



**Thesis**  
**By**  
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**THE UNIVERSITY OF**  
**LIMPOPO, TURFLOOP**  
**CAMPUS**

**GENDER, STRUCTURAL ADJUSTMENT AND  
INFORMAL ECONOMY SECTOR TRADE IN  
AFRICA: A CASE STUDY OF WOMEN WORKERS  
IN THE INFORMAL SECTOR OF NORTH WEST  
PROVINCE, SOUTH AFRICA**

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**7 August 2008**

**GENDER, STRUCTURAL ADJUSTMENT AND INFORMAL ECONOMY SECTOR  
TRADE IN AFRICA: A CASE STUDY OF WOMEN WORKERS IN THE INFORMAL  
SECTOR OF NORTH WEST PROVINCE, SOUTH AFRICA**

**SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
DOCTOR OF PHILOSOPHY IN SOCIOLOGY AT THE UNIVERSITY OF LIMPOPO,  
TURFLOOP CAMPUS**

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**Date: 7 August 2008**

## DECLARATION

I **Manthiba Mary Phalane** hereby declare that this research study is my work and has never been produced elsewhere by me. I further declare that all reference material used in this study has been duly acknowledged according to the standard scientific conventions on the recognition of sources.

Signed.....

Date.....

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## DEDICATION

This study is dedicated to the memory of those who touched my life and believed in me but never lived long enough to see my success - my beloved father, Tlou, my best friend Ouma Moeletsi and my dearest brother Chris, Mankwana. This work is further dedicated to my family who gave me unconditional support throughout my studies-my mother, Mokone, my precious sister Maggie, my fine younger brother Lucas, my cherished son Nkashitwa, my bright and naughty nephew Mokete and the woman who is always there for us in person and in prayer, Mamangena.

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My family; very small but very rich in love and support and always believing in the power of prayer. I am because you are.

# **Gender, Structural Adjustment and Informal Economy Sector Trade in Africa: A Case Study of Women Workers in the Informal Sector of North West Province, South Africa**

## **Structure of the Thesis**

The thesis, **Gender, Structural Adjustment and Informal Economy Sector Trade in Africa: A Case Study of Women Workers in the Informal Sector of North West Province, South Africa**, comprises of five chapters

**CHAPTER 1** is mainly introductory and deals specifically with the general orientation of the study as outlined in the background and problem statement. This chapter presents the motivation for the study, main aim and objectives and the significance of the study. It also deals with methodology and attendant problems. The chapter also addresses stages of research such as research design, population and sampling, data collection techniques, data analysis of this study. Finally the limitations of the study are outlined.

**CHAPTER 2** comprises the literature background for the study. The literature focuses largely on the theoretical orientation of the study and on the position of women in the economy. This chapter is divided into two parts. The first part is more general in the sense that it focuses on theorising gender using the gender approach to make a substantive argument. It also focuses on the different definitions of the informal economy sector and the impact of economic reform measures on women in the informal economy sector.

This first part further argues the predominance of women in the informal economy sector. Attention in the literature is also focused on women's employment opportunities in the informal sector and on the marginalization of women through economic reform

measures introduced. Such reform measures have been advanced by government means to improve the economy. The second part attempts to illuminate some characteristics of informal work in South Africa. The unit of analysis here is women and their employment or underemployment in the economy.

**CHAPTER 3** focuses on the effects of macro-economic reform policies on women in the informal economy sector. This chapter discusses the current neo-liberal economic reforms (i.e. Structural Adjustment Programs (SAPs); Growth Employment and Redistribution-GEAR) that have been imposed by governments all over Africa and beyond in areas such as Latin America and Asia. The chapter also indicates the negative effects of these on the poor (women in particular) and on why economic reforms have hit women hardest in the mainstream economy and in the informal sector.

As a concluding argument and points raised, the chapter argues for alternative policy approaches that could be used as references to means of improving the lot of operators in the informal economy sector, especially with regard to women. The point raised in this chapter is that legislation alone does not change attitudes, traditions, trade relations and power relations. Thus, alternatives from a female perspective are outlined here to position the situation of women in terms of accessing resources in terms of the policy climate in South Africa in particular economically. From this perspective one can understand whether or not there is adequate protection and promotion of women's rights in the economy.

**CHAPTER 4** consists of the empirical data for the study. The findings of the study from fieldwork on the impact of neo-liberal GEAR on women in the informal economy sector is reported, analyzed and relevant interpretations are made. The findings in this study are presented as raw totals and in percentages, where useful cross-tabulations are carried out to reflect the relevant data, which influenced the findings.

Qualitative data analysis method is used to analyse data from in-depth interviews, audio and visual recordings. The data is coded and variables and their relationships are generated using the Statistical Package for Social Sciences (SPSS). Key words and phrases are categorised and underlined for the possibility of salient themes and summaries and possible explanatory statements are made.

**CHAPTER 5** gives a summary of the findings of the study and the implications thereof. A comparative survey of these findings and those discussed in the literature in chapter 2 is made. Finally, a conclusive statement is made and suggestions and recommendations for improving the informal economy sector as a valuable economic entity for women. The conclusion is that the informal economy sector does help to meet the needs of the general low income population while maintaining women's economic activities to support their families. Thus, change on the thinking and application of socio- economic policies should start by fully refuting the more male oriented economic ideology premise on which current policy approach is based.



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<b>LIST OF ABBREVIATIONS</b>	<b>PAGES</b>
<b>ABET:</b> ADULT BASIC EDUCATION AND TRAINING	95
<b>ALRN:</b> AFRICAN LABOUR RESEARCH NETWORK	19
<b>ANC:</b> AFRICAN NATIONAL CONGRESS	2
<b>BCEA:</b> BASIC CONDITIONS OF EMPLOYMENT ACT	106
<b>DoL:</b> DEPARTMENT OF LABOUR	106
<b>DTI:</b> DEPARTMENT OF TRADE AND INDUSTRY	63
<b>FEDUSA:</b> FEDERATION OF UNIONS OF SOUTH AFRICA	67
<b>FET:</b> FURTHER EDUCATION AND TRAINING	95
<b>GEAR:</b> GROWTH EMPLOYEMENT AND REDISTRIBUTION	1
<b>GDP:</b> GROSS DOMESTIC PRODUCT	1
<b>GHS:</b> GENERAL HOUSEHOLD SURVEY	67
<b>GNP:</b> GROSS NATIONAL PRODUCT	2
<b>ILO:</b> INTERNATIONAL LABOUR ORGANISATION	18
<b>IMF:</b> INTERNATIONAL MONETARY FUND	2
<b>LFS:</b> LABOUR FORCE SURVEY	31
<b>LIMDEV:</b> LIMPOPO DEVELOPMENT CORPORATION	33
<b>ND:</b> NO DATE	10
<b>NWDC:</b> NORTH WEST DEVELOPMENT CORPORATION	33
<b>OHS:</b> OFFICIAL HOUSEHOLD SURVEY	38
<b>RDP:</b> RECONSTRUCTION AND DEVELOPMENT PROGRAM	1
<b>SAP:</b> STRUCTURAL ADJUSTMENT PROGRAMS	1
<b>SAPN:</b> SOUTH AFRICAN POVERTY NETWORK	60
<b>SMME:</b> SMALL MEDIUM MICRO ENTERPRISES	63
<b>SPSS:</b> STATISTICAL PACKAGES FOR SOCIAL SCIENCES	vi
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## CHAPTER 1

### GENERAL ORIENTATION OF THE STUDY

#### 1. 1 Background

The role and process of economic programs in reviving the South African economy as part of efforts to promote social development shows the complexity and the diversification of strategies of translation of neo-liberal policies into practice at single national levels. Thus the adoption of neo-liberal orientation by the government can be considered as a response to factors such as popular expectations after 1994 democratic elections, resistance from opposition and crisis of developmental state projects.

South Africa adopted elements of the neo-liberal agenda enthusiastically with the first post apartheid national economic program called the Reconstruction and Development Program (RDP). The RDP did retain some redistributive elements in terms of improved health services and reducing unemployment for all the population. However, this redistributive program was rapidly abandoned in favour of a purely neo-liberal economic program called the Growth Employment and Redistribution (GEAR) program. In 1996 due to neo liberal influence the government framed GEAR, as a macroeconomic policy strategy.

The key goals of the policy were economic growth rate of 6% by the year 2000 associated with a growth rate of private investment of 5.2% yearly, 10% less inflation rate, deficit on the current account and balance of payments between 2% and 3%, as well as the reduction of the budget deficit to below 4% of Gross Domestic Product (GDP) (Knight, 2004a:2). The predicted effect of GEAR was to reduce real interest rate to 4.4%. However, this low interest rate was associated with 11.7 % growth rate of private investment (Knight, 2004a:3). This is highly responsive because over 10% of private investment is in the mining industry, a sector in which growth and

development prospects are bleak (Adelzadeh, 2000:11). GEAR's dependency on the elasticity of interest on investment is thus insecure given the lack of reliability and volatility of such investment functions and the absence of disaggregation across different sectors of the economy.

South Africa was under no pressure from the International Financial Institutions (IFI) because it had a comparatively low foreign debt of only around 5% of its total budget deficit in the 1990's (Nowicki, 2003:23). Thus the surprising aspect of the country's post apartheid economic programs is that the government embraced the programs wholeheartedly.

While highly indebted countries in Africa were having neo-liberal programs imposed on them through structural adjustment programs (SAP), South Africa adopted them willingly. These economic programs can thus be termed "home grown structural adjustments" as opposed to externally imposed structural adjustment policies in other African countries (Bond, 2000:60).

For purposes of this study the researcher uses the concept of informal economy sector as the user concept referred to throughout the text. The concept informal economy sector in this study refers to the part of economic activity that is neither taxed nor monitored by government; and is not included in government's Gross National Product (GNP); as opposed to a formal economy.

The rationale for using the informal economy sector as the reference concept in the text is based on its nature as being unregulated by law because it does not fall within its ambit. But this does not necessarily mean it is illegal for being so. The range of this sector is as wide as the activities that are found to fall within it. It is conceivable that some of these activities (i.e. drug trafficking) will not be of an economic nature. Such activities are not described as part of the "informal economy" in this research.



## 1.2 Problem Statement

South Africa has never been subjected to a World Bank/ International Monetary Fund (IMF) or donor initiated structural adjustment programs (SAPs) (van Rooyen et al. N.D:1). However, in response to the aspiration of the masses and the working class movement, which has primarily led to the defeat of the apartheid regime, the government introduced a range of economic reform measures that changed the structure of the economy. These measures were introduced as a demand for revolutionary change capable to restore the control over the lives of many people deprived of the most fundamental social rights by the conjunction of institutional racism and monopoly capitalism (Bond, 1997:12).

The country's economic reform measures, modelled on neo-liberal ideologies like structural adjustment programs (SAPs), were *inter alia* intended to improve resource allocation, increase efficiency, expand growth potential and enhance resilience of a stagnating economy. Fairly consistently since their introduction, these measures have been met by great concern about their social effect. The major concern on these has been their apparent disregard for the welfare of vulnerable groups in particular women (Brand et al., 1995:3) and the youth.

The South African economy has long been characterised by intensive direct governmental intervention through restructuring. When the government of national unity led by the African National Congress (ANC) took power in 1994, it inherited a country of gross racial inequities with high unemployment. The government introduced the RDP as its main policy platform representing both a consensus across different interests and compromise between competing objectives.

Economically the RDP was successful in terms of articulating the mass aspirations for growth, development, reconstruction and redistribution in a consistent macroeconomic framework (Adelzadeh, 2000:7). The key aspect of RDP was that it linked reconstruction and development with a redistributive objective. Although the

government lowered the budget deficit and inflation, South Africa's growth rate remained around 3% far short of the 6% goal, which is necessary to reduce unemployment (Knight, 2004b:3; Brew, 2004:106). Currently the inflation rate is on average at 7% while interest rates rises according to Bruggermans (2007:33) have already taken the wind out of consumers' sails.

As a result poverty still continues to be widespread, income disparities remain, unemployment is still high and many especially the African majority people lack necessities. This problem is also observed through the existence of two economies in the country. The first economy is an advanced and sophisticated economy which is based on skilled labour and predominantly comprises of White people whereas the second economy is mainly informal, marginalised, unskilled economy, predominantly consisting of the unemployed and those who are unemployable in the formal sector. The latter economy is characterised by being Black and female.

The government introduced GEAR, a macroeconomic strategy as an action plan. Similar to other SAPs as introduced in other African countries, the consequences of GEAR have been the disintegration of the industrial sector and deconstruction of the social state. The problem is that the overall burden of SAPs is transferred to those who depend on their work as reflected in massive formal sector job losses, estimated at 400 000 between 1996 and 1999, rising to 30.5% in 2002 since the introduction of GEAR (Knight, 2001:12).

Using the expanded definition, which includes discouraged job seekers, unemployment in the country in 2004 increased from 33% to 41.8% as companies restructured (Brew, 2004:106; Knight, 2004b:3). According to the March 2007 Labour Force Survey the number of unemployed people was 36% with the number of discouraged job seekers standing at 180 000 at the same period. The proposed framework and policy scenario by government represents an adoption of the essential tenets and policy recommendations of the neo-liberal framework advocated by the IMF in its structural adjustments programs.

Thus commitments by government to achieve the stated goal of the RDP for all the population disappeared fast as GEAR reformed the economy by liberalizing capital controls and foreign exchange rates which left the value of South Africa's national currency as well as the country's import and export economic activity highly susceptible to the volatile and rapidly changing international capital markets.

The particular characteristics of neo-liberalism in the form of GEAR in South Africa, while underlining the issue of diversity of neo-liberalism worldwide have resulted in drastic cuts in government spending on social welfare and massive loss of jobs. These are the basic measures of SAPs. GEAR policy also substantially reduced secondary tax on corporate tariffs designed to protect South Africa's key infant economic sector.

The impact of these measures on women and on families has been disastrous as there is little in the way of social security protection for the unemployed. In addition the jobs that are being created are generally informal (i.e. domestic work, child minders and informal sector vendors) and lowly paid positions. Granted the government acknowledge that GEAR's stringent restrictions on expenditure limit the ability to meet social development goals, a situation that has different consequences for men and for women (Knight, 2001:4). This means government is unable to meet the basic needs of the majority of its people who depend on its providence due to the policy direction it adopted and implemented.

In such an environment women's position in particular is getting precarious because the burden of adjustment through economic measures has fallen especially hard on them as wage earning men and women experience dramatic drops in real wages (Cheru, 1995:94). As a consequence women tend to look into the informal sector market as a survivalist economy and are swelling the ranks of informal sector workers (Tsikata, 2002:17; Elson, 1991:42; Mupedziswa & Gumbo, 1998:28).

Furthermore, young women in particular whose position is influenced by rapid economic and social changes are found in the formal or semi formal sector working casually or temporarily under fixed term contracts, with insignificant forms of labour seemingly reserved for them (Milidraj-Smid, 2002:67). They suffer more the adverse effects of economic reform measures. This situation indicates that inequality in economic and labour sectors is far worse for women than for men.

This study is undertaken to analyze the socio-economic situation and cultural context of women in relation to men in order to demonstrate the disparities of their experiences resulting from the economic reform measures introduced. Although gender looks at aspects of men and women, the research is focussed on women for the reasons stated above.

The starting point will be Njiro's (1998:13) assertion that unequal relations between females and males are constructed socially, culturally, politically and economically. Therefore broader power relations between the sexes further lead to gender differences in terms of experiences brought about by internal and external socio economic factors and others. This results in differentiated access to resources and opportunities at the household, community, national and international settings.

### **1.3 Aim of the study**

- The overall aim of the study is to examine the impact of macro economic reforms implemented in the context of GEAR on women in the informal economy sector and, thus, to present a critique of GEAR.

#### **1.4 Objectives of the study**

The study is aimed at achieving the following objectives:

- To investigate constraints and opportunities that women are confronted with in the informal economy sector with the introduction of adverse economic reform measures
- To examine changes in the conditions experienced by a group of women informal economy sector traders with macroeconomic reform programs. Although the study observes that these programs are likely to have affected this group of traders, it does not assume that any decline in their economic activity is attributable to economic reform measures alone. The study will also investigate the extent and implications of the effects of such measures on women's livelihoods
- To examine the role and place of the compensatory measures initiated by the government to counter Gear's stringent limits on expenditure to meet the social development goals of the RDP

#### **1.5 Rationale for the Study**

Gender inequality in Africa and in South Africa in particular predates economic reform measures. However, the effects of these measures have serious implications for equity, access, and efficiency in the economy. The climate created by these is indifferent to the promotion of social programs and measures to address the inherited gross inequities, in particular gender inequalities in relation to women. In South Africa, the Constitution and equity policies are well advanced in addressing women and girls as a special target group. However, the impact of these legislative measures has been adversely affected by already existing unequal gender relations socially and economically. Thus the pace

of delivery of the new policy framework stands in sharp contrast to the delivery of RDP objectives that had redistributive results.

The gendered effects of structural adjustment programs operate through a number of channels. First women are the worst hit by unemployment due to government's willingness to stabilize the economy with policy frameworks that result in cuts in public expenditure. Thus changing the funding mechanisms for public services resulting with the lack of social and welfare services among others has had serious implications for equity in relation to gender. This is actually outweighed by the induced rise in unpaid work of women at home. Given that women's unpaid work within the household is not budgeted for in national accounts, this rise is simply ignored.

Women are also disproportionately targeted by public sector retrenchment due to their lower status in society. Women are more likely to be laid off because men are assumed to be the main breadwinners (Jackson, 1996:26 & Elson, 2002a:43). Therefore there is a need to study the implications of the economic changes brought by SAPs in relation to women. Hence the focus of this study is on women in the informal sector. Thus the result of this study will be helpful to policy makers as well as to the general public.

### **1.6 Research Design**

The design that is adopted in this study is the quantitative-qualitative approach. Leedy (1993:12) made a distinction between the two approaches. He identified qualitative research methods as dealing with data that is principally verbal and quantitative research methodologies as dealing with data that is highly numerical. On the same point Sheafor et al (1997:28) share Leedy's view, for them quantitative approach is focused on counting and statistically analysing data whereas qualitative research is concerned with describing the factors that are being studied.

This study uses both methods to outline the problem as stated with percentage and figures to illustrate the extent of the problem and clarify and critique around the points made. The preference for using quantitative and qualitative approach in the study is because the population studied has heterogeneous characteristics that require triangulation.

### **1.7 Research Hypothesis**

The study hypothesises that:

- The implementation of economic reform measures in South Africa has significantly contributed to the deterioration of job creation and adversely affected poverty reduction in relation to gender
- Economic growth is not a sufficient condition for the reduction of unemployment and structural gender inequalities in society and in the labour market

### **1.8 Population and Sampling**

According to Bless & Higson-Smith (1995:140) sampling is the practical way to collect data when the population is infinite or large and gathering data from the sample is less time consuming and less costly since the cost of research is proportional to the number of hours spent on data collection. The study employs non-probability sampling in the form of snowball sampling. The rationale for using this sampling technique is that it is effective. The crucial feature of this method is that each person or unit is connected with another through a direct or indirect linkage (Neuman, 1997:57).

The sample is drawn by means of snowball sampling and hundred women between the ages 21-65 involved in informal sector activities were selected for inclusion in the study. Snowball sampling is relevant for this study because the researcher is studying women in the informal sector; it is likely that they move around from one place to another

taking into consideration the differences in economic and social conditions as well as the profitability of their area at that point. Thus by using snowball sampling those with the requisite characteristics within the area were used as informants to identify others who qualify for inclusion in the sample (Bailey, 1987:38).

The research population consists of informal sector women workers in North-West Province. Specifically the study was carried out mainly in Temba – a low density area shopping centre where there are profitable and the not so profitable informal economy sector activities, and Mabopane and Ga-Rankuwa – high density areas with self established informal market places and a few stalls provided by the complex management.

### **1.9 Method and Techniques of Data Collection**

The study used in-depth interviews as a method of data collection and direct observation as principal data collection instruments, to elicit information from the respondents in a face-to-face situation. This was employed with the aid of a tape and video recorder. In gathering information from the respondents both qualitative and quantitative research methods were used and this provided the researcher with the opportunity to understand and examine changes in patterns of trading activities, inter/intra household relations and other roles. Observation allowed the researcher to be exposed to the challenges of the whole informal economy sector picture while observing huge amounts of fast-moving and complex behaviours and perceptions of the economy by the respondents.



### **1.10 Data Analysis**

The qualitative data analysis method was used to analyse data from in-depth interviews, audio and visual recordings. The data was coded and variables and their relationships generated using the Statistical Package for Social Sciences (SPSS). Data was transcribed and transcripts were carefully read through. Key words and phrases were underlined for the possibility of salient themes and summaries and possible explanatory statements made. Categorisation was used to search for themes with internal and external divergence and convergence. The researcher links plausible explanations for the data and linkages among them. This involves making an association between sub-categories, which is reflected in the line or other lines within the same or different categories (Strauss & Corbin, 1990:19).

### **1.11 Methodology**

As already stated in the problem statement, South Africa has never been subjected to a World Bank/ IMF or donor initiated structural adjustment programs (SAPs) (van Rooyen et al. N.D:1) However, in response to the aspiration of the masses and the working class movement which primarily led to the defeat of the apartheid regime, the government introduced a range of economic reform measures that changed the structure of the economy.

However, South African literature on SAP's specifically is limited. Instead the focus is on the impact of the introduced economic reform measures, GEAR in particular which is "our own home made SAP" (Bond, 2000:16). As a result this study also makes reference on the review of published literature on the impact of structural adjustment programs (SAP) in other African countries, i.e. Zambia, Nigeria and Malawi (Mkandawire & Soludo, 1999:79). This is done to reflect their similarity with GEAR in view of the negative impact of such stabilisation measures, especially for women workers in the informal economy sector.

The literature also looks at the importance of women in the informal sector as a whole as well as in specific branches, not only in relation to total female employment but also relative to men. Composition of female employment in the informal economy sector is also examined with a view to understanding the definitions and description of this sector, to theorising informal work, why it happens, who does it in terms of race, class and gender with a specific focus on women in South Africa.

This study is not based on any survey conducted specifically for policy-making purposes, thus the researcher relies upon secondary evidence as well. The study utilizes information obtained through structured and unstructured interviews carried out with women informal economy sector workers and a number of key informants including officials of the Government involved in the implementation of the economic reforms and other non-governmental agencies which include informal economy employers' and workers' groups and self-help groups.

This study draws on the information derived from various meetings and seminars in which the researcher had the opportunity to participate. Further discussions were held with suppliers and clients of the sector. It is thus clear that the research draws on a variety of sources, which may often appear as fragmented. This is borne in mind when interpreting the analyses and conclusions reached on the findings. The fragmented nature of the sources is neither negative nor restrictive by definition. On the contrary it may be viewed as broad-based, wider and therefore more representative. All these provide valuable complementary perspectives on the problems and potentials of the sector in a neo-liberal policy climate like that of South Africa.

## 1.12 Approach

The survey study on gender, economic structural adjustment and informal economy sector trade in North-West was specifically conducted in Temba, Mabopane and Ga-Rankuwa. These are predominantly Sotho/Tswana speaking areas, reputed to be urbanized but still have a significant 60% of their population living in rural areas.

The study focused mainly on the impact of economic reform measures on women in the informal economy sector and on families as there is little in the way of social security protection for the unemployed. Above all, these areas were selected because the researcher sought to provide insight from the perspective of ordinary women's nature of livelihood circumstances in the informal economy sector.

The current economic challenges faced by these women in environments with fewer resources and generally peri-urban to rural areas such as North-West is, are also closely tied to social and productive changes that have been fuelled by existing political and economic dispensation. The following were sources of information for the study:

- resource persons such as hawkers' association committee members, familiar and influential young people who served as contacts. These people are positioned in such a way that they have knowledge and to an extent negotiating authority with officials in the study areas and can provide general information about this sector of their livelihood.
- A sample of hundred women between the ages 21-65 in the three areas of study provided data for the study. The larger percentage was generally young in their economic activity period. However, they are forced by economic circumstances such as poverty and unemployment to be in the informal sector. The selection was done through the co-operation of the women workers themselves and resource persons.

Due to the nature of the sample which included respondents from different socio-economic backgrounds including levels of education, both qualitative and quantitative techniques were used to collect data. Interview questionnaires were used to collect factual data such as demographic characteristics. Interviews for quantitative data were used for data on the dynamics of the youth's hawking activities. Cross-reference was used to check the validity of data collected from the different sources.

### **1.13 Limitations of the study**

While there was on average general cooperation from women in the informal economy sector and hawkers association for the research to take place in their areas, interviewing individuals in a face to face situation somehow presented its own challenges.

While the objectives of the study were explained to the women who were to form part of the sample prior to conducting interviews, cooperation was not always forthcoming. There were different reasons for the lack of cooperation. Among the reasons given foremost was what the researcher was going to do for them in return for giving information. Some of the women associated the researcher with a government official (i.e. tax officials or health inspector) who may be a threat to their informal economy operations. Many felt they do not have to answer any questions because government was not doing anything for them. A lot of disillusionment among informal sector workers with government exists in the informal economy sector.

Another reason for the lack of cooperation was simply the perception that the researcher was wasting these women's time. This was especially the case among women workers who were moving around looking for customers even when the researcher offered to move around with them.

Some of the women simply refused to be interviewed despite request by the researcher. The fear for most of them was that the researcher was either a representative of the law or a reporter, providing information to who might prove risky. The only way the researcher was eventually able to get information was by being accompanied by either a hawkers' committee representative or a familiar figure from each of the areas.

Despite careful probing some respondents were unable to provide the researcher with certain information (i.e. on earnings and profits) mainly because of the intermittent nature of their activities and the fact that some do not keep records. The information on financial issues had to be interpreted with caution.

#### 1.14 Definition of Concepts

**Discouraged work-seekers** refers to persons who want to work and are available to work but have not taken active steps to look for work or to start some form of self-employment.

**Economically active population** in this study refers consists of both those who are employed and those who are unemployed.

**Formal sector** refers to all businesses that are formally registered in any way.

**Household** in the study is defined as a group of people who occupy a common dwelling unit and basically live together and share resources as a unit.

**Informal sector** in this study refers to those businesses that are not formally registered in any way, these are generally small in nature informal arrangements, and are seldom run from business premises.

**RDP-** refers to the Reconstruction and Development Program which in 1994 was introduced as government's development strategy that sought to mobilize all people and the country's resources towards the building up of democracy

**GEAR-** refers to the Growth Employment and Redistribution policy which in 1996 was introduced as government strategy designed to achieve high rates of economic growth and expand the private sector albeit with a very significant compromise to the neo-liberal policy

**Marginalized-** make or treat as insignificant

**Patriarchy-** refers to the social organization wherein a male is regarded as head of the family. In this study the concept is used to refer to the ideology assumed by male policy makers on the impact of economic reforms in relation to women

**Population group** refers to the racial classification of a particular group of South African citizens.

**Traders-** Person(s) engaged in the buying and selling of goods or services

**Trade-** refers to the exchange of goods for money

## CHAPTER 2

### DEFINING THE INFORMAL ECONOMY SECTOR AND WOMEN'S POSITION IN THE ECONOMY

#### 2.1 Introduction

This chapter comprises of two parts. The first part is more general in the sense that it focuses on the theoretical orientation of the study and on different definitions of the informal economy sector. Most definitions were conceived at a purely theoretical level. Different contributions to the literature on the informal economy sector differ markedly as to what criteria are used to define the sector and as to the relative weighting of different criteria.

It is important to clarify that this study considers developments in some aspects of the informal economy sector. The term informal economy sector is the term of reference used in this study. The term 'informal' is used to refer to the sector not being legally organized although it serves to absorb the shock of the economic crisis and has become a sort of refuge for those excluded from formal economy employment. Workers and enterprises in question do not fall within any one sector of economic activity but cut across many sectors.

This study adopts the informal economy sector as a working concept because by using the informal sector as a concept tends to downplay the linkages, grey areas and interdependencies between the formal and informal sector activities. While this analysis is inclusive of the working poor engaged in informal employment it does not deal with the underground economy, which includes a range of illegal activities such as drugs, arms and human trafficking. However, we do acknowledge that in some instances such as the formal granting of visas and residence permit, this underground economy also links up with both the informal economy and formal sectors.

The first part emphasises that the informal economy sector is made up of a heterogeneous set of activities ranging from selling fruits and vegetables at the street corner to repairing vehicles in unregistered premises. Hence this part highlights some broad trends and cannot possibly do justice to the diverse set of activities that could be viewed to be part of the informal economy sector activities. The discussion in this part therefore excludes two sets of activities that are often considered to be part of the informal economy sector – domestic work and subsistence agriculture. The reason is that these activities are widespread and specific in their own right, and can be analysed separately in many studies (see, Sethuraman, 2000:16).

The informal economy sector is often seen as a panacea for South Africa's unemployment crisis (Motala; 2000:4 & Knight, 2001:1). Different studies (Valodia, 2000:22; Hart, 2002:77) have examined why the informal economy sector in South Africa remains small despite high levels of unemployment. However, limited information exists about the actual dynamics within the informal economy sector and its relationship with the formal sector and macro economic policies introduced (Valodia et al., 2003:14).

The second part of the chapter attempts to illuminate some characteristics of informal work in South Africa, and is related more directly with the focus of this thesis. More specifically this part focuses on gender in relation to women; it looks at the importance of women in the informal economy sector as a whole as well as on specific effects of neo-liberal policies on their informal economy sector activities not only in relation to total female employment but also relative to men.

Composition of female employment in the informal economy sector is also examined with a view to outlining their experiences of the difficulties of working in this sector of the economy. The question raised in this part is why the impact of economic reform measures is different for women and affects women more adversely than men. A thorough analysis of gender and the informal economy sector in this part and



a gauging of the actors will reflect on the fact that women are playing a key part in the dynamics of the informal economy sector activities.

The main point raised is that despite the sensitivity to gender issues by government and policy makers, disaggregation of informal economy sector data by sex is not always accurate or even available for various reasons. Firstly even when ad hoc surveys at national level have been carried out for measuring the informal economy sector, the published reports and tables do not always emphasize such issues, although they are of primary importance for the understanding of the sector.

Secondly, where such estimates exist they are based on the comparison at the macro level in relation to growth of the formal economy. It is no surprise that disaggregation by gender is missing for some of the registered informal economy sector employment activities (i.e. supermarkets) the same way that these are not flexible in some parts of the formal sector.

## **2.2 Theoretical Orientation**

The informal economy sector phenomenon is widespread; it has become very considerable in developing countries where, in some cases, it is now the main source of employment (ILO-5, 1998-1999:11). Yet, the phenomenon is not characteristic of these countries alone because it also exists in industrial countries where, indeed, recession and the application of structural adjustment policies since the 1980s have resulted in a rise in unemployment like in all poor countries. This rise has forced workers and women workers specifically to seek independent or alternative informal economy sector jobs to ensure a subsistence income for the family.

A special focus on the position of women in the informal economy sector suggests the pertinence of the theme of differentiation. However, a common thread observed in different efforts to theorise the sector has been an emphasis on the common situation of informal economy sector workers. This thread can be traced from the earliest

approaches to theorising the sector - as a locus for marginals and outcasts (Hart, 1973:19), and the International Labour Organisation's (ILO) view of the sector as an employment option of "second resort", to Moser's (1979:67) view of the sector as a homogeneous form of petty commodity production. Bromley & Gerry (1979:89) conceptualise the informal sector as a 'continuum of work-situations ranging from stable wage work to true self employment and Castels & Portes' (1989:29) description of the sector is as a process of survival strategies rather than an individual's condition of work with strict definition as an underground economy.

The emphasis of the pool of theoretical viewpoints on uniform conditions and outcomes is reflected in many empirical studies on the subject, including earlier ones on South Africa's informal economy sector. Owusu-Ampomah (1997:17) has shown the existence of differentiation between operators in different branches of the country's informal economy sector. Moreover, this differentiation was directly linked to gender, since women are disproportionately under-represented in capital-intensive production activities and over-represented in informal economy trading. This differentiation infuses much needed theoretical rigour into the literature and indicates a gap in terms of insights of the growing gender inequalities. It further indicates the relative and absolute decline in the status and conditions of women in the informal economy sector with the introduction of structural adjustment programs

More generally the labour market segmentation theory attempts to explain sex inequalities on the basis that the labour market is compartmentalized and women's entry is prevented by institutional barriers. Fine (1992:53) makes an observation that both economics and sociology have attempted to explain female exclusion and their disadvantaged position within the labour markets. Three separate issues become fundamentally involved- the level of labour market participation, occupational segregation, and differentials in pay.

At a more abstract level sociology at times draws upon patriarchy theory to explain these features just as political economy employed the determining role of women's confinement to domestic labour. As a consequence, female disadvantage in the labour market is further aggravated by definite places in the labour market largely filled to the benefit of men by virtue of their meritorious power over women. This happens in collusion with capital.

The implementation phase of macroeconomic policies has usually ignored gender dimensions. The neo-classical economic theory holds that male-female differentials in earnings arise out of differences in human capital where women are disadvantaged because of their family responsibilities, physical strength; relatively low level of education, lack of training, hours of work, absenteeism and turnover. The underlying rationale of this tendency is profit maximisation, the operating goal of GEAR.

Drawing from the tools of analysis of the neo-classical economical theory such as informational biases, factor market rigidities and market distortion, Collier (1989:20) indicates how gender biases can ultimately hinder the predicted effects, (i.e., 10% less inflation and employment growth above the increase in economically active population among others) of adjustment policies. According to Collier four distinct processes arise from specific social conventions which explain why women face differential constraints in the economic arena – underlying discrimination which operates in the labour and credit markets, gender specific roles in production as a source of inequality, embedded within the household where rights and obligations between husband and wife are asymmetric and the heavy burden of reproduction taking its toll on women's health and time.

In spite of the diversity of views on the exact sources of gender inequalities, it is worth noting that not integrating gender analysis into structural adjustment programs will only result in non-optimal and non-expected outcomes. Thus the neo-classical economical theory is criticised for the assumption that all societies are fully monetary and market oriented and that all individuals have the freedom to respond to market

stimuli. This view does not take into account social inequalities that hamper the access to resources and opportunities of particular groups. This limitation affects the perception of economic activities and economic policies in ways that perpetuate women's subordination.

The above theoretical explanations offered are argued on the basis of a gender approach seeking to explain the why and how questions of discrimination in economic reforms against women and studying the social roles assigned to all individuals in accordance with their gender. The above also allow us to understand the causes of the inequalities between men and women in the labour market and in the economy as presented in this study.

The gender approach adopted in the study is used as a theoretical foundation to theorising gender. However, this approach must be seen from its right perspective. In this study the gender approach is used as an instrument that allows the researcher to analyse and argue women's position in the formal and informal economy sector. The study further elaborates on the effects of GEAR on women and on their informal economy activities. This is done in order to understand the reality of women's activities in the informal economy sector instead of just alluding to a dogmatic description of not considering the same reality in policy making.

### **2.3 Defining the Informal Economy Sector**

The informal economy sector is known by many names and definitions hence a number of scholars on the informal economy sector share the view that defining the sector is a complex and value-ridden exercise (Kirsten, 1988:19; ILO, 1993:7; Moser, 1994:30 & Valodia, 2000:14;). Furthermore as a number of researchers point out there is considerable confusion about what is meant by the concept informal economy sector since the term is applied in different contexts at different times to different references of forms of informal economy activities (Moser, 1994:30; WIEGO, 2001:3 & Devey et al. 2002:12).

There has been a considerable conceptual discussion about the informal economy sector concept. The problem with such discussion is not merely that the definition used determines a specific group selected for policy intervention, but depending upon the relationship of that group to the wider economy, the policy benefits may in fact be subverted by a totally different set of economic actors.

This is because although there is no universally accurate or accepted description or definition, there is a broad understanding that the term informal economy sector accommodates a considerable diversity of economic actors in terms of workers' enterprises and entrepreneurs with identifiable characteristics. They experience specific disadvantages and problems that vary in intensity across national, rural and urban contexts.

The international definitions of the informal economy sector adopted in 1993 include small-unregistered enterprises, paid and unpaid workers in these enterprises and casual workers without fixed employers (Esim, 2002:22). According to this definition informal employment relations can occur in formal or informal economy sector enterprises. Registered enterprises can have informal working relations as well as informal sector enterprises. Yet having the definition does not make the collection of accurate statistics on the sector easier because statistics continue to underestimate the size and economic contribution of the sector, and especially women's roles in it (WIEGO, 2001:3).

Moser (1994:32) maintains that since the utility of the informal economy sector concept was first recognized, researchers and policy makers in a number of different but related disciplines have applied it to a diversity of empirical data in many contexts. It is because the defining characteristic of the informal economy sector is the precarious nature of the work. The basic conditions attributed to many formal sector jobs such as social security and protection from occupational safety hazards do not generally cover informal economy sector work.

The initial ILO distinction between formal and informal economic activity was on the basis of the characteristics of the enterprise (ILO, 1999-1998:8). Other definitions (i.e. Colliers, 1989:20; Owusu-Ampomah, 1997:17) however concentrated on differences about the nature of employment in the informal sector as the point of definition. As a result the informal sector can be synonymous with the poor or with people living in squatter settlements, immigrant populations to cities or small-scale entrepreneurs (Phalane, 2000:21). In addition occupations have been treated as part of the informal sector while at times those concerned with housing tended to regard the development of the informal sector as synonymous with the improvement of housing in informal areas.

Although there is considerable overlap amongst specific groups such as those mentioned above, it is essential to distinguish between them and to define each accurately, since each calls for a different focus in terms of policy recommendations. In addition statistics on informal employment and informal sector can contribute significantly towards recognising the contribution of all workers and of women in particular, to the economy.

As a result the argument made here is that those who are informally employed do not receive their full share of benefits from the economy or from economic policies either. Even in the formal economy some are not fully covered and do not enjoy the benefits of the economy because their nature of work is not accessible through law although it may be legislated (i.e. subsistence farm workers, domestic workers). As a result their work is counted as part of the informal economy sector for the same reason that paid workers in these are also considered as belonging to the informal economy sector.

Thus we have many formal economy workers working also in the informal economy sector to make ends meet (Charmes, 2000: 17). The reason being that formal economy work does not always translate into better income. Furthermore, although such workers are found in the formal sector categorised as part of "incorporated

enterprises" the majority of these fail to comply with the legal institutional frameworks. Their activities are also counted as part of the informal economy sector. For the same reasons these paid workers are also considered as belonging to the informal economy sector because their working conditions need not conform to the prevailing labour laws and standard regulations. Hence we have observed double sector workers, mostly women, as their formal work has become casual work and outsourced by economic reform measures introduced. In short their formal employment then includes informal wage employment.

In placing the study within the debate, two juxtaposed systems of production and often-repeated problems with the informal economy sector concept are considered. The first one is derived from the competitive forms of production, the other from the survivalist system wherein the informal economy sector disguises a significant degree of heterogeneity.

Furthermore the sector has been seen as two types of the economy, a 'firm centred economy' and a 'bazaar type economy' wherein informal economy activities encompass different types of economic activity (trading, collecting, providing a service and manufacturing) and as two sectors, a 'high profit/high wage' intentional sector and 'low profit/low wage' competitive sector (Moser, 1981:15) with different employment relations (the self employed, paid and unpaid workers and disguised wage workers) and activities with different economic potential (survivalist activities and successful small enterprise).

The difference between the above two positions of the sector is that the activities are not covered by the law which means that they are operating outside the formal reach of the law. In some instances those activities categorised as part of the 'incorporated enterprises' (i.e. small enterprises & supermarkets) they are not covered by law in practice thus fail to comply with the legal and institutional framework.

This means that although they are operating within the formal reach of the law (i.e. tax payments) the other side of the law (i.e. labour relations and the basic conditions of employment) is not applied or enforced, or the law discourages compliance because it is inappropriate, burdensome or imposes excessive costs of adherence both for the owner and worker. Thus government's economic policies need to take into account the conceptual difficulties arising from this considerable diversity.

The second often repeated problem is that of distinction between the formal and informal economy sector with a thin line dividing the two. The weakness with such a distinction is that it overlooks the fact that the term informal economy still implies stagnant rather than a dynamic analysis of the sector. I argue that not only is the borderline between the formal and informal economies unclear but it is constantly shifting. Thus any close analysis of the phenomenon should indicate how the two sectors are integrally linked more so because with the exception of illegal activities there are few informal economy operators who are not linked (either through supply or customer networks) into the formal economy.

The discussion of the different conceptualisations of the informal economy sector above indicates that in most instances decent work deficits are most pronounced in this sector of the economy. From the perspective of unprotected workers, the negative aspects of work in the informal economy sector far outweigh its positive aspects (Moser, 1981:27; Peattie, 1987:8). It is because the informal economy sector has emerged as a result of the existence of a workforce "surplus" that has found no place in the formal sector; it is basically about men and women who have found no place in the modern urban sector. The sector has emerged, further, as a result of the unequal distribution of resources, unemployment and as a result of poverty generated by their situation.

Based on this I argue that the defining characteristics of workers in the informal economy sector is that they are not recognized, registered, regulated or protected under labour legislation and social protection- a critical aspect of social exclusion of



workers in the informal economy sector. Work also in this sector is characterised by small or undefined workplaces, unsafe and unhealthy working conditions, low levels of skills and productivity, low or irregular incomes, long working hours and lack of access to information, markets, finance, training and technology. This indicates that workers in the informal economy sector are characterised by varying degrees of dependency and vulnerability.

Lack of access to resources, markets and opportunities is in part the result of “non-recognition” of these enterprises by the authorities concerned. Without formal recognition few enterprises can, for example, hope to obtain either credit from the formal financial institutions or access to proper premises and infrastructure. It is difficult to say which comes first: whether the lack of access to resources and markets forces informal sector enterprises to operate outside the law, or whether non-compliance with regulations limits their access. For example, a self employed unit operating in an unauthorized location within the city, cannot by all means obtain legal recognition until it moves into a proper location; and without recognition, it cannot hope to get a proper location from the municipal authority which control the allocation of space.

In the same instance without adequate financial means it cannot obtain a business license; and without such a license, it cannot apply for a loan from relevant financial institutions. However, it is clear that both lack of access and non-recognition contribute to the informality of this sector. To an extent, lack of protection under labour legislation or social protection is the limiting factor. Modifying the institutional framework to extend such recognition can help these enterprises, by improving their access to resources and markets. This can contribute to a reduction in informality in the long run although it cannot eliminate it totally.

All this means that because their employment status and activities are ambiguous, they are unable to enjoy, exercise or defend their fundamental rights and they are unable to benefit from government. They are clustered into small, medium and

micro enterprises (SMME) (Pheko, 2005:16). This indicates the tendency to short term dimensions in economic policy making and a lack of understanding by policy makers about the informal sector. As a consequence they are normally not organized most of the time as they have no time but to make ends meet, they have little or no collective representation vis-à-vis city councils, councillors or shopping centre managers.

Though the term informal economy sector has been used above to describe a set of economic activities that take place outside the recognised institutional framework it calls for some further elaboration and clarification. There is indeed a vast literature on the subject and it is beyond the scope of this review to go into details on the controversy surrounding this concept. The discussion above has pointed that all enterprises that operate on own account, as well as most of the micro enterprises, are assumed to fall outside the recognised institutional framework, and hence belong to the "informal" part of the economy, or simply the informal economy sector.

It is clear that the institutional framework is but a criterion by which the activities/enterprises are classified into formal and informal. Redefining this criterion will no doubt affect the relative magnitudes of the two segments in an economy (Sethuraman, 2000:33). But it is unlikely to influence the extent of informal employment because the fundamental causes that contribute to informality in these enterprises have not been changed. It is therefore clear that the institutional framework is only a criterion by which the employment quality is judged; it is not by itself the cause of inferior quality.

Of significance to the above, the working definition in this study is based on the argued fact that as a sector that is largely unremunerated, the informal economy sector in South Africa as elsewhere (i.e. Zambia, Malawi & Zimbabwe) suffers from a number of data deficiencies. Among others there is little reliable information on its size, nature or characteristics (Barwa, 1995:38; Knight, 2004a:2; ALRN, 2003:1). In

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addition to this deficiency is the problem of inadequate record-keeping and suspicion on the part of the informal sector worker/entrepreneur about the motive of any form of questioning (official or unofficial) which makes it difficult to obtain the requisite information for policy intervention and planning purposes.

Thus this growing sector inevitably tends to be forced to take refuge in the roles characteristic of the marginal pole, where it fluctuates among numerous range of occupations and labour relations. The researcher relies on secondary evidence in the form of literature and on the studies conducted on the same groups at different periods of time. In this sense, the principal tendency of the study is to indicate that the informal sector is "marginal" and thus tends to differentiate and establish itself as such within the economy and the changing economic policy climate.

This raises the question: what factors contribute to informality in this sector of the economy? Research on the informal economy sector (WIEGO 2006:9; ALRN, 2004:7) indicates that the sector is "marginal" because it comprises a segment of the economy where the agents of production are not only small but also operate under the conditions of informality. This means "they operate in a different business environment than the firms in the formal sector". The argument is that this is the sector that includes all small scale economic activities carried out by individuals either through enterprises established and operated independently on own account or through micro enterprises with the help of hired workers.

Broadly speaking, these economic activities lack free access to product markets, public resources, information and opportunities as the formal economic enterprises do. Consequently they choose to operate in an "informal" manner, avoiding compliance with most regulations. Not only do they see little benefit from compliance; more importantly for many if not all informal sector activities full compliance adds to the cost of running a business. Thus lack of access to resources, markets and opportunities is in part the result of "non-recognition" of these enterprises by the authorities concerned.

Therefore for purposes of this study and based on the different definitions, the working definition mentioned above in summary points to the use of the informal economy sector to refer to a sector that consists of all employment in an economy that is outside the prevailing legal institutional framework. Informal economy sector is not a homogenous group. Instead, it includes several categories of workers wherein part of it is in the form of wage employment and the rest in the form non-wage employment *vis a vis* self employment and unpaid employment.

#### **2.4 Gender, Women and the Informal Economy Sector: A Conceptual Framework**

Women's access to employment is very important for development, poverty elimination and for the promotion of equality among the genders, yet women still find themselves in low paid, low status jobs with little income security. In recent decades, the world economy and South Africa's economy in particular has changed extensively. According to Orr et al (1998:28) and the African Labour Research Network (ALRN, 2004:11 & Jaunch, 1999:49) the country's labour market can be divided into three distinct segments:

- (i) the primary labour market which mostly comprises of white collar professional and management, who form the most highly-paid and skilled section of the labour market and are mostly White,
- (ii) the secondary labour market which includes mainly production workers, low-paid service workers and agricultural labour. The secondary labour constitutes mostly men in the manufacturing, finance and mining sectors of the economy and women are situated in the low-paid agriculture and domestic work, and
- (iii) non-market labour which includes mostly women who are informal sector workers, some involved in subsistence agriculture as well as

unpaid household workload. This non-market labour is arguably almost exclusively women and the skills are unrecognised and regarded as general.

The foregoing indicates that the participation of women both in the formal and informal labour markets is considerable. The majority of women 40-55% (ALRN, 2006:5) around South Africa work in the informal economy sector. This points to a higher percentage just under 60% (March 2007 Labour Force Survey (LFS): 12) of economically active women workers (more than men) in the informal economy sector. However, the profile of women's employment reveals a number of structural inequalities based on gender, age and race, which are also common in First World economies (Standing, 1992:40). Unemployment for Black women has been at 36.2% in 2006 and at 36.4% in 2007 (March 2007 LFS: 17).

The current unemployment rate for women is 30.8, a higher rate than male rates in every period. A similar pattern is evident in the absorption and labour force participation rates. Herein the absorption rate for female labour is 34.5% while men's labour absorption rate stands at 49.7%. Employment growth in the year to March 2007 resulted in an increase in male only absorption rates (March 2007 LFS: 20)

There is also a marked gender gap in resources, opportunities and earnings within the informal economy (Tsikata, 2002:19). More than 30% of women workers carve a niche in the informal economy sector, domestic service or subsistence agriculture (March 2007 LFS: ix). All these sectors offer low wages and few benefits if any at all.

This is very problematic as it reflects the inclusion of more people within the definition of the informal sector and the counting of subsistence farmers as employed even if they do not always have an income to report. Arguably many forms of 'jobs' that exist in the informal economy cannot in all fairness, be described as employment as they fluctuate between levels of existence to levels of survival activities.

Furthermore a gendered perspective is crucial to understanding the relationships between informal economy, social policy and the conditions of reproduction of labour. Yet an approach that focuses on the impact of economic measures on women is lacking. Therefore attention should be given to how gendered relationships and identities articulate with race, ethnicity and other differences, and how these, in turn, shape the forms and dynamics of the informal economy.

The way in which the Chinese and Taiwan citizens (Hart 2002:33) have taken hold in South Africa's informal economy, provides an illustration of the inextricable connections among class, race and gender and of the complex histories that enter into the making of the social wage for women in the informal sector. This has resulted in a renovative current in the workings of the labour market in relation to women and in the aspirations and hopes of many informal economy sector workers. Moreover it has modified the very basis of the social relations on which to this day, occupational life and society as a whole has been structured.

As we have already established women constitute the vast majority of informal sector workers and the poor around the world, yet their numbers are almost always underestimated in available statistics (ALRN, 2006:9; March 2007 LFS:22). This happens because available data does not always accurately reflect the extent of women's involvement in the informal economy, although no economy could function without women's paid and unpaid labour (Xaba, et al. 2002:9).

Whether men suffer job losses or not, women still take on activities in the informal sector in addition to their household workload. The home-based nature of many of the activities (i.e. trading perishable goods such as cooked food, fruits and vegetables) also contributes to the invisibility of women's informal employment. Thus there is under-reporting because they do not view themselves as workers in many cases. Consequently the quality of life and female employment is degrading and the inequalities between men and women are increasing.

This study notes that indeed while women are present in greater numbers in the labour market (informal more than formal), they are also the first casualties in terms of adverse effects of economic reform measures in South Africa. They are affected by unemployment more than men, some have the least qualified jobs or for equal work they still face wage discrimination as they earn far less than men. Moreover women's wages are lower because of the nature of the inflexible jobs accorded to them.

Women enter the job market from a different perspective as men because economic reform measures introduced are creating the in-formalisation of the formal economy through emphasis on the export market, which is not accessible to women (Tsikata, 2002:21). Even in the informal sector women have to bypass intermediaries in the form of men (transport, logistics) to get to the global economy market.

This situation exists because attempts at uplifting the conditions of women in developing economies like that of South Africa have focused on economic development using poverty reduction policies. What remains is the fact that the whole issue of rescuing gender from the poverty and unemployment trap by government should involve poverty-independent gender analysis and changed policies. Such policies should recognize that poverty policies and current economic reform policies are not necessarily appropriate for tackling gender issues.

The reason being that the subordination and marginalisation of women is not caused by poverty only but also by certain cultural and social factors with deep interconnections about women and work and how these overlap with struggles in other social arenas (Hart, 2002:33). While this is largely true, we do not imply that poverty-alleviating policies aimed at improving the conditions of women in or out of the informal economy should be truncated.

Globally, informal economy sector work has some gender dimensions (Moser, 1981:26). Firstly, estimates indicate that a higher percentage of economically active women work in the informal sector. Over 90% of women work outside of agriculture

in India and Indonesia, nearly three quarters of women in Zambia, four-fifths of those in Lima, Peru, more than two thirds of those in the Republic of Korea. In South Africa, 47.5% of women work in the informal sector (WIEGO, 2001:3; Devey et al., 2003:13).

Secondly, in addition to constraints faced by informal economy sector workers in general in relation to assets, markets, services and regulatory frameworks, women still face additional gender-specific barriers in the form of insecure land and property rights, mobility constraints, household and childcare responsibilities although South African laws have already lifted these in case of women (Phalane, 2004:7; Esim, 2002:19).

This for instance indicates the existence of an "institutional bias" against women and the poor, who are disproportionately represented in the informal economy sector. The markets also, besides being deficient in many respects, appear to be "unfriendly" to them too.

Origins for this bias can be traced to the mistaken perception among policy makers and the authorities concerned who believe in many instances that women's informal economy sector "enterprises" are only marginally productive, if not unproductive. Evidence to this is the fact that governments in Southern and sub-Saharan Africa have allocated only a tiny proportion of the total bank credit to this sector. In Zimbabwe, only 5 percent during 1991-1993 (Brand, et al. 1995:19); in Mali, only 4 percent during 1987-1995 and in Burkina Faso the share dropped from 9.4 percent to 4.3 percent for periods 1987-1992 (Sethuraman, 1998:23).

The argument we advance from the foregoing is that the South African government does not provide any direct support to the informal economy sector through the budget. Government support is mainly through micro-financing. For example, in the

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2006 budget there was a 5 billion rand Rural Development Fund (i.e. Limpopo Development Corporation (LimDev), North-West Development Corporation, (NWDC) basically for micro-financing. However, the modalities of these are something else as it has been riddled with politics. The fund is currently in 'quasi functional mode' as the opposition political parties have reservations regarding its implementation. There have also been other huge government led micro-financing projects in the past but these also have been riddled with a high default rates partly due to the lack of a national identity system and political interference.

The point made from the above is that many roles that women play in sustaining the economy are often very distinct from those that involve men. Women perform the vast majority of productive and reproductive work anywhere in the world. Important outcomes arise from the fact that women are largely responsible for performing more unpaid work and focusing less on paid productive work. Most reproductive work is unpaid and the goods and services produced are not sold in a market place to earn profit. Instead they are consumed directly within the household or the community. At the end women's economic role is marginalised and the statistics even ignore them because they are always constrained by a set of economic and social factors as pointed out.

As a consequence we find that in the informal economic sector men have a wider variety of paid productive works from which to choose than women. This indicates that societies still believe that certain characteristics are best based on gender, i.e. that men are stronger, more intelligent and work better than women. Society also gives men the chance to develop other characteristics by giving them access to education, training and experience. Men are seen as being able to focus more completely on their work because they do not have maternity and childcare responsibilities, which are seen as women's responsibilities rather than society's responsibilities. All of this means that men are more highly valued, given more economically related responsibility and paid more.

While incomes of both men and women are on average lower in the informal sector around the world (Hart, 2002:34; Esim, 2001:17), the gender gap in income and wages appears higher for women than for men in the informal economy sector (Braude, 2004:13; Xaba, et al. 2002:7). In addition to this is their feminine condition, which restricts even more the range of working opportunities available to them. This exists even when women are not wage workers. Furthermore although most of informal sector workers (women & men) live below the poverty line, a large gender gap in income and wages remains.

This is because of the following interrelated factors:

- informal incomes worldwide tend to decline as one drifts across the employment ladder from being a formal sector worker to being informally self-employed, casual wage worker or sub-contract worker
- indeed women worldwide are under represented in high income activities and over represented in low income activities mostly sub-contract work and informal work
- there is occupational and task segregation in the labour market which leads to enclaves of female-only employment. In informal economies women are concentrated in the primary sector (agriculture) and in the mainstream informal economy (Vickers, 1992: 99). Their predominance in low value-added industries and services is linked to their wage disadvantage. This gender segregation in the labour market helps to maintain gender-based wage differentials
- women are less formally skilled and the skills they are credited with, such as dexterity and greater patience in performing complex and highly routine tasks of income, for instance in electronics assembly, tend to be undervalued in terms of wage rates. The sex stereotyping of jobs and tasks often leads to

the designation of women's jobs as unskilled and semi-skilled simply because they are performed by women, and

- as a consequence of the strength of the 'male breadwinner' ideologies, women are persistently undervalued as wage workers because trade unions approach women's position in the economy with just a narrow reformist objective of bettering the position of women within the existing patriarchal capitalist system (Ahooja-Patel, 1985:109 & Orr, 1999:18). The ignored fact here is that women's entry into paid work tends to be discouraged by measures taken by male dominated trade unions to exclude women from male enclaves of employment, government fiscal and social security measures, by popular cultural conceptions of women's rightful place as being in the home.
- This is also compounded by the lack of understanding of the concept of gender and development in both social and economic terms. Thus the struggle for women's liberation should involve both men and women meaning that gender should not just be a 'ghettoised' (Orr, 1999:6) women's issue but a product of gender relations (Sethuraman, 1998:23; Charmes, 1999:117; Standing, 1992:13).

The above factors indicate that a fundamental challenge facing the trade unions and government is the building of real democracy, which embodies true worker control. Workers are women and men; informal and formal sector workers, casual and permanent and Black and White. Thus real democracy means giving voice and space to the most oppressed and marginalised economically – women.

According to Orr et al, (1998:9); Devey et al. (2003:47) and Knight (2004b:3) some 70% or more women in South Africa take part in the informal economy sector. The underlying reason is that these activities are in many cases the only option enabling women to earn an income while assuming the tasks inherent in their reproductive function. All of this without any social and economic protection and in most cases

under deplorable safety and health conditions. This trend is growing as the informal economy feminises along with the feminisation of poverty and unemployment. Women who are the majority in this sector are subject to double marginalisation due to the fact that the informal sector is considered marginal and most workers are women occupying absolutely marginal positions.

There is general agreement, at least in theory that women play an indispensable part in the formal and informal economy and in development and that the principle of equal opportunities for men and women is recognised as a basic human right. However, the informal economy sector work activities compounded by our own macro economic policies in relation to women reflect a situation of social downturn, a new gender-based division of work and to non-recognition or non-upgrading of the economic role of women in this sector of the economy.

Clearly, the lack of gender analysis and the lack of a sense of the gender implications of policies are obvious in government's macro economic policy. Even in their critique of job losses, privatisation and conservative fiscal policies, some of the opposition parties and even the alliance partners (led by men) are silent on the effect that this has on women's labour and the entrenchment of poverty and vulnerability.

An important theoretical lesson in looking at this is that policy makers and government may not make abstract sweeping formulations without analysing each situation (i.e. women's position in the economy, female predominance in the informal economy sector) with the tools of gender relations and gender dynamics in relation to women's work. The point is that the main challenge facing policy makers is the application of a gender analysis to patriarchal relations that exist. Moreover the application of these tools of analysis must filter into all functions and practices at all levels in society, in the family and in the economy.

In view of this state of affairs the reality is that women still find themselves victims of social and economic oppression. Reported unemployment in 2004 was higher (30.8%) for women than for men which stood at 21.1% (Knight, 2004:2). Even in 2007 female unemployment rates remained higher (30.8%) than men's (21%) in every period. A similar pattern is evident in labour absorption rates which was low for women at (34.5%) as compared to men's (49.7%) rate (LFS March, 2007:iv).

This is the case even when women do not actively look for work because they are aware that employment opportunities open to them are severely limited. For example, employment growth for the year up to March 2007 resulted in an increase in male labour absorption rates only (StatsSA, 2007:4) This means the percentage of South Africans in the working age population with jobs rose from 41.7% in March 2006 to 41.9% in March 2007, but this was for men only (LFS, March, 2007: iv). This is partly because of traditional, cultural and often legal factors under-stating the position of women.

Also male labour migration and depletion of key human resources as a result of economic reform measures introduced triggers a chain of social and economic effects that unduly disadvantage women in formal and informal economies (ILO, 1998-1999:13). The very activities in which women predominate tend to be characterised by gender hierarchies that influence the way in which women participate in the labour market (i.e. informal sector-which has become legendary) (Gugler, 1997:27). As a consequence the improvement of the living conditions and social status of women particularly in informal economy is confronted with lots of burdens, with obstacles worsened by economic policies.

What needs to be done is for government to understand that there is no growth path in today's macroeconomic reform measures that will mop up the country's huge mass of women informal economy sector workers, high female unskilled labour and put the economy on a sustainable trajectory. However the option is for government

to invest in improving female labour skills and support economic initiatives for those in the informal economy sector and in those activities in which women predominate.

For many in the informal economy sector the solution to their work and survival means challenges lies in welfare and poverty alleviation strategies rather than in any form of formal job creation plans. The option for government should be to look deep into the informal economy sector activities in which women predominate and upgrade the put mechanisms to upgrade the level of skills in preparation for possible employment in the formal sector.

As most of the new jobs being created are low and semiskilled, government should put in place additional measures to reduce the cost of living and simultaneously halve poverty. This according to Altman (2007:37) could be achieved through the introduction of poverty reduction strategies that include improved service delivery, reduced prices for basic goods, lower food prices and subsidised commuter transport. These will develop some sort of social protection for the working poor beyond already low salaries and earnings received in either of the sectors. It will also reduce the impact of crises in informal economy sector working people's lives.

## **2.5 GEAR and Women in the Informal Economy Sector**

The study has already alluded to the difficulties in defining women's work, yet it appears that identifying what constitutes women's work in policy is no less controversial either. The same difficulty is seen defining employment and unemployment along gender lines.

The foregoing is an attempt to argue- why women are already and tend to remain poor despite the restructuring of the economy. My argument on this question is that economic crisis influences the daily lives of women everywhere. In turn this has been influenced by the fact that the central debates in macro economic reforms partially

comprehend women as part of the complexity of the economic structures being reformed.

Government maintains that the number of the employed remained proximately stable in the 1998 Official Household Survey (OHS) and that inflation and budget deficit was lowered with the introduction of GEAR (Knight, 2004a:3) and that at the time 3% growth rate was low but could be attributed to global growth stagnation. However, this is misleading because government's argument is based on combining the quality of formal sector employment levels with informal economy sector jobs and their sustainability.

Orr (2003:5) and Nowicki (2003:12) argue that such a conclusion is an assertion by policy makers that just because there has been growth of jobs created in the informal economy sector, there have been in effect no net job losses. I strongly question this assertion on the basis of whether there has actually been any increase in the informal economy sector, or whether improved data collection by policy makers is the reason for a growth in figures.

Moreover, Makgetla & van Meelis (2002:9) point to substantial variations in statistical data reflecting a change in the definition of employment. This is arguable because for the mere fact that there has been any increase of self created jobs in the informal economy sector is improbable because it reflects the inclusion of more people within the definition of the informal economy activities. This should not be just about the number of jobs to define employment but should be about the quality of the jobs and the benefits of that job that define employment in the informal economy sector (Meer et al., 1991: 22).

More importantly, the kinds of assumed 'jobs' that exist in the informal economy sector cannot, in all fairness be described as employment. For example, people who do washing and housework for others once every week (women's work), child minders and guarding cars at car parking are considered employed even though

they earn less than what could be considered an income. In a social context the informal economy sector policy makers should not consider such activities as employment in real economic terms because much of what is counted as informal employment by government consists merely of survivalist activities.

Women remain poor because even in the informal sector where they predominate, policies that aim to create new economic opportunities focus on micro-enterprises activities (Cross, et al, 2000:15). These are activities highly owned by men. Such concentration of opportunities ignores the fact that informal economy sector activities are characterised by the working poor-women mostly.

Therefore promoting micro enterprises alone as the only informal economy sector entity means continued marginalisation of many women within the economy because most women do not own or have ownership control over such enterprises. In addition many micro enterprises involve high levels of credit and security to set up. These are the means that women rarely have. Within these micro enterprises activities owned by men, women still face poor working conditions, unstable activities, highly competitive environment with men and generally low earnings and high security risks.

The argument we put forward here is that working women in the informal economy sector will always remain poor because capital and market oriented policy choices and its patriarchal relations oppress them. Even in the most democratic economies women still remain deprived of some rights because the law does not give them equality with men in the same economy. They remain in “household bondage” and continue to be economically marginalized (through selective support of activities in the same sector).

They remain poor as they are overburdened with the drudgery of the most squalid and backbreaking work characterised by long hours, high security risks and less or no income borne at huge personal costs. This gives an impression that there is a



strong pressure generally in society and from male dominated leadership to keep women's position lower in the economic ladder. This is because the idea of women organising separately as a gender is seen as divisive and very much 'bourgeoisie'. These, point to a failure by government to address the concrete sources of poverty and dislocation in South Africa.

Women remain poor because the policy position taken in the economy is characterised by high interest rates and restrictions on credit availability. Such policy position makes it impossible for women in the informal economy sector to secure resources, which they require to improve their already poor status and economic position (Baden, 1997: 20). Likewise although labour legislation claims 'gender equality', their implementation strategy fails to develop a strong position on women's work. Legislative intervention in this area has vacillated between outright prohibition of discrimination against women and passive encouragement of it (Ukhun & Esq, 2005:16) when it comes to influencing economic policy decisions.

On the whole, economic policy fails to address women's poor position in any meaningful way and has failed women workers in this regard. It is important to identify a material and historical basis of women's poor position in the economy because it creates the possibility for a gendered transformation.

## **2.6 Why Women tend to Predominate in the Informal Economy Sector**

Women make up a higher proportion of street traders than men (Braude, 2004: 7). National estimates for the year 2007 indicate that 40.4% of street traders are comprised of women (StatsSA, 2007: 33). The increasing levels of poverty and inequality, combined with unemployment, deregulation and cutbacks in social services affect women more than men. This affects their lack of participation in the formal economy because they are clearly marginalized by the effects of the macro economic framework. They are the first to experience formal sector cuts in employment, and first casualties of the restructuring of the economy.

Women's predominance in the informal economy sector can be illustrated by a number of socio-economic factors (Charmes, 2000:3). Firstly, poverty, which already affects many women and children, prevents real opportunities and choices for decent and protected work as women take on different forms of informal economy sector work for the survival of the family and to make ends meet. Secondly, low and irregular incomes in the informal economy sector and casual employment and often the lack of emphasis on public policies prevent many women from investing in their own education and skills needed to boost their employability and productivity in the formal sector and from making sustained contributions to social security schemes.

As a consequence, the above limitations act as a barrier on women's entry and effective functioning in the formal economy. This also pushes families and communities into poverty and therefore the need for survival and livelihood by women drives them into the informal sector.

## **2.7 Explaining Differences in Employment Quality According to Race, Class & Gender**

When we consider the class and race dynamics of the informal economy sector, my theoretical argument is that the South African economic policy for the large part of the past ten years has concentrated on economic growth reform measures as a primary factor and overlooking that the experiences of women (than men) are often experienced in colour and class terms. This tends to obscure the overall gender dimensions of women's marginalization.

Although White women suffered marginalization and effects of economic restructuring theirs has been softened by being members of the economically privileged group as compared to Black women. Their level of employment is higher than that of Black women combined at the same period of time.

The experience of women in South African has been that they are not highly organised along sexual identity lines only but also along racial lines. Although women's share of the labour force has decreased in general following contractions as a result of austerity measures of government's neo-liberal policies, Black women have been the first to suffer more from formal sector employment contraction.

More than 50% of African women workers are employed in the informal economy sector, domestic service or subsistence agriculture. All these sectors generally offers low wages and few benefits if any (ALRN 2004:6 & Altman 2007:38). Many Black women work as domestic workers (11.4%) as compared to other population groups (7.7%) of Coloureds but only 0.3% of Indians and 0.2% of Whites (March 2007 LFS:36). These figures reflect an overlap between race and skills in employment in an economy that increasingly favours skilled and professional workers who are mostly men and largely comprised of Whites.

From the forgoing one can argue that White women too suffer from unemployment, but being members of the privileged minority softened theirs. White women shared with White men in benefiting from the economy. This tended to lower their economic risks as opposed to Africans who mostly depended on a single breadwinner often in a lower income sector. The wages and incomes brought by their White men and the history of social security they enjoyed afford many White women comfortable to affluent lives whereas their African counterparts do not necessarily have such a history.

While sexual discrimination generally exists, it is often offset by the fact that the economic and political status of White women is infinitely higher than that of African women. This not only invalidates an anti-male movement on economic reforms but it underlines the fact that to preserve the existing privileges, White women close rank with White men as a class (Meer, 1987:29) in policy making and implementation.

Thus even in the informal economy sector, where women predominate, White women are rarely found. If they are present they are found in 'clandestine' informal economy sector activities that are highly organised to the exclusion of many in the lower ranks of the same sector (Prekel, 1994:8). This indicates that class and racial cleavages are dominant in policy making and in the economy. This affects women more as a group than as a class and explains their predominance in the informal economy sector.

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## CHAPTER 3

### NEO-LIBERAL ECONOMIC REFORMS AND ITS IMPACT ON THE INFORMAL SECTOR AND ON WOMEN IN PARTICULAR

#### 3.1 Introduction

This chapter focuses on the effects of macro-economic reform policies on women in the informal sector. It focuses specifically on the introduction of GEAR as an economic reform measure. Specific attention in this part is on the continued economic stratification of people in particular women and on how they are affected by the impact of this completely neo-liberal policy. This part examines the character of the South African government's economic policy system pre and post apartheid. It further argues and analyses the extent to which these policies take account of the macro changes of the country's political economy.

In addition focus is also on the impact of a neo-liberal policy climate on women's position in the labour market, the economy and on their potential to contribute to issues of economic growth and employment creation.

#### 3.2 Economic Reform and Crisis

A decade after the transition from White domination to a representative democracy South Africa is faced by serious political, social and economic problems. South African economic crisis from the period of colonialism around 1652 to democracy in 1994 has been caused by a multiplicity of interrelated factors, which have led to a slowdown in economic activity accompanied by the restructuring. Sanctions, disinvestments and the outflow of foreign capital were designed to weaken and to force the apartheid regime to open space for the participation of the Black majority. However, this also put constraint on economic growth and prosperity in South Africa.

The situation impacted heavily on the Black population as they experienced the high and rising unemployment levels in a sluggish economy (Terreblanche, 2005:9). The impact on women was heavier as their basic human needs remained largely unmet, deprived of information about their rights and opportunities thus becoming more marginalised, powerless and pauperised.

The above reflect the country's class categorised apartheid legacy and its economic operation. The one class is based on socio-economic terms and was experienced many Black people through inadequate development, socio economic backlogs in terms of provision of education, health, housing and social pension as compared to White people (Coetzee, 1994:62; Knight 2004a: 6).

The other is based on a foreign culture through a shift to the right and the adoption of neo-liberal strategy to transform the economy (Knight, 2004a:6). The strategy was manifested through economic powerlessness of more than half the population which consisted of substituting labour with capital, reorganising the corporate sector and cuts in public expenditure. The shift can be understood in terms of complex political struggles within and beyond the government's focus in the course of which alternatives to neo-liberalism were side-lined (Hart, 2002:33).

Since the early days of apartheid rule, poverty and unemployment have been much higher for South Africans of colour. However with the transition to democratic rule although progress has been made in education, health care, housing and providing basic services – unemployment and poverty continues to be widespread. In 2004, 61% of Africans were classified as poor compared to just 1% of Whites. Income disparities remain as wealth still remains concentrated in few people (Knight, 2004:4).

Even at what I would argue as the height of democracy unemployment rates for African people is higher than among Indian/Asian, Coloured and White people by a large margin. The unemployment rate of African people in 2007 was 30.2% as against 19.8% among Coloured people, 13.8% among Indian/Asians and 4.3% among White people (StatsSA, 2007).

The nature of capital largely remains the same still concentrated in the mining and finance complex, which continues to dominate the commanding heights of the South African economy. It is largely comprised of and owned by White people. Unemployment increased by 42, 5% for Africans as compared to 4% and 6% unemployment rates of White people since the introduction of GEAR in 1996 (Knight, 2004b:3).

Many people continue to lack necessities and this has resulted in conflict ridden tensions and demonstrations. Unemployment has rose by 9% more for African women than for any other group between 2000-2002 (LFS, 2002: 20 & Orr, 2000:8). This has been the case as the March 2007 Labour Force Survey results indicated that female unemployment rates have been higher than male rates (StatsSA, 2007:11). A similar pattern is also evident in the labour absorption rates and labour force participation rates between men and women since the introduction of GEAR.

Since 1994 South Africa has also seen a continuation of rapid economic stratification of people into classes. By 1996 according to Knight (2001:2) distinct social classes were identifiable and the existing political ideology that South Africa was a free society in which all people are equal and share equal opportunities and resources became a myth.

In general a wealthy class, a working class and a petite bourgeoisie class among Africans became observable like before democracy among Whites. The emergence of an extensive and highly sophisticated material culture has made economic stratification more pronounced particularly between males and females (Hope,

1997:38). The foregoing is illustrated by the fact that in addition to massive levels of unemployment in the country, there is significant underemployment.

Political independence in South Africa gave society the mandate to structure the political system and with it the economy of the nation. This mandate was entrusted to the ANC government as the overall winning and majority party. In restructuring the political and economic system it also changed the national social framework (Bond, 2005:62; ALRN, 2002:9). Firstly, came the reorganization of the economy and finally culminating with the liberalising of the South African labour market.

The 1994 democratic government abandoned the inward-looking economic policies of apartheid and adopted open/free market policies. Tariffs were cut substantially and local business faced increasing exposure to foreign competition and the forces of neo-liberalism and globalisation. This resulted in a situation where local business either closed or had to modernize and become more competitive by producing more goods with fewer workers.

Despite the reform measures adopted, the downward turn of the economy continues with two persisting economies in the country – one is advanced, sophisticated economy based on skilled labour, which is becoming globally competitive and the other is mainly informal, marginalized, unskilled economy populated by the unemployed and those unemployable in the formal sector (Ten Year Review, 2003:2).

Although realising that the economic policies placed to revitalize the economy have not reached fruition, the government still stands by GEAR policy that has continued to solidify the inequality of the distribution of income (Knight, 2001: 6; Terreblanche, 2005:9). The government still emphasises the point that in the long term the policy will provide South Africa with the most economic growth. This is aimed at allowing more market forces to control the economy.



### **3.3 Understanding the Move from RDP to a Neo-liberal Economic Strategy-**

#### **GEAR**

The socio-economic problems facing South Africa after the political transition have attained a threatening systemic character even after a decade of democratic rule. The reason being that neither the political nor the reformed economic part of the new political economic system is geared to effectively address the predicament of the poorest half of the population, or regard poverty alleviation as a priority. This can be traced from the point of the transition to a democratic, non-racial government which begun in the early 1990s.

The transition stimulated a debate on the direction of economic policies to achieve sustained economic growth while at the same time redressing the socioeconomic disparities created by apartheid. Thus the democratic government's initial blueprint to address this problem was the introduction of the RDP policy.

The RDP was designed to create programs to improve the standard of living for the majority of the population by providing among others the planned 1 million new homes by the year 2000, provisioning of basic services, education, and health care, the distribution of 30% of agricultural land to emerging Black farmers and the creation of a strong and dynamic balanced economy in order to eliminate poverty and meet the basic needs of every South African (RDP Policy Document, September, 1994:7).

The RDP played a critical role in fostering a more democratic culture and putting forward its distributive mechanism. These included the fact that for the period that the RDP was an operational policy, four and a half million people have gained access to portable water; just over a million low-cost houses were constructed; free and compulsory 10-year education was introduced; while a total of 58,921 households received 745,015 hectares of land in both redistribution and restitution programme; and free medical care for pregnant women and children under six years of age was

provided. As Munslow and Fitzgerald (1997: 157) aptly put it: *"There is no doubt that RDP played a pivotal role in ensuring the successful transition from separate development towards a more sustainable development future"*.

In spite of the preceding measures, government instituted the most radical move towards economic reform and liberalisation in 1996 by introducing a neo-liberal economic strategy –GEAR– as an economic reform measure. As (Adelzadeh, 1997:11; Bond 2000:62) illustrate, GEAR was in many regards a sudden retreat from the redistributive commitments of the RDP.

With its announcement in 1996 GEAR has been highly controversial, and it continues to be so. GEAR controversy has been related to whether this economic strategy was consistent with the liberal ideals during the anti-apartheid struggle outlined in the ANC's 1994 election manifesto (Naledi, 1997:9). Another controversy is related to whether the introduction of GEAR marked a break with the RDP and an embracing of neo-liberal economic ideas (Michie & Padayachee, 1997:105).

GEAR policy state categorically that there would be an economic growth rate of 6% per annum by 2000, which in turn would generate up to 400 000 jobs per annum, boost exports by over 8% per annum and lead to a drastic improvement in social conditions as well as restructuring of the public service for better management of the wage bill (central to the fiscal strategy) (Office of the President, 1996a:9 & Department of Finance, 1996:7). These stated characteristics of GEAR led to the anticipation that about 1.35 million jobs would be created between the periods from 1996-2000.

As alluded to earlier, the government had banked on the neo-liberal fiscal and economic measure (GEAR) adopted. Unfortunately, much of the gains expected from the adoption of this economic reform measures did not materialise. In spite of the macro-economic changes instituted in recent years, South Africa's economic performance has been generally disappointing.

GEAR failed to effectively attain many of its goals (i.e. development of a competitive fast-growing economy which creates sufficient jobs for all work-seekers; a redistribution of income and opportunities in favour of the poor; a society in which sound health, education and other services are available to all and an environment in which homes are secure and places of work are productive).

Although changes in corporate tax levels, foreign exchange controls and interest rates have yielded some degree of increased investment, many of the strategy's long-term targets have not been met. The anticipated 6% growth rates in GDP remain illusory. The economy grew by only 3.3%, and by 2002, it was actually contracting at 1.3% (Chikulo, 2003:3).

Similarly, exceptionally poor performance was recorded in the job market. Instead of achieving the creation of 200,000 jobs in the first 18 months of GEAR's existence, 80,000 jobs were in fact lost. By 1999, it was estimated that the economy had actually shed off some 500,000 jobs since 1994 and 350,000 since the inauguration of GEAR in 1996 (Chikulo, 2003:5).

Throughout this period, formal employment dropped. Similarly, investment rates have been low and FDI inflows disappointing. Thus, although GEAR helped ensure macro-economic stability and thereby enhanced the government's international status, yielded tangible macro-stabilisation achievements and enhanced policy legitimacy, it has done little to address internal problems of chronic unemployment, poverty, crime and limited economic growth (Naledi, 1997:9).

In short, GEAR has not lived up to the government's expectations. In spite of the government efforts, the majority of South Africans still find themselves in poverty. Thus the level of poverty, unemployment and inequality in South Africa is one of the major dimensions of the legacy of apartheid that still remains unchanged (Xundu, 2002:7).

The RDP and GEAR are fundamentally different in the framework that underpins them. While the RDP emphasised people centred development, meeting basic needs and redistribution, GEAR's focus was on export-oriented growth. As pointed out earlier; the RDP placed redistribution as a central objective and mechanism for growth, while GEAR's premise is that redistribution will only result from economic growth – an approach based on the trickle down-notion of growth.

A further distinction is that the RDP involved broad consultation and input with all democratic stakeholders before it was finalised whereas GEAR was introduced as a non-negotiable economic strategy. Moreover upon introduction it became apparent that GEAR is highly technical and relies on economic calculations and models which themselves are not transparent to the majority of people even those with an economics background (Adelzadeh, 1997:11, & Weeks, 1999:13).

According to Valodia (2000:23), the government still points to a consistent policy development process from the RDP to GEAR, yet, it is still increasingly argued by critics (such as Bond, 2000:64; Knight, 2004a:6) of GEAR, that the key features of this policy like those of other typically 'orthodox' macro economic policies are increasingly out of line with broad humanitarian thrust of sustained economic growth and job creation, which are essential to reduce poverty and improve socio-economic conditions (Fine & Padayachee:14, 2000; Chikulo, 2003:6).

This reflects two interpretations of the policy approach by the new government:-

- (i) that government pragmatically adopted a macro framework consistent with global economic realities on the premise that GEAR was to encourage foreign investment in the economy with the hope that such investment would help grow the economy without government dealing with backlogs in services on its own,

- (ii) the government had embarked upon an ideologically- generated neo-liberal policy which in essence undermines the goal of redressing the gross inequalities of the apartheid period. The implications of this ideological and policy choice for labour have been enormous. It indicates that while the country has adopted relatively sound labour legislation, which protects workers' rights, the nature of the chosen development path in terms of policy completely undermines these rights in practice.

The RDP envisaged an integrated and unified labour market. Politically, the document represented both a consensus across different interests and a compromise between competing objectives. Economically the RDP was successful in articulating the main aspirations of the movement for post-apartheid South Africa, which are growth, development, reconstruction and redistribution in a consistent macroeconomic framework (Williams & Taylor, 2000:113). While economic analysis cannot resolve this political debate it can evaluate whether the South Africa's 'experiment' with neo-liberal economic policy achieved its purpose-driven economic growth that would lay the basis for reducing unemployment and a more equitable distribution of income and wealth.

The reason for this argument is that on the one side the RDP proposed growth and development through reconstruction and redistribution, sought a leading and enabling role for government in guiding the mixed economy through reconstruction and development and argued for a living wage as a pre-requisite for achieving the level of economic growth. Socially, the systematically deprived majority supported the RDP as it promised a democratic society that will embark on unleashing the economic potential of the country in order to provide jobs, more equitable distribution of income and wealth, and provision of basic needs of all South Africans.

On the other side the announcement of GEAR two years after the formal end of the regime whose economic policy sought to ensure that the benefits of growth would accrue to the White minority left little space for any of the RDP goals. It stood in

sharp contrast to the delivery of RDP objectives and represented an adoption of the essential tenets and policy recommendations of the neo-liberal framework advocated by the International Monetary Fund (IMF) with its structural adjustment programmes (Adelzadeh, 1997:9).

We can identify aspects of poverty traps inherent in the socio-economic situation of many people which have since the introduction of GEAR been responsible for further destitution despite proclaimed increased social spending by government. These include high rising levels of unemployment, deeply institutionalised inequalities in the distribution of power, property and opportunities between Whites and Black elite and the poorest half of the population, disrupted and fragmented social structures and the chronic poverty syndrome. At the same time formal sector employment has been declining consistently by at least 500 000 (Chikulo, 2003:5). There are also indications that employment in the informal economy sector has increased, however the content of these employment opportunities is uncertain and in many cases involves part-time jobs.

Although there are differences on the causes of slow growth, there can be no disagreement that the economic performance over the 1980s was dismal with per capita GDP (gross domestic product) increasing only slightly in 1994. The major economic problem for the country in the mid 1990s was to increase the rate of economic growth, increase investment to stimulate growth and modernise production and to achieve economic stability resulting in increased wage employment and greater equality in the distribution of income and wealth. These were the primary goals of the 1994 RDP policy, which set the broad framework of the new government's economic and social policy.

The argument I am making here is that the South African economy in 1996 did not face any substantial imbalances that required economic reform stabilisation measures. The South African economy had not suffered from instabilities as those of Latin American and Sub-Saharan countries (World Bank, 1994a:13), in the context of

extreme internal and external imbalances such as high rates of inflation and volatile real exchange rates. This is because inflation between 1994 & 1995 was below 10% (Knight, 2001:3) half its rate in the early 1990s. The external current account deficit was also more than balanced by long-term capital flows.

Thus government economic overhaul with a reform measure in the form of GEAR that has similar characteristics (i.e. declining social welfare expenditure, massive job losses and saturation of the informal economy sector operators) as other structural adjustment programmes (SAPs) introduced in other African countries such as Nigeria and Ghana (Mkandawire & Soludo, 1999:179; Bond, 1997:119) is all the more remarkable in view of the limited even negative impact of such stabilisation measures.

The introduction of GEAR is all the more surprising because of the lack of any leverage that the International Financial Institutions (IFI) had over South African policy makers (Bond, 1997:147), the lack of any dramatic changes in the economic and political environment to warrant such major shifts in policy orientation (Adelzadeh, 1997:9, Weeks, 1999:13; Bond, 2000:104), and the lack of a transparent and fully argued justification for the adoption of an entirely different policy framework (Naledi, 1997:17; Knight, 2001:3). These have so far also failed to deliver the promised economic growth of 6% (Ministry of Finance, 1996: 1 & Knight, 2004:6) by 2000 or significant redistribution of income and socio-economic opportunities in favour of the poor.

In contrast to the RDP framework, GEAR as an economic reform measure did not indicate reducing inequality, gender inequality included as a policy goal, rather it stressed decreasing unemployment, which the RDP considered necessary although not sufficient. To say that economic performance has fallen short of GEAR targets is an understatement. Foreign direct investment (FDI) has been negligible particularly in industry (Hart, 2002:27), domestic capital has continued to flow out of the country

and formal sector employment was contracting at an accelerated rate causing the saturation in the informal sector as people tried to find survival economic activities.

Over and above these general problems the substantive abandonment of the RDP particularly as originally formulated (Adelzadeh, 1997:10), and the imposition of economic reform/stabilisation measures in the sense of a deflationary programme to redress imbalances and restore lost investor confidence (Weeks, 1999:17) did not appear necessary. GEAR in the case of South Africa should be the least preferred policy rather than the master policy to redress inequality, poverty and unemployment.

### **3.4 Effects of Economic Reform Measures (GEAR) on Women's Work**

On March 13, 1996 the South African Ministry of Finance announced its annual budget. The budget speech laid the basis for a five year planned program—GEAR (1996 Budget Speech: 4). It spurred controversy surrounding the appropriateness and the efficiency of this neo liberal economic strategy in the South African context. It also spurred a series of studies and debates (Bond, 2000:104; Orr, 2001:16; Knight, 2004:6; Kabeer, 1998:110) by both critics and supporters aimed at analysing the effects of the economic reform measures on living standards.

A concern for the impact of South Africa's macro economic policy on women also appeared (Knight 2001:3; Orr et al. 1998:14). Most of these studies and concerns concluded that economic reform measures generally have negative effects on women. The negative effects include women being the first casualty of unemployment by being pushed out of the formal labour market or their labour being made redundant and docile. However, policy makers in government have continued to look at the evidence on the effects of economic reform measures on women as inconclusive thus easily dismissing this. The discussion here attempts to bridge the gap on studies and debates of the impact of economic reform measures by



assessing the linkages between males and females in relation to women and macro economic reform policies in South Africa.

Although we have noted and stated specifically that since GEAR the government has failed to reach its socio-economic target plans; it is also worth noting that the GEAR framework is not only class biased but also gender-blind. GEAR has a gendered impact due to the disadvantaged structural position of women in the economy. The policy's export-oriented focus puts emphasis on sectors where men predominate (i.e. mining) whereas trade policies and tariff reductions negatively affect the sectors where women predominate (i.e. clothing and textile industry) (ALRN, 2004:7, Orr et al. 1998:12). This points out that while GEAR might be called gender blind it is certainly not gender neutral either in terms of the distribution of resources and income.

Gender issues and household dynamics are almost completely invisible within the current macro economic strategy. This contributes to the ongoing marginalisation of women in the economy. Granted most economic policies are gender biased (Elson, 2002b:217) and often blind to the roles that women perform in the economy. It is for instance appalling to see that women's work is not even recognised in statistics of world economies which tend to state that only some 50% of women are economically active (Perreira, 2002:117). This is argued forth despite the fact that ALL women work and mostly 15 hours shifts as compared to just 8-10 hour shifts men tend to provide. Of course men tend to do unpaid labour too but theirs is softened by patriarchal relations in society and is often viewed as recreational for those who do it.

The bias is clear also in GDP figures because unpaid labour is excluded and the role of the informal sector is not accurately captured (ALRN, 2004:7). This has serious implications for women because GEAR relies heavily on GDP as an indicator of economic growth; however the valuable roles (informal sector activities, household support) that women perform in the economy are made invisible. This is just a

question of intellectual honesty by policy makers to recognise these realities for women.

Furthermore the gender blindness of GEAR is reflected by the fact that this policy calls for greater labour market flexibility in order to attract foreign investment and to improve competitiveness (Department of Finance, 1996b:2). The implication of this is that the most vulnerable workers, mostly women remain unprotected and discriminated against. Where jobs are created they are characterised by poor working conditions. With greater market flexibility the position of women actually worsens, because of the resulting decreased benefits (i.e. maternity) and less flexibility regarding working hours and accompanying parental responsibilities.

There is a limit to the extent to which women can switch from labour market flexibility required to improve production to increasing profits. Children will not be left unattended because the economy has suddenly experienced growth and needs to remain competitive. These are limitations that GEAR does not consider. As a result, cutbacks outlined by GEAR policy mean that women continue to experience increased unpaid labour that substitutes for the lack of adequate social services. This further limits women's access to alternative economic opportunities and further indicates that GEAR in many respects entrenches the economic oppression that women face and thus increases their risk of poverty.

Men too do suffer the consequences of GEAR's greater labour market flexibility. However they rarely suffer the consequences of the division of labour at home neither do they at times experience this. For instance 75% of all health services globally are provided in the household, primarily by women (Wilkins, 2002:53). This is never estimated in economic terms and is thus not really viewed and acknowledged as a contribution to economies, inspite of its fundamental value.

As already stated earlier in this chapter, women (in particular African women) perform the bulk of reproductive labour, yet, reproductive labour is unpaid and invisible although the economy and our society rely heavily on this work. Although as argued, reproductive labour is unpaid, it is also very costly – costs which tend to fall mainly on women. Certain aspects of GEAR increase substantially the cost of reproductive labour. For instance hiking interest rates (a central tenet of GEAR) (Department of Finance, 1996a:10) makes it more expensive to buy on credit (i.e. house, loans) leaving less money for the costs associated with reproductive labour. Obviously this is beneficial to financial interests as their profits rise directly with interest rates that have negative and often hard effects on women.

This is because cutbacks in government expenditure on social welfare and services have led to poor families bearing the brunt of additional costs of living. In addition GEAR's rigid budget deficit targets means less expenditure on the part of government on social infrastructure and providing basic services. Government's move to privatise water and electricity provision results in inaccessibility of these services to many people. All of this means that women will have to continue to perform additional labour such as wood gathering and distanced walks to fetch water. This also means less focus on productive economy whether formally or informally because of the burden that comes with reproductive labour and the resulting incidence of macro economic policies.

Opportunities for women in the informal economy sector are constrained by lack of access to economic resources. It has always been emphasised and evidence also indicates that lack of access to financial resources severely limits women's economic opportunities in small and micro economic activities (Orr et al., 1998:14). It is our argument that if women gain access to even small amounts of financial resources, large gains in economic development and welfare can be achieved.

However, GEAR policy position of high interest rates and restrictions on credit availability means that access to financial resources becomes more expensive and inaccessible. As a consequence it becomes impossible for women working in the informal sector to secure resources, which they need to improve their economic positions.

The chronic structural nature of unemployment is demonstrated by the fact that by 2004, 70% of the unemployed had been jobless for over a year and almost 60% had never been employed with people under the age of 30 with a 61% unemployment rate (Knight, 2001:6 & 2004:4). In 2007 we have 43.8% of people who are not economically active and 11.6% are discouraged job seekers while country wide the unemployment rate stands at 40% (LFS, 2007:xvii & Mkhabela, 2007:21). The elimination of jobs from the formal sector in turn pushes women into the informal sector since they are the first to lose jobs. These results in increasing competition and economic risk as the rank of women who are informally employed swells with that of men as well who are retrenched from the formal economy.

What makes it worse for women is the fact that the restructuring of the economy has led to a decreased demand for unskilled labour and increased demand for highly skilled individuals. GEAR strategy focuses on technology, human resources, finance and marketing-these are occupations (Department of Finance, 1996b: 10) where men predominate because of the levels of their skills and business acumen.

This kind of occupational segmentation places women in the lower paying jobs because they are perceived to be lacking skills to enter traditionally male-dominated occupations that tend to be highly valued and highly paid. This situation reflects that not only does GEAR fail to address development in the informal economy sector; the strategy which the policy adopts further erodes the position of women in the formal sector of the economy too.

The fact that GEAR ignores the informal economy sector means that such a sector is reduced to a residual segment of the economy that includes large numbers of women who are excluded or pushed out of the formal economy sector. What this policy framework often ignores is that the informal economy supports formal economic activity.

Women who continue to work informally provide important support to retail services and to major producers in the South African economy by distributing the goods produced to the people through the informal sector market. In the same case women supply these services under very poor, highly competitive and unregulated conditions. As a result contributing to the invisibility of this sector with respect to economic policy has a dramatic impact on the economic reality of many women.

Therefore, one argues for a policy that considers women's voice as people who can shape the economy in the country and not just as economic liabilities. It is not just a question of 'integrating' women in the economy but of recognizing what women do and could do if given equal opportunities in practice than in theory and access to resources through female considerate economic policies (Elson, 1989:215).

Policy makers need to move away from an often-paternalistic approach to consider women's economic activities as inferior or in non-economic terms. As it happens the so called non-economic activities by women is and has always been a precondition for the productive and economic work in society. Policy makers need to treat women with dignity and respect and to regard women as important vehicles for poverty eradication and economic growth.

According to Orr et al. (1998:15) often policies, which aim to create economic opportunities, focus on micro-enterprises in some informal sector economic activities. However such an approach to economic empowerment ignores the fact that most informal sector activities are characterised by low incomes, unstable employment, high risk and lack of regulation. The point made here is that the South

African formal sector work force contains significantly large numbers of male workers than female workers. In the informal sector as well the number of male vs. female is also estimated to be larger in favour of men. This reflects a change in the definition of employment.

This argument may seem improbable but the point is that micro enterprises are mostly owned by men and run by women. Moreover the kinds of jobs that characterise micro enterprises cannot in all fairness be considered women friendly because none include any protective measures (i.e. job security, maternity), they depend on the use of own transport for operation activities. So, even if women are involved in micro enterprises as owners, many of them still depend on 'men power' (transport, logistics) to enable them to combine jobs with family responsibilities and to reach the economy.

Therefore, the point is that promoting micro-enterprises continues the marginalisation of many women within the economy (Phalane, 2004:9). It also indicates a failure to address the concrete sources of poverty and dislocation, which faces many women in South Africa.

Two key trends from South Africa's trade policies and economic reform experience are relevant arguments in this study –

-Firstly, the employment effects, impact most negatively on those sectors of the economy that employ large numbers of women. The restructuring processes in these labour-intensive industries (i.e. garment sector and clothing and textile) have resulted in massive job losses in the sectors that have traditionally employed large numbers of women (Valodia, 2000:17; Makgetla & Tregenna, 2000:29).

These negative employment effects are being generated primarily through typical macro economic policy strategy of rationalisation and downsizing in industrial enterprise (ILO, 1996:17), processes which have led to the in-formalisation of women's work (Fakude, 2000:3; Motala, 2000:119; Cherel-Robson, 2000:147).

-Secondly, the long-term trajectory of the South African economy is being shifted towards capital-intensive production thereby favouring the employment of men than women in the formal sector of the economy. The pattern that unfolds here is that the short term of trade liberalisation and economic reforms are being borne disproportionately by women. The potential long-term employment benefits of reform and liberalisation processes favour men.

My argument on this is based on the recognition that capital-intensive production tends to attach a 'gender biased value' to the worker on the basis of acquired characteristics (i.e. education, training and experience) and ascribed characteristics (i.e. physical strength, intelligence and cooperation). These are characteristics largely associated with men and tend to be highly valued as well. Where few women exist in such positions they are probably in administrative position.

Because of the gender blind nature of economic policy-making important aspects of the economy vanish with critical consequences for women and society as a whole. The point I make is that if economic policy only concerns itself with the dynamics of the formal capitalist economy, other economic activities mostly done by women that also ensure the continuation of the South African society become severely and unnecessarily compromised.

The reality of the South African economy and that of other African, Latin American and Asian countries is that their economy is accompanied by non-market production in the household, caring work, provision of basic needs and unpaid work. This reality is mostly ignored and erased; it is largely women's reality. Instead a more likely outcome is unemployment and more work for women. Failure by government

to take this into account when analysing current economic policy results in extra burdens for women and means that economic reforms are unlikely to be able to deliver the growth they promise.

My argument on the foregoing is that South Africa's macro economic policy does not take account of gender in relation to women and thus effectively perpetuates the division of labour and women's disadvantaged position in the economy. The strategy for mainstreaming gender and social issues in macro economic policy requires both changes in the theoretical framework and in the organisation of the policy making process. The changes in theoretical framework need to go beyond focus on capital-intensive production influenced by profit to include insights of women inclusive economy.

In this context the challenge therefore is to develop a gendered economic analysis and gender-sensitive economic policies that recognise and value women's contributions formally and informally to the economy and thus deepen services to address women's needs. By developing gender sensitive policies, a holistic and integrated approach is critical since it is women's position in society and structural inequalities in the economy that disadvantage them. Strategies that simply attempt to alleviate the position of women without fundamentally challenging the source of their oppression are bound to fail.

### **3.5 Towards Policy Review/ An alternative approach**

South Africa's unemployment levels largely attributed to economic reform reflects the need for an active, interventionist, and comprehensive strategy to address the problem. The problem of unemployment in South Africa is structural. It is characterised by the evolution of the economy over time and recent policy developments. There have been significant advances in South Africa in legal and Constitutional provisions on gender equality. The Bill of Rights of the Constitution,



labour laws, laws on child maintenance, domestic violence and childcare grants- these laws and rights provide a structure for equality.

However, little has changed for many working women in South Africa. Statistics (Bond; 2000:34; ALRN; 2006:11; SAPN, 2006:4) in the literature shows growing poverty and inequality. The point is that legislation alone though it can change structures does not change attitudes, traditions and power relations in a society. All of the above legislated rights and laws have important economic dimensions.

The source of women's low position in the economy is arguably the point that the Constitution (despite being progressive) still limits the obligation of the state to deliver these rights. The amount of resources, which is available, is determined by government's macroeconomic policy, its budget priorities, and the structures of the South African economy.

The South African government's economic reform policies and the inequality of the nature of capitalism have made poverty and the inequality of women worse. They (women) bear the brunt of economic restructuring, casualisation and retrenchments as packages of making the labour market flexible (Valodia, 2000:27 & Mkandawire, 2001:16).

There is a need to review the impact of our economic policies in relation to the female gender. Thus there is a need for an integrated policy approach that contributes to employment creation for women. Government therefore has to develop an approach to macro-economic policy and employment creation that considers among others the following elements:

### 3.5.1 Alternatives to Macro-economic biases

The framework of the macro economic policies and new labour legislation is corporatist and relies heavily on European models (i.e. Keynesian model), despite the apparent differences in economic conditions between Europe and South Africa. Unlike in Europe, South Africa has relatively lower levels of unionisation (30%) as compared to 60% unionisation in Europe (ALRN, 2006:7).

Furthermore, many employers in South Africa are not willing to cooperate and they do not face significant authoritarian pressure to comply either. The government has also adopted neo-liberal macroeconomic policies, which give significant power to capital and thereby to employers. Thus the labour legislation that has been adopted in this country is left without any impact in the face of massive retrenchments, outsourcing and casualisation of work.

Therefore, to avoid such social biases and the impact this has on the workers in the formal and informal economy requires greater social dialogue about the adverse effects of the country's macroeconomic policy on human rights. To reverse the effects of GEAR, I argue for a possible core set of economic rights (i.e. reduction of poverty gap between women and men, between rural and urban areas; development of new focus on primary health care; development of human resources capacity for many women and the engineering of growth through increased public expenditures on women focused social service provision).

These could combine the implementation and accessibility of human rights by women and men in and out of the labour market and at the same time ensure economic growth. These may be interpreted generally as the rights an individual (women in particular) should have with respect to the functioning of an economic system.

The foregoing would complement the areas of basic need highly utilised by women (i.e. housing, health care, food and water) in order to ensure that poverty, including its non-income aspects, is broadly addressed by GEAR. The realisation of these rights would require a fundamental transformation of the current South African economy. Such a transformation requires inclusive decision making on what society and particularly the poor population's economic needs are and how to distribute any outputs among the needs.

The decision on the foregoing cannot be entrusted to the market because the South African labour market "sanctions" the working poor phenomenon by both its economic and its labour policies. This is because wages in SA households are low relative to the cost of living. Moreover even if unemployment is halved to 13%, 35% of the population might still live below the poverty line (Altman, 2007:32). This reveals a sobering picture about South Africa's economic policy as accompanied by long-term unemployment and poverty outlook.

Therefore, decision making currently entrusted to the unequal market ought to be taken collectively through the democratic process and through continuing public discourse on what our national interests are, or what will best promote the social welfare of the society at large in the long run. The foregoing indicates that there is a need for context-sensitive research on the links between macroeconomic performance and the fundamental goals of raising human welfare for many women. There is also a need to bridge the hiatus between theoretical and empirical findings and economic policy making (Mkandawire, 2001:23).

### **3.5.2 Conceptual and Measurement Issues in the Informal Economy Sector**

As already stated in chapter 2 in this study, there are almost as many definitions of the informal economy sector as there are writers about this sector. It is because the phenomenon includes various and numerous kinds of activities, which make it hard for researchers to analyse labour market changes in many instances. The issues of definition and measurement could not be separated from each other.

Often policies which aim to create new economic opportunities and make the labour market flexible; focus on micro-enterprises only as part of informal sector economic activities. Such an approach to stabilization of the economy overlooks the fact that men own most micro enterprises affording them higher incomes. However women's work in these enterprises is characterised by low incomes, unstable employment, high risk, long working hours and lack of regulation.

In many definitions a large number of workers that are involved in micro enterprises activities such as home-based workers, subsistence agriculture women workers, street traders and other categories of workers in the informal economy remain unaccounted for and invisible.

Thus promoting micro-enterprises can mean the continued marginalisation of many women within the economy and a failure to address the concrete sources of poverty and dislocation in the country. A different and beneficial socioeconomic policy approach would combine human rights (i.e. food & shelter and equitable distribution of resources) and economic rights (i.e. growth and labour market flexibility). This should be packaged as a means of social security (broadly defined to include incomes and productive assets) and should be utilised to capture the informal economy for purposes of measuring its size.

This approach should involve first locating the informal economy sector workers within the household through a household survey. Secondly, it should involve identifying the enterprises through these workers instead of lumping their enterprises into small and medium micro enterprises (SMME's) that are recognised by the Department of Trade and Industry (DTI).

### 3.5.3 Gender sensitive macroeconomic and industrial policies

It has been argued by Orr (2000:67) that the public service currently provides some services which should rather be provided by the private sector. The result of this has been complete privatisation or outsourcing of labour. In most instances it is female jobs and some men in the vulnerable sectors, i.e. cleaning, catering and security functions that are affected by this policy. While the workers in this instance may not lose their current outsourced jobs their working conditions are however negatively affected by the change.

What is alarming about outsourcing is that it has had devastating effects on workers, especially because work related benefits (i.e. maternity leave, annual leave entitlement and flexibility regarding working time and parental responsibilities) are lost (Kenny & Psoulis, 1997:137). In many instances the employer's responsibility towards the social wage and reproduction of labour is removed as most contracting companies are often smaller, less unionised, and less union-friendly and have worse policies in terms of gender and general working conditions (Orr, 2000:17). The result argues Kenny & Psoulis (1997:137) has been large-scale job losses and for those who remained employed, workloads intensified and the jobs are reduced to being part-time or casual labour with low incomes.

The level of poverty and unemployment shows that government policy has sometimes been problematic. On the one hand the mining and construction industries have suffered the largest job losses in the South African economy (Bond, 2000:18; Knight 2004:6). Though the workforce in these industries is predominantly male, and mostly migrant labour (Orr, 2000:18), the impact of these job losses on women and families has been worse given the extreme rates of unemployment and poverty and their reliance on remittances particularly in rural areas.

On the other hand as pointed out in this study, the clothing and textile, leather and footwear industries have been hard hit by job losses through retrenchments. The workforce in the clothing and textile, leather and footwear industries is predominantly female as it accounts for 38.2 % of all women employed in the manufacturing sector (Valodia, 2000:17; Fakude, 2000:3; Motala, 2000:119). The job losses are attributed to trade liberalisation and reduction of tariffs which unfolded at a rapid pace with the introduction of GEAR.

#### **3.5.4 Privatisation**

Using the private sector or private-public partnerships in the provision of infrastructure can have a significant impact in terms of the price and levels of service provided. The justification for this policy approach according to Mokate (1998:111) has been that the private sector is more 'efficient' than the public sector hence government has committed to privatising public services. However, further analysis points to the fact that the efficiency equation involves providing the consumers with only the level of service they can afford and thus making the price to reflect the cost of producing the services. In this context higher rates and productivity improvements by the private sector are assumed to be necessary and sufficient for growth and that more fundamental economic changes are not.

One can conclude from the foregoing that the privatisation approach of GEAR means that the priorities and ethos of the public service are being commercialized to an extent that people's needs are defined not in terms of economic and social rights but in terms of what they can pay. This policy approach ignores the vast income inequalities and the poverty levels in the country. It also ignores the fact that South Africa's growth remained at about 3% far short of the 6% goal (Knight, 2004a:4), which is necessary to reduce unemployment and allowing people to access basic services. By October 2007 inflation was estimated to peak at 7% by 2008 as cyclicity remains the feature of the country's economy (Bruggemans, 2007:48). This study

argues that much of the population and many women in particular cannot afford even the most basic of services.

### **3.6 The Informal Economy: Past and Current Responses**

The informal sector has grown with unanticipated rapidity in the country fuelled by structural adjustment programmes (i.e. GEAR) and processes related to economic reform (FEDUSA, 1998:7). The fact about the informal sector is the absence of rights and social protection of the workers involved in it. In order to incorporate many of the factors excluded about the informal sector, the reform of existing legislation to ensure its application to all workers and in some cases new laws and regulations are required. It is also worth looking into the development of a new national instrument, which would lay down the principles that will guide government on how to apply such principles in the informal sector.

One of the significant ways of promoting better working conditions in the informal sector will be to support the organization and representation of informal sector workers. From an economic point of view the sector forms an integral part of the economy in the country but in disadvantaged ways.

A feature of the informal economy that is particularly relevant to organising is that the contractual relationships between parties are not as clear-cut as in the formal economy. Thus the potential role of government, workers and organizations (formal and informal) in organizing and representing informal sector workers and forming alliances with independent representative bodies needs further elucidation.

A resolution to the foregoing requires a new form of intervention, this time in collaboration with all stakeholders in society, to design a structural response to the challenges of informal sector workers. I do acknowledge that organizing the unorganized can clearly be risky because the return on the human and financial investment required is uncertain. Moreover it requires a long-term commitment and

may imply re-evaluating the perception, which stakeholders and the informal economy sector workers themselves have of their activity base as well as the way they operate.

It is obviously important to distinguish between different types of informal sector workers and other types of workers vulnerable to exploitation and poor working conditions, and to develop organization strategies to meet the various needs. However, there are some general guidelines that could be used for organizing and protecting informal sector and other vulnerable workers.

The guidelines should emphasize in practice among others special outreach (i.e. home-based workers and workers scattered in invisible small unit productions), assistance to form own associations/unions, alliances and coalition building (FEDUSA, 1998:18). These should further include special services for informal sector workers as well as awareness raising and education campaigns.

It is in the interest of all South Africans to attempt to analyse and plan around issues of informality and the informalisation of the labour market. Unless the informal economy sector as a second economy is catered for in policy formulation, legislation and regulation (beyond limited focus only in small and medium micro economic sectors (SMME's)), it will undermine the development prospects of the nation. It will also undermine ongoing efforts to coherently address gender inequalities (Braude, 1994:33) that influence the labour market as well as broader socio-economic dynamics in democratic South Africa.

Figures for the informal economy are problematic but can be used as an indicator of the social dynamics of the sector. With regard to statistics of the informal sector, existing categories do not necessarily generate adequate data on the informal sector to justify solid intervention mechanisms. It is therefore important that government should devote attention to data collection on the informal sector, through both enterprise and labour surveys because the existing General Household Survey (GHS)



is flawed. It does not distinguish between survival activities born out of desperation and need to maintain family livelihood and other kinds of informal employment (i.e. prostitution, illegal diamond trades).

Since decent work is often traceable to good governance, the government has a primary role to play to ensure profitability of the informal economy sector beyond just survival activities. Therefore political will, commitment, structures and mechanisms for proper governance are essential. In this context it is important to have specific laws, policies and programmes to deal with the factors that are responsible for informal sector work deficiencies and to extend protection to all the workers. The point of emphasizing the latter is that in many respects, the informal economy is seen as a residual segment of the economic system.

Therefore, the formulation of such laws, policy prescriptions and their implementation will help to remove barriers to entry into the mainstream economy because these are different from Province to Province and the circumstances thereof are also different. Implementation should also involve the social partners (support structures) and the intended beneficiaries in the informal economy particularly in areas with abject poverty and rapidly growing labour force.

The following policy recommendation does not form part of the study however it is stated to outline the broader impact of the reform measure and its effects on the family. The informal economy provides an environment that allows the component of child labour to thrive. This is a situation that impacts on the schooling and social development of children- mostly the girl child who often gives up their education to help meet basic needs. This undermines the strategies for employment creation and poverty reduction as well as education and training programmes and the development prospects of our country.

Transforming gender dynamics can form part of the solution, but does not make up the entire picture. The eradication of child labour requires poverty reduction-through quality employment because currently having a job does not necessarily translate to the eradication of poverty or social security for an individual. What can be stated at once is that all signs point to a required commitment and cooperation between the social partners as part of the promotion of fundamental rights and the programme to transfer jobs from the informal to the economic mainstream as opposed to the current transfer of jobs from the formal economy to the informal sector.

The above indicates that the economics of unemployment and poverty cannot be reduced to a simple essential formula. The key intervention to successfully abolish child labour is through the creation of more quality, secure and permanent jobs for adults, particularly women. The reason for the foregoing is that there is little point in attempting to eradicate poverty by substituting unpaid domestic work for badly paid, low status work with no job security and poor benefits.

Of importance is that social dialogue is a key element in the process of collective policy making that benefits the poorest of the poor in society. However, these are still poor in the context of the post apartheid regime. Special efforts should be devoted to strengthening the capacity of the social partners to participate in policy formulation and implementation. This is necessary because contrary to the global trend and GEAR framework, which pushes for increased labour market flexibility, there is a need for legislation which protects women since they are subjected to high levels of insecurity and vulnerability in the labour market.

If unemployment and poverty, particularly for women is to be successfully addressed in South Africa, an alternative approach to economic reforms must be developed and appropriate policies implemented. It is noteworthy to remember that economy is only one aspect of poverty and, while necessary, economic transformation by itself is not sufficient to overcome the crisis in South Africa.

Nevertheless, the workings of the economic strategy and the economic policies, which are adopted, have far-reaching consequences. These consequences are not only in terms of income distribution; they also influence how health care is provided, the focus and extent of education, how work and workers are valued, and the role of women in society. Therefore, a programme of economic transformation must occupy a central place in a strategy to minimise unemployment and poverty.

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## CHAPTER 4

### DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF THE FINDINGS

#### 4.1 Introduction

The research study is an attempt to explain the impact of economic reform measures on a group of women informal economy sector workers in the North West Province of South Africa. The goal of this study is to present policy makers with a picture of the challenges of economic reforms for a group of women working in the informal economy sector.

The research was evaluative in nature and was not aimed at being representative of the situation as a whole in South Africa. As a researcher I decided that general statistics would be necessary in a study with a wider impact and over a broader spectrum. Therefore the findings are presented as raw totals and percentages, where useful cross tabulations are drawn to see whether achievement and economic survival in the informal economic sector was a variable in the relevant data that influenced the findings.

A picture of informal economy sector women workers operating in the areas of study was obtained through data collection from the respondents. This category of women provided data that was suitable for inclusion in the study. The survey provided the basis for discussion of the varied backgrounds, incomes, educational levels and economic activities in the sector. The informal economy sector is part of the failures of the state. However, government gives it a social face by indicating only success bit of the sector. The findings of this study seek to highlight the effects of such illusions of success by the government in a sector that requires immediate intervention in terms of policy making and structural changes of the economy.

## PART 1: BACKGROUND INFORMATION

### 4.2. Demographic Profile

#### Age Category

The study sought to establish through data the demographic profile of the respondents to outline the age category in relation to participation in the informal economy sector. Respondents are from North-West province in South Africa. Most of them are still in an age category that can be classified as youthful. 22% are in the 21-30 age group and 54% are in the age group of 31-40, 42% are in the age category 41-50, 16% fall within the ages 51-60 and 8% are in the age category 61-65. 60% of the respondents are single, 34% are divorced, 38% are cohabiting, 18% are widowed and only 46% are married. All of the participants were exposed to schooling and the majority attended high school.

While the population for the study was women between the ages 21-65 we also found that young children (10 and 13 years old) and older people (over 65 years) work in the economic informal sector and consider themselves economically active individuals.

**Table 1: Respondents' Demographic Profile**

Age Group	Frequency (n)	Percentage (%)
21-30	28	28
31-40	33	33
41-50	17	17
51-60	11	11
61-65	9	9
<b>TOTAL</b>	<b>98</b>	<b>100</b>

NB: missing=2

The findings indicate that over half of the informal economic working communities are young women (those aged 21-40). The other 74% (aged 41-45) although they do not make up the young adults age category they are still active adults who are capable of working. However, there was there was significant difference between the ages of women in the sample reflecting different socio-economic and historical circumstances.

One respondent did echo that - *“even if I fall within the national retirement age from active employment (60 years for women) I would still continue to be in the informal economy sector, trading to supplement my family income”*.

The growth of a community of informal economy sector people in South Africa working in a variety of informal income niches must be situated against a backdrop and failure of the economy to improve the social provision required to uplift many people’s socio-economic conditions, deal with meagre incomes among the majority of people and control the number of a mass of ‘structurally’ unemployed workers. This has happened even when the GDP and its component expenditure reported growth for two time periods-1996-2002 and in 2004-2007 corresponding to the introduction of the democratic era and the GEAR policy.

## Marital Status

The study wanted to establish the marital status of the respondents as this is part of a variable that influence the overall data of the research. The respondents were asked to state their marital status as outlined in the data provided below.

**Table 2: Respondents' Marital Status**

Age Group	Frequency (n)	Percentage (%)
Married	23	23
Divorced	17	17
Cohabiting	19	19
Single	30	30
Widowed	9	9
<b>TOTAL</b>	<b>98</b>	<b>100</b>

**NB: missing=2**

60% of the respondents who are single included young females who had an average of at least one child and mostly headed their household. 46% of the respondents are married and some still live with their in-laws, 38% are young women cohabiting, meaning they are shacking-up with their partners out of wedlock or "*masihlalisane*". The idea of "*masihlalisane*" as explained by some of the women is that their partner will eventually marry and take care of their children. This is because the partners depend on each other for material means and support.

Most of the respondents (n=100) have children, of whom 55% have 1-2 children. 37% have 3-4 children and 8% have five and more than five children. Thirty-seven percent of the respondents indicated that there are about 4-6 people who depend on their financial returns from hawking whereas 22% have 7-9 people to support and 17% have 10 and more people dependent on their meagre earnings from the informal economic sector. Upon further probing respondents indicated that only older women, specifically those with over ten dependents had no children under the age of

18. However, many women in the sample have children who are still at primary school.

### People Dependent on the Respondent's Financial Returns

A question was put to the respondents to determine the number of people dependent on their financial returns from their informal economic activities. The rationale was to reflect on the significance of these women's activities towards the upkeep and survival of their household.

**Table 3: Number of people dependent on respondents' financial returns**

Age Group	Frequency (n)	Percentage (%)
1-3	23	23
4-6	37	37
7-9	22	22
Other	17	17
<b>TOTAL</b>	<b>99</b>	<b>100</b>

**NB: Missing=1**

The higher number of people depending on the respondents is partly because many are still in the rural areas where extended family networks are strongly encouraged and still in existence. Thus living with both parents, grandparents, sister/brothers, their partners and their children in one place is a common norm. The respondents indicated that they have maternal obligation to provide for their children including members of the extended family. However, given the difficulties that face many in the informal sector and the general economic performance concerning employment it was no surprise that less assistance was available from the kin group.

The analysis of this data collected reflects a picture that may not be entirely different from the national picture. It indicates that socio-economic systems constrain family in ways that lead to disorganization. Family disorganization (nuclear vs. extended



family) and constraints on family income then feed back into the system to sustain and perpetuate social and economic disadvantage for many of these women. As a consequence it becomes not only a necessity but also an obligation for women informal sector workers to continue with their trade to sustain their livelihood and that of their extended family members.

Respondents further indicated that the burden of such family disorganization in terms of their maternal dependants has often strained relationships with members of the extended family because of cultural expectations about kinship related responsibilities. The foregoing gives sense to the deep appreciation of a woman/mother as a person of value even under ideal circumstances.

#### **The Level of Formal Education**

The study sought to establish the level of education of the respondents in order to bring to light the circumstances brought about by the country's apartheid past and the adoption of economic reform measures that reduced state spending on basic services (i.e. education) in pursuit of a competitive fast growing economy. The respondents were questioned about the level of their education.

**Table 4: Respondents' level of formal education**

<b>Educational level</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Primary	31	31
Secondary	22	22
High school	28	28
Tertiary education	3	3
Other	7	7
<b>TOTAL</b>	<b>91</b>	<b>100</b>

**NB: Missing=9**

In this study 84% of the respondents are considered literate or having been exposed to education up to a certain level with over 50% of the women having obtained Matric and 3% having obtained beyond Matric qualifications. While we acknowledge that many of the literate women are not adequately prepared to use their skills in the labour market, they are nonetheless a resource that is available for further training for personal up-liftment or that of their communities (Mkandawire et al. 2001: 25).

Further analysis indicates that the level of education that the respondents have, coupled with the kind of formal training some have received explains the predominance of the women in the informal economy sector. The reason being that for many the training they received is limited to the already saturated skills and not withstanding the competitive nature of the current labor market All must be situated against the deep cuts in government social spending on education and training brought by economic reform measures. These continue to conflict with the RDP goals that advocate for growth based job creation, meeting people's needs and poverty reduction.

The growth of a community of women working in different informal niches must be seen as a consequence of the divided education entrenched by the former apartheid government and perpetuated by the current democratic government through economic reform measures. Firstly, the structures of apartheid served to ensure that the burden of lack of proper education and training falls almost exclusively upon the country's Black population. Secondly, the current economic reform measures have not done much for the majority of the population.

The reason being that while government proclaim increased spending on basic services that could benefit women (i.e. education and welfare) resulting from economic growth, such spending is followed by cuts in employment. This reflects the direct inequalities of different groups in the country in terms of access to educational opportunities that may equip many women with the necessary skills to compete in the formal sector.

34% of the respondents have been exposed to primary school education only with some of the respondents having left school before completing primary schooling. 24% have only obtained secondary school education while 30% have achieved high school education. 8% of the respondents belonging to the older population have never attended school at all. In support of the foregoing the respondents said that having received little or no education combined with the lack of or no formal labor skills' training means that they are functionally illiterate. As a result their source of family income and maintenance is the economic informal sector trading activities. Moreover as they pointed out their activities require less educational skills and expertise.

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## **PART 11**

### **4.3 WOMEN AND INFORMAL ECONOMY SECTOR ACTIVITIES**

The informal economic sector activities are a major safety net for many women and many people in general hence the nature of business and or services the respondents are engaged in, in order to maintain their financial income differ markedly. The informal sector includes a wide range of activities which tend to be small scale and which are not formally recognized as registered enterprises or employment relationships.

Women are disproportionately represented in the informal economic sector in the different regions and surrounding areas in North-West. The table below shows percentages of women in the informal economy sector in Temba, Mabopane and Ga-Rankuwa where they face poor working conditions, unstable employment, a highly competitive environment and low earnings.

The three regions selected for the study encompass the land mass of North-West, one of South Africa's nine Provinces established during 1994 democratic elections. The Province (Figure 1) is endowed with platinum and is home to 3.6 million people of whom 2.2 million live in functional urban and peri-urban areas. North-West Province shares its provincial border with Gauteng Province which is regarded as the economic hub of South Africa.

#### 4.4 Region of Informal Economy Sector Activities

In order to present a picture of the economic profile in the areas of study, data was collected to identify specifically the areas of economic activities wherein the population for the study is located. The table below presents the data in terms of the regions in which the respondents engage in their informal economy activities.

**Table 5: Respondents region of informal economic sector activities**

<b>Region</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Temba	35	35
Mabopane	30	30
Ga-Rankuwa	35	35
<b>Total</b>	<b>100</b>	<b>100</b>

The table above indicates a spread of women in terms of the occupation of regional activities in the areas of study situated in North West Province. 35% of the respondents reside in Temba and the surrounding areas although their economic activities are mainly in Temba, 30% of the respondents are among residents of Mabopane whereas 35% were found in Ga-Rankuwa and surrounding areas such as Mmakau, Hebron and Mothotlung.

Poverty and unemployment remain a problem in the Province with 36% of people are living in poverty. Approximately 83% of the general total of the unemployed population in this Province have above high school qualification. This reflects the shortage of proper skills in the unemployment pool. On average 36% of those found to be unemployed are women trained as clerks, service or sales workers and others are skilled for specific jobs (i.e. catering services, security training, public administration training)

In terms of socio-economic indicators South Africa's platinum Province is, however, a region of enormous economic and social contrasts presenting a diverse picture as compared to other Provinces and regions of Southern Africa. North-West Province' economy and its capacity as a major market for goods are constrained by the high rate of unemployment.

Racial income inequalities are high and spatial/racial imbalances in service provision are marked. However, the Province's GDP is on average slightly higher due to the vast platinum mines that contribute and shape the economy. In general the Province registers a low per capital and highest dependency ration, i.e. de facto population divided by the economically active population (Phalane, 2000:19).

The challenge for government therefore is to catalyze economic growth while exploiting opportunities arising out of aggressive programs of addressing socio-economic backlogs that highly affect women in the Province. A relatively high number of economically active women is unemployed in the formal sector and thus have to carve a niche in the informal economy sector.

Figure 1: South Africa's Nine Provinces



[North West](#) [Eastern Cape](#) [Free State](#) [Gauteng](#) [KwaZulu Natal](#)  
[Limpopo](#) [Mpumalanga](#)  
[Northern Cape](#) [Western Cape](#)

The respondents as presented in table 5 are residents in Temba, Mabopane and Ga-Rankuwa and the proximate surrounding areas. The findings indicate that about 70% of the respondents reside near their business areas managing to commute to and from their informal areas of trade. In terms of accommodation, nearly a higher percentage of women informal economy traders live in overcrowded households either in mud houses or in corrugated iron shacks and still waiting for government's RDP houses.

Few women reported having improved and renovated their type ideal house from the profit made from their informal sector work. Those who reported to be living in well built brick and cement houses (mostly the young respondents) are those still living either with their parents or in-laws with houses having been built by their elderly parents.

At any of the three regions women with heads and arms laden with items for their small markets are; on a daily basis carrying goods ranging from fruits and vegetables, household utilities, handicrafts and cooked and uncooked foodstuff. This study explores the activities of these women traders and places them in the contexts of a number of South Africa's economic policy reforms. However, it appears from the findings and analysis of the study that trade policy makers have paid little attention to the activities of many informal economy sector workers as they are mostly overshadowed by attempts to support the activities of big businesses.

#### **4.5 Labour market status of the respondents**

The study sought to establish the type of goods that make up the crux of the respondents' informal economy activities; hence the question was raised about the respondents' informal economy labour market status. All the respondents in the areas of study explained that they are involved in generally informal economic sector trading activities that according to their response range from anything that is commercial at the time to mostly domestic related and subsistence activities.

Although many are involved in aspects of food distribution, i.e. selling fruits and vegetables as well as cooked and uncooked food, other services provided within the informal economic sector include a range of items such as clothes, cell phone accessories, bags and hats, cigarettes, cosmetics, and other utilities that are required by their customers. Other services that are provided include running a phone booth, car guarding services and hair relaxing and hair braiding.



#### 4.6 The Type of Goods/Items of Economic Activity of the Respondents

A question was put to the respondents to establish the type of goods or items that they sell in their daily activities in the informal economy sector. The question was raised in order to identify and present the level of planning and movement from one item to the other on any respondent's stand in a day.

**Table 6: Respondents' type of goods and services provided in their informal economic activities**

Region	Frequency (n)	Percentage (%)
Fruits and vegetables	62	62
Cooked and uncooked food	26	26
Accessories	3	3
Clothing and cosmetics	4	4
Hairdressing	5	5
<b>TOTAL</b>	<b>100</b>	<b>100</b>

The main item traded by the largest number of respondents was fruits and vegetables (62%). The next large category is of those selling cooked and uncooked food (26%) followed by 3% selling a variety of accessories and household utilities, 4% selling clothing items and 5% involved in hairdressing activities. The respondents who are selling fruits and vegetables as well as other perishable food; mentioned that it is risky selling these items because they are easily perishable due to lack of appropriate storage.

Overall there is an all round demand for fruits and vegetables hence while one cannot make a big profit, one is assured of some income no matter how little it may be. Hence many women informal economy traders concentrate on perishable goods because these can be bought at general retail prices. As such entry and exit to their sale is probably relatively easier than entry to some items that have a higher cost.

The respondents who are selling different accessories, clothes and cosmetics said that their activities required prompt action of improving and modernizing designs as well as targeting urban buyers if they are to see any income related improvements. They further said that the quality factor determines the profitable and selling product for them as the product is fundamental to expression of customer satisfaction.

Despite these developments, many women reported that they are still unable to take advantage of the increased financial benefits that their sector activities may provide because of lack of exposure to competitive skills of trade and means to acquire some items at limited costs. They explained that the male counterparts in the sector operate in lucrative levels as exporters and bulk buyers for many of the goods that the women are selling but it is very pricey getting goods from them.

The foregoing data further indicates that the nature of informal economy business for some respondents changes depending on either comparative and competitive prices or what appear profitable at the time. Some respondents explained in their own words that:

*“What is available and affordable at the green market or from informal suppliers on the day is what I take to sell for the day”*

*“Fruits and vegetables on a daily basis, somebody has to eat”*

*“I kill two birds with one stone; I sell cooked food as I find these reasonable because if these are not finished my children can still eat these for dinner”*

Access to goods to effectively sell and make a living in the informal economy sector is a major problem for all informal economy sector owners and workers. Significant increases in food prices coupled with economic reform measures that have an impact on the exchange rate have resulted in increased capital requirements for all people.

For informal economy sector traders this means the start-up capital needed has risen thus limiting new entrants into the sector and further burdening those already in just to maintain the level of activity.

#### **4.7 Access to Capital and Credit**

The respondents were questioned to find out if they have any access to capital and credit as a means of financial support for their activities. From the responses received one can argue that women, particularly those in the informal economy sector find virtually no institutional or financial recognition as potential workers and traders.

Inadequate institutional recognition for women informal economy traders derives from the deeply patriarchal ideology of the non-working wife and mother. However, due to economic reform measures introduced financial institutions have also made accessibility to credit more difficult particularly for women. Credit sources are almost exclusively restricted for the informal economy sector, with 90% of the respondents preferring cooperatives, 6% reporting that their spouses allow them credit and 4% accessing credit from friends.

The majority of women (70%) reported that they are discouraged because the process of securing a loan still required their husbands' consent particularly those who are married in community of property. The worry stems from the concern that once their husbands are involved in the loan process and the funds are made accessible, the money might be diverted to their husbands' use and not the development of their own informal economy activities as planned. The respondents also indicated that they cannot count on the support of government or financial institutions because when they proclaim to support women's initiatives (Sowetan, 26 February, 2008:23) it is mostly for advantaged women and women owned enterprises.

Although the Department of Trade and Industry acknowledged in February, 2008 in the research study findings conducted by its Gender and Empowerment Unit that limited access to finance by women inhibits the establishment, growth, sustainability and profitability of their activities; the Department's focus is mainly on enterprises, mostly urban enterprises. This is very limited in terms of support to women's initiatives because these are macro enterprises with support loans ranging around R30 000 to R2 million with a maximum loan repayment period of five years.

When the foregoing was put to the respondents they mentioned that they do not stand a chance because government mostly focus on the success of macro enterprises. As much as these are women owned, the respondents stated that they in the informal sector still have to survive on what they make out of their small entities. The respondents indicated that if government was consulting enough with them in the informal economy sector it would realise that they also could benefit from being included when identifying and packaging business support services made available to other women owned enterprises.

#### **4.8 Professional Training and Skills Obtained**

The study questioned the respondents on access to professional training and skills obtained. The reason being that the theory this research study is putting forward is that training is not expected to facilitate policy changes but to enhance participation of many informal economy sector workers within the existing economic climate for improved productivity. Training should be seen as an aggressive action plan to empower informal economy women workers and mitigate the reported negative impact of the harsh economic environment imposed by the economic reform policies. This should happen while pending the introduction of appropriate gender-responsive policies.

While operating in the informal economy sector has its own difficulties, the majority of women operating in this sector also cited (as already stated) lack of capital, training and the necessary skills as a major setback in the operation of their business. The development of knowledge through skills training is a major instrument for promoting decent work in the informal economy sector. Training and the skills obtained will mostly equip women with needed coping strategies through skills acquisition, access to credit and loans and improved packaging of their activities.

Although there is a provision for training and skills development by the Department of Labour (DoL) and the Department of Trade and Industry (i.e. sector education and training (SETA)), a commitment to training particularly for the informal economy sector has not characterized the South African labor market. The other skills that the respondents have obtained apart from their formal education were obtained either by getting involved with others or being exposed to people with the required skills.

89 people responded to the question on the level of professional training and skills obtained. 52% of the respondents mentioned that they acquired the training and skills through observation of others and practicing with someone/other as their guide, 30% reported they are self-trained and they got their trading skills by teaching themselves how to do certain requirements to improve their work and income (this includes a category of those who have formal schooling and those without any formal education).

15% pointed out that they obtained the skills of trade and communication (largely considered by respondents as customer service) from school through the Adult Basic Education and Training (ABET) program and, 3% mentioned formal training through Further Education Training (FET) institutions as a way they obtained their qualifications and skills in marketing, computer literacy and customer services.

The foregoing analysis prompts one to argue that the need to go beyond skills in order to stimulate business development in the informal economy sector should emerge as a priority for government structures and economic policy makers. The necessary training and skills would inject a positive rate of return that is essential to increased earnings and productivity. Nonetheless the younger category of respondents did indicate that through schooling, perseverance and good observation they managed to acquire the basic skills and competencies that are necessary to carry out their activities and improved their returns.

My opinion is that business skills training will help to reinforce confidence among many informal economy sector women workers; emphasize forward looking risk-taking operations while considering cultural aspects as well. As analytical evidence would point the higher profit made by some of the respondents supports the notion that most informal economy sector workers have the potential to perform at much higher skill levels than they currently possess when provided with the necessary training.

Upon further probing on whether the training and skills obtained by the respondents are relevant and that these help them with the informal economy activities they are involved in, 56% stated that these have helped them in terms of providing and maintaining their families financially and helped them to appropriately manage their own businesses.

Some of the respondents pointed out that customers are always satisfied by the service they get because of the skills they have. A few participants (n=4) mentioned that the skills used to help them but not anymore because they are old and cannot keep up with the changing economy and means of selling and making profit, while others indicated that they have not realized the benefits of their skills.

20% respondents unanimously agreed that the training and skills received are appropriate and useful and provided them with a forum for meeting other women involved in different informal economic activities and micro enterprises. With their common interest and problems the respondents found such training meetings valuable as they meet with other informal economy operators and discuss ways to improve their enterprises and situations within a harsh economic environment.

#### **4.9 Lessons learned for training and skills obtained**

A question was asked to establish the lessons learned by respondents from the training and skills they received. Responses on this aspect are collapsed into six themes as these came out clearly as common areas of interest for the respondents about skills training. Among the lessons learned by the respondents is that:

- despite their own traditional methods of record keeping, the training and skills received enabled some of them as owners and their workers to appreciate the value in acquiring writing skills and of documenting changes for comparing input and output over time as well as volume of trade,
- banking culture can be cultivated among the poor as well as the rich and among informal economy participating women and men and that there are possibilities of existing facilities that women have not fully utilized,
- applying for finance and credit to improve and back-up business activities is a part of normal business practice and should not be seen as a point of weakness (a deep reluctance by respondents accompanied their sentiments on this issue),
- proper accounting entails separation of enterprise returns from household accounting and budgeting no matter how meagre that is,

- women can draw strength from being members of cooperatives rather than operating individually,
- proper and attractive packaging can enhance products' ability for sale (although it was a general agreement respondents pointed that this is accompanied by problems of lack of facilities) and that,
- political enlightenment and democratic empowerment cannot be separated from economic activities

While the study has not specifically focused on the relationship between respondents' training and skills and income, I would argue that a livelihood program for women operating in the informal economy sector is necessary. The foregoing argument is based on the concern that while government introduces training and skills development for the informal economy operators these are usually for higher level participants like supermarket owners, food outlet owners and enterprises comprising mostly of men.

Perhaps an oversight on the part of government and policy makers is that they perceive the technical skills that might be central to sustainable and profitable informal sector job creation and entrepreneurship more for the higher level informal categories than for survivalist activities. These are seldom considered as part of the skills training program for the informal economy workers while other skills support services such as marketing assistance and trading information come into the picture as incidentals, rather than as part of a comprehensive skills-training program.

My point of contention as a researcher is that while informal economy sector women workers require financial, technical and skills development support to improve their current small businesses and livelihood circumstances, such support should be provided within the context of the economic policy plans of action put in place and not as unanticipated consequences.



#### 4.10 Potential customers

In this study this question was asked to determine the people that make up the respondents' customer base. The respondents were asked to identify those they consider to be their potential customers in the informal economy sector. The question was asked to the respondents taking into consideration the fact that in any business (formal or informal) the most important contributor to the success of any is customers and customer satisfaction. Moreover spatial factors such as area design, storage facilities, gender bias access to land and social support systems are key factors that tend to determine one's potential customer.

**Table 7: Respondents' Potential Customers**

Customers	Frequency (n)	Percentage (%)
People in general	34	34
Commuters	19	19
Workers	16	16
Scholars	13	13
Taxi drivers	18	18
<b>TOTAL</b>	<b>100</b>	<b>100</b>

**NB: Some participants mentioned more than one type of customer**

34% of the respondents' potential customers are mostly people in general within and outside their communities, 19% are public transport commuters passing through the areas either to busses, trains or taxis. 16% of the respondents' customers are the general working population in and around the shopping complex and factories in the areas of operation, 13% of the customers are school children whereas 18% are taxi drivers.

To test the foregoing response, the respondents were asked about the most important factors that keep their customers satisfied and their business going. The survey result indicates that almost all informal economy workers 98% state that the satisfaction of

customers is the most important thing for themselves, the remaining 2% mentioned that it is partly important and they see customer satisfaction as an equal exchange between service and money.

It seems the concept of customer satisfaction is also effective for informal economy sectors. This approach is the evidence of the informal economy sector workers' tendencies to create loyal customers, or at least, the indicator of their efforts to perform more satisfaction to their customers. Most respondents highlighted that they try to become part of their customers rather than the 'sell it and forget it' approach.

#### **4.11 Competition in the informal economy sector**

In studying the concept of fair competition, informal economy women workers were asked two questions. Firstly, they were asked whether as informal economy operators they are in an unfair competition position to shop owners who are working in the formal sector in the same area because of not being subjected to formal rules of contract, licensing, rental, labour inspection, reporting and taxation. All the informal economy women workers (100%) unsurprisingly proclaim that they do not measure up in competitive terms to shop owners.

Defending their position these women reasoned that in addition to being in the informal economy sector they have negative working conditions such as lack of social security (80%), unstable working areas (23%) and unhealthy working conditions (12%), the pressure of public authorities and the generally low levels of income (70%). The respondents indicated that if most of them had a proper market place they were ready to pay taxes.

Secondly, the respondents were asked their own evaluation in relation to shop owners. 72% indicated that they have problems with shop owners and always get pressure from shop owners. It appears that shop owners oppose informal economy sector workers because they view their operations as unfair competition particularly

for those with stands next to shops in any shopping complex. When looking deeper into the responses, it seems that the pressure from shop owners is faced by the cooked and uncooked food as well as fruits and vegetable categories in the informal economy sector (88%). The reason being that in these categories, quality differences are not perceived by buyers as customers prefer the cheaper products.

Furthermore, as Ramose (2005:13) pointed out, trust among informal economy workers and, between the women traders and the buyers has always been the foundation of the business transactions. This is necessary because not all buyers could afford to pay cash each time they are in need of some food as compared to shops. So debt among informal economy women workers and their customers in this study is almost a norm.

Customers receive food in particular and other goods and pay at the end of the week or month. Due to the general mutual trust and community solidarity among the informal economy women traders and their customers there's never a need to engage debt collectors. There is a general assumption that the debtor will return to pay for goods received. For this reasons informal economy workers have advantage position in competing with the formal sector.

#### **4.12 Income and profit made from informal economy activities**

A question was put to the respondents about the income and profit made from their informal economy activities. Accurate information about income and profit made from informal economy trading activities was difficult to obtain. Many women were reluctant to talk about this facet of their existence despite careful probing.

Other respondents indicated that they did not have what could be said is profit because it mostly depends on what sells best on the day. It should be noted that even those who could recall appropriate profit takings, a lot of further probing was still necessary before any information was provided.

One of the respondents explained in her own words that *“no one can tell you the amount they earn, your husband or your wife, they never tell you-they only give you an estimated amount they earn, nothing more”*. Therefore the information in this table is based on the respondents who were able to make “accurate estimates” as they put it hence it should be taken cautiously although it was cross checked by asking the same question differently overtime during the interview.

However, this was not the case with all respondents. Some respondents did volunteer information. The profit that the respondents make from different informal economy activities ranges from R100 per week to more than R1000 per month. Some of the respondents (18%) reported a reasonable R400-R600 per month from the items sold whereas about 14% reported the same amount per week, 7% reported to gain R700-R900 per month and about 16% made around R1000 and more at any given month.

**Table 8: Income and Profit made by respondents**

<b>Amount</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Less than R100/week	4	4
R100-R300/week	10	11
R400-R600/week	13	14
R700-R900/week	10	11
R100-R300/month	17	18
R400-R600/ month	18	19
R700-R900/ month	7	7
More than R1000/month	15	16
<b>TOTAL</b>	<b>94</b>	<b>100</b>

**NB: Missing=6**

The data above reveal in part that as a sector, the informal economy plays a relatively significant role in alleviating poverty and promoting women’s economic empowerment. This depends on the significance of the activities to those who earn a

livelihood from them. For many women in the informal economy sector this depends on the extent and nature of financial returns gained by an individual from this sector.

Among the most significant fallouts of economic restructuring which has implications to the well-being of many in the informal economy are the intensification of women's work, low income returns, deterioration in the quality of life and reduced budgets for food and consumption patterns among women. What emerges is that there are different scales of informal economy livelihood based on profit made for these women's families.

Many women in the country earn their income and make a living from the informal economy sector. The different incomes they earn although meagre for some, still allows a number of people to survive. This fact converges with the result presented in the table above on respondents' informal economy income as it shows that this sector is making very important contributions to provide a livelihood to many women and their families.

Profit is only one aspect of employment. Job security is of equal importance from the point of view of security of employment and security of earnings. Although there may be presumably more job security in the informal sector than the formal because one cannot be fired from self-employment, for most respondents this is somewhat offset by the nature of unpredictable profitable earnings of informal economy operations.

Although the range of incomes in the informal economy sector are really wide, the result reveals a striking spread of incomes with on the other hand the average weekly or monthly income rather low given the lengthy working hours per day, no weekends and holidays schedule of operation. On the other hand the income is rather higher than what is paid to lower echelon wage employees in the formal sector. This lends credence to the complexity and differentiation that exists among

what might appear as a homogenous group of informal economy traders all operating in marginal profit situations (Akgeyik, 2003:19).

#### 4.13 Control of Profit

The respondents were asked to explain who control the profit made from their informal economy activities. The study found that women generally place a premium on their independence hence almost all (70%) profits made in their activities is controlled by the women themselves. 16% of the women (mostly young women) mentioned that the owner of the operation controlled the profit. 5% said profit is controlled by family (i.e. parents and siblings) while 3% control is by one's partner (husband or boyfriend) and another 3% is by some women's business partners (this comprised mostly of those who had borrowed money or trade in someone's shelter or stand by agreement).

**Table 9: Nature of control of profit**

<b>Profit control</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Individual control	70	70
Owner control	16	16
Family	5	5
Partner	3	3
Business partner	3	3
<b>TOTAL</b>	<b>97</b>	<b>100</b>

**NB: Missing=3**

Women who control their own profit stated that one determines their own fate, success or failure thus one has to know exactly how to run the business whether big or small and act promptly when customers need something. Profit controlled by owners is mostly used to pay their young workers. Overall women said that making money on any particular day in the informal economy sector is uncertain although

this depends on the nature of business. Hence one has to be in control and know what comes in and goes out between money and goods sold.

#### 4.14 Working hours in the informal economy sector

A question was asked to the respondents to determine the time they spend selling in the informal economy sector. From the findings one can argue that the necessity to make a reasonable income requires that many women informal economy traders work at specific times on a daily basis. It is mostly reliance on commuters as customers which determines the parameters around which time and other activities are scheduled. In this study differences in women's time spent in their daily informal economy activities reflected differences in the nature of their trading activities with fruits and vegetable traders reporting significantly longer periods of operation than other categories.

**Table 10: Time spent in informal economy activities by respondents**

Time spent	Frequency (n)	Percentage (%)
Less than 5 hours	11	11
6-8 hours	19	19
9-11 hours	28	28
12-14 hours	26	26
15 and more	16	16
<b>TOTAL</b>	<b>100</b>	<b>100</b>

28% of the respondents reported to be spending 9-11 hours daily in their activities, 24% work for about 12-14 hours, 14% reported 15 hours and more (as reported this could be anything from 4am- 23pm) whereas 9% worked a little less than 6 hours per day. This analysis points to the fact that there is an all round limited capacity for informal economy traders to comply with legislative labour provisions due to the fact that they are less formalized.

Specific provisions as stipulated in the 2002 Basic Conditions of Employment Act (BCEA) are already problematic for the informal economy workers: regulation of working time, overtime payment, pay for working on Sundays and night work, maternity leave, family responsibility leave and notice of termination of employment. The common norm that drives their working relation is that they all understand and act on the necessity to provide for the sustenance of the family.

#### **4.15 Employment in the formal economy sector**

The respondents were questioned on whether they did work in the formal economy sector. This question was on the basis that the theme of women's involvement in a limited set of informal economy activities runs thread-like through history. In this country, women constitute the highest number of unemployed persons in the formal sector, while most of those employed are concentrated in low-paying, middle-management positions.

Most women are working in the informal economy sector while those in the formal sector are generally concentrated in casual, part-time, and non-permanent jobs while more males are employed as permanent workers. Performance indicators in formal employment opportunities and private sector participation, show that a lot more effort is needed through economic policy changes to improve the situation of women

In the SAP scenario like that of South Africa's economic reform, manufacturing industries are characterized by skeletal permanent workforce. This 'flexibility' of labour supply seems to suit the need to 'outsource' or 'subcontract' to small scale enterprises occupied by women mostly at times of peak demand or on a regular basis.

Furthermore, within the context of an uneven spread of the workforce, where manufacturing takes place in different locales, the tasks that require manual dexterity but least supervision are transferred to women because they usually have



enormous labour supply and poor bargaining power. Therefore having realized that they are pushed out of the formal sector through economic restructuring women began to look at the informal economy activities as an alternative to permanent unemployment.

When asked whether they at some point were working in the formal sector, 67% of the sample population said they worked in the formal sector when the Babelegi, Ga-Rankuwa and Rosslyn industries were fully operating. Now many are closed down. One respondent echoed her feelings about the closed firms that *“when these firms were open we all worked even if the pay was not much but we still had work to go to which is better than where I am now”*.

8% indicated that although some of the “firms” are still operating, they were retrenched when all the changes came into place and companies wanted to increase production with reduced labour cost. 10% said they could not get employment, well paying employment in the formal sector whereas 5% mentioned that they are discouraged to even start looking for a job in the formal sector because as one respondent puts it *“everywhere you go whether retail stores or firms you get the big no jobs or no vacancy or we do not hire sign”* on the entrances or managers’ office door.

To test the accuracy of their responses, respondents were further asked if the foregoing are the only reasons they are in the informal economy sector. 70% mentioned that they are in this sector for personal survival and upkeep of the family. 27% are in the informal economy sector respectively because of illness that required them to stop working fulltime, some quit their jobs and some are divorced and no longer have any means of income that was provided by their spouse. About 3% stated in their own words that *“I have been in this business for so long that I cannot see myself going to work for white people’s firms”*.

Among other perceptible factors that add up to the above reasoning by informal economy women workers is the fact that women are the worst casualties of current economic reforms, lagging behind in access to the proposed benefits of such economic reforms. Empirical evidence obtained generally about the reason for many women being in the informal economy sector and their perception about formal vs. informal economy sector seems to corroborate this conclusion.

#### **4.16 Period of stay in the informal economy sector**

A question was put to the respondents to determine the number of year that they have been operating in the informal economy sector. The rationale for the foregoing question is that the informal economy trade is an old occupation that has been there for decades. Lately it has been exacerbated by the fact that the processes of economic reform that sought to stabilize economic indicators and to attract foreign investment are consequent of the present dilemma of chronic unemployment which has remained stubbornly high- above 30% (Knight, 2006:3). In the informal economy sector differences in one's years of being in the trade reflect the differences in the nature of their trading activities.

While young women (21-40) in table 11 the sample proclaim that their activities are planned for short time, data reveals that for most of them, this is turning out to be a permanent feature of their livelihood. This is the consequences of economic reforms.

On the one end young women are more impacted upon by unemployment with young women less than 30 years comprising 62% of the unemployed and 56% of discouraged job seekers in the country. On the other end the labour force participation rate (the percentage of the population aged 15-65 years that is economically active) is 56.5% whereas the labour absorption rate (the percentage of the working age population which is employed) is 41.4% (LFS, 2007: ix).

**Table 11: Respondents' period of stay in the informal economy sector activities**

<b>Period</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Less than 5 years	7	7
6-10 years	52	52
11-15 years	29	29
16-20 years	12	12
<b>TOTAL</b>	<b>100</b>	<b>100</b>

In this study for instance 52 % have been working in this sector for a period of 6-10 years with many having grown up in this sector with their mothers. 30% have been operating in the sector for 11-15 years and a sounding 12% have been in the informal economy for 16-20 whereas 7% are new entrants having been there for less than 5 years.

The table attests to the fact that the association of the sample between the age category and the period of stay in the informal economy sector points to the effects of the employment squeeze in the formal economy labour market. The lack of alternative job options as many have been restructured together with the pressure to find new sources of income seems to have led many women towards trading activities, hence the longer period of stay.

#### **4.17 Challenges and obstacles experienced by women in the informal economy sector**

The respondents were asked to identify the daily challenges they face operating in the informal economy sector. All respondents interviewed agreed and pointed out that operating in the informal economy sector has its own constraints. The analysis and discussion below outlines among others the common constraints in the survey among a group of informal economy traders to be as follows:

- inconsistency of laws and government regulations
- start-up finances
- premises and space of operation
- equipment procurement and other related problems

#### 4.17.1 Inconsistency of laws and government regulations

Among negative factors affecting the development of this sector are high business start-up costs, high prices for urban services and resources, monopoly in many fields, limited access to state support and complexity of accounting system. Government policy does not differentiate between regions and businesses and can be implemented if there is political will to do so.

The potential of informal economy sector is underused at present in the country. The main obstacle to the development of the informal economy is that although they are a key element of the market economy, they often work in conditions inferior to those of big enterprises.

The respondents mentioned that most of the problems that they experience arise from the controlling system in the form of metro police, management of the complex, security and transport. For instance; if there are transport (train & bus) disruptions whether with passengers or with these women it always affects their business.

One of the respondents stated that: *“if the train schedule is disrupted and late we suffer because our customers are forced to use taxis and they buy from there and we can't follow them there because it is other people's area of operation and we don't want to cause problems”*.

Sometimes the respondents experience problems from corrupt metro police who take their products without paying and *“they threaten us with arrest because we do not have operating licenses”*. Respondents echoed in their own words that:

*“all metro police do is to wake up broke and think about us then they come even if business is slow they demand payment by waving a record book of arrest in your face”.*

One respondent indicated that *“the management of the shopping complex always threatens us with police when their heads are hot and they send these guys to chase us away, then all we do is wait a while somewhere and come back later to continue, however at the time we have already lost a lot of money”.*

Another pointed out that *“metro officers or the police come in plain clothes harass us and take our stock, men, women and children and they claim that they are on a law enforcement operation and operation city cleanup”*

#### **4.17.2 Start-up finances**

The majority of women in the sample (80%) cited lack of access to credit and capital as a major stumbling block in the effective operation of their informal economy activities. There are no laws that prohibit women from acquiring loans from banks or other financial institutions in their own name and right. However, the pattern is similar for many commercial lending institutions to insist on a male guarantor, usually a husband, if the woman has no sufficient collateral. The requirement for collateral and guarantors prejudices women more than men. Most women are affected because they do not have assets that can be accepted as collateral due to the nature of their backgrounds.

While lack of capital was the single most pressing problem cited, other women in the informal economy sector make use of available money in their informal transactions. However, this has an adverse effect on their income since cash flow problems whether short or long term can force any business to fall apart. Without money one

cannot procure goods to sell and if this occurs during seasonal booms, losses can be very severe and long lasting.

Even for those who use direct cash to acquire their market items of trade, the money is not always their own. For some to start their small informal operations they usually rely on family and/or community solidarity. This arrangement was found to be prevalent among women who come from the rural areas. Other measures to which women resort to obtain credit includes acquiring the start-up finance from 'moneylenders' at very exorbitant and high interest rates.

#### **4.17.3 Premises and space of operation**

There are no decent shelters from where the respondents can work; hence they are always exposed to all sorts of weather conditions and politics of operation. Those who are operating in open spaces in and around shopping complexes complain of being accused by shop owners that they are either blocking their space or take away their customer base even if they do not sell the same items as theirs.

Lack of free space also creates fighting among informal economy traders as they have to share small spaces. In cases where they have to rent trading space within the complex structures, respondents indicated that the rent is very expensive and thus unaffordable. Cleanliness in their space of operation is also a problem because there are no thrash bins particularly for those in open spaces. Therefore the state authority officials use this as an opportunity to reason that the informal economy operations in and around their shopping centres are unproductive, a cause for congestion and even a threat to the public order and health, i.e. "the sanitation syndrome".

Some respondents indicated that in one of their occasional heated exchanges with centre managers and their securities, one of the officials emphasized that the informal economy traders should be removed from their shopping centres "in order to preserve the image of a beautiful area for tourist" and to show "a vision of

progressive development". Many respondents mentioned such sentiments are very intimidating and are a means to push them out of their trading activities.

The loophole in light of this matter is that public policy with regard to the informal sector is currently in a state of flux. Many documents on official regulations exist and specify the municipal, departmental and national governments' regulations on informal economy trading activities. However, these regulations are excessively complex, little known and ineffectively administered to the disadvantage of informal economy traders in different areas.

#### **4.17.4 Equipment procurement and other related problems**

Beyond spatial problems and finances, lack of storage facilities is another problem as perishable goods such as cooked food and fruits and vegetables need to be sold out or eaten up by the end of the day, if not they go to waste as some cannot be sold again the following day. Respondents raised grounded concern that *"meat is easily perishable particularly when you don't have proper storage like us here, so you have to ensure that everything is sold out because tomorrow you cannot sell the same meat again"*.

Others pointed that *"with fruits and vegetable is just trouble because they would go soft and shrink if they are not in a cool place and customers would want you to reduce the price"*.

Some of the respondents highlighted the fact that they do resort to extreme means to store their goods particularly fruits and vegetables operators, however when pressed for clarity on this none of them wanted to disclose their storage areas. On observation the researcher found that some of the items are stored in unused corners and pigeon holes' rooms such as those that are created as staff restroom but are rarely used. For some, toilet entrances at shopping centres are used as storage areas

with one woman keeping an eye on things by selling rolled-out toilet paper to those who want to use the facility.

Respondents who are not in the cooked food and fruits and vegetables trade stated that they also experience problems with the items of their livelihood. They mentioned that at times the accompanying material that they have to use is not affordable. This was the case with those who are working as hairdressers. They need to use electricity for hair cuts and styling but due to the nature of their areas of operation they have to use batteries to ensure that the same service is provided.

In view of all the challenges mentioned above, the researcher found that informal economy women's aspirations are not radically different. What seems to be different is the means to attain such livelihood aspirations. Despite the already known economic reform and structural difficulties of acquiring a formal job, the informal economy sector is always seen as an alternative option to fight poverty and permanent unemployment. For some respondents there is hope that things will change and that they will eventually get a job particularly with the soccer world cup coming to South Africa in 2010.



## CHAPTER 5

### SUMMARY OF THE FINDINGS OF THE STUDY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of the Main Findings

The study focused on the modes of existence and characteristics of a group of informal economy women traders in the face of economic reforms in South Africa. Working in the streets is a description of a wide variety of service occupation of survival in an economy that has resulted with cuts in public expenditure and the restructuring of labour that has pushed many people out of the formal sector employment into the informal economy sector.

Almost all activities in the informal economy sector can be described as survival strategies for those who work in them. The reason being that investment in productive assets and services especially in labour-absorbing sectors and investment in social and economic infrastructure, remains at levels well below what our society needs to escape the poverty trap.

Many respondents in the study indicated that they are in the informal economy sector because they could not find formal sector jobs. In this deregulating economic environment, firms that are still operating around Temba, Mabopane and Ga-Rankuwa make use of casual labour (comprising women) and rely on a myriad of operations to limit the labour supply and exit with paying low salary levels. This has resulted in a growing number of redundant workers. The declining regulated wage work opportunities have in turn resulted in entrants in the informal economy sector.

Unsurprisingly, with the labour absorption rate far below the labour participation rate, as presented in the study on the period of stay in the informal sector-the informal sector has become a sphere of accumulation of the unemployed

economically active population. At the same time conditions and incomes have often deteriorated for many respondents who depend on the informal economy activities for survival.

Although poverty and the need to survive in the context of adverse economic conditions are often given as reasons for women's participation in the informal economy activities, close examination of trend patterns in women's work participation reveals factors such as household type and composition, life cycle, women's age, marital status, and support structures as determinants of women's work. Other reasons are attributable to insecurity of male employment for those who are married as one of the causes for women entering the informal economy trade. Overall in this study socio-economic status remained the main influence of many women's informal economy participation.

In this study the researcher notes that the remarkable increase in female labour force participation is a result neither of improvements in the conditions of labour supply nor the diversification of the structure of occupational opportunities available for women. It is instead a response to increasing unemployment and job instability associated with the implementation of economic reform policies by government.

If it is difficult to find reliable information (i.e. income & credit) about those who work in the informal sector, it is even more difficult to pinpoint their problems relating to their work. Very often, informal economy operators and workers are not even registered with the appropriate regulatory authorities. They are also not imperfectly covered in the national statistical collections such as labor force surveys. Since few informal sector workers are covered by social security, the information on incomes and tax adherence should be taken cautiously.

The most pressing concerns of informal economy operators and workers are with their survival, and eventually with the growth of their businesses. Business concerns, especially access to finance, productivity, profitability, are seen as an extension of personal or family concerns, especially the family's livelihood. The availability of

credit for many women was found to be another major roadblock in starting or sustaining informal economy activities. Consensus among ninety per cent of informal economy traders surveyed in this study is that it is extremely difficult to access loans or start-up capital due to red tape mechanisms of financial institutions.

It is the researcher's point of view that the major weakness on the lack of access to credit and capital by women lies in government's patronizing not only credit recipients but poverty itself by focusing mainly on high level enterprises much as these are women owned than on the informal economy women operators. The assumption by policy makers with the current economic reforms is that problems of poverty and unemployment can be addressed by simply injecting capital flow among the vulnerable groups.

However, in the context of women's credit initiatives there is a failure to address the provision of credit within a wider package of women/ support services. Thus even the lending institutions which have been introduced as alternative mechanisms to uplift many women's informal economic activities, these are still inadequate and benefit only few women enterprise owners in the urban areas. This oversight arises partly because policy makers are in a hurry to placate women, to demonstrate that they are doing something for them.

While the respondents face acute problems in their daily operations awareness of this is low amongst informal economy workers. Awareness of ways to improve their working conditions is even lower except to sell their items and make a living. Compliance with health standards was found to be the least of concerns for the respondents with regard to their storage facilities.

Since labour and health inspectors in these areas never pull an appearance act to even inspect adequately the standards set, informal economy sector women go about selling their goods. As Ramose (2005: 12) has observed none of the food has any expiry date on them and as luck would have it some health inspectors would simply buy from these women in transit to or from their work as "health inspectors". This

they do without so much as to inspect the health conditions under which the respondents ran their business.

From the foregoing one concludes that the government is struggling to consolidate the multiracial democratic system, and exert its authority in matters of state. Thus the viability of the new democracy is threatened by bureaucratic incapacity, the inability of government to make meaningful progress in deracialising the economic system and its failure to alleviate the widespread poverty and social deprivation.

## **5.2 Concluding Remarks**

The study was carried out to understand the complex nature of the informal economy sector in relation to women who operate daily in this sector in the face of economic reforms that have resulted in an influx from the formal to informal economy sector. Most people enter the informal economy not by choice but out of a need to survive.

In circumstances of high unemployment, underemployment and poverty, the informal economy sector has significant job and income generation potential although the jobs created often fail to meet the criteria of decent work. However, the sector does help to meet the needs of poor consumers by providing accessible and low-priced goods and services.

The growth of the informal economy can be traced to inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, often developed without tripartite consultation; the lack of conducive legal and institutional frameworks; and the lack of good governance for proper and effective implementation of policies and laws. Macroeconomic policies, economic restructuring and privatization policies in South Africa are not sufficiently employment-focused. These policies have reduced jobs and have not created sufficient new jobs in the formal economy. By way of conclusion one can argue that

based on the findings of this study and in an attempt to bring about the urgently needed paradigm shift in the minds of those who make socio-economic policy, and choose the appropriate versions of democratic capitalism for South Africa; change should start by fully refuting the premise on which the current policy approach is based.

The argument made is that government's policy response on the informal sector and on the gender implications of these on women in South Africa remains an under-researched area. The study attempts to make a contribution to address this gap by examining the nature of the country's economic reform measures as adopted by the government in 1996.

This study therefore emphasizes that policies should be sensitive to the bias in 'gender-blind' policies as argued above. These are policies that do not openly discriminate against women, but have a different impact on women and men because of their different structural position in the economy and in society. It is therefore important for government to assess the impact of particular policies on women, i.e. the effect of casualisation and outsourcing of labour as a means of liberalisation and making the labour market flexible, which has led to job losses for women.

### 5.3 Recommendations

On the basis of the findings of this study, the following recommendations are made:

- In an effort to end systemic exclusion, government would do well to replace the ideology of neo-liberalism in economic policy making with a developmental policy based on social capitalism and on social democracy with visions of among others human beings and their relationships with society, sound social relations and the importance of restoring social justice.
- An agenda for socio-economic transformation would be incomplete without a comprehensive policy for redistribution of income, property and opportunities for the rich middle class to the impoverished and poor lower class. A distributive shift will probably not occur without spontaneous market-led economic growth. Instead a grounded distributive coalition between policy makers and civil representatives concerned with poverty and unemployment problems should occur simultaneously to reverse the current economic ideological approach.
- Some basic policy initiatives can enable development of a more legitimate and contributory entrepreneurial class for women traders in the informal economy sector. These should include efforts to (i) foster a change in attitude towards the informal sector and its acceptance as a viable economic resource and (ii) streamline and reform approaches to informal economy business to help it meet the health, safety and environmental concerns.
- From an economic point of view, the informal sector should be promoted on the basis of dynamic efficiency consideration. Government support in the same informal economy sector of the small and medium enterprises (SMEs) driven by men and because they bring an annual turnover of R500 000 to R20

million as opposed to efficient support to micro enterprises (survivalist operations) mainly by women requires strong review.

- To reverse the adverse effects of GEAR requires that strategies and policies should confront aspects of women's oppression, including women's position in society, in the home and the structural inequalities in the economy that disadvantage them.
- In order to develop strategies and a vision of how the economic system of South Africa can be transformed so as to improve the position of women in the labour market, limit the extent of job losses and to eradicate poverty- a theory of how the current economic policies produces inequalities between men and women in the labour market and replicates poverty must be developed. Such an understanding must look more broadly at the distribution of human and material resources – in the labour market (formal and informal), in the household, and in the context of an accumulation of assets and wealth.
- Strategies that simply try to improve the position of women without fundamentally challenging the source of their oppression are bound to fail. This means that government has to identify certain micro-economic reforms such as those that analyse among others income distribution, command of economic resources and conditions of poverty. These are necessary within the economy to stem job losses, which affect women more than men. These will also serve as the basis for the integrated manufacturing and production strategy and not just take the existing economic structures as given. This indicates that long-term change requires a shift in micro-economic policies toward employment creation because macroeconomic stability is not sufficient to achieve growth and equity in the South African economy.

## INTERVIEW SCHEDULE

### DEMOGRAPHIC PROFILE

1. Age
  - a) 21-30
  - b) 31-40
  - c) 41-50
  - d) 51-60
  - e) 61-65
2. Marital Status
  - a. Married
  - b. divorced
  - c. cohabiting
  - d. widowed
  - e. separated
  - f. single
3. Do you have any children?
  - Yes
  - No
4. Number of own children
  - a) one
  - b) two
  - c) three
  - d) four
  - e) five and above (Specify number)-----
5. How many people are dependent on your financial returns from this economic sector?
  - a. 1-3
  - b. 4-6
  - c. 7-9
  - d. 10-12
  - e. Other (please specify)



6. What level of formal education have you achieved?

- a. primary education
- b. secondary education
- c. High School education
- d. Tertiary Education (specify the level)
- e. Other

**PART II: WOMEN AND INFORMAL ECONOMY SECTOR ACTIVITIES**

7. Region of informal economic sector activities

Region	No	%
Temba		
Mabopane		
Ga-Rankuwa		
Total		

8. Explain the nature of informal business activities that you are involved

in?.....  
.....

9. What type of goods or items do you sell or trade in

.....  
.....

10. Do you have access to capital and or credit for your small business, Explain

.....  
.....

11. Have you received or attended any professional training?

.....  
.....

12. Explain the type of training you received

.....  
.....

13. Is there any relevance of your training to your current activities in the informal economy sector?

Yes (Elaborate).....

No (Elaborate).....

14. What have you learned from the training you received in relation to your activities here in the informal sector.....

15. Who are your potential customers? .....

16. How is competition between you in the informal sector and shop owners in relation to what you are selling?

17. How do you view your position in the informal economy sector in relation to shop owners?

18. Monthly incomes in the informal economic sector enterprise?

- a) R100- R500
- b) R501-R1000
- c) R1001-R2500
- d) Other (Specify)

19. Who controls the profit made from selling and how?  
.....  
.....

20. Average working hours (mark the correct answer and elaborate)

- a) 8 hours
- b) 8-12 hours
- c) 8-16 hours
- d) 8-20 hours
- e) Other

21. Have you ever been employed in the formal sector before?

Yes

No

22. If yes, why are you currently working in the informal economic sector?

.....  
.....

23. How long (period in years/months) have you been involved in informal economy sector activities?

.....  
.....

24. What kind of difficulties or challenges do you experience in your everyday working life in the informal sector?

.....  
.....

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## SYNTHESIS OF THE MAIN RESEARCH FINDINGS

The research study “gender, structural adjustment and informal economy sector trade in Africa: a case study of women workers in the informal sector of north west province, south Africa” is an attempt to explain the impact of economic reform measures on a group of women informal economy sector workers in the North West Province of South Africa. The goal of this study is to present policy makers with a picture of the challenges of economic reforms for a group of women working in the informal economy sector. The overall aim of the study was to examine the impact of macro economic reforms implemented in the context of GEAR on women in the informal economy sector and, thus, to present a critique of GEAR. The objective was to investigate constraints and opportunities that women are confronted with in the informal economy sector with the introduction of adverse economic reform measures

The design adopted in this study is the quantitative-qualitative approach. The use of both methods was to outline the problem as stated with percentage and figures to illustrate the extent of the problem and clarify and critique around the points made. The preference for using quantitative and qualitative approach in the study was because the population studied has heterogeneous characteristics that require triangulation. The study hypothesis was that “the implementation of economic reform measures in South Africa has significantly contributed to the deterioration of job creation and adversely affected poverty reduction in relation to gender”. The sample was drawn by means of snowball sampling and hundred women between the ages 21-65 involved in informal sector activities were selected for inclusion in the study. The study used in-depth interviews as a method of data collection and direct observation as principal data collection instruments, to elicit information from the respondents in a face-to-face situation.

In terms of literature it is important to clarify that this study considers developments in some aspects of the informal economy sector. The term informal economy sector is the term of reference used in this study. The term ‘informal’ is used to refer to the sector not being legally organized although it serves to absorb the shock of the economic crisis and has become a sort of refuge for those excluded from formal economy employment. Workers and enterprises in question do not fall within any one sector of economic activity but cut across many sectors. This study adopted the informal economy sector as a working concept because by using the informal sector as a concept tends to downplay the linkages, grey areas and interdependencies between the formal and informal sector activities. While this analysis was inclusive of the working poor engaged in informal employment it did not deal with the underground economy, which includes a range of illegal activities such as drugs, arms and human trafficking.

The research was evaluative in nature and was not aimed at being representative of the situation as a whole in South Africa. The main finding was that almost all activities in the informal economy sector can be described as survival strategies for those who work in them. Many indicated that they are in the informal economy sector because they

could not find formal sector jobs. In this deregulating economic environment, firms that are still operating around Temba, Mabopane and Ga-Rankuwa make use of casual labour (comprising women) and rely on a myriad of operations to limit the labour supply and exit with paying low salary levels. This has resulted in a growing number of redundant workers. The declining regulated wage work opportunities have in turn resulted in entrants in the informal economy sector.

Although poverty and the need to survive in the context of adverse economic conditions are often given as reasons for women's participation in the informal economy activities, close examination of trend patterns in women's work participation reveals factors such as household type and composition, life cycle, women's age, marital status, and support structures as determinants of women's work.. Overall in the study found that socio-economic status remained the main influence of many women's informal economy participation. The researcher noted that the remarkable increase in female labour force participation is neither a result of improvements in the conditions of labour supply nor the diversification of the structure of occupational opportunities available for women. While the respondents face acute problems in their daily operations awareness of this is low amongst informal economy workers. Awareness of ways to improve their working conditions is even lower except to sell their items and make a living. Compliance with health standards was found to be the least of concerns for the respondents with regard to their storage facilities.

**Dear Respondent**

I would like to thank you for agreeing to take part in this study. My questions are trying to find out more about your work in the informal economy sector. Please try to answer all questions honestly. All the information given to me during this interview is confidential

Please take a few minutes to answer the following questions.

**Thank you,**

.....  
**M.M. Phalane**

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## INTERVIEW SCHEDULE

### DEMOGRAPHIC PROFILE

1. Age
- a) 21-30
  - b) 31-40
  - c) 41-50
  - d) 51-60
  - e) 61-65
2. Marital Status
- a. Married
  - b. divorced
  - c. cohabiting
  - d. widowed
  - e. separated
  - f. single
3. Do you have any children?
- Yes
- No
4. Number of own children
- a) one
  - b) two
  - c) three
  - d) four
  - e) five and above (Specify number)-----

5. How many people are dependent on your financial returns from this economic sector?

- a. 1-3
- b. 4-6
- c. 7-9
- d. 10-12
- e. Other (please specify)

6. What level of formal education have you achieved?

- a. primary education
- b. secondary education
- c. High School education
- d. Tertiary Education (specify the level)
- e. Other

**PART II: WOMEN AND INFORMAL ECONOMY SECTOR ACTIVITIES**

7. Region of informal economic sector activities

Region	No	%
Temba		
Mabopane		
Ga-Rankuwa		
Total		

8. Explain the nature of informal business activities that you are involved in?.....  
.....

9. What type of goods or items do you sell or trade in  
.....  
.....

10. Do you have access to capital and or credit for your small business, Explain  
.....  
.....

11. Have you received or attended any professional training?  
.....  
.....

12. Explain the type of training you received  
.....  
.....

13. Is there any relevance of your training to your current activities in the informal economy sector?

Yes (Elaborate).....

No (Elaborate).....  
.....

14. What have you learned from the training you received in relation to your activities here in the informal sector.....  
.....

15. Who are your potential customers? .....  
.....

16. How is competition between you in the informal sector and shop owners in relation to what you are selling?

.....

17. How do you view your position in the informal economy sector in relation to shop owners?

.....

.....

18. Monthly incomes in the informal economic sector enterprise?

- a) R100- R500
- b) R501-R1000
- c) R1001-R2500
- d) Other (Specify)

19. Who controls the profit made from selling and how?

.....

.....

20. Average working hours (mark the correct answer and elaborate)

- a) 8 hours
- b) 8-12 hours
- c) 8-16 hours
- d) 8-20 hours
- e) Other

21. Have you ever been employed in the formal sector before?

Yes

No

22. If yes, why are you currently working in the informal economic sector?

.....

.....



23. How long (period in years/months) have you been involved in informal economy sector activities?

.....  
.....

24. What kind of difficulties or challenges do you experience in your everyday working life in the informal sector?

.....  
.....

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