

Prospects for revitalising township economies: from the fringes to the mainstream. A case study of Two Midrand Townships

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Townships are the evident manifestation of spatial and economic inequality in South Africa. Located on the fringes of the traditional urban core economies, townships are characterised by underdevelopment and a bustle of informal business activities. The concentration of informal business activities tends to aggravates underdevelopment because of their inherent low productivity and inability to link with formal markets. Informal activities are however not homogenous. In this study of the non-retail component of Ivory Park and Kaalfontein Informal Sector we make a distinction between the 'stagnant, less productive' Traditional Informal Enterprises (TIEs) and the more 'dynamic and productive' Modernising Informal Enterprises (MIEs). We develop a framework for classifying informal enterprises in terms of this distinction, using thirteen enterprise characteristics. On the basis of a survey using a structured questionnaire, we then apply this framework to the surveyed enterprises and assess whether the certain sections of Ivory Park and Kaalfontein have sufficient conditions for the existence or emergence of MIEs that could form the basis for stimulating the local economy. Our results indicates that non-retail informal enterprises in the two study areas are traditional in nature. Townships cannot achieve internally-driven local economic revitalisation without the presence of or at least sufficient conditions to support emergence MIEs. Strategies to support informal enterprises or revitalise the township economy must be differentiated to suit the needs of, and constraints faced by, the different categories of informal enterprises, i.e. those that are more traditional and those that are modernising.