

TRANSPORT CHALLENGES TO THE SMALL TRADER - IS PUBLIC TRANSPORT THE ANSWER?

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ABSTRACT

There are numerous popular misconceptions of public transport in South Africa – particularly amongst those people who are habitual car users. Even the “enlightened” transport planners are not necessarily aware of the far-reaching and significant effects that public transport has on a large proportion of the population. The role of public transport in accommodating the daily needs of commuters may be quite widely appreciated and its role in meeting the needs of interurban travellers perhaps somewhat less so. What is not so apparent is the role that public transport plays in small-scale trade and manufacturing at a local and also at a national level.

This paper brings together the findings from several recent research projects that were carried out in KwaZulu-Natal with the general objective of assessing the impact of transport on small businesses. Although these research projects are of a preliminary nature, they clearly demonstrate the high level of dependence of many small businesses on public transport. These projects also suggest a possible economic opportunity for public transport itself. In this regard, under-utilisation of public transport combined with the problem of over-trading in the minibus-taxi industry presents an opportunity to expand its usage and its market base to the mutual advantage of the traders and the transport operators. This is seen to be particularly important for small business development in general because it faces stunting at best and failure at worst unless certain shortcomings in the provision of transport are dealt with.

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INTRODUCTION

This paper brings together the findings from recent research that was carried out in KwaZulu-Natal and Lesotho with the general objective of assessing the significance of transport, and in particular the significance of public transport, to small-business operations. This research was instigated because it appears that in most local transportation studies, attention is concentrated mainly on person transport rather than goods transport. Moreover, the attention that is given to goods transport tends to deal with the formal sector and/or large-scale operations. Consequently, little is known about transport in the informal cum small-scale employment sector. Since the majority of households in some areas are known to have at least one member involved in the informal sector, a need was seen to implement a series of preliminary studies that could provide background/base-line information in this field. More specifically, the main purpose of this paper is to look at the direct role played by transport in small/micro businesses and hence to assess its significance. Additional objectives are to identify the need and potential for interventions.

What is a small-business? The literature gives various criteria that may be applied to classify a business and it appears that there is no universally recognised set of criteria. However, the criteria cited include such obvious items as the number of employees and level of turnover. Other factors suggested are the lack of access to capital, technology and government incentive schemes. The businesses considered here, however, are mainly single-person enterprises and are hence the smallest business units that can exist.

STUDY APPROACH AND OUTLINE

This paper draws on the findings from three case studies carried out in the KwaZulu-Natal Midlands and in Lesotho. The first is a study of some 185 crafters derived from a sample of 240 households in the rural settlement of Hlatikulu that is located in close proximity to the Giant's Castle Nature Reserve. The second is a study of 110 small traders in Mpophomeni- a rurally located township that was created nearly forty years ago to accommodate African people residing in the Midmar Dam basin. Mpophomeni is located some 11 kilometres from the tourist cum market cum retirement town of Howick and some 40 kilometres from the city of Pietermaritzburg which lies to the East. Lesotho was the location of the third study using a sample of some thirty people who were involved in small-scale cross-border trade with South Africa.

In each case semi-structured questionnaires were developed including closed and open-ended questions for administration in face-to-face interviews – generally at home - to obtain quantitative and subjective information. In the case of the Lesotho traders, focus group discussions were also held to explore the problems associated with cross-border trade. Non-probability sampling was used, and hence the results cannot be expanded to represent the whole community, since the main objective was to obtain information from specifically identified groups. Also, the studies were constrained to a certain extent by the need to interview willing participants.

OVERVIEW OF RESULTS

The study populations

The majority of the traders and crafters involved in these studies are women in the middle to old age group. Educationally, most of these people may be described as being at least functionally literate – though a small number were not - and a small proportion of them had matriculated. However, most of the people involved in these studies have little to no business training. The crafters evidently require some skills training and in most cases these skills were acquired informally – usually from family members - whilst less than a third had learnt skills at school or community centres.

Reasons for and nature of trading

In most cases, it was found that the people involved in these small businesses were either wholly or largely dependent on the income they derived from their trading. It appears, however, that the incomes received are very small in most cases. For example, the majority of the small traders and the crafters reported incomes of less than R250 per month and less than ten per cent reported receiving more than R1000 per month. To put these income levels into perspective, they do not compare favourably with the minimum pay rates for labourers in the construction industry in KZN and they are considerably less than the R1500 per month adopted in the Durban MTA project (2000) as the limit for “economically disadvantaged people” .

However, the opportunities for employment in the formal sector - including agriculture - are very limited and as a result, people are often left with no option other than to work in the informal sector at a low level of income (Marcus 1999).

In the Hlathikulu area, the initial screening sample of 240 households showed that over two-thirds of the households had someone employed in the formal sector – mainly in the manufacturing, government and agricultural sectors. In addition, some 90% of the households have somebody who is involved in the informal sector – of which the largest single group are involved in crafting. It appears, therefore, that crafting is the largest single employment sector in the study area (Ngcobo and Marcus 1999). Various crafts were identified in the sample. Nearly a half of the crafters weave mats, baskets and the like while less than fifteen per cent deal with yarns – as in crocheting and knitting whilst the remainder are distributed between pottery, wood-carving, metal/wire work and bead work. What is not known is the extent to which the distribution of crafting activities is influenced by such factors as market demand, personal interests or skills, availability/ease of obtaining raw materials etc. However, the question of the influence of transport on these activities is discussed later.

From the sample of small-traders in Mpophomeni, it was found that the majority of the respondents had no formal training in trading or business. This situation is perhaps to be expected since it appears that the majority of the traders were “forced” into their businesses due to retrenchment and the general shortage of formal employment opportunities. Small-scale trading ostensibly has its attractions as a means of self-employment since infrastructure, capital and skill requirements per se can be minimal (Zuma and Marcus 1999).

It was found that approximately a half of the businesses were involved in selling only whilst the other half produced and also sold the goods that they had made – primarily clothing, wax products and foodstuffs. (The actual split between these activities may be somewhat different due to the manner of sampling.) Consequently, some traders have to obtain materials for processing whilst others are simply acting as distributors of goods. In this regard, foodstuffs – including live chickens – and clothes appear to be the most common type of good sold.

Of the cross border traders from Lesotho, over three-quarters of the respondents were the sole income providers in their household and on average they had six dependents to care for. Moreover, the sole income for over a third of the respondents was derived from trading – on their own behalf. Just under a quarter of the respondents were not traders in their own right since they were employed by others – in the informal sector – to procure goods. The balance, just under a half, of the respondents were using trading as a means of supplementing their income from formal sector employment. The main reason for this “double employment” appears to be that the income from formal employment was low because of the low educational level and the cost of maintaining large families (Molekane and Marcus 1999).

The general nature of these businesses is that goods are purchased in South Africa and sold in Lesotho to people who reside and/or work near to the respondents. Although long distance travel is involved in most cases – typically Durban and Cape Town – importation of goods is deemed to be necessary due to the shortage of manufacturing facilities, agricultural activity and/or cost of locally produced goods. The businesses appear to be quite well established since most of the respondents had been trading for five to ten years.

Goods traded include clothing, dress accessories, blankets, fabric and also fruit and vegetables. The nature of the goods traded obviously influences the location of the sources used but other factors were found to have a strong influence. This issue is discussed under transport.

Role of transport

Transport plays a direct and/or an indirect key role in all of the businesses investigated. In this regard a direct role is defined here to be where the traders and crafters themselves have to travel in order to carry out their business. An indirect role is one where customers make use of transport systems to reach the sale points. The pattern of transport usage varies between the three study areas.

The crafters all have to transport the raw materials used in their products to the point of production and these are subsequently transported to the sale points. On the other hand, the small traders and the cross-border traders collect finished goods from a remote point of supply and bring them to their home areas for sale. If transport services were not available then many of the traders would not be able to procure the requisite goods or materials. It is evident, therefore, that transport is essential to these small businesses and it is not solely a requirement for the formal sector.

Most of the traders involved are found to make use of hired transport and most commonly the minibus-taxi services. Whilst this situation does have some advantages, it also brings a number of drawbacks. The specifics are discussed in the following two sections.

Use and advantages of mini-bus taxi services

In many instances, the advent of the minibus-taxi has been a key factor in enabling the development of these small businesses. The minibus-taxi as a “fixed” service and as a “special hire” service has provided the necessary link between the traders, materials and markets. Additionally, trips by minibus-taxi generally cost less than alternative modes of transport - which has the effect of facilitating expansion of the market area and also the material/goods sources. For example, some of the crafters in Hlathikulu harvest raw materials from the nearby rivers and fields but most of them need to make use of motorised transport since their purchases are made from as far afield as Mooi River, Pietermaritzburg and Durban as well as local farms. Most of the crafters use minibus-taxis to make their trips whilst conventional buses and also privately hired cars or trucks are used to a limited extent. In addition, nearly a half of the crafters use mini-bus taxis to transport their goods to market. The availability of these transport services thus enable the production of a wider range of goods than would be possible if no motorised transport was available. Additionally, the minibus-taxi services allow for the retailing of the craft products to be taken to the customers.

Considering the small-traders in Mpophomeni, it was found that few of the enterprises in this study have been established for any length of time: some 62 percent were new - less than a year old, 24 percent were between one year and five years old and only 14 percent were six years or more. It appears that the development of the trading businesses has followed the expansion of the minibus-taxi services to a large extent. Consequently, the minibus-taxi services have in effect enabled the development of these businesses by providing the requisite links between traders, goods/materials and the customers.

As outlined above, the traders from Lesotho purchase goods in South Africa and sell them in Lesotho to people who reside and/or work near to the respondents. Consequently, long distance travel is involved in most cases. The nature of the goods traded obviously influences the location of the sources used but other factors were found to have a strong influence. Perishable goods, fruit and vegetables, are obtained relatively nearby from the Free State whilst clothing, fabrics and accessories are purchased in Cape Town, Durban or Johannesburg. However the respondents report a preference for and increasing usage of Cape Town as a source even though it is the furthest and hence most costly destination to reach. Two main reasons are given for this seeming anomaly. Firstly, the respondents find the quality of goods to be higher in Cape Town than the other sources and hence – they report – “...our goods from there sell fast and they are genuine...” Secondly, the

respondents report that Cape Town is seen to be safer than the other destinations because they have not suffered any robberies there “ ... unlike Durban and Johannesburg ...” (Molekane and Marcus 1999).

The two modes of transport used by the cross-border traders are minibus-taxis and buses. Generally the traders prefer to travel by minibus-taxis - for two main reasons. Firstly, the taxis afford a lower journey time and cost than the buses; a factor that is particularly important on trips to Cape Town. Secondly, taxis take the traders directly to the various factory shops and the like in the cities whereas if buses are used, traders have to make their own travel arrangements in the cities and hence they are exposed to the risk of robberies.

Disadvantages of mini-bus taxi services

Problems reported by the respondents in the various study areas centered on cost, service frequencies, safety and various aspects of the carriage of goods per se.

Although respondents in all of the study areas reported transport costs as being a problem, the minibus-taxi generally does offer the lowest cost service to passengers. However, in Hlathikulu the crafters complained that they were charged for the goods that they carried as well as a fare in respect of themselves. Additionally, some drivers refused to allow passengers to carry goods. Viewing this situation objectively, if passenger space is being displaced with goods then it seems reasonable that the taxi operator is compensated for the loss of passenger revenue.

Service frequencies were cited as a problem by the crafters and the small traders from Mpophomeni. However, since the Hlathikulu and Mpophomeni areas are essentially rural, low service frequencies are to be expected. On the other hand the Lesotho traders largely determine their own service frequencies since they arrange special hires.

Considering the safety aspect, the respondents from Lesotho indicated that accidents are common on their trips - a situation that they mostly ascribe to the long hours of driving and to a certain extent to “wandering spirits” on the roads. This subject of wandering spirits is discussed by Marcus & Roebuck (2000).

A basic problem with minibus-taxis is their size relative to the number of passengers that they are designed to carry. Indeed, lack of space in minibus-taxis is found to be a problem for commuters – see for example Roebuck and Simmer (2000) – let alone traders. The carriage of goods worsens this situation and it impacts on comfort as well as safety. Perhaps the most severe effects are those endured by the Lesotho traders since they travel for many hours under considerable discomfort. The small size of the vehicles coupled with crowding was also found to lead to complaints regarding damage to goods whilst in transit.

Solutions to transport problems

The respondents in these studies obviously realise that transport is essential to the operation of their businesses – both for obtaining producer inputs and for linking with markets. However, many of the respondents felt that the existing transport services were stifling their businesses and that “all of their problems would be solved” if they had their own reliable transport. The likely validity of this solution is discussed below.

DISCUSSION

The discussion here centers on the factors contributing to the present relationship between the traders and the minibus-taxi operators – which in effect is a form of impasse - and also the interventions that are seen to be needed to break this impasse.

Role of transport: general principles

Various notions have been advanced for what is the role of transport, a common one being that its role is to “serve the landuse development/activities”. This particular notion is not favoured since it tends to be misinterpreted/misapplied. What transport systems do in practice, however, is to provide physical links between activities both for the direct benefit of people and also the movement of goods. Consequently, transport is actually an “enabling agent”, since it permits and at the same time overcomes the spatial separation of activities. Moreover, it must be noted that the total or generalised cost of linking activities will largely determine the extent to which a given landuse pattern will realise its potential – commercially and in all other respects. Obviously whenever a choice of activities is available, high cost linkages will be used to a lesser extent than low cost linkages and indeed some are not used at all (Roebuck 1990).

Enablement of small-scale business

The case studies reported on in this paper clearly show that motorised transport is essential to virtually all of the small-scale businesses both for the procurement of materials and also for taking finished goods to the various points of sale. In particular, it is noted that the advent of the minibus-taxi services has permitted the development of many of the businesses studied since these services have provided affordable linkages that did not exist previously (or that were not affordable) and hence have opened up new markets to traders. Although the minibus-taxi services have enabled various businesses, these services present various problems to the traders – as discussed above – and hence the question arises as to what would be the most appropriate mode of transport for these traders.

Most appropriate mode?

A number of traders expressed the view that all of their problems would be overcome if they had their own reliable transport. Many of the perceived advantages of private transport are of course perceived as the disadvantages of public transport. In particular private transport allows for trips to be made wherever and at whatever time the traveller chooses. Moreover, in the instance of the small traders reported on here the minibus-taxi services in particular pose problems to the actual carriage of goods since the vehicles themselves are built primarily for the carriage of people and under rather cramped conditions at that. Obviously, private transport would overcome these problems but at a price. One advantage of public transport systems is that payment only has to be made for the portion used whereas it is necessary to pay for all of the costs of privately owned transport. In view of the lack of business training of the traders studied here, it seems unlikely that they have carried out the requisite cost-benefit analysis. Put another way, those that wish for a private personal solution do so because they cannot imagine how they could influence or modify the existing public transport system in a way that would better accommodate their needs.

As the situation stands, the minibus-taxi is not the ideal mode but is the one that is most widely available and also it seems likely to remain so for the foreseeable future. In view of the limited space in the vehicles and also the general practice of each trader travelling with his/her own goods, the expansion that is needed to maintain and develop the businesses cannot occur. Moreover, it appears in many instances that the minibus-taxi operators have a “mindset” about the type of

vehicle to use and also their area and method of operation. Consequently, a kind of impasse has been reached.

Interventions

Given this impasse it appears that without interventions the existing deadlock is unlikely to be broken. However, it must first be decided whether or not effort should be expended on developing these small-scale businesses. Looking at this question from economic and social viewpoints, the research reported on here shows that these small businesses are providing much needed income and employment for a significant number of people, especially women who are particularly disadvantaged in the existing stratified formal labour market. Also, the actual sale of goods is of benefit to the customers – especially where the traders are bringing goods to the community thus saving them the cost of travelling long distances to obtain goods. (This applies largely to the Lesotho and Mphophomeni study areas.) From an economic point of view, the opportunity cost of establishing these small businesses is negligible and hence as a means of generating employment opportunities it is highly cost-effective. It is concluded therefore that it is worthwhile making interventions to help develop and maintain the businesses.

As to what interventions are required, this question needs to be answered with respect to both main groups of role players, the minibus-taxi operators and the traders.

Considering the minibus-taxi operators, it should be noted that this mode tends to be over-supplied and hence has significant spare capacity – especially during the valley periods. Consequently, an opportunity is seen to utilise this spare capacity to the mutual advantage of the traders and the transport operators. However, two changes are seen to be necessary for this to take place. Firstly, the minibus-taxi operators need to have a better knowledge of actual operating costs and hence to realise that a profit can be made on part-loads. Secondly, the traders need to move away from the practice of always travelling with their goods - some division of labour is needed. Such a division of labour may also be to the advantage of the traders where they can be sure that those people who are entrusted with the tasks of procuring or retailing their goods are both reliable and responsible. The experience of the women traders from Lesotho is also suggestive of the potential of traders' collective organisation to modify and influence transport services to meet client needs to some degree.

CONCLUSION

In conclusion, the research reported on here has identified the transport challenges facing the small trader. Moreover, it appears that public transport – especially in the guise of the minibus-taxi – is providing *an* answer. However, appropriate changes in method of operation by the traders and the minibus-taxi owners could lead to taxis being the optimum mode under the prevailing circumstances.

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BRIEF CV

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Experience commenced in contracting, dealing with cable and water tunnels, followed by employment in a local authority – latterly as County Road Safety Officer. Came to South Africa to work at the CSIR in Pretoria then moved to a consulting practice in Durban.

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