

Evaluation of the Profitability of Vegetable and Fruit Street Vendors in Mbombela Local Municipality in Mpumalanga Province, South Africa

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ABSTRACT

This paper evaluated the sustainability of fruits and vegetables street vendors in Mbombela Local Municipality using random and referral sampling method. The area was chosen because of its accessibility to the researchers and its potential to provide relevant and accurate information for the research project. Thus, a quantitative research method was used to collect data through face-to-face interviews. SPSS was employed as analytical tools. A higher percentage of females (66.7%) as against males (33.3%) were revealed from the analytical results. The household size of the majority (37%) had 2 persons per family among family households. The research discovered that some of the factors encouraging traders in the area ranged from making of enough profit and good quality of the wares. Furthermore, insufficient experience in business operations, non-adherence to municipal procedures for allocations of trading spaces and spots, theft, and lack of support from local municipality were identified as common challenges that might hamper trader's sustainability.

Keywords: Business support, job creation, locational strategies, poverty alleviation, profitability, street vendors.

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I. INTRODUCTION

The South Africans are mocked by high unemployment rate and low educational level that results in restricted opportunities for work in the formal sector [4]. Due to limited opportunities in the formal sector of the South African economy, less educated people are forced to participate in a particular business sector known as 'street vending' in order to generate income and improve livelihoods. The sector is characterized by low barriers of entry and as a result many street vendors do not pay taxes. There are an estimated one million street vendors in all of South Africa and it has been reported that many unskilled and illiterate people are employed by these informal businesses [8]. Amidst this, small business owners, entrepreneurs and street vendors in the informal sector continued to contribute to the greater economy. However, majority of these businesses do not survive for more than five years and fewer still performs better. One of the key challenges faced by street vendors in South Africa is the relative lack of government support [14].

While the government has reiterated that the promotion of entrepreneurship and small business remains an important priority, very little infrastructure is available to vendors. Many street vendors do not have access to basic infrastructure. Vast majority of them in Durban for example still lack adequate business space, access to toilets and rubbish removal [11]. Without infrastructure vendors have to re-create a place to conduct business daily, a burdensome routine [5]. Majorities are experiencing a decline in demand of their product and price of the supplies has increased over

the past year. The competition for customers has also increased over the past years. The traders lack funding and support whether from government or non-governmental organizations [11]. In Cape Town, a number of vendors experienced problems related to deficits when trying to run their business, including customers not paying their debts, lack of training, storage problems and lack of refrigeration [15].

Another set of challenges experienced by street vendors related to safety and security. There is a high crime rates, police misconduct, and xenophobic violence directed at informal sector enterprises [3]. Nevertheless, this sector is plagued by a number of challenges that hampers their profitability which this article evaluates. The article reports on the study that was conducted at Mbombela Local Municipality (MLM) in Mpumalanga Province. The aim of the study was to investigate the profitability by street vendors in MLM in Mpumalanga Province in South Africa. The area was chosen because of its accessibility to the researchers and its potential to provide relevant and accurate information for the research study.

II. METHODOLOGY

A. Study Area

The study was conducted in MLM. The MLM is situated in the North Eastern part of South Africa within the Lowveld sub-region of the Mpumalanga Province. The metropolitan areas of Pretoria and Johannesburg are located 320 km inland, with the border post at Komatipoort approximately 120 km to

the east and the Mozambican coastline being around 200 km away and 55 km from the famous Kruger National Park. The municipality is also bordered by Swaziland, situated 167 km from the Central Business District (CBD). Urban areas in the MLM include Mbombela, White River, Hazyview, and Umjindi as well as former homeland towns such as Kabokweni, Kanyamazane and Matsulu [2].

The participants were street vendors in the Nelspruit Central Business District, Nelspruit N4 road to Pretoria, Kabokweni, White River, and Matsulu. Majority of these street vendors are selling vegetables such cabbages, tomatoes, lettuce, onions, beetroot, carrots, and fruits sold include mangoes, oranges, naartjies, lemon, avocados, guavas, apples, pears, papaws, and bananas. The vendors purchase vegetables and fruits from the local farms as well as fruits and vegetables outlets.

B. Materials and Methods

In the absence of a formal list of street vendors, 30 street vendors were selected and interviewed based on the referral method, which included the pioneer and major vendors in the area. The actual field survey was conducted with the focus on the CBD of Nelspruit since this is where street vending is highly concentrated. The key informal businesses in Nelspruit CBD and White River include the street vendors.

Out of the 30 vendors interviewed, 12 were from Nelspruit CBD (40%), 9 from White River (30%), 4 from Kabokweni (13.3%), 3 from N4 road (10%) and 2 from Matsulu (6.7%). A preliminary meeting was held with potential participants to present the study and ask for consent. Structured and semi structured questionnaires were used to obtain data from the informants during a face-to-face interview. Statistical Package for Social Science (SPSS) was used for capturing and coding of the data. Microsoft excel was applied in developing tables, charts, and graphs.

III. RESULTS AND DISCUSSION

A. Respondent's Demographics

Table I describes the demographics of vegetables and fruits street vendors in the MLM. The demographics of the respondents includes gender, age, number of dependents, racial group, educational level, number of years in street vending, the manner in which space was acquired and difficulties in acquiring the space. The table shows that 20 out of the 30 traders (66.7%) were female while 33.3% were male, showing that the majority of the vendors were female. This is in line with the findings [1], which stated that the majority of vendors were female dominating male by 19 per cent. More female hawkers engaged in selling vegetables and fruits to supplement their social grants.

The age distribution of respondents shows that 15 out 30 traders (50%) were between the age range of 36 and 50 years, while (40%) of respondents were between the age range of 18 years and 35 years and only (10%) represent those older than 50 years [11]. Matured vendors are more encouraged to devote themselves fully to business and support their families, as well as to obtain income that will help them solve other life-long financial problems.

The table described that 37% of traders had two dependents, while 22.2% had one dependent. This finding contradicts the findings of [1], which stated that 53.6% of hawkers had five to six dependents. This result shows that majority of traders in the study area does not have readily available extra hands to provide additional labour and do domestic chores. All respondents in the study were Black. This illustrate that African street vendors are more dominant than any other race. These findings were also echoed by the findings of [10] who found that black people are engaged in street vending because they are regarded low and middle income earners with little education, as a result of the legacy of apartheid.

The table also shows that 36.7% of respondents completed secondary education, 30% did not complete secondary education, 16.6% did not complete primary education, 10% had never been to school and 6.7% had tertiary education. The results indicate at least 11 out of 30 respondents completed secondary education. This means that traders with formal education have knowledge to take business further and business technologies than those without formal education.

TABLE I: DEMOGRAPHICS OF THE PARTICIPANTS

Variable	Frequency (n=30)	Percent (%)
<i>Gender</i>		
Male	10	33.3
Female	20	66.7
<i>Total</i>	<i>30</i>	<i>100</i>
<i>Age</i>		
18-35	12	40
36-50	15	50
Older than 50 years	3	10
<i>Total</i>	<i>30</i>	<i>100</i>
<i>Number of dependents</i>		
One	6	22.2
Two	10	37
Three	5	18.5
Four	2	7.4
More than four	4	14.8
<i>Total</i>	<i>27</i>	<i>99.9</i>
<i>Racial group</i>		
Black	30	100
<i>Total</i>	<i>30</i>	<i>100</i>
<i>Highest level of education</i>		
Never been to school	3	10
Did not complete primary school	5	16.6
Did not complete secondary school	9	30
Completed secondary education/ matric	11	36.7
Post matric education	2	6.7
<i>Total</i>	<i>30</i>	<i>100</i>

B. Traders Experience and Process Followed to Acquire Trading Spots

Table II depicts that 20 out of 30 (66.7%) traders have experience of less than five years, while 16.7% have experience of more than five years but less than 10 years, 13.3% have experience of more than 10 years and only 3.3% have experience of less than 20 years in trading various products. These findings are similar to findings by [7], who discovered that five out of seven informal traders in South Africa fail within their first year because of lack of expertise, or requisite skills, a stringent regulatory environment, an inability to adopt and use technology, and heavy competition.

However, majority of the respondents (60%) have been selling fruits and vegetables for a period between 1 year and 3 years, while at least 26.6% have been selling for more than 7 years. However, in contrast to these findings, [13] observed that the average period a fruit and vegetable hawker operates in the hawkers' market is 6 years, which indicated a considerable degree of stability.

Out of 30 respondents, 14 (46.7%) established their business without a permission from the municipality, while 13 (43.3%) were given permission by friend to trade on their current spot (Table II). This finding contradicts the findings by [9] where it was reported that majority of street vendors in Tongaat Central Business District were allocated space by the municipality's Department of Business Support.

According to Table II, majority of the respondents (90%) find it easy to occupy the current trading spots. This was reported by 27 out of 30 traders; in contrary 3.3% find it difficult to get a trading spot, while one trader did not answer this question. This is consistent with the findings of [12] who stated that traders settle in streets spontaneously without any official allocation. It is stated that most traders locate themselves at strategic points with heavy human traffic. They locate themselves along main roads and streets, near shopping centers or at corners where they can be seen by pedestrians and motorists.

TABLE II: NUMBER OF YEARS IN STREET VENDING AND ACQUISITION OF SPACE

Variable	Frequency (n=30)	Percent (%)
<i>Number of years in street vending</i>		
< 5 years	20	66.7
> 5 years but, < 10 years	5	16.7
> 10 year but, < 20 years	4	13.3
> 20 years	1	3.3
Total	30	100
<i>Number of years selling fruits and vegetables</i>		
< 1 year	2	6.7
1-3 years	18	60
4-6 years	2	6.7
7-9 years	4	13.3
> 10 years	4	13.3
Total	30	100
<i>Process followed to acquire trading space</i>		
Through a local councilor	2	6.7
Through a friend	13	43.3
I just came and established my business	14	46.7
Other	1	3.3
Total	30	100.0
<i>Process of acquiring the space</i>		
Easy	27	90.0
Complicated	1	3.3
don't know	1	3.3
Total	29	96.6

C. Business Condition and Sustainability

Table III illustrates that 83.3% of traders bought their goods from local farmers. Those who bought their goods from farmers markets represented only 3.3% of the participants. At least 3.3% traders sold goods that they have produced. This is in contrary with the finding of [5] where many women produced products they sold. The table shows

that the quality of product is good (93.3%). The table also shows that the rate of stock decay was high (83.3%).

The business condition of the respondents in the study area has improved. Table III displays that the performance has improved from poor (66.7%) to average (83.3%). 90% of traders were sustainable. Enough profit, hard work and willingness and location of the business were the characteristics determining trader's sustainability. The main characteristic that sustains traders is making of enough profit (77.8%). 11.1% were sustainable because of their business location, while 7.4% of traders dedicated their sustainability to hardworking and dedication. The characteristics were trading spots/locations, high profit, high purchasing power amongst customers and low storage costs.

TABLE III: BUSINESS CONDITION AND LEVEL OF SUSTAINABILITY

Characteristics	Frequency	Percent (%)
<i>Purchase of products</i>		
Local farmers	25	83.3
Agricultural market	1	3.3
Produce own fruits and vegetables	1	3.3
<i>Quality of products</i>		
Good	28	93.3
Poor	2	6.7
<i>Rate of stock decay</i>		
High	25	83.3
Normal	5	16.7
<i>Rate of stock damage by sun</i>		
High	24	80
Normal	6	20
<i>Previous business condition</i>		
Poor	20	66.7
Average	8	26.7
Good	1	3.3
<i>Current business condition</i>		
Very poor	3	10
Poor	1	3.3
Average	25	83.3
<i>Sustainability level</i>		
Good	27	90
Poor	1	3.3
<i>Reasons for sustainability</i>		
Enough profit	21	77.8
Hard work and willingness	2	7.4
Location of the business	3	11.1

A. Challenges Faced by Traders

Table IV represent that quantity, theft, and lack of support from the municipality were issues affecting traders. The table represent that the main issue is lack of support from the municipality (96.7%). The table also represent that the second constraint (60%) was quantity. 53.4% experienced theft. [9] and [15] also reported that threats to safety and security, lack of assistance from government, lack of storage space and confiscation of goods were key challenges amongst street vendors.

TABLE IV: PROBLEMS AFFECTING TRADERS

Characteristics	Frequency	Percent (%)
<i>Customers complains about</i>		
Price	10	33.3
Quantity	18	60
Service	1	3.3
<i>Common Challenges</i>		
Theft	8	26.7
Lack of support from local municipality	7	23.3
Higher prices of products	2	6.7
Security	8	26.7
None	3	10
Theft and Lack of support from municipality	1	3.3
<i>Priority</i>		
Making profit	27	90
Job creation	2	6.7
<i>Support from municipality</i>		
None	29	96.7
System	1	3.3

IV. CONCLUSION

It was observed that 66.7% of the traders were females and were at their peak age of strength. The result of the study showed that 77.8% of traders were making enough profit; showing that fruits and vegetables trading in the study area was profitable. From the findings of the research, the traders were troubled by so many challenges. Irrespective of all these challenges, vegetable, and fruit street vending in MLM is profitable. Traders' profitability will help boost the economy of the study area and South Africa in general. Traders will also have an impact on reducing the poverty rate as well as providing employment for illiterate people in the study location. As a result, trader's profitability must be maintained to address the challenges that trouble the traders. Failure to deal with these challenges will have a direct impact on dedication and hardworking, therefore, hampers the profitability of the traders. Likewise, when the traders are unprofitable, it will directly create poverty and unemployment and therefore negatively affect the economy of the study area.

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