decade, the economic landscape of rural areas has been transformed by the increasing emergence of formal retail points. This transformation has posed many opportunities, challenges, and threats, especially to the local economies of these areas (Tshabalala, 2007). The problem with these trends is that while this development's opportunities are good for economic growth and community development, the threats and challenges hamper an existing economic system. In Africa, when you destroy the informal economic sector, you are fidgeting with the livelihoods of black people (Manamela, 2015).

The objective of this chapter is to present a detailed discussion and presentation of the findings of this study. Therefore, this study's findings were evaluated concurrence with the literature review and theoretical framework discussed in previous chapters. Moreover, the study used thematic analysis as a framework for data analysis; these themes were developed in line with the study research questions. Braun and Clarke (2012:71) define thematic analysis as systematically identifying, organising, and offering insight into patterns of meaning (themes) across a dataset. In this qualitative study, interviews were used as the main instrument for data collection. A literature review relevant to this study was used to collaborate with and refute the empirical findings.

The chapter begins by providing an overview of the participants, the method of analysis, the thematic approach, and research themes, which are also categorised into sub-themes. This will be followed by discussing themes and sub-themes guided by a literature review and through the lens of the study's theoretical frameworks. The themes identified are interrelated with the aim of the study, which is to explore the impact of retail centre development on local economic development in Ndwedwe Municipality in KwaZulu-Natal. Hence, the main research question is whether big retailers can co-exist with small businesses at Ndwedwe Municipality; the following questions guide it:

1. What is the role of the retail centre in the local economic development of Ndwedwe Local Municipality?
2. How does retail centre development affect the local economic development?
3. How can retail centres' development contribute towards local government development?

4.1.1. Overview of Participants

Table 4.5.3 Main source of income in a household

Participant	Occupation	Source of income	
		Main	secondary
Participant 1	Street vendor	×	
Participant 2	Street vendor	×	
Participant 3	Street vendor	×	
Participant 4	Tuck shop owner	×	
Participant 5	Tuck shop owner	×	
Participant 6	Tuck shop owner	×	
Participant 7	Tuck shop owner	×	
Participant 8	Taxi driver	×	
Participant 9	Taxi owner	×	
Participant 10	Taxi owner		×

From the interviewed sample, 90% of the participants said small/informal business was their primary source of income. Therefore, this suggests that most of these participants solely depend on informal trading for employment and, secondly, their livelihoods depend on it. As a result, this study needed to understand how the establishment of the Boxer Centre impacted informal traders. For this, the researcher purposefully selected participants that trade informally to sustain their livelihood and provide for their families. As previously alluded, the informal sector in South Africa is dominated by black South Africans. When the informal sector is negatively affected, it mostly affects the marginalised community's well-being. Similarly, in this sample, 90% of the population depended on the informal sector for employment and, consequently, relied on the sector for income generation.

4.2 Method of Analysis

Pilot and Tatano Beck (2017:125) define data analysis as a systemic way of organising and synthesising data to establish qualitative data's meaning, structure, and order. Brink, Van de Walt, and Van Rensburg (2012:170) add to that by articulation, data analysis involves categorising and ordering manipulation, summarising, and describing data more meaningfully. According to Pilot and Tatano Beck (2017:125), qualitative data analysis refers to the rigorous and logical process in which data collected is given meaning. Therefore, the researchers must become familiar with the data (Brink et al. 2012:170). One of the most important things to note in data analysis is that researchers must always put aside their beliefs, thoughts, and experiences about the phenomenon. According to Pilot and Tatano Beck (2017:471), this process is called bracketing. Thus, the researcher ensured that her experiences, beliefs, and thoughts did not interfere with the study as she worked with participants.

4.3 Thematic Analysis

Thematic Analysis (TA) is a method of systematically identifying, organising, and offering insight into patterns of meaning across datasets (Bruke and Clarke, 2012:57). This method allows the researcher to make sense of participants shared or collective meanings and experiences. As a result, this method allowed the researcher to identify commonalities in respondents' experiences of formal retail development establishments. Thus, identify relevant and common views and experiences when answering the research questions.

The thematic analysis aims to give an understanding of the meaning that is derived from data on respondents' experiences. These experiences were related to participants' descriptions of their experiences in responding to the research questions mentioned above. Braun and Clarke (2012:70) maintain that thematic analysis aims to uncover the critical themes in the collected data. Not all data collected is relevant to the research questions and objectives. Thus, it is imperative for the researcher only to use the data that answer the researcher's questions and talks to the aim, literature, and theoretical framework of the study.

4.4. Emanation of themes

Theme 1: Challenges in the informal sector

- Sub-theme 1: Competition between formal and informal sectors,
- Sub-theme 2: Cannibalistic nature of formal businesses, and
- Sub-theme 3: Immigrants-owned small businesses

**Theme 2: Opportunities brought by the Boxer Centre establishment.**

- Sub-theme 1: Self-employment and
- Sub-theme 2: Youth unemployment reduction

**Theme 3: Rural development.**

- Sub-theme 1: Local Economic Development,
- Sub-theme 2: Infrastructural development,
- Sub-theme 3: Increased public transport and
- Sub-theme 4: Access to financial services

**Theme 4: Customer behaviour.**

4.5 Presentation of the results

This section examines how lucrative the small business environment has been since the entry of their larger competitor in Ndwedwe Municipality in the area. The participants' responses identified the following themes: challenges in the informal sector, opportunities brought by the Boxer Centre establishment, rural development, and customer behaviour. Within these four themes, five sub-themes emerged: competition between formal and informal sectors, cannibalistic nature of new formal retailers, immigrant-owned small businesses, Youth Unemployment reduction, Self-employment, increased public transport, local economic development, and infrastructural development. The following discusses these themes and sub-themes and their relevance to the research objectives, literature, and conceptual framework.

4.5.1 Challenges in the Informal Sector.

Before the establishment of the Boxer Centre, the informal sector had its pre-existing challenges. These challenges are not only prevalent in Ndwedwe Municipality but are common issues facing the informal sector in the country. The challenge faced by the informal sector is that workers need secure income (OECD, 2007). When asked, one of the participants articulated that it is normal for businesses to be inconsistent, especially in rural areas where most people wait for the social grant to have money. Another challenge the study showed was how informal businesses have yet to benefit from the centre. Mainly because there were high hopes that small businesses would not have to go to other cities to buy the stock when the centre would be established. Ortiz (2015) suggests that there is a massive co-dependence between the informal sector on the formal sector; similarly, Skinner and Hayson (2016) share the same sentiments and argue that the informal sector depends on the formal sector for goods.

Participant 3 said:

“I sell inyama yenhloko; the biggest challenge for me is that we only have Boxer Stores here, and we don’t have a butcher where we can go and buy my meet. It becomes an inconvenient when I must go to town and buy my stock. It would be much better if the centre had a place where I could go and re-stock”.

Another participant indicated that:

Participant 1: “The biggest challenge is that the centre does not have wholesales where I can go and buy my stock. I cannot buy anything from the Boxer Centre because I will not make any profit. It is so strenuous that I must go to town to stock”.

Findings from this study suggest that the centre does not contribute to the development of local businesses. The development needs wholesalers where small businesses can buy their stock. Thus, informal traders still need to go to town to re-stock because the centre offers goods and services at the same price as small businesses hence, formal, and informal enterprises cannot compete. These findings are similar to the study conducted by Masojada (2014). He argued that the development of malls in rural areas resulted in small spaza shops needing to compete with these supermarket chains because the big retailers do not cater for small businesses' needs rather than the communities. The study has discussed the top-down approach as an approach that has been criticised for neglecting other actors (in this case, small businesses) while its benefits only big/top actors (formal businesses).

4.5.1.1 Competition between formal retailing and informal sector.

Links et al. (2014) stressed that small businesses dominate rural areas. Thus, introducing formal businesses in these areas creates positive and negative competition between formal and informal enterprises. Property developers in South Africa argued that rural areas are economically untapped. Hence, they focus on developing retail centres in rural communities to open the economic pool that has been neglected for an extended period (Adanlawo and Vezi-Magibaba, 2021). As previously alluded to, amongst other impacts, establishing formal retail shops in rural areas aims to foster positive competition between and within the formal and informal sectors. When interviewed, some participants felt that competition from formal retailers is healthy and necessary for their businesses to succeed and for the communities. For competition to work, both formal and informal economic players need to be equipped to engage in a healthy competition.

Participant 5 maintained:

“The Boxer Centre and immigrant-owned shops have created much competition for us general dealers’ owners and street vendors. I sell alcohol, the centre has Boxer Liquor, and they often run specials. In instances like that, I do lose some business. But I have developed strategies to gain some of the lost business. For example, I know that boxer closes at a certain time. So, when they have these specials, I often close late to recover from the loss. I do believe that the competition brought by the centre is good. Competition is always good”.

When asked about how the need to increase operating public transportation for residents impacted the overall business operations, participant 9 added:

“The taxi industry is known as a competitive industry, and as the sector that deals with money there is so much competition. The centre has brought many customers for us. Before the centre, I remember we only transported people who were going to home affairs, police stations, clinics, schools, or SASSA offices. Those kinds of trips normally happen in the early morning. Now that people require transportation even during the day, competition has increased. The need for more taxis operating has also increased; every taxi owner wants to see their taxis on the road”.

Previous research has shown how competition can positively contribute to the livelihoods of small business owners and local economic development. Positively, the competition will lead

to expanding the market (retailing and transportation markets), more customer options and job opportunities (Aliber et al. 2013). With more people staying in rural areas, they must have options. Bringing new businesses into a community should mean more community members benefit directly or indirectly. Direct benefits refer to employment. Indirect opportunities refer to business opportunities for small businesses that result from infrastructural development, where small businesses can rent spaces near the centre.

In contrast, some participants felt their businesses needed to be bigger to handle competition from big retailers, especially street vendors.

Participant 1 included:

“My business is very small; I cannot afford a space, so I rent a table next to the centre instead. I decided to station my table here because I knew the busyness of this area. But I cannot lie and say I do not feel the competition between us street vendors and the Boxer store. Most of the time, customers prefer the Boxer Stores than to buy from my table.”

Participant 3 added:

“My business has been going well; however, even my regular customers sometimes prefer something different than the food I sell. They often go to Boxer or other guys offering fast food services. I see a change in customer preference when they choose between buying from me or going to Boxer Centre. I have been working on my place to be more hygienic to compete with other retailers, but that has been hard because I do not have a trailer.

Findings from this study suggest that formal retailers negatively affect small businesses. Street vendors have found it difficult to compete with and cope around big retailers. Madlala (2015) shares similar arguments and argues that in second-economy areas, introducing formal businesses creates competition that small businesses cannot handle. Researchers’ participatory observations also confirms the competition between formal and the informal sector. Which in the researcher’s point of view benefits the formal more than the informal. And this can lead to most informal businesses closing, as this has been a trend in South Africa. In contrast to these findings, the ILO (2021) argued that the informal retailing sector has some exploitive traits on the formal economy. The OECD (2007) similarly argues that when informal businesses are not

registered, they do not contribute to the mainstream economy. This causes unfairness in the formal sector, where businesses pay taxes and contribute to the community's local economy.

4.5.1.2 Cannibalistic Nature of new formal retailers.

The old taxi rank used to be the centre of small businesses before the establishment of the centre. That was where most local businesses were located; it is closer to the police station, Ndwedwe Hall, home affairs, flats, and education centre. With the establishment of the Boxer Centre, the taxi rank from this area had to move closer to the centre and the local clinic. This move left some spaza-shop owners with no business at the old taxi rank. Formal businesses in second-economy areas have been criticised for being one of the leading causes of the decline of informal enterprises. When asked about the impact the centre has had on their small businesses, this is what participants have to say:

Participant 6: "I have been operating at Ndwedwe Taxi Rank for over 20 years. There has been a drastic change that the centre brought. More especially, moving the main taxi rank closer to the Centre left us here at the old taxi rank with no business. We do not have customers as we used to because we lost most of our customers when the rank moved. This place is not as busy as it used to be."

Participant 7 maintained:

"I can say things were better before the centre for my business. This place has become quiet, no longer busy, and we have lost many customers. We used to have a taxi rank in this area; however, it was relocated to the centre when these developments were made. So, when the taxi rank relocated, did our customers. This place has become quiet ever since then".

Participant 9 added:

"As much as the business has been good, I am one of the taxi drivers forced to stay behind the old taxi rank. Because as much as most businesses have moved closer to the centre, some businesses were left behind. People still need transportation. I can fully say that though the centre brought new business ventures, it did mess with the businesses that did not find a place in the Centre's establishment. There are now few customers than we had before".

Participant 2 argued:

I sell towels, socks, chips, and sweets; most people come to my table and ask for the price, but they opt for Pep. I sell these towels at a lower price than Pep stores, but they still do not trust my products”.

This study looks at the informal sector and how it was impacted by formal retail development. The argument is, if retail centre development aims to uplift rural communities, how do communities’ benefit from it, and what are the communities’ roles and involvement? Radically changing the economic status of rural areas means enabling them to be among the key players in the mainstream economy. The South African experience of using the retail centre for radical rural development has been questionable. Findings from this study suggest that formal retailing in second-economy areas negatively affected local markets by taking them out of business or through unhealthy competition. Formal retail development aims to foster radical economic development. Buti (2015) argues that this development has been exploitative towards local markets rather than beneficial. He asserts that the problem is that these shopping malls work in favour of the white-owned conglomerates. He further outlines that these malls/centres have destroyed black businesses and replaced them with casualised labour or low-paying jobs that do not offer an improved standard of living.

Similarly, Lighthelm (2008:52) conducted a study on the impact of shopping malls on the township retail share market. The conclusion was that formal retail malls causes the demise of small local businesses. This is due to the change in customer behaviour where customers prefer buying from big retail establishments to small local retailers. These findings link with an international study by McArthur et al. (2016) in Poland; their study concluded that the introduction of big retailers is said to have resulted in the disappearance of traditional forms of trade in small towns and rural communities. Therein, it can be concluded that the cannibalistic nature of formal businesses in small businesses does not differ from a South African trend; some developed countries experience the same.

4.5.1.3 Immigrants-owned businesses.

Secondary data showed that South African rural areas had experienced an influx of immigrant-owned businesses. Ndwedwe Municipality is no different. There have been trends of an increase in immigrant-owned businesses in the area. One of the biggest challenges the researcher encountered was finding participants who were South Africans and who were

willing to take part in this study. Spaza shops and general dealers are now predominantly owned by people who are non-South Africans, and most of them refused to be part of this study.

The existence of immigrant-owned small businesses has caused some challenges for other small businesses. Hikam and Tengeh (2016) argue that South African-owned spaza shops have a limited distribution network, are low on capital and need a more comprehensive range of products. Secondary data presents several reasons why South African-owned spaza shops are failing to compete with immigrant-owned spaza shops:

1. Having a well effective network of distributors at a lower price,
2. A pool of capital, and
3. Bargaining power in negotiating discounts.

Participant 5 stressed:

“So many tuck-shops have either shut down or have immigrants take over. Most people I started my businesses alongside are no longer here, and they could not hold on to their businesses; they had to sell or shut down. I cannot speak for them, but running a small business in rural areas can be hard. Suppliers are too far, and goods have become increasingly expensive; making a profit and living out of it is difficult”.

Van Shceers (2010) maintain that there is unbearable competition between large-scale retailers, South African-owned spaza shops and immigrant-owned spaza shops. Immigrant entrepreneurs contribute to the economy by renting spaces for their businesses from the local people. Often, those landlords are South African people. Furthermore, they employ some community members because most do not speak the language used locally. So, they need to invest in someone that can. This, in turn, offers local people with employment opportunities.

Participant 2: Maintained

“We have too much competition, especially as street vendors, because not only do we have to compete with Boxer and Pep as big retailers, but we are also competing with immigrant-owned and small businesses. Many small businesses have shut down, and when they re-opened, they were not owned by South Africans”.

Participant 7 alluded:

“I do feel threatened by immigrant-owned businesses. I do not know their secret, and I do not know where to start making my business compete successfully”.

This study revealed that most South African small businesses cannot compete with immigrant-owned businesses. When asked about this, participants admitted that they feel a threat from immigrant-owned businesses because they manage to sell at lower prices, and they can stay afloat even when the business is down. The literature revealed the negative impact of immigrant-owned shops on local businesses and, most importantly, the South African economy. Some studies, however, show different results from those of this study.

There have been debates on the impact of immigrant-owned businesses on South African-owned businesses. A study done by Radipere and Dhliwayo (2014) of over 500 SMMEs in the Gauteng retail sector shows no significant difference between South African and immigrant-owned businesses. In contrast with the findings of this study, Callegan and Venter (2011) argue that in Johannesburg, South African retailers are more innovative than immigrant-owned businesses.

Competition between formal and informal sectors and the cannibalistic nature of new formal retailers; are all the impact of Boxer Centre on the local economy. The study has shown that the formal retail industry has negatively and positively impacted local markets. Even though competition has become a significant challenge in most small businesses, it has also served as motivation for these businesses to want to improve. However, it is crucial to note that competition remains a source of encouragement and does not have to result in the demise of neither the formal nor informal sector.

4.5.2 Opportunities

4.5.2.1 Self-Employment.

In 2007 the Organisation for Economic Co-Operation (OEC) researched the impact of the informal sector in creating job opportunities in developing countries. The survey concluded that 1.8 billion people in developing countries worked in the informal sector. Musara and Nieuwenhuizen (2019) projected that by 2020 the informal sector would employ two-thirds of the world's working population. Gamielien and van Niekerk (2017) argue that people are forced to become hawkers/street vendors or small business owners because there are limited opportunities in the formal sector of the South African economy. In second economy areas,

informal traders can position themselves next to formal retail facilities for good business (Skinner and Hayson, 2016).

Participant 4 maintained:

“With this Centre, I got the opportunity to open my salon. I completed my course in beauty, and I did not know how to get a decent job; when I heard they were renting spaces here, I thought I could try. My business has been doing well; I have a pool of customers because this place is frequented by many people who come here for different things...I do not have to worry about transport because taxis are right here; even when I am bringing new stock to my Salon, taxis are convenient for me. The centre benefits me and my business so well.”

Participant 3 said:

“I am originally from the Eastern Cape and run a small business selling inyama yenhloko. When I came to KZN, big cities were too much for me, and there were a lot of informal traders there. When I heard about Ndwedwe Village, I saw an opportunity for me to come and do my business. Not so many people were providing the services I provide, so I get a lot of customers, especially taxi drivers/owners.”

Findings from the study suggest that formal and informal sectors can co-exist, resulting in radical economic development. The centre came with an infrastructure that accommodated both formal and informal businesses to be close to one another. This is convenient to the customers because they can access formal and informal trading points in one place, moreover, get access to transportation all in one point. Transportation is crucial to this development since most people in second-economy areas depend on public transport. This finding is consistent with what Skinner and Haysom (2016) argued, that the formal and the informal sector (taxis and small businesses) cannot be separated; they cannot operate in an isolated, single system. With this, it is safe to conclude that the informal and the formal sector can co-exist for better economic growth. Dube et al. (2013) assets that formal and informal retail sectors are linked through mutual trade and exchanges between the two sectors. However, Skinner and Hayson (2016) state that more research is needed to interconnect formal and informal retail sectors.

In contrast with this finding is what Ortiz (2015) asserted, as he maintained that when informal businesses position themselves next to formal businesses, they create a co-dependence of informal traders to formal traders. This has been the case even in township areas, where

informal traders would locate themselves next to formal retail facilities for better business opportunities. This statement is further supported by Battersby and Payton (2014:158), who argued that the relationship between formal and informal retail sectors has been negative because of the dependence of informal businesses on formal businesses. When informal businesses are too dependent on the formal retail sector, this gives formal retailers the power to control pricing, thus, managing the sales, profit, and overall retail sector. Community development projects need to be sustainable. This development must be evaluated if the small business's success depends on big retailers.

4.5.2.2 Youth unemployment reduction.

In its way, the Centre created much direct employment but also brought about indirect self-employment for some residents in Ndwedwe Municipality. Skinner and Haysom (2016) commend the informal sector for being an income-generating opportunity and dealing with most socio-economic issues. Rogerson (2016) Shares the same sentiments as Skinner and Haysom (2016) when he posits that the informal economic sector, for many years, has been a significant engine for employment, economic growth, and entrepreneurship opportunities for many developing countries. The formal retail centre has been commanded for being an entry-level job opportunity for the youth of South Africa for many years.

Participant 3 explained:

“Coming from the Eastern Cape province, I did not know I would find so many young people engaging as informal traders; yes, this place is not as big as the city. But it makes me happy that it opened doors for young people”.

Participant 4 added:

“I believe that if it were not for this centre, my business would not be operating at this rate; there are many customers here instead of the old taxi rank. Moreover, I see a change in the demographics because only older women previously engaged in informal trading. But now, the youth is slowly getting involved. My grandmother used to be a street vendor here, and that's how I also learned how to trade, and I did observe that the youth does not like to do these kinds of jobs. But now things are slowly changing.”

Participant 8 Said:

“The centre has been beneficial to us as taxi owners. More of our taxis operate now because there is now a local route. That also equals more job opportunities for our people because we are required to hire more drivers.”

30 % of the participants eluded how, even though it's on a small scale, the centre has created job opportunities for young people in the area. Findings from this study show how the centre's development indirectly opened opportunities for young business owners, who otherwise would not have this opportunity without this development. The retail sector has been argued to be an entry-level job for most young South Africans. However, not only has the sector created direct employment for the local community. But also, it has created an environment where most young people can create employment opportunities for themselves.

Moreover, findings from this study suggest that the role of the formal retail centre in the local economy of Ndwedwe Municipality is to create direct and indirect job opportunities for the local people. For the centre's daily operation, many people are employed as cashiers, cleaners, security guides, store managers, etc. These people are from Ndwedwe Municipality. The centre has also resulted in healthy competition between businesses, expanding the choice of shopping, decreasing travelling costs, increasing infrastructural development, and providing banking services to the community. Moreover, the centre has resulted in several new emerging small/informal businesses and people who are now self-employed. These businesses range from salons, food kiosks, spaza shops etc. The informal sector is the backbone of the local economy of Ndwedwe Municipality.

4.5.3 Rural Development.

Berdegue et al. (2014) define *rural transformation* as "a process of comprehensive societal change whereby the rural societies diversify their economies and reduce their reliance on agriculture. Moreover, rural communities will become independent from distant places to trade, acquire goods, services, and ideas, and become more like large urban agglomerations. Notably, rural development strategies do not automatically lead to a rapid reduction in rural poverty, and the inclusion of local people does not happen rapidly/automatically (Berdegue et al. 2014).

Participant 9 maintained:

“I see much change in our community. Ndwedwe Village has now become the central business hub. Before the Centre, it was just the clinics, community hall, police station etc. The centre has brought more community economic engagement; we transport more

people who come here to buy every day, which means more business for us. Things are not the same as before, when our business will only be busy in the morning and the afternoons.”

Participant 8 added:

“I have worked in transportation in this area for more than 16 years and transport many people daily. I have noticed many changes in our community, the roads, formal shops, private health practitioners and banks. What we appreciate the most as taxi drivers is better road conditions. Not to say that the roads are now perfect, but they are better. When the centre was established, there were so many huge trucks coming in and out of Ndwedwe, that taxi drivers collaborated with the centre to complain about the conditions. In 2021 we saw the changes in our main road Ndwedwe p100.”

Participant 10 argued:

“I would say that the centre has brought a lot of positive things in our community as far as development is concerned. Most of the community members are working now. I do however think there is a lot that must be done.”

Findings indicate that the centre has resulted in rural development by hiring more people from the area, increased economic activities, infrastructural development, and social balance. Philip and Pitman (2015) argue that social and economic development are interrelated; when more people work, less people depend on the government for social support. In community development, everything is done to improve the quality of life. Rural development thus fosters economic growth and social justice and enhances the standard of living for the local people.

When the economy of a local community is developed, the people's livelihoods are sustained and maintained, resulting in social development. Hence, for the most part, rural development seeks to increase opportunities for all rural people concerning job opportunities and income generation, among others.

4.5.3.1 Local economic development.

Gumede (2019) asserts in rural areas, particularly the informal sector, have been the backbone of LED. Property developers have recognised rural and township areas as untapped middle and low-income markets. These developers emphasised creating a sustainable competitive environment for the formal and informal sectors. And as such have explored opportunities to

build shopping malls and centres in and around South Africa's rural and township areas. If well managed, Tustin and Strydom (2006) believe that the coexistence of formal and informal businesses in rural areas can revitalise the economy and increase customer shopping choices and infrastructural development. If not, the development can be neither transformative, radical, nor developmental.

Participant 3 stressed:

“Compared to the rural areas I come from (the Eastern Cape), I see much development. My village does not have some facilities, such as banks. This is to the point that most people do not have bank accounts. In the short period I have been trading in this area, I do see some growth, even though it is at a slow pace, and, when compared to big cities, it is not of high class. But to us residents, it is a step in the right direction”.

Participant 5 added:

“I have been running a bottle store for more than 25 years, and there have been many changes that I have experienced. Part of it is seeing how different our roads are and the infrastructural development; for example, before, this community only had a clinic, but now there is a private doctor next to Boxer Centre... We have cleaner public toilets; I hope more stores are brought into this centre.”

Findings suggest that formal retailers bring about local economic development. Due to previous discussions, LED is one of the strategic tools for local municipalities to adhere to their developmental duties. The role of the Government is to create an environment where businesses can thrive. Responses from these participants suggest that despite the challenges faced by the informal sector when competing with formal retailers, formal retailers positively impact the local economy.

4.5.3.2 Infrastructural development

Retail development is inextricably linked with infrastructural development. The Department of Rural Development and Land Reform seeks to ensure that people in rural areas enjoy the same benefits as those in urban areas (Gauteng Department of Economic Development, 2014). This means the department needs to ensure that land development in rural is done in a way that revitalises rural communities. Infrastructural development is thus the foundation of the revitalisation of rural and township areas (Adatia, 2010). It is also necessary for economic

development of these areas. Retail centre development in Ndwedwe Municipality resulted in infrastructural development, which included roads, business hubs, banking points etc. Road infrastructure was necessary for this development to be sustainable because there now will be more goods that will be going into the community.

Participant 8 stressed:

“Before this centre, our roads were not prioritised; there were so many potholes, no humps, and road lines were not visible. As a taxi driver, I am on the road on the daily bases. There has been some improvement in the road conditions, but a lot needs to be done. More road infrastructure is needed; we cannot drive our taxis on gravel; I believe the taxi industry in this area will experience more growth with better road infrastructure”.

With retail development, it meant goods would be couriered in and out of the centre. Thus, the municipality needed to ensure good road conditions to attract more investors. Participants weighed in and maintained that there is still much to be done regarding physical infrastructure.

Participant 5 said:

“I have not heard my supplier complain about bad road conditions for quite some time. They often complained about the bad road conditions, claiming they could break some of the stock (Beer bottles). I cannot say for sure, but I would say that these may be some of the changes that I think have been brought by the centre. Roads are now well kept because big retail trucks use these this road (Ndwedwe p100)”.

Participants who operate near the Boxer Centre maintained that they are now better infrastructure than they had before. They have been provided with safe and conducive spaces for business. Masutha and Rogerson (2014) argue that attempts to revitalise rural communities we have created jobs and, at the same time, absorbed the available labour pool. This also means fewer people will migrate to other cities for employment.

Participant 4: “...the fact that Ndwedwe Village has such spaces for us to rent for our businesses makes things much better. It wasn't easy to work in a tent, especially in summer, because of the rain. Before renting this space, when there were heavy rains, I was forced to go home, which meant I would not reach my daily profit target, which was not good for my business.

Participant 6 alluded:

“Before this, I used to sell on the street. Rainy days were challenging for us as street hawkers. However, now I can say I can run my business regardless of the weather or season”.

Findings from this study suggest that the centre brought about physical infrastructure development, which includes roads, buildings, and taxi ranks terminals. This finding is concurrent with what has been previously alluded, that retail development plans often come with a lot of physical capital development. For community developers to say a community is developed, one of the features they pay attention to is physical development. Developed countries have well-established physical infrastructure.

4.5.2.3 Increased public transport.

The IDP of Ndwedwe Municipality shows that the public transportation industry contributes about 5.9% to the local economy (Ndwedwe IDP, 2022). As previously alluded, the informal sector dominates the economy of rural areas. The public transport industry often complements the informal sector with taxis and buses. Hawkers need proper infrastructure; thus, they must find convenient locations to conduct their businesses daily (GamieldienI and NiekerkI, 2017). In the study by GamieldienI and NiekerkI, (2017), street vendors have alluded that *“If there are no taxis, they can’t survive”*. This shows how the public transport sector is essential for the survival of the small and informal sectors. When asked, participants in this study also had a similar experience. They felt that their jobs are depended on the well-functioning public transport industry.

Participants in this study said.

Participant 1: “We depend on the taxi rank for customers; while waiting for a taxi to load fully, customers buy snacks, such as fruits, from us. Every street vendor wants to be closer to the taxis because that is where the business is. A person can forget to buy something from the shop; they can alternatively buy from me because I am a convenient choice for that moment.”

Another participant added:

Participant 9: “Before the centre, Zamukulungisa taxi association only had taxes commuting from Ndwedwe to Verulam. After careful deliberations, the association saw

increasing taxes and adding transportation for residents fits since most of them will not be commuting to Verulam, but rather within the community”.

Findings from the study suggest that The Boxer Centre’s establishment increased the number of people who would commute to-and-from Ndwedwe Village, the central business hub of Ndwedwe Municipality. This meant public transport in this area must also increase. From the researcher’s participatory observations, the findings suggest an increase and well-functioning public transport service from the Zamukulungisa taxi association. In rural areas, most people depend on public transport for their everyday lives. With more people employed in the centre and more customers commuting in and out of these centres, there must be adequate public transport. This now means that not only is the informal sector dependent on the public transport sector, but also the formal sector, for its survival, does depend on well-organised and functioning public transport.

The findings are consistent with Molobela (2014), who emphasises the importance of considering taxi operators /owners as small businesses. The taxi industry forms part of the informal sector and complements small/informal and formal businesses (Molobela, 2021). Thus, formal, informal traders and the taxi industry cannot be separated in second economy areas because they complement each other. The IDP Of Ndwedwe Municipality also recognises the taxi industry as one of the sectors contributing to the local economy by creating job opportunities. GamieldienI and NiekerkI, (2017) maintain that diversifying the business environment is a prerequisite. Rural areas have been known for agriculture as the leading sector of employment. Currently, Ndwedwe 2017-2021 IDP still shows that the agricultural sector employs more people than the other sectors in the community. Hence, the taxi industry, spaza shops, and street vendors are essential in diversifying the economy. Moreover, in the same spirit of diversifying the economy, the formal retailing industry in rural areas is also important because these areas have been dominated by informal businesses for a long time. Thus, formal retailing points serve the same role of diversifying the local economy.

Participant 8 Said:

“You can never separate the taxi industry from the informal sector. Those two needs each other to survive. Over the years, our mothers and sisters who cook here at the rank have been a great help to us because they fed us. And we were also able to bring more customers to them”.

In second economy areas, the informal economic sector mainly comprises small businesses, agriculture, and the taxi industry. When these small businesses and the taxi industry come together, argued Molobela (2021), associations, owners, and drivers ensure (directly or indirectly) that their daily customers buy from surrounding small businesses.

Findings from this study suggest that when the taxi rank had to move closer to the Boxer centre, the businesses that did not move with the rank lost their customers. The location of these businesses was no longer lucrative. Thus, the livelihoods of these traders are no longer sustainable. The businessmen and women depended on the taxi rank for customers and for income generation. While people were still waiting for the taxi to load fully, they could grab snacks and cold drinks from these men and women, which is how they did their business. It was even better on pension and grant day because more people would commute by taxi.

4.5.3.4 Access to Financial Services



Source: Nonkazimulo Magwaza

Access to financial services is vital for businesses and the community at large. Communities in rural areas often have very few available banking options; Ndwedwe is the same. While people in urban areas can enjoy banking services such as the digital economy, cashless/cardless payments, and financial inclusion, people in rural areas still need help with essential financial services. The ILO (2021) stresses that rural communities remain unserved with banking/financial services; meanwhile, they are the group that needs it most. Boxer Centre has provided that for the community, its local people, businesspeople, and the local economic development of the area. Before the centre, participants said they needed to go to the nearest town (Verulam) to access their money. As businesspeople accessing financial/banking services is of utmost importance.

Participant 5:

“We deal with money daily, no matter how small our businesses are. Because we did not have any banks near us, we took the money home. This is unsafe and bad for business because it makes it hard to keep track of the money; thus, we cannot keep track of the business progress”.

Participant 4 added:

“Yes, the Boxer stores, ATMs, and others were not previously there, but more investors are needed, and more spaces must be made available for local communities.”

Financial services are essential for the economy, where money is moved around. The fact that Ndwedwe Village previously did not have banks and ATMs, that crippled local businesses.

Participant 1 stressed:

“Before we had banks, customers would have an issue with not having enough money, but now we can easily direct them to the ATMs so they can come back a buy from us; this has been convenient.

Participant 3 maintained:

“What is nice for us who do not have speed points is that customers can no longer claim they do not have cash because we can easily point the to the ATMs, and they come back and buy.”

The ILO's (2021) report has shown that traditionally formal banking institutions have failed or avoided offering sustainable services to rural communities. This has affected the communities, and small and informal businesses, which have been the backbone of rural communities' economy. Study findings indicate that the centre has brought financial services closer to the communities. Participants felt they no longer worry about how to bank their money because they have banks nearby. Financial institutions in rural areas are thus essential and cannot be separated from retail development. Financial institutions (Banks, ATMs, and other financial institutions) are significant for economic development and economic growth; the likes of Adam Smith and David Landes emphasise the importance of economic institutions for growth in economic development.

The rural development theme responds to the "How retail centres development can contribute towards local economic development in the community of Ndwedwe Local Municipality" research question. Pro-markets LED is a top-down approach to community development for developing local economies. Though it is the least used strategy in community development, it is a tool that local Municipalities use to develop communities Rogerson (2008). Thus, through pro-market LED and other top-down approaches, the government can play its role in economic development, such as recruiting and retaining investments.

It has been previously argued that the role of the government is not job creation but to ensure that it creates an environment where businesses can be sustainable (Evbomwan and Mrwebi, 2017). In this case, through retail centre development, the government needs to ensure that Ndwedwe's environment can attract investments. That can be done through physical infrastructural development, safety measure, and ensuring that the Ndwedwe business hub is conducive. With retail development, property developers aimed at creating sustainable competition between the formal and informal sectors.

4.5.4 Theme 4: Customer Behaviour

Previous research has shown that formal retailing has some impact on customer behaviour. Research findings from the DEMACON study have shown that there are, in fact, impacts of formal retailing on customer behaviour. This study showed that more customers are now buying locally, which means less travel time and costs. The research aimed not to study customer behaviour; however, the researcher needed to observe it because customers are an integral part of the retailing process. Based on previous studies similar to this one, where customer behaviour was thoroughly observed and studied, the reasons for customer change in

behaviour were crystallly outlined. Previous studies have shown that customer behaviour changes due to formal retail centres providing a safe and secure place to shop for local communities. From participatory observations, some participants did mention that customers prefer buying from Boxer then from street vendors. Similar to these findings, this is what some of the participants had to say:

Participant 1 argued:

“I have been selling fruit for a long time. I had a table in Verulam and moved here because of the travelling cost. It is no secret that people do not trust what we sell; customers would rather go to a formal establishment than buy from me. However, I believe we have come a long way in making ourselves and our products hygienic and worthy of buying. Business is all about customer attraction”.

Participant 3: added:

“I have seen a drastic change in customer behaviour, nurses and police used to grab snacks from me to-and-fro work, but they do not frequent my table as before, though they sometimes buy from me. However, I can certainly say that they buy more now from the formal retailer than from my table”.

Findings indicated that there is indeed a change in customer behaviour that favours formal retailers over informal/small businesses. This links back to the previous theme that indicates that formal retailers in co-existence with informal businesses tend to be cannibalistic. Previous research has also revealed that people anywhere in the country want access to good quality and affordable goods and services.



Source: Nonkazimulo Magwaza

The IDP of Ndwedwe Municipality states that most of its population depend on pension, child support and disability grant from the government. The above image was taken on the 6th of September 2022, the child supports social grant payment day. This date was chosen because it is one of the busiest days for trading. After all, that's when most community members collect their great support. The researcher observed a balance distribution of customers between formal and informal retailers. Due to an increased influx of people during child support social grants, customers go to small traders to avoid long lines at the centre. In contrast with the previous participants, some have noticed the benefits of being next to formal retailers.

Participant 1 stressed:

“During this time of the month, it gets busy for us. Most people do not like standing in long queues; they often use us street hawkers because I think we are convenient for them”.

Another participant added:

Participant 3: “Taxi drivers normally buy my food (Nyama Yenhloko), but I get more customers during this time. People often say they don't want to wait in the queues, whereas they are just getting something to bite only and head wherever they are going. I always try to have more meat than I usually do”.

Other similar studies have shown how beneficial it is for small businesses to be located near big retailers. The biggest reason for this is that it allows both sectors to share customers. McArthur (2016) shares the same sentiments, maintaining that the co-existence of formal and informal retailers offers a wide range of choices regarding goods, services, and retail points. Even though formal retailers pose some threats to small businesses, it can be concluded that there are some positive aspects to it, such as attracting customers for both formal and informal businesses. Radical economic development emphasises uplifting the economic stance of those excluded from the mainstream economy. This finding suggests that there are occasions where the formal sector attracts more customers, leading to businesses close to the centre benefiting from those customers. Thus, balancing the benefits between the two sectors.

4.6 Conclusion

This chapter has presented data presentation, analysis, and study discussions. The literature review done in Chapter 2 presented two viewpoints on how community development scholars view retail-based community development. Philip (2002) maintained that it is overlooked and has negative and positive impacts, especially on existing markets. These impacts were also prevalent in this study. Themes such as the competitive nature of formal retailing, employment opportunities and cannibalistic nature of formal retailers and rural development are all the impacts of retail centres on local markets of Ndwedwe centre. LED in this study is discussed as the role of local government. The South African government has adopted this policy framework to try and empower second economy areas. As much as this framework is positive for our communities, it still does not benefit the community because people who still get to make the decisions are not local people on the ground. People who invest, especially in these retail establishments, are not local people. Community development is based on the ethos that communities must oversee their development and that they should make the decisions and not have them made on their behalf.

CHAPTER 5

Discussion of Results

5.1 Introduction

The study's primary purpose was to explore the impact of retail centre development on local economic development at Ndwedwe Municipality, iLembe district in KwaZulu-Natal. Philip (2002) maintains that retail-based development in the community development field needs to be addressed as a strategy for economic growth. And as such, the role and significance of retail-based development in community development still need to be discovered. Moreover, rural and township areas are known as areas dominated by the informal economy. This study thus seeks to understand the relationship between the formal and informal economic sectors at Ndwedwe Municipality. The significance/importance of this study is that the informal sector employs many people in South Africa. In 2020, about 4.8 million of the South African population were informal traders.

The previous chapter (4) analysed the data collected at Ndwedwe Municipality Ward 15. In this study, data collection tools were semi-structured interviews and observations. This chapter thus summarises the findings discussed in Chapter 4 and then makes recommendations to relevant policy makers and other stakeholders such as investors and informal traders. Given that there is limited research on this topic in rural areas, the study does not seek to offer a definitive position.

Furthermore, the qualitative method used in this research does not allow the findings of this study to be generalised. Therefore, the results of this study are merely indicative. The chapter will start with a summary of the findings (as discussed in Chapter 4). To be more meaningful, the study findings will be discussed and compared with other studies like this one that were previously conducted. The chapter will further discuss concluding statements, recommendations, a brief purpose of the study and further research based on the study findings and limitations. The empirical evidence outlined in Chapter 4 helped to achieve the following objectives:

1. To explore the role of retail centres in local economic development at Ndwedwe Local Municipality.
2. To assess the impact of retail centres' development on local economic development.
3. To recommend how retail centres' development can contribute to local government community development.

The study begins by discussing each theme identified in the previous chapter and compares the themes/findings with previous work done by other researchers. The study results/findings are categorised and linked with the objectives and the theoretical framework.

The themes identified in Chapter 4 are as follows:

1. Challenges in the informal sector,
2. Opportunities brought by the Boxer Centre establishment,
3. Rural development, and
4. Customer Behaviour

5.2. Summary of key findings from primary research.

Objective 1

The following findings address objective 1, which *explores retail centres' role in local economic development at Ndwedwe Local Municipality.*

5.2.1 Finding 1: More youth of Ndwedwe engaging in miniature/informal trading.

The first objective is to explore the centre's role through what the participants have experienced and observed since they are traders and reside in the area. Findings suggested that the centre has, directly and indirectly, employed people from the community (See Chapter 4 sub-section 4.5.2.2). At first, the people who built the centre were from the community. Secondly, the centre has directly hired cashiers, cleaners, security etc., for its daily functioning. Moreover, the centre brought spaces that could be rented for business and made available to local traders. This has evoked a trend where the youth is now seen engaging in the economy as small business owners. The findings have shown that young people in the area have now opened their small businesses around the centre. The centre attracts customers, thus benefiting small businesses around it.

Consequently, findings suggest that the youth has diversified trading techniques. Online sales are commonly made in big cities. With the centre now offering spaces where the community can rent and do business, more young people are interested in starting small businesses. This, according to Masuku and Nzewi (2021), is a result of the high unemployment rate in South Africa, and more young people are resorting to informal trading because of a lack of job opportunities. For this reason, small businesses are an integral part of radical economic development because they are the backbone of the economy in rural areas; (Mason et al. 2017) argue that the retail sector has entry-level job opportunities for the young and inexperienced

youth of the country. Hence, local government should prioritise developing small and informal businesses to compete economically with formal businesses. Chen (2012) maintains that in sub-Saharan Africa, the informal sector provides income and sustainable employment for many poor people.

5.2.2 Finding 2: Increased infrastructural development.

Ndwedwe Ward 15 is the business hub of Ndwedwe municipality, with community halls, police stations, an education centre, a clinic, flats, home affairs, taxi rants, and a college. All these contribute to the infrastructural development of the area. Boxer Centre is an addition to this development. Previous studies argue that the local government must maintain the infrastructure and attract more investors through these retail centres. For Ndwedwe municipality, the centre means more goods will be transported in and out of the community. Thus, the road, for example, must be in condition for trucks to commute in and out. Good physical infrastructure attracts investors; thus, it is in the local government best interest to keep the road and other physical infrastructure in good conditions. The centre has directly or indirectly resulted in more infrastructural development, as there is a demand of such for sustainable economic growth.

When asked about the centre's impact on overall economic development, though there are some shortfalls, some participants felt a slight growth in infrastructure (refer to Chapter 4.5.3.2). Even though small businesses still get stock supplies outside of Ndwedwe, they reckon supplies are now satisfied with the road conditions when delivering stock. Before the centre was built, the municipality ignored road maintenance. However, the roads have been maintained for the past few years, making it easy for small businesses to keep their relationships with suppliers. This finding is similar to what Panigrahi (2018) argues; it is the government's role to maximise investment through physical infrastructural development. The findings were that the increased infrastructure investment/ development is directly proportional to the sustainable growth of the retail sector (both formal and informal).

5.2.3 Finding 3: Increased public transportation.

Another impact of establishing the Boxer Centre at Ndwedwe Municipality was increased public transportation. Molobela (2021) stated that retail development and the taxi industry are interdependent on informal businesses in the township and rural areas. This was also evident in this study, where the findings (See Chapter 4, sub-heading 4.5.2.3) concluded that the informal and taxi associations work hand in hand. Moreover, study findings show that formal retailers in rural areas also depend on public transportation. The retail industry depends on public transit

to bring customers in and out of their retail points. At the same time, the taxi industry gains business through providing this service.

In the study's literature review, it was apparent that shopping centre establishments in rural and township areas depend on public transportation to bring the community to the retailing points. Tustin and Strydom (2006) maintain that it is essential to provide public transportation when developing towns/cities in rural areas because most people depend on it. Now that the community has the choice and access to goods and services close by, they need transportation to access these services. Providing transportation does not only help the community, but it also enables the transportation sector to grow and create more employment.

5.2.4 Finding 4: Local Economic Development as an Outcome.

Local economic development is a term used primarily for community development, maintaining that community development and economic development are interconnected. Thus, for community development to occur, (Philip and Pitman, 2015:66) emphasise that the economy needs to grow. As such, attempts to develop communities aim to improve residents' quality of life. Thus, in community development, the financial well-being of residents is vital. Study findings suggest that the Boxer Centre seeks to improve the quality of life for the local community through direct employment, different range of goods and services, better physical infrastructure, and social development. Study findings are consistent with Masuku and Nwezi's (2021) arguments that communities must be able to access food and other goods and services within the context of their stable environment, with reasonable prices and not have to travel long distances for access. This was important during covid-19 national shutdown when people needed to buy locally because of travel restrictions.

Moreover, this development has offered employment to the youth of Ndwedwe Municipality; one can conclude that it has positively impacted the community. Findings suggest that more youth of Ndwedwe Municipality engage in informal trading. On the other hand, others are directly employed by the centre, thus, resulting in decreased youth unemployment rates (See Chapter 4 sub-section 4.5.3.1). Nevertheless, the researcher argues that even with this employment, people employed directly or indirectly by the centre still live below the poverty line. They cannot take their children to better schools, have no access to private health care, depend on the government for basic needs etc.

Similarly, Shragge (2026) argue that the issue with pro-market local economic development is that it radically fails to develop poor people. The whole point of economic emancipation is that

people are free from dependence on government for support. Hence, If the employment from the retail centre fails to get people out of this dependency, it can be concluded that it has failed to meet its mandate.

The constitution of South Africa encourages municipalities or local governments to play a leading role in creating employment and reducing poverty. Meyer (2014) thus offers a clear argument for the role of our local municipalities in economic development. He argues that local municipalities do not have the underlying role of creating jobs. However, they are responsible for ensuring that they create a lucrative environment for economic development. Study findings did indicate that through Boxer Centre, the Municipality does offer spaces for the local informal traders to rent the spaces and conduct their businesses, for example, salons, kiosks, hawkers, etc. Meyer (2014) further outlines that the local government has an overarching role of providing an enabling environment where all its residents and businesses prosper through local economic development strategies. Thus, the primary role is creating an environment conducive for thriving and surviving businesses, which ultimately creates jobs, alleviates poverty, and improves local communities' living standards.

In contrast, study findings also reveal the centre's negative impacts on the local economy despite its positive contribution. Findings suggest that even though the local municipality has provided decent places to trade for the informal traders, these attempts did not benefit most informal traders. Moving the taxi rank closer to the centre created a loss of business for some informal traders, including street vendors, general dealers, and taxi drivers (See Chapter 4, sub-section 4.5.3.2).

The question is, has the local government achieved its constitutional role by bringing the Boxer Centre? Some Participants felt the local municipality achieved its role, making the environment favourable for small and informal businesses (refer to Chapter 4 sub-section 4.5.2). However, they may be challenges that they are faced. However, other participants said the municipality failed to meet its role, that the centre had created employment opportunities for the unemployed (youth); older businesses, however, have suffered and need help adapting.

Objective 2

5.2.5 Finding 5: Competition as a challenge between formal and informal traders.

The following findings talk to the study's objective 2, which is to *assess the impact of retail centre development on local economic development*. Three arguments on competition in the

retailing sector emerged from this study. The first one is that, before the centre was built at Ndwedwe Municipality, there was already some competition among street vendors and other small business owners. However, participants felt that competition was healthy because, business-wise, they were all on the same level (See Chapter 4, sub-section 4.5.1.1). These findings are similar to what Bresser (2012) argued, that competition in business is regular and essential for businesses to succeed.

The second argument was a sensitive issue for South African spaza shops and street hawkers, that foreign nationals now own most spazas in rural and township areas. According to the study's participants, this has created massive competition between, South African and non-South African retailers. This competition can result from pricing, products or services offered, location, people (customers and workers) etc. What was gathered in this study is that competition within small businesses resulted from location, services/products, and pricing (See Chapter 4, sub-section 4.5.1.3). These findings are similar to what Ngcobo (2017) maintained, that the existence of foreign-owned shops has contributed to the demise of South African spaza shops in township and rural areas. Even when asked about competition with foreign nationals about different prices, the participants did not have a reason why they do not sell products at the same rates as non-South Africans. The Youth Chamber of Commerce research showed that foreigners have organised themselves to buy in bulk and sell goods at prices that are difficult to compete with.

Ngcobo (2017) has similar arguments; he maintained that immigrant owned spaza shops had caused a decline in South African-owned shops in rural and township areas. This thus resulted in hundreds of people losing their source of income. In this study, 90% of the population sample said informal trading is their primary source of employment. When the centre and new taxi rank opened, this competition was perpetuated when now informal traders were all competing for spaces close to the centre and the rank.

The third argument on competition was the competition between formal and informal businesses. As discussed in the previous chapter, local governments are not tasked with creating job opportunities. But they are instead creating an environment that favours healthy competition and allows businesses to succeed. The competition between formal and informal traders is the most significant one. Radical economist also advocates this competition, that for the locality's economy to boom, the environment must allow the businesses to compete. However, in rural and township areas, Ngcobo (2017) has asserted that the changes brought to

both the township and rural areas have made smaller shops unable to compete with the changes in the markets.

Competition between and within the formal and informal sectors is imperative for economic development. However, if not done correctly, it could lead to the demise of either one of the sectors. In previous studies similar to this one, shows that formal businesses have led to the failure of small businesses. This is problematic because studies have shown that the formal sector alone cannot provide adequate employment for the whole community. Thus, the informal sector is a crucial alternative for who find it difficult getting employment in formal retailing or anywhere else.

5.2.6 Finding 6: Formal businesses taking informal traders out of business.

The study findings revealed that the establishment of the Boxer Centre took some business away from the local people (refer to Chapter 4 sub-section 4.5.1.2). The participants that traded near the old taxi rank felt the centre's establishment was good for the community. It, however, impacted their businesses negatively because they needed the customer pool. The Delft case study conducted in Cape Town indicated that the emergence of the Shoprite/Checkers (and other formal retailers) environment favoured the formal sector more than informal businesses (Liedeman et al. 2013).

Community development is all about improving residents' quality of life and not crippling it. Most traders in this study do not have any sources of employment besides being hawkers. This means that their livelihoods were affected tremendously by establishing the centre because their businesses were no longer lucrative. When the livelihoods of the individuals that are the backbone of the local economy are threatened, this means that this development is no longer serving its role, which is providing healthy competition.

The study looked at the two major contributors to the local economy of Ndwedwe Municipality: the informal sector consists of spazz shops, general dealers, street hawkers, and the public transportation industry. These two sectors were the ones which were directly impacted by the emergence of the Boxer retail centre. The first impact was the centre's unhealthy competition with the informal sector. When the two sectors competed for customers and services, it went to a point where the customers preferred the formal centre and abandoned the informal businesses they had depended on for many years.

The positive effect of this competition is that in the business arena, competition is necessary to keep the economy alive. When businesses compete for services and customers, their survival and quality improve because every business is fighting to stay afloat. Different from when there is no competition and a variety of goods and services, the community needs a chance to choose which service is better for them.

5.2.7 Finding 7: Change in customer behaviour.

Previous studies that have been conducted on similar studies, for example, the DEMACON study, have shown that the development of formal retailers results in a change in customer behaviour. Where customers prefer to buy from the ceremonial centres. Customers are the controlling factor between formal and informal traders because they are the consumers of services and products offered; the change in this control factor shifts the business trends. One of the study's objectives was to assess how the local economy has been affected by retail development. The study's findings suggest that most participants have experienced a change in customer behaviour, where the community prefers buying from formal retailers more than they usually buy from the street hawkers or local spaza shops (refer to Chapter 4 sub-section 4.5.4).

As alluded to in Chapter 4 (sub-section 4.5.1.2), when participants were asked about the centre's impact on the small businesses in Ward 15. Findings suggest that traders in the old taxi rank now struggle with attracting and maintaining customers. As many businesses moved to be closer to the centre, so did the customers. Findings suggest that customers are more likely to choose to buy from formal retail points than informal traders. Previous studies suggest that hygiene, convenience, and trust lead to customer change in behaviour and opt to buy from formal retailers.

5.3 Concluding Statements

Retail development is more than just for food security, clothes or point of purchasing goods and services. But there also serve the social purpose of community building, social relations, potential health effects and meet-up points for different individuals. Thus, further development on the phenomenon is needed, especially for its role of building relations. Most business deals for this current generation are done in clubs, restaurants and not board meetings. And that is radical economic transformation: bringing facilities closer to the people, eliminating migration, and improving the standard of living of residents.

The study concludes that the informal sector has been the source of innovation for many years, given that it has been an alternative way of creating employment for those who did not qualify for any other. Economic transformation is also rooted in innovation. This is echoed by Masuku and Nzewi (2021) when they argue that informal businesses are an innovative and alternative way of income generation and an element of grass root development. The study also concluded that formal and informal sectors compete for the same resources and customers. This finding is also relevant to Mcgahan (2012) when he said that formal and informal businesses compete for the same customers and resources, resulting in negative and positive impacts on businesses and the economy, consequently, the livelihoods of specific individuals.

Pro-market Local Economic Development is a term used in community development to describe economic growth through business/market-led strategies for economic development. This study has concluded that this approach to economic and community development has been both developmental and non-developmental. The developmental part is that the municipality has created employment directly for the youth through Boxer Centre. Boxer has managed to hire the youth for the day-to-day functioning of the centre. It has also provided an opportunity for an increase in taxi operations in this community because most people in rural areas depend on public transportation to commute in and out of towns and cities. This development has also increased physical capital infrastructures, such as road infrastructure, proper business rental points and banking services.

5.4 Recommendations.

The third objective was to make *recommendations on how retail centre development can contribute towards local government development in the community of Ndwedwe Municipality*. As discussed in the literature review and Chapter 4, the local government has an imperative role of first creating an environment where businesses can thrive in the locality. Secondly is to attract these businesses for investments and thirdly to retain these businesses. These investments contribute to the local economy through businesses paying rent and bills for water and electricity. Thus, Ndwedwe must remain a viable place for businesses, where local and foreign investors can businesses. This means that the business district of Ndwedwe will accommodate local people and have people outside the community immigrating for employment. The more people work in this Municipality, the more tax it receives, which increases the local economy. This also means fewer people will depend on the government for social grants.

Owing to what has been discussed in the previous chapter (chapter 4), the data analysis and study findings have shown the challenges informal retailers face, their impact on the local economy, and the livelihoods of those who drive the sector. Chapter 4 discussed and analysed some of the informal retail centres' challenges, including the competition between South African and foreign-owned enterprises. As discussed, in most cases, foreign nationals buy their goods in bulk and from wholesalers that are also, in most cases, owned by other foreign nationals. Participants in this study articulated that not having a wholesaler nearby is financially taxing on them. Thus, the municipality can work on attracting investors who will bring wholesalers closer to the community so that businesses do not have to travel as far as to KwaMashu to buy their stock.

Competition between formal and informal retailers is tricky because it is necessary and keeps businesses alive. As established in this study and previous studies, the business must be competitive for economic growth. However, informal businesses need help understanding business studies; 2 of 7 participants understood how important competition between and within business sectors is. Thus, training is essential for the people in this community to compete effectively. This will also allow business owners to compete at a macro level, expand their businesses, create more jobs, and secure their livelihoods. This training will also help small businesses and street hawkers to be able to deal with attracting customers and make more money.

Local Government should aim at uplifting previously disadvantaged communities and close the gap between the rich and the poor. Poor communities in South Africa are township and rural areas. It is high time for local government to focus on those who need growth and upliftment, in this case the informal traders. Thus, the recommendation is for policy makers to ensure that the plans and strategies are more inclusive to local businesspeople. Groom local businesses to be able to compete at a macro level. Have local businesses invest in the developmental project so that economy stays within the community. Furthermore, local government can strengthen policies that will enable informal traders to contribute to the economy, through formalising the sector. Informal sector formalisation will not only benefit the overall economy of Ndwedwe Municipality, but it will also offer employment protection to informal traders.

The Royal Bafukeng is one of the wealthiest tribes in South Africa. They have grown their economy through business/market-led local economic development. This community have

used the principle of community development, which entails money circulating within the community. Martin Manmoham, the Business Development Director at Drivio, asserts that Asset-Based Community Development (ABCD) is about using the assets within a locality and ensuring that those assets stay in the same community to be enjoyed by future generations. The same goes for businesses (assets) that generate the community's economy. He maintains that the local community must own those businesses, and the economy generated through them must stay within and be invested for the greater community. The Royal Bafokeng also follows the same principle, where money remains within the community. The investments are made by and enjoyed by most of the community. Thus, the community becomes the producer and customer of their products and services. If the Bafokeng can do this with their mining industry, Ndwedwe Municipality can apply the same principle and use retail development for economic emancipation.

The second recommendation is for the local municipality to be more transparent; some participants felt the development of this centre needed to be more transparent. Have they known about this development; they would have made more sound business decisions. Therefore, transparency could be the key to solving that issue. Transparency will also help the community understand the dynamics of this development. Often, communities assume that every development project belongs to the government. However, the role of the government is to attract investors, and the project belongs to the investors, not the government.

5.5 Further Research.

4. Further research can assess the influences customer behaviour change on informal traders. The view of customers on the services provided by both the formal and informal sectors can help both sectors ensure that their goods and services align with customers' needs, wants, and expectations.
5. In future, other researchers can assess the Local Economic Development Department of Ndwedwe Municipality and get accurate numbers on how much precisely the centre is contributing to the local economy of this Municipality. This will also help the community understand the local government's involvement in such developments. And understand the role Municipality's play in this process.
6. Other research could focus on exploring the centre's role in the economy by exploring the investors and workers of the centre on how much they have benefited from this

development. Madlala (2012) did indicate that the retail sector is entry-level for job employment for the youth. However, it is not enough to uplift the standard of living.

7. How does the centre directly or indirectly emancipate local black people? A big part of the land in rural areas belongs to the tribal authority. When big retailers invest in these areas, how does the investment benefit the local community and its tribal authority? It has been difficult for developers who see potential in these areas to invest and close the economic gap between rural and urban areas. Thus, tribal/rural areas have, for the most part, remained underdeveloped and experiencing a massive shortage of essential retail services. Potentially, further research can examine how tribal land benefits from retail centre development since tribal authorities own most parts of rural areas.

5.6 Conclusion

The chapter has offered final thoughts on the centre's impact and role on the local economy. The centre managed to lower unemployment rates in the area, offer diversity in food/shopping choices, increase economic activities and result in better infrastructural development. However, it also contributes significantly to the informal sector viability decline. The informal sector, in this case, small and street traders, have indicated to have experienced both negative and positive impacts of formal retailers. Literature also indicated that formal retail development positively and negatively impacts local markets in rural areas.

In most cases, communities believe the government must provide and create employment opportunities. With social grants, most rural and township members have depended on the government for necessities. The study offered a clear argument; the local government is not tasked per se with creating job opportunities but rather with creating an environment where businesses can thrive. Through Ndwedwe Village, the municipality is one step closer to creating a lucrative environment for formal and informal traders. The study also made recommendations using community development principles and strategies and referring to case studies where previously disadvantaged communities had thriving economy without depending on the government. Lastly, the chapter offered other areas of interest for future research.

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Appendix A: Gatekeeper's letter



**IDWEDWE LOCAL MUNICIPALITY
IMASIPALA WASENDWEDWE**

Private Bag X503
Ndwedwe, 4342
KwaZulu-Natal
Republic of South Africa
Tel: (032) 532 5000
Fax: (032) 532 5031
(032) 532 5032
EMail: mm@ndwedwe.gov.za

Date: 02/09/2020

Ms Nonkazimulo Magwaza (SN:214583488)
Faculty of Humanities
School of Built Environment and Development Studies
University of KwaZulu-Natal – Howard College
Email: magwazan96@gmail.com

Dear Miss Magwaza

PERMISION TO CONDUCT RESEACH

Gatekeeper's permission is thereby granted for you to conduct research in the community of Ndwedwe; towards your postgraduate studies (masters' in Social Sciences), provided that ethical clearance has been obtained. We note the tittle of the study as:

The Impact of retail centre development on local economic development in Ndwedwe local Municipality, KwaZulu-Natal

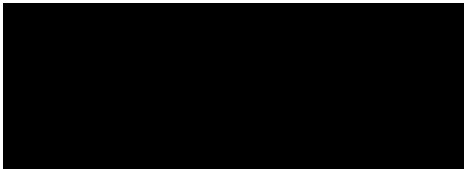
It is also noted that you will be constituting your sample as follows:

- Informal Traders,
- Public Transport service providers and

You are to adhere to all policies of the municipality. This includes all covid-19 laws of social distancing, wearing of masks and conducting interviews telephonically where possible. Names, Identity Numbers, and addresses of participants are not a matter of public record; as are protected in section 14 of the South African constitution as well as in the Protection of Public

Information act. Data collected in this research must thereby be treated with due confidentiality and anonymity.

Your Faithfully



MR MF HADEBE
MUNICIPAL MANAGER
NDWEDWE LOCAL MUNICIPALITY

Appendix B: Ethics approval



24 August 2022

Nonkazimulo Magwaza (214583488)
 School Of Built Env & Dev Stud
 Howard College

Dear N Magwaza,
Protocol reference number: HSSREC/00004476/2022
Project title: The Impact of retail centre development on local economic development in Ndwedwe local Municipality, KwaZulu-Natal
Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 13 July 2022 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

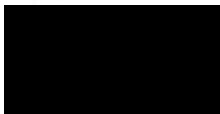
Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 24 August 2023.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

INSPIRING GREATNESS

Appendix C: Informed Consent

University of KwaZulu-Natal

School of Built Environment and Development Studies

TITLE OF RESEARCH: Rethinking retail centre development in the Context of local economic development: the case of Ndwedwe, KwaZulu-Natal

Informed Consent:

Dear Participant,

My name is Nonkazimulo Magwaza (214583488). I am a Master's candidate studying at the University of KwaZulu-Natal, Howard College Campus. The title of my research is "*The Impact of retail centre development on rural small businesses and informal trade: the case of Ndwedwe in KwaZulu-Natal*". The study aims to explore and assess the impact of retail centre development on local small businesses and informal trading at Ndwedwe. I am interested in interviewing you so as to share your experiences and observations on the subject matter.

Please note that:

- The information that you provide will be used for scholarly research only.
- Your participation is entirely voluntary. You have a choice to participate, not to participate or stop participating in the research. You will not be penalised for taking such an action.
- Your views in this interview will be presented anonymously. Neither your name nor identity will be disclosed in the study.
- The interview will take about 30-45 min.
- Your responses will be kept anonymous using codes or pseudo names.
- The participants will receive feedback once the study is completed N.B. because of the coronavirus; communication will be made either by SMS, email or telephone.

- The record and other items associated with the interview will be held in a password-protected file accessible only to myself and my supervisors. After 5 years, in line with the university's rules, it will be disposed by shredding and burning.
- If you agree to participate, please sign the declaration attached to this statement (a separate sheet will be provided for signatures)

I can be contacted at: the School of Built Environment and Development Studies (SoBEDS), University of KwaZulu-Natal, Howard College Campus, Durban. Email: [REDACTED]
[REDACTED]

My supervisor is Dr Matse, located at the School of Built Environment and Development Studies at the University of KwaZulu-Natal, Howard College Campus. Contact details: email [REDACTED]

The Humanities and Social Sciences Research Ethics Committee contact details are as follows;

HSSREC@ukzn.ac.za or Tel: 031 260 3587/4557/8350: University of KwaZulu-Natal, Research Office.

Thank you for your contribution to this research.

DECLARATION

I..... *(full names of participant)* hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire. I understand the intention of the research. I hereby agree to participate.

I consent / do not consent to have this interview recorded (if applicable)

SIGNATURE OF PARTICIPANT

DATE

.....

Appendix D: Interview guide

University of KwaZulu-Natal

School of Built Environment and Development Studies

TITLE OF RESEARCH: The impact of retail centre development on rural small businesses and informal trade: the case of Ndwedwe in KwaZulu-Natal

Interview questions:

1. How has the retail centre at Ndwedwe impacted the local markers?
 - Isikhungo sezentengiso eNdwedwe sibathinte kanjani omaka bendawo?
2. How has the community benefited from the economy produced from the centre?
 - Umphakathi uzuze kanjani emnothweni okhiqizwayo owakha lesi sikhungo?
3. What has the community contributed in the planning and implementation process of the building of the centre?
 - Umphakathi ube naliphi iqhaza ekuhlelweni nasekuqalisweni kokusebenza kwesakhiwo?
4. What is the importance of retail-based community development at Ndwedwe?
 - Kubaluleke ngani ukuthuthukiswa komphakathi okuthengiswa kwezitolo eNdwedwe?
5. Are there any regulations that limit or hinder the functioning of informal/small businesses?
 - Ngabe ikhona imithetho ethintela noma evimbela ukusebenza kwamabhizinisi angahlelekile / amancane
6. What are the challenges faced by small/informal businesses to become major contributors to the town's local economic development?
 - Yiziphi izinselelo ezibhekene namabhizinisi amancane / angahlelekile ukuba abe nomthelela omkhulu ekuthuthukisweni komnotho wakuleli dolobha?
7. What opportunities does the informal/small business sector has on the local development?
 - Yimaphi amathuba umkhakha wamabhizinisi angahlelekile / omncane onawo ekuthuthukisweni kwasekhaya?
8. Has there been growth in the local economy since the centre was established?
 - Ngabe sekukhona ukukhula komnotho wasekhaya selokhu kwasungulwa isikhungo?

9. How has the community benefited from the economy produced from the centre?
 - Umphakathi uzuze kanjani emnothweni okhiqizwayo owakha lesi sikhungo?

10. What opportunities were opened by the Ndwedwe centre for those who participate in economic activities in the area?
 - Yimaphi amathuba avulwa yisikhungo saseNdwedwe kulabo ababamba iqhaza kwezomnotho endaweni?

11. What is the role do you think retail centres play in the Ndwedwe Community?
 - Ucabanga ukuthi yini indima edlalwa yizikhungo zokudayisa emphakathini waseNdwedwe?

12. What hindrances were brought by the local centre for those who engage in the economic activities of the area?
 - Yiziphi izithiyo ezalethwa isikhungo sendawo kulabo abaqhuba imisebenzi yezomnotho yendawo?

Appendix E: Observation Schedule

Observation Schedule

Areas of Observation	Informal Businesses	Formal Businesses
Customer Behaviour	Slight change of customer behaviour, with more customers choosing to shop with the formal sector businesses.	N/A
Business Viability	With change in customer behaviour, informal business tend to struggle keeping the business afloat.	N/A
Trade Locality	Favourable, except for the small businesses that are in the old taxi rank	Favourable
Developmental Progress of Ward 15	Fewer informal infrastructure	There is some growth as far as roads, public toilets, transport and shops, however there is still room for improvement when compared with other towns/villages.
Public Transport Operations	Increase of local taxes commuting within Ndwedwe Municipality	N/A
New taxi rank	Increase of informal business, especially ones that are owned by the youth of Ndwedwe Municipality	Increase of formal businesses that were initially not available for the community of Ndwedwe Municipality and surrounding areas
Old Taxi rank	Decrease of business	Decrease in business
Co-existence of businesses	The formal sector gains more than small businesses. However, the taxi industry co-exists well with the formal businesses.	N/A

Appendix F: Turnitin report

The screenshot shows a web browser window with the URL https://www.turnitin.com/s_class_portfolio.asp?r=22.4355544394044&svr=6&lang=en_us&aid=48838&cid=39657692. The page has navigation tabs for 'Class Portfolio', 'My Grades', 'Discussion', and 'Calendar'. A message banner reads: 'Welcome to your new class homepage! From the class homepage you can see all your assignments for your class, view additional assignment information, submit your work, and access feedback for your papers. Hover on any item in the class homepage for more information.' Below this is a 'Class Homepage' section with instructions: 'This is your class homepage. To submit to an assignment click on the "Submit" button to the right of the assignment name. If the Submit button is grayed out, no submissions can be made to the assignment. If resubmissions are allowed the submit button will read "Resubmit" after you make your first submission to the assignment. To view the paper you have submitted, click the "View" button. Once the assignment's post date has passed, you will also be able to view the feedback left on your paper by clicking the "View" button.'

The 'Assignment Inbox: CMDV' table is as follows:

Assignment Title	Info	Dates	Similarity	Actions
CMVDM		Start: 17-Jul-2023 10:00AM Due: 24-Jul-2023 11:55PM Post: 27-Jul-2023 12:00AM	0%	Submit View

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