Business dynamics in Klerksdorp and its influence on the spatial landscape 1995-2008

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BESIGHEIDSDINAMIKA IN KLERKSDORP EN DIE INVLOED DAARVAN OP DIE RUIMTELIKE LANDSKAP 1995-2008

Opsomming

In 2004 het President Thabo Mbeki in sy staatsrede openlik die realiteit van Suid-Afrika se dualistiese ekonomie erken. Die ekonomie bestaan uit ‘n formele sektor wat insette in die globale ekonomie lewer en die informele sektor wat ‘n inkomste aan die werkloses verskaf. Die studie van verstedeliking word dikwels apart van sosiale verandering en ekonomiese ontwikkeling hanteer en slegs as ‘n byproduk, nie dié produk nie, van hierdie kragte gesien.

Die studie ondersoek die impak wat hierdie dualistiese ekonomiese kragte op die ruimtelike landskap gehad het. In die eerste plek ondersoek dit die besigheidsdinamika van die formele besigheidsektor in Klerksdorp en die invloed wat dit gehad het op die ruimtelike landskap oor ‘n periode van veertien jaar. In die tweede plek ondersoek hierdie studie die karakter, samestelling en lokalisasie van die informele besigheidsektor in Klerksdorp. In die laaste plek kyk dit na die verhouding tussen die twee ekonomiese sektore en die wyse waarop dit die ruimtelike-ekonomiese landskap beïnvloed het.

Die ruimtelike data wat ingesamel is, is gestip aan die hand van Geografiese Inligtingstelsels (GIS), terwyl die ekonomiese resultate versamel is deur observasie. Bykomend hiertoe is die ruimtelike ekonomiese resultate geverifieer met behulp van semi-gestruktureerde onderhoude wat deur die hele stad uitgevoer is.

Die studie het aangetoon dat die besigheidslokalisasie en -samestelling in Klerksdorp getransformeer het. Waar die hoëvlakbesighede vantevore in die Sentrale Besigheidsdistrik geleë was, het hierdie besighede in die meer resente verlede gedesentraliseer na die noordelike voorstede en is vervang deur laevlak- formele en informele besighede in die Sentrale Besigheidsdistrik. Hierdie besigheidstransformasie het weer aangetoon dat daar beslis ‘n afkerige besigheidsverhouding tussen die formele en informele sektore bestaan, wat weer ‘n groot impak op die stad se ruimtelike landskap het, deur dit te transformeer van ‘n mono-nodale stedelike vorm tot ‘n multi-nodale stedelike struktuur.

Die desentraliserende tendens van besighede wat in Klerksdorp gevind is, is in teenstelling met

die ideale van verskeie regeringsbeleide wat as mikpunt die kompaktering en integrasie van die stedelike landskap het. Teen hierdie agtergrond dra hierdie studie by tot die verduideliking van die wyse waarop elkeen van hierdie kragte, ruimtelik, ekonomies en polities, ‘n direkte invloed gehad het op die ruimtelike vorm van die stad.

BUSINESS DYNAMICS IN KLERKSDORP AND ITS INFLUENCE ON THE SPATIAL LANDSCAPE 1995-2008

Summary

In 2004, President Thabo Mbeki's state-of-the-nation address openly acknowledged the reality of South Africa's dualistic economy, which comprises a formal sector that participates in the global economy and an informal sector that provides an income to the unemployed. However, the study of urbanisation is often separated from social change and economic development, seen merely as a spin-off and not as a product of these socio-economic forces.

Hence, this study seeks to explore the impact that the dualistic economic forces has had on the spatial landscape. Firstly, this study explores the business dynamics of the formal business sector in Klerksdorp and the influence it has had on the spatial landscape over a period of fourteen years. Secondly, it investigates the character, composition and location of the informal business sector in Klerksdorp. In the final instance, it looks at the relationship between these two economic sectors and how that relationship has influenced the spatial-economic landscape.

Spatial data collected was plotted by means of Geographic Information System (GIS), while economic results were collected by means of a survey. In addition, the spatial economic results were verified by means of semi-structured interviews conducted throughout the city.

The study revealed that the location and composition of businesses within Klerksdorp have, indeed, transformed. Where previously the formal high-order businesses were found to be located within the Central Business District, in recent years, these businesses have decentralised to the northern suburbs and have been replaced by lower-order formal and informal businesses in the very same district. This business transformation has, in turn, revealed that an aversive business relationship between the formal and informal sector does, in fact, exist, which has had a large impact on the city's spatial landscape, resulting in it being transformed from a mono-nodal urban form to a multi-nodal urban structure.

This trend of business decentralisation, as found in Klerksdorp, is contradictory to the ideals of

many government policies that seek to compact and integrate the urban landscape. With this in mind, this study seeks to explain how each of these forces – spatial, economic and political – directly influences the spatial form of a city.

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I BEGIN IN THE NAME OF ALLAH THE MOST COMPASSIONATE THE MOST MERCIFUL.

I am grateful to my Creator, Allah for giving me the strength, grace, talent, perseverance and courage to complete this degree.

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List of Acronyms

ASGISA: Accelerated and Shared Growth Initiative - South Africa
BEE: Black Economic Empowerment
BBBEE: Broad Based Black Economic Empowerment
BNG: Breaking New Ground
CBD: Central Business District
DFA: Development Facilitation Act
DPLG: Department of Local Government
DSDF: District Spatial Development Framework
DTI: Department of Trade and Industry
FDI: Foreign Direct Investments
GEAR: Growth Employment and Redistribution
GHP: Good Hope Plan
HDI: Human Development Index
IDP: Integrated Development Plan
KOSH: Klerksdorp-Orkney-Stilfontein-Hartebesfontein
LSBC: Local Service Business Center
LUMS: Land Use Management Scheme
NSDP: National Spatial development Perspective
NWSDF: North West Spatial Development Framework
PGDS: Provincial Growth Development Strategy
RDP: Reconstruction and Development Program
RIDP: Regional Industrial Development Plan
SACN: South African Cities Network
SADC: Southern African Developing Community
SAMWU: South African Mine Workers Union
SDF: Spatial Development Framework
SDI: Spatial Development Initiative
SEDA: Small Enterprise Development Agency
SETA: Sector Education and Training Authorities
SMME: Small Medium and Micro Enterprises
NIMBY: Not In My Back Yard
MDB: Municipal Demarcation Board

MNC: Multi National Co-operations

UN: United Nations

Chapter 1:
Introduction

1.1 Background

Up until the early 1980's, numerous laws and measures were implemented in South Africa, limiting the entrepreneurial development of blacks (Christopher, 2001:452; Fox & Rowntree, 2002:140; Geyer, 1989c:382; Geyer, 2004:810). This, in turn, contributed to many of the white-owned businesses and franchises flourishing, while many of the restricted black-owned businesses, who could not compete with the larger firms, being forced to close down (Geyer, 2004:813). The demise of apartheid, however, brought about numerous changes (Rogerson, 1998:190; Geyer, 2003:820).

For one, the relaxation of influx control measures at the end of apartheid led to large-scale rural-urban migration (Geyer & Van der Merwe, 2007:70), while the opening of South Africa's trade boarders and reduction of economic barriers introduced new economic competitors to the country (RSA, 1996b:8). Hence, where previously there was only a restricted formal domestic business sector, competing in terms of business, this sector now has to compete with numerous multi-national corporations (MNCs) who have reinvested in South Africa (Fox & Rowntree, 2002:143) as well as an informal sector, which is created by many of the unemployed migrants (Hart, 1973:66; Geyer, 2004:820).

Whether people see the transformation as occurring too quickly, or too slowly, no one in South Africa can deny the commercial transformation of its cities (Williams, 2000:180). How these economic activities and demographic forces transform the spatial economic composition of South African urban centres remains a mystery to a large extent and leaves a significant gap in terms of research. This study seeks to unlock, discover and capture the trends that have occurred in Klerksdorp over the past 14 years.

1.2. Problem statement and substantiation

This study will focus on the spatial-economic dynamics of an intermediate-size centre (Klerksdorp[1]) located in the North-West Province, exploring the first and second economies,

[1] Klerksdorp was used as a case study, since the researcher had easy access to the locality. It is important to note that this study

their composition, locations and how the relationship between the two sectors influenced the spatial development of the city over 14 years. It is not just meant to contribute on an academic level but on a practical level as well by explaining the complex business dynamics and its influence on the spatial landscape since 1994.

1.3. Research aims and objectives

This study seeks to determine the spatial and economic trends that occurred in the city of Klerksdorp over a period of fourteen years (1994-2008). Firstly, it seeks to map the spatial development of the commercial sector in Klerksdorp over this period. Secondly, it seeks to capture the location changes and product composition in the formal business sector. Thirdly, it explores the characteristics and location of the informal business sector. Lastly, it seeks to determine the relationship between the formal and informal sector and its influence on the spatial landscape.

1.4 Basic hypothesis

The new economic trends that are playing out in the world and the domestic political transformation have had a direct influence on the spatial-economic composition of Klerksdorp.

1.5. Methods of investigation

Data was gathered using three methods: Spatial location was captured by means of GIS, while semi-structured individual interview and observation methods were used to capture the qualitative data.[2]

During the cause of six months several surveys were done on different days and times and it was estimated that the population of informal traders in Klerksdorp area is about 300. It was therefore decided that a survey taken randomly, with all the principles of statistics into account, of halve of the population would be sufficient to generalise about the informal traders in that particular area.

1.6. Ethical issues

This project forms part of the registered research project SANPAD[3]. All prescribed ethical

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forms part of a series of research conducted by SANPAD. The reminder of the series studies cities such as Ventersdorp, George, Stellenbosch, Cape Town and Johannesburg.

[2] See chapter 5 and annexure for detail explanation of investigation methods.

[3] South African Netherlands Project on Alternative Development

guidelines by the North-West University were adhered to before, during and after the research. Participation was voluntary, and participants were informed of possible risk factors and expected benefits of the research and that all information shared is confidential. It was further emphasised that no participant would be compensated for participation. Participants were also informed that they held the right to withdraw from the interview at any time, without stating their reasons for doing so. All interviews were paused in the presence of customers, thus allowing participants to conduct business as usual.

1.7. Trustworthiness

A rigorous attempt was made to increase trustworthiness (validity) by making use of various types of triangulation[4] (Gay *et al.,* 2006:413; Lincoln & Guba, 1985:218-305). This includes the use of multiple data-collection strategies, including in-depth individual interviews and observation techniques, the use of multiple researchers and observers from a diverse background and level of education to investigate the phenomenon being studied (Krefting, 1991:9; Goodwin, 2008:98), checking or confirming with the participants that the researchers correctly understood their responses to the follow-up questions and engaging two different researchers, again from different backgrounds and levels of training, in the analyses and interpretation of the data for a prolonged period of time to overcome any sort of reflexivity[5] (Ruby, 1980:160; Agar, 1986:186; Krefting, 1991:3), all of which contributed to the conformation of the data set. "Member checking" was another way in which data could be checked for viability. This criterion requires that the researcher confirms that the understanding of the situation is as the informant states it to be, decreasing the chances of misrepresentation (Lincoln & Guba, 1985: 236; Krefting, 1991:5). Peer examination, which is similar to member checking but involves researchers discussing the research technique and findings (Krefting, 1991:10; Lincoln & Guba, 1985:243), was also implemented in the study. Finally, structural coherence that ensures that there are no unexplained inconsistencies in the data and its interpretation was also introduced into the study (Guba, 1981:72; McBurney & White, 2007:55). All of this resulted in weighty descriptions and a rigorous process, aimed at understanding the phenomenon under investigation.

[4] Triangulation is a strategy that is used to ensure trustworthiness of qualitative research findings. It is based on the belief that information that is derived from a variety of angles can either confirm, clarify or eliminate the research problem. It provides a complete understanding of the concept under investigation (Halcomb & Andrew, 2005:75; Decrop, 1999:160; Sim & Sharp, 1998:28). Credibility and scientific value of qualitative findings are ensured by applying trustworthy guidelines such as credibility, transferability, dependability and conformability. These guidelines are obtained from prolonged engagement in the research field, ongoing observation and including raw data as well as using different forms of triangulation, peer debriefing, negative case analyses, member checking, referential adequacy, conformability audits, reflexive journals, theoretical studies to investigation, field and methodology notes and data and survey management (Lincoln & Guba, 1985:217).

[5] The concept of reflexivity, whereby the study is interpreted by means of the researchers' background and which seeks to overcome background bias.

1.8. Data analysis

Data was analysed with the aim to understand the content and complexity of the responses; thus all answers were interpreted by the interviewer with the aspiration of tapping into the social and psychological worlds of the participants, which are not generally visible to the layperson. Data was then subdivided into the different themes that emerged (Smith & Osborn, 2003:71).

During the analysis, a scientific phenomenological reduction[6] approach was adapted while listening to the recorded interviews. Detailed descriptions of these interviews were then transcribed, picking up contextual and referential issues which were important to participants, into an Excel spreadsheet to capture the relevant raw data for the study (Giorgi & Giorgi, 2003:30). This data was then analysed by a qualified researcher to verify the scientific relevance of the qualitative data by means of Guba's (1981:76) model. This model states that the most important criterion that needs to be met by a qualitative study is that of truth value or credibility (Lincoln & Guba, 1985:220) where the study presents a human experience, whereby people who share the experience can relate to it. Secondly, data was checked for applicability or transferability, where a finding of one context fits into a context outside the study area, thus allowing for comparison. Thirdly, consistency or dependability of data, where "reliability [appears] in the form of repeatability" (Krefting, 1991:5; McBurney & White, 2007:128), and, finally, neutrality or conformability, where research data is free from bias (Krefting, 1991:7; Williamson, 2005:8), were employed. This, according to Guba (1981:73), is achieved when truth value and applicability are established (Lincoln & Guba, 1985:294; Krefting, 1991:4). Once the validity of the data was verified, data was synthesised with the observation data and themes, conclusions and recommendations were then drafted (Shaughnessy *et al.,* 2009:404).

1.9. Chapter division

Urban growth is influenced by three main factors: demography, economics and politics. The chapter division of the study will portray these characteristics by discussing the business dynamics and its influence on the development of Klerksdorp over the past 14 years.

Chapter two of this study will focus on the urban development of South African cities through the different time periods, while the impact of the economic influences on the South African city is

6 "An attitude whereby the consideration of the given is studied from the viewpoint of the consciousness, and this consciousness is considered to be a human consciousness that is engaged with the world… Objects or state of affairs are taken as to be exactly as they present themselves to be, however no claim is made that they are the way they present themselves to be" (Giorgi & Giorgi, 2003:32).

explored in chapter three. Chapter four discusses the different spatial-economic policies that were implemented in the country over the last 100 years. The influence these, spatial-economic and political forces had on the urban landscape is explored in Chapter five, using Klerksdorp as a case study. Chapter six provides a summary and conclusion to the study, while chapter seven proposes recommendations on behalf of the researcher.

Chapter 2:
South Africa's Urban Development

2.1 Introduction

In 1924, Hurd stated "cities are living organisms". Eighty years thereafter, this statement still proves to be true. Regardless of where they are located, cities are constantly changing, since they are a product of ever-changing and usually unpredictable socio-political and economic forces (Swilling, 1991:ix). In the light of this, it would be fair to state that cities provide a gauge as to the state of the nation (Williams, 2000:9).

Over the last 30 years, there has been a lively debate as to the method whereby these dynamic and unique 'gauges' should be developed and managed. The most significant of these changes is the shift away from the modernist[7] autonomous reasoning process of the spatial professional (Davies, 1981; Burgess, 1925; Hoyt, 1939; Harris & Ullman, 1959) [see figure 1], to a post-modernist approach[8] of interactive communication with the public to determine the future direction with regards to planning and development of the cities (Habermas, 1987; Forester, 1989; Healey, 1992; Fischer & Forester, 1993; Innes, 2004; Gunder, 2003; Pieterse, 2003; Chettiparamb, 2007; Harrison, 2006).

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7 Modernist perspective is process-oriented, separates emotion from reason, and ultimately body from mind. Modernists promote an aesthetic and technical planning approach, which believe it is possible to manipulate and control the development of settlements, take social relations as a given, reject social differences and enforce homogeneity (Smith, 2003:28). With the basis of this thought being that by creating better procedures and plans, spatial problems can be overcome (Oranje, 2003:176; Sandercock, 2003:165). Apartheid had a modernist perspective believing "the idea of progress and a belief in the power of rationality overcome spatial chaos and disorder…that, in order to bring into being a better world, control should be exercised by the state and its agents at virtually every level of society… suppressing… cultural and gender differences; and a belief in a homogenous public in whose interest the planner is empowered to act" (Brooks & Harrison, 1998:93).

8 Post-modernism represents the cultural, social and political practices of the new economic order (Harrison, 1995:37). It is a difficult concept to define (Featherstone, 1988:195) but could be defined as a logic, where anything goes (Harvey, 1989b:8). The post-modernist approach to planning focuses on the social interactions and networks rather than rational methods (Harrison, 2003:14). The post-modernist perspective to planning requires that planning should respect class, gender and ethical differences and makes an effort to understand these differences by implementing these teachings in planning with a view to making the latter more inclusive and democratic. It places emphasis on communicative skills, empathy, openness and sensitivity, thus giving expression to these differences in the public sphere to truly create place (Sandercock, 2003:165).

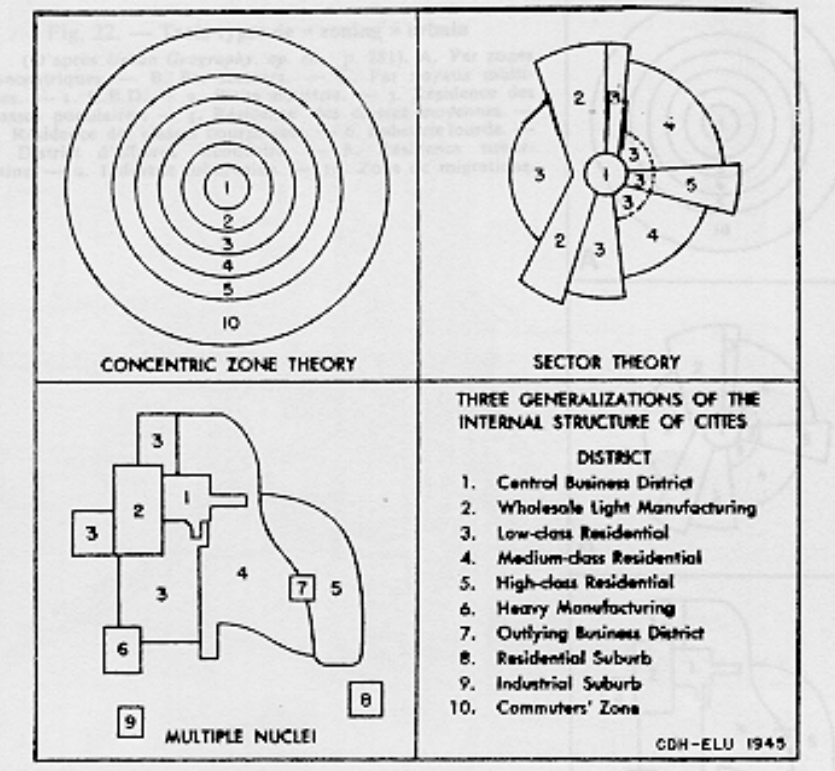


Figure 1: Images of a modernist city (Source: Johnson, 1972:34)

This change of view can be noted in the manner in which South Africa's cities have been planned and developed over the past century. Thus for this study, they would be used as a tools to analyse the influence of business dynamics on the spatial landscape for a period of 14 years. In correspondence to the first aim of this research, this chapter will explore the transformation in the urban form of South Africa's cities, as the nation went from one urban regime to the next, namely the pre-apartheid,[9] apartheid[10] and post-apartheid periods[11] (Worden, 2000, 1-137; Beinart, 2001:9-328; Ross, 2008: 5-213). Each of these time periods will be discussed in greater detail throughout the chapter.

2.2 Pre-apartheid and apartheid urban development

Most colonised nations' cities display spatial structures that are segregated along the lines of class and culture (Pacione, 2005:472). However, South African cities set new standards in terms of segregation.

[9] Pre-apartheid period: pre-1948

[10] Apartheid: 1948-1994: The period between 1990 and 1994 is seen as the period of political transition in South Africa. During this period, the country made a peaceful transition from apartheid to democracy.

[11] Post-apartheid:1990 - present

The main reasons that motivated the segregated spatial structure in South Africa can be found as early as the 1850's when black urban presence was associated with poor hygiene and crime (Simon & Christopher, 1984:61; Davenport, 1991:2; Bickford-Smith, 1995:63; Spinks, 2001:23; Parnell, 2003:615), while Indians were seen as competitors to whites in terms of space, place and trade (Mabin, 1995:192). The government responded by forcing residential segregation, political exclusion and commercial suppression through various laws that insured segregation along racial lines (Swanson, 1977:400; Simon & Christopher, 1984:61; Davenport, 1991:3; Maylam, 1990:58; Spinks, 2001:6,24; Freund, 2006:303)[12]. These "motivations" influenced urban forms in a significant manner which can be noted in the pre-apartheid city.

Due to the absence of an indigenous urban pattern in South Africa, white colonists established cities and declared them as being their territories (Lemon, 1991:205; Lalloo, 1998:442; Maharaj, 2002:171). These cities are analogous to most capitalistic cities that boosted a central business district (CBD) at its core and were for the exclusive occupation of white people. However, provisions were made for a minute Indian "CBD" on their fringes. Residential patterns displayed similar trends with whites inhabiting most of the residential space in the city, while black, coloured and Indian people occupied residences on the outer edge of the city (Davis, 1981). One distinguishing characteristic of this model is that it incorporated two zones for mixing between the whites and coloureds, which was later abolished in the apartheid city model (Lemon, 1991:207-8). For the most part of the late 20th century, a national political system called apartheid influenced urban development (Pacione, 2005:472).

Even though the pre-apartheid cities were segregated, its segregation did not compare to the segregation of the apartheid city (Davies, 1981; Lemon, 1991:10; Simon, 1992:42). Numerous rules and regulations were implemented for the different spatial spheres from 1948 to ensure the total separation between whites and blacks (Christopher, 1994:8). The most significant of these laws include the Group Areas Act of 1950, which enforced racial separation on the landscape (Lipton,1985: 24; Swilling, 1991:XIV; Davenport, 1991:11), the Reservation of Separate Amenities Act of 1953, which further prevented contact by providing separate facilities and the Population Registration Act of 1950, which classified people according to race (Swilling, 1991:XIII; Lemon, 2000:202; Christopher, 2001:453; Pacione, 2005:475).

[12] The policies that influenced spatial development will be discussed briefly in chapter 4.

With whites legitimising the urban area as their territory, most of the blacks who did not work for them were banished to the rural Bantustans where certain economic activities were provided for them to labour within (Geyer, 1989c:252; Davenport, 1991:13; Swilling, 1991:ix; Huchzermeyer, 2002:91). In order to ensure that there were only a certain number of black people in the urban areas, the Population Registration Act required all non-whites having to register as residents of the city, and in this way entry into the cities was controlled by the "influx control measures" (Davenport, 1991:8; Swilling, 1991: xiii). The latter legislation did not prove to be practical, since black people were required as labourers in the city, and employment opportunities in the urban areas attracted many people of different races to the city to contribute to its economic development (Posel, 1991:20). This racial division was complemented by economic constraints that made central locations too costly for the poor migrating population to occupy (Mabin, 1995:186). These legislative practices had a significant influence on the spatial landscape, and these changes were captured by Davis (1981) in the apartheid city model [See Figure 2].

In many respects, the apartheid city resembled the spatial structure of an advanced capitalistic city (Swilling, 1991:XI) with its exclusively white CBD forming a core, surrounded by residential suburbs characterised by race and income, and whites being the highest earners and black people the lowest earners (Oelofse, 2003:92).

The CBD was encapsulated by a consolidated white residential area, making provision for future expansion into a pleasing environment. In the mean time, coloured, Indian and black residential areas remained on the periphery of the city (Davies, 1981; Cameron, 1991:50; Mabin, 1991:40; Swilling, 1991: xiii).

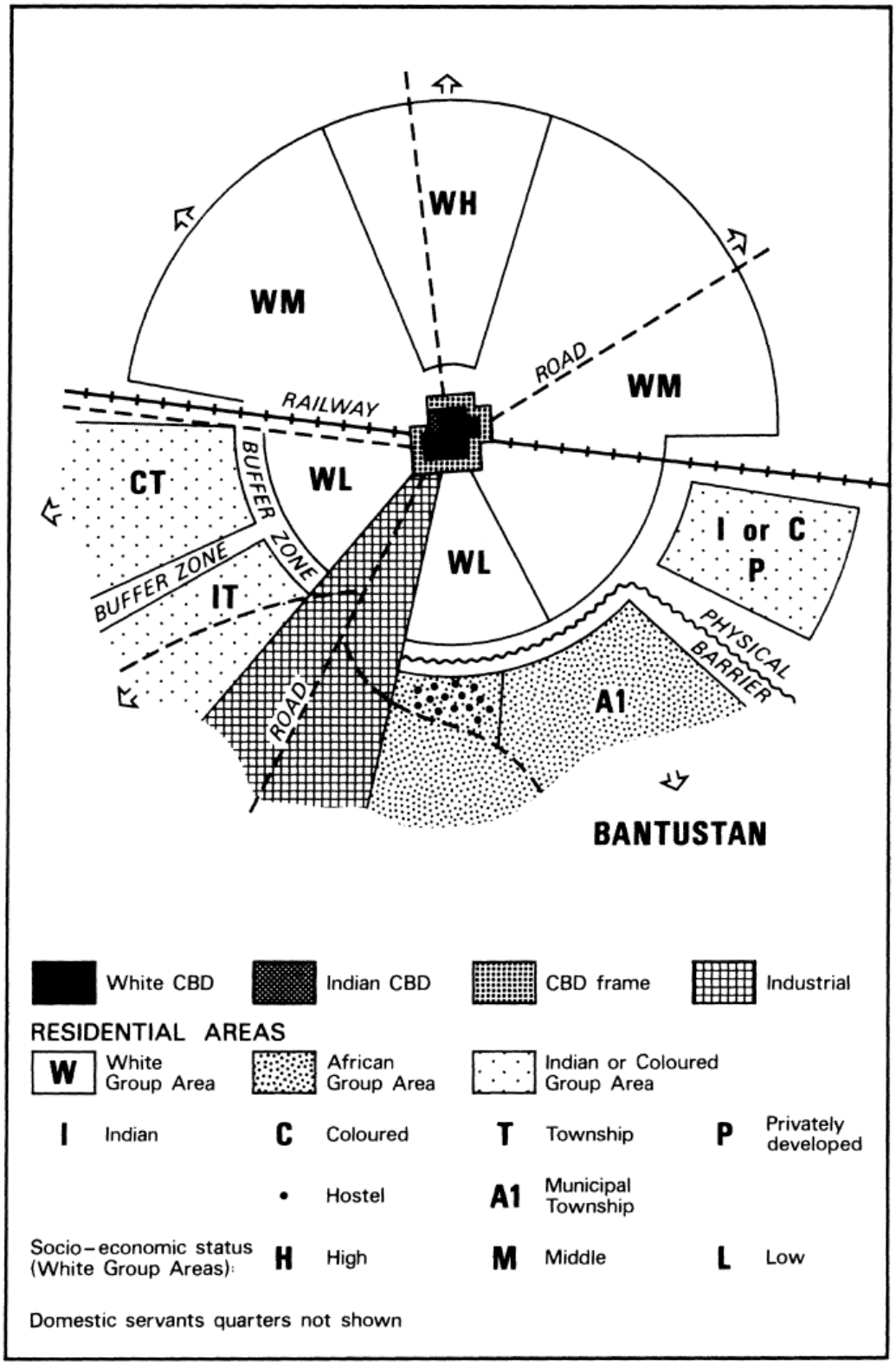


Figure 2: Apartheid City (Source: Simon, 1989: 192)

Buffer zones[13] and other mechanisms were introduced to implement the Group Areas Act and the Reservation of Separate Amenities Act in order to reduce the interactions between races, thus contributing to the fragmentation of the city (Davies, 1981; Williams, 2000:167; Donaldson, 2001:1). This fragmentation increased commuter cost to get to and from the CBD (Lemon, 1991:11).

All racial groups suffered from residential changes. However, the economic effects of the Group Areas Act were especially harmful to the Indian population, which was removed from the Indian centre situated at the edge of the white CBD and relocated to an oriental plaza on the outskirts of the South African city, where local government demanded exorbitant rental which many of the small businesses could not afford (Cameron, 1991:53; Lemon, 1991:13). Black people, on the other hand, who were located in peripheral townships were denied any form of industrial, commercial and retail development rights through the implementation of various laws (Turok, 2001:2350). Naturally, this limited their tax base, which in turn deprived them of gaining any independent form of income and forced the residents of these townships to shop in white or Indian areas (Turok, 2001:2350). In addition to these constraints, the infrastructure and essential services in the townships were not well maintained (Turok, 2001:2351).

With the reservation of the central business district for the exclusive usage of the white minority, commercial hardship, economic distortions and inequitable trading opportunities were created within the city (Simon, 1989:194). A small step was taken in 1966 to establish non-racial trading areas, which sought to designate areas for a particular purpose rather than the occupation by a particular group. It was only in mid- 1984 that Section 19 of the Group Areas Act was amended. This meant that all races could now enjoy trading rights in the CBD and other trading areas (Lemon, 1991:16).

The amendment of the act did not run as smoothly as expected, however. The freehold right[14] of the blacks was not granted until 1987, due to "administrative bottlenecks" (Makgetla, 1987:396)[15]. This in turn lessened the chances of black people to occupy premises in the CBD, since many were unable to secure loans to secure premises (Simon, 1989:194; Lemon, 1991:14). Furthermore, some Indian traders opposed the CBD free-trade area since they believed that government was using the "underprivileged" races to boost the dying economy of

11 Buffer zones were tools which were used to separate the different racial residential areas spatially.
14 Freehold rights are commercial rights awarded without any restrictions.
15 Administrative bottlenecks refer to a "backlog" in the administration of trading rights within the city centre.

the city centres. At the time, many white businesses had already decentralised their businesses to the suburbs too (Simon, 1989:194). Government counteracted this opposition stating that the whole city would in time become a free trading area (Simon, 1989:194). This "change" led to the return of the pre-1950's situation which allowed for free trade throughout the city and paved the way to a modernisation of the apartheid model (Simon, 1989:195) [see figure 3].

By the end of the 1970's, the ruling party had already decided that the status quo of apartheid had become economically, politically and socially untenable (Simon, 1989:195), but it was only during the 1980's that the government started moving away from the apartheid urban model with the hope that it would win the approval of the black majority (Lemon, 1995:18). With this in mind, the racial influx control measure was removed during the early 1990's by President F.W. de Klerk, who repealed the Group Areas Act, which gave the non-white population the right of movement and migration (Swilling, 1991:XVIII; Maharaj, 2002:2; Christopher, 2005:2305). This in turn created a new challenge of accommodating these migrants, which far surpassed the expectations of the urban managers (Bekker, 1991:112; Lemon, 2000:190).

With democracy[16], all the legally enforced policies of apartheid were removed and a new national constitution was implemented. This translated into a complete structural transformation of the city in terms of its demographic and economic characteristics (Lemon, 2000:208).

[16] Democracy is defined here as the political dispensation in South Africa that followed 1994.

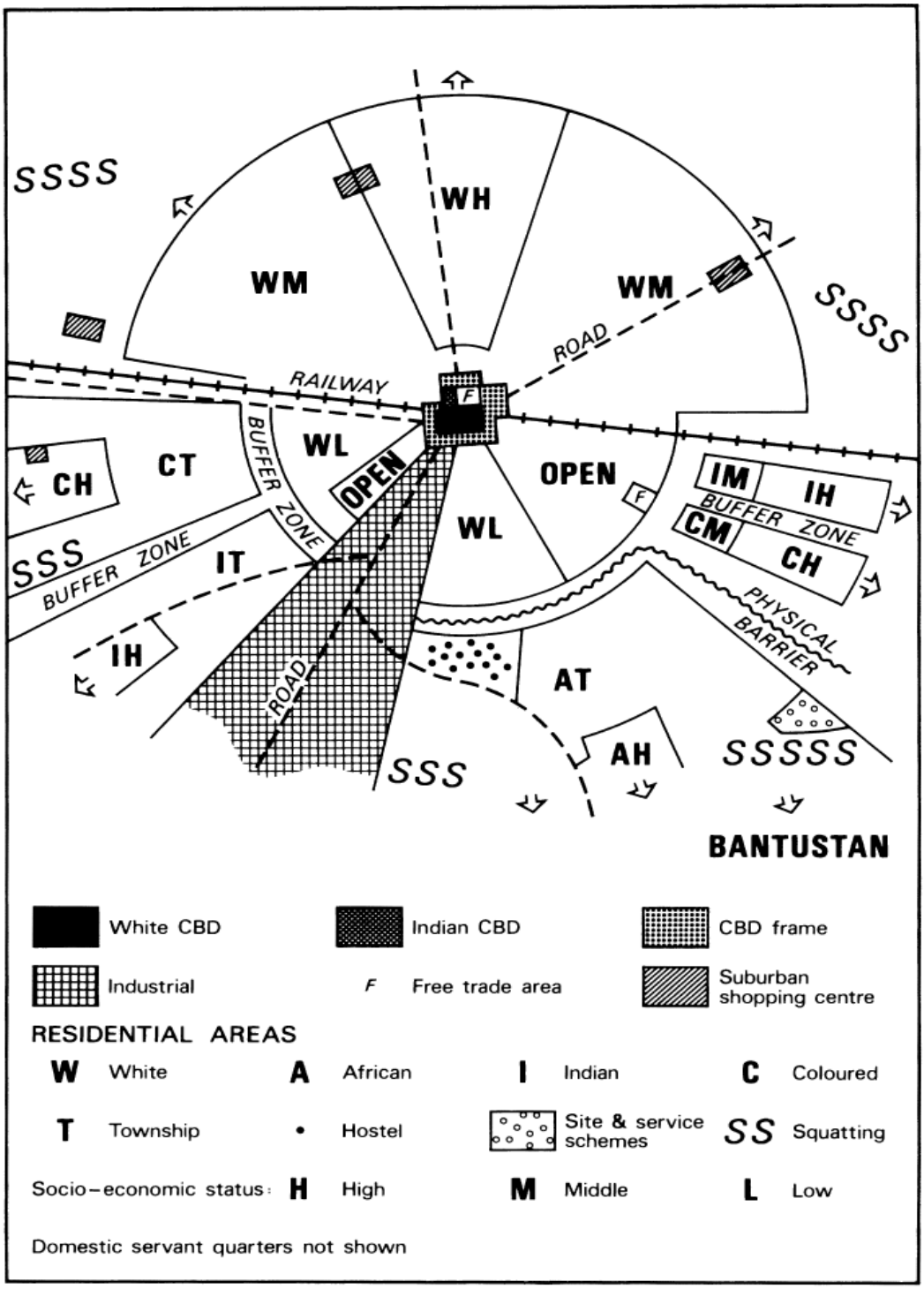


Figure 3: Modernised Apartheid city (Source: Simon, 1989:193)

The next section will capture the changes that occurred during the period between apartheid and democracy (1990- present) and how these changes translated into the spatial landscape.

2.3. Post-apartheid city

During the early 1990's, South Africa entered a transformation period concerning the apartheid legacy, which required major restructuring in terms of its social, economic, political and cultural institution to bring it in line with the new democratic order (Asmal, 2001:2). There are two aspects that dominate the urban development of the post-apartheid city: the "one city one tax" financial and political basis (Swilling *et.al*, 1991:174; Williams, 2000:17; Spinks, 2001:28; Pillay, 2008:114), as well as the compact city argument to overcome the shortcomings of the segregated and fragmented apartheid city (Harrison, 2003: 20). In this regard, urban planners were faced with the pressing question on how to integrate the spatially fragmented and socially segregated society which is haunted by economic inequalities (Donaldson, 2001:3).

President Mbeki (2003:1) referred to this reality as the city of "two nations" which displays a dualistic economy whose spatial structure is often referred to as the "divided city" (Parnell & Mabin, 1995:42) or "dual city" (Harrison, 1995:39). The city displays both developing and developed country characteristics, having the richest of places as well as the poorest, attracting the most enterprising as well as the most despairing. These cities could lose investments if they are not orderly and efficient, yet they could face unrest if urban planners do not make provisions for the most needy whilst attracting investments from multi-national corporations (Fraser, 2008:5). It is largely due to these reasons that the transformation of South African cities is complicated and not just based on the deracialisation and the reconstitution of policies, but rather on the changing nature of industrial time and urban space (Swilling, 1991: XVI).

Since the publication of the white paper on the promotion of industrial development in Southern Africa (RSA, 1982:2), the emphasis in planning shifted from one with a top-down modernist development approach to a post-modernist bottom-up approach, which has gained popularity with development scholars since the 1970's (Geyer, 1989b:32). This paradigm shift can be noted in terms of planning: Where modernist apartheid planners sought to control the development of urban areas through "fear" and exclusion, post-apartheid planners are more flexible and seek to encourage mutual development and the embracing of diversity (Hindson & Morris, 1995:40).

With the removal of influx control measures, South Africa's population has been found to be following global trends and is also becoming more urbanised, with 61 per cent of its population being urbanised by 2008 (Unicef, 2010). The large-scale migration was largely brought about by the lack of employment opportunities in the Bantustans as well as the rest of Africa (Mabin, 1991:34; Posel, 1991:23; Donaldson, 2001:12). The increase in population has, in turn, increased the demand for housing and services, which in turn fuelled demand for employment in the commercial sector of the city, a sector that was previously restricted for black people (Turok, 2001:2350).

Thus, how has the city changed since 1994? In 1992, Smith made a statement that the post-apartheid city was already there in terms of framework, since the spatial structure of South Africa's cities was largely limited by the social and physical structures created under the apartheid regime. The transition transformation had occurred largely due to the internal dynamics within the city, which contradicted the objectives of the apartheid city, rather than the process of reform.

Residential integration between 1991 and 1996 was largely left to market forces and a few instances of land invasion (Christopher, 2001:456). It was evident since the early 1990's that this pattern would outlive the repealing of the Group Areas Act since few of the Indians, coloured and black people had the funds to buy houses immediately, and the few that did have sufficient funds moved into the white areas (Christopher, 2001:455; Christopher, 2005:2307). However, recent studies conducted by Statistics South Africa show that for the first time, the black middle class is larger than that of the whites (Nuttall, 2004:731). This increase in the income of black people has allowed them to seek better residence within the city. Many of the whites, on the other hand, would rather decrease their standard of living than move into a "non-white" suburb (Lemon, 1991:16; Smith, 2003: 29). With regards to residential integration, it is interesting to note that the townships have remained mono-racial (Christopher, 2005:2311).

Smith (2003:29) had predicted the further development of "grey areas" around the CBD. Grey areas were formed by many black migrants from the homelands as well as the neighbouring countries seeking accommodation in the CBD or close to the CBD to be in close proximity to their place of employment (Spinks, 2001:24; Geyer, 2002a:415; Geyer, 2004:11). The shortage of housing in the city led to the spontaneous occupation of open land close to the CBD by migrants from the Bantustans who lived in informal settlements (Crankshaw, 1993:43; Mabin,

1991:39; Bekker, 1991:111; Oelofse, 2003:91; Pacione, 2005:475). This in turn brought into motion the concept of invasion and succession[17] in numerous urban centres (Colby, 1933:5; Johnson, 1972:118).

In addition to this, South Africa's inner cities had also been reshaped by the struggles of street traders to win space to practice trade. The lack of formal job opportunities in the CBD in turn fed the development and creation of an "informal businesses sector" (Lemon, 2000:208; Mabin & Smit, 1997:193). Whereas previous government policies restricted such business practices in the CBD, the democratic government[18] has either facilitated or at least tolerated these processes (Saff, 1996:240). Local government throughout South Africa is reassessing its attitude toward these traders and is regarding them as potential tools to address poverty and unemployment in the city rather than nuisances (Rogerson, 1999b:523-524; Freund, 2006:305). Subsequently, the informal sector has, however, been associated negatively with increasing crime in the CBD and has ultimately led to the deformation, relocation and recreation of the formal business sector (Rogerson, 1991:199), which had further deferred investments from the central business district (Geyer; 2001b:8; Geyer, 2002a:10)[19].

The above changes were captured by Simon Davis in 1989 who predicted that the city would continue to fragment and segregate along racial lines, creating a "deracialised apartheid". This deracialised apartheid concept was supported by Hart (1989:83) who stated that desegregation would lead to a more spontaneous form of segregation, which would eventually lead to "ghettoisation"[20]. The predicted "ghettoisation" was verified by Christopher (2005:2307), who found that the city of 2005 portrayed an extension of the "apartheid town plans". In view of this, the white paper on local government (RSA, 1998:178-179) proposed mixed-income residential development to overcome ghettoisation, but these attempts were to no avail, with country estates and neighbourhood shopping centres mushrooming throughout the urban landscape (Bremner, 1998: B2; Christopher, 2001:457; Donaldson, 2001:11; Spinks, 2001:9 Lemanski, 2004:108). This trend is what Agbola (1997:136) referred to as the "architecture of fear".

No formal spatial pattern had been proposed in the period of 1990 to 1994 with the hope of overcoming the fragmented apartheid urban structure (Turok, 2001:2354). In response to this,

17 Invasion was an informal means of occupation, while succession portrays a formal means of occupation.

18 "Democratic government" refers in this study to the South African government elected since 1994.

19 Discussed in detail in Chapter 3

20 "Ghettoisation" is a process referring to the whites that have abandoned the city centre and sought "safer" accommodation in the suburbs and neighbourhood estates while black people and foreigners infiltrated and colonised the city centres (Lemon, 2000:200).

the compact city argument was promoted by the World Bank and the United Nations (UN), who found South African cities to be of the most inefficient in the world. This argument called for higher density development and more compact urban forms (Watson, 1994:1; Mabin, 1998:6; Maharaj, 1998:3; Schoonraad, 2000:1; Naude & Krugell, 2003a:178). The question could be asked as to how the compact city concept could be implemented in the South African context.

In the international context, integration and compaction shares similar concerns with the conservationists to reduce green house gases, minimise utilisation of resources and use infrastructure more efficiently (Fulton, 1996:10; Burton, 2001:9; Headicar, 2003:5; Hickman & Banister, 2007:2). In South Africa, this concern is combined with that of overcoming the spatial remains of apartheid. Government has promoted the compact city development by utilising tools such as nodes (Friedmann, 1966:276; Hirschman, 1972:215; Thomas, 1972:173; Todd, 1974:294; Geyer, 1989a:117), corridors (Hurd, 1924; Berry, 1969:116; Papaioannou, 1969:354; Whebell, 1969:349; Tuppen,1977:2; Geyer, 1989a:280; Geyer, 1987:273; Donaldson, 2001:3), infill development (RSA, 1997:10), strategic infrastructure investments (Jourdan, 1998:720) and the designation of an urban boundary (Harrison, 2003:18).
These development tools could be utilised as development control to achieve certain political, economical, political and administrative goals, or else they could be used to stimulate depressed areas and provide new growth there or develop new areas to decrease development pressure in congested areas (Geyer, 1987:290).

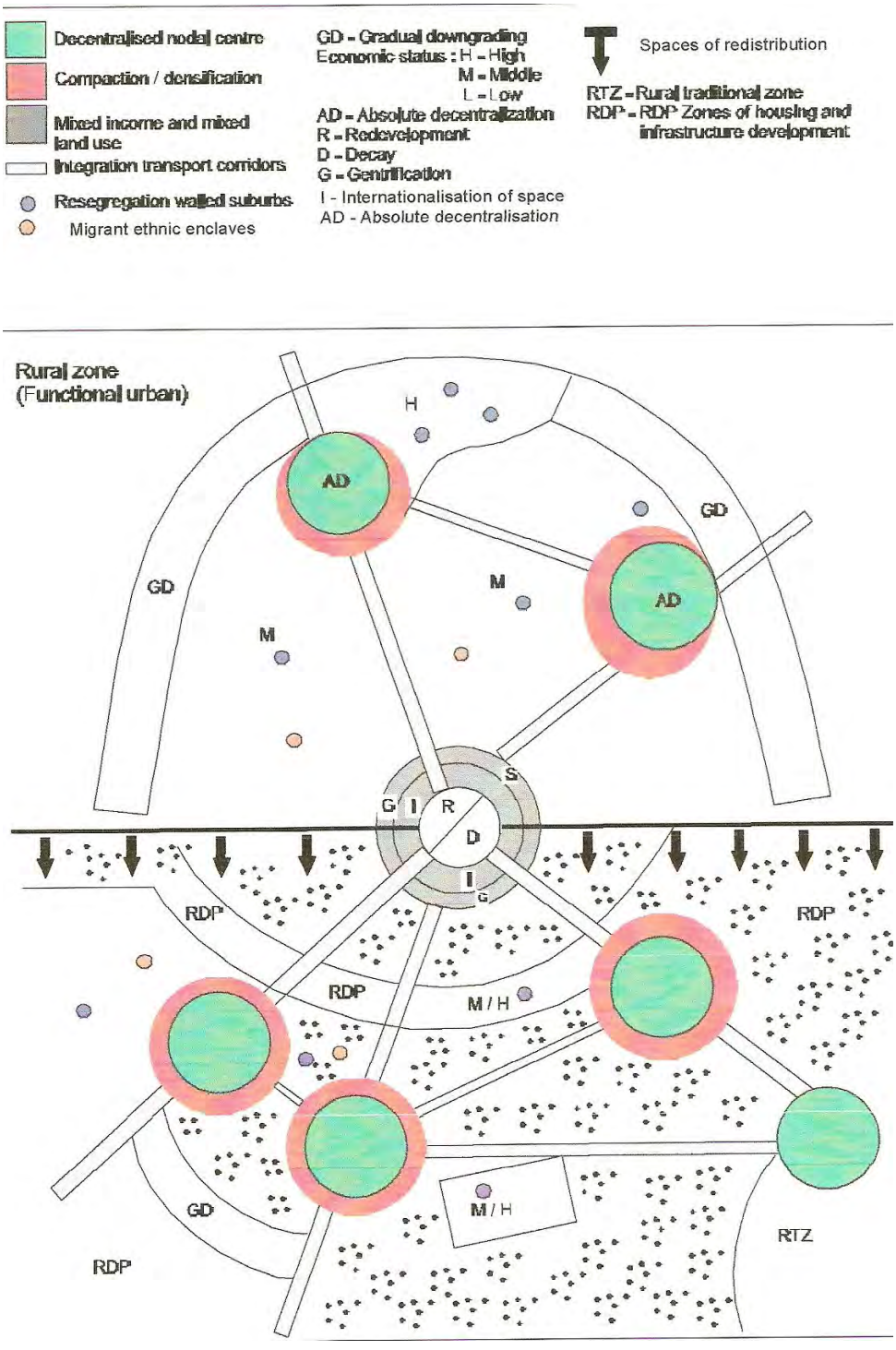


Figure 4: Proposed compact form for South African Cities (Source: Donaldson, 2001)

The corridor development potential, in terms of urban development, is widely acknowledged (Tuppen, 1977:4; Bothma, 1983:18; Stern, 1986:12), especially in terms of commercial development (Soja *et al*. 1983:201). On the intra-urban level, Geyer (1989a:119) defines the corridor as an axis that develops between two nodal points (development centres) within the city, with commercial or industrial nodes serving as development nodes in this context. How these tools are introduced within the South African city to forge integration and form a compact city will be discussed briefly in Chapter 4.

Donaldson (2001) proposed a manner in which these tools could be utilised to integrate the city (See Figure 4). This concept differs tremendously from that presented by Davies (1981) during apartheid. The proposed model adapts a multi-nodal urban form, accommodating decentralised nodes within the suburbs, while integration corridors connect these nodes with the central business district, thus proposing a more integrated urban form that that of the apartheid city (Donaldson, 2001)[see Figure 4].

At a time when planning is pursuing the compact city argument (Urban foundation, 1990/1), external forces are, however, shaping the city in another way (Harrison, 1995:36; Pieterse, 2006:288). Addressing the problem of urban fragmentation and inequalities is easier discussed than achieved, since many of the politicians and private sector investors share neo-liberal economic ideas (Pieterse, 2006:288). These trends display evidence that the capitalist processes are based not only on racial prejudice but labour reproduction, capital accumulation and social control (Beall *et al*., 2002:15) which were popular in the 19th century and are still prevalent today. Thus, it should come as no surprise that class, gender and generational bias persists. Hence, even though the white suburbs have desegregated to a large extent, there are still many forms of segregation that shadow the city in a form of inequality and uneven development (Bond, 2003:54). However, South Africa's cities have become marginally less segregated between 1996 and 2001 (Christopher, 2005:2323).

Gervais-Lambony (1999 in Christopher, 2005:2324), found that the pattern of segregation in post-apartheid differs from that of apartheid (Swilling *et al.* 1991:194), with the new segregation being too diverse and lacking direction from the central government. This could be as a result of the post-modernist approach to planning, where South African cities are not shaped by a master plan but rather by a local Integrated Development Plan (IDP), Spatial Development Framework (SDF) and Land-use Management Scheme (LUMS) which promote public participation. This

allows individual decision makers, developers, land owners and investors to influence the spatial development of the city, and only planners reserve the right to either accept or reject the development (Pickvance, 1977:104; Schoonraad, 2000:3; Nattrass, 2003:142; Pieterse, 2006:286; Pillay, 2008:110).

In addition to the conflict of interest, government promotes the concept that the different municipalities have to compete with each other in order to attract investors, and this has further compromised the spatial plans of cities (Schoonraad, 2000:4; Mayekiso, 2003:58). With regards to this, private property development interventions in South Africa were found to be mostly aimed at middle-income households and enterprises that are located in the white suburbs at the expense of the CBD and other black-owned areas. The ability of the compact city to overcome "fear of others" (Spinks, 2001:13; Donaldson, 2001:12; Lemanski, 2004:103) has been questioned since the "not-in-my-backyard" (NIMBY) syndrome brought about by fear of difference further limits the objectives of the compact city argument (Spinks, 2001:10, Ellin, 2001:874; Lemanski, 2004: 101-108).

The social relations and attitudes of South Africa's society remain largely unchanged (Harlow & Attwell, 2000:5), and despite the political progress, the spatial structure remain as it was, since few of its inhabitants have the ability to move and improve their lifestyles (Turok, 2001:2376; Maharaj, 2002:191; Goga, 2003:77; Pieterse, 2004:5; Nuttall, 2004:746; Durington, 2006:160), and those who do have the means, choose to remain in the areas they feel comfortable within. This could be one of the reasons why government's objectives of an integrated and compact city remain unattained (Christopher, 2001:464).

2.4 Summary

This chapter discussed South Africa's urban development pre-1948 to 2008 with the intention of explaining the different forces that have been responsible for the spatial structure of its cities.

Over the past 30 years, there has been a lively debate around the topic of how cities should be developed. The most significant outcome of this debate has been the paradigm shift from a modernist manner of development to a post-modernist approach. The shift in the development process can be noted in the manner in which South African cities have been developed from the pre-apartheid city to the post-apartheid city of 2009.

Since the country did not have an urban form prior to colonisation, the white colonists declared

the urban areas as their territory and enforced a spatial pattern. Where most colonised cities are segregated along the lines of class and culture, South African cities were segregated along the lines of commercial competition and “health” concerns. This urban form boosted a CBD at the centre of the city that was for the exclusive occupation of white traders, while a minute Indian centre at the edge of the CBD was used to accommodate Indian traders. In addition to this, residence close to the core was for the occupation of whites, while the Indian, coloured and black people were accommodated on the outer edges of the city. The city made provision for two grey areas that allowed for the mixing between the whites and coloureds.

In 1948, the National Party implemented the apartheid city plan in the urban landscape. This system banished the non-labouring blacks to the Bantustans and forced racial segregation onto the urban landscape. Where previously the urban model allowed for the mixing between the racial groups, the apartheid city forced the Indians, blacks and coloureds into residential suburbs of their own, each separated by a ‘buffer zone”, while the whites enjoyed the exclusive occupation of the suburbs closest to the CBD [see Figure 3]. Where previously the CBD had accommodated the Indian traders, apartheid had forced them out of the CBD and placed them in an oriental plaza situated on the periphery of the CBD.

In 1966, the white businesses that were located in the CBD began decentralising into the suburbs and it was then that the apartheid government amended Section 14 of the Group Areas Act, which allowed for free trading rights within the CBD and reintroduced the 1950’s urban situation.

In the 1990’s, President de Klerk retracted the entire Group Areas Act, which then allowed for the “free movement” of the residents within the city, promoting the one-city, one-tax-base city. This translated into occupation being determined according to market forces. However, even though residents had the freedom to move into any residential area they wished, many lacked the finances or the wish to move. In the light of this, the residents who had the money moved into the former white areas, while many of the whites either migrated overseas or continued to occupy their former residence. The black townships have also grown in recent years with many of the blacks that were banished to the Bantustans moving into the urban areas again. In addition to the native blacks, many foreigners have also migrated to the country and occupied residence in the townships or residence within the CBD, with the hope of being close to employment opportunities.

In terms of the commercial activities, the cities did not have enough formal sector jobs to accommodate the influx of migrants seeking a better life in the city. The lack of economic opportunities then introduced an informal sector in the urban landscape, while the macro-economic policies of the government (GEAR) introduced multi-national corporations (MNCs) into the urban commercial field. The image that both these businesses portray has been in conflict and, in turn, fuelled the suburban commercial development of the 1960's.

In response to the residential and commercial decentralisation, government has promoted a compact and integrated city concept. However, it was found that where previously under the apartheid government, business and government shared the same idea of how the city should look, the post-apartheid government and business sector no longer hold the same views. This is one of the reasons why the post-apartheid city continues to segregate and fragment while policies strive to compact it. This chapter has explained the spatial development of the commercial sector within South African cities.

The next chapter will briefly explore the different economic forces that influence the urban space and how the different commercial activities in South African cities share the urban space in the hope of making a living. This chapter would form the theoretical basis to the second aim of this research.

Chapter 3:
Economic Influence on Urban Space

3.1. Introduction

The dual-city concept has been at the fore of the global argument,[21] with cities displaying a juxtaposition of glamour and decay. On the one hand, there is the elite who live a modern, cosmopolitan lifestyle and, on the other, the marginalised population who is threatened by those very forces and is forced to protect their local space (Castells, 1993:49; Harrison, 1995: 39; Marcuse, 1995:15). South African cities display similar paradoxes. On one end of the city, there are mansions located in various country estates that stretch for a few kilometres outside the city and, on the other end of the same city, millions are living in tin make-shift homes with no infrastructure and services. The question that could well be asked is: What forces are responsible for the inequalities displayed on our spatial landscapes?

One of the reasons given for these spatial patterns is the forces that have transformed the economic composition of cities (Geyer, 2007b:23). Since economic activities take place in urban areas, the city is seen as a relevant unit for understanding how the wealth of a nation has been created (Jacobs, 1961:12; McCann, 2001:1; Cohen, 2003:26; Pacione, 2005:295; DBSA, 1994:35; McCann, 2001:1).

The aim of this chapter is to explore the economic and demographic forces responsible for the restructuring of the economic composition of cities since the 1880's (Sandercock, 2003:164). It will start out by broadly focusing on global forces and then progress to the influence these forces have, firstly, on the national economic landscape and, secondly, the economic activities of the labour force. The second half of this chapter considers the different commercial sectors present on the spatial landscape and the factors that influence the location of these activities within a city.

3.2. Globalisation

As early as the 1880's and 1890's, businesses expanded in search of speculative investment opportunities which changed the nature of urban growth (Sinclair, 1967:77-78; Smart & Smart,

[21] The Argument states that globalisation, contributes to increasing inequality in the world.

2003: 264). The repercussions of this are that many governments found themselves saddled with the uncoordinated and socially costly consequences of private investments (Mabin & Smit, 1997:221;Geyer, 2007a:19), with core countries[22] controlling trade and investment patterns and, thus, in a position to influence the development of developing nations directly (Wallerstein, 1974:392).

With technology's allowance for time and space compression[23], their influence on the spatial landscape has become even more evident, with spatial and economic spheres appearing even more fragmented than before (Harrison, 1995:38; Harrison, 2003:15; Smart & Smart, 2003:265; Geyer, 2007:3). It is found that once a city enters global networks, it introduces a new economic core where new banking and service activities replace the older local functions (Sassen, 2000:59-60). This introduces a new business elite. In 2010, this business elite often seems to take the form of multi-national corporations (MNCs) (Harvey, 1990a: 420). These companies are changing the economic geography at all levels, spreading their enterprises across cities, countries and continents, thereby influencing the spatial structure of the urban centres (Batty, 1993:615; Castells, 1993:50; Harrison, 1995:35; Healey, 1998:1538).

Global forces had a significant influence on the local landscape and society (Giddens, 1984:10; Harvey, 1989a:3). Its influence can be seen in the uniformity of taste amongst local inhabitants, which has served to increase the market for global goods by creating global consumerism (Berry *et al.* 1997: 36; John *et al.,* 1997: 45; Morris *et al*., 2001:2158; Pacione, 2005:375). These trends, in turn, also impact urban governance, and local business organisations and their practice (Smart & Smart, 2003:268; Friedman, 2008:49).

In recent years, this could be noted visibly in the manner in which urban centres have been governed: Local government promotes inter-urban competition in an effort to attract investments to their localities and improve their image in the global economy (Harvey, 1989a:5; Harvey, 1990a: 424; Smart & Smart, 2003: 269) to enable them to provide basic services and facilities to the inhabitants of the area (Harvey, 1989:6; Cochrane, 1990:292). This trend displayed a paradigm shift from a managerialism to an entrepreneurialism form of urban development (Harvey, 1989a:4; Harrison, 1995:38).

[22] Core countries refer to developed countries or previously colonial powers.
[23] The improvement of transportation technology, has allowed further travel in shorter periods of time.

Regardless of how globalisation is defined, it is considered a growing force in the development of economies throughout the world (Geyer, 2007a: 23). The influence it has had on the South African economy is none the different, and the following section will look at the influence of globalisation on this region.

3.3 Global influence on South Africa

Since 1994, South Africa has become integrated in the increasingly globalised economy, with many of the trends that were discussed previously being experienced in South African cities (Harrison, 1995:41). Evidence of these trends can be noted in the recently developed "malls", "office parks" and convention centres, each of which provides strong indications as to the entrepreneurial management of local government (Harrison, 1995:41). Regardless of these changes, the socio-economic transformation of the cities cannot just be associated with these trends without due regard for the context and contiguity of South Africa's unique economic history (Harrison, 1995:41).

Large companies have often justified their investment in the country as a means of helping the disadvantaged sector of the population (Gilroy *et al.,* 2005:23). However, in the world of business, the trade-off between security risk and positive profits translates into fertile ground for business, regardless of political circumstances (Geyer, 2003:409). South Africa is seen as one of the top five destinations in Africa for foreign direct investment (FDI) since it is regarded as a gateway to Africa (Nel, 2000:129; Geyer, 2003:409; Gilroy *et al*., 2005:27).

In recent years, foreign direct investments have, however, failed to materialise in substantial terms. There are a number of reasons why South Africa has failed to attract investments on the same level as its emerging-market counterparts. Firstly, it has a chronic shortage of skilled labour, labour market rigidity and difficult dismissal procedures which increase the cost of unskilled and semi-skilled labourers. In addition to the first, the perceived incidences of crime have also deterred investments (Nowark, 2005:23). Secondly, larger enterprises in the private sector would rather follow the mechanisation path, than the one of labour intensity. This tendency has been fuelled by the low productivity levels of South African labour, the limited skills set and the high cost of labour disputes (Dewar & Todeschini, 1999:4). Thirdly, the poor state of infrastructure has deterred FDI from South Africa and, in turn, has weakened the ability of the labour market to create new jobs (Nowark, 2005:24). Fourthly, the enormous risk of policy reversal as well as the lack of respect for property rights are the two most damaging factors that

deter foreign investment in the region (Geyer & Van der Merwe, 2007:190). Finally, the decreasing global demand for primary products together with the continuing violence and political instability has all contributed to the economic marginalisation of the Southern African developing community (SADC) (Geyer & Van der Merwe, 2007:189).

Deregulations, economic reform and increasing global exposure influence both the organisation of formal and informal activity and employment, but evidence of these interactions between the formal and informal sector is largely limited (Marjit & Maiti, 2005:1).

3.4 Economic impact of unemployment on South Africa's labour force

Since the mid-1970's, many people in the labour force could not find employment in the formal sector (Dewar & Todeschini, 1999:5; Van der Berg, 2002:187). In 1988, Kirsten found that at least one in every four economically active black persons was making a living from the informal sector. In 1992, only one in every 20 found employment in the formal sector (Dewar & Todeschini, 1999:5), and in 1994, only one in every ten found employment at all (Munslow & Fitzgerald, 1994: 233)[24]. People that could not find work in the formal economy were forced to make a living in subsistence agriculture, the informal sector, misemployment or underemployment, or simply remain unemployed (Van der Berg, 1992:192; Munslow & Fitzgerald,1994:233; Dewar & Todeschini, 1999:6; Pacione, 2005:294; Enslin, 2006:5). Unemployment is an important problem facing South Africa's economy since it poses social and political threats to the stability of the country.

Historically the apartheid system repressed black participation in the modernising economy either as entrepreneurs who could gain access to credit or skilled labours in the white urban areas (Munslow & Fitzgerald, 1994: 228; Dewar & Todeschini, 1999: 4; Kingdon & Knight, 2004:405). In addition to this, informal activities of black people were restricted through legislation, such as the Bantu Education Act, the Group Areas Act, harsh licensing, strict zoning regulations and the effective detection and prosecution of offenders (Makgetla, 1987:379)[25]. These laws served to guard South African cities against black-dominated informal sector niches that were construed as hazardous to public health and stereotyped as unsightly and unsanitary (Rogerson 1992:166). Formerly, the extent of this unemployment was tucked away in the rural areas, but in recent years, the effects of unemployment became evident in the urban areas

[24] Data was found to be inconsistent, between sources. Hence, the lack of data is taken as a limitation to the study.
[25] Discussed in detail in Chapter Four.

where even educated inhabitants are no longer promised a job and have to resort to informal activities in order to make ends meet (Manning, 1993:12; Lemon, 2000:194).

The changes in the economic composition, on the other hand, can explain South Africa's weak economic performance, with the scaling down of mining activities, the mechanisation of the manufacturing sector, the opening of South Africa's boarders to international trade and a reduction in public sector employment all contributing to the large-scale unemployment in the country (Arora & Ricci, 2005:32).

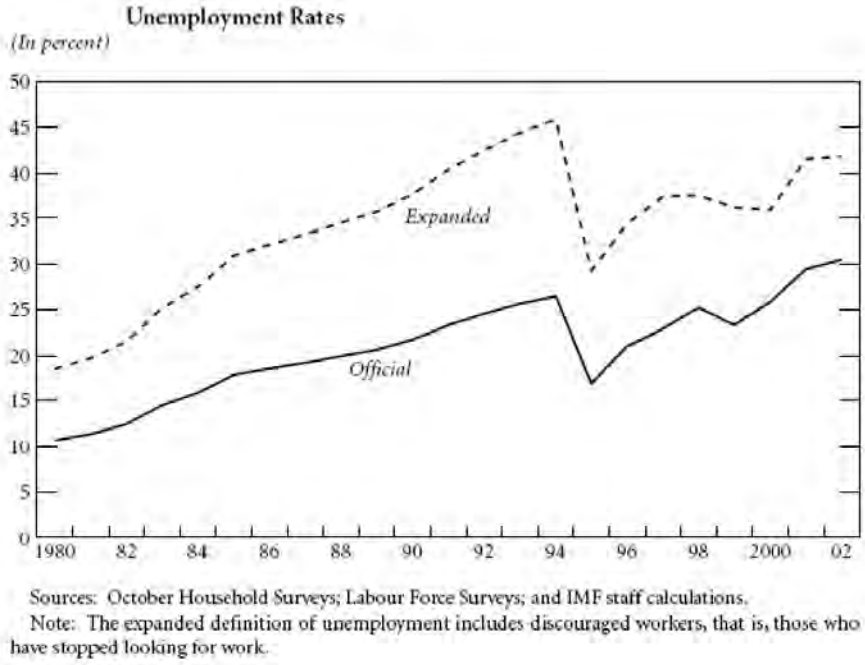


Figure 5: Unemployment rates in South Africa (Arora & Ricci, 2005:24)[26]

In addition to these changes, the labour force grew by between 500 000 and 600 000 in comparison to only 115 000 jobs being created annually between 1995 and 2002 (Altman, 2005:88). This meant that employment increased by 1.25 per cent each year, while the labour force increased by four per cent per year (Arora & Ricci, 2005:27) [see Figure 5]. In 2008, in a labour force of 30.7 million, approximately 13.7 million people were employed formally and 11.8 million unemployed in South Africa The remainder of the labour force was classified as underutilised labour (Stats SA; 2008:14)[27].

[26] 2005 data was used since this data was found to be relevant for the study period under investigation and correspond to the local data available in the Matlosana and IDP of 2008. Hence, for consistency purposes 2005 data has been used throughout this study.
[27] Statistical contradictions displayed in this paragraph, was found was to be a limitation in the study. This limitation motivated the utilisation of 2005 data, since many formal policy documents used data from that year.

It was found that both the formal and informal sectors contributed to job creation, even though it was to a different extent (Altman, 2005:87). The informal sector was a large employer between 1996 and 1999 (Enslin, 2006:1). Thereafter, employment in the formal sector increased from 1997 onwards, generating up to 1.1 million jobs between 1997 and 2005 (Altman, 2005:88). The majority of these jobs is in finance, insurance, information technology, retail, wholesale, manufacturing and social services (Altman, 2007:90). Although there was a modest growth in formal employment, overall job creation was unable to match the growth in the labour force (Pillay, 2008:124). South Africa would require a constant growth rate of at least six per cent per annum to overcome the problem of formal sector unemployment (Dewar & Todeschini, 1999:5).

Since the 1994 democracy, laws have been relaxed and informal activities took place openly in the urban areas. However, their development is now restricted by crime and a lack of access to credit, infrastructure, services and training (Chandra *et al*., 2002:26).

Many of the unemployed resort to the informal sector rather than remaining openly unemployed (Kingdon & Knight, 2004:391). In this regard, South Africa displays an unusual tendency in as far as it has a small informal sector and large-scale open employment (Kingdon & Knight, 2004:391). The informal sector in South Africa absorbed only 14 to 17 per cent of the broad labour force in 1997 and 1999 and between 18 and 24 per cent in 2000 and 2002 (Kingdon & Knight, 2004:395). In September 2005, Statistics South Africa found that the informal sector constituted 27.1 per cent of South Africa's labour force. This figure included 2,4 million people who worked in informal enterprises and 859 000 domestic workers. Of those working informally, 49 per cent were in trade, 17 per cent in services, 10 in manufacturing and the remainder in transport and finance (Enslin, 2006:1). Nevertheless, the informal sector was still found to be too small according to other developing countries' standards. A possible explanation for the high unemployment is that many people had access to non-earned income in the form of grants and may support voluntary unemployment (Kingdon & Knight, 1999, 2000, 2004; ILO, 1996).

The following sections investigate the composition of the commercial sector, located in the different urban areas, and the influence their location has on the spatial landscape of cities.

3.5 The theoretical position of the informal sector

Whether towns start out as central places (Christaller, 1933) or non-central places (Richardson,

1977b), over time, they attain a degree of centrality in keeping with the economic activities they provide, with the larger centres offering more and higher-order goods in comparison to the smaller centres that offer lower-order goods and services (Weber, 1929; Christaller, 1933; Losch, 1954; Geyer, 2002a:5). In most cases, it has been found that non-central places, such as Klerksdorp, often become larger than central places, since they have additional economic impetus in the form of one or more natural endowments, which is not the case with central places.

According to Lewis (1954:8), economic development occurs when labour is drawn away from the traditional subsistence afforded by the primary sector towards the modern production processes of the quaternary sector. The development and economic evolution of centres can be explained by Weber's (1929) layers of human activity model, which start from primary economic sector activities, evolving to the quaternary economic sector activities (See figure 6). This study is particularly interested in the composition of the fourth (commerce) and fifth (services) layers in this model. However, it is imperative to remember that although commerce is shown to occupy the fourth layer, trading as an activity occurs in all the layers (Geyer, 2005:12). It is only when these activities occur in a concentrated and visible fashion on the landscape that they begin to occupy a distinctive layer (Geyer, 2005:12).

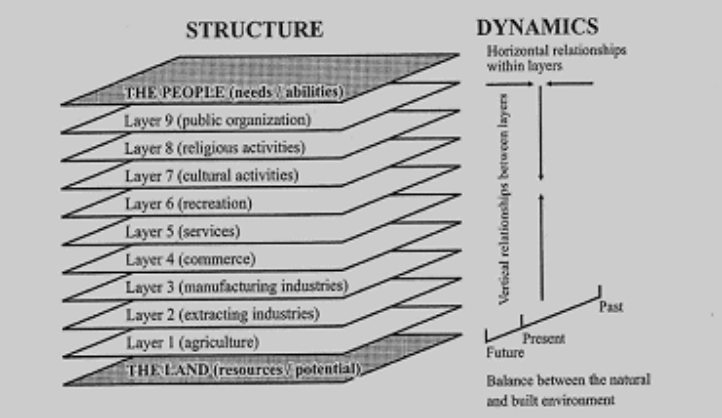


Figure 6: Layers of Human Activities (Geyer, 2002a:8; Geyer, 2005:7).

A lot has been written about the formal activities, but the literature on the activities that occur within these layers is very limited (Santos, 1979:82). However, Geyer (1989b:32) provides some insight into the informal activities within these layers as well as the composition, location and size of the varying business activities occurring on the urban landscape. A summation of these findings is illustrated in Figure 7 and discussed in detail in Table 1.

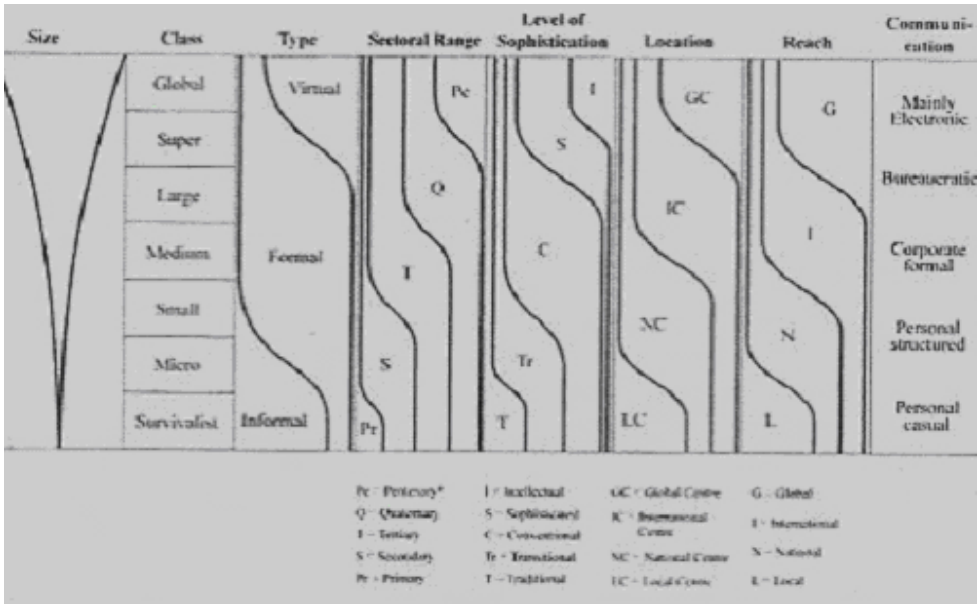


Figure 7: Anatomy of the business sector in urban South Africa (Geyer, 2005:32).[28]

Businesses range from those that are enormously large to those that are extremely small, from those that are technologically advanced and competing in the global markets to those that still follow the traditional means of trade and opt for an unsophisticated means of living in the informal sector (Santos, 1979:88). In contemporary times, rapid changes have occurred in retail demands, consumer preferences and business organisation. Businesses have become fewer but larger, with self-service businesses, specialised shops, franchises and planned shopping centres replacing small, traditional shops (Schoeman, 2006:98). Many small local businesses are more often first-time ventures that experience difficulty in securing loans and start-up capital. When they do manage to secure it, they still come across as small compared to the rest and are often doomed to failure if they cannot meet market prices (Marjit & Maiti, 2005:3).

Figure 8 provides a detailed analysis of the composition of layer four and five of Weber's layers of activities. From this illustration, it can be derived that the smaller the business (like survivalist informal business), the more personal the interaction and the lower the order of goods marketed[29].

[28] The quality of the figure is inadequate, but as it adds value to the text it was decided to include it anyway.

[29] Similarly, Rogerson (1996:47) found that a differentiation should be made within this layer, where small businesses are survivalist, informal activities that barely make ends meet as opposed to expansionist informal activities, who display actual potential for growth.

In contradiction, the larger the businesses, the more formal and sophisticated they appear and the higher the order of the goods on offer. With this acquired level of sophistication, the interaction between these enterprises becomes more virtual. In comparing Figure 8 with Figure 7, one finds that the small, less formal activities occur within the primary, secondary, tertiary and quaternary layers, while the formal sector encompasses all of these activities as well as that of the pertunary sector. Table 1 briefly describes the location of the various formal and informal activities on the local landscape, as found by Geyer (2005:32).

Sector	Location	Size	Sophistication
Formal (high-income orientated) 1. Commerce and commercial services	• City centre ⇒ Less in traditional street location ⇒ More in secured shopping malls. ⇒ Some in city centre fringe High-income suburban centres/malls	Small to large	Mostly high
	• Corridor between nodes • Inside higher income residential areas		
2. Industry and industrial services	• Industrial areas • Urban Fringe	Small to large	Mostly high

Formal (low-income oriented) 1. Commerce and commercial services	• City centre ⇒ Mostly in traditional street locations ⇒ Low-income suburban centres/malls ⇒ Corridor between nodes Inside lower-income residential area	Small to medium	Medium to high
2. Industry and industrial services	• Industrial area • Urban fringe	Small to large	Medium to high
Semi-formal 1. Commerce and commercial services	• City centre ⇒ Sidewalks in city streets ⇒ Parks Entrance	Small to medium	Medium to high
2. Industry and industrial services	• Residential area • Main road junctions	Small to medium	Medium to high
Transitional (informal) 1. Commerce and commercial services	• City centre • Sidewalks • Parks • Entrances to Shopping malls Main road junctions	Small to medium	Low to medium
2. Industry and industrial services	• Residential area • Main road junctions	Small to medium	Low to medium

Traditional (informal) 1. Commerce and commercial services	• City Centre • Sidewalks • Parks • Entrances to shopping malls. • Main road junctions	Small	Low
2. Industry and industrial services	• Residential areas • Main road junctions	Small	Low

Table 1: Structure of the urban economic sector in South Africa (Geyer, 1989b, Adapted by Geyer, 2005:57).

The formal sector consists of both high-income and low-income-oriented businesses and is comprised of activities, such as banking, modern urban industry, export trade industries, wholesale, transport, service and clothing businesses, while the informal sector represents the less modern, more labour-intensive sector of the economy (Pacione, 2005:274). Formal high-income businesses, which offer expensive and sophisticated goods, were found to be located in selected regions of the city only. Within the city centre, these businesses were found not to be located in popular traditional streets[30] but more in secure city centre malls and suburban centres. They were also found along the fringe of the city and the corridor linking one economic node with another. Low-income formal businesses, which offer cheaper and less sophisticated goods, were also found to be selective in terms of their location. It was found that these businesses prefer being located along the streets within the CBD and low-income suburban centres and malls. They, like the high-income businesses, also prefer to locate along the corridors between economic nodes (Geyer, 2005:47).

The last three layers can be discerned within the informal sector: semi-formal, transitional and traditional business activities. The semi-formal layers form the bridge between the formal and informal sectors. This sector sells products obtained from the formal sector. The products and services offered range in terms of its level of technical sophistication, from locally produced

[30] Traditional street refers to location on the main road in the CBD.

goods to products that are globally marketed. These businesses are commonly found to be located along sidewalks, parks and business entrances within the city centre (Geyer, 2005:47).

Each of the above business sectors was found to have a set preference in terms of location, but both the traditional and transitional informal sector display the same preference: along sidewalks, parks and business entrances within the city centre or else at main road junctions along the corridors, despite the fact that the products both of these offer differ.

The transitional informal economic layer provides goods and services that have some traditional features, but these products are adapted to incorporate advanced elements and techniques. Examples of the products include mass-produced versions of traditional arts and crafts made from wood or wire (Geyer, 2005:46). The traditional informal economic layer, on the other hand, forms the lowest stratum of the sector. This sector sells products ranging from traditional cuisine, traditional medication and traditional household goods and equipment, for example brooms and feather dusters (Geyer, 2005:45).

Informal businesses that displayed growth potential were located in the inner city zones and, to a limited extent, in the formal residential areas but very rarely in the informal townships. Survivalist informal businesses, on the other hand, were found to be predominant in the informal residential areas and can only to a limited aspect be found in the CBD (Mabin & Hunter, 1993:12). Over half of the informal sector enterprises are located in the retail sector (Kirsten, 1991:149; Devey *et al.,* 2006: 230).

The question to ask is whether the informal sector has barriers to entry (Kingdon & Knight, 2004:403). Several authors note that many activities in the so-called informal sector of developing countries are highly stratified, requiring skills, experience and contacts with identifiable barriers to entry, such as the lack of funds (Maloney, 1999:280). Petty trading, often with highly structured labour and product markets, together with considerable costs of entry, can be regarded as examples of barriers to entry (Kingdon & Knight, 2004:405). In South Africa, the informal sector is not a free entry market, with licence control and restrictive laws still limiting traders in this sector in 2002 (Kingdon & Knight, 2004:403). Even when skills and capital are not required, entry can be difficult because of the presence of cohesive networks which exercise control over location and zones of operation (Banerjee, 1986:339; Kingdon & Knight, 2001:125).

Many attempts have been made by various researchers over the past decade to define, capture and measure the informal economy (Kirsten, 1988:254; Kantor, 1989:12; Hartzenberg & Leiman, 1990:35; Hart, 1973:72; Castells & Portes, 1989:15; RSA, 1994:18; Hartzenburg & Leiman, 1992:193; Kirsten 1991:150; Marjit & Maiti, 2005:1; Coetzee, 1991:2). However, it still remains largely undefined. Regardless of how the informal sector is defined, it is important to note that the informal sector displays a large portion of heterogeneity determined by location, have different employment relations and display different economic potential (Devey *et al*, 2006:230; ILO, 1992:5; Rogerson, 1996:50).

There are four main types of retail activities in the informal sector: trade and hawking, services and services industries, production and construction and "immoral activities". Likewise, trade activities encompass hawkers and street vendors, barbers, photographers, car washers and child minders, while manufacturing includes the production of food items, furniture, clothing and ornaments (Kirsten, 1991:154). Immoral activities comprise activities that are not permitted in South Africa, such as prostitution, drug trafficking, et cetera. These activities are more difficult to capture and for this reason have been excluded from this study.

Informal sector businesses are generally family-owned, smaller and more labour-intensive than formal sector businesses (Timothy & Wall, 1997:330; Geyer, 2005:45). Most of the skills that are used to conduct this form of business are acquired outside formal training institutions and are often learnt from parents or older business "partners" (Geyer, 2005:46). Although there is a system in place for most of these businesses to register, many of them remain unregistered and do not pay taxes. For this reason, it is extremely difficult to capture the market in which they operate.

Another very distinguishing feature of the informal sector is that traders that are located in the same vicinity tend to sell homogeneous products (Rogerson, 1996: 47). This process is what Manning and Mashingo (1996:16 in Rogerson, 1996:48) called "growth through replication". This "growth process" leads to overtrade, and prices can vary according to the competition in the area. The profit margins for these goods are often small, and earnings are found to be irregular (Meier, 1989:560; Penouil, 1989:310; Timothy & Wall, 1997:333). Furthermore, informal traders are often located in areas of economic conflict, (Munslow & Fitzgerald, 1994:230) such as the central business district (CBD) which, as is to be expected, brings about a scuffle between the formal and informal sector.

Formal and informal sectors are found to be integrally linked (Devey & Valodia, 2005:14; Devey *et al.* 2006: 232), having a symbiotic relationship where customers and suppliers are shared and many individuals switch between the two sectors even within the same day (Devey *et al.,* 2006: 230; Rogerson & Preston-White, 1991:26). The informal economy, though, may expand with the "informalisation" of the formal sector who hopes to bypass wage gains and labour legislation (Rogerson & Preston-White, 1991:17). This informalisation of the informal sector is inseparable from the macro-economic forces in play, such as industrial organisation and recession-induced economic restructuring (Castells & Portes, 1989: 31; Portes *et al.,* 1986:727). Where the informal sector has infiltrated in areas of formal trade, the latter has been either crowded out and moved to new locations or is has resorted to adapting and mimicking the trade patterns of the former (Geyer, 2005:53). In most cases, the products that are sold by the informal sector are bought from the formal sector and originate from the emerging markets located in the east (Pacific Rim).

Having discussed the complex composition of these sectors, the following questions could be posed: What influences do their location have on the spatial landscape, and why do businesses choose the locations they do? The following section seeks to answer these questions.

3.6 Commercial battlefield[31]

If one casually observes the urban structure of urban centres, one would note that even the most chaotic centres reveal some sort of geographical pattern and arrangement. These arrangements could be as a result of accessibility, historical development or even different land values (Johnson, 1972:28). Due to this common observation, numerous theories have been formulated to explain the structure of different centres. Nevertheless, it is a common observation that the city has many different land usages: There are areas that are used exclusively for industrial purposes, while others fulfil a commercial, transportation, residential or leisure purpose. However, these areas are not always easily and well-defined, and there are areas that have multiple functions (Gist & Fava, 1965:85).

The distribution and location of goods and services could be regarded as one of the most important economic functions in a city, since it is a function that every urban inhabitant is attracted to, whether that resident is a consumer or a producer (Schoeman, 2006:95). Buildings

[31] Commercial battlefield refers to the locality that both the formal and informal sector wishes to occupy.

and other physical infrastructure used to house these economic functions in the city are continuously affected by dynamic forces created by both the public and private sectors (Pacione, 2005: 242). The effect of these can be observed on the spatial landscape.

There are many different forces that influence the location of businesses in the micro and macro-economic space (Geyer, 2007b:23). On the micro-urban scale, the sense of convenience or nearness would be a factor that could influence location. Where accessibility to facilities and clients would differ even between the high-income and the low-income formal sector, the proximity required by the informal sectors will be totally different altogether (as explained in Table 1) (Dewar & Todeschini, 1999:18). Another influential force is that of land value (Hurd, 1924:13; Johnson, 1972:29). Economic rent in the city is based on the superiority of location (Hurd, 1924:15; Geyer, 2007b:48). Hence the spatial distribution of businesses through the city is dependent upon their ability to pay rent (Hawley, 1950:271). It is largely due to this reason that business enterprises decide to agglomerate in one area to decrease cost and friction of distance (Hoover, 1937; Isard, 1972; Hagget *et al*,. 1977; Scott, 1982). Hence, it could be said that the more specialised a business is, the more centrally located it will be (Hawley, 1950:286-271). This agglomeration force between the formal and informal sectors is evident throughout the world: The informal sectors locate in areas where formal business is located (Geyer, 2007b:50). This arrangement is what Haig (1926:434) referred to as “parasitic encroachment” of the lower-order functions upon the higher-order function. This encroachment can be witnessed in the central business district (CBD) which is the most centrally located area in the city.

The CBD is supposed to offer close contact with the entrepreneur and allows for easy networking within the city, while it also caters for auxiliary services such as post offices, banks and wholesalers. It allows easier access to labourers, since this area is most accessible in terms of public transport from the other portions of the city (Carol, 1960:431). However, the idea of suburban living, combined with private motor car ownership and the introduction of the informal sector, has had many repercussions for the urban landscape (Hoyt, 1939:25; Bollens & Schmandt, 1975:40; Berry,1976:26; Pacione, 2005:267). It is exactly this combination of feeding and nurturing decentralisation in the city that has pulled people away from the city centres towards the suburbs from as early as the 1960’s (Carol, 1960:431; Berry, 1976:25; Gist & Feva, 1965:58; Geyer & Kontuly, 1993:170; Geyer, 1996:51; Tomlinson & Larsen, 2003:40). This transformation, in turn, has contributed to the development of suburban business nodes (Proudfoot, 1937: 426; Hawley, 1950:10; Berry *et al*., 1963:70; Donaldson, 2001:4; Pacione,

2005:249; Schoeman, 2006:96) which Harris and Ullman (1945) proposed in their multi-sector theory [see figure 1] which accommodates the newly relocated high-income businesses [See figure 8].

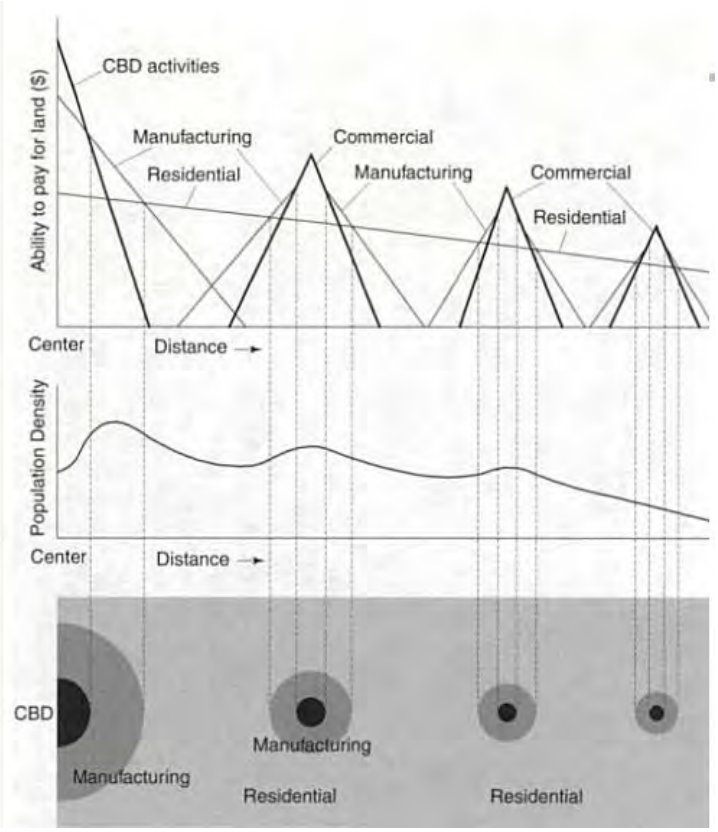


Figure 8: Multi-nodal urban form[32] (Source: Clark, 2003:144 as adapted from Bourne, 1981).

Decentralisation has been supported by planners with the hope that it would solve the traffic and parking problem in the CBD (Lemon, 2000:203). However, these changes in turn have had a major impact on the economic composition of South African cities and brought about a symptom which Berry *et al.* (1963:114) called "commercial blight", where the CBD's commercial structure changes from one accommodating high-income clients to one that has become largely dependent upon its internal low-income clientele.

The structural conditions that are required to create a conducive business environment are not those that are offered by South Africa's fragmented cities (Dewar & Todeschini, 1999:9), since

[32] Multi-nodal urban form occurs where there is more than one commercial centre within a city [as displayed in Figure 8]. These commercial centres are, however, not of equal size and importance. As the distance from the CBD increases, the size of the commercial centre decreases. Along a similar vein, the order of the goods decreases as the distance from the CBD increases. That is, the CBD which is the largest commercial centre would offer the highest order of goods, while the commercial centre furthest away will offer the lowest order of goods.

the low density of the spatial structure provides a low threshold to allow for a variety of economic activities and competition. This was found to be particularly true in the peripheral sections of its cities, where the population is poorer compared to those in the inner portions of the city (Dewar & Todeschini, 1999:9). This results in the poor being marginalised in space, since they have limited funds to travel from one area of the city to another and thus are at the mercy of the few retail outlets that are located in their area which offer the basic low-order goods (Dewar & Todeschini, 1999: 9). In addition, goods offered by retail centres, located on the periphery of the city were found to be three times more expensive than those located in the central business areas (Dewar *et al*., 1991:14), which contradict the findings of Carol (1960).

The lack of formal retail facilities in the low-income "black" residential areas encourages the leakage of income from the poor areas, while the deficiency in essential infrastructure like roads, electricity and waste disposal makes these areas environmentally hazardous and non-attractive to any form of investment (Dewar & Todeschini, 1999: 9). In combination, these factors make these residential areas and their residents dependent upon larger cities (RSA, 1996c:12). Since the 1980's, the taxis made the city centres easily accessible for the black residents to do their shopping in the CBD. However, this "ease of access" has also had repercussions for the landscape.

With the introduction of black entrepreneurs into the city centre, the upper- and middle-income whites began moving out of the city centre into the suburbs (Saff, 1996:14; Spinks, 2001:24; Durington, 2006:154). Similar to global trends, this white flight to suburbs has been fuelled by the perception of crime in the CBD (Spinks, 2001:423; Lemanski, 2004:101; Durington, 2006:155). These perceptions influence the spatial urban landscape of the city (Saff, 1996:240), creating slump-like city centres while displaying a racial turnover in the city centre from white to black (Spinks, 2001:24). With this movement, the city centres experience a facelift in terms of businesses as well as clientele, and regardless of their move out of the city centre, it still retains its commercial character.

Where inner-city retail in the 1980's was conditioned by the white consumer demand, the retail mix has shifted since then to serve the African consumer and thus changed the business climate of the inner city from that serving high-income consumers to one that serves low-income consumers (Geyer, 2003:408). This change came as a response to the new socio-economic class (Daniel, Habib & Southall, 2003:2), as well as the new residents of the city centre. The

response to this change in clientele has been varied.

Where some retail centres that cater for the higher-income clientele have chosen to move out entirely from the CBD, others have re-adjusted their operations to fit the new markets. They achieve this not just by changing their goods but also by offering credit purchases, which allow consumers to buy goods and only pay six months later. This system has replaced the "lay-by" system of the past (Tomlinson, 1999:5). In addition to this, many formal businesses have recreated their image, and currently many formal businesses that are found in the CBD appear in "malls", offices and industrial parks, while others have located to suburban neighbourhood centres. These new developments in terms of retail have led to many opening shops in the city centre. With regards to this, Fraser (2008:10) found that the vacancies in the CBD might not have been created by the malls located on the urban fringes, but they have influenced the type of shops that have established in the CBD.

In the mean time, many service-oriented services that were once located in the CBD have moved out into the suburbs, transforming residential businesses and suburban shopping centres. This has resulted in a significant amount of sprawl appearing along the urban edges as well as linear development within the city where businesses that require a large threshold, such as multi-national corporations (MNCs), have located along the main roads leading out of the CBD to residential areas (Geyer, 2002: 416; Dewar & Todeschini, 1999:9; Fraser, 2008:5)[33]. The location preference of MNCs corresponds to the findings of Grant and Nijman (2002:330) who found that the same has been experienced in Accra, where corporate activities were concentrated in ribbon development along the main roads. Fraser (2008:9) further added that resistance against big chain stores is beginning to mount, and internet shopping is also beginning to have a gradual impact on local businesses and their locations, although it is still a small influence.

Absolute decentralised nodes were thus far only to be found in the former white residential areas, in turn contributing to the decline of the central business district (Donaldson, 2001:4). Contrary to these decentralising developments, the coloured, black and Indian areas are displaying a different form of development. In these areas, a degree of private-public initiatives and investment may determine the degree of development. The township should be perceived as ideal investment opportunities, due to their underdevelopment during apartheid, yet the

[33] As portrayed in Donaldson's (2001) compact city model.

investment levels are much lower in comparison to the white suburbs (Donaldson, 2001:4). With regards to this, the former non-white areas still display a lack of order as well as mixed land-usage trends. These mixed land usages include home-based businesses amidst backyard shacks and street trading, while the former white areas have better control measures and display a limited level of mixed land usage (Donaldson, 2001:5).

3.7. Summary

In 2004, President Thabo Mbeki openly acknowledged the dualistic nature of South Africa's economy, having modernised facilities on one end and the most impoverished facilities on the other. One of the force, that has been responsible for this paradox, has been South Africa's political history and in more recent years the global economy.

Since the 18th century, the improvement of technology has allowed man to move between regions and trade with each other. In recent years, these trade patterns have become more prominent, with multi-national corporations (MNCs) introducing a new economic core into many of the cities.

South Africa's experience of global forces has been none the different. Due to its dualistic nature and high unemployment rate, government has welcomed the MNCs and FDI into the country with the hope that it would help decrease unemployment and economic inequalities in the country. However, South Africa has been unable to attract enough large-scale investment since a large portion of its labour force lacks the necessary skills to attract lucrative investments, it has an unstable political environment, the state of its infrastructure poor, the primary sector is increasingly becoming less importance and the crime rate is increasingly becoming higher, to mention but a few factors. This in turn has done little to decrease unemployment in the country and, instead, stimulated the development of the informal sector.

Hence, where under the previous political regime, the informal sector was negatively associated with crime and poor sanitation and suppressed by various laws, in recent years, this sector has been accepted by the South African government as a means of alleviating poverty.

With the visible development of the informal sector on the urban landscape, interest in the characteristics of the informal sector has been sparked. This sector was found to be of either a traditional (survivalist) or transitional (expansionist) nature which either develops to make a

meagre income or is used as a stepping stone to acquire formal business status. Location preference was also found to be according to the goods marketed. Most of the products sold by the informal sector are inexpensive goods that originate from the newly industrialised countries of the east and are bought from the formal sector.

From this trend, it was found that both the formal and informal sector sell similar goods and target the same clientele. However, the images portrayed by both of these sectors differ and often cause conflict in the spatial landscape. Both these sectors look for a location that is easily accessible and has low transportation costs, while simultaneously offering exposure to the largest range of clientele. This battle has translated into the formal sector decentralising out of the CBD to a suburban centre, located in the former white areas. This decentralisation trend has, in turn, transformed the South African city from a mono-nodal to a multi-nodal urban structure and contributed to create the segregated urban structure which displays inequality on the landscape.

In conclusion this chapter, has provided a theoretical background to the second aim and objective of this study, by explaining the characteristics and locations of both the formal and informal business sectors within South African cities.

The next chapter will explore the different initiatives by government in the form of spatial economic policies to combat the spatial and economic segregation in South African cities.

Chapter 4:
Spatial Economic Policies in South Africa

4.1 Introduction

The development of urban areas is influenced to a certain extent by the process proposed in urban policies and urban planning. These policies are tools that are utilised by the government to influence the distribution and the operations of development investment and the utilisation of these investments by consumers directly (Pillay, 2008:109). As discussed in the previous chapter, urban policies are not restricted to the urban scale but extend to a national and international scale. Hence, their influence is felt on a larger scale than once imagined possible (Pillay, 2008:109).

More than a decade after the 1994 democratic election, South Africa enjoys a level of social, economic and political freedom envied by many countries throughout the world, since there is a constitutional obligation on government to ensure that all of its citizens' basic socio-economic needs are met.

However, this was not always the case, with the effects of South Africa's turbulent political past still shadowing the socio-economic development of the country (Matlosana IDP, 2008:1). For this reason, this chapter will provide a brief description of past policies and legislations (pre-apartheid and apartheid) before considering more current policies (democratic) and their influence on the spatial economic landscape of South African cities.

4.2 Pre-apartheid legislation

Various segregation policies were passed before the National Party came into power in 1948. Some of the most important laws for this study are the Natives Land Act No 27 of 1913 and the Natives (Urban Areas) Act No 21 of 1923. The former made it illegal for black people to purchase or lease land from whites except in reserves, while the latter laid the foundations for residential segregations in urban areas. Likewise, the Licence Act of 1897 supported commercial suppression in the pre-apartheid period by allowing local authorities to withhold trade licences and thus prevent retailers from opening businesses in the urban areas (Maylam, 1990:62). These policies laid the foundation for what was to come: With the election of the

National Party, apartheid became the new political model of South Africa.

4.3. Apartheid acts and policies

Apartheid became the official constitutional model of the South African government after the Second World War, and the artificial and forced separation of people of different race groups was achieved by government with the introduction of various laws, implemented in three different spheres (Geyer, 1989c:251; Spinks, 2001:13): Grand apartheid, which comprised the partitioning of the national landscape into 10 homelands to which non-labouring urban blacks were relocated (Geyer, 1989d: 381; Watson & McCarthy, 1998:52; Lalloo, 1998:444; Naude & Krugell, 2003:480), petty apartheid, which segregated public spaces and facilities according to race (Davies & O'Meara, 1984:68) and urban apartheid, which segregated residential location, ensuring the separation of the racial groups throughout the city (Davies, 1981:63; Simon, 1989:192). Some of the laws that made this possible and have the greatest bearing on this study will now be discussed.

4.3.1 Population Registration Act No 30 of 1950

The Population Registration Act led to the creation of a national register in which every person's race was recorded. In disputed cases, a race classification board took the final decision on what the person's race should be (Boddy-Evans, 2009).

4.3.2. Group Areas Act No 41 of 1950

The Group Areas Act forced physical separation between races by creating different residential areas for different races. The act motivated the removal and relocation of people that were located in the "wrong" area (Davies, 1981).

4.3.3. Bantu Building Workers Act No 27 of 1951

The Bantu Building Workers Act allowed black people to be trained as artisans in the building trade. Previously, this privilege was reserved for whites. Hence, blacks thus trained had to work in the black areas only. It further made it a criminal offence for a black person to perform any skilled work in an urban area except in those sectors designated for blacks (Collins, 1982:62).

4.3.4. Prevention of Illegal Squatting Act No 52 of 1951

The act provided the minister of Native Affairs with the power to remove black people from public and private property and to establish resettlement camps to house these displaced

people (Reddy, 2002:674).

4.3.5. Bantu Authorities Act No 68 of 1951

This act made provisions for the establishment of black homelands and regional authorities and abolished the Native Representative Council with the aim of creating greater self-government in the homelands (Boddy-Evans, 2009).

4.3.6. Black (Native) Laws Amendment Act No 54 of 1952

The Black (Native) Laws Amendment Act narrowed the category of blacks who had the right of permanent residence in towns. Section 10 of this law limited this to those who had been born in a town and lived or worked there continuously for not less than 15 years or worked for the same employer for 10 years or more (Boddy-Evans, 2009).

4.3.7. Natives (abolition of passes and coordination of documents) Act No 67 of 1952

This act, commonly known as the “pass law”, forced blacks to carry identification with them at all times (Boddy-Evan, 2009). Such a pass contained information such as the name of the bearer alongside a photograph, place of origin, employment record, tax payments and encounters with the police. This law allowed government to control migration in the country, with no rural black being allowed to enter an urban area without a permit from local authorities which had to be attained within 72 hours of entering an urban area (Boddy-Evans, 2009).

4.3.8. Bantu Education Act No 47 of 1953

The Bantu Education Act established a black department of education within the department of native affairs. This department was responsible for compiling a curriculum that was suited to the needs of the blacks. The aim of this policy, according to Verwoerd, was to prevent Africans from aspiring to fill posts that they were not allowed to hold in society. Instead, they were educated on how to serve their own people in the Bantustans and to labour for the whites (Collins, 1982: 364).

4.3.9. Reservation of Separate Amenities Act No 49 of 1953

The Reservation of Separate Amenities Act forced segregation in all public amenities, public buildings and public transport with the aim of eliminating contact between the whites and blacks and went on further to state that the facilities need not be of equal standards (Boddy-Evans, 2009).

4.3.10 Bantu Investment Corporation Act No 34 of 1959

This act provided for the creation of financial, commercial and industrial schemes in areas designated for black people (Boddy-Evans, 2009).

4.3.11 Urban Bantu Council Act No 79 of 1961

The Urban Bantu Council Act No 79 created black councils in urban areas that were supposed to be tied to the authorities running the related ethnic homelands (Boddy-Evans, 2009).

4.3.12. Bantu Homelands Citizenship Act No 26 of 1970

This act compelled all black people to become citizens of a homeland that represented their ethnic group, regardless of whether they stayed there or not, and thus managed to abandon them as South African citizens (Boddy-Evans, 2009).

In addition to these acts, there were also a number of plans that were implemented on the national landscape. These plans comprised planned decentralisation on a national scale (Boddy-Evans, 2009).

4.3.13. Planned decentralisation policies

As stated above, in addition to these acts, government used various plans to force segregation on a national scale. Some of these plans have been summarised in table 2.

PLAN / & POLICY	WHEN IT WAS USED	WHY THE GOVERNMENT IMPLEMENTED THE PLANS
National physical policy development	Early 1950's	As a means to deconcentrate industries from urban areas and curb black urban migration
National Physical Development Plan (NPDP)	From the 1960's	White people wanted the black people out of the cities. This decentralising plan also enabled government to establish facilities for black people in or near their homelands.
Good Hope Plan (GHP)	From the 1980's	The government realised that previous policies were not working so it decentralised the black people so that they were close enough to work in the cities, but not living in the cities.

Regional Industrial Development Programme (RIDP)	From the 1980's	The government needed a more geographically balanced industrial development plan; thus they gave incentives for development outside of metropolitan areas.

Table 2: Plans implemented during apartheid on a national scale (Source: Author's own)

4.3.13.1 Deconcentration / decentralisation policies

During the early 1950's, the Tomlinson Commission was appointed to formulate guidelines for a national physical development policy in order to develop the Bantustans socio-economically (Geyer, 1989d: 253). It was during this period that the industries were seen as key employment creators for black people. It was believed that the decentralisation of these "employees" could then also curb black migration into the urban areas. The commission suggested the development of industrial areas on the border of the Bantustans, with the recommendation that they be run as a partnership between the whites and blacks. This recommendation was rejected in favour of industrial development on the white side of the homeland boundary (Geyer, 1989d: 473). This was the beginning of many planned decentralisation policies of the apartheid government.

4.3.13.2. National Physical Development Plan (1975)

A number of growth points were identified adjacent to the Bantustans by the government, in hopes of curbing black urbanisation and industrial concentration in the major centres by providing employment opportunities close to blacks' places of residence (Geyer, 1989c:456; Lalloo, 1998:445) [see Table 2].

4.3.13.3. Good Hope Plan (1980)

With the implementation of international trade sanctions against the South African government, government decided to refresh its policies in hopes of winning back international favours. In 1981, after much discussion and brainstorming between the government and private sector, the Good Hope Plan (GHP) was introduced. This plan "proposed" industrial development guidelines, introducing eight functional regions and 47 designated "industrial development points". These points were allocated along the same lines as those contained in the NSDP, and the underlying objectives remained unchanged (Geyer, 1989c: 267; Lalloo,1985:445) [see Table 2].

4.3.13.4. Regional Industrial Development Programme (RIDP) (1982)

The RIDP implemented a more balanced approach to industrial development, with entrepreneurs being provided with financial incentives to locate in any area other than the metropolitan regions. Many industrialists located out of the metropolitan areas to benefit from these incentives. This further reduced the economic agglomeration advantage, with industries locating in an almost ad hoc manner across the national landscape (Drewes & Bos, 1991: 137).

None of the above decentralization policies influenced the economic development of Klerksdorp directly. However, with the abolishment of influx control, many of the "banished" inhabitants of the Bantustans migrated to Klerksdorp in search of a better life.

As can be noted from the above, urban policy prior to the 1994 democracy was based on the segregation of races which was cemented into the urban landscape through policies and legislation. Post-1994 democracy policies on the other hand were founded on the idea of integration and compaction of urban areas (Jacobs, 1961:40; Todes, 2000:624; Schoonraad, 2000:1; Donaldson, 2001:5; Pieterse, 2003b:128; Pillay, 2008:109). This integrated urban model was endorsed and supported by neo-liberal technocratic bodies such as the Urban Foundation (1990) and the World Bank (1991) and thus embodied in the legislation of the post-1994 democratic government (Todes, 2000:626).

4.4 Democratic Policy

4.4.1 Introduction

Since 1994, there has been intensive debate around the topic of how development should unfold in South Africa (Asmal, 2001:1; Donaldson, 2001:1; Schoonraad, 2000:1). This argument was not much different from the argument that has been around for decades, which entails how to overcome the dualistic nature of South Africa's economy and alleviate poverty whilst simultaneously attaining economic growth (RSA, 2003a:23). The drive to bring about change in all South African sectors has resulted in a range of laws and policies to overcome the structural defects of the past (Williams, 2000:180; Donaldson, 2001:1 Pillay, 2008:113). The next section will briefly look at the various democratic policies important for this study.

4.4.2 Theory behind democratic policy

The fundamental question that policy makers face in this regard is whether to follow the big-

push development approach or to concentrate all their efforts on the growth rates of selective economic sectors (Baldwin, 1972:82). The former of these theories was introduced as the balanced approach to development (Rosenstein-Rodan, 1943:205; Scitovsky, 1954:150; Nurkse, 1961:241; Lewis, 1965:283), with Rosenstein-Rodan (1943) stating that successful development would occur when there is large-scale investment in many different lines of production, thus creating a balanced form of development. This school of thought places emphasis on externalities in the form of social overhead capital, pecuniary external economies and technological external economies (RSA, 2003a:30), where a simultaneous increase in demand would be required ensure these sectors' sustainability (Hirschman, 1958:51). However, for balanced development to occur, there would be a need for the income of inhabitants to increase substantially across the entire economy (Baldwin, 1972:83-84), since it is based on the principle that when the economy reached a particular size, the inhibiting effects of the economy would disappear. From this perspective, growth would occur with the increase in income and is more suited to developed countries than developing countries such as South Africa (Drewes & Bos, 1991: 139).

Hirschman (1958: 62-63), on the other hand, realised that no government has adequate resources and believed that the economy should have a few growth points of strength from which development would then cascade outwards through linkages to undeveloped regions. He further postulated that inequality and gaps would form a stimulus for further growth and development, stating that balanced growth is the end product of a number of unbalanced series. This view point is supported by Myrdal (1957b:26), who held that the market had a way of encouraging growth and ultimately generating balanced growth. This growth would occur in the form of agglomeration in a particular location, leaving the rest of the region as undeveloped (Drewes & Bos, 1991: 139).

Using the advantages of both of these theories, external economies of Rosenstein-Rodan (1943) and the acceptance of certain of Hirschman's (1958) social and economic limitations, South Africa's government went about formulating policies in hopes of encouraging economic growth, while at the same time alleviating the inequalities of the past in hopes of overcoming large-scale poverty in the country (RSA, 2003a: 31).

The following section will provide a brief indication as to the different policies that have been implemented in democratic South Africa on a trial-and-error basis. These policies, regardless of

how successful they might have been, have in some way contributed to transforming the spatial economic landscape of South African cities. Table 3 provides a synopsis of the different policies that have been implemented in South Africa post-1994.

PLAN & POLICY	YEAR IMPLEMENTED	MAIN APPLICATION
RDP	1994	Reconstruct and develop the country and alleviate poverty
Constitution	1997	Laid the foundation for human rights in the country.
Urban Development Strategy	1995	Focused on integrating fragmented cities, managing urban growth, investing in infrastructure and promoting sustainable economic development while being a vehicle to realise the objectives of the RDP.
Urban Development Framework	1997	There were a lot of disparities between different races and classes. This framework was implemented to establish an integrated society.
Green Paper on Urban Development	1999	This paper is based on the planning that preceded the Development Facilitation Act and postulates that local governments should be forced to integrate planning. Definite roles are set for different spheres of government.
White Paper on Urban Development	2001	It helps to regulate future planning by using SDF's as well as land uses by using LUMS.
National Spatial Development Perspective	2003; 2006	Promotes economic development in South Africa.
Spatial Development Initiative (SDI)	1998	This is intended to realise unrealised economic potential in areas that were previously overlooked. This would be achieved by means of strategically located nodes and corridors.
Provincial Growth Development Strategy	2004	Promotes economic development in a province.

District Spatial Development Framework	2008	Promotes economic development in the district.
Integrated Development Plan	2008	Integrates urban development on a local scale.

Table 3: Plans implemented after the 1994 democratic elections on a national scale (Source: Author's Own)

4.4.3. Constitution of the Republic of South Africa

The Constitution promotes cooperative governance amongst the different spheres of government. This form of governance is largely applicable with regards to planning decisions by different spheres, since this arrangement ensures accountability for decisions and outcomes (Scheepers, 2000:36).

With regards to this arrangement, the Constitution provides the national and provincial governments with "law making powers" (RSA, 1996a:40). The provincial government is provided with more development power on the provincial scale (RSA, 1996a:40). Local government, on the other hand, is governed by something referred to as "co-current legislative competence" where both national and provincial government has the power to influence its development (RSA, 1996a:151). Regardless of this co-current legislative competence, local government is still required to occur in such a way that it benefits the local circumstances and promotes social and economic development in the area, while adhering to nationally prescribed standards (Simon & Ramutsindela, 2000:110; RSA, 2003a:37-38).

With regards to economic development, the Constitution goes on to state that every citizen has the freedom and the right to choose his/her trade, occupation or profession. However, the practice of a trade, occupation or profession may be regulated by law (RSA, 1996a:24).

4.4.4 The Reconstruction and Development Programme (RDP)

Following the 1994 democratic election, the ANC had initially promoted its Reconstruction and Development Programme (RSA, 1994b) in hopes of restructuring the spatially segregated cities (Blandy, 1999:55). This programme was based on a socialistic concept that sought to develop the country economically from within, implying local self-reliance (Nel, 2000: 121), while its

spatial implications were based on the balanced-growth theory, trying to simulate all the different sectors simultaneously in hopes of achieving a balanced growth output (RSA, 2003a:30; Rodenstein-Rodan,1943). It was only toward the end of 1995 that the RDP was accepted to be too vague and idealistic, since it failed to attain much economic growth (Mahraj,1998:4; Munslow & FitzGerald, 1997:47), and in 1996, government shifted its focus to a macro-economic policy called the GEAR programme (RSA, 1996b:3; Nel, 2000: 119; Geyer, 2003: 410).

4.4.5. Urban Development Strategy (UDS)

In terms of the spatial aspect, the Urban Development Strategy focused on integrating fragmented cities, managing urban growth, investing in infrastructure and promoting sustainable economic development, while being a vehicle to realise the objectives of the RDP (RSA, 1996c:2). The ultimate objective of this policy was to ensure that the resources of the urban areas were used efficiently in seeing to the needs of the poor so that they could be economically productive and contribute to the economic development of the city (RSA, 1996; Maharaj, 1998:3).

The UDS was welcomed by the private sector, since it was believed that it was "…geared to rearranging cities for the benefit of multinational corporations and export-oriented producers" (Bond *et al.,* 1996:102). However, this displayed a visible divergence from the social objectives of the RDP (Maharaj, 1998:4), with the urban development strategy (UDS) promoting South African cities as sites for the consumption of international goods and platforms for the production of export goods, instead of sites of production and consumption of local goods and services (Mayekiso, 2003:58).

These neo-liberal objectives have been criticised, since it was found to address the needs of big businesses and foreign investors and to contribute to increasing the already existing income inequalities in the country (Maharaj, 1998:1), which promoted unbalanced economic development (Hirschman, 1958). This criticism, though, did not recognise the strategy's ability to sustain job creation and alleviate poverty in the long run (Saff, 1996:240; Amis, 1995:242).

4.4.6. Urban Development Framework (UDF)

The first urban development framework (UDF) emphasises the urgency to control and regulate the city in terms of sustainability, economic efficiency and participation. It further emphasises

the evaluation of the city's role in the global economy and its ability to attract investments (Simone, 1998:2), especially since the success or failure of national development initiatives are largely shaped in cities and towns (RSA, 1997a:3).

The main aim of the UDF is to bring together all the different strategies and policies to form one "urban development policy" with a common vision (RSA, 1997a:1). This aim is to be attained through a set of objectives to create a more integrated city by improving housing and infrastructure, promoting economic development and creating institutions of delivery. These objectives are consistent with various international agendas, some of which are the Brundtland Commission Report (WCED, 1987), United Nations Agenda 21 and the Habitat Agenda (1996) in as far as it promotes a communicative means to sustainable planning and development (Atkinson, 2000:5).

The UDF defines integrated planning as a combination between economic, social and environmental planning (RSA, 1997a:12). Successful integration would require support from both the private and public sector, as well as coordination between the different spheres of government and the local inhabitants who are aware of their needs (RSA, 1997a:12).

The UDF is used as a base for discussing the spatial structure of South Africa's cities, and in 2005, government formulated a draft urban development framework in the hopes of refreshing the UDF of 1997. The intention of this document once again is to promote an integrated urban area, promoting integration and coordination between the different policies and government's commitment to bring about a "people's contract"[34] (Pillay, 2008:128).

4.4.7. Green Paper on Urban Development (DFA)

The Development Facilitation Act (DFA), together with the UDF, seeks to restructure the spatial structure of the cities and encourages the development of compact, integrated cities which, according to international organisations, would create more sustainable cities (Donaldson, 2001:2).

The DFA has introduced a new measure to facilitate and expedite land development projects and to bypass bottlenecks in regulations in hopes of accelerating delivery (RSA, 1999a:60). The green paper on development and planning of 1999 listed practical measures on how to

34 People's contract refers to public participation where the public is included in development projects.

transform the city in a democratic, non-racial and non-discriminating manner by setting out land-use and spatial standards for the IDP (RSA, 1999a:65-75).

4.4.8. White Paper on Urban Development

The integration argument which was introduced in the green paper on urban development formed the core of the white paper on urbanisation and the Urban Development Framework of 2001. This argument entails that land should be developed in an integrated manner[35], while economical and social aspects are developed simultaneously to ensure sustainable development. This concept builds on the IDP concept as provided for in the Municipal Systems Act, 23 of 2000 (RSA, 2001a: 17). This act requires a Spatial Development Framework (SDF) to form part of the Integrated Development Plan (IDP).

The above legislation [IDP, SDF, LUMS] forms the basis of present municipal administrations, and would be discussed in detail under section 4.6 (Pieterse, 2003b: 125; RSA, 2001:20).

4.4.9. Spatial Development Initiatives (SDI)

The SDI was deployed on the national and local level in order to restructure and transcend the inequalities of the apartheid spatial framework (Rogerson, 1998:190).

Overall, this initiative sought to unlock the economic potential of regions that were previously overlooked. It forms an important part of the GEAR policy focus, where it is hoped investments would attract further investments with many linkages (Jourdan, 1998: 718; Rogerson, 1998:189) and encourages joint ventures with SMMEs and BEE ventures (Jourdan, 1998:720).

To this end, the SDI influenced the development of Klerksdorp, with the N12 treasure corridor being rapidly promoted as an area of economic development, and the corridor development that has occurred along this route underscores this fact (Matlosana SDF, 2008:46-51).

4.4.10 South African Cities Network (2004)

The SACN (2004:5) analyses trends and, working from this premises, sets up an agenda that would direct further research, planning and action to inform urban policy. In the absence of a national urban policy, this document indicates ways where cities in their own capacity can take

35 Integrated manner refers to a manner where all the different factors that are going to be influenced by the development are taken into consideration. Socio-economic and environmental factors could serve as an example.

aspects of urban policy further by means of a city development strategy.

This city development strategy should be an action plan which promotes equitable growth in cities and its surrounding areas, whilst simultaneously improving the quality of life of its citizens. On the whole, the strategy should be a collective city vision and contain strategic actions aimed at policy reforms which will increase employment and contribute to economic growth. This, in turn, could result in alleviating poverty in an area (Pillay, 2008:129). It further encourages development to take place in partnership with the private sector (SACN, 2004:10; Pillay, 2008:128).

The State of the Cities Annual Report for 2004 (SACN, 2004:15) found that an improvement in the economic growth of a region introduces new pressures and is more often than not accompanied by demographic growth. These trends in turn create new challenges and planning problems in terms of housing and the provision of basic services (Freund, 2006:320). In the case of Klerksdorp, the SACN report (2004:36) found that with a decline in the area's mining activities, the Klerksdorp municipality was losing population rapidly. In areas such as these, local municipalities introduce new business ventures and plans, such as commerce, tourism and leisure activities, in hopes of stemming the loss of population in the area (Freund, 2006:325; Matlosana SDF, 2008: 24-34). However, when confronted with the fact that Klerksdorp was, seemingly, losing population, the chief town planner of the Matlosana Municipality was of a different opinion, stating that there has been a huge influx of migrants into the city in recent years (Danie, 2009). This statement is underpinned by the findings of the DSDF and the Matlosana SDF (2008:34) that found that environmental migration does, in fact, play a role in the development of the municipality.

4.5. Legislations impacting on economic development in democratic South Africa

During apartheid, local government was not concerned with issues such as local economic development or poverty alleviation (Rogerson, 1997b:175; Rogerson, 1999b:511). However, with the introduction of the 1994 democracy, a new wave of policies have taken over whereby local governments are required to be innovative, promoting their cities in terms of social and economic development (Parnell & Pieterse, 1998:1; Rogerson, 1999b:512).

The objective of this section of the chapter is to examine the government's role in restructuring the post-apartheid space economy. It will focus on the set of new programmes and initiatives

which affect the location of economic activities within the context of the macro-economy (Rogerson, 1998:1). To begin with, in 1995, government implemented the white paper on small business; in 1996, it further implemented the GEAR programme, and in 2001 this was followed by the LED policy. Since 2000, government has also introduced a breaking-new-ground programme and ASGISA legislation. Each of these will be discussed in detail below [See Figure 9].

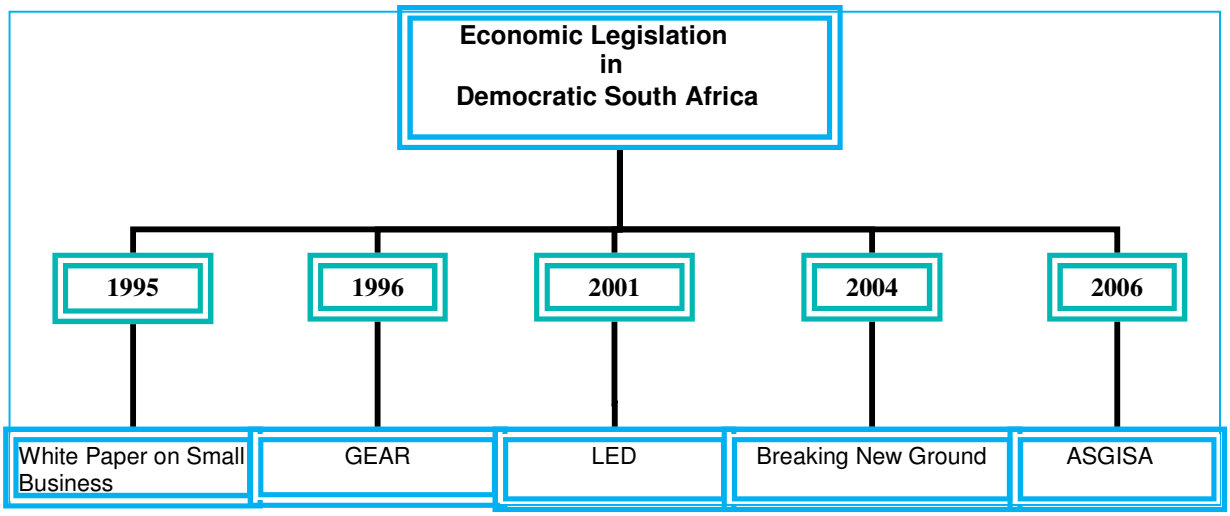


Figure 9: Economic legislation in democratic South Africa (Source: Own Construction)

4.5.1. White paper on small business [SMME's] (1995)

Government had implemented numerous policies during the late 1990's, in hopes of stimulating businesses especially in underdeveloped regions in the country (Nel, 2000:120). These policies sought to provide finance, training and support for new entrants into the business world to, in this way, encourage the development of small, micro- and medium enterprises (SMMEs) in hopes of overcoming the economic discrimination that was created against black people during apartheid (RSA, 1995a:4; RSA,1994b:8; Rogerson,1998:188).

The white paper on small business was developed by the Department of Trade and Industry (DTI), distinguishing between four different types of businesses: Medium enterprises, which have assets worth R5 million; small businesses, which employ between five and 50 people; micro-enterprises, which employ the owner, some family members and one or two additional employees, and survivalist enterprise activities which are undertaken by people who cannot find a job in the formal sector. The document provided some suggestions on how to support the first

three types of businesses but did not provide any suggestions with regard to the latter (RSA, 1995a:30; Devey *et al*., 2006:232). This omission has been carried through in all the policy implementations in the post-apartheid period.

The white paper suggested three kinds of support programmes for small businesses: the Khula enterprise finance facility, manufacturing advice centres and the Ntsika enterprise promotion agency. The first acts as a financier to the retail banking sector by providing credit-guarantee mechanisms that are designed to reduce the risk inherent to providing loans and finance to the SMMEs. This encourages banks to provide finance to the SMMEs with the minimum requirement being a business plan. However, this arrangement excludes informal traders since many of their businesses are too small to have a business plan, or else many of the traders are not educated enough to draft a business plan (Devey *et al.* 2006:235).

The manufacturing advice centre, on the other hand, has been more successful in enabling SMMEs to increase production and their international competitiveness (Rogerson, 2004:12). However, a very small portion of the informal sector is involved in the manufacturing sector, and thus this initiative has little effect on this sector.

Ntsika provides a wide variety of facilities to the small business enterprises in the hopes of improving their market access and making them competitive internationally. These facilities include technology transfer schemes, management and entrepreneurial schemes as well as market access and business development programmes through a network of local business service centres (LSBCs). The focus is on acquiring government contracts and entering the global market. According to Rogerson (2004:14), there were at least 92 LSBCs in 2003. These once again have little impact on the informal sector since these businesses are too small and owners lack the power to compete in globalised markets. With regards to this, Rogerson (2004:20) found that the SMMEs funding allocation favoured those already-privileged SMMEs rather than the emerging survivalist enterprises and, thus, offers little support to the informal economy (Davey *et al*., 2006:236).

In addition to the former, the Sector Education and Training Authorities (SETAs) and the National Skills Fund systems failed to service the informal sector since the SETAs must be funded by an employee who is registered. Annual fees amount to R250 000, which are way beyond the reach of the informal sector. The National Skills Fund, on the other hand, wants

training providers to provide incentives, and these training traders are often reluctant to train the informal sector because the latter does not prove as profitable, many of the workers are also not well educated, it is difficult to access workers and many trainers even fear for their safety (Davey *et al*., 2003:15).

To add to this negativity, although the Small Enterprise Development Agency (SEDA) does provide a website and pamphlets, providing entrepreneurs with the basic knowledge on how to start and run a business, this is of little value to the informal traders since many of them do not have access to the Internet and are, to a certain extent, uneducated as to how to use a computer (Anon, 2010b). This once again precludes the second economy from any support offered by the government.

Even though these policies are in place to "help" the SMMEs, few amongst the entrepreneurs are aware of the existence of the support mechanisms (Skinner, 2005:11). The question is: Does local authorities make provision in their budgets to support the informal sector? (Budlender *et al*., 2004:23). The answer to this question would vary from municipality to municipality, but in the case of Klerksdorp, an interview with the Local Economic Department revealed that there were indeed funds allocated to support and empower this sector (Botha, 2009a). In addition to these funds, the municipality's revitalisation policy also provided for the allocation of funds for the development of informal stands where these traders could be accommodated.

4.5.2. Growth, employment and redistribution programme (GEAR)

GEAR is a strategy which sought to rebuild and restructure the economy in harmony with the goals and objectives of the RDP (RSA, 1996b:1; Rogerson, 1998:1). This policy sought to accelerate growth through enhanced economic linkages with the rest of the world as well as to encourage trade and investment by reducing trade barriers through the reduction of tariffs, surcharges and quotas between countries (RSA, 1996b). In this way, it was envisaged that an increase in employment could contribute to attaining the redistribution goals as set out in the RDP (Williams, 2000:178). These changes aided the entrance of South Africa's economy into the global economic market (Geyer, 2003:413).

GEAR emphasises the creation of a stable, growing economy with the objective of facilitating and attracting foreign and domestic private investments and increasing employment in South

Africa (RSA, 1996b:1-5). Furthermore, it requires that the limitations enforced during apartheid, which limited the number of people participating in the economy, be lifted. In addition, it introduced concepts such as SMMEs development and LED as vehicles that encouraged employment and empowerment of the previously disadvantaged sectors of society. All of these measures were implemented in hopes of changing ownership and eliminating inequalities in the economy (Rogerson, 1998:187).

Set against these idealistic perspectives, the GEAR policy was riddled with failure. Whereas the GEAR programme had aimed at a six per cent economic growth per annum by the year 2000, economic growth has declined since 1996, with growth in 1998 being negative. Furthermore, manufacturing growth has also declined by 1.7 per cent in 1998. In addition, private sector investments have also declined by a negative 0.7 per cent in 1998, with a FDI disinvestment of US$ 2.3 billion in 1997. In sum, where the GEAR programme forecasted the creation of 400 000 jobs by 2000, large scale unemployment followed (Williams, 2000:178). The government's reluctance to increase employment in the public sector and its commitment to shedding between 50 000 to 70 000 civil servants has also contributed to increasing the unemployment rate in the country (Williams, 2000:178; Cottle, 1999:78). GEAR did, however, lay the foundation for positive economic growth in the longer term, with growth rates exceeding five per cent during the period between 2000 and 2007 (Cottle, 1999:78).

As idealistic as this policy was, it promoted economic development but failed to alleviate poverty, which was the main social aim of the government (Nel, 2000:130). In its stead, government introduced a policy called ASGISA (2006).

4.5.3 Local economic development policies (LED)

Local economic development regarded as an important growth strategy for the economic reconstruction of the city (Rogerson, 1999:512). This strategy seeks to retain and to expand and/or attract economic activities and investments (RSA, 1996b: 5). This policy encourages local government to take an active interest in the economic development of their region (RSA, 1994b; 1995b; 1997a; 1997b).

In order to be globally competitive, the different municipalities are required to attract business investments. This should be achieved by way of cooperative public-private partnerships which, in turn, would allow businesses to gain a strong foothold in local governance (Maharaj, 1998:5).

This, according to the South African Municipal Workers' Union (SAMWU, 1997:5), would fuel competition between municipalities instead of promoting cooperative governance.

Local development policies are renowned for shifting the emphasis away from the provision of social services and amenities towards promoting urban growth and increasing the tax basis of cities (Gottdiener, 1987:21; Harvey, 1989a:11; Leitner, 1990:149; Maharaj, 1998:8). This competitiveness contributes to the expansion of the city and influences the surrounding rural hinterlands in different ways, such as encouraging uneven development, unregulated land-use management, urban sprawl and environmental degradation (Pillay, 2004: 250). South African cities are no different. Much of the literature on LED is underpinned by the view that globalisation heightens competitiveness between cities, and if this competition is to be won, the quality of life of the most impoverished should be improved (Rogerson, 1998:192).

In the light of this, genuine economic transformation requires not just business expansion but an investment in the skills of the workforce and the promotion of the ones excluded from management. The ultimate challenge for LED planning in South Africa is to create a legislative framework which balances the interest of both the formal and informal sector, the emerging SMMEs and the already established economy (Rogerson, 1999b:525). However, there are still many questions as to how these policies would help uplift the poor (Maharaj, 1998:15).

As stated earlier, the problem with LED is an intense inter-urban competitiveness as is evident in numerous imitations and a monotonous reproduction of the same sort of urban projects, for example malls (Rogerson, 1998:196). These signs of wastefulness are already evident in the economic landscape of Klerksdorp, with the many newly constructed retail centres lying vacant with no tenants to occupy them.

4.5.4 Breaking-new-ground (2004)

Breaking-new-ground presented an enhancement of current policy and sought "to outline a plan for the development of sustainable human settlements over the next 5 years, embracing a people's contract as the basis for delivery" (RSA, 2004:2). In essence, this document sought to reduce the duality within the economy by breaking the barriers between the first economy's residential boom and the second economy's slump in hopes of creating sustainable settlements by restructuring the spatial structure of urban areas (Pillay, 2008:126). This aim is in alignment with United Nations' Agenda 21 policy to create more compact cities. In addition to this, it further

encourages the growth of the first economy while addressing the challenges of the second economy (RSA, 2004:19).

4.5.5 Accelerated and shared growth - South Africa (ASGISA)

ASGISA is not a normal government programme but rather a national shared-growth initiative. The process has mandated the Department of Planning and Local Government (DPLG), in consultation with the Department of Trade and Industry (DTI), to improve the capacity of local government to support local economic development (Mlambo-Ngcuka, 2006:2).

It has a shared idea that without government interventions, historical inequalities in terms of growth would remain. One of the interventions that ASGISA introduced was to reduce the gap between the first and second economy, with the ultimate aim of eliminating the second economy over time (Mlambo-Ngcuka, 2006:2-3).

ASGISA proposed a number of ways in which the second economy could be eliminated. One of the key ways is to use the first economy to attend to the second economy. Firstly, this will require an increase in the level of public expenditure, in the form of investment expenditure, in hopes of developing small businesses and broad-based empowerment, by providing access to finance, instituting preferential procurement, making sectors more labour intensive and reviewing regulations that impact this sector. Furthermore, private companies will be persuaded to participate in affirmative procurement through the implementation of BEE and BBBEE codes of good practice. In addition to this, infrastructure projects should preferably be labour-intensive where feasible. Finally, a set of second-economy interventions is centred around the challenge of realising the value of dead assets - land, houses, livestock, skills, indigenous knowledge and other assets that have intrinsic value not currently realised. These include more rapid movement towards the formalisation of land tenure, a livestock improvement programme as a provincial project, efforts to ensure that the financial services charter's commitment to housing finance is effectively implemented, improvements in planning and zoning capacities and support for the development of cooperatives (Mlambo-Ngcuka, 2006: 9-10).

In addition to these interventions, government acknowledges the latest trend in business worldwide where labour-intensive activities are outsourced to countries that offer cheap labour. With regards to this, South Africa seeks to attract such jobs and has thus far managed to attract 5 000 in a global market which is a move in the right direction to overcome the high

unemployment rate in the country. It is believed that this sector has a lot more potential and could accommodate up to 100 000 additional direct and indirect jobs by 2009. With regards to attaining this objective, government and businesses have embarked upon a joint project, supported by the Business Trust which is led by the Minister of Trade and Industry and the Chair of Standard Bank, in an effort to remove obstacles and refine incentives to achieve its goal (Mlambo-Ngcuka, 2006:7).

To achieve ASGISA's goal of halving unemployment and poverty by 2014, government is expected to work more closely with women and the youth. With regard to women, its focus should be on offering human resource training, ensuring they have access to finance, fast-tracking women out of the second economy, ensuring their significant participation in agriculture and creative industries, improving their access to basic services and increasing their participation in an expanded public works programme. On the youth front, one of the interventions is to target unemployed graduates for jobs or learnerships.

4.6. Spatial economic initiatives in democratic South Africa

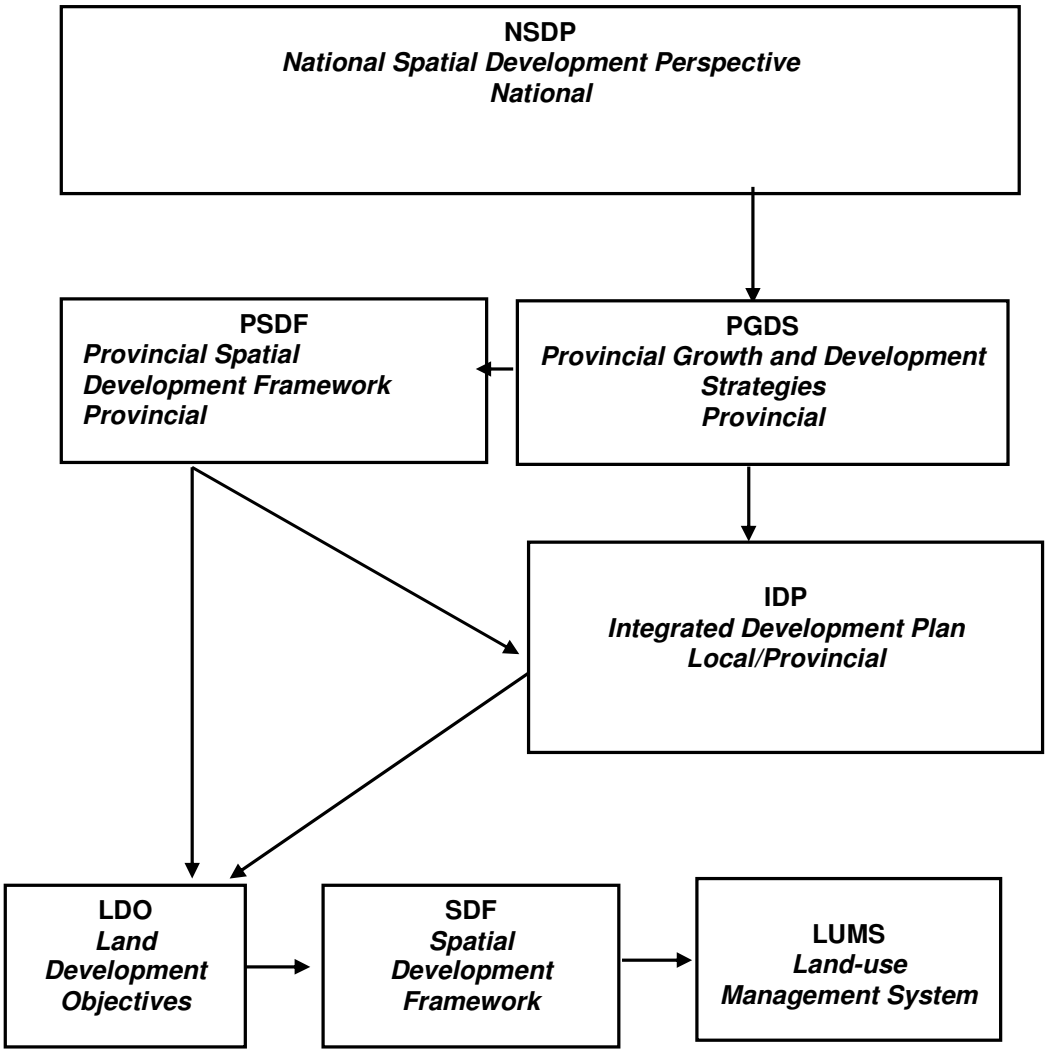


Figure 10: Various policy changes brought about by government during the post- apartheid period (Source: Adapted from RSA, 2006).

The latter is a government initiative, and one of few that mentions the second economy. However, instead of embracing the second economy, this initiative seeks to transform and eliminate it by encouraging the labour force's movement towards the first economy in hopes of overcoming poverty and unemployment.

The following section will focus briefly on the different initiatives amongst the three governmental spheres (national, provincial and local) to influence the spatial economic development of the regions. This section will start out by looking at the national perspective,

move on to the provincial level and then narrow down towards the district and local municipality (see Figure 10).

4.6.1. National spatial development perspectives (2003; 2006)

The national spatial development perspectives (RSA, 2003; 2006) acknowledge the fact that economic growth is required in order to attain economic development. In this regard, it suggests that government should provide basic infrastructure throughout the country. However, further "place-based" investments should be channelled into areas that display economic potential, while further "people-based" investments should be channelled into areas that lack economic potential.

From this perspective, areas that do not have economic potential should be provided with basic infrastructure, but the additional investments should go towards uplifting the skills of the inhabitants, allowing them to migrate to regions with economic potential over time. However, the perspective failed to take into account that cities that have economic potential would not necessarily have the economic power to absorb the additional labour.

The perspective further suggests that the spatial distortions, created by the apartheid system, should be overcome by channelling future settlements and economic activities into activity corridors and nodes which are situated either adjacent or linked to the main growth centres (RSA, 2003: 35) in hopes of creating a more integrated national urban system.

4.6.2. Provincial Growth and Development Strategy (PGDS)

The spatial objectives of the Provincial Growth and Development Strategy (PGDS) (RSA, 2004b:9) correspond with those of the NSDP (RSA, 2003:35), with proposed settlements and economic development being channelled into activity corridors and nodes that are adjacent or linked to the main growth points (RSA, 2004b:10; RSA, 2003). As part of the development planning process that underlines the PGDS, it is necessary to produce a Provincial Spatial Development Framework (PSDF) (RSA, 2004:83).

In addition to these spatial objectives, the PGDS seeks to reduce the dualistic nature of the provincial economy by adopting the thought process of ASGISA to forge a partnership between the first and second economies with the aim of decreasing unemployment in the province. It seeks to achieve this by enhancing the life skills of the poor in hopes of helping them improve

their quality of life.

4.6.3 Provincial Spatial Development Framework (PSDF)

According to the Land Use Management Bill, each province is required to enact a Provincial Spatial Development Framework (PSDF). In this context the PSDF must not only give effect to the national priorities as set in the NSDP, but it must also set a set of provincial, district and local development priorities for the spatial- economic space of the province. In doing so, the PSDF will provide a means by which it could guide strategic decisions relating to the location and distribution of resources across geographic space and time. Through the alignment with the PGDS, the PSDF enhances the opportunity to attain the development objectives set therein (RSA, 2004:84).

As sub-set to the PGDS the PSDF should:

- Be consistent with the NSDP;
- Create a platform for the integration of sector plans in the physical and spatial context;
- Provide a framework for the desired spatial development outcomes necessary to reinforce economic and social development to address the spatial distortions of the past;
- Provide a basis for monitoring and evaluating the spatial impact of development programs (RSA, 2004:85).

4.6.4 Integrated Development Plan (IDP)

The IDP is seen as a guideline that should direct local development (Pieterse, 2004:11; Maharaj, 1998:11) which should take place in such a way that the socio-economic, political and cultural needs of the inhabitants of an area are addressed (Pieterse, 2004:12). Each municipality is expected to develop research and formulate a functional and functioning IDP for their area (Government Gazette, 13/3/98; RSA, 2001a:18).

On a local level the Municipal System Act established bases for Intergrated Development Plans (IDP) based on spatial planning required by each municipality. This required an Spatial Development Framework (SDF) to form part of and be aligned to the objectives of the IDP . The main purpose of the SDF is to indicate spatial plans on how land use within the city should take place. In addition it displays the direction of future growth, urban edge, special development areas and areas worth conserving within the municipal area. (RSA, 2004:85)

4.6.5 Spatial Development Framework (SDF)

The SDF provides an indicative plan of how development should take place in a particular locality. It provides a policy for land use and development, guides land-use management and provides a capital expenditure framework, showing where the municipality intends to spend its funds and resources. It also encompasses strategic environmental assessment. The primary purpose of the Spatial Development Framework (SDF) is to represent the spatial development goals of the municipality, which should stem from integrated consideration and the sifting of the spatial implications of the different sectors (RSA, 2001a: 15).

4.6.6. Land Use Management Scheme (LUMS)

Land-use management as a scheme has a binding effect on land development and management (RSA, 2001a:19). This scheme records the different rights and restrictions applicable to property within a municipal area. Any development that does not adhere to these restrictions requires special permission from the land-use regulator.

All three spheres of government share common objectives in achieving economic growth and poverty alleviation as far as social development is concerned. It follows that all infrastructure and development spending should support these objectives as set in the NSDP, PGDS, PSDF,IDP, SDF and LUMS.

4.7. Summary

This section of the chapter will provide a brief summary of the different policies that have impacted the spatial economic development of the country from the pre-apartheid era to the current democracy.

Pre-apartheid policies and laws have been implemented on the basis of separation, mostly stemming from a “fear of other” and sanitation concerns. These policies escalated to new heights with the introduction of the apartheid government in 1948.

The apartheid government had a very modernist perspective on how things should be done, and how they should be achieved, and formulated laws or policies which enforced segregation at all levels, including the socio-economical and spatial. In addition, this political regime restricted the economic development of black people and was largely intolerant of informal businesses within the urban centres.

In 1994, with the democratic dispensation, this mould was broken, and one of the first objectives of the democratic government was to implement a Constitution that protects the civil rights of all its inhabitants, regardless of race. Whereas the previous political regime had implemented policies from a national level and enforced (Blue printed) them on a local level, the new Constitution has made provision for co-current governance, which allows each province to determine development within its sphere as it sees fits, provided the objectives of the national government are met. Furthermore, both the national and provincial government has the power to influence development on the local level.

One of the first policies to be implemented by the 1994 democratic government was that of reconstruction and development. This policy sought to restructure the spatially segregated apartheid city, whilst simultaneously economically developing the city from within in a balanced manner. This policy proved to be idealistic and at the end of 1995, the government shifted its economic focus to the macro-economic policy called the GEAR programme.

GEAR sought to rebuild and restructure the economy in harmony with the objectives of the RDP. Furthermore, it sought to accelerate growth through improved economic linkages with the rest of the world by encouraging trade and investments between countries in hopes of decreasing unemployment and inequality in the country. However, GEAR did not attain its objectives, and the country experienced a negative growth rate between 1997 and 2002.

On the economic front, where the apartheid government had enforced various laws to restrict the economic development of non-whites, the democratic government sought to promote initiatives to correct these injustices. In 1995, it published a white paper on small businesses in hopes of stimulating business in areas previously overlooked. In addition, it sought to encourage the development of SMMEs by providing finance, support and training for new participants in the world of business. However, the SMME development, SETA and SEDA initiatives failed to provide any real support for the survivalist informal businesses that had already began mushrooming on the urban landscape.

On the local level, government implemented an LED policy, which encouraged local government to take an active interest in the economic development of its regions by attracting business investments into those regions. These investments were hoped to reduce unemployment in the region and to decrease economic inequalities. This, however, has fuelled competition between

regions instead of cooperative governance and resulted in increased inequality on the landscape. The ultimate challenge for LED planning in South Africa is to create a legislative framework which balances the interest of both the formal and informal sector.

In view of policies that accommodate both the formal and informal sector, in 2006, national government introduced the ASGISA policy in hopes of improving the capacity of local government to support local economic development.

The intention with the introduction of ASGISA was to reduce the gap between the first and second economy, with the ultimate aim of eliminating the secondary economy by attracting and promoting the development of small businesses, making various economic activities more labour intensive and attracting more FDI, all in hopes of providing employment to the unemployed. Although ASGISA is one of few government policies to acknowledge the informal sector, it still failed to accept it.

With reference to the spatial aspect national government implemented the Urban Development Strategy (RSA, 1995), Urban Development Framework (RSA, 1997), a Green Paper on Urban development (RSA, 1999) and the White Paper on Urban Development (RSA, 2001), in hopes of creating more efficient, effective, integrated and compacted urban centres. These policies and papers introduced the utilisation of nodes and corridors on an urban level to create a more integrated urban centres.

On the national level, the National Spatial Development Perspective (NSDP) sought to encourage a more integrated national urban system by channelling future settlements and economic activities into activity corridors and nodes which are situated either adjacent or linked to the main growth centres. Furthermore, it encouraged economic investment beyond basic services in regions that display economic potential, and “social development” in areas that do not display economic potential. In this way, government encourages growth in an unbalanced manner, hoping that the positive effects of the growth regions would spread to the underdeveloped areas over time.

The spatial objectives of the Provincial Growth and Development Strategy (PGDS) correspond to those of the NSDP, with proposed settlements and economic developments being channelled into activity corridors and nodes along the main growth points.

In addition to these spatial objectives, the PGDS seeks to reduce the dualistic nature of the provincial economy by adopting the thought process of ASGISA to forge a partnership between the first and second economies with the aim of decreasing unemployment in the province. It seeks to achieve this by enhancing the life skills of the poor in hopes of helping them improve their quality of life.

The spatial vision of the local level IDP, SDF and LUMS seek to integrate socio-economic and physical development in a sustainable manner by identifying various nodes and corridors within the urban area. Overall, all of the foregoing initiatives seek to formalise government's development vision of creating spatially-integrated and economically-sustainable cities. The next chapter will explore the influences the previously mentioned spatial, economic and political forces have had on the urban landscape by using Klerksdorp as a case study.

Chapter Five:
Business dynamics and its influence of the spatial development of Klerksdorp

5.1 Introduction

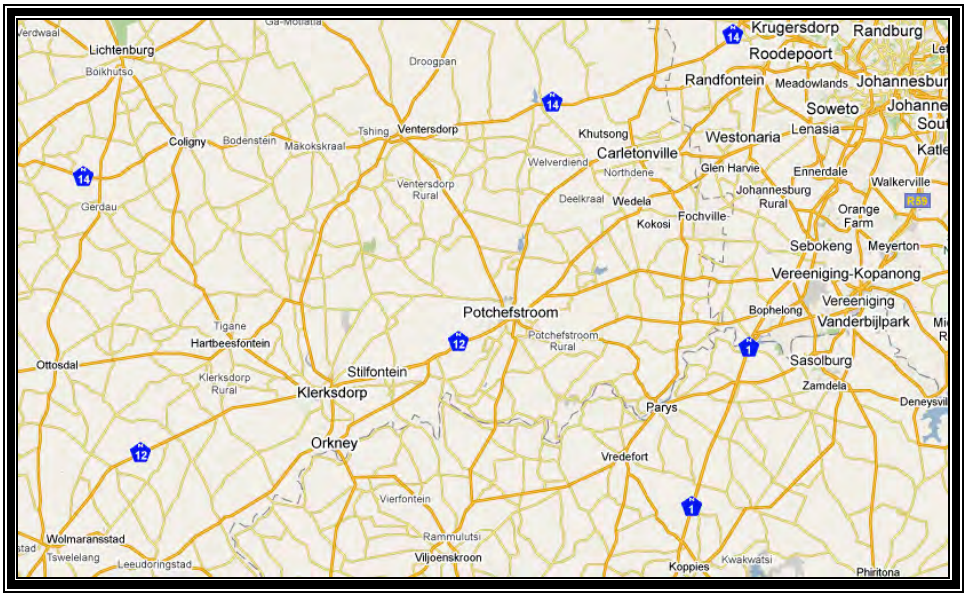
The commercial character within South African cities has undergone large change, since the coming of democracy in 1994 (RSA, 1996b:8; Williams, 2000:180). Where previously, the commercial character of the city comprised only of a restricted formal domestic business sector, in recent years, this sector has been introduced to new commercial competitors. One of these competitors appears in the form of numerous multi-national corporations (MNCs) that have reinvested in South Africa (Fox & Rowntree, 2002:143). While the other appears as, an informal commercial sector created by the unemployed (Hart, 1973:66; Geyer, 2004:820). The aim of this chapter is to explain how the spatial-economic and political forces have influenced the development of the business sector in Klerksdorp particularly. This in turn would, provide answers to the initial objectives of the study as discussed in chapter one.

This chapter will first set the context of the case study, briefly discussing the social political and economic features of the city. It will then progress to exploring the spatial development of the formal business sector, over the 14-year period, as captured by means of Geographic Information Systems (GIS). These spatial trends will then be compared to the findings of the semi-structured interviews, discussing the location, internal movement and different products offered by the formal businesses in the city. The chapter then progresses to focus on the informal sector of Klerksdorp, in particular its choice of location, composition, and characteristics, as well as the success of the different government initiatives to accommodate this sector. Finally, the chapter will explore the economic relationship between the formal and informal sector and how this translates into the commercial spatial landscape of Klerksdorp.

5.2 Location and context

The Matlosana municipality is located in the south-eastern portion of the North-West Province and is surrounded by Potchefstroom to the east, Wolmaransstad to the west, Ventersdorp to the north-east and the Free State Province to the south [see Map 1]. This local municipality is also

commonly known as the KOSH-region [Klerksdorp, Orkney, Stilfontein and Hartebeesfontein]. Within this region, Klerksdorp, which is an intermediate-size centre, fulfils a high order central place function. The city is strategically located along the Treasure Corridor (N12) which links the region to Gauteng in the north and the Northern-Cape in the south, exposing it to numerous commuters and passersby (Matlosana SDF, 2008:5; MDB, 2002:2) [see Map 1].



Map 1: The location of Klerksdorp within the KOSH region (Source: Anon, 2010d)

5.3. Methods of investigation

Data was gathered using three methods: Spatial location was captured by means of Geographic Information System (GIS), while semi-structured individual interview and observation methods were used to capture the qualitative data [see annexure further details].

5.3.1. Capturing the spatial locality of businesses

Maps portraying the spatial development of the business sector were generated through the utilisation of spatial data from telephone directories for the years 1995, 2002, 2006 and 2008 and plotted by means of a Geographic Information System (GIS). Further, qualitative data was collected through semi-structured interviews to verify the spatial-economic results.

5.3.2 Surveys

On the whole, 53 informal traders and 97 formal traders were interviewed around the entire city. A sample size of 150 was chosen, since these were the only entrepreneurs (formal and informal) willing to participate in the survey. On completion of the 150 interviews, there was

mutual consensus amongst the surveyors that the data was saturated, since answers given by various interviewees were found to be repeated.

5.3.3. Individual in-depth interviews

Individual interviews allow researchers a sense of flexibility to gain detailed information about the research subject (Babbie, 2007: 289-291). Open-ended questions were posed to each of the participants, and the contact sessions provided the opportunity to record spontaneous answers as well as to formulate follow-up questions in order to verify answers and to gain maximum information (Babbie, 2007:233; Sarantakos, 1998:185; Schweigert, 1998:158). This has proved to be the best data-gathering method to seek individual interpretation and responses and to note non-verbal behaviour. However, the disadvantage of this approach is that the interviewee feels like a "bug under a microscope" and would, therefore, be less relaxed and prone to providing socially acceptable answers (Shaughnessy *et al.*, 2009:321; Goodwin, 2008: 409-410). This shortcoming can be overcome to a large degree through the establishment of a good rapport and trust between the interviewer and interviewee (Goodwin, 2008:410).

In some cases, participants' verbal reports did not correspond with their behaviour. Thus it would be ideal to draw conclusions based on both the behaviour and responses of the individuals in order to understand the behaviour and mental processes of the participants, hence the need to observe non-verbal behaviour (Shaughnessy *et al.*, 2009:328).

5.3.4. Observation.

This study adhered to a "naturalistic observation" approach whereby the researcher unobtrusively observed the interviewee in his/her natural setting and does nothing to interfere with the participant's behaviour. This approach is also known as "systematic naturalistic observation" (Goodwin, 2008:392; Schweigert, 1998:210; Shaughnessy *et al.*, 2009:334).

This method of investigating was introduced because the audio tape recorder did not pick up all the data necessary for the study. Information from the tape recorder could be ambiguous and biased interpretation could result (Schweigert, 1998:110). It is very difficult to overcome biased interpretation because even though the information is recorded by means of technology, the data still needs to be interpreted by a human (Schweigert, 1998:112). To overcome this, the study opted for triangulation of researchers (Halcomb & Andrew, 2005:75; Lewis-Beck, Bryman & Liao, 2004:110; Decrop, 1999:157; Sim & Sharp, 1998:27) where interpretations and observations of situations were cross-checked for validity.

5.4.1. Policy influencing spatial-economic development in Klerksdorp

As discussed in the previous chapter, there are numerous spatial- economic policies in placed to manage local development. This section will explore the influence the different policies have on directing the development within the city of Klerksdorp. One of the provincial policies that directly influence the economic development of Klerksdorp is the North-West provincial growth and development strategy.

5.4.2. North-West provincial growth and development strategy (NWPGDS)

The spatial objectives of the NWPGDS (RSA, 2004b:9) correspond with those of the NSDP (RSA, 2003:35), with proposed settlements and economic development being channelled into activity corridors and nodes that are adjacent or linked to the main growth points (RSA, 2004b:10; RSA, 2003).

In this regard, the SDI introduced three corridors, namely the platinum corridor, the treasure route and the western corridor in the North-West, with the aim of strengthening the potential of activity corridors (RSA, 2004b:10) [see map 2]. The most important of these corridors, for this study, is the treasure corridor (N12) extending between Johannesburg, Potchefstroom and Klerksdorp and further south along the N12. Development is supposed to take place in a manner that allows investments to be channelled into areas that already display economic potential, areas that show future potential and the areas in between. The proposed third intervention zone would be to stimulate and kick-start new nodes in areas of poverty that show potential for economic development given their spatial and socio-economic realities (Matlosana SDF, 2008: 46).

Klerksdorp is identified as a primary development node on the treasure corridor that should be exploited in order to strengthen developments from Johannesburg to Klerksdorp/ Potchefstroom and further along the N12. Based on an investment matrix, the conceptual macro-framework of the NWSDF (2004) has identified Klerksdorp as one of the priority investment areas based on a comparison being drawn between needs and economic potential (Matlosana SDF, 2008:46).

Map 2: Spatial Development Initiatives in the North-West (RSA, 2004b:10)

One of the main visions contained in the North-West Provincial Growth Development Strategy is to reduce the dualistic nature of the provincial economy into a single and integrated economy that benefits all (RSA, 2004b:7; Matlosana SDF, 2008: 48). It aims to achieve this by developing economic sectors and spatial localities in accordance with people's needs and potential (Matlosana SDF 2008:48). Furthermore, it seeks to offer the poor opportunities to develop their skills and to find employment opportunities in order to allow a choice as to how they want to improve their quality of life and collaborate to create an integrated economy (Matlosana SDF, 2008: 45). It strives to achieve this by forging a partnership between the first and second economies in the city (Figure 11).

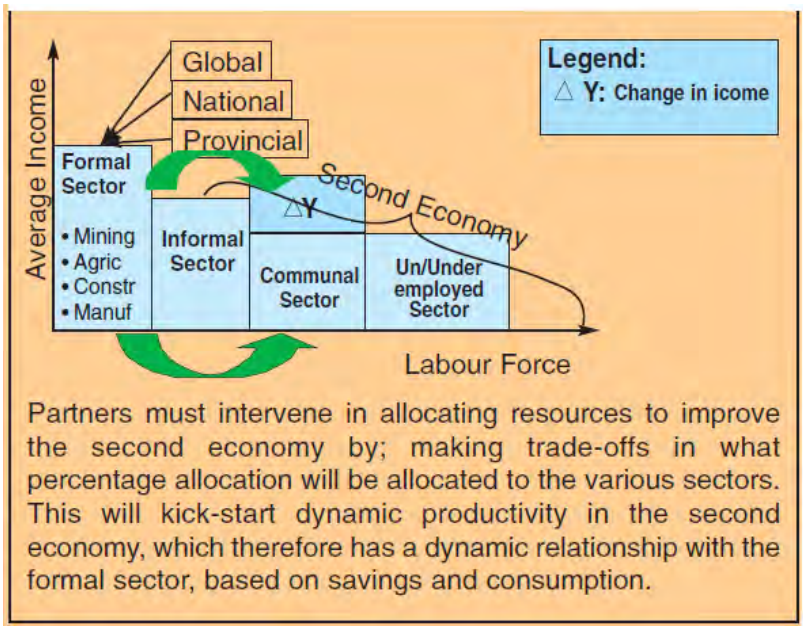


Figure 11: Growing the economy and increasing investments (RSA, 2004: 19)

The current state of the provincial economy requires the state to become more pro-active in promoting growth and development, while facilitating enhanced participation from the private sector with a special focus being placed on the second economy (RSA, 2004b:7). The NWPGDS (RSA, 2004b:4) targeted investments in the second economy to offer opportunities to the poor in the form of skills development, employment and improvement in their quality of life, encouraging the growth of the first economy while seeking to address the challenges of the second economy (RSA, 2004b:5). Urgent challenges should be addressed by choosing possible interventions that hold the promise of having the greatest impact over the shortest possible period in order to accelerate investments, job creation, improved efficiency and productivity, social equity and fair distribution of economic activities (RSA, 2004b:6). In this way, economic sectors will be developed in spatial localities chosen by the people, ensuring the sustainable use of resources (RSA, 2004b:8).

5.4.3. District spatial development framework

In support of the objectives of the North-West Spatial Development Framework (NWSDF), the District Spatial Development Framework (DSDF) also seeks to transform the treasure highway into an activity and mobility corridor with a multi-dimensional character that unlocks opportunities and generates inner efficiency, economies of scale, private sector investment in high priority areas and overall employment creation that will benefit the local, provincial and

national community. This development concept is based on the objectives of the NSDP (RSA, 2003:25), which seek to strengthen existing core areas in the development corridor. It goes on to state that new residential developments should complement the urban structure through the adequate provision of socio-economic land usage concentrated along nodes and corridors (Matlosana SDF, 2008: 49).

Furthermore, the DSDF introduces the concept of environmentalism, where people are willing to move to areas which are socially, economically and environmentally attractive, stating, that "centres on the corridor and within the intermediate regions are in direct competition with the Gauteng area in order to attract investment. Therefore a key principle for development on the corridor will have to be provided to attract social as well as economic infrastructure at competitive cost for new developers" (Matlosana SDF, 2008: 48). This phenomenon has already started in the Klerksdorp area (Matlosana SDF, 2008:48) where many entrepreneurs have migrated to Klerksdorp to take advantage of the relatively cheaper property (R6/m2)[36] as well as the cleaner and less congested environment (Botha, 2009a).

5.4.4. Integrated development plan of Klerksdorp

The IDP is a tool utilised by the municipality to integrate and coordinate implementation in terms of geographical space and time in a particular locality. This planning system should inform and be informed by related planning perspectives on other spheres, such as the NSDP, PGDS and the DSDF (RSA, 2003:37).

In Klerksdorp, the biggest challenge is that of addressing unemployment while simultaneously uplifting the social needs of the people through access to basic services and improving service delivery (Matlosana IDP, 2008:8). Recognising the fact that economic growth is the key to improving the quality of life, the municipality seeks "to create a prosperous city, by developing economic strategies that would alleviate poverty and the related socio-economic impacts to stimulate economic growth and development" (Matlosana IDP, 2008:9). With this in mind, it is worth noting that, currently, only 680 formal businesses are registered in Klerksdorp (Matlosana IDP, 2008:42).

Thus, to increase investments, Matlosana Municipality has demarcated the N12 corridor for commercial and industrial development. In 2009, this development initiative was afforded a

[36] Land is sold at this price only to large-scale investors in the city.

priority-1 rating in the IDP. Furthermore, the municipality seeks to revive the CBD of Klerksdorp and has allocated R7-million towards this end. As part of the city revitalisation initiative, the municipality also seeks to train informal traders, discourage the development of small shops and build shelters for informal traders. It is hoped that these initiatives will provide the investment injection that is much needed in Klerksdorp (Matlosana IDP, 2008:24; Matlosana SDF, 2008: 57).

5.4.5. Klerksdorp's spatial development framework

In terms of the spatial development framework, alignment between the city's development vision and the municipality's overall vision for the city (as contained in the IDP) is essential. This vision should, in turn, be in keeping with the national spatial vision which seeks to develop areas that have further potential. To this end, the Maltosana spatial development vision seeks to "enhance integrated socio-economic and physical development in a sustainable manner" (Matlosana SDF, 2008: 53).

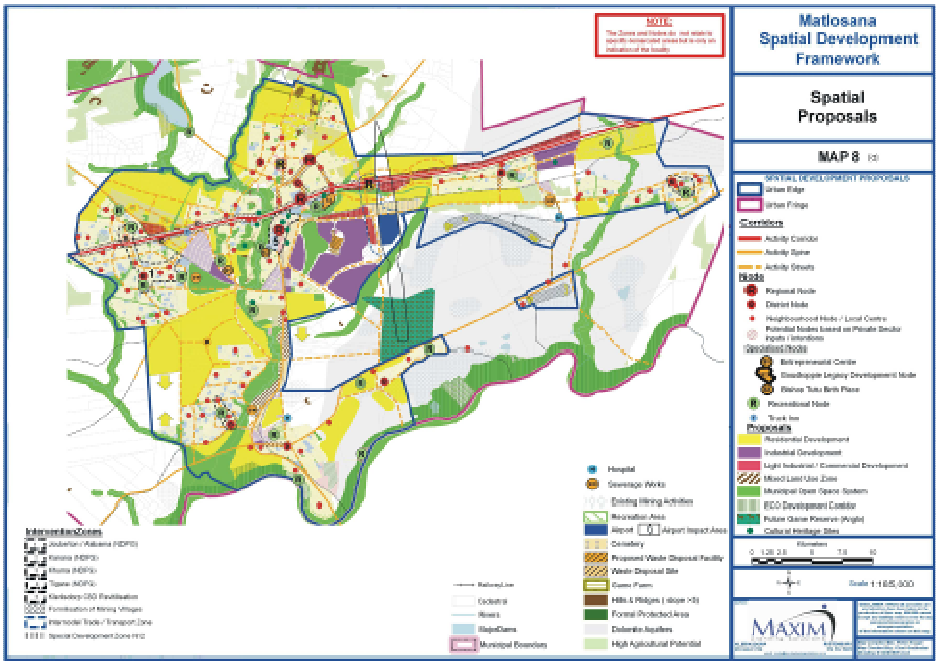
The spatial development objectives gave effect to the principles of the DFA (1995) while capitalising on a location on the N12 which has both national and provincial importance. Furthermore, it seeks to promote Matlosana as a primary node as well as a priority investment area in the North-West Province. Furthermore, the SDF seeks to improve the living standards of people within the township by providing the community with community facilities and business opportunities within accessible and centralised nodes. Finally, it seeks to align and identify economic opportunities along major development corridors (Matlosana SDF, 2008:54).

5.4.5.1.Spatial proposals for the urban area

The spatial development of Matlosana follows the guidelines on the NSDP, utilising nodes and corridors to overcome the fragmented urban structure of the apartheid model to create a more integrated and compact urban form (RSA, 2003; Matlosana SDF, 2008:52).

Commercial business activities account for five square kilometres within the municipality, with the largest concentration occurring in Klerksdorp (MDB, 2002:8). The Spatial Development Framework (SDF) shows concern as to the recent decentralisation trends that are appearing in an ad hoc manner on the landscape and recommends that these developments should rather occur in a structured manner (MDB, 2002:7-8). Taking the primary trade movement patterns into account, which occur between Klerksdorp and Johannesburg, Klerksdorp and Potchefstroom,

as well as Klerksdorp and its surrounding residential areas (MDB, 2002:7), few suburban centres exist and most commuters commute to the CBD for shopping (MDB, 2002:7; Matlosana SDF, 2008: 57). To correct this imbalance, it has also been advised that commercial nodes be developed in the township areas to provide services to the inhabitants (MDB, 2002:8; Matlosana SDF, 2008:58) (see map 3).



Map 3: Spatial proposals in Klerksdorp (Matlosana SDF, 2008:56)[37]

5.4.5.2. Development corridors

A development corridor is a linear zone of development, offering a concentration of public transport facilities and mixed land usages. To this end, a strong relationship exists between the transport route and surrounding land usages. The main corridor development in this area is the N12 (treasure corridor), which serves as a concentration for new development initiatives such as the industrial, commercial, nodal, tourism and mixed land-use development. Towards the west of the N12, developments comprise residential development, retail nodes and mixed land usages. This principle is based on those contained in the breaking-new-ground initiative (BNG) for sustainable human settlements. The east of this corridor is earmarked for a regional retail centre as well as commercial, light and residential development (Matlosana SDF, 2008:53).

[37] See Annexure for larger map

5.4.5.3. Business nodes in Klerksdorp

The Klerksdorp CBD is defined as a regional economic node [see Map 2]. In 2006, a number of strategic interventions were proposed for the redevelopment of this area. One of the interventions included the integration of the informal sector into the CBD while a hawker strategy was also proposed at the time. In addition to the CBD, the Pick 'n Pay node in the Wilkoppies centre and the Flamwood walk node, adjacent to the N12, are also classified as regional business nodes. Adding to the former, two new regional nodes have been proposed for the municipal area: The one is a business node on the N12 as part of the N12 east development (Isago), while the other is a business node adjacent to Dr. Yussuf Dadoo Avenue in Wilkoppies (Matlosana SDF, 2008: 52).

In addition to these regional nodes, a district node has been proposed for development, as part of the N12 western development project (Matlosana SDF, 2008:53). There are also a large number of neighbourhood and local nodes within the various suburbs where business activities provide basic shopping facilities. Most of these nodes are situated adjacent to or at the interaction of activity spines, activity streets and secondary collector roads (Matlosana SDF, 2008: 58) [see Map 2].

5.4.5.4. Mixed land-use areas in Klerksdorp

According to the SDF of the city, "Mixed land-use development can lead to the functional integration of employment and residential opportunities and is directly in line with economic realities as well as spontaneous business development." (RSA, 1999a:40).

Against this background, mixed land-use areas have been identified to the east and west of the N12 within the vicinity of Klerksdorp. Included amongst these are the following: Chris Hani Street, Buffeldoorn Avenue, Dr Yusuf Dadoo Avenue, Central Avenue and Platan Avenue. Business activities in these zones are to be restricted to office, office retail and commercial activities (Matlosana SDF, 2008: 59).

5.4.6. Klerksdorp's revitalisation strategy

A survey conducted by the local municipality in 2008 revealed that 92 per cent of the business community in Klerksdorp indicated that intervention is necessary to revitalise its CBD (Matlosana, 2009:72). With this in mind, the municipality created a development framework based on the outcomes of an assessment of the strengths, weaknesses, opportunities and

threats regarding the current CBD situation. The aim of this development framework is to formalise a development vision as reflected in the local IDP in order to develop a more sustainable CBD for Klerksdorp (Matlosana, 2009:73-74).

This revitalisation strategy is viewed as an integral part of the local economic growth and development strategy of the district municipality as a whole, since the CBD serves a higher-order function in this area. In recent years, the CBD has been faced with numerous challenges, amongst which the "flee of capital" from the CBD towards corridors and sub-urban nodes, the occurrence of urban decay and the negative impact of the informal sector and crime on development opportunities have all contributed to its negative spiral in terms of growth and decay (Matlosana, 2008: 74). In this regard, it is interesting to note that the CBD does not offer much land for expansion, and hence new developments have occurred elsewhere. These new locations occur along the N12, or within sub-urban nodes. These development trends are often regarded as "capital flee" which could contribute to a backwash effect with certain business following the new trend. On a more positive note, "these decentralised developments could contribute to diversify the local economy by building on the strengths and comparative advantages corridor developments have to offer. It could further help to establish and build Klerksdorp as a primary regional node within the North-West Province" (Matlosana, 2008:74-75).

In line with the objectives of the NWPGDS (2004), the revitalisation policy seeks to accommodate the informal sector together with the formal sector within the CBD (Matlosana, 2008: 88). However, in order to reach the CBD revitalisation goal to create a "great city experience" for all, the informal sector must be managed properly (Matlosana, 2008:88).

In 2008, this sector was not found to be managed efficiently. Many hawkers were located on the sidewalks with the most pedestrian movement, but there were no structures within the vicinity to support the implementation and management of this sector. Furthermore, no areas in the CBD have been clearly demarcated as no-go areas[38] or as exclusively for use by informal traders. This under-controlled and ad hoc approach to the informal sector has contributed to the negative image of the CBD, which, in turn, has led to the flight of capital from the area (Matlosana, 2008:89).

[38] No-go areas are areas which are considered to be hazardous to conduct business from, such as the corners of busy intersections.

As a solution to this, the revitalisation strategy proposes the development of hawker stands in demarcated areas within the CBD. The renting of these stands to prospective hawkers would be based on a well-formulated licensing system with checks and balances to make sure that rental is paid before occupation (Matlosana, 2008: 88). It is hoped that this approach to the management of the informal sector will create a less negative image to the CBD [Figure 12].

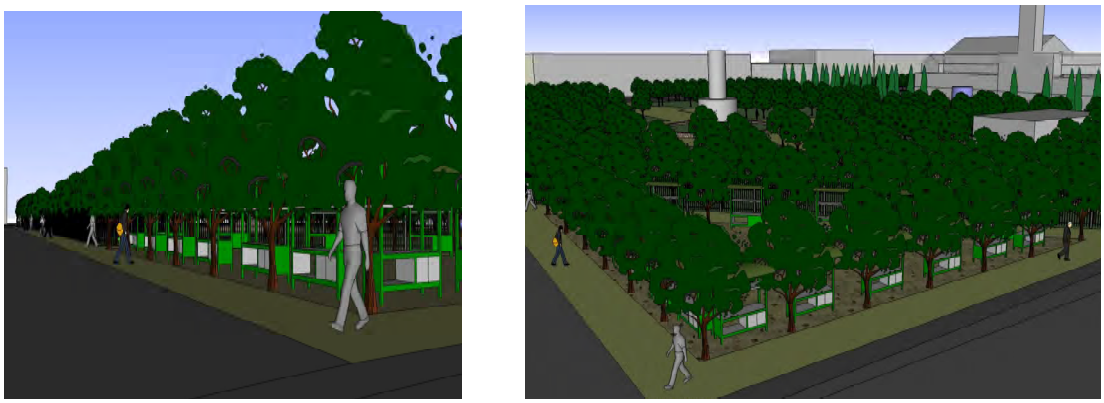


Figure 12: Proposed development of informal shelters (Klerksdorp Revitalisation Strategy, 2008:88

5.5. Spatial trends in Klerksdorp

The Matlosana (Klerksdorp) municipality covers an area of 3 623 5 km² which houses 517 781 people in the entire area (Matlosana SDF, 2008:3). Of this population, an estimated 233 443 lived in Klerksdorp alone in 2005 (Cillers, 2005:5).

Area	2000	2001	2002	2003	2004	2005
Klerksdorp North	25 346	25 407	25 468	25 529	25 590	25 652
Klerksdorp South	17 995	18 038	18 081	18 125	18 168	18 212
Klerksdorp West	14 488	14 523	14 558	14 593	14 528	14 663
Jouberton	149 573	154 329	159 237	164 301	169 526	174 917
Total	**207 402**	**212 297**	**217 344**	**222 547**	**227 912**	**233 443**

Table 4: Population in Klerksdorp in 2005 (Cillers, 2005:5)[39].

Within the city, the suburb of Jouberton houses a population of 174 917 people. This population

[39] 2005 population data is the most current data available for the Klerksdorp region.

size is followed closely by the northern suburb (eastern suburbs), which houses 25 652 people and the southern suburbs (western suburbs) with 18 212 people. The smallest population size can be found in the western suburbs (Manzilpark and Alabama), with only 14 663 people residing there (see table 4). In hopes of creating a more balanced approach to development density, current residential development is occurring in Tigane, Jouberton, Alabama and the areas surrounding Botha's farm. However, the Municipal Demarcation Board (MDB) has also predicted further residential development in the northern suburbs (eastern suburbs) in the mid- to near future (MDB, 2002:3). This prediction has proven true, with residential development appearing in these regions (Matlosana SDF, 2008:60).

The spatial development trends in the municipality are dominated by developments along the Treasure Corridor (N12), which is developing into an important industrial and commercial corridor, with most developments occurring in the direction of Potchefstroom. In addition to this, a secondary corridor has been identified between Klerksdorp and Orkney, which is characterised by residential development with local business, commercial and industrial nodes, along which there has been recent developments (MDB, 2002:3; Matlosana SDF, 2008: 55).

Taking into account that Klerksdorp serves the function of a higher order central place, the central business District (CBD) of Klerksdorp is the largest in the municipal area. However, there is a clear trend that can be noted in terms of suburban centres in the northern and southern suburbs, with minimal development occurring in the former townships (MDB, 2002:3; Matlosana SDF, 2008:60) [see Map 3]. Consequently, the high levels of poverty call for a revision of the IDP concept and ask for the focus to be placed on finding a strategy to integrate the poorer areas into the mainstream economy (MDB, 2002:9).

5.5.1 Economic trends

Klerksdorp is the largest city in the Southern District Municipality and contributed up to R8 billion to the provincial gross geographical product in 2002 and up to R9.4 billion in 2004 (MDB, 2002:4; Botha, 2009b:8) [see figure 13]. This municipality contributes 63 per cent of the gross geographical product of the Southern District Municipality and approximately 19 per cent of the entire GGP of the North-West (MDB, 2002:2). According to the Spatial Development Framework[40] (SDF), this is twice as much as Potchefstroom, which is the second largest economy in the North-West Province (Botha, 2009b:7). However, in the years 1996 to 2004, the

[40] The Spatial Development Framework has been discussed in detail in chapter 4.

economic growth rate of Matlosana has declined, with an annual decline of 0.39 per cent per annum. This decline is largely caused by the dwindling fortunes of the mining activities and the resultant drop in employment for the labour force (MDB, 2002:4, 9; Matlosana SDF, 2008:10).

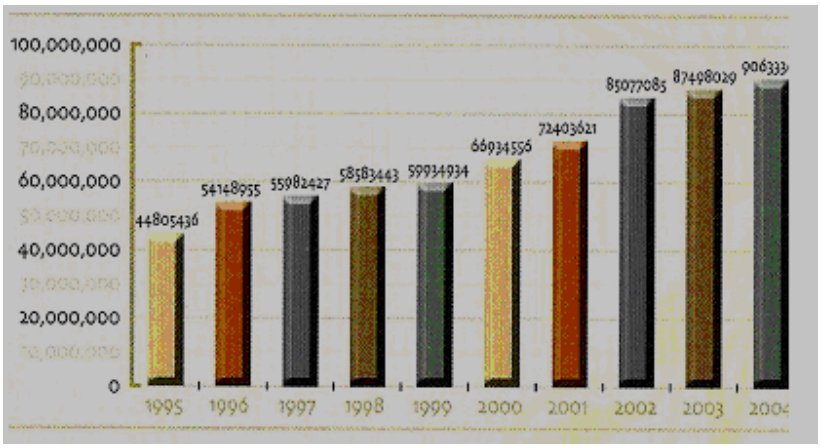


Figure 13: The City of Matlosana's Economy (Botha, 2009b:3)

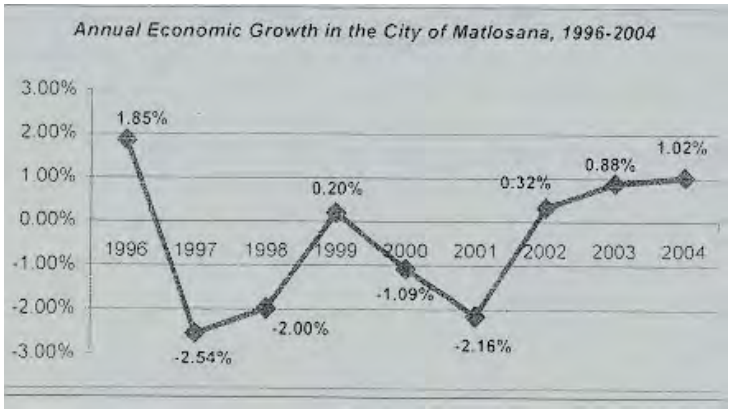


Figure 14: Annual Economic Growth in the City of Matlosana between 1996 and 2004 (Matlosana SDF, 2008:7)[41]

The decline in economic growth has been lower than that of the national economy, and the local economy has began showing a positive upswing in recent years, with the promise of good investment returns from the 2010 World Cup bringing investments into the city (Botha, 2009b:7). On the whole, the economy has experienced a negative growth rate between 1996 and 2001 (MDB, 2002:9; RSA, 1996: 535); however, a positive growth rate has occurred within the city since 2004, with growth standing at 1.02 per cent in 2004 (Matlosana SDF. 2008:7) [See figure

[41] Official figure that was used in the Matlosana IDP (2008) and the Matlosana SDF (2008). Hence these statistics were found to be trustworthy and thus used in the study.

14].

The unemployment rate of Klerksdorp has displayed an upward trend from around 21 per cent in the 1990's to 37.4 per cent in 1999 (MDB, 2002:5). The upward unemployment trend has continued into 2004 when 42 per cent of the Matlosana's labour force was unemployed, accounting for approximately 85 168 people being unemployed in the city (SDF, 2008:7) [see figure 15]. Strangely enough, the increase in unemployment did not result in an increase in informal sector activities in the city (MDB, 2002:5; Serumaga-Zake & Naudé, 2001:562). This finding could explain the 56.6 per cent poverty levels in the city (Matlosana SDF, 2008:7), with the average household income in 2002 being R 972 per month (MDB, 2002:8) [see Figure 15].

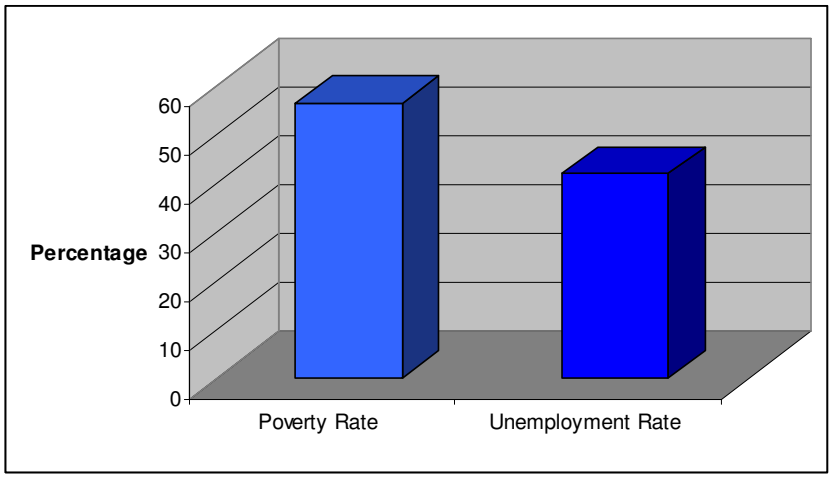


Figure 15: Unemployment Rate in Matlosana in 2004 (Matlosana SDF, 2008: 7)[42]

On the positive side, approximately 58 per cent of Klerksdorp's labour force is employed in various economic sectors in the city [see figure 16]. This is a relatively high formal sector employment ratio in comparison to many other parts of South Africa (MDB, 2002:5)

[42] 2004-2005 was the only data available for Klerksdorp in 2009 and was used in both the Matlosana SDF and the Matlosana IDP 2008.

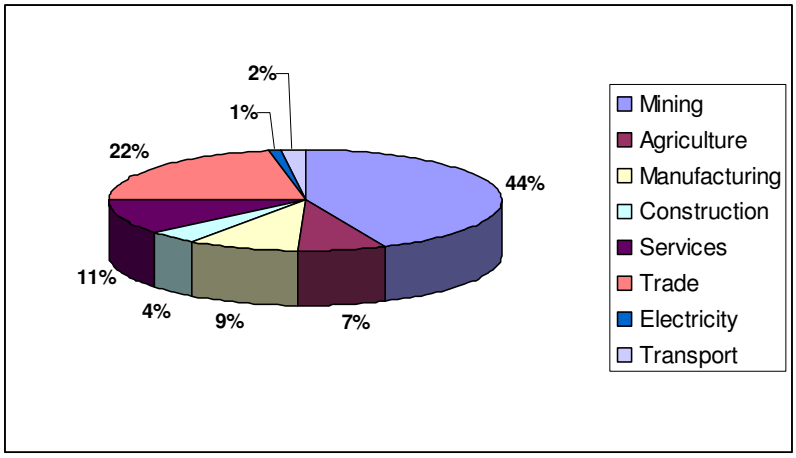


Figure 16: Employment per sector in Matlosana in 2004 (Matlosana SDF, 2008:7)

Taking into account that Klerksdorp is situated on the western edge of the Witwatersrand's gold mining belt and that it is home to Vaal Reefs, one of the largest mines in the world (MDB, 2002:2-4), it is only natural that the mining sector is the largest employer (42%), followed by trade (21%) and services (11%) (MDB, 2002:4; Matlosana SDF, 2008:7).

Retail Products	Retail Sales 1996	Household Expenditure 1996	Retail Sales 2004	Household Expenditure 2004
Food	603,327	904,144	1,250,005	1,318,251
Inedible groceries	55,383	121,607	315,428	266,041
Beverages	66,837	92,984	117,655	139,568
Tobacco	38,768	46,987	89,568	77,122
Footwear	82,005	48,630	150,669	92,257
Men's/boys clothing	100,563	61,125	194,157	79,892
Ladies/girls clothing	183,945	69,784	362,552	90,448
Textiles	54,900	24,408	107,513	21,979
Household furniture	105,817	80,110	208,470	49,714
Domestic appliances & hardware	317,275	53,739	718,785	81,137
Pharmaceuticals	100,877	23,792	218,655	84,627
Books & stationary	29,289	19,158	99,815	21,678
Sport equipment	50,525	32,961	114,083	22,685

Jewellery	20,214	7,073	33,239	11,531
Other	40,606	23,277	203,667	40,108
Total	1, 850,331	1,609,780	4,184,262	2,397,039
Other consumer expenditure		1,973,939		2,891,959
Total household expenditure and retail sales in Klerksdorp	1, 850, 331	3, 583, 719	4,184,262	5,288,998

Table 5: Retail Sales and Household Expenditure in the City of Matlosana (Adapted from Botha, 2009b:20).

The indicators reflected in Table 5 provide an indication as to the amount of money spent in the city from "outside".[43] These spending patterns have improved over the years with the consumer expenditure being higher in 2004 than in 1996. It has been estimated that approximately R1.8 billion was spent on retail products in 1996, with R4.1 billion of retail products being sold in 2004. These spending patterns provide relative financial injections into the city that could stimulate further growth and investment which, in turn, could decrease unemployment and poverty (Botha, 2009b:20)[44].

5.5.2 Social context

The population growth rate of this region was estimated to be around 1.13 per cent between the period 1997 and 2002, and it has been estimated that this rate would decline to below 1 per cent in coming years, largely due to the increase in the HIV/Aids infection as well as the decrease in the fertility rate (MDB, 2002:5).

Literacy levels in the municipality range around 70 per cent and are found to be above both national and provincial averages (MDB, 2002:8; Matlosana SDF, 2008:6). However, development in the municipality displays large scale inequalities, with the Human Development Index (HDI) for black people being around 0.47, while the HDI for white people was 0.87 (MDB, 2002:6). This index warrants further investigation and should rate high on the priority list of the

[44] As found in the IDP (2008). The researcher is not aware of the manner in which the municipality calculated the funds that come into the city from outside. However, this figure was used to prove that Klerksdorp is indeed a higher-order central place in the KOSH region.

local municipality, calling for serious attention and action.

All the above factors have in some way influenced the dependency ratio in the municipality, which is currently estimated as 60:40 (MDB, 2002:5)[45]. However, in recent years, there has been an increase in the level of unemployment in the city, and interestingly enough, this trend has not been associated with an increase in informal activities in the city (MDB, 2002:6; Naude, 2001). This trend correlates with the findings of Kingdon and Knight (2004:391), according to whom many people would rather be unemployed than participate in the informal sector. This could also be as a result of government grants for the unemployed, which cushions the unemployed from seeking a means of income. This trend has increased social hardships and poverty in the area and influenced the dependency rate negatively (MDB, 2002:5).

5.5.3 Movement in the city

Most of the commuters to Klerksdorp utilise taxis, due to the lack of other means of subsidised transportation. The main taxi rank in Klerksdorp comprises three taxi ranks in close proximity to each other, all located next to the N12 within the CBD.

These “ranks” accommodated up to 3000 vehicles which transported 15 000 passengers per day in 2006 (Matlosana SDF, 2008: 32). There are 1 100 taxis that have routes to Klerksdorp and seven buses that carry up to 1000 commuters to the city. Additionally, there are four trains and six flights per day that come to Klerksdorp daily, but the number of passengers they carry is not known (MDB, 2002:7).

In the following sections, a investigation will follow as to how the different forces, as discussed in previous chapters have translated to the local scale and influenced Klerksdorp’s spatial landscape and the dynamics of its business sector. The first section will investigate the spatial dynamics of the formal sector for the years 1995, 2000, 2006 and 2008 as well as how the location of the business sector has changed and what motivations have been provided for their relocation. The next section will then explore the dynamic character of the business sector and how the image of the formal sector has changed over the past 14 years. The investigation of the formal sector will then be followed by an in-depth study of the informal business sector, looking into aspects such as the location, composition and characteristics of the informal sector and the different government initiatives in place to accommodate this sector. The last section of this

[45] This means that every 40 economically active people support 60 economically in-active people in Klerksdorp.

chapter will look at the relationship between the two sectors and the influence this relationship has on the spatial location of businesses in Klerksdorp.

5.6 The location of formal businesses in Klerksdorp

Property developments are important indicators of urban change, since it displays areas where physical capital employment and other opportunities are on the increase (Turok, 2001:2356). Along similar lines, development in Klerksdorp has also occurred in a dynamic manner over the past 14 years with the introduction of multi-national corporations (MNCs), domestic franchises and foreign traders within the city. These trends in turn have influenced the location of employment and economic opportunities in the city. The following maps (Maps 4a-d) will follow a footpath in the direction along which development in the city is taking place. Most of the rezoning applications that have been approved by the municipality have been motivated via the mixed land-used development section of the Matlosana SDF (2008:59) as well as Principle 3(1) (c) of the DFA (RSA, 1995) which promotes the concept that new areas should not be planned in such a way that they are exclusively residential or commercial areas. It encourages a range of different land uses in one area, in hopes of creating more interesting and vibrant areas to reintroduce economic viability in an area. The impact of these policies can be noted on the spatial landscape.

Map 4a: Location of Formal Businesses in 1995 (Source: Author's Own).

In 1995, the spatial structure of Klerksdorp displayed evidence of apartheid spatial development trends. Most development appeared in a mono-zoning pattern. Commercial activities were

concentrated within the vicinity of the CBD and the minute oriental plaza, while industrial activities could be found in the industrial area. The suburbs displayed a few neighbourhood centres located in a scattered manner. An observation could, however, be made with regards to commercial development in the northern (eastern) suburbs, where commercial development was found to be more prominent than the other suburbs. The latter trend coincides with the findings of chapter two, where white businesses had begun deconcentrating and relocating to the suburbs since the 1960's (Simon, 1989:14). Very little corridor development occurred within this area, but the potential for further development could be noted [see Map 4a][46].

Map 4b: Location of Formal Businesses in 2002 (Source: Author's Own).

Seven years later, in 2002, development within Klerksdorp looked much different. Although the development trends of 1995 could still be found on the landscape, development in the northern (eastern) suburbs has clearly taken off and matured, while commercial development within the western suburbs, which were previously known as the "non-white" suburbs of Jouberton, Alabama and Manzilpark, does not display development trends of equal intensity. Corridors that have been demarcated by the SDF as mixed-zone areas display clear commercial development trends. The N12, which is also known as the Treasure Corridor running through Klerksdorp, has also begun displaying commercial development trends. The eastern development (direction of Potchefstroom) along this corridor appears to be more prominent than that along the western portion (direction of Wolmaransstad) of the corridor [see Map 4b][47].

[46] See Annexure for larger map.
[47] See Annexure for larger map.

Map 4c: Location of Formal Businesses in 2005 (Source: Author's Own).

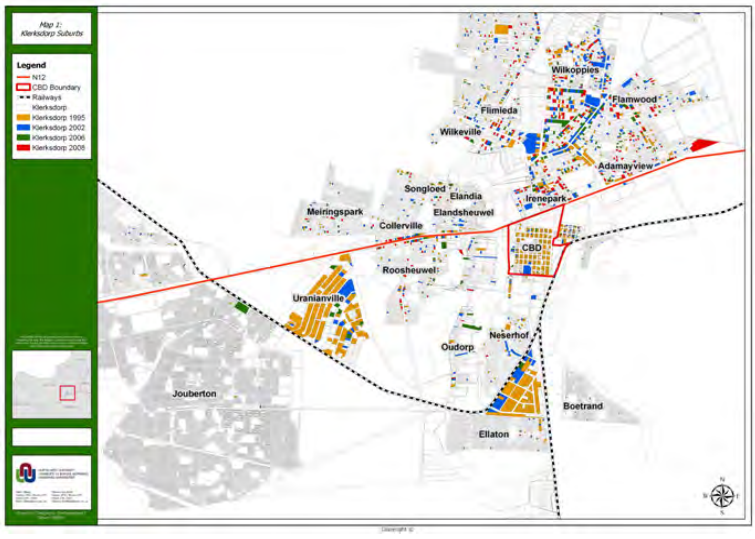
Three years later, in 2005, the development trends of the northern suburb have matured, with the Buffeldoorn Avenue, Central Avenue, Yusuf Dadoo Road and R503 corridors displaying mature mixed development trends along these routes. In addition to these changes, a minimal development trend could be noted within Jouberton where in recent years local franchise owners have decided to open a branch. Development along the N12 also appears in a more prominent manner in comparison to the previous years, which proves that the spatial development initiatives of the national and provincial government are working [see Map 4c][48].

Map 4d: Location of Formal Businesses in 2008 (Source: Author's Own).

[48] See Annexure for larger map.

In 2008, the eastern suburbs displayed a commercial development trend that exceeded the expectations of the city planners. Where previously development had occurred within this vicinity along the main corridors, development in recent years has started to infiltrate the residential areas, developing into a newly formed CBD. In addition to this, neighbourhood centres also appear to be prominent on the landscape. The spatial initiatives that were proposed in the Matlosana SDF have taken off, and the effects of the trends can be noted in the form of mixed development within the residential suburbs. The compact city argument that promotes corridor and nodal development can be noted within the northern (eastern) suburbs, but unfortunately, similar trends could not be noted within the western suburbs (former non-white), which still appear to be isolated from the rest of the city in terms of commercial activities. These trends fall beyond the scope of the study and call for further research [See map 4d].

The development in this area follows trends as described by Geyer (1989d), where the eastern portion of the N12 leading to Potchefstroom shows better development trends in comparison to the western portion leading to Wolmaransstad. In addition to this, the secondary corridors that were noted in the previous maps display mature development trends, with Buffeldoorn Avenue, Dr. Yusuf Dadoo Avenue, Central Avenue and Platan Avenue all showing mixed development (SDF, 2008:59) in a mature form.



Map 4e: Imprint of Formal Businesses Development on the Klerksdorp Landscape from 1995-2008 (Source: Author's Own).

A synthesis of commercial development trends within Klerksdorp over the past 14 years is

captured in Map 4e.[49] In 1995, development occurred in a modernist manner where mono-development trends could be noted. In this regard, commercial development appeared in a concentrated manner in the CBD, industrial activities in the industrial area and minimal commercial activities within the residential suburbs. Interestingly enough, commercial development trends could be noted in the northern (eastern) suburb since the 1960's with the development of the Pick 'n Pay Hyper.

In 2002, the effect of the spatial policies of the new democratic government could be noted. Development within the city has occurred in a post-modernist manner where zones of mixed development could be observed. Commercial activities had already begun infiltrating the residential areas. In 2005, these trends gained further momentum, and in 2008, they occurred in a distinctive manner across the landscape. It should also be brought to the reader's attention that although commercial development has taken off in the former white suburbs, this trend has not been matched in the former non-white suburbs of Jouberton, Alabama and Manzilpark. Further investigation into this trend revealed that commercial development has indeed taken place in a minimal manner in Jouberton. However, these trends could not be captured on the GIS maps since many of these businesses are not listed in the telephone directory.

In addition to these trends, the most prominent forms of development have occurred along the main corridors (N12 and R30), as well as designated mixed-development zones, such as Chris Hani Street, Buffeldoorn Avenue, Yusuf Dadoo Street, Central Avenue and Platan Avenue (Matlosana SDF, 2008:59). These trends provides evidence as to what has been experienced in other South African cities as "new and powerful forces of fragmentation, represented by the suburbanization in forms of economic activity" (Mabin, 1995:194; Todes, 1998:12; Watson, 2000:10; Turok, 2001:23) as well as what the Klerksdorp Revitalisation Strategy referred to as "capital flight to the suburbs" (Klerksdorp Revitalisation Strategy, 2008:75) which opposes the government's objectives of a compact city.

A shortcoming of these maps is that they do not display the business dynamics on the spatial landscape. Take, for example, Klerksdorp's CBD which shows a steady business occupation throughout the 14 years. Occupation of the city however tells a different story. Businesses that had once occupied the CBD have relocated to the suburbs, while new businesses have occupied their old premises in the CBD. In order to capture these trends, a field study was

[49] See Annexure for larger map.

conducted, comprising semi-structured interviews with 98 formal businesses interviewed throughout the city, to determine their spatial movements over the past 14 years. In addition to this, additional data was collected to capture the possible change in the products offered by these businesses. The next section of the study will discuss the findings of this field study.

5.6.1 Observation of location explaining business trends in Klerksdorp

The maps above did not explain why formal traders had chosen to change their business location. This section provides a condense version of the reasons given during the semi-structured interviews.

5.6.1.1 Jouberton

A field study, conducted for this study, in the area revealed that there were very few formal traders (25) serving the township Jouberton, which has the highest population density as mentioned in paragraph 5.1 and where an overtraded market can be found in the city. It can be noted that most (80 per cent) of the businesses in the township were self-owned and were run from a portion of the entrepreneurs' houses. In general, there were limited business premises in the township, and it is known that many of the developers would not receive sufficient returns on their investments. Interviewees provided an explanation for this stating that the township did not have the necessary infrastructure to run a business, even though it had customers. This sentiment was further echoed by the fact that municipal services in the township have not improved much during the past two decades. On the positive side, this shortcoming has allowed traders to save on rental but made it difficult to track these businesses developments since many are unregistered.

Interviewees revealed that formal businesses have located in this vicinity for a period of three months to nine years. Established traders in the township stated that they located there since they do not have the financial strength to leave the township and serve the people in the location. Some (5) of the township traders that gained enough finances, have moved to the oriental plaza or located on the fringe of the CBD, while others (8) said that they will not move out of the township since business is doing well in their township. Over the past 10 years, local franchise owners and young entrepreneurs have taken note of the untapped potential in the black location and have begun to provide goods to these consumers so that the latter does not have to come into the city and, in this way, could save on commuter costs [See Image 1].

An observation that was made and verified by the field surveyor and peer was that there were no formal businesses in the low-income and RDP housing regions of the township[50]. The reason for this, according to locals, is that the crime level in the area is much higher in comparison to the middle- and high-income areas of the townships. With regards to crime, it appeared as if the experience of the foreigners differed in comparison to the locals, with foreigners experiencing higher levels of crime. Franchises in the centre stated they had experienced property crime [burglary] every night and have become immune to it.

Image 1: Businesses in Jouberton (Source: Author's Own)

5.6.1.2 Oriental plaza

Five of the traders that were located in the oriental plaza stated that they located there from seven months to 60 years. In recent years, many of the established businesses have closed their doors, and new businesses owned by foreigners have opened up. These new tenants introduced a new character to the oriental centre. Bengalese, Sudanese, new Indian migrants and local Africans are opening shops in a centre that was previously reserved for Indian people. The location was chosen because rental is cheaper and crime levels are lower, in comparison to the taxi rank and CBD. The spin-off of the cheaper rental is a negative correlation to the

[50] RDP settlements are seen as low income suburbs of the township.

pedestrian movement of potential clientele. This, in turn, then introduces new trade patterns.

Many of the previously established shops have also moved out, while others have expanded their reach and opened sub-branches in the northern suburbs. In this regard, the branch that remained in the centre is suited for the lower-income bracket, while the branch that moved out is suited to the higher-income clientele [see Image 2]. On the other hand, a few of the businesses have adapted an informal approach to business by loading a vehicle with goods in the morning and sending an employee out to the suburbs to market and sell their goods. As a solution to this, a local developer has bought out a few of the shops in this centre, subdivided them and put them up for rental in hopes of attracting new entrepreneurs. However, many of these "subdivided shops" remain vacant, since rental is found to be unaffordable.

Image 2: Businesses in the Oriental Centre (Source: Author's Own)

5.6.1.3 Central business district (CBD)

The CBD displayed similar trends to those experienced in the oriental plaza. Businesses that have remained in the centre, having been established for between four years to 55 years, remain selling the same products since they own the building and have an already established client base; however, the commercial neighbours have changed. In this case, a visible trend of invasion and succession could be noted. White traders have moved out of the CBD to malls or suburban centres, while many of the newly introduced foreign traders [as noted in the oriental plaza] have infiltrated into the CBD and opened low-income businesses, offering goods that would appeal to the mass market and the new upcoming black middle class [see Image 3]. Traders in the CBD believed that the subdivision of shops by the local developer creates a busier business environment along the side roads of the city; however, the rental for these small shops was pricy (R2 500 per month). The researcher did not come across a single formal business that was owned by a native African in the CBD.

The crime level was high, and informal traders are constantly on the increase in these areas. However, there was little hostility that could be noted when these traders spoke of either the criminals or the informal sector, and it appeared as if there is a common tolerance and acceptance that “everyone is trying to make a living”, seeing them more as clients than competitors. In the light of crime, traders were aware of who the criminals were and kept watch for them. The steel shutters that guard the window displays also provide an indirect indication as to the crime rate in the CBD and was a trend that was not visible in the CBD thirteen years ago.

Image 3: Businesses in the CBD (Source: Author’s Own)

5.6.1.4 Corridor traders

Traders that occurred along the designated corridors (Matlosana SDF, 2008) will be referred to as corridor traders in this study. Traders were found to have located in this vicinity for a period ranging from two months to 40 years. Corridor traders were found to be dependent upon passing clients. Many (50) of the traders owned the property on which they are currently located and when asked why they had chosen that location, they had stated that it was largely because of visibility, easy access, the provision of direction to the clientele, high crime levels in the CBD

and the space constraints in the CBD.

Ironically, in this case, traders have found crime levels on the corridor equal to if not higher than that which they experienced in the CBD, all of them having experienced shop-lifting, shop break-ins, burglary or car theft. However, they added that they are clients of a private security company and the criminals have always been caught. On a positive note, these traders have claimed that their businesses have improved with relocation. All of the traders in this location had complained about the informal sector bothering them, and a few of the shops had signs outside their businesses asking informal traders not to come in [see Image 4].

Image 4: Businesses Located on the Corridors (Source: Author's own)

5.6.1.5 Mall traders

Businesses that are located in the two malls are referred to as mall traders in this study. Malls have only formed part of the Klerksdorp business landscape for the past 12 years. Thus businesses are found to locate there between three months to 12 years. The malls located in the CBD and Flamwood Walk along the N12 claimed that they had moved there since they believed many people enjoyed shopping at malls, and they enjoy the drawing power of the anchor tenants. Many of the tenants of these malls were national franchises. In addition, there were also several local businessmen who moved out of the CBD to the malls. These traders believed that the CBD offered a dirty environment, dirty toilets and break-ins, whereas the mall

offered a cleaner, neater and safer environment.

However, these benefits are paid for in terms of high rental. This would then explain why rental in this area is higher than the rest of the city. Many of the managers of these businesses stated that there was a misconception that the malls are busier. As is the case with any other location, mall traders often find it difficult to make ends meet [See Image 5].

Image 5: Mall Traders (Source: Author's Own)

5.6.1.6 Industrial businesses

Businesses that were located in the industrial area are referred to as industrial businesses for this study. Industrial businesses have located in the vicinity for one year to 18 years. These businesses found a gap on the area since no-one was serving the industrial area. Businesses were found to be larger than those in the CBD, since rental in the area was cheaper, while exposure to clientele was less in comparison to the city centre. There were few informal traders, and formal traders saw them more as clientele than nuisances. Business climate in the region was better than the CBD. It can be noted that many of the businesses did not require exposure, since they already have an established clientele in the city [see image 6].

Image 6: Industrial businesses (Source: Author's Own)

5.6.1.7 Suburban traders

Businesses located within the northern (eastern) and southern suburbs are referred to as suburban traders in this study. These businesses have located in the vicinity between two months to 28 years. Many (10) of the suburban traders choose to move out of the CBD, since suburbs are better, cleaner and safer than the CBD. On the other hand, they found the CBD to be overpopulated because of the increase in blacks, which led to higher crime levels than in the city. In addition, it was felt that people have less privacy in the CBD since people are also found to be less understanding and compassionate in the CBD.

Many of the landlords claimed that they had looked for an anchor tenant and then developed their businesses close to the area. Against this background, many of the interviewees revealed that they had not researched the area before opening a business and they had either known the landlord personally or knew the area, or just randomly chose a location since it looked busy. Traders further believed that the entire city centre was moving to the suburbs; hence they are following the trend [See Image 7]. It was found that many of the neighbourhood centre tenants that lacked a “commercial magnet” had an excellent sense of community amongst them and worked together to attract clientele by holding promotional theme days at their centres.

Businesses that had moved out of the mall to the suburbs said it was because rental in the mall was high and clientele were afraid of coming into the CBD. Hence they moved to the suburbs where most of their clientele are located to provide a convenient service to them. However, it was found that the business turnover in this vicinity is higher than other areas of the city. Since this area offers high traffic volume but not much business, many people have a misconception that business is doing well in the vicinity.

Due to the poor business climate, traders have moved around internally in the suburbs in search of the ideal location. Reasons for spatial movement range from entrepreneurs who did not feel safe in the CBD, rental that was too expensive, space constraints, visible exposure for business, newer environment and lower presence of informal traders as well as perceptions of crime. In response to this, another trader added that location is not that important because customers come to one’s business regardless of where it is located. All depends on the services the businesses provide.

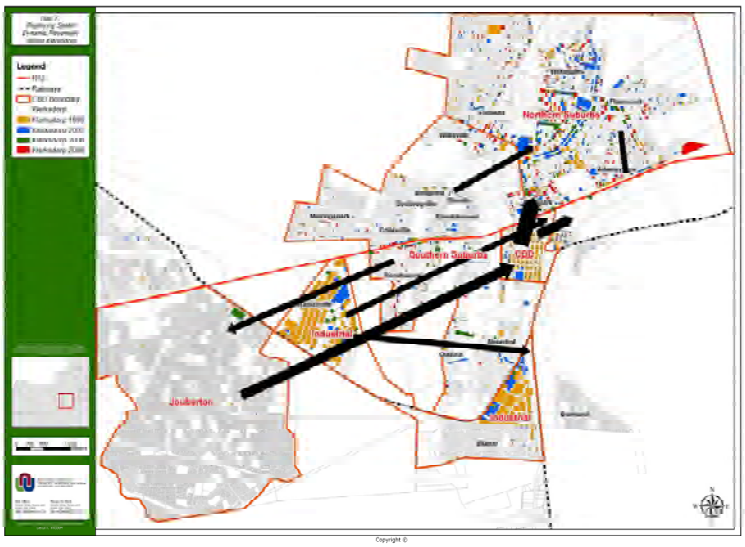
Image 7: Businesses in the Suburbs (Source: Author's own)

It appears as if there is a positive upswing in the business climate in Klerksdorp, with many migrants from Senegal, Malawi, Mozambique, Sudan, Ethiopia, Johannesburg, Welkom and Potchefstroom locating in Klerksdorp. There were a few businesses from Potchefstroom that opened up branches in the suburbs, in hopes of establishing business clientele before the move into the newly initiated waterfront mall. In another case, one of the interviewees was from Johannesburg and claimed that he/she had opened a shop in Klerksdorp since rent was cheaper there than in Johannesburg. It was further found that migrants are attracted to locations by means of family ties, with foreign migrants undertaking step-wise growth with the eldest setting up a business and then calling a family member over to open a second branch in an area where potential has been noted. On the whole, the city was found to have potential and served new development. The growth of both the malls is seen as a good example.

It was further believed by the local traders that franchises take up the best locations, and this poses a challenge to local traders who are located in less favourable locations. It was further found that foreign companies appear sensitive to the business environment in the city and value the proximity that they have to other foreign companies. Thus most are clustered in one location or found in a mall. This is similar to what Grant and Nijman (2002: 330) found in Mumbai and Accra. It was believed that bigger supermarkets provide competition to the smaller traders. The

question that could be asked is whether franchises are slowly killing off the local culture that differentiates one centre from another.

In light of the different reasons given for location and relocation within the city, map 5 provides a summarised version of spatial commercial trends within Klerksdorp.



Map 5: Commercial Spatial Movement in Klerksdorp (Source: Author's own)[51]

Business location is determined by convenience, the serving of a "gap" in the market, nearness, and affordable rental, perception of crime, established clientele, space constraints and exposure to informal business sector. The business turnover was found to be lower in the CBD, in comparison to that of the northern suburbs, but the rental in the former was found to be higher.

Some of the businesses that were previously located in the CBD and southern suburbs have moved to northern suburbs, while others have relocated to properties lying adjacent to the primary corridor (N12). Along a similar vein, some of the businesses that were previously located within the northern suburbs have relocated to properties along the N12 as well. Tenants in the CBD were either new retailers to the city or retailers that have relocated from Jouberton or the industrial area, while industrial traders have relocated either into the CBD, along the N12 or R30 (which are demarcated for mixed land-use purposes).

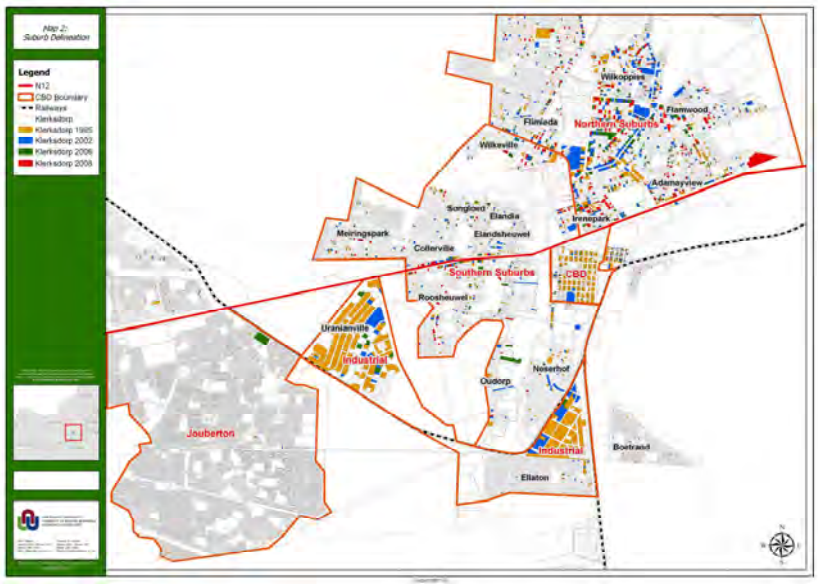
In addition to the spatial movements of the various businesses, products offered by these

[51] See Annexure for larger map.

different businesses also differ according to location. The next section seeks to explore the businesses dynamics in Klerksdorp, in terms of the different types of businesses and the products that the established businesses offer.

5.7. Business dynamics in Klerksdorp

As can be noted in maps 1a to 1d and the spatial location of businesses, the city centre of Klerksdorp has remained consistently occupied, but the map fails to explain the dynamics that have taken place in this location over the past 14 years. As explained in chapter 2, many of the white traders who had previously offered more exclusive products began moving out of the CBD towards the northern suburbs [see map 6].



Map 6: Suburbs in Klerksdorp (Source: Author's own)

The trend gained momentum around 1996 and 1997 when government opened the economic borders to international franchises. The impact of the policy can be seen along the N12, where many of the franchises have chosen to locate. A few motor franchises that were once located within the CBD had also moved out to the corridors since 2006 to gain more exposure and to move to a new environment as a marketing strategy. Interestingly enough, this trend where the international franchises locate along a corridor, is not unique to Klerksdorp but was also found to be true in Nelspruit, Durban, Johannesburg, Newcastle and many other places [own observation]. The choice of their location and the manner in which each of these franchises

manages to secure the exact same type of location in the different cities have been researched but fall beyond the scope of this study.

The influence of globalisation and the national political transformation can be noted in the spatial landscape of Klerksdorp, particularly in terms of its business composition. Reminiscing about the past, there was a time when there were no international franchises in the city, and the CBD provided the ideal location for window shopping on a Sunday afternoon. Things have changed a lot since then. Today it is not possible and hardly appealing to enter the CBD, leave alone to do window shopping. Many of the businesses now have steel shutters across their window displays and hardly any offer goods that are produced in South Africa.

Rent, in a manner, provides a guideline to the type of products that are sold by the business: The lower the rent, the lower order goods, while higher rent leads to more expensive products being sold. This also provides an indication as to the suburb the products would be marketed within. The products on offer have also evolved, helping to create an entire new image for the city centre. The next section will discuss the different products offered in the different vicinities within the city.

5.7.1 Businesses' composition in the CBD

It appears as if foreign traders have taken over the city centre, offering foreign goods, cuisine and clothing. The business character of the CBD is characterised by low-income clothing centres, furniture shops, African video stores, numerous Chinese shops, undertakers, foreign African take-always and low-income franchises, to name just a few. This is a strange tendency, considering the rent demanded in this vicinity. An explanation that could be provided for this phenomenon is that low-cost products are sold in bulk in reaction to demand from the mass markets, and this then helps to cover the rental. The national franchises and local boutiques have chosen to locate in malls within the CBD. This provides them with the advantage of exposure to the CBD clientele, while being protected from the external environmental elements, such as the dirty environment, criminals and informal traders. This locational advantage adds up in terms of the demand for rental in the mall.

Very few products offered in the CBD, are from South Africa. Products in the city are usually of a lower quality than those offered in the northern affluent suburbs. The question could be asked: If these traders come with just the clothes on their backs, how can they afford shops in the

CBD? Interestingly enough, there are hardly any foreign traders in the suburbs, mall or industrial areas. They are strictly concentrated in the CBD and townships. The CBD has a high rental but a low business turnover. This could indicate that there is a large demand for low-income goods.

5.7.2 Businesses' composition in the northern suburbs

The suburbs provided an interesting experience for people. The northern suburbs are the second largest area in terms of population in the city, and the areas earmarked for mixed development fall within the northern suburbs. The corridors have in recent years seen many new neighbourhood centres opening up and boosting businesses suited to the clientele located in the vicinity. Businesses located in these suburbs range from pancake shops, local boutiques, interior decorating shops, pubs, nightclubs, coffee shops, exclusive shoe shops, brokers, lawyers, accountants, guest houses, restaurants, paint shops, health shops, gift shops, commercial banks, franchised take-aways, pool specialists, paint shops, biltong stores, frame shops, computer and cell phone shops, health shops, realtors and high-order professional services as well as numerous other local franchises. This vicinity is often called the "new CBD" of Klerksdorp. Interesting to note is that none of these developments were located in this vicinity 14 years ago (1994).

5.7.3 Businesses' composition in the southern suburbs

The southern suburbs on the other hand display businesses suited to the needs of the medium to lower-income clientele. Typical businesses found in this vicinity comprise video shops, local supermarkets, pizza dens, florists and mini supermarkets, grocery stores, pawn shops, hair salons, sweet shops, take-aways and neighbourhood cafes, lower-range clothing stores, chemical shops and a liquor store. The concentration of businesses in this suburb was found to be less concentrated in comparison to that in the northern suburbs and the products were also found to be pricier than the CBD.

5.7.4 Businesses 'composition in the western suburbs

The extreme western suburbs [former non-white area] of Manzilpark and Alabama had no retail centres other than the general neighbourhood centres, offering basic low-order goods and daily necessities.

5.7.5 Businesses 'composition in Jouberton

Shops in Jouberton on the other hand displayed a total paradox, with low-order food stores,

butcheries, an internet café, spazas,[52] a car wash and a filling station, tavern, liquor stores, a newly opened local supermarket, a small sub-branch of a well-known bank and an undertaker, all of which can be found to be concentrated within a few streets from one another and amongst many informal traders. It was found that consumers look for short distances of travelling from home to shop and look for one-stop multipurpose shopping expeditions.

5.7.6. Businesses' composition in the corridors

On the other side of the highway, business comprised franchised take-aways, craft shops, 4x4 accessories, real estate, motor cars and pancake shops, petrol stations and a drive-through take-away. At the fringe of the CBD and suburban centre, one could find smaller shops selling lingerie, crafts, gifts, musical instruments, bars, pubs, television installation services, professional services, petrol stations, designers, material shops, and local take-aways. Many of the suburban customers were steady customers that either lived in the area or frequented the area regularly.

5.7.7 General business climate in Klerksdorp

Many of the local businesses have experienced a decline in business takings with the introduction of franchises in the suburban area. In one instance, a local trader who has conducted business in the suburbs for over 40 years has in recent years experienced a decline in business with the introduction of the local franchises in the suburbs. Along a similar vein, franchises are opening in the black locations to serve the masses, since the masses have buying power. The franchises offer a modern shopping experience as well as an "outing" in the townships, thus locking out competition. Informal hawkers in this area are not seen as a threat to these large businesses since they offer necessities.

Considering the fact that there is an increase in the income of black people and the new middle-class Africans, it remains a question as to why it is that their residential suburbs remains unserved. A response to this was found in an interview conducted with an entrepreneur who conducts business from the township. She was not a resident of the township, and when friends and relatives were informed she had intended to open a business in the location, the response was that no sane person would open a business there if it could be conducted in the CBD since it was believed that the township was too dangerous. Her personal experience in this regard was that not one of these fears have proven true, and her biggest challenge in conducting

[52] Spazas are low order neighbourhood centres in black townships.

business in the township is that the locals have no respect for road signs and they drive irresponsibly. She recommends entrepreneurs to open businesses in this locality since business is good. However, the trade-off for making money in the township is crime, safety and the lack of municipal services.

The question that could then be asked is: Why are investors afraid to invest in the township? Is it the fear of other, the fear of crime or simply that they do not find the area having enough economic potential to make business viable? The interviews conducted have revealed that she perceived crime to be much higher in the townships than in any other suburb in the city, but they also proved that the townships provide untapped economic potential and that the population density is enough to support any business. This is an area that requires further investigation and falls beyond the scope of this particular study.

Table 6 summarises the composition of the different goods and services offered within the city of Klerksdorp.

Location	Products on offer	Order of goods
CBD	Low-income clothing franchises / shops, furniture shops, African video shops, foreign African take-away, undertakers	High- and low- order goods
Malls	High-income franchises, shoe shops, restaurants, commercial banks and supermarkets	High- to medium-order goods
Northern Suburbs	Local boutiques, interior decorating shops, pubs, nightclubs, coffee shops, exclusive shoe shops, high-order professional offices, restaurants, commercial banks, internet shops, gift shops, car wash facilities and higher- income local franchises	High- to medium-order goods

Southern Suburb	Video shops, florist, local supermarkets, pizza shops, pawn shops, various gift shops and car wash facilities	Medium-order goods
Western Suburb	Neighbourhood cafés	Low-order goods
Jouberton	Local supermarkets, banks, undertakers, butcheries, spaza shops	Low-order goods
Corridors	MNCs, security companies, motorcar garages, petrol stations and real estate agents	High-order goods

Table 6: Summarisation of businesses located in Klerksdorp (Source: Author's own)

Low-order goods were found to be offered in low-income suburbs, while high-order goods were offered in high-income areas. Businesses along the corridors offer high-order goods, while the businesses in the CBD offered more of both higher-order goods and lower-order goods. In recent years, the CBD has begun offering lower-order goods to cater for the mass markets and this, in turn, has transformed the business climate in the city [See table 6].The following section will focus on the informal sector that operates within the city.

5.8. Informal sector of Klerksdorp

Since the new democratic dispensation of 1994 and abolishment of the influx control measures, South African cities have experienced a massive influx of migrants in search of economic opportunities. However, the decline in South Africa's economy since 1997 caused many of these migrants to be unsuccessful in their attempt to find employment, and many of them then turned to the informal sector in order to make a living (World Bank, 1993a; Rogerson, 1994, 1996). It is for this reason that most informal businesses have a survivalist approach rather than an expansionist one, since many see it as a temporary measure, a mere blip in their lives (Manning, 1993a). In this regard, Klerksdorp is no exception and boasts a clearly visible informal sector, following both the survivalist and/or expansionist approach across its urban landscape. These businesses are what Geyer (2005) called the traditional and transitional informal sector.

For the purposes of this study, 53 informal traders were interviewed in the vicinity of the city on

the basis of availability. The findings of this procedure were combined with the observations of the researcher to draw the following conclusions on the informal business sector. The locality of these traders can be noted in map 7 below.

Products and services sold by the informal sector were found to be suited to the needs of the lower strata of the population (Dewar & Watson, 1991; Ligthelm, 2005:1). In Klerksdorp, it was found that products on offer were suited to the locality where the businesses were found. Products sold by the different informal entrepreneurs differ according to location and target market. The following section will explore the composition of the informal traders in the different localities in the city.

Map 7: Location of informal traders in Klerksdorp [Source: Author's own][53]

5.8.1 Informal traders in the suburbs

Entrepreneurs located in the residential areas offer products ranging from boxes of seasonal fruits to magazines and household necessities to garden ornaments and furniture. The products offered in Flamwood, the only non-white residential area where informal merchants occurred, were found to be specialised for a particular target market and thus were more expensive than traders in the CBD [see Image 8-9]. This sector revealed both survivalist and expansionist businesses in the vicinity.

[53] See Annexure for larger map.

Image 8: Survivalist informal traders in Klerksdorp Suburbs (Source: Author's Own)

Image 9: Expansionist informal traders in Klerksdorp Suburbs (Source: Author's Own)

5.8.2 Informal traders in Jouberton

Many (30) of the businesses that located in the vicinity of Jouberton were informal businesses in comparison to the formal businesses. The trend where products were suited to the target could not prove truer than in the case of Jouberton, where informal traders occur throughout the residential area and sell everything from fruits and vegetables to goats and sheep. Business in this sector falls within the transitional and traditional informal sector [54][see Image 10].

[54] As discussed by Geyer (2005) in Chapter three of this study.

Image 10: Informal traders in Jouberton (Source: Author's Own).

5.8.3 Informal traders in the corridors

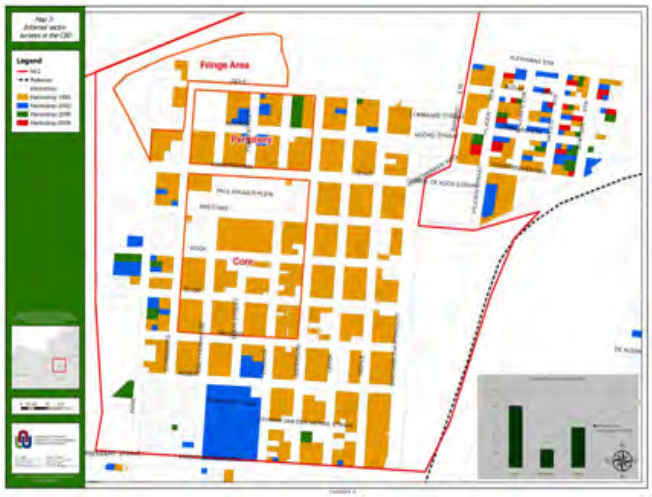
Corridor entrepreneurs, on the other hand, seem to target passing trade with every third person selling the same products, especially cell phone chargers and sunglasses. Occasionally, rugby t-shirts, caps and world maps are also sold. The products were reasonably priced, but little variety is offered. Only two clusters of highway intersect traders both located at the four-way junctions at the entrance to the Flamwood. During summer, many contracted black females to sit along the main road, selling fruits, and occasionally a farmer located close to the south western suburbs will sell mielies, pineapples, fish, plants and even compost. These traders also occur in the mixed-zone areas of the city, which have recently been occupied by the formal sector. This proves that informal traders are attracted to the locality of the formal traders [see Image 11]. Informal traders in this vicinity adapted a survivalist approach.

Image 11: Informal corridor traders (Source: Author's Own).

5.8.4 Informal traders in the CBD

The CBD, on the other hand, revealed a very diverse pattern of trade. From these patterns, three different regions of trade could be identified within the CBD in accordance with the

products these traders offered. The three regions are the core, periphery and fringe of the CBD [See Map 8]. Its informal trade patterns can be classified in four ways: meals and snacks, clothing, services and accessories.



Map 8: Informal sector location in the CBD (Source: Author's own)[55]

5.8.4.1 Informal traders on the fringe of the CBD

Informal traders in the fringes area of the CBD had food stalls, selling traditional meals, and were only found at the taxi ranks. Nowhere else in Klerksdorp did researchers come across such businesses. The taxi rank also has many (10) stalls offering snacks, like fruits, sweets, crisps and sappis[56], while telephone services, barbers, clothing and meat were also on offer. In addition, there were many (4) mobile traders, known as "Walkers", selling products ranging from cooked mielies to peanuts. The main target market for these traders was the taxi commuters, and products on offer were suited to their needs [See Image 12]

Image 12: Informal traders in the CBD (Source: Author's Own)

[55] See Annexure for larger map.
[56] Sappi are locally produced ice-pop which is sold for R2. This product is popular amongst taxi commuters.

5.8.4.2 Informal traders on the periphery of the CBD

Moving further away from the taxi rank onto North Street, stall sizes differed with some being larger and others being the size of a table. Products ranged from telephone services, fruits and light snacks to black-market goods, comprising “branded” clothing and CDs. Trading patterns were found to be more diverse, and it appeared as if the traders attempted to provide consumers with alternative products compared to those offered by the formal sector [see Image 13].

Image 13: Informal traders on the periphery of the CBD (Source: Author’s Own)

5.8.4.3 Informal traders in the core of the CBD

Moving towards the core of the CBD (O.R Tambo, Voortrekker, Emily Hobhouse and Enotsch Sontonga Streets), trading patterns ranged from fruits and vegetables, bread, CDs and accessories to caps and scarves. There were also a range of services on offer, including hair plating, barbers, telephones, gambling and photographers. Traders (20) appeared in a cluster in the demarcated informal trade area around the city hall. It is worth noting that many of these traders were selling the same products, and trading occurred in a competitive manner [See Image 14]. Moving out of the CBD, along O.R Thambo and Neser Streets towards the southern suburbs, informal traders appeared to gather and locate their stores only around lunch time. These informal traders targeted school children by offering goods ranging from stickers and accessories to cosmetics. Interestingly enough, services offered in this region also came forward in the form of entertainment provided by a mime.

Image 14: Informal traders in the core of the CBD (Source: Author's own)

5.8.5 Characteristics of the informal traders in Klerksdorp

Traders were found to be largely concentrated in the CBD, where many (53) of the traders claimed to have located in the city from between 18 years to three months. Most (32) traders claimed that the business ideas were their own; however, many (20) had admitted that they had done some "market research" to see what has worked and what has not, and based on these, deductions they opened their own businesses. The products on offer displayed a lot of involution, instead of diversification - thus leading to overtrading in the city.

The price bracket of products on offer ranges widely from R0.20 to R6 500. The products offered range from those offered by the survivalist enterprise (35), who sells products ranging from loose sweets, crisps, seasonal fruits and "Sappi"[57] which usually go for between R0.20 to R10. Expansionist businesses (18) sell products ranging from clothing to metal art and charge anything from R30 to R6 500.

The main requirement of location for these traders is the same as that of the formal sector: They require pedestrians and clientele and choose to locate in areas that are busy. Returns tend to be low and intermittent [R500 to R 2 501 per month], security and stability are minimal, working hours are long [5 am to 20:00 pm] and working conditions are poor. Traders face bad weather, poor infrastructure, lack of tenure and certainty of premises to the lack of capital, finance and education. Over and above these challenges, many informal traders are competing for diminishing income in an overcrowded, overtraded, competitive market (Rogerson, 1996; Taskgro, 1993; World Bank, 1993). If one was to analyse the income of these traders and then take into account the amount of an average fine for trading without a permit (R300), it is found to be too steep for many of the traders and many choose to forfeit their stocks rather than pay the fine. Some (13) of the illegal traders were, however, prepared to follow the legal route and get permits for their businesses, but many are not aware of the process of obtaining permits and, in addition, faced many bureaucratic obstacles. It was found that "red tape prevents progress" (Schwarzbeck, 2009:118).

As mentioned previously, overtrading amongst traders leads to a very high turnover in these informal businesses. Further research into this phenomenon found that between the 8th and the 24th of the month, the composition of the informal sector fluctuates, with many traders choosing to either stay at home or to try other means of earning a living during the quiet periods (Kirsten, 1991:12; Eslin, 2006:25).

None of the businesses claimed to have specific clientele, since many did not have a set location. In cases where informal traders were found to be concentrated in a particular locality, the relationships with neighbours were cordial, as long as they sold different goods. Most (43) tolerate the idea of competition, believing that everyone is trying to make a living.

5.8.5.1. Initiatives of the municipalities to accommodate the informal traders

Government has accepted the informal sector and in recent years took steps to accommodate this sector on the spatial landscape. The question that needs to be asked, though, is how successful have these initiatives been in Klerksdorp? This section seeks to answer this question.

The municipality had allocated stalls for traders who were in possession of a trade permit in the vicinity of Voortrekker Street (24 stalls), Golf Street (24 stalls), on the corner of Austin and Yusuf

Dadoo (8 stalls), on the corner of Ian and Chris Hani Street (5 stalls), O.R. Thambo/ Leemhuis extension (Vaal Meseru) Road (4 stalls), John Orr Hospital Road (4 stalls) and Wessels and Leemhuis Roads (4 stalls) (see Map 5 & Image 15) (Libber, 2010). However, these sites were found to be inadequate for these traders, and many were of the opinion that the location of these facilities was not suited for them to do business, since it exposed them to competition and limited clientele.

Many (32) of these traders found that their business turnover had diminished since they moved to the new municipal locations. Furthermore, traders in these areas were also found to be territorial and controlled who they would allow to trade in the vicinity. Traders that were new to the market, or were casted out, were forced to find other locations, which appear either on the opposite side of the park or in other areas of the city.

Image 15: Informal stands that form part of local government's CBD revitalisation policy (Source: Author's Own)

Municipal systems work on the concept of first come, first served. Each of the traders is expected to pay R55 rental per month per informal trade stall, and if they are late with payment, the stall is allocated to another trader. They then either go to another stall in the same locality or

do not have a stall to trade from for that month. There seems to be fewer stalls than traders in the surveyed area. Traders who did not possess permits chose locations either through “market research” or a location that was close to friends, or they adopted locations chosen by their parents, when then leads back to the initial problem that the initiative was trying to overcome: having informal traders located in an ad hoc manner on the urban landscape.

The ideal location in this respect is one that displays a high flow of pedestrian movement, is easily accessible and has a good sense of exposure to passing trade. In the case of this study, traders were found in the following locations: locations along the N12 and the Flamwood residential area, Yusuf Dadoo Road, Ametis, the three taxi ranks [Price and Pride taxi rank, Jazz bar taxi rank and the Alabama taxi rank], the periphery of the CBD [North Street, Commissioner Road and Enoch Sontonga Road] and the core of the CBD [Voortrekker, O.R Tambo, Emily Hobhouse, Neser Streets]. Moreover, traders located in the residential area, selling art work and garden ornaments, preferred to locate on the road since they were more exposed to passing trade than if they had located in an enclosed building.

In the next section, we seek to explore this concept further by focusing on the relationship between the formal and informal sector and the influence this relationship has on the spatial development of the city.

5.9 Spatial relationship between the formal and informal sector

5.9.1 Statements made by the formal sector during interviews

Informal traders were found throughout the city selling “every small thing one can think of, ranging from toilet rolls, food, DVDs, socks, fruits and vegetables to stationery”. The formal sector is of the opinion that the informal sector has nice merchandise, which they often buy. It is just that they felt they could not support these traders every day. The formal sector feels that this sector is not problematic but bothersome, since there are so many of them. Some adopt a forceful approach that frightens people. Formal traders chase informal traders because they feel that they should stay in town where they always were. Traders also believe that they chase them out of town and then they want to take over the new location. In addition to this, some of the traders felt that the informal traders were a problem, especially when they sell the same thing as the formal traders at lower prices and do not pay rent and taxes. Formal traders tolerate them, since they also try to make a living.

The CBD was the only area where informal traders sat in front of shops, and this was not appreciated, since formal traders felt it would spoil the environment by dirtying the pavement. In addition, they obstruct the entrance to businesses and hassle customers, and it was further felt that the informal sector had an unprofessional look to them. Moreover, it was found that not even the police could move them, because they simply just come back.

In regards to this, formal business acknowledges the fact that the informal sector and formal sector both require pedestrian traffic. Thus a way should be found where they could work together and still be apart. A common recommendation that came forward from the formal sector was that a flee-market concept could work for the informal traders, which should be located in a central place where customers can go to informal traders and not they to the customer. However, when asked for a possible site recommendation, traders displayed a "not-in-my-backyard" (NIMBY) syndrome, stating that they do not mind it if they are on the same property provided they pay the same rent and taxes.
The "death" of the formal sector has led to the birth of the informal sector, where the formal sector has developed linkages with the informal sector, employing the informal entrepreneurs to sell goods that were usually sold in formal shops. This way, they bypass regulations and applied costs. These new outsourcing techniques of the formal sector have led to the growth and development of the informal sector.

5.9.2. Statements made by the informal sector regarding the formal sector

Informal traders did not view themselves as being a nuisance to the formal sector but rather as their "friend". Eighty per cent of these traders quote incidents where they had assisted formal traders to fend-off attempted crime. They also claim that they attract clients for the formal business sector and look after their merchandise on display.

5.9.3 Observations of the relationship between the formal and informal sector

Traders in the CBD were more tolerant of the informal traders in comparison to businesses in the suburbs. It appears as if the informal and formal traders have a cordial relationship, and in some instances, it seems as if they have a mutually beneficial relationship, especially in the CBD with formal businesses allowing hawkers to locate on their premises without rent, provided they protect the goods on offer outside the shop [see image 16]. Due to this agreement, the crime experienced in the CBD has decreased.

It is important to note that the formal and informal sectors seem to share the same clientele and thus utilised one another to attract customers. On the other hand, there are a few reported cases where the formal business regards the informal traders as a nuisances and occasionally chased them away, while others mimicked their trade patterns to deter them from locating in front of their shops - but in most instance they have come to accept them.

Image 16: Example of mutual symbiosis between the formal and informal sector within the CBD (Source: Author's own)

Even though there were no hawkers in the suburban area, formal traders just did not like the concept of hawkers and displayed large-scale intolerance towards them. Apparently, informal traders come in one thambi[58] and then spread out. Some of the respondents felt that premises should be built for the informal traders, but not in front of their businesses [See Image 17]. In this way, formal traders could go to the informal traders if they required any goods from them, rather than a case of the informal traders coming to them.

[58] A taxi that operates only within the city.

Image 17: Examples of visible hostility between the formal and informal sector within the suburbs (Source: Author's Own).

With the commercial struggle occurring between the formal and informal sector, planners are constantly approached to rezone property in order to provide it with business or special rights (Danie, 2009). These applications then go through to the municipality and gain approval. However, the question that could be asked is: Does Klerksdorp have the economic power to support these new developments? Does it have the retailers or skilled professionals required to occupy these newly-built premises? Are these developments really necessary? Evidence, as found in this study, across the spatial economic landscape of Klerksdorp answers the above question in the negative [see Image 18]. Since, many of the businesses, both formal and informal, complained that business was doing badly. In response to the decline in business, many of the commercial properties remain vacant. These questions will find further answers in the following paragraphs.

Image 18: Impact of overdevelopment on the spatial landscape and the economic repercussions (Source: Author's own**)**

There are numerous signs similar to those displayed in Image 19 throughout the city. This provides proof that there simply is not enough economic activity to occupy the recently-developed neighbourhood centres, given the decline in economic activities due to the biggest recession in many years and property supply exceeding property demand (Danie, 2009). These trends have contributed to creating a fragmented, inefficient, ineffective, unequal and an unsustainable urban form, the very urban form that the democratic government had hoped to move away from.

5.10 Summary

Klerksdorp, serves as a higher-order centre within the KOSH region and has been identified as a primary development node along the N12 treasure route and within the North-West Province. The economic basis of this region has been supported by mining activities, but in recent years, the resources have been depleted and mining activities have declined. In addition to this, the country is recovering from one of the worst recessions since the 1970's. These factors combined have led to a 42 per cent unemployment rate, 56.6 per cent poverty level and a 60:40 dependency ratio. For these and other reasons, the informal sector has begun to thrive within the city

The NWPGDS seeks to reduce the dualistic nature of the provincial economy by adopting the thought process of ASGISA to forge a partnership between the first and second economies with the aim of decreasing unemployment in the province. It seeks to achieve this by enhancing the life skills of the poor in hopes of helping them improve their quality of life.

In addition to these changes, the Matlosana department of Local Economic Development

promoted property development within the municipality at a rate of R6/m^2. This incentive has proven to be successful in attracting development investments to the city. This introduced larger businesses within the commercial field of Klerksdorp.

In addition, the Matlosana IDP seeks to address unemployment whilst simultaneously uplifting the needs of the people by providing access to basic services and improving service delivery. The local level spatial vision seeks to integrate socio-economic and physical development in a sustainable manner by identifying various nodes and corridors within the urban area. By adapting this vision, it seeks to improve the living standards of its inhabitants, especially those living in townships, by providing the community with facilities and business opportunities in an accessible and centralised node. This vision has been documented and implemented in a city revitalisation policy, the main objective of this document is to curb the commercial decentralisation trend in suburbs and reviving the Klerksdorp CBD. As part of this revitalisation policy, the local government seeks to train informal traders on how to run a business and aims to provide shelters from which these traders can than trade. How these policies have influence the spatial landscape remains a mystery to a large degree. This chapter sought to capture the spatial- economic influences of these policies by means of mapping the location and character of both formal and informal traders within the city.

Data for this study was collected through the utilisation of the telephone directory. The data for the chosen years between 1995- 2008, was then captured spatially captured by means of a Geographic Information System (GIS). In addition to this, 150 semi- structured and behavioural observations were conducted throughout the city. This sample size was agreed upon, since these were the only traders willing to conduct an interview with the researcher.

Spatial data plotted by means of GIS found that over a 14-year period (1995-2008), commercial activities within the city has decentralised in the direction of the northern suburbs and the designated corridors. In 1995, the spatial-economic urban structure, displayed typical characteristics of an apartheid city. Where, most commercial activities were concentrated within the CBD, with slight commercial infiltration within the northern suburbs. In 2002, the commercial activities stated moving out of the CBD into northern and eastern suburbs. However, the former non-white suburbs of Manzilpark, Alabama and Jouberton have shown minimal development in this regard. In 2005 and 2008, the trend displayed in 2002 had matured, with commercial activities becoming prominent in the northern (western) and eastern suburbs,while the southern

suburbs displayed minimal economic development. In addition many of the secondary corridors had also started forming a commercial character as was proposed in the Matlosana SDF. These development trends have, in turn, contributed to increasing spatial inequality and the degeneration of the business climate in the CBD. The spatial maps failed to display the dynamics of commercial composition within the different areas in the city. Hence, these changes were captured by means of observation.

Business composition within the city has displayed a particular pattern in terms of development. Low-income areas housed low-income/order centres, while high-income areas accommodated higher-income/order stores. Where previously the CBD housed higher-order businesses, in recent years, it has also adopted a low-order business character. Many of the higher-order businesses that were previously located in the CBD have relocated either along the corridors or the northern suburb. The business composition in the oriental plaza has also transformed, with many of the former Indian traders being replaced by foreigners who have opened low-order businesses in the vicinity. Jouberton has shown little commercial development over the past 14 years and offers a limited range of high-order services, such as a commercial bank, but largely low-order goods. The suburbs of Manzilpark and Alabama have displayed no commercial development, beyond the traditional low-order neighbourhood centre, over the study period.

The main reasons provided for spatial relocation of businesses range from lack of space, lower rental, crime, dirty environment, poor infrastructure and municipal services to the presence of informal traders. For example, Jouberton has shown little commercial development over the past 14 years. The main reason given for this has been the presence of crime and the lack of infrastructure in this vicinity.

In recent years, Klerksdorp has experienced the development of a informal sector across its urban landscape. These informal traders appear in an unorganised ad hoc fashion across the city. This research found that the informal traders of Klerksdorp, conducted commercial activities from informal location that lacked any form basic infrastructure and services, i.e. running water, shelter and sewage, and garbage collection. They adopted either a survivalist or expansionist approach, with the products offered ranging from R0.20c to R6.500 and their monthly income amounting to between R500 and R2 501. Trading hours of these informal traders range between 5am and 20:00pm.

Goods offered by these traders were found to be suited to locality. Where, informal traders located in the core, fringed and periphery of the CBD, each sold different goods dependent on their target market. Traders in the fringe of the CBD target taxi commuters and largely offered edible goods. While traders in the periphery, offered non-perishable goods, such as clothing and CD's. Traders in the core of the CBD offered a combination of both perishable and non-perishable goods. Traders similar to those found in the core of the CBD were also found to be common in Jouberton. The highest concentration of these traders could be found in the CBD, with a few random traders found within the northern suburbs and transport corridors.

The location needs of these traders are similar to those of the formal sector, with both of these sectors seeking location in areas that are easily accessible and offer maximum exposure to potential clients. In this light, local government has implemented initiatives to formally accommodate this sector, in an "approved" location within the CBD. However, these initiatives seem to be inadequate in terms of serving the needs of the informal traders, and many of them still choose to locate in an informal manner throughout the city. It is largely due to this similarity between the two sectors that the commercial battlefield has started playing out on the spatial landscape.

The relationship between the two sectors was found to be both cordial and hostile, with traders in the CBD sharing a cordial relationship with the informal traders, while the high-income formal traders of the northern (western) and eastern suburbs sought as much distance from the informal sector as possible. This distance is sought due to the perception that informal traders are filthy and attracted criminal activities. This trend and perception has, in turn, further segregated and fragmented the city, creating an inefficient, ineffective and unequal spatial economic landscape in Klerksdorp.

The next chapter will draw relevant conclusions to this study by synthesising the literature with the empirical study and provide appropriate recommendations.

Chapter Six:
Summary, Conclusions & Recommendations

6.1. Introduction

With the coming of democracy in 1994, South Africa's commercial character has undergone large transformation. Although this transformation is largely visible on the landscape, there has been limited research to capture the changes of the commercial character in South African cities. This study sought to address this research limitation by capturing the economic-spatial transformation in Klerksdorp, over the past fourteen years (1994-2008).

This chapter acts as a synthesis of all the previous chapters, bringing together the different theoretical studies and empirical study to determine the current influence of business dynamics on the spatial landscape and concludes by providing some recommendations.

6.1 Summary

Over the past 30 years, a lively debate has been conducted around the topic of how cities should be developed. The most significant outcome of this debate has been the paradigm shift from a modernist approach to development to a post-modernist approach. The shift in the development process can be noted in the manner in which South African cities have transitioned from the pre-apartheid city to the current post-apartheid city.

Where most colonised cities are segregated along the lines of class and culture, South African cities were segregated on the basis of commercial competition and "health" concerns. Since the country did not have an urban form prior to colonisation, the white colonists declared the urban areas as their territory and enforced a spatial pattern. This form boosted a CBD at the centre of the city that was for the exclusive occupation of white traders and allowed for a minute Indian centre at the edge of the CBD to accommodate Indian traders. In addition, residence close to the core was earmarked for occupation by whites, while the Indian, coloureds and blacks were accommodated on the outer edges of the city. This urban form made provision for two grey areas that allowed for mixing between the white and coloured people. Pre-apartheid policies were based on the segregation of races and the restriction of commercial competition. These policies laid the foundation for the plans the apartheid government intended to implement.

During 1948, the National Party implemented the apartheid city plan in the urban landscape. Apartheid literally means separateness, and this is exactly what the different policies sought to achieve, both on the national scale, with planned decentralisation plans, as well as on the urban level where the Group Areas Act ensured the separation and segregation of the different cultural groups. Where previously the urban model allowed mixing between the racial groups, the apartheid city forced the Indians, Blacks and Coloureds into residential suburbs of their own, each separated by a "buffer" zone, while the whites enjoyed the exclusive occupation of the suburbs closest to the CBD [see, Figure 3]. In addition, where previously the CBD had accommodated the Indian traders, apartheid forced them out of the CBD and placed them in an oriental plaza situated on the periphery of the CBD and banished the non-labouring blacks to the Bantustans.

In 1966, the White businesses that were located in the CBD began decentralising to the suburbs, and it was then that the apartheid government amended Section 14 of the Group Areas Act which allowed for free trading rights within the CBD and reintroduced the 1950's urban situation. It was only during the 1990's that President de Klerk retracted the entire Group Areas Act, which then allowed for the "free movement" of the residents within the city.

Even though residents then had the freedom to move into any residential area they wished, many either lacked the finances or the wish to move. In light of this, residents that had the money moved into the former white areas, while many whites either migrated overseas or continued to occupy their former residence. The black townships have also grown in recent years with many of the black people that were banished to the Bantustans moving into the urban areas again. In addition to the native blacks, many foreigners have also migrated to the country and occupied residence in the townships or residence within the CBD, in hopes of being close to employment opportunities.

In terms of the commercial activities, the city did not have enough jobs in the formal sector to accommodate the influx of unemployed migrants. This lack of opportunities then introduced an informal sector onto the urban landscape. In addition to this, the macro-economic policies of the government (GEAR) introduced a new economic core in many of the cities. The image that both the formal and informal businesses portray has been in conflict and, in turn, fuelled commercial decentralisation.

In light of this, government had hoped to attract more FDI in order to decrease the level of underemployments in the country. However, it failed to attract a large scale of FDI since a large sector of the labour force lacked the necessary skills while the country had a shortage of the required infrastructure, an unstable political environment and a high crime rate, to name just a few of the reasons. Even though 1.1 million jobs were created from 1997 to 2005, in 2005, South Africa still required a six per cent growth to overcome formal sector unemployment. It was due to this that many of the unemployed then turned to the informal sector to make a living.

In 2004 Thabo Mbeki openly acknowledged the dualistic nature of South Africa's economy. Under the previous political regime, the informal sector was associated negatively with crime and poor sanitation and suppressed by various laws. In recent years, this sector has been one of few to provide an income for the unemployed.

With the visible development of the informal sector on the urban landscape, academic interest has developed around the characteristics of the informal sector. Although the location and characteristics of the formal commercial sector has been researched for many years, little is known about the preferences of the informal sector. The informal sector was found to be of either a traditional (survivalist) or transitional (expansionist) or of a semi-formal nature, which either develop to make a meagre income or used as a stepping stone to acquire formal business status.

Both the low-order formal sector and informal sectors sell similar goods and target the same clientele. However, the image portrayed by both of these sectors differs and often causes conflict on the spatial landscape, since both these sectors look for a location that is easily accessible, offers low rental, has minimum crime and provides enough space to conduct business. The similar yet different needs introduced a "battle" on the commercial landscape. This battle has translated into the formal high-income sector decentralising out of the CBD to a suburban centre, transforming the South African city from a mono-nodal to a multi-nodal urban structure. Many of the "new" business nodes developed in the former white areas and contributed to creating a segregated urban structure which still displays large scale inequality on the spatial landscape.

In response to the decentralisation of formal activities, government has promoted a "compact and integrated" city concept in hopes of combating this residential and commercial

decentralisation. However it was found that where previously under the apartheid government business and government shared the same idea of how the city should look, the post-apartheid government and business sector do not share the same idea. That is the main reason as to why the post-apartheid city continues to segregate even though policies strive to compact it.

In light of this dualistic economy, government has a choice between two ways of developing its economy. The first would be a balanced approach, where development would be stimulated in an equal manner between both the sectors. The second would be an unbalanced approach, where sectors (formal) that display potential are stimulated further, with the hope that the positive effects of the development would then spill over into the underdeveloped regions. In response, government has pursued an approach whereby areas that have potential are developed fully those that lack potential are developed on the social front only. In essence, this mixed-method approach is geared towards stimulating formal sector activities further in hopes that they, in due course, will create formal employment opportunities and absorb the unemployed labour forces to, in this way, eliminate the informal sector. Likewise, local government too has also instituted various local initiatives to accommodate the informal business sector in the commercial landscape of the city.

The relationship between the formal and informal sector is not really addressed in spatial, economic and political literature. Thus, the empirical section of this study researched this relationship within the context of Klerksdorp.

6.2. Conclusions arrived at base on the empirical study

There was various research tools utilised in this study. These tools ranged from pre-existing South African spatial, economic and political literature, which set the background to the study. In addition to this, the researcher captured spatial data for the various years, through the means of telephone directories. This data was then captured and plotted by means of Geographic Information Systems (GIS). These maps provide a clear picture as to how formal businesses have cascaded across the urban landscape over the fourteen years. With this data on the table, the question that begged to be asked was: what was the reasoning behind these businesses cascading out of the CBD into the residential areas. To answer this, semi-structured interviews were conducted across the city, with both the formal and informal traders. The interviews sought to capture the location changes and product composition in the formal business sector throughout the city. In addition the same data was captured for the informal sector. Lastly, by

means of the observation, the researcher sought to determine the relationship between the formal and informal sector and its influence on the spatial landscape. These answers were then recorded and captured in this research document.

The initial aim of the study was to determine the spatial and economic trends that occurred in the city of Klerksdorp over a period of fourteen years (1994-2008). It revealed that the spatial-economic development of Klerksdorp displays similar trends as most South African cities. In 1995, development displayed patterns similar to those promoted by the apartheid government, where mono-zonal development had occurred. This pattern underwent transformation during 2002 to 2008, where development trends appeared to "loosen up" into a multi-nodal urban form. Most of the new developments had occurred in a decentralised manner towards the northern suburbs (eastern) and along the main corridors identified in the Matlosana SDF (2008:56). These northern suburb development trends have not been matched in the western suburbs (former non-white suburbs), which have the largest population but the lowest level of commercial development. The integrated development plan (IDP) for Klerksdorp acknowledges that there is spatial inequality in the city and that this requires serious attention.

Secondly, it sought to capture the location changes and product composition in the formal business sector. The commercial character of businesses within the city has also undergone transformation that cannot be captured by means of a map. For this reason, semi-structured interviews were conducted in the city and revealed that the business occupation throughout the city has undergone a rapid transformation. Where previously high income business were found to be located within the centre, in recent years there seems to be an increase of low income business within this vicinity. Many of the high order businesses have moved out into the northern (eastern) and western suburbs. In a similar light the CBD offers many low order products while the northern (eastern) and western suburbs offer higher order goods.

Investigations on the ground revealed that most of the spatial-commercial movements within the city had occurred due to one or more of the following reasons: a lack of space, high rentals, as a service to clientele, a fear of crime or an attempt to escape the unsightly informal traders. Development in Jouberton, Manzilpark and Alabama still seems to be limited and restricted. Even though these suburbs offered lower rental in comparison to the city and the northern suburb, it was found that the criminal activities and the lack of infrastructure and basic municipal services deterred commercial activities in the vicinity.

Where previously the CBD was for the exclusive usage of white traders, over the past 14 years, it has been infiltrated by informal businesses and, in this way, has acquired a “black” character. This transformation revealed an adversary relationship between the formal and informal sector in the suburbs.

In light of this relationship, this study went on further to explore the characteristics and location of the informal business sector within Klerksdorp. These informal traders appear in an unorganised ad hoc fashion across the city. This research found that the informal traders of Klerksdorp, conducted commercial activities from informal location that lacked any form basic infrastructure and services, i.e. running water, shelter and sewage, and garbage collection. They adopted either a survivalist or expansionist approach, with the products offered ranging from R0.20c to R6.500 and their monthly income amounting to between R500 and R2 501. Trading hours of these informal traders range between 5am and 20:00pm.

Goods offered by these traders were found to be suited to locality. Where, informal traders located in the core, fringed and periphery of the CBD, each sold different goods dependent on their target market. Traders in the fringe of the CBD target taxi commuters and largely offered edible goods. While traders in the periphery, offered non-perishable goods, such as clothing and CD’s. Traders in the core of the CBD offered a combination of both perishable and non-perishable goods. Traders similar to those found in the core of the CBD were also found to be common in Jouberton. The highest concentration of these traders could be found in the CBD, with a few random traders found within the northern suburbs and transport corridors.

The location needs of these traders are similar to those of the formal sector, with both of these sectors seeking location in areas that are easily accessible and offer maximum exposure to potential clients. In this light, local government has implemented initiatives to formally accommodate this sector, in an “approved” location within the CBD. However, these initiatives seem to be inadequate in terms of serving the needs of the informal traders, and many of them still choose to locate in an informal manner throughout the city. It is largely due to this similarity between the two sectors that the commercial battlefield has started playing out on the spatial landscape.

Lastly, the study sought to determine the relationship between the formal and informal sector

and its influence on the spatial landscape. Further investigation into the relationship between the formal and informal sector revealed that the hostility was not open but rather subtle. The basis of this hostility was that the informal sector is regarded negatively as being unsightly and unhygienic, rather than positively as a sector that provides an income for the unemployed. Formal traders in the CBD, the majority of whom were low-income formal traders, appear immune to the informal traders located in front of their business premises and have regarded them more as clientele than competitors. Many of the franchises (high-income formal businesses) that have remained in the CBD are located in malls and have limited contact with the informal traders. Formal traders in the suburbs, the majority of whom were high-income traders, seemed to be more irritated with the informal traders, even though there are few of them in this vicinity and none were found to be established on the doorsteps of the suburban retailers.

Since the city centre was found to lose investment due to the presence of informal traders, local government has devised a reactive strategy to accommodate this sector within the city by building 25 informal business stands within the CBD. However, these stands were found to be too few to accommodate the entire informal sector, and they were also located in the wrong vicinity. Hence, many of the informal traders are still found to be located in an ad hoc fashion across the city, which does little to decrease the hostility of the formal sector towards them. This relationship has, in turn, influenced the commercial composition of the businesses located throughout the city.

The decline in economic activities and the introduction of informal traders have put a strain on the formal business sector. Findings in Klerksdorp revealed that many of the formal traders have informalised their businesses. Informalisation of formal business activities occurs where the traders either subcontract a “hawker to sell their products” or open a second branch within the city or mimic the trade patterns of the informal sector. These trade patterns once again reveal the competitive hostility between the formal and informal business sectors.

The decentralisation away from the formal business sector and out of the city centre has accounted for wastage of infrastructure, since the city lacks the economic capacity to occupy these developments. This wastage of infrastructure and services on the landscape negatively affects the agglomeration advantage of having businesses located in the vicinity. The fragmented urban structure, in turn, also influences the location of informal business, since

these traders are dependent upon the formal traders to attract clientele. Consequently, they choose to locate in the vicinity of formal traders. This symbiotic relationship has resulted in the cascading of both formal and informal business into the northern suburbs, which in turn further fragments and increases the inequality on the spatial landscape.

Policies in place do to manage this conflict between the formal and informal sector. In future, the requirement complexity of both of these sectors needs to be studied before formulating any initiatives as to how both these sectors can be accommodated in the urban landscape. It is hoped that this study will initiate further research particularly into ways the dualistic economy can be accommodated in harmony within South African cities.

In conclusion, it can be stated that the initial hypothesis of this study proves to be true. The new economic trends, combined with domestic political transformation, have had a direct influence on the spatial and economic composition of Klerksdorp. The next section will recommend ways in which both the formal and informal sector can be accommodated in the urban landscape in order to create a more harmonious business environment within the city.

6.3 Recommendations

Commercial activities in South African cities appear either in the form of formal business or informal business. Formal business displays a neat, orderly and professional look, while informal activities operating on the urban landscape are often seen as being “un-orderly”, “dirty” and associated with crime. It is largely due to this reason that urban authorities see these traders as undesirable on the spatial landscape and seek to eliminate them from urban centres.

Such prejudice, however, fails to grasp the fact that these activities are vital to the livelihood of the urban poor. In recent years, authorities are gradually realising that trying to eliminate and restrain the informal sector is a futile exercise that violates the rights of the poor to earn a living. It is an accepted fact that the “un-orderliness” is created due to the lack of assistance from urban management to accommodate this sector.

In order to shape the urban domain, it will be necessary to draw knowledge from the formal and informal sectors, as well as the private and public sectors. It is a reality that the formal and informal sectors have to share the same space. Thus, certain initiatives have to be put in place to make the city more sustainable in terms of commercial activities. This chapter will propose

some recommendations on how to overcome the problems associated with the informal sector in Klerksdorp.

6.3.1. Policy recommendations

Policies formulated on the national level do not seem to be integrated and moving in the same direction as those implemented at the local level. National government policies such as ASGISA acknowledge the presence of informal traders but do not approve of these traders. These national policies are founded on the hopes of attracting FDI which would, in turn, provide employment for the unemployed. However, the policies fail to take into account that FDI has slowed down in South Africa, largely due to its unstable political environment, high union costs, high crime rates, lack of respect for infrastructure and lack of adequate skills amongst its labour force. In light of this, it is suggested that government stops being idealistic and reliant on foreign investment to solve the unemployment problem. Rather, it should change its attitude towards the informal sector and find ways on how to accommodate them and encourage their growth so that they, too, could begin to contribute to the GDP. The provision of proper business premises for informal entrepreneurs is an effective measure to curb the problems associated with this sector. For example, in recent years, the city revitalisation strategy adopted by the local government proved to be effective.

6.3.2 Spatial recommendations

The provision of proper business premises for informal enterprises, like stalls for example, is seen as an effective measure to curb the problems associated with this sector. Even though currently, the provision of these stalls is seen in a negative light, it could turn to a positive light if these premises are allocated and designed by means of public participation. In this way, accommodating the informal sector in the urban built-environment is seen as an effective strategy for urban environmental management from the perspective of local government.

The city revitalisation policy reflects government initiatives at the local level. One way these initiatives can be improved upon will be to adopt a bottom-up approach for these developments. For example, seemingly, the one factor no-one thought to research before giving the go-ahead for informal-sector developments in the City of Klerksdorp was the location preferences of the informal traders.

Informal traders in Klerksdorp revealed that once they choose a location, they prefer to remain there and work on establishing clientele. The current initiatives do not allow this, since the

municipality does not provide set tenures to the informal stalls. Rather, it grants tenure to a stand based on a first-come first-served, monthly basis. This arrangement does not contribute to creating a sense of ownership, and this "unhappiness" can be witnessed in the state of the stands two months after the initiative has been implemented [see image 19]. A manner in which this lack of ownership can be overcome will be to grant each trader tenure rights over an informal stall for at least a year. These tenure rights should be granted with a clause stating that they will only be reissued if the stand is found to be in immaculate condition on inspection. In this way, informal traders will take ownership of the stand and be able to establish a fixed clientele. Simultaneously, local government will have less maintenance to uphold, while having a cleaner and neater environment.

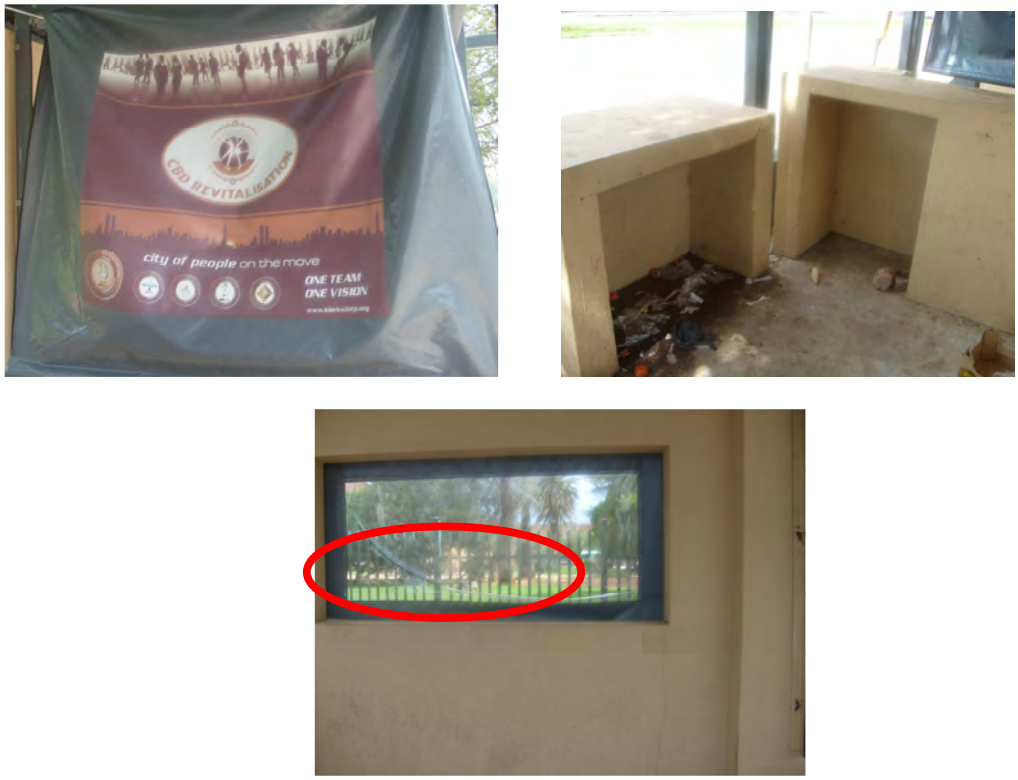


Image 19: Effects of the lack of ownership of premises (Source: Author's own)

Secondly, the current initiatives of Klerksdorp's local government do not provide the informal traders with water, electricity or sewage facilities. This leaves them being dependent upon the formal sector, which does contribute to the conflict between the two sectors. As a recommended solution to this situation, government can provide water and electricity to each stand based on the coupon system it has implemented in the black townships whereby traders can buy pre-paid

water and electricity for each of the stalls, according to need.

Furthermore, providing basic infrastructure such as electricity, water and sewage at these stalls will allow the informal traders to extend their working hours and thus create a type of “nightlife” in the city centres which could, in turn, deter criminal activities at night.
Both formal and informal traders are dependent upon the same clientele and have the same requirements in terms of location. In light of this, it is recommended that both formal and informal traders be located on the same site [see Image 20]. This image displays a manner in which the Durban municipality has integrated both the formal and informal traders within the city centre. Both formal and informal traders were satisfied with the arrangement.

Image 20: Example of how to integrate the formal and informal sector as found in Durban’s city centre (Source: Author’s own)

By providing infrastructure to the informal traders, they will adopt a more formal approach to conducting business, hence forfeiting their status as informal businesses.

With regards to the formal business sector, it is advised that council curbs rezoning applications throughout the city, until such time as all vacant properties are occupied and the demand for further development becomes apparent. It should rather focus on utilising its already-developed resources to the maximum, as advocated in numerous government documents and policies which called for the effective and efficient utilisation of resources (see Chapter 4).

6.3.4. Economic recommendations
The situation in Klerksdorp by itself provides a clear indication of the economic inequality that

still haunts many of the South African cities. Consequently, addressing such inequalities as a matter of urgency ought to rank near the top of local and national government's priority lists.

Many of the informal traders are not in possession of trading licenses (R 55). Due to this reason, many of their goods are confiscated by the local police, with the result that they are faced with having to pay large fines (R300) in order to regain their stocks. The main reason for many of these traders not having a permit was that many were not aware that they were supposed to have a permit; neither do they know where they are supposed to apply for one. In light of this, it is recommended that the process of "permit" application for informal traders becomes less complicated since most are illiterate and lack private transportation. A form containing closed-end questions may work well. In addition to this, an interpreter to help with filling in the forms will be useful too.

Formal traders acknowledge the fact that many of these informal traders are nuisances, largely due to the fact that so many of them come into their shops daily. A suggestion that emerged from discussions with formal traders is that the informal traders should be accommodated on a single site where customers could go to support them. A typical case of "don't come to us, we'll come to you". However, when posed with the question of where this "informal trading site" should be located, formal traders displayed the typical "not-in-my-backyard" syndrome.

Similar initiatives have been implemented in both Cape Town [Green Point] and Durban [fruit and vegetable market], and both have proven to be successful. However, the question as to where to locate this site in Klerksdorp provided challenges [see image 21].

The researcher could recommend a site on which to place the informal traders based on the knowledge acquired from this research. However, the recommended sites are already occupied by informal traders in a spontaneous manner. Hence, it is believed that if this spontaneous occupation pattern is followed, the best location for these traders would be found. Therefore, it is suggested that, informal traders be included in deciding which site will suit their purposes best, since they are more aware of their clients' needs and what is required to operate a successful informal business (bottom-up planning).

Image 21: Informal traders in different parts of the world (Source: Anon, 2010a)

In addition to this, many of the informal traders were unaware of the different incentives and initiatives in place to help them establish and improve their small businesses. It is recommended that workshops be held once a month with the different informal traders, who can come in for free and be taught basic business techniques. Theses sessions will also provide an opportunity for the various traders to share experiences and will create a sense of community amongst them.

In light of the recommendation on how to accommodate the informal sector within the city, this author is of the opinion that suggestions and solutions should be solicited from the informal sector by way of public participation. Unfortunately, the issue of public participation falls outside the scope of this study and calls for further research.

6.3.5 Strategic proposals

It would be to the advantage of the informal traders that informal stalls be located closer to the taxi ranks. Since many of their cliental and traders utilise public transportation. Currently, there are minimal infrastructure provisions, made for these traders in the vicinity.

In addition, the accommodation of these traders within the taxi rank would also help solve the conflict between the formal traders and informal traders in the city. Since, these traders would not be located in front of the formal business premise any longer.

Furthermore, a basic practical course on profitable business practice could be provided to these traders, with the hope that it could improve their business practices.

6.4. Conclusions

This chapter has provided a syntheis to the entire study. The current form of Klerksdorp as a

city is not conducive to the type of market concentration that is required for local economies to be effective, with a large portion of the city being anti-development or non-accommodating to the informal sector (Dewar, 1992:245; Rogerson, 1996:51).

It is important to recognise that the informal sector is an integral part of the urban system in developing countries. If it is necessary to change the general outlook of the informal sector and overcome the image of backwardness as warranted by modernisms, planning policies should rather be directed towards acceptance and integration of the informal sector with other aspects of the urban economy.

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Annexure

Pilot Study 23-27 February 09
PROCESS NOTES AND OBSERVATIONS

Participants in Pilot Study

Participants from the informal sector where viewed as those who do not occupy formal structures (buildings), including:

1. General street traders (traders and clients)
2. Specialized street traders (traders and clients)
3. Industrial services (traders and clients)

Participants from the formal sector in the CBD's where viewed as those that occupy formal structures (buildings), including:

1. Businesses (remnants) in old cbd
2. Businesses in cbd fringe
3. Businesses in coridors
4. Businesses in suburban centres

Data Collection Methods and Results

Three data collection methods were used for the pilot study:

Method 1: Participant and non-participant (environment) observations

Participant observations

Data was recorded on: 1) a description of each participants gender, age, culture (and were also confirm with most participants); 2) all human activities occurring in the area; 3) how the environment looked (visual description); 4) the types of formal businesses in the area; 5) the types of informal activities in the area; 5) what infrastructure (hardware) are used by the informal sector; and 6) any structural changes in the area (for example any new development). 10 pedestrians per site where also asked where they are from and where they are going. and if they prefer to buy from the formal or informal sectors (and why); and what type of items they buy from which sectorTry to find out who are the people (or businesses) who have been in the area the longest – establish from them how the environment have changed over the years

The participant's attitude towards the researcher was also noted; and it was found that most participants projected a friendly, cooperative attitude towards the researchers.

Method 2: Visual documentation

Visual documentation of all human activities and the environments in CBD's include photographs as visual representation of the observations made by the researchers. Visual data is important to verify the 1st method's results.

Visual data will be analysed by: 1) listing the constituents systematically and cataloguing the literal meaning of the material; 2) asking questions about the listed elements; and 3) allowing themes and statements to reveal themselves. This step in the analysis included reflecting on the aim of the study to create a context in which emerging themes and statements had meaning.

Method 3: Semi-structured interview with a translator

This method will be used to collect specific data that can later be used to meet the two set objectives of this study. Two sets of questions will be asked to each participant, translated by a fieldworker in each case, who after the participant's response will translate it back to the researcher. Researchers must record all responses to ensure accuracy.

The researcher will then listen to the responses of each participant and record the themes in a table format (Excel) for further analyses purposes. For example:

Participants	Q1	Q2	Q3	Q4, etc.
1	Answers to his/ her question 1	Answers to his/ her question 2, etc.		
2				
3				
4, etc.				

ENVIRONMENT (VISUAL AND LANDSCAPE) QUESTIONS (to be asked to both formal and informal sectors)

1. Please describe to me (in as much detail as you can) what you see when you look around you?
2. What elements in your immediate surroundings stand out the most OR are the most meaningful to you when you look around you?

3. When you look at your surroundings, how does it make you feel?
4. What according to you is the impact of the surroundings on your business?
5. What according to you is the impact of your business on your surroundings?
6. How do you feel about nature (natural environments)?
7. Who do you think the environment / your surroundings in cities and in nature belong to?
8. Who should be responsibility for these environments?

QUESTIONS TO BE ASKED TO INFORMAL SECTOR

Open question: Please tell me about your business

Important information that must be obtained from GENERAL STREET TRADERS; SPECIALIZED STREET TRADERS; INDUSTRIAL SERVICES:

1. What products do they sell > upstream / downstream
2. How much do they sell it for (for future prize comparisons)
3. To whom does this business belong to > ownership
4. Size (one shop or many)
5. How much do they earn per day > income (between 0-100; 100-200; 200-300; 300-500; 500-1000; 1000 or more)
6. Do they always sell the same products or do they change it according to market needs
7. Who are their suppliers
8. Who are their market (clients)
9. Do they often see the same clients returning or do you get lots of different clients on a daily basis
10. Why did they choose the location they occupy [did they choose it themselves or was it allocated to them (if so, by whom?)]
11. Are they always in the same location or do they use different locations from day to day
12. Location requirements
13. How do they transport their goods to and from the site
14. Do they store their goods at night or do you take it back in the evenings
15. What time do they start in the morning and what time do they close in the afternoon
16. How did they start or where did they get the idea for this business such as the one they have
17. How long have they been in operation

18. What do they do when they cant be at their business (including when they are sick, have other family responsibilities or have to go to the bathroom)
19. How do they feel about their neighbor (especially the ones who are selling the same produce as you)
20. How do they feel about the formal businesses
21. How do they feel about the future
22. What can be done to make life easier for them > services / infrastructure required / available
23. What are the biggest challenges when they have an informal business > policy Incentives / obstacles; Environmental factors
24. Are they aware of any crime in the area and how does it make them feel?

QUESTIONS TO BE ASKED TO FORMAL SECTOR

Open question: Please tell me about you business

Important information that must be obtained from each participant in the formal sector:
General questions:

1. How long have they been there
2. How do they feel about the informal sector
3. Did they specifically chose to stay in this location or would they move if they get the opportunity
4. Did they change the type of produce or services they are selling over the years
5. How do they feel about the future
6. What are their biggest challenges
7. Are they aware of any crime in the area and how does it make them feel?

Key indicators for each sector within the formal sector:

BUSINESSES (REMNANTS) IN OLD CBD (CLIENTS)

- Advantages and disadvantages in city centre
- Market segment catered for
- How do they feel about the business climate in city centre / suburban centre
- What do they feel about the informal sector – business methods, products, client base, environment, competition
- Would they like to move their business > why, whereto > why

BUSINESSES IN CBD FRINGE (TRADERS)

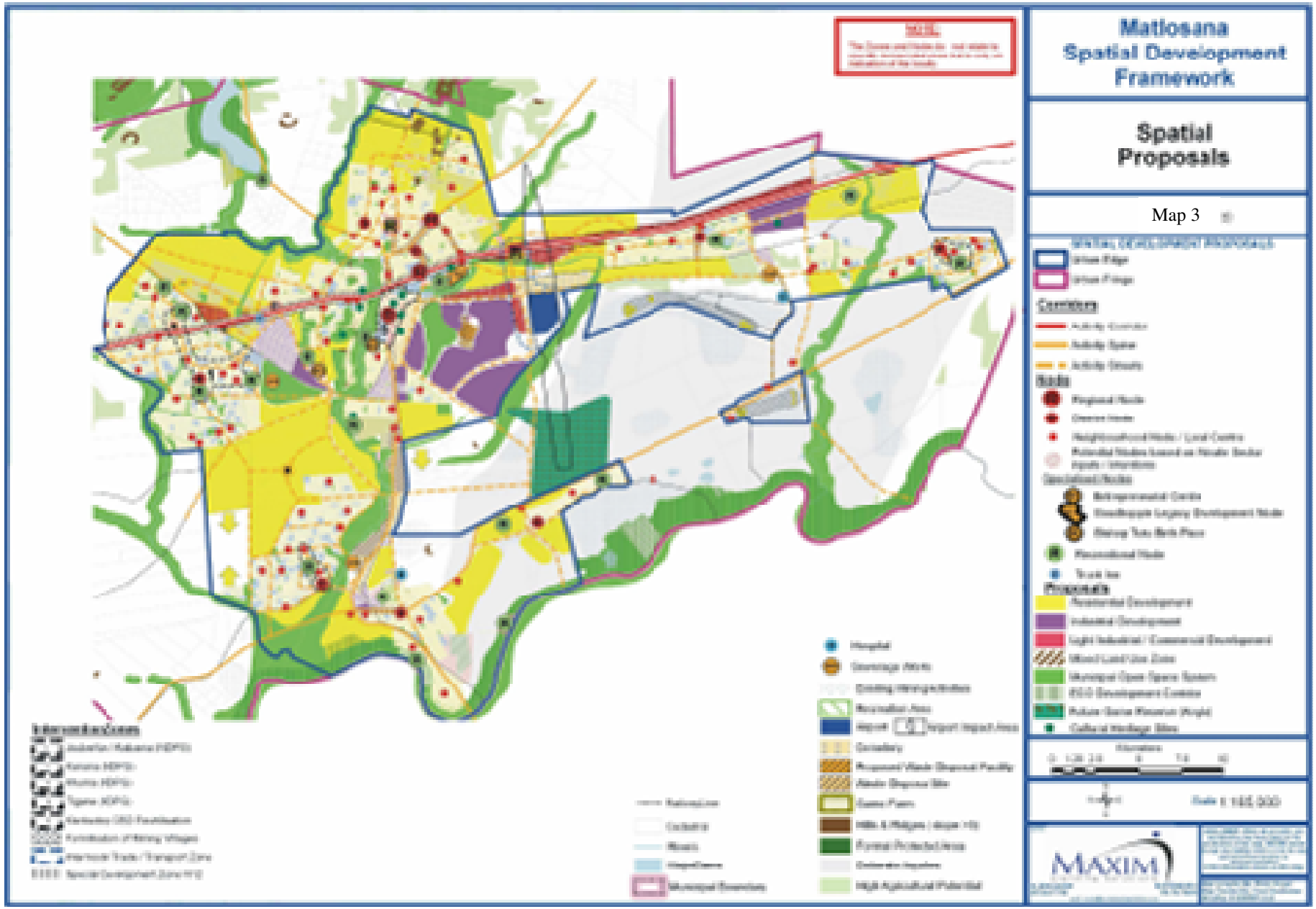
- Why they moved there
- Locational requirements
- Building requirements

1.2.3 BUSINESSES IN CORIDORS (TRADERS)

- Why they moved there
- Locational requirements
- Building requirements

BUSINESSES IN SUBURBAN CENTRES (TRADERS AND CLIENTS)

- Advantages and disadvantages in suburban centers
- Market segment catered for
- How do they feel about the business climate in city centre
- What do they feel about the informal sector – business methods, products, client base, environment, competition

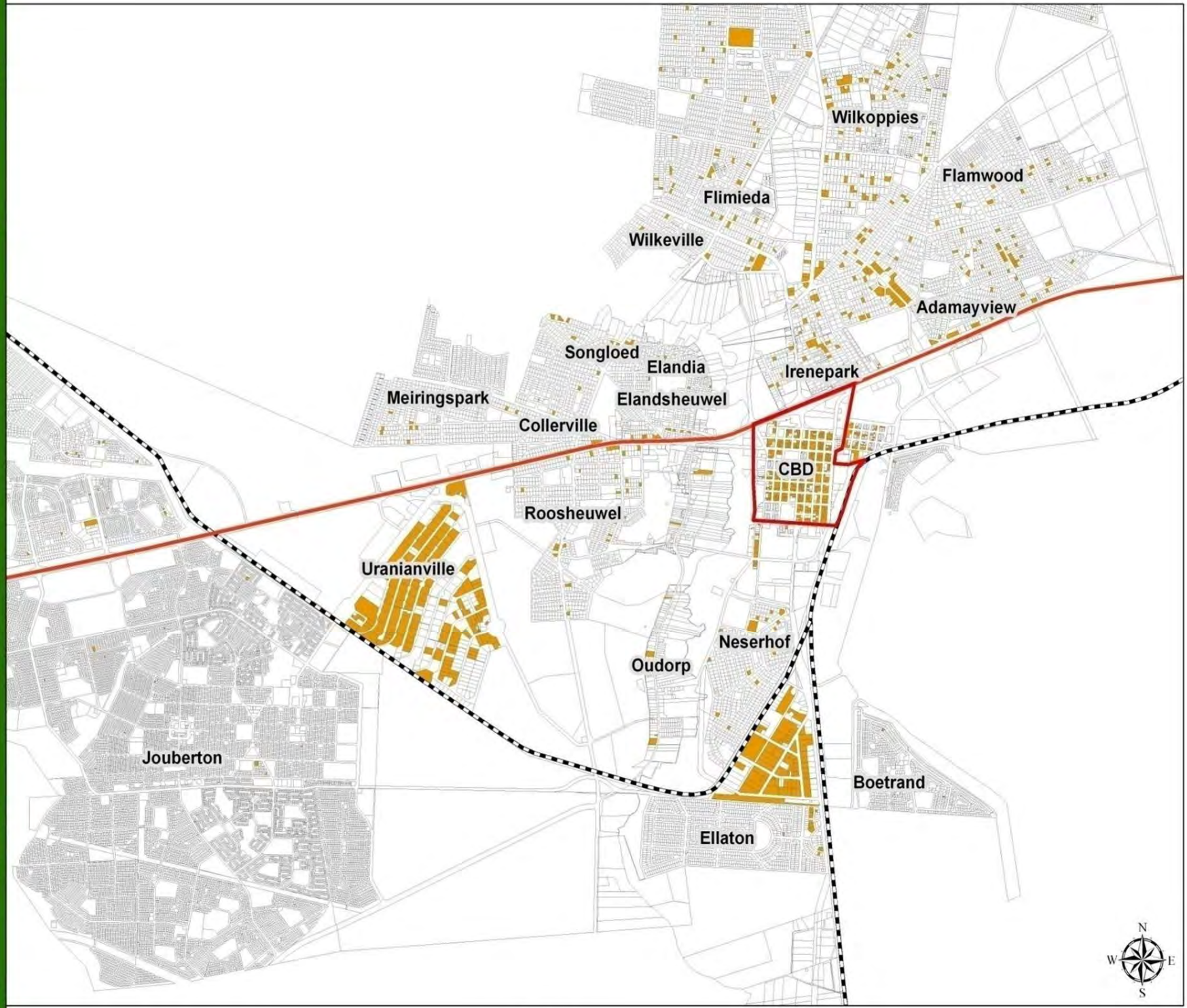

Matiosana
Spatial Development
Framework
Spatial
Proposals
Map 3

Map 4a

Klerksdorp Suburbs 1995

Legend

- N12
- Railways
- CBD Boundary
- Klerksdorp
- Klerksdorp 1995



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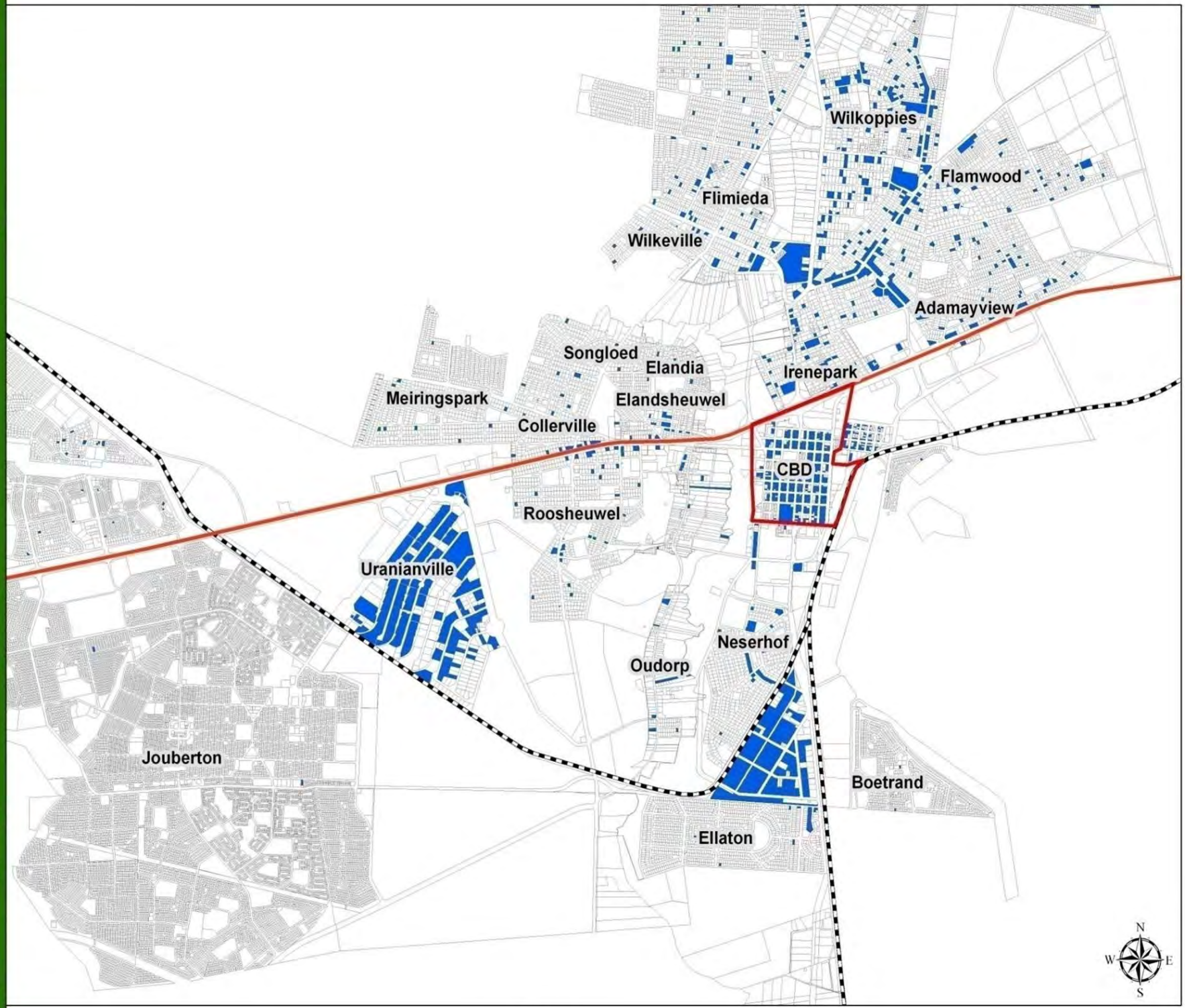
Projection: Geographic (Hartebeeshoek)
Datum: WGS84

Map 4b

Klerksdorp Suburbs 2002

Legend

- N12
- Railways
- CBD Boundary
- Klerksdorp
- Klerksdorp 2002



0 375 750 1,500 m

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Map 4c

Klerksdorp Suburbs 2006

Legend

- N12
- Railways
- CBD Boundary
- Klerksdorp
- Klerksdorp 2006

0 375 750 1,500 m

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Wilkoppies
Flamwood
Flimieda
Wilkeville
Adamayview
Songloed
Elandia
Irenepark
Meiringspark
Elandsheuwel
Collerville
CBD
Roosheuwel
Uranianville
Neserhof
Oudorp
Jouberton
Boetrand
Ellaton

N
W E
S

Map 4d

Klerksdorp Suburbs 2008

Legend

- N12
- Railways
- CBD Boundary
- Klerksdorp
- Klerksdorp 2008

0 375 750 1,500 m

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Wilkoppies
Flamwood
Flimieda
Wilkeville
Adamayview
Songloed
Elandia
Irenepark
Meiringspark
Elandsheuwel
Collerville
CBD
Roosheuwel
Uranianville
Neserhof
Oudorp
Jouberton
Boetrand
Ellaton

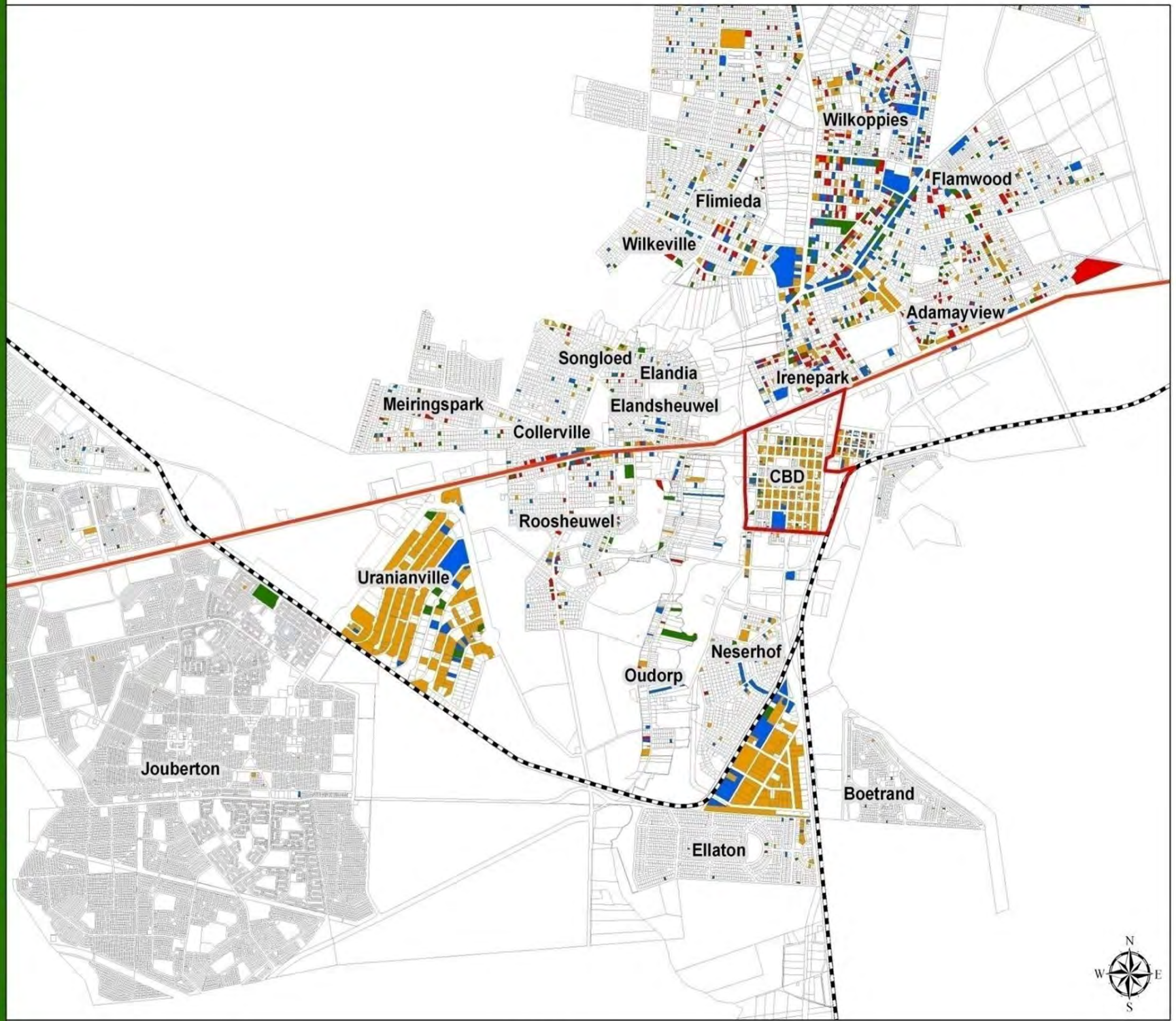
N
W
E
S

Map 4e

Klerksdorp Suburbs

Legend

- N12
- CBD Boundary
- Railways
- Klerksdorp
- Klerksdorp 1995
- Klerksdorp 2002
- Klerksdorp 2006
- Klerksdorp 2008



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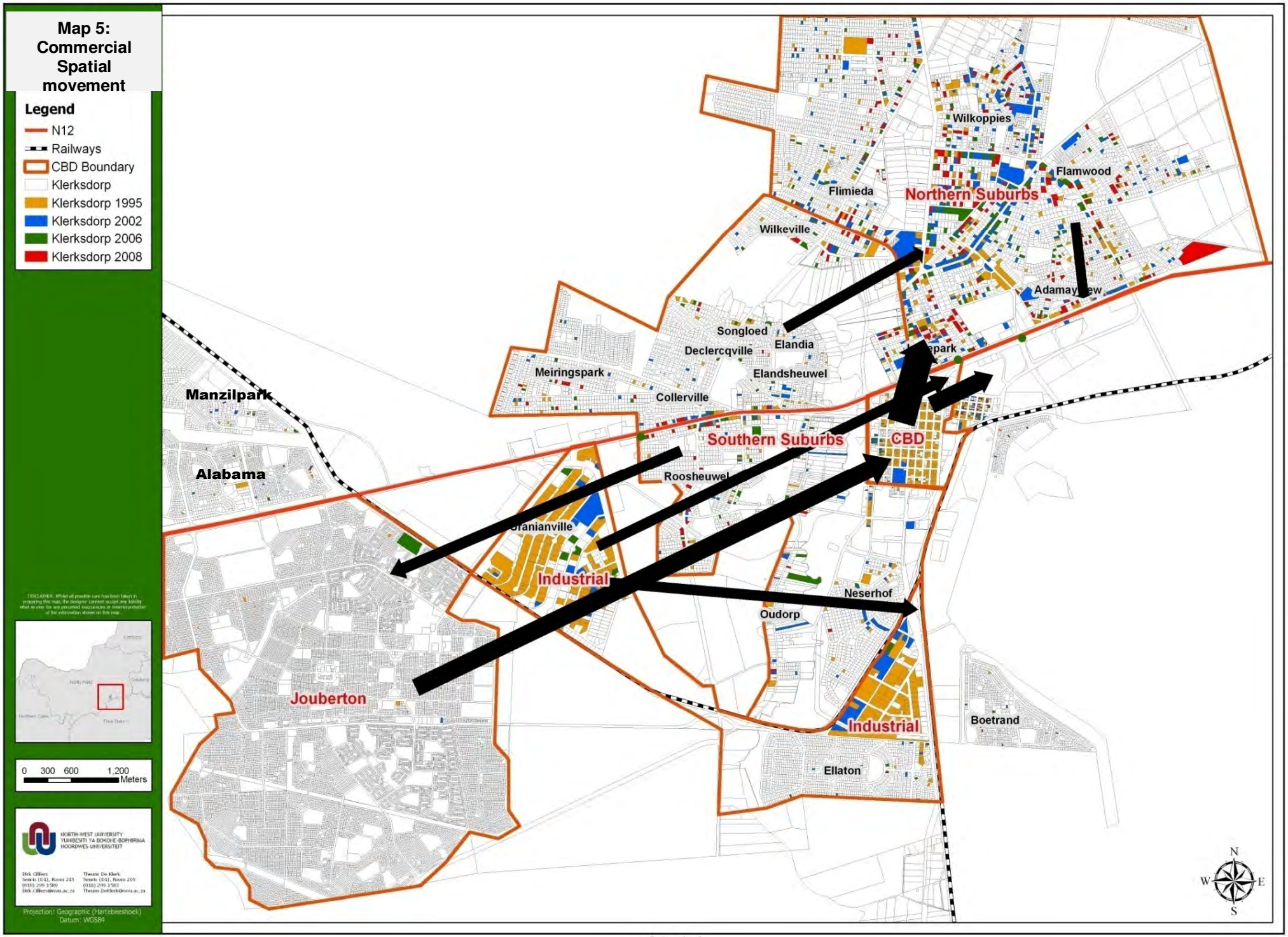
Map 5: Commercial Spatial movement
Legend
N12
Railways
CBD Boundary
Klerksdorp
Klerksdorp 1995
Klerksdorp 2002
Klerksdorp 2006
Klerksdorp 2008
Wilkoppies
Flamwood
Flimieda
Northern Suburbs
Wilkeville
Adamayview
Songloed
Elandia
Declercqville
Meiringspark
Elandsheuwel
Collerville
Manzilpark
Alabama
Southern Suburbs
CBD
Roosheuwel
Industrial
Neserhof
Oudorp
Jouberton
Industrial
Boetrand
Ellaton
0 300 600 1,200
Meters
Projection: Geographic (Hartebeeshoek)
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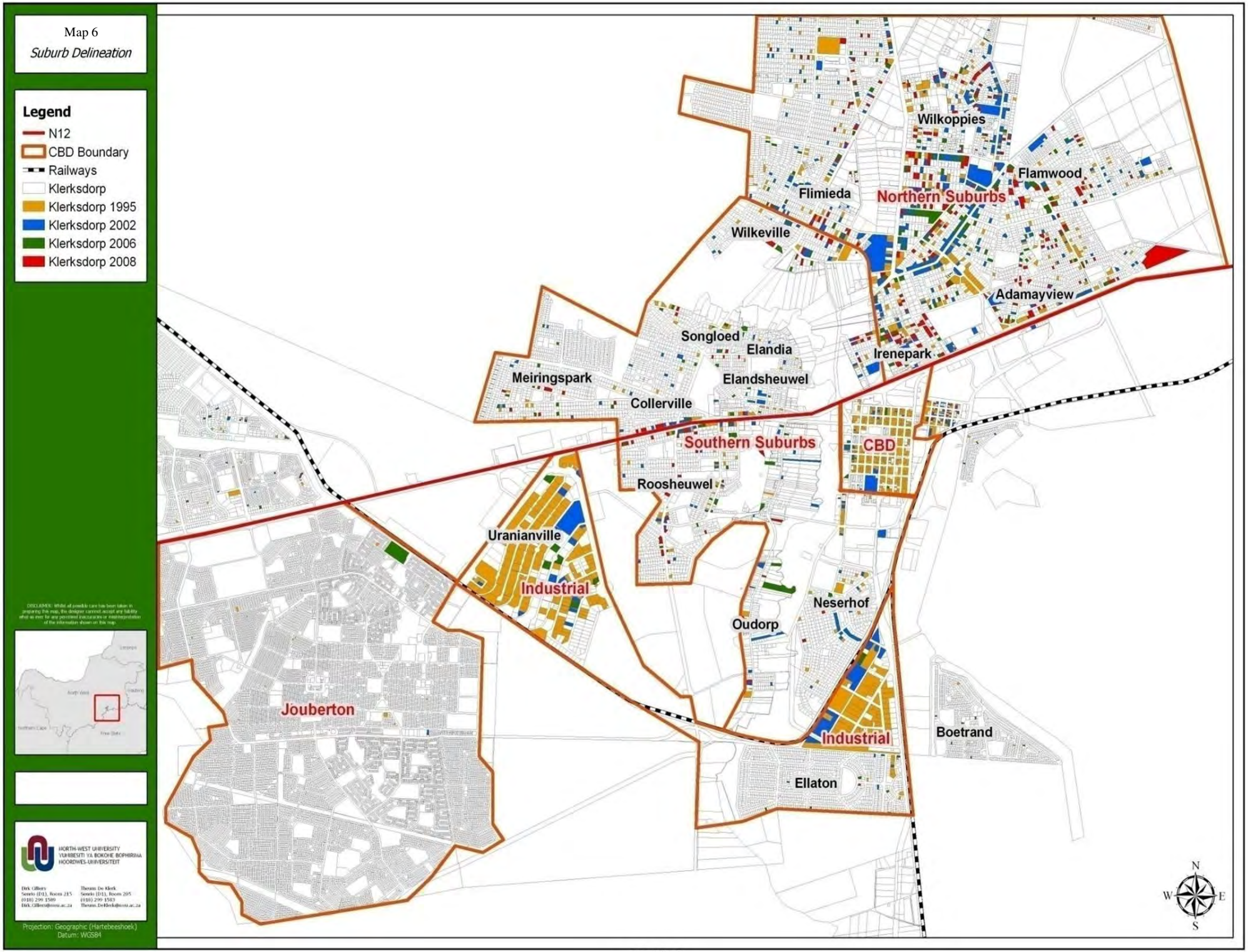
Map 6

Suburb Delineation



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Map 7

Informal Businesses Location

Legend

- Informal
- N12
- Railways
- CBD Boundary
- Klerksdorp

0 300 600 1,200 Meters

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CBD
Roosheuwel
Uranianville
Industrial
Neserhof
Oudorp
Jouberton
Industrial
Boetrand
Ellaton

N W E S

Map 8

Informal sector surveys in the CBD

Legend

- N12
- Railways
- Klerksdorp
- Klerksdorp 1995
- Klerksdorp 2002
- Klerksdorp 2006
- Klerksdorp 2008

Fringe Area

Periphery

Core

GOLF

NOORD STREET

PLEIN STREET

VOORTREKKER ROAD

LOMBAARD STRAAT

NOORD STRAAT

KLEINHANS STR

BOTHA STR

BARKLY STR

VILJOEN STR

BAALGRYN STR

LOMBAARD STR

VAN ZYL STR

COETZEE STR

VOORTREKKERWEG

VOORTREKKER WEG

VORRE DE KOCK STRAAT

VILJOEN STRAAT

PAUL KRUGER PLEIN

PRETORIA

KOCK

BOOM

DELVERS

COMISSARIS

EMILY HOBHOUSE

NESER

CHURCH

ANDERSON

LEASK

SIDDLE

MARGARETHA PRINSLOO

DE KLERK

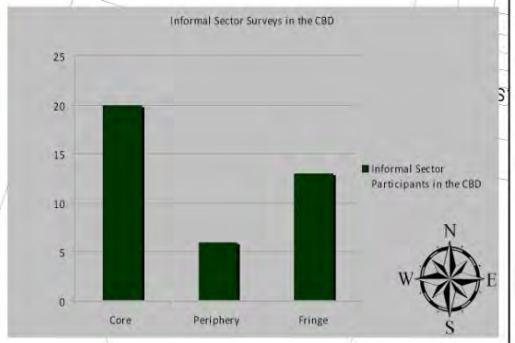
PARK

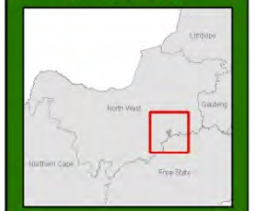
PRESIDENT PLEIN

JOHANNA VAN DER MERWE STRAAT

PRESIDENT STRAAT

PRESIDENT KRUGER





0 20 40 80 120 Meters

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