HOW FEMALE STREET VENDERS IN NELSON MANDELA BAY ARE ORGANIZED

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2012
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DECLARATION BY STUDENT

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DECLARATION:

In accordance with Rule G4.6.3, I hereby declare that the above-mentioned treatise/dissertation/thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification

SIGNATURE:

DATE:
1. **CHAPTER 1: INTRODUCTION AND CONTEXT**

1.1 Introduction

Millions of urban people throughout the world and mainly in Africa are poor and unemployed. According to StatsSA (2011) slightly more than 25 percent of South Africans remain unemployed. The unavailability of sustainable employment opportunities in South Africa is a socio-economic challenge that has impacted negatively on the economy (Zuma, 2011). In his state of the Nation Address when the President of South Africa alluded to the fact that the country has been characterised by having job-less growth, meaning that despite the fact that the economy has consistently grown in the past few years but it has not managed to increase the opportunities for employment .The formal sector in the country demands far less than what the economically active population can provide. The informal sector has played a pivotal role in job creation over the years and has become more prevalent amongst the African countries (Verick, 2006).

According to Hart (1973) the informal sector consists of self employed individuals, whereas the formal sector consists of wage earning individuals. The informal economy is diverse and includes small-scaled, occasional members such as street vendors, garbage recyclers, taxi drivers, etc. It has different characteristics than those of the formal sector because of its ease of entry; reliance on indigenous resources; family ownership; labour intensive nature and the ability to acquire skills outside of the formal school system (Kekana, 1995).

The African continent has seen a sustained increase in the number of entrants into the informal sector over the years. According to Skinner (2008) urbanisation, migration and economic development have been cited for this increase level of activity and new entrants. The size of the sector in the continent is estimated at around 60 percent of all urban jobs and about 90 percent of new jobs (Skinner, 2008). While a global phenomenon, the informal sector activities differ across regions. The informal sector got recognition in South Africa around the 1970s, and it received much attention since its discovery (Preston-Whyte & Rogerson, 1991). There have been varied views on what contribution the sector has on the entire economy. As can be seen in table 1 below there have been varying views on what the exact contribution to GDP, and this was dependent on the data source and the definition used. Regardless, it shows that the sector has a contribution to the economy and potential to grow,
if harnessed. The latest publication by Davies and Thurlow (2009) shows a 7.1 percent contribution to GDP, while Schneider (2002) had a slightly higher estimate at 28.4 percent.

Table 1: The contribution of South Africa’s informal sector to GDP

| Paper                  | GDP calculated for year... | Data source        | Definition of informal sector/economy | % contribution of informal sector/economy to GDP
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Source: South Africa’s Informal Economy: A Statistical Profile; April 2009

The education levels of people employed in the informal sector are usually lower than those employed in the formal sector (Blaauw P., 2005). The Stats SA labour force survey of 2009 shows that in South Africa 8.4 percent of the people employed in the informal sector are not educated while 70.9 percent did not finish matric. Regardless of the lower skills level in the sector it continues to attract more people and contributes to overall employment (Blaauw P., 2005).

Street vending is one of the largest categories of informal work (Skinner, 2008). This category of informal work seems to attract more women than men in many of the countries that are involved in informal trade (WIEGO, 2011). A majority of the women traders were found to be mainly involved in wholesale and retail trade. According to WIEGO (2011) the low costs of entry and flexible hours make street vending an attractive option for women.
It against this background that this study seeks to investigate how women street vendors in the Nelson Mandela Bay area are organised. Specific attention will be given to their contribution to community livelihoods, to the economy, to skills development and how effective they are in the way they do things. In order to fully explore the investigation the following research questions will be answered:

- Q1: What is their motivation to work in the informal economy?
- Q2: What sort of challenges and how they need to overcome them when compared to the formal economy?
- Q3: What is their involvement and contribution to community livelihood and local economy generally?
- Q4: What is their contribution to skills and employment creation?
- Q5: How they view effectiveness, productivity and appropriate use of resources?

In summary this study will look at the effectiveness and efficiency of the everyday processes and activities of the women street vendors in the Nelson Mandela Bay area. Their degree of effectiveness will be measured by the success; furthermore the success will be determined by the growth of the business. How these street vendors are organised in contributing to skills development, employment and ultimately poverty alleviation.

1.2 The scope and scale of research

As one of the most impoverished provinces in South Africa with a high unemployment rate the Eastern Cape (Stats SA, 2011) was more suited for a study of this nature. In executing the research aims and objectives the study will be limited to focus specifically on one of the provinces cities, the Nelson Mandela Bay. The investigation will be focused on women street vendors mainly trading with fruits and vegetables, as well as other perishables. This industry was chosen because according to the Labour Force Survey (2000), there was an estimated 500,000 street traders operating in South Africa and more than 70 per cent of them were found to be dealing in the trade of food items (Motala, 2002). The focus on women was driven by mainly by the fact that they constitute a majority of the street traders that are involved in the sale perishables/food items (Skinner, 2008).
1.3 Theoretical framework

According to Barker (2003, p.xvii) informal employment refers to “Unorganised, unregulated and mostly legal but unregistered economic activities that are individually or family owned and use simple, labour intensive technology”. Given the high levels of unemployment in South Africa (mostly in the Eastern Cape) the informal sector attractiveness is fuelled by the need to survive. The informal sector consists of a range of activities which are either survivalist or productively progressive (Blaauw & Bothma, 2003). Whether survivalist or progressive these informal employment activities are the most preferred for women who cannot obtain employment in the formal economy. Many women survive on the income they get from their informal work and it is either to supplement the current household income or the only source of income. Kekana (1995) alludes to how the flexible nature of the informal sector attracts more females than males, and its reliance on indigenous resources. There has been varied research on the informal economy and the role of females, however little exists on the organisation of female traders, and more specifically the trade issue and impact and contribution to the economy and social surroundings. This study investigates these issues within the Nelson Mandela Bay Area by sampling about twenty female vendors mainly trading with fruits and vegetables, as well as other perishables.

The study found that the majority of the women that were working in the informal sector mainly in street vending in the Nelson Mandela Bay Area were immigrants from other parts of the Eastern Cape and has settled in the area in pursuit of better opportunities. The decision to become street traders is driven by their inability to secure employment, flexibility of the market and the need for better incomes. The women were permanently involved in street trading and their operations were mainly in the streets without proper shelter.

Instead of being part of an association these women preferred having their own informal relationships which they would use when they needed to bargain for cheaper wholesale prices and devise ways of minimising their operational costs. The women who had been operating for many years would grow their businesses with the profit that they received and they saved a lot of their income to take care of household activities. Their trading skills were an important element of their productivity and effectiveness and they demonstrated knowledge of the importance of quality customer service in order to retain customers. Their contribution to the community is also very important because they provide a service to mainly the low-income community. Street trading itself also provides employment opportunities for these women.
1.4 Research Outline

The following section will provide a review of the available literature on the informal economy as well as on street traders, notably street trade by women. This section will be followed by the research methodology which will provide and outline the different methods used to gather the information needed to investigate the research problem. As a follow up to the methodology will be the findings of the research that will outline what the results of the research as well as recommendation that were identified by noting the gaps that were found.
2. **CHAPTER 2: LITERATURE REVIEW**

2.1 Introduction

The aim of this study is to investigate how the female street vendors are organised with a view to understanding their operations and interactions with other spheres of society. One of the salient features of an informal economy is its non regulation and unstructured nature (Kekana, 1995). The absence of both these features has been an incentive for some people entering the market.

According to the Department of International Development (2011), “South Africa remains one of the most unequal countries in the world with almost a quarter of the country’s population - 11 million people - living below the national poverty line”. However, there extremeness of poverty in South Africa differs for each of its nine provinces. The Eastern Cape and Limpompo province are South Africa’s most impoverished provinces (Armstrong, Lekezwa, & Siebrits, 2011).

The focus of this guided research report is narrowed down to deal specifically with female street vendors rather than dealing with the entire sector. The reason for concentrating on female street vendors was motivated by research that was conducted by Stats SA (2002), which found that the majority of people operating in the informal economy were women. Reasons cited for the domination of women in the industry include the flexible nature of the industry. Women with families are able to juggle between their businesses and their homes (especially single mothers). Furthermore women’s involvement in the informal sector is also motivated by poverty amongst communities. The “feminisation” of poverty is a significant factor in this case because it was discovered that poverty affects women more than it does with men (UNECA, 2011). Poverty is among its highest in African countries and this study will focus more on South Africa notably the Eastern Cape.

2.2 Literature Review

The theoretical framework within which I locate this study is based on the writings by Caroline Skinner (2003), in which she asserts that the issue of the economic dynamics of street trading is under-explored and that given the heterogeneity of the informal economy, policy analysis and documentation should be sectoral. In contribution to the sectoral
knowledge there will be more focus on women street vendors mainly trading with fruits and vegetables, as well as other perishables to explore the product/trade specific issues. This will be done by investigating the organisation of female street vendors and understand their formation and impact. The study is specific to women traders operating in the Nelson Mandela Bay area. The starting point is to define what is meant by an informal economy then concentrate on street vendors and the women participate in this sphere.

The research methodology will be tailored towards investigative methods that will provide a tool to fully understand the research questions addressed above which were based on the formation and impact of trade by the vendors. The findings will provide insight into these trade issues and more specifically the economic and social contribution of the vending activities.

2.3 Informal Economy

The informal economy or commonly known as the informal sector is a common feature of both developed and developing economies. It is a major structural feature of society in both these economies (Portes, Castells, & Benton, 1989). Moreover, while the informal sector may be universal but it is heterogeneous, as the forms of production and distribution may vary between societies and even within the same society. (Portes, Castells, & Benton, 1989). The concept of an informal sector was first introduced by Hart in 1973, when he was studying the labour markets conditions in Ghana. He defined the concept by distinguishing people who earned a wage as belonging to the formal sector and those who were self employed without regulation as being part of the informal sector. His definition was further refined to explain the dualist economic conditions that existed in many of the developing economies. Other definitions of the informal economy include that of Botha & Classen (1985) who define the informal economy as “a sector of the economy that includes all economic activities which are unlicensed and thus illegal”. Illegal in this sense refers to the fact the there is no regulation. However the informal economy does consist of illegal criminal activities such as illegal gambling or selling of drugs. The type of illegal activity referred to in this study is specifically refers to regulation.

On the other hand Lourdes (2001) in his definition converges the definitions by Hart(1973) and Botha & Classen(1985) by referring to the informal sector as being characterised by low
earnings, unstable working conditions, poor access to social services and absence of fringe benefits, very low rates of affiliation to labour organisations and largely illegal work. The informal economy functions without any form of structure or legislation. The transactions that take place in this sector are unrecorded mainly because cash is used in these transactions Smith & Adams (1991).

The available literature suggests many reasons for the existence and the success of this sector. Many theorists have differing views on why the informal sector has grown in size over the years. On the one hand others look at dynamics in the economy that have lead to lesser market opportunities while others look at it from an individual’s socio-economic position. Sassen (1997) explains the growth in the informal economy of advanced nations by pointing to structural changes that have occurred in the macro-economy of these nations. He states that these structural changes have lead to disparities in income and inflated cost of doing business. Furthermore the move to a more technology and services based economy away from manufacturing has lead to lesser production and excess labour supply. Ferman, Henry & Hoyman (1987) view the informal sector as a safe haven for those individuals that have a low socio-economic status and those who cannot find themselves in the formal economy. The underlying factor is that the informal economy is viewed as a substitute for when there is an absence of opportunities in the formal sector one would turn to the informal sector (Duncan, 1992). However, the informal economy does not only serve individuals who are unemployed. This sector can also work to provide additional income in conditions whereby the labour market offers low wages (Raijman, 2001).

The type of society can influence the decision to enter into the informal market and how one behaves in the production process. For example in developing economies such as South America’s Peru the informal sector plays a very important role in providing opportunities that are scarce in the formal sector. Peru’s informal sector has been said to have existed in the nation’s identity for centuries (Austin, 2010).
2.4 Street Vending
Street vending constitutes a large share of the informal sector globally. Many people around the world either whole or partly depend on street vending to earn a living (Mitullah, 2003). Street vendor’s is a name given to people who sell to the public without having a permanent built-up structure from which to sell (Bhowmik, 2005). As illustrated in figure 1 below the employment conditions of street vendors vary depending on their employment status, location of the workplace, the product category and the type of premises in which they operate.

Figure 1: Employment Conditions of Street Vendors

| Employment Status | • Independent self-employed  
|                   | • Semi-independent workers  
|                   | • Dependent employees  
| Location of Workplace | • Designated Market  
|                   | • Undesignated natural market area  
|                   | • Variable/mobile  
| Product Category | • Perishable goods  
|                   | • Non-perishable goods  
|                   | • Services  
| Type of Premises | • Fixed structure (stall, stand, shed, kiosk)  
|                   | • Mobile structure (wheeled stall, bicycle)  
|                   | • No structure (cloth, mat, on person)  

Source: Women in Informal Employment: Globalizing and Organizing (WIEGO) 2011

The lax entry requirements make it a more attractive form of business for entrepreneurs who want to start up and simply cannot afford to enter the formal economy. Over the years street vendors have been subject to eviction and harassments in the streets, mainly because of the non legality and ambiguity of their status and non recognition as formal business. Because a vast majority of street vending businesses usually takes place in public spaces and in most cases is seen as a nuisance by government officials trying to keep the streets clean (Mitullah, 2003). Vendors are usually displaced during times of elections and big events when there are developments aimed at beautifying the historic city centers (WIEGO, 2011). Regardless of government official’s dislike for this activity it continues to expand. There are many reasons why this activity continues to rise and attract many entrants.
Firstly, high unemployment and low wages contributes to the enlargement of ‘forced entrepreneurialism’ (Portes & Hoffman, 2003). In this case the forced entrepreneurilism refers to the situation whereby people are forced to enter the informal sector and street vending is usually much easy to enter into. To further explain the concept of forced entrepreneurilism we look at one of the other factors indentified by Skinner (2008), which points to how the introduction of Structural Adjustment Programmes (SAP) in Africa has lead to restructuring in the public sector and privatisation as well as the opening up of the continent to the globe. These factors lead to the surgeence of foreign goods into Africa which impacted negetively on competitivness locally and resulted in a shrink in the formal economy. With lesser activity the formal economy many found themselves displaced and looked at entering the informal economy. Furthermore, Adams (2008) shares that the informal sector seems to continue to attract people with a higher education level more especially young people.

Trade liberalisation has also lead to the decline of the formal sector in many of Africa’s regions. For example authors Baden &Barber(2005) look at how increased inports of cheaper second hand clothing into countries such as Zimbabwe and Ghana has decreased the demand for locally produced goods. The growth in these imports had been dampening local production and the trends suggested that the fashion in many African countries has been shifting away from traditional “African” garments to a more westernised fashion which is likely to impact furtle production as well.

Another factor that has contributed largely to the increase in street vending is the migration of people from rural areas to urban cities. According to Bhowmik (2005), the lack of gainful employment and poverty has caused people to move from their rural areas into cities in search of a better livelihood. Furthermore, Skinner (2008) alludes that the combination of urbanisation, migration and economic development trends has resulted in a rapid increase in the number of street traders operating in African cities. She further shows that urbanisation in Africa is something that is predicted to grow faster than in other continents. Tettey (2005) adds to this by refering to a “rural push” as the cause of the increased urbanisation. Given the low barriers to entry in street trading; the newcomers/migrants are more than likely to opt for street trading as a way of surviving
The surge of street trading is not only influenced by push factors but also pull factors, meaning that, as much as there are many people entering the market there is also an increasing demand for products from informal traders. Countries with high unemployment rates usually have a large pool of non-income and low-income earners. Lack of sufficient incomes results in non-affordability which leads to an increased demand for cheaper goods by consumers (Field, 2000). Because street traders mostly provide goods at lesser than market price (because many operate outside they save on operational costs such as rent) many consumers opt to purchase in the informal sector.

As mentioned earlier, women account for the majority of participants in street vending. “Women constitute more than two-thirds of street traders in the main cities of Benin, Côte D’Ivoire, Ghana, Mali, and Togo, and more than half in Kenya, Madagascar, Senegal, and South Africa” (WIEGO, 2011). Street vending has been identified as one of the few readily accessible avenues of employment available for women who need to earn a living (Cohen, Bhatt, & Horn, 2000). According to Mitullah (2003) limited employment opportunities within urban spheres drive women into street vending and it is more attractive for women because of the flexible nature of street vending. While women tend to dominate the sector they are more likely to be involved in less lucrative trade areas mainly because of competition, which forces them into even more marginal areas of trade (Skinner, 2008). Moreover, more women are found to earn less from their informal activities when compared to their male counterparts.

Street vending in South Africa is dominated by African women mainly because unemployment in the country is more prevalent amongst this race (Valodia, 1996). According to the Labour Force Survey for the second quarter (2011), 30 percent of the unemployed were black Africans and women were a majority. Street vending is marked with significant differences in South Africa, ranging from women street traders that trade in flea markets selling luxury goods to survivalist street vendors that mainly sell fruits and vegetable, etc. in the streets without proper shelter and most fall on the lower/survivalist end of the market (Mitullah, 2003). Furthermore, the composition of goods sold by vendors in South Africa differs from that of many countries. In some African countries such as Kenya-Nairobi and Mexico, manufacturing forms the majority of the goods sold in the informal sector (Manning, 1993), but in South Africa the market is dominated by non-manufacturing activities even though manufacturing activities have shown signs of growth (Lund, 1998).
Many of the women traders in South Africa do not produce the goods themselves but rather by produce from other producers or wholesaler/retailers (Lund, 1998).

Women street traders are faced with adverse working conditions. They operate in the streets exposed to bad weather conditions and lack the general equipment because they mainly use old desks and tables which are sometimes dangerous for them (Manning, 1993). Crime is also a major problem faced by not only women vendors but also male vendors. However, women are found to be more vulnerable to crime than men mainly because women usually retreat rather than respond aggressively as men sometimes would (Lund, 1998). Street vendors usually long hours and regular hours and many women usually have to juggle between home activities and work, which can sometimes be difficult especially at busy times of the years such as the festive season.

The conditions of work faced by women are marginally different to those of men and their organisation reflects their inferiority in the informal sector and in society in general. Their experiences and social standing characterises how they fit into the informal economy. Because they mainly enter at the survival levels of the sector they are faced with constraints that make it difficult for them to trade compared to men. The strategies applied when dealing with them are for these reason expected to be different to that of men (Lund, 1998).
3. CHAPTER 3: RESEARCH METHODOLOGY

Introduction

In order to be able to ascertain and give insight into the research questions asked above an exploratory study was conducted. The study draws on day to day running of street vendors to ascertain the effectiveness and efficiency of the everyday processes and activities. Furthermore, the study seeks to understand how these informal businesses are organised to contribute to employment, skills development (entrepreneurship) and poverty alleviation.

Multiple methods were applied in order to achieve the objectives of the study (Bloor & Wood, 2006). There study was more of qualitative in nature. Qualitative methods are able to explore and identify relationships that might exist between different themes or issues (Wilkison & Birmongham, 2003).

Additionally, a life-story approach was followed, and this method was appropriate for this study because according to Daniel Bertaux & Martin Kohli (1984) this approach has shown to be the most appropriate for the formulation of substantive theories, which are conceived of as interpretive. And in the case of this study we wanted to indentify how these women were organised and what their contribution to the economy and society is. Moreover, this approach was useful in this study when exploring the experiences and challanges of the street traders

Research Methods

Data collection

Most social studies require some sort of data collection in order to substantiate theory formulation. The method that is used in data collection also plays an important role in authenticating the validity of the data that is used (Smit, 1995). For purposes of this study, a more qualitative data collection method became more useful because the data that needed to be gathered was mostly on human experiences and their perception of what their roles are. The data was collected by using questionnaire and face-to-face conversations with the respondent. The questionnare included brief details on the demographics, such as age, race, and marital status and will consist of the research questions 1-5 that will assist in understading the organisation of the traders (Appendix 1 below provides a structure of the
questionnaire). The data that was collected needed to be analysed in order to build coherent interpretation (Marshall & Rossman, 2006)

**Sampling**

Non probability sampling methods were applied in conducting this study. This method allows you to select a sample subjectively. This research was done on female street vendors operating in the Nelson Mandela Bay (NMB) area. A portion of the traders was extracted and not the entire street trading community in the area in order to work with a manageable sample. Through the process of sampling a total of about twenty female street traders were used mindful of type of traded goods, which in this case were perishable goods. The decision to sample the population was influenced by the size of the population; the cost of obtaining the elements and the convenience and accessibility of the respondents (Black & Champion, 1976). The sample will be obtained mainly in the Central Business District (CBD) of the NMB and it dealt mainly with women trading in perishables such as, fruits, vegetable, sweets etc.

**Interviews**

For a study of this nature it is important to gather as much information as possible from the participants in order to understand the population. Interviews form an integral part of trying to gather information from people and according to Wilkison & Birmongham (2003) interviews are able to provide more insight into the meaning and significance of what is happening in a certain social setting. The process of interviewing was centered on trying to obtain as much information as possible that will help in answering the five research questions. The interviews were more semi-structured with predefined questions but also allowing the respondent to an opportunity to elaborate. The interview was guided by a questionnaire but the interviewer was also allowed to be more creative in obtaining a variety of useful data. The method of using a questionnaire is much common for researchers intending to collect data. The general function of a questionnaire is to provide description and measurement (Black & Champion, 1976); hence the questionnaire was more useful in the multiple method approach that was used in the study. Furthermore, the reason why the questionnaire was the preferred option was because it is not expensive and easier to administer (Wilkison & Birmongham, 2003). The questionnaire comprised of both closed and open-ended questions done face to face with the respondent. The questionnaire was set in English but the interviewer was mindful that some of the respondents may speak Xhosa or
Afrikaans only. The interviewer was flexible in that they could also translate into these two languages and did not require an interpreter.

**Observation**

One the main objective of this study is to understand how these female street vendors operate. In order to fully understand how they operate observation needs to be part of the research process. According to Wilkison & Birmongham(2003), in order to fully understand people activities one needs to see how things are done, experience what it is they do and to even get involved yourself, and this method is known to be observation. This will require some time to be spent with each street trader in order to gain meaning in the observation experience. Observation in this case will not only include seeing, it also will also include listening, contributing, questioning, recording and participating. Also linked to the observation process will be the documenting of events thorough pictures and recording. Some pictures are included in the research findings and the recordings were used to ensure that no meaningful data will be lost when documenting the findings. As the interview was being conducted the respondents were busy servicing customers and it became easy to see how they interact with their customers and even their fellow traders.

**Methods of Data Analysis**

After the data has been collected from the participants it is important to analyse the data so that it is more meaningful and can be used as information. In this case content analysis will be more appropriate when analysing qualitative data (Gray, 2009). Content analysis will assist in applying meaning to the open-ended questions in the questionnaires as well as the interviews (Wilkison & Birmongham, 2003). The first step when conducting the content analysis will be coding. The coding process was a thorough one which involved the transcribing of the data; familiarization with the data; focused reading; reviewing and amending the codes and lastly generating theory (Gray, 2009). For many of the biographical and business related questions used in the questionnaire coding was used to quantify the information. In order to interpret some of the section where the data was quantified bar graphs, pie charts, and tables will be used to analyse the data. Because the nature being analysed in this section will be quantifiable it will be easier to get to a precise outcome. The graphs were followed by explanations and interpretation shown.
4. **CHAPTER 4: RESEARCH FINDINGS AND RECOMMENDATIONS**

4.1 Research Findings

Twenty female street vendors around the Nelson Mandela Bay Area were approached for the interviewing process. The question that the research study was trying to ascertain is if practices in informal organisation are more closely attuned to local cultural norms and values. Firstly, it is important to know what is happening in these informal organisations, meaning there needs to be an understanding of the ways in which things are organised in these informal organisations. The following questions were asked when conducting the survey:

- What is their motivation to work in the informal economy?
- What sort of challenges and how they need to overcome them when compared to the formal economy?
- What is their involvement and contribution to community livelihood and local economy generally?
- What is their contribution to skills and employment creation?
- How they view effectiveness, productivity and appropriate use of resources?

The majority of the people that were interviewed were Xhosa female street vendors operating in the Nelson Mandela Bay CBD (Central Business District). There were many of the respondents who resided in the Nelson Mandela Bay area, but had migrated from other regions in the province of the Eastern Cape. The ages of those that were interviewed varied between 31 and 59. Most of the traders were not married and were the heads of their households. Many of them had come from families where they were the only one working and the lack of employment opportunities lead them to be involved in street trading. All of the respondents indicated that they did not belong to any association and were trading independently. However, many of the women had relations with their fellow street traders who were operating near to them.

**Question 1: What is their motivation to work in the informal economy?**

Many of the women that were interviewed left their homes in the rural parts of the Eastern Cape and came to the city of Port Elizabeth to seek employment opportunities. About 60 percent of the female street vendors interviewed were immigrants from the rural areas and 40 percent were originally from the Nelson Mandela Bay area. As can be seen in figure 1 below
the majority (60%) of the respondents indicated that lack of employment was the main driver behind them going into the informal sector. Flexibility in the informal sector also made the sector more attractive to some women, while others expressed that they felt that working in the informal sector would provide them with better income.

Figure 1: Reasons for participating in Informal Sector

![Figure 1](image)

**Lack of Employment**

Both the immigrants and those who originate from Nelson Mandela Bay (NMB) area expressed that they had been struggling to find meaningful employment that would provide them with a decent salary to afford to take care of their families.

Quotes from some of the respondents

“I dropped out of high school when I was in matric and had to find employment because my mother was ill and my father had passed away and there was no one else who brought income so that we could have food in the house”

“After I matriculated I couldn’t afford to go to university so I got a job as a maid. The money I got there was not enough for me to take care of my child and my other siblings so I decided that selling fruit and sweets would give me better income”.

When further interrogated the respondents expressed why they thought it was difficult for them to find employment. Lack of proper education was the main reason why they thought they could not secure employment. As shown in figure 2 below, about 65 percent of the
respondents dropped out at the primary school level and 35 percent Secondary School. About 5 percent of those who went through secondary school passed grade 12.

Figure 2: Education Levels of the respondents interviewed

Flexibility

Another factor that contributed to their involvement in street trading was flexibility. Some of the respondents expressed that because they were the only female adult at home they had to take care of the children. Even though the majority of the respondents were not married they had male spouses/live-in partners and the role of care-giver rests with the women. They expressed that it was difficult to work for someone and take care of the children at the same time. Because many lacked the financial resources to place their children in care facilities some had to stay at home or take the kids with to work—which was not appropriate for their employers. The women felt that their involvement in street trading made it easy for them to juggle between family and work. They are also able to work flexible hours that allow them space to do some other personal activities.

Quotes from some of the respondents

“I had five kids to look after: three of them where mine and one was my elderly daughter’s and the other one my sister’s who passed away. I could not work at take care of the children so I started selling some sweets and chocolates at home, then after a few years I moved to town where I sold more stuff. I was able to take the younger kids with me when the older ones went to school”.
“On some days I can come to work at around 10am when I have to fetch my children’s grant money”

Seek better income

Lastly, about 15 percent of the respondents expressed that they were not earning enough money to live a decent life. Many of these women had seen some of their neighbors and even some family members being involved in the informal sector and making enough money than they did.

Quotes from some of the respondents

“My neighbor introduced me to the sector when I saw that she was making more money and she could afford to build her house even though she was not working”

Of the women that chose to join the informal sector, all of them started small by using money they had saved either while working or from other sources such as loans from family or friends. Many of the respondents were not aware of the government initiatives that were available for them to borrow money. The ability to save their money came out strongly because most of them found it difficult to access credit because of the stringent requirements when applying for a loan, so in most instances they needed to buy cash. Their perception was that it would be better if they had their own means of earning income and they would be able to progress faster than they would if they continued working for someone. For these women it was a choice to become street traders because they perceive it as being more profitable.

Question 2: What sort of challenges do they face and how they need to overcome them when compared to the formal economy?

The majority of the women mentioned that prices increases were their main challenge, followed by weather conditions, changes in season as well as family dynamics. These challenges came out as the four top main challenges experienced by the respondents, the figure below illustrates.
Figure 3: Main Challenges faced by women street vendors

Price Increases

When the respondents were asked what challenges they experienced when trading, price increases came up as the main challenge. The women found that the increase of prices for some of the goods that they were selling made it hard for them to get better profits. They are faced with the challenge of having to price their goods at lower prices than in the formal sector and are finding difficult to price their products.

Quotes from some of the respondents

“The prices increase means lesser profits for us and people want to buy cheaper stuff. Sometimes our own transport fare goes up and we need to afford to travel but it’s difficult to increase price, especially for loyal customers”

Many of the women have seen a considerable drop in profits over the past two years. They mentioned that the current economic climate was difficult and that they could see many of their loyal customers losing their jobs resulting in them having lesser customers. The additional price increases have put strain on their competiveness even though they source their goods cheaply. The figure below shows that about 80 percent of the respondents preferred to buy from wholesalers because it was cheaper. Many of the respondents did indicate that when prices go up most of them discuss what their minimum price would be, especially in situations where there were lots of traders in one place.
Weather Conditions

Unfavorable weather conditions came up as the second biggest challenge that the women face when trading. Because most of the women were trading from the streets they had to bear the brunt of extremely hot conditions in summer and cold weather in winter.

The weather patterns impacted them negatively because on some days it gets too cold outside and they cannot go to work. Many of them complained that they could not find shelter because there was not enough space and that they also had to rent the shelter that was provided by the municipality in the CBD and affordability was an issue for them.
Seasonality

Many of the women interviewed were involved in sale of fruits among the other goods that they sold. They mentioned that the more perishable products struggled to keep up in summer because they would go off sooner than they could sell them. Again, it was apparent that when the seasons change they had to adapt and sell what was available that season and some items would be expensive during end of season.

Quotes from some of the respondents

“Apples become more expensive in winter so I can’t sell them so I make less money”

“In winter business becomes really bad because people want hot stuff and they hardly buy that much fruit and vegetables”

“On rainy days (mostly in summer) there are fewer customers because people are always in a hurry to go home they rush straight to the taxis home”

Family Dynamics

Even though the element of flexibility allowed them to juggle between home and work the respondents indicated that it becomes difficult at times. Again, in the absence of childcare facilities that are affordable to them they had to take their kids with them to work sometimes which a negative impact on their ability to concentrate fully on their business. More often some of the women must leave or stop work to handle family emergencies such as illness and accidents. The disadvantage in cases like these is that they need to pay someone to man their stand or have to be away which meant less money for that day. It seems that as much as they enjoy having the freedom they feel that it does negatively affect profits.
Quotes from some of the respondents

“My husband left me because I did not have time for him and the kids and as a black man he expected me to be at home cooking for him and the kids”

“Sometimes I have to breast feed my child and when a customer comes they find that I am busy and move to the next trader”

**Question 3: What is their involvement and contribution to community livelihood and local economy generally?**

Many of the women play a very important role in the communities and the work they do contributes to a large extent to the livelihood of others. Their location is one of the most important elements that make them valuable to society. Many of the respondents operate in areas where there is a lot of traffic (in terms of the number of people who pass by) and they sell an array of goods at cheaper prices. They provide goods for many of the low income communities who would otherwise find it difficult to purchase from the formal markets.

Of the women that were surveyed about 70 percent of them operated near to the taxi/bus ranks. The women indicated that it was a strategic way of ensuring that before people take a taxi/bus home there are some items that they would not have remembered earlier and they would be able to obtain them at cheaper prices. They sold items like vegetables, fruits, toothpaste, cigarettes; etc.
Convenience is a huge contribution that they make to the commuters. Many of the respondents indicated that they work flexible hours depending on the season (winter or summer) and they indicate that they serve many customers a day. They noted that the demand for their goods is high especially for food items.

About 50 percent of the respondents indicated that they also sell on credit to customers that they know without requiring any sort of collateral. Many of them work on trust that the customer will pay when they have the means to do so and they understand that their customers might not have higher incomes. In many cases the respondents are able to recover their money from their debtors but in instances where they cannot they are willing to negotiate payment terms. It was noted that in cases where credit was granted, it would be to loyal customers that would have existed for years.

Some indicated that they were also willing to negotiate prices lower with customers that they felt could not afford to pay the asking price.

Quotes from some of the respondents

“I know that many people pass by my stand everyday and the goods I sell are suitable for the market I cater for”

“Some of my customers don’t have money during the month, so I give them some items on credit and I know they will pay me when they get paid with no interest”

**Question 4: What is their contribution to skills and employment creation?**

Trading skills is one of the most common for these street vendors. About 80 percent of the women respondents had no formal business training or formal training in how to trade. 20 percent of them did a course in business skills which was facilitated by the Nelson Mandela Bay Municipality. The course was aimed at the enhancing their business by learning how to better manage their money and how to grow their businesses. The women expressed that their ability to effectively operate their businesses was influenced more by what they had learnt either at home or from close relatives and affiliates.

Even though the majority of the respondents did not formally employ people in their businesses they did indicate that they require services such as transport and someone to assist from time to time. They had to pay for these services.
A general trend existed whereby many of the women used their proceeds to ensure that their family members obtain better education and higher-earning occupations.

**Question 5: How they view effectiveness, productivity and appropriate use of resources?**

**Effectiveness**

The majority of the women expressed that they viewed their business as being effective if they are able to meet their customer’s needs. By understanding their market they are able to assess what products to sell to their customers. Because many of these women trade from the same place and mainly target low income customers, they develop an understanding of what goods they need to provide. Initially when they start-up they would sell what their peers are selling but would latter develop an appreciation by observing customer behavior and feedback from their customers.

Again, they also make sure that there is sufficient stock for them to sell to the customers. From the respondents the common trend was to make sure that they top up their stock before it finishes, taking into account its shelf life.

Quality is also an important aspect for them in determining effectiveness. They make sure that they provide good quality products and services at affordable prices.

Good customer service also came up as an important factor. Many of the women indicated that they know that a happy customer can be retained and good customer service ensures loyalty. How they spoke to their customers was also influenced by how they were raised and their background. The values of respect and politeness seemed to play a major role when dealing with customers. Their cultural affiliation did not inhibit them in exercising the same approach to a customer who was from a different race. Many of the respondents indicated that they had a pool of loyal customers from all races and their relationship was reinforced by how they dealt with their customer when compared to the other traders.

**Productivity**

For most of the respondents, profits were a determinant of the productivity of their business. As can be seen in the figure below, about 50 percent of the respondents indicated that they considered profits of more than 50 percent. Moreover; the growth of the business was also a significant factor in productivity. The majority expressed that the ability to diversify what they sold and grow the quantity was a good indicator that there were running productive
businesses. The growth of their business was also measured by the fact that they could able to sell a larger quantity of goods and that their customer base had grown substantially over the years.

One notable factor however was that more than 65 percent of the women had been operating for more than 10 years and has not changed location. Many of them demonstrated lesser willingness to relocate to other areas of find a building because they were considering the costs. There seemed to be less re-investment into their businesses but they rather use the money to save for something else. Also the majority of these women were not bankers and either kept their money at home or had a stokvel with the other ladies.

Figure 7: Percentage of profits actually charged

Appropriate use of resources

The respondents looked at ways of minimising waste as a mechanism to proper resource use. Many of the women made sure that if they could sell some of the items that were perishable they would sell them at cheaper prices. Some of the women indicated that they would take some of the items home and distribute them to some close family and friends to avoid having to dispose of them.

The majority of the respondents felt very strongly about minimising their costs. They mentioned that they kept their operational costs as low as possible so that they can be able to pass the savings on to the customer. Many of them bought their stock in a collective in order for them to get discounts and they would share the transport fare to get the goods from the store to their place of trading.
4.2 Conclusion

The survey was conducted mainly in the Central Business District on Nelson Mandela Bay. The focus was on women and about twenty of them were interviewed. The majority of the respondents were Xhosa speaking and their ages ranged between 31 and 59. The marital statuses of the respondents were a majority single and were the main bread winners at home. Many of them were migrants who came to the Nelson Mandela Bay to access employment opportunities. Their main reasons for trading varied with the main reason being lack of employment opportunities, followed by flexibility and the need for better income. The education levels of the majority went up to primary level and the rest having a secondary education. Their biggest challenges were increases in prices, adverse weather conditions, and seasonality of sales as well as family dynamics.

Their main contribution to the community is their ability to provide products at cheaper prices, mainly to the low income community. They also offered flexible trading hours, meaning that they would be able to service those customers who could not make it on time for the retail stores. They also sold goods on credit to some of their loyal customers without charging them interest.

Many of respondents demonstrated trading skills without formal training in business or trading. There were more women who used their earnings to ensure that their younger family members get an education that would facilitate getting them higher-earning jobs. One of the main drivers for success in their businesses was how they demonstrated effective trading. Good customer service is a big part of ensuring effective running and customer loyalty. For many of the respondents growth in profits was an indicator of the productivity in their trading. They also make sure that they use whatever resources efficiently by minimizing their operational costs and avoiding waste.
4.3 Research Conclusion and Recommendations

The study focuses mainly on female street vendors as an example mainly because they are the majority within street vending in Africa. The aim of this study was to investigate how female street vendors are organised in Nelson Mandela Bay Area with a view to potentially contribute to the limited literature on the economic dynamics of street trading and to explore the product/trade specific issues and alluded to by Caroline Skinner (2003). The study looked at the effectiveness of the everyday processes and activities of street vendors. Their degree of effectiveness was measured by the success of their businesses; and success was determined by the growth of the business.

This chapter looks to build on the assessment that was provided in the previous section by providing summarising the findings and providing recommendations.

Generally, the decision to engage in street trading for women is driven by their inability to secure employment, flexibility and the need for better income. Many of the women street traders view the opportunity entering informal sector as a permanent one. A vast majority of them do not belong to any association but their affiliation with each other gives some indication of working together in the way in which they operate. They trade mainly in the streets without proper shelter and have strategically positioned themselves in areas that have lots of traffic and people moving around, eg. taxi ranks and main street of the CBD. The growth of the enterprises was reflected mostly in their ability to increase the variety of goods that they sold and how much profit they got at the end of the day. They are mainly savers and have lesser propensity to borrow and how much savings they could accumulate would also be an indicator of growth and success. Many of them have been operating for longer than ten years and have maintained a good customer base and have grown in scale of goods sold and they viewed this as being successful at what they do.

The way in which they conduct their daily operations reflects how they perceive efficiency in running their enterprises and in the absence of formal training they rely on attitudes and beliefs and by borrowing from how the other traders conduct themselves. In many occurrences the respondents referred to quality customer service as being key in retaining customers and attracting new ones. How they conduct themselves when dealing with customers emanates mostly from how they were raised to be respectful and polite when dealing with people in general. In this case it can be said that their background formed a pivotal part in the success of their enterprises as far as customer service is concerned.
Their contribution to the community is also very important because they provide a service to mainly the low-income community. They are conscious about ensuring that their pricing is lower than what the market offers and this is also demonstrated in their strategy to buy together in bulk to get discounts so that they can price lower for the customer.

Street trading itself provides employment opportunities for these women and therefore minimising the scourge of poverty in many homes in the region. Even though they themselves did not have higher qualifications they made it a point to help uplift some of their family members to a standard where they can become higher-income earning citizens. The majority of them are sole heads of the households economically, and have to make means to succeed in their enterprises in order to improve their situation at home. Their savings played were mainly used for such purposes. Trading skills that they have is something that they also pass on to some of their family members and inspire other community members to become more entrepreneurial instead of being discouraged by the uneven labour market.

One of the gaps that were indentified was how most of these women did not do any banking which also proved negative when needing to acquire debt. Most of their savings they kept in a safe at home which was risky. Secondly, the women were not aware of the loans and grants that were available to street traders and further education and awareness was needed in this area. Many of them showed potential to further grow their business but were limited by the fact that their savings could not only be used in the business but for other family needs.

Street trading itself needs to be harnessed because it not only provides job opportunities for many of the impoverished women but helped low-income population to afford some of the basic necessities. In a nation where poverty and employment levels are low street vending provides income opportunities.

In some instance there was an element of culture in how their business was conducted and how successful they become. Their approach to customer service, their willingness to work together and the culture of saving was an indication of this. However, further research needs to be conducted to test how strong the relationship between these elements is and how closely related they are.
5. List of References


Appendix A

I Wyvynza Tiyana a student at the Nelson Mandela Metrop University is doing a research report on female street vendors and how they are organized in the Nelson Mandela Bay. The study is a purely academic one and all information presented will be treated with confidentiality.

### Personal Information

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<th>Q3: Sex</th>
<th>Q4: Race</th>
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**Education**

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**Employment**

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