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The structure of township economy & development: The relationship between informal sector work and precarity in South African townships

Student: Pride Mathebula

Student number: u16348339

Department of Sociology

Faculty of Humanities

University of Pretoria

Supervisor: Prof Alf Gunvald Nilsen

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ACRONYMS

GDP – Gross Domestic Product

ILO – International Labour Organisations

NSC – National Senior Certificate

QLFS – Quarterly Labour Force Survey

SA – South Africa

SADC – Southern African Developing Community

StatsSA – Statistics South Africa

TMPD – Tshwane Metro Police Department

UIF – Unemployment Insurance Fund

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ABSTRACT

In South Africa there is a large number of unemployed people, which in no small part is due to the formal sector’s incapability to create more job opportunities. People are vulnerable to poverty, and as a result, the informal sector has become important to poor and unemployed working-class households in the country’s townships. Informal work offers employment and a source of income to shield these communities from extreme poverty. However, at the same time, work and income in the informal sector is extremely precarious. As this study shows, the informal sector exists alongside with precarity in South Africa. The research is based on data collection in the townships of Mamelodi and Diepsloot. A qualitative approach was deployed in the collection of data, and 20 participants were selected to be interviewed in order to address the research questions of this study, it included informal sector workers like street vendors, welders and carpenters from both townships. This study examines and explores the informal sector through the lens of structuralist theories of informal sector work, supplemented with theories of precarious work and precarity. What emerges from the analysis of the data and findings, is that the informal sector is characterised by an ambiguous duality: the informal sector is an important arena for poor people’s survival strategies, but at the same time, informal sector work is deeply precarious. I also show how the informal sector and informal sector work is related to the formal sector, labour restructuring, and the neo-liberal policies introduced in the South African economy in the post-apartheid era, which have caused escalating unemployment.

Keywords: Informal sector, Formal sector, Precarity, Precarious work, Restructuring of work, Neo-liberalism, Structuralism, Mamelodi, Diepsloot, Poor working-class, South African political economy

CHAPTER 1

1 INTRODUCTION

1.1 Background and context

South Africa's development trajectory is characterised by a major paradox. On the one hand, a long history of dispossession and proletarianisation has created an economy and a society structured around wage labour. As a result, a "wage culture" (Theron, 2010) has become a social norm where people, and men in particular, aspire to or expect waged employment as a means of survival. On the other hand, the South African economy is bedevilled by extremely high levels of unemployment. And the Covid-19 pandemic has also exacerbated the unemployment rate in South Africa. According to Reuters (2021) the unemployment rate hit a new record high of 34.4% in the second quarter of 2021 from 32.6% in the first quarter. And in 2022, according to Trading economics (2022), in the fourth quarter of 2022 the unemployment rate was 35, 2%, which decreased compared to the unemployment rate in the third quarter which was 35,5%.

In other words, waged employment is often far out of reach for many individuals and households in the country, and this reality, in turn, is a significant factor in terms of South Africa's high poverty rates. StatsSA (2021) found that the number of people living below the upper-poverty line was (is) 55.5%, which is equals to 30.4 million South Africans, and the upper-bound poverty line was (is) R1,315.00 per person per month. This tells us that a number of South African's are limited from accessing resources, such as nutritional foods, better education, housing, and even better access to job opportunity, because one must use transport or data when searching for an employment opportunity.

As a result of high levels of unemployment, the unemployed in South Africa resort to the informal sector in order to generate income. According to Rogan & Skinner (2019) the latest Quarterly Labour Force Survey (QLFS) found that about 3 million people in South Africa were working in the informal sector, which is just under 20% of total employment. While Cichello & Rogan (2017) states that the informal sector comprises only of 16% of total employment in South Africa. This tells us that when the formal sector halts to absorb workers, in attempts of eliminating poverty workers use their skills and entrepreneurial ideas in the informal sector in order to generate income. Musara & Nieuwenhuizen (2020, 207) writes that the informal sector entrepreneurship is primarily driven by contextual backgrounds, such as, abject poverty, unemployment, inequality, discrimination, institutional failure and deprivation. In this context,

workers involvement in the informal sector is usually a result of poverty and a strategy to tackle poverty. Furthermore, Rogan & Skinner (2019) states that the informal sector provides employment which is important as it keeps households above the poverty line.

Mosoetsa (2011) writes that the collapse of formal factories in the areas of Mpumalanga and Enhlalakahle, and the subsequent absence of wage employment, led to the household becoming the sole mode of production for many people, and they were unable to secure alternative and sustainable livelihood sources and income. And the income pulled by the households for survival as stated by Mosoetsa (2011) is derived chiefly from state grants and employment in the informal sector. However, the ability of the informal sector - street selling – and home-based work to alleviate insecurity is extremely limited. The argument shows that while workers engage in the informal sector activities with the attempt of dusting off poverty from their shoulders when formal wage is unavailable. It fails to offer the path out of it because work in the informal sector is precarious and income is uncertain. The informal sector is an aspect of precarious work in South Africa. Similarly, Scully (2016a) argues that a majority of precarious workers situate their livelihood strategies within a social networks that can be described as a household, where multiple incomes are combined, such as, government grants and subsistence income generated from selling subsistence produced products. And it can be deduced from the evidence presented by Scully and Mosoetsa that income from the informal sector work is precarious, because workers are constantly in a state of pulling various streams of income in order to sustain their livelihoods. In support of this argument, the absence of wage income, Mosoetsa (2011) has resulted households in the rural and townships into agricultural production, where the poor rely mainly on the informal sector for income, where they sell subsistence produced products. And the cost of important services made household income more inadequate and exacerbated food security. Hence, Mosoetsa (2011) writes that many households resort to illicit activities such as crime or illegal electricity connections in order to earn additional income or cut costs. And they also rely on wages of household members, gifts or remittances from parents or friends and income from selling goods or services for survival.

Scully (2016a) distinguishes between two processes that intertwine to constitute South Africa's informal sector. Firstly, 'informalisation from above', articulated by Webster (2006) in a chapter entitled, *Trade unions and the challenge of the informalisation of work*, edited by Buhlungu, in *Trade Unions and democracy: COSATU workers' political attitudes in South Africa*, 'informalisation from above', includes workers who have regular wage jobs, but who lack the full range of protection available to workers under South African labour laws, and who

are therefore unregulated. Informalisation from above, then, occurs in the formal sector, as a result of how employers exclude workers from legal protection. Secondly, 'informalisation from below' involves people who have no regular employment and who rely instead on low-income survivalist activities. This work typically prevails in the informal sector, where work is unprotected, and it is usually precarious as their survivalist tactics cannot be relied upon or sustain them for long-term. Which is why, Scully (2016a) discusses that income from precarious work is sustaining, but it cannot be relied upon in the long term.

The Covid-19 pandemic has exacerbated the features of economic life in South Africa, such as poverty, inequality and unemployment. Bittar (2020) noted that lockdowns have halted employment and left many South Africans with the impossible choice of working to provide food security. Mukwevho (2021) writes that the Covid-19 pandemic has worsened the already high unemployment rate in South Africa, as 2020 saw an increase in: Northern Cape 5.6%, Mpumalanga 5.2% and North West 5%, while Gauteng recorded a lower increase of 0.4% while Free State recorded a decrease in unemployment by 2.1%. These statistics indicates how unemployment has increased because of the pandemic. In this context, it is imperative to deepen our knowledge on the workings of informality and informal sector work in relation to precarity and precarious livelihoods in the country. This study explores the complexity of precarity in the informal sector work and how informality is constituted within South Africa's political economy. More specifically, the study investigates the relationship between precarity and informal sector work. And how the people involved in it are usually pushed by poverty and unemployment opportunities in the formal sector. Furthermore, this study will explore what the informal sector work implicates on the livelihoods of the poor working-class in townships, under the ongoing Covid-19 pandemic.

Problem Statement

How is informal sector work related to precarity among poor working-class households in South African townships, and how is informality and precarity in turn linked to the political economy of South Africa's development?

South African's resort to the informal sector in order to secure livelihoods for themselves due to the limited availability of formal sector jobs. This study will shed light on the implications of this on the nature and dynamics of precarity and precarious livelihoods in poor working-class households in South Africa. Working across spatial scales, this project explores how

informality and precarity at the level of township livelihoods and households are related to South Africa's wider political economy.

1.2 Research questions

- i. What is the nature of the informal sector in the South African economy, and what are the characteristic features of work in South Africa's informal sector?
- ii. What role does informal sector play in the livelihood strategies of poor working-class households in South African townships?
- iii. What are the implications of reliance on informal sector work for long-term living standards among poor households in South Africa?
- iv. How has the Covid-19 pandemic impacted informal sector work and the role of informal sector work in the livelihoods strategies for poor working-class households in South African townships?
- v. What are the likely future trajectories of the informal sector in South Africa, and what does this tell us about the country's political economy of development?

1.3 Aims and objectives of the study

The main aim of this study is to demonstrate and investigate how poverty and unemployment propels the poor to resort to the informal sector, and how it may expand if the formal sector fails to create more wage income opportunities.

The Study's specific objective is to explore how poor-working class households react to the high levels of unemployment in the country and how they sustain their livelihoods. The study examines the implications of working in the informal sector for these households. At a macro-level, a key objective of the study is to illuminate how the informal sector is the result of South Africa's political economy of development and restructuring of work in the country. Further, the study's objective is to critically examine the relationship between the informal sector work and precarity in South African townships. It discusses and analyses the long-term development and ramifications of informal sector work for South Africa's political economy.

1.4 Rationale of the Study

In both academic and policy discourse, work in the informal sector is commonly viewed as a form of entrepreneurial self-employment, and this entrepreneurial activity constitutes a solution to the problem of poverty. For example, Rogerson & Beavon (1980, 175) writes that the informal sector is perceived as a potential panacea for ameliorating the exigencies of unemployment and poverty. Further, Theron (2010) argues that the informal economy is where

poor people are either self-employed or engage in a range of entrepreneurial activities. Similarly, Musara & Nieuwenhuisen (2020) focus on how some entrepreneurial leaders in South Africa began their business journeys through the informal sector, in order to prove that the informal sector is an area of entrepreneurial innovation that can be used to enhance livelihoods. Much policy discourse focuses on entrepreneurship as the way forward for poor communities, and often point to the informal sector as a hotbed of entrepreneurial energy and initiative. For example, in the Vuvuzela graduation model policy approach, there are three pre-formal phases of the informal sector businesses, Skinner (2018) it includes the survivalist informal enterprise, the emerging informal enterprise and the micro-entrepreneurs. This approach of the informal sector in the country believes that entrepreneurial activities are the norm and characteristics of the informal sector. In support of this idea is Arnold & Bongiovi (2013), who theorises the informal sector as a site of entrepreneurial activities and in some cases responding to stifling or the growing power of organised labour.

However, the informal sector is not only a domain of entrepreneurship and innovation. A substantial body of research has shown that informality and informal work are key sites of precarity, both beyond and within South Africa. For example, Davis (2006) critiques the notion of the informal sector as a school of urban skills from which the rural immigrants eventually graduate to the formal sector jobs. Rather, Davis (2006) argues that in the informal sector there is seemingly only a down staircase in which many formal sector workers and sacked employees descend into the black economy, which is a living museum of exploitation where child labour takes place and people engage in precarious work. This critique does not attribute the informal sector as entrepreneurial nor as a site that lifts people out of poverty. However, view the informal sector as an arena of degrading labour, poverty and further driving the poor into exploitation and precarity. Similar, in South Africa the informal sector prevails due to the loss of employment or unemployment opportunities. Informal sector work is arguably not so much an entrepreneurial initiative, as it is a survival strategy. And this survival strategy is precarious because of low incomes, limited job security, contracts, safety issues, and uncertainty of the working environment. Mosoetsa (2011) writes that the informal sector's potential to alleviate poverty is extremely limited, because the strategies used as a source of income are unreliable or unsustainable. Therefore, this study will be drawing on such approaches in order to address the problem statement, as they view the informal sector as an existing key arena of precarity and as a reaction to the formal sector's stagnancy in generating job opportunities and job protection.

CHAPTER 2

2 LITERATURE REVIEW

2.1 *Informality and the informal sector in the Global South*

The concept informal sector was first used in the 1970s by Keith Hart to describe a specific forms of unregulated work with low wages in Africa, with a specific focus in Ghana Hart (1973) utilised the concept of the informal sector to refer to workers in the urban slums engaging in work without a regular wage-job in the formal sector, and that the informal sector provides opportunities of improving real incomes for the jobless. Hart's argument is that the informal sector is where the unemployed engage in unregulated activities outside the formal sector for wages which are uncertain. Further, Sherifat (2011) writes that Hart used the concept of the informal sector to describe a part of the urban labour force working outside the formal labour market. Where wages are inadequate and uncertain, this is the reason why (Ferman *et al*, 1973) cited in Sherifat, 2011) defined the informal sector as an irregular economy. Which is in accord with Hart's description of the informal sector, as an arena where the unemployed poor run into when there are not enough job opportunities in the formal sector.

Hitherto, Portes (1983) writes that there was no existing distinction between the formal and informal sector in the 19th century capitalism, and its absence was not because the activities labelled today as informal did not exist then, but rather to the lack of suitable contrast. The activities that define work outside the legal regulated employment and income from non-contractual employment has been in existence before the coining of the concept, Portes (1983) states that such activities were not only common but were intensively practiced during the period of classical capitalism in the industrialised countries. The emergence of the contrast can be attributed to regularised employment, which later eroded in the 1970s. Portes (1983) argues that class struggles have progressively limited the freedom of employers to hire and fire workers arbitrarily. And the fall of regularised labour or protected formal wage and work arrangement that was exacerbated with the neo-liberal age, saw employers bypassing state policies that protected workers, which made it easy to categorise work under the label of formal-informal sector activities, and hence the contrast between the two sectors is apparent in today's capitalist society. Portes (1983) states that in the present-day capitalism, a large proportion of the working class is protected from arbitrary hiring and firing and is freed from the enforced practice of economic activities to supplement an insufficient wage.

There are various discourses about the concept of the informal sector, Portes (1983) defines the informal sector as referring to the most deprived sectors of the population, mostly in the urban areas. The informal sector is used to categorise workers that do not have access to quality employment and income. Contrary to this, is the definition by the United Nations sponsored in Portes (1983) that defined informal sector as being characterised by easy entry, and that it is determined by low capital and skill requirements. And it includes, street vending, domestic service, minor household repairs, custodian duties, and many activities which do not require peculiar training or significant resources. Other contestation/debate about the concept of the informal sector, as stated by Portes (1983) is that is a set of autonomous economic enterprises. This view of the informal sector believes that workers who engages in activities in the sector are usually self-employed and autonomous from the formal sector regulations.

Informal sector as a concept is also used to describe work that is uncertain and operating outside the formal sector's regulations. (Moser, 1978 cited in Portes, 1983) writes that workers in the informal sector are not protected by labour laws concerning hours, minimum wages, and hiring and firing are usually done verbally and under vaguely worded arrangements, while in the formal sector is characterised by contractual rights and explicit rights and duties. This discourse of the informal sector is criticised by Portes (1983) because it omits individuals or activities that should also be included in the informal sector, which most among them are disguised wage-labourers employed individually by formal-sector firms as part-time and full-time subsistence workers. This critique maintains that the concept of informal sector should not only be used to point out work or activities outside the formal sector, as there are workers in the formal sector employed informally. For example, Sherifat (2011) argues that there is no clear distinction between formal and informal sector work as large factories and state-run enterprises have informal labour force working beside their formal counterparts. Further, Portes (1983) writes that the informal sector and formal sector activities should be seen in the context of a unified economy. Portes (1983) stresses that categorisation of labour market or enterprises as exclusively formal or informal are ahistorical and led to a premature rejection of the concept, as they fail to grasp the process of articulation of different relationships of production that created the informal and formal division. This section represented the discourse on the concept of the informal sector between 1970s to 1980s, and the following section is going to discuss about the of concept of the informal sector from the 1990s onwards.

Munck (2013) uses the term informality to describe workers outside of the formal capitalist system. The informal sector and formal sector are intertwined, which is the result of the formal

sector's failure to produce enough jobs. Thus, the informal sector somehow proves that the inability of the formal sector to absorb workers is resulting into the strengthening of the informal sector work as the poor, and those side-lined by the formal sector use other ways to make a living and to sustain their livelihoods. This phenomenon implies that the informal sector and the formal sector should not be seen as two distinct separate worlds, however, as both co-existing under capitalist societies. The co-existence of the sectors as stated by Breman (1996) is caused by economic diversification which propels rural workers to migrate to urban areas and from the informal to the formal sector. However, with informalisation of the formal sector and unemployment, many remain in the informal sector and rely on self-employment, which Breman (2020) believes it is the result of doing away with the formal employment and labour legislation that regulated modes of waged work, which is said to halt economic growth, hence people started to be employed on informal terms. Thus, making informal sector to continue to exist alongside with the formal sector. Hence, Rogan *et al* (2018) emphasises that the informal economy has been strongly and incorrectly conceptualised as an isolated part of the economy, while it is not. For example, workers in the informal sector depends on the salaries of the formal sector workers for income. However, the informal sector workers are susceptible to precarity due to unsafe working conditions, as their work is unreliable, less regulated nor protected by the law. For example, Breman (1996) writes that the informal sector workers are exploited by employers, who reserve the right to end the relationship arbitrary or alter the terms of employment, and the workers are expected to endure heavy physical strain and to work long or irregular hours. In consistent with Arnold and Bongiovi (2013) who emphasise that workers in the informal economy are fully open to market despotism and bullying by public authorities and have less institutional protection either from unions or the state. Such precarious working conditions and environments is a result of policy failure to protect and recognise the informal sector through regulations, and it turns it into an arena of precarity. Similarly in South Africa, Ledingoane & Viljoen (2020) writes that the absence of legitimate and service trading space for unregistered informal workers poses significant constraints for informal street traders in the cities of Johannesburg, Cape Town, and as well as in Diepsloot. The informal sector worker's way of generating income and entrepreneurial initiative which aims to combat poverty and unemployment is undermined by limited operating spaces and legal acceptance.

Workers in the informal sector are not only struggling with securing better wages nor with the general inability of the informal work to sustain their livelihoods and households. However, they are also challenged with poor policies which undermines their means of surviving

alongside with the formal sector. Munck (2013) argues that the growth of the informal economy is rooted on the poor formal employment contracts or respect of labour rights. And while workers are showcasing their skills and abilities through self-employment and entrepreneurial initiatives in the informal sector, poor policy, security and protection of the informal sector makes it easy for their strategies to be easily jeopardised.

While workers in the formal sector are protected by laws, have contracts and a guaranteed wage labour return, in the informal sector it is the opposite as income is not stable because of the uncertain working conditions and unpredictability. For example, Munck (2013) states that in the informal sector, the means of production are owned by those who operate them, and the division of labour is rudimentary. This enforces precarity because of deficient regulations and protection by the law, and as a result, there is not stable income in the informal sector due to the uncertainty of work. And with deregulation as the norm in the neo-liberal age, which is coupled with limited stable job opportunities in the formal sector and with many unemployed people. The informal sector and precarious work are bound to expand, because policies and policy makers are reluctant to address these phenomena. Hence, for Munck (2013) social inclusion policies as a practice that wanted to do away with exclusions, was in turn not strong enough as a social policy politically in the era driven by neo-liberalism. Simultaneously, the informal sector is challenged by the limited acceptance from the state as there is a limited policy interventions, and unions seems to be not prioritising protecting the workers or safeguard their labour rights. Arnold & Bongiovi (2013) argues that the informal sector is suffering from limited interests by the authorities, and this is because it does not contribute to taxes, and it is seen as a nuisance. Such failure by the state officials to recognise the informal sector workers because they do not add to the country's Gross Domestic Product (GDP) through the paying of taxes is limited. As the informal sector operates side-to-side and below the formal sector, and the informal workers maintain their livelihood by using their self-employed generated wages to access resources in the macro-economy through consumption.

2.2 Informality and informal sector in South Africa

2.2.1 Informality and informal sector in apartheid South Africa

Rogerson (1988) writes that during the apartheid era in South Africa, only small communities of hawkers who managed to secure licenses or fixed stands for the vending of soft goods such as, flowers, or fruits and vegetables were allowed to work in the informal sector. Pre-apartheid and during the apartheid era, operating in the informal sector was restricted especially in the

urban areas due to race/racial discrimination, with the motive of keeping 'cities beautiful' and for spatial control purposes. With the restrictions in place, workers had to get permission in order to operate in the informal sector, and those who operated without licenses were punished. This shows that because of racism and spatial control, informal sector work and workers were not welcomed in urban South Africa, and workers were limited from engaging in entrepreneurial activities. For example, Rogerson (1988) argues that in Johannesburg, authorities in the late 1960s, with the use of campaigns, they were prosecuting and raiding hawkers operating in the inner-city zone. Further, Wellings & Sutcliffe (1984) on their findings done through a survey, found that 40% of the informal sector participants were harassed by the police and authorities, and this was their major obstacle while engaging in their survivalist initiatives. With the absolute rule against the informal sector operators, a license was needed for their lives to not fall at risk while trying to generate an income. Wellings & Sutcliffe (1984) writes that the history of South African informal sector is linked with racism and urban areas control, as informal work was said to be illegal and comprising of criminal activities, and as a site encouraging migration from rural areas to the country's black townships. These discourses show us that the nature and history of South African informal sector was characterised with racial regulations and strict moderation which sought to hinder unemployed people from capitalising on it, especially in the urban areas. And while prosecutions and repressions were used to do away with informal workers in the urban South Africa, unemployment on the other hand was also prompting people to engage in informal work, and according to Rogerson & Beavon (1980) this was a result of structural unemployment in South Africa.

Early studies on the informal sector in South Africa prior to 1994, clearly shows that the relationships between the informal sector and the formal sector is intertwined. For example, Rogerson (1988) argues that the informal sector in South African cities has been constituted by an element crucial to the reproduction of working-class households, and because of situations where the levels of formal income-earning opportunities were absent, the informal sector assumed a significant role in the world of urban working. This tells us that the informal sector before 1994 was initially used to combat unemployment and poverty among people who were unable to get employment in the formal sector. Simultaneously this apprises us that the informal sector's existence is due to the formal sector's inadequacy to offer stable employment to all people. Consequently, the relationship between the sectors is dependent, as one sector depends on the other sector. For example, Wellings & Sutcliffe (1984) argues that the informal sector functions in spaces which are created and controlled by the formal capitalist mode of

production, which makes it hard for the formal sector to develop autonomously. The evidence and example of this interdependent relationship between the two sectors in South Africa prior to the dawn of democracy is supported by Rogerson (1988) who argues that the period of coffee-cart trading that opened in the early 1930s, when Johannesburg was in a time of considerable industrial growth and a major extension in formal wage opportunities for blacks, the coffee-cart informal hawkers accessed the urban informal economy because there were no adequate facilities for black workers to secure daily refreshment, and these hawkers were from the townships. Thus, the early studies on the informal sector shows that there is a complimentary relationship between the two sectors, as those working in the informal sector depends on the formal sector workers income, and their support provide them with income.

Before the dawn of democracy in 1994, the South African informal sector was theorised as posing a threat to the formal sector's growth, and it was strictly moderated especially in the urban areas. Rogerson (1988) argues that the street hawkers were said to be posing economic competition to the established formal retail businesses, and these views were aiming to protect white interests from competing with the Indian and Black informal workers, who were not allowed to live in urban areas at all. This confirms that in the early studies the informal sector was seen to be bringing about racial competition between the races in South Africa, which was invested in the economic growth and power of whites only. Later, then the informal sector developed from the reformist paradigm of being theorised as a threat and deserving repression, into what Wellings & Sutcliffe (1984) theorised to be embodying the value of absorbing unemployed labour and providing impoverished families with some income. This discourse, since the transition to democracy in 1994 is the dominant feature of research and theorisation of the informal sector. The informal sector is seen as an entrepreneurial arena where the poor and the unemployed can generate income and chart a path out of poverty when the formal sector is struggling to provide employment opportunities. For example, in the apartheid era, (Rogerson & Beavon, 1982) cited in Wellings & Sutcliffe (1984) writes that the creation of a mass of structural unemployed workers, propelled a growing number of black people to engage in the informal sector entrepreneurship for survival.

2.2.2 Informality and informal sector in post-apartheid South Africa

Tshuma & Jari (2013) writes that the informal sector in South Africa is an arena for entrepreneurial engagement in economic activities by selling legal goods and services. And these entrepreneurial initiative in the informal sector offer the unemployed with the opportunity

to generate income, for example, Masibane *et al* (2019) writes that informal sector entrepreneurship provides an alternative source of livelihood and means of survival, in the midst of high levels of unemployment, which is the consequence of sluggish job creation. (Rogan & skinner, 2017) cited in Musara & Nieuwenhuizen (2010, 196) states that the informal sector entrepreneurship is a key part of South Africa's economy, as from the period between 2008 and 2014, the informal sector entrepreneurship contributed between 16% and 18% of South Africa's total employment figures.

Contrary, the informal sector is not only approached through the lens of entrepreneurialism. Other perspectives focus on how the informal sector exists in close relations with precarity. For example, Hlatshwayo (2020, 100) writes that jobs in the informal sector tend to be precarious, and there is a poor representation of informal sector workers. This further undermines workers quest of alleviating poverty, as work in the informal sector does not guarantee them the freedom from poverty because they are vulnerable. In support of this argument, Uys & Blaauw (2006) states that workers in the informal sector are involved in poor unstable work patterns, and low wages. And these are characteristics of precarity which further indicates that informal sector work co-exists with precarity in South Africa. Hlatshwayo (2020) writes that the informal sector work in South Africa is relatively small, yet it has grown in the post-apartheid South Africa and those engaging in it fall into International Labour Organisation (ILO's) vulnerable work category, as they engage in precarious forms of work. The inability of the informal sector to rescue the poor from vulnerability and precarity is also expressed by Mosoetsa. Mosoetsa (2011, 46) writes that the informal sector's capacity to mitigate the effects of poverty and unemployment in the two communities (Mpumalanga and Enhlalakahle) is limited, as activities like selling goods and services or sewing do little more than enable people to survive at a basic level.

With limited interventions in the informal sector, Theron (2010) states that the informal sector in the absence of enforced labour rights, is a semi-feudal reality of kickbacks, bribery, tribal loyalties, and ethnic exclusion. And with less regulation, workers are not safe in the informal sector, and it can be used to engage in unlawful practices. For example, the informal sector in the townships Charman (2017) found that there were unregistered health services operating. Adding to the challenge, is the opposition the workers encounter from the government or policies which does not endorse them. For example, Rogan *et al* (2018) argues that the street workers known as street vendors usually selling goods next to the roads, in South Africa, Durban shared distinct lack of reciprocity from municipal government, as they were renting

space's but could not keep up with the fees. High fee charges by the municipalities makes it hard for the workers to keep up with it, as they usually generate low income in the informal sector. And with the policies not prioritising the informal sector workers, their work and strategies of surviving in society is threatened, as their interests nor needs are usually not prioritised.

Rogan (2019) writes that in South Africa, around 30% of total employment is in the informal sector (below 5 million workers), while in the country's 8 major metropolitan areas around 24% of employment is informal. This statistic exposes how unemployment in the country is pushing people into the informal sector. It is important to note that it would be misleading to claim that those in the informal sector are there because they could not get employment opportunities in the formal sector. However, the main issue is about the inadequacy of the informal sector in covering the needs of the workers, livelihoods and their households. And this does not take away the contributions the informal sector has on the poor working-class households or in maintaining their livelihoods, as stated by Ledingoane & Viljoen (2020) that the informal enterprise globally plays a crucial role in employment creation and social protection.

2.2.3 Migrant informal sector workers in South Africa

South Africa is one of the largest recipients of migrants from Africa, and they also have a visible foothold in the informal sector of major cities such as Cape Town (Tawodzera & Crush, 2023). This argument proves that the South Africa informal sector does not only offer a safe passage out from dire poverty and unemployment to South Africans only, but also to migrant workers. Simultaneously, migrant workers in the informal sector are more exposed to exploitation and abuse. For example, Hlatshwayo (2019) states that migrant workers, given that they are usually not unionised and often have no formal documentation such as work permits, are more prone to extreme forms of abuse by employers. And when they discuss their rights with their employer's, they are threatened with deportation. Thus, operating in the informal sector for some migrant workers means encountering and enduring a lot of challenges, such as low wages, exploitation, and violence/harassment. As discussed by Tawodzera & Crush (2023) that some of this difficulties are posed by xenophobic violence and official apathy. For example, Tawodzera & Crush (2023) In their study conducted in Limpopo from six towns, found that migrant workers in the informal sector reported more demand for bribes by the police (26% versus 4%), greater police confiscation of their goods (19% and 5%) and more

physical assault (9% and 1%) compared to the South African nationals working in the informal sector. While I have discussed that informal sector workers are not protected by law in the sections above, it seems like non-South African citizens are more exposed to harassments, and I prove and support this argument in my findings chapter.

Further, Musara & Nieuwenhuizen (2020) writes that in the South African informal sector, there is a prevalence of hostility and harassment directed towards foreign workers. Given that the informal sector is not regulated, this phenomena exposes migrant workers into precarious conditions. For example, migrant workers in the informal sector, especially women as discussed by Hlatshwayo (2019) are highly exposed to precarious activities, because they earn low wages and thus making it extremely hard for them to support their families back at home and even themselves. Migrant workers are more prone to precarity compared to South African nationals, as some are easily exploited because they are from outside the country, some are illegal and are taken advantage of by employers. Hlatshwayo (2019) writes that for most of the women who migrate from Zimbabwe, precariousness means leaving Zimbabwe for South Africa in search for job opportunities and being exposed to sexual violence and rape, xenophobia, earning low wages and having no benefits.

2.2.4 Macro-context of South Africa's informal sector, precarity & precarious work

The dawn of democracy in South Africa in 1994, saw the new government inheriting poverty and unemployment from its predecessor the apartheid government, which was worsened by the global economic shift and implementation of neo-liberal policies. Mosoetsa (2011) writes that trade liberalisation had a devastating effect on the manufacturing sector in Kwazulu-Natal, as factories relocated, and workers were retrenched and by 1998 it was estimated that 23% of manufacturing jobs in Durban was lost. And the rise of unemployment exacerbated by the restructuring of work and liberalisation laid a foundation for the rise of precarity, precarious work and informal sector work in the country. Mosoetsa (2011, 9) writes that between the period of 1990 and 2004, the number of people working in the formal economy in South Africa declined by almost a million, while the number of people working in the informal sector rose by two million. This argument of Mosoetsa which attributes the increase of precarious work and informal sector work as an aftermath of unemployment and factories closure in the post-apartheid South Africa is supported by Barchiesi (2008) who argues that the South African economic liberalisation and industrial restructuring has been accompanied by the growing precariousness of employment. Further, according to Marais (2011) workers in South Africa

earn low wages and are also working under an insecure terms, and so often without attendant benefits as their jobs does not protects them from poverty. In addition, Hlatshwayo (2020) also writes that the decline of labour movements and the strengthening of exploitation by employers made matters worse for precarious workers and their families, because they earn low wages and have less employment security. The weakening of labour power enabled employers to manoeuvre and avoid permanenting workers, cutting them from employment benefits, and prioritising casualisation, subcontracting, informalisation and flexibility which enforces precarity.

Historically, the South African economy was operating in a racialised order that excluded certain people from accessing resources. According to Hart & Padayachee (2013) the national development was focused on benefiting the white minority, with the majority of South Africans being excluded. For example, the non-white races were excluded from accessing decent work and wages, employment protection and the benefits that came with it, such as skills training and they also had no access nor ownership of resources which initiated inequality in the economy. And this was also worsened by the rise of unemployment or decline in formal wage work in the liberalisation era. For example, Mosoetsa (2011, 10) points out that the manufacturing sector in Kwazulu-Natal (clothing and textiles, and footwear) was badly affected and this led to massive job losses - the two sectors experienced a 6,3% and 43% decline in employment respectively, between 1992 and 2002, and employment in the footwear industry declined from 27 882 in 1995 to 12 035 in 2002. This testifies that even before the global recession that happened in 2008, as argued by Ashman *et al* (2011), South Africa was having the highest unemployment rates in the world. Economic inequality and unemployment go hand in hand, as it is the economic development that create opportunities for employment. Ashman *et al* (2011) writes that the South African economy remain unchanged, post-apartheid still saw rising unemployment, income and unequal wealth under the liberal democracy. This is the consequence of the labour restructuring, which Marais (2011) believes was driven by labour saving technologies, increase outsourcing and a determined shift to casual and contract labour, making work precarious, labour wage insecure and less protection of workers. Further, the contract employment according to Barchiesi (2008) is like a short-term precarious strategy, as workers do not have long-term stable and reliable wage labour.

The dawn of democracy and the African National Congress policies on neo-liberalism created a threat in the state of work and employment, resulting in what Hart & Padayachee (2013) termed poor democracy in the workplace, as poor South Africans saw the enrichment of black

elites and the continuity of exclusions for the majority of black South Africans. In the workplace, work became precarious as new laws governing employment introduced casualisation and agency work which erased employment benefits and led to poor insecure wage labour. For example, Scully (2016a) writes that employers developed tendencies to use alternative ways to exclude previously protected workers from the framework of labour protection offered by the law. In South Africa, this is achieved through the use of employment agencies and outsourcing which leaves workers vulnerable, insecure and with less legal protection. According to Hart & Padayachee (2013) the labour restructuring undermined the political power of workers and also made work to become precarious due to deregulations.

After the end of apartheid, the South African economy has been operating based on protecting investment and attracting it under its neo-liberal policies. Theron (2010) writes that it went through the process of restructuring, and it required that the earlier protectionist policies endorsed by unions to be dismantled and tariffs to be liberalised. Consequently, this led to what Theron (2010) calls informalisation from above, where economic activities take place outside the scope of formal regulation and work is externalised, and the workers employed by subordinate employers earn substantially lower than workers employed by the core business doing comparable work, and are unable to exercise bargaining rights. According to Marais (2011, 127) restructuring and neo-liberal policies allowed South African major conglomerates to restructure themselves in the global scale while reducing risks within the South African economy, which continues the legacies of apartheid and granted them the power to be globalised. Further, Marais (2011) writes that around 2008 the findings by the labour ministry, found out that about half of the work force was in casual and temporary jobs, caused by liberalisation and restructuring of work, which re-introduced poor wages and precarity in the South African work environment. Given the background of how the restructuring of work and liberalisation has rearranged the conditions of work in the country, Barchiesi (2008) writes that because of the changes it brought, informal sector workers were hired as subcontractors by formal enterprises, which did not give them any retirement coverage. And in return it reinforced precarity due to the limited permanent work opportunity in the formal sector, and the initiatives used by the poor and unemployed in order to sustain their livelihoods are usually precarious. Such as engaging in informal work which is usually unreliable, unregulated and the fluctuation of income makes it undependable. Precarious work in South Africa is theorised in relations with (to) the formal sector work, for example, Barchiesi (2008) states that precarity and precariousness of work is the result of halting employment recruitment, and the increase of

casual workers who often do not have formal contracts or benefits such as, provident fund, medical aid and in turn receive lower wages. And because of precarity, Hlatshwayo (2020) writes that workers become more vulnerable and unorganised, and vulnerability leads to exploitation, such as working long hours without a valid working contract.

As a result of precarious employment and restructuring of work in the formal sector, workers attempt to preserve their wages through what Barchiesi (2008) call embarking on an ambitious independent small business to supplement a factory job that is precarious and unrewarding. In anticipating to escape precarity in the formal sector, workers embark on entrepreneurial initiatives in the informal sector in South Africa which is also characterised by precarious work. And due to precarity in the informal sector and informality in the formal sector, workers work under short-term wage labour, Scully (20161a) writes that in South Africa precarious workers have complex economic lives, they rely on a combination of diverse income sources including, but not limited to their own wage in order to sustain their livelihoods. The prevalence of precarity in South Africa seems to be a result of slow absorption of workers by the formal sector, and because of subcontracting, specialisation in the formal sector, people use the informal sector as a way to generate income, and they end up in the web of precarity.

CHAPTER 3:

THEORETICAL FRAMEWORK

3.1 Structuralist Theories of informal sector work

A theoretical framework as discussed by Grant & Osanloo (2014, 12) is the foundation from which knowledge is constructed for a research study. It serves as the structure and support for the rationale of the study, the problem statement, the purpose, the significance, and the research questions. In this study I deploy the structuralist theories of the informal sector work to analyse informal sector work and its intertwined relationship with precarity in South Africa. Skinner (2018, 414) writes that the structuralists theories of informal sector work sees both the informal enterprises and informal wage workers as subordinates to the interests of capitalist development, providing cheap goods and services. Skinner writes that this perspective was first expressed by Moser (1978) and put forward and nuanced by Portes *et al* (1989). Sherifat (2011) states that the central element of structuralist approach is its insistence that informality is in essence an alternative form of labour utilisation (and often exploited) by capital, structuralists insists that the informal sector is not simply the result of excessive labour supply or over-regulation. Structuralist theories of the informal sector work maintains that the informal sector work is a consequence of economical arrangements in a capitalist system. In agreement with the structuralist approach, Sherifat (2011) concluded that most people run into the informal sector because they cannot find jobs or are unable to start businesses in the formal economy.

Skinner (2018) writes that structuralists views the formal and informal sector as intrinsically linked and characterised by unequal power relations in market and employment relations. In deploying the structuralist theories of informal sector work, I argue that the formal and informal sector are all operating under the global capitalist system, in which money governs the ability to access/purchase materials or commodities. As a result of informal sector workers earning low income and accessing the materials that they are selling in the formal sector; their work is unreliable and precarious because market changes, and failure to access materials means that employment in the informal sector end. And this is because the linkages that the structuralist theory says exists between the formal sector and informal sector (Mutize, 2016), is disproportionally arranged, as informal sector workers exist under a capitalist system and rely on the formal sector.

3.2 The history of Precarity, debates & conceptualisation

3.2.1 Guy Standing's idea of precarious work

Standing (2011) writes that the precariat consists of people who lack seven forms of labour-related security: labour market security; employment security; job security; work security; skill reproduction security; income security and representative security. Standing's idea of precarious work is that it happens when these forms of labour-related security are absent, and workers are left marginalised or exploited in the workplace without any work or income security. Further, according to Standing (2011) the precariat lack a work-based identity, and precarious work comprises of career-less jobs and is alienated. For example, workers who are not protected by unions and do not form part of the labour community that is represented, and those that are in temporal work, who keep jumping from one job to another are considered as engaging in precarious work. Standing's (2011) idea of precarious work is that it is also experienced or characterised with part-time employment, because people tend to be remunerated for less than 30 hours a week, and the amount they earn is usually less which does not fully sustain them. The argument here is that workers that work less hours and earn low-wages form part of precarious work because their work cannot fully allow them take care of themselves.

According to Standing (2011) precarious work is synonymous with exploitation of workers. For example, Foxconn City in China expanded by using a strategy of hiring rural-urban migrants for pitifully low wages, which in turn had a labour turn-over of 30-40% a year as successive cohorts burnt themselves out. Such working arrangements enable capital to exploit workers and pay them less, thus increasing precarity and poverty. Further, Standing (2011) writes that the weakening of employment of security globally which is deemed necessary to attract and retain foreign capital, and which propelled governments to weaken employment protection made it easier to employ workers with no such protection. This had an impact in the labour arrangements and led to the growing of the precariat and precarious work as governments and firms valued capital expansion than prioritising workers security, wages, and employment benefits.

The freeing and opening of the market led to the growth of casualisation and flexible labour practices, which in turn threatened the 'traditional' norm of employment where workers were given permanent jobs, to globalisation of multinational corporations which undermined labour rights. The root causes of precarity according to Standing (2011) is that precarity and precarious work was fuelled more by the neo-liberal mode introduced in the 1970s, which saw the increase

of labour market flexibility, which transferred risk and insecurity into workers and their families, resulting to the creation of the global precariat. Precarious work as explained by Standing (2011) is what happens when people are in temporal or insecure jobs, or when workers engage in work without career path. Standing's argument is that precarity is caused by poor labour protection which compels workers to jump from one job to another, and by the cutting of work or income benefits. Further, Standing (2011) writes that precarity is not only experienced by those who are working and getting poor wages. Unemployment is also part of the life of the precariat. This creates a society where the workers engage in precarious work because they want to make ends meet, and in turn the informal sector become a haven for the unemployed and also a space comprised with precarious work as many do jobs that have less wage security and does not fully sustain their livelihoods. Precarity and unemployment are synonymous with informal sector work. As Standing (2011) points out the shadow economy/informal sector is where much of the precariat survives, while encountering exploitation.

3.2.2 Precarity; conceptualisation and debates in the Global South

Siegmann & Schiphorst (2016) argues that the idea of precarious work is the notion of choice of authors concentrating on labour markets in the Global North, which is in contrast with the Global South as informal work is the key concept employed when referring to jobs associated with insecure and poor material condition. And in contrast to Standing's idea of precarity and precarious work from the global north, which attributes the emergence of precarity from the introduction of neo-liberalism from the 1970s onwards, Munck (2013) argues that the type of work described by the term 'precarity' has always been the norm in the global south. For example, workers have long been working without union representation or work security, and workers in the global south have never benefited from welfare state capitalism. This is because the history of the south is fundamentally shaped by colonial exploitation and oppression. As a result, Munck (2013) writes that the perspective from the Global South understand precarity as a part of the broader process of dispossession and the generation of new surplus population. This critique refuses to accept the idea of precarity as an issue of job insecurity or low wages. Rather, it associates precarity with the exploitation and dispossession of workers during the colonial era, more than with the neo-liberal age.

Rogan *et al* (2018, 308) writes that in the industrialised economies, precarious employment, which is characterised by insecurity and falling outside the legal standard is often seen as the

result of recent changes in working arrangement which have become a ‘normalised’ feature of work since the 1970s, which is not necessarily the case in much of the Global South where informal employment is often the norm and remains a consistent feature of workforce. This idea of precarity further reiterates that the history of work or the labour structure of the Global South and North should not be conflated, due to the fact that informality and insecurity has always been part of work in the South. For example, Rogan *et al* (2018) states that less than half of Brazil’s workforce is in informal employment, and Brazil has the largest informal economy in the region with 32.5 million informal workers. This argument stresses that precarity in the South has been existing and it is intertwined with the informal employment which is characterised by work insecurity and poor income.

Further, Millar (2017, 6) writes that precarity appears to be new and exceptional only from the perspective of Western Europe and other highly industrialised countries, where the Fordist-Keynesian social contract was the strongest in the years following the second world war, and contrary to this is that for most workers in the Global South, precarity has arguably always been the norm. This critique of the idea of precarity holds that it is associated with the changing nature of labour in the Global North, where workers were no longer prioritised, but capital, and contradictory to this is that work associated with precarity was already in existence in the South. For example, Millar (2017) argues that the millions of rural-to-urban migrants who flocked to the cities in Latin America in the early 20th century working odd jobs could have been classified as precarious, and also including the growing numbers of street vendors and other wage-less workers who earn a living in the so-called informal economy. This discourse on precarity contradicts the Northern conception or Standing’s idea of precarity which understands it as a phenomena of the neo-liberal globalisation era, which introduced insecurity among the working class by imposing part-time jobs. Millar (2017) maintains that even in the era of Fordism, certain gendered, non-White, working-class populations were excluded from its benefits. Thus, Millar (2017) believes that precarity originates from capitalism, as the conditions of having to depend on a wage to sustain one’s life is what makes work precarious, and not just structures of that job. This notion maintains that precarity cannot be separated from the capitalistic mode of production, which is centred around the expansion of capital, on the expense of labour power.

Betti (2018) criticises the idea of neo-liberal precarity which has a long tradition in industrial capitalism and has excluded women and migrants from social security provisions also in the

Western countries. This critique of precarity is that in the Western world precarious work has been used to understand the changing nature of the labour structures, which was centred around males as the bread winner. And it was failing to pay attention on the working conditions or precarious conditions of women and migrant workers because they were usually employed on temporal conditions and offered unstable work. Further, Betti (2018) argues that the understanding of precarious work has been strictly focusing on wage work and has not related it to the informal work, which is crucial to understanding the very existence of job precariousness in the Global South. For example, in support of Betti's argument, Siegmann & Schiphorst (2016) argue that both informal and precarious jobs are characterised with insecurity, in terms of pay and working conditions. Which underlines that precarity in the Global South should not be separated from the informal work which has been in existence before the labour restructuring that was driven by the neo-liberal and globalisation era.

In support of the discourses above from the global South, which holds on the idea that precarity is a global North phenomena. Scully (2016b) also writes that the Global South should caution against viewing precarity as a universal phenomenon whose meaning and implications are cognate for workers everywhere, because in the South precarity has been in existence since the colonial era as workers have been engaging in insecure work, exploited and had no bargaining power or was neither represented by unions. This contradicts Standing's idea of precarious work which associates it with globalisation and the neo-liberal age, that which saw the introduction of flexibility in the workplace. For example, Scully (2016b) writes that the colonial work regimes were more likely violent, despotic, and repressive than secure and stable, and workers had no wage security or were represented by the unions. Furthermore, workers experienced all of these before globalisation or the neo-liberal age as workers have been detached from labour for a long time. For example, in South Africa during the colonial era and in the early years of apartheid before the adoption of neo-liberalism and the globalisation era, Africans, Indians and Coloured workers were not provided skill training, this exposed them to precarious working conditions as their work was insecure and could be fired anytime. For example, Siegmann & Schiphorst (2016) argues that precarious forms of employment are not only the result of Global economic changes, marginalisation based on social identity as well as the denial of political rights also cause precarity.

Further, Scully's (2016a) idea of precarious work is that it is used to describe a broad and diverse range of experiences, from wage workers in outsourced, part-time, or temporary

arrangements to the unemployed and self-employed poor. Precarity and precarious work according to Scully, is that it is applicable to workers in the informal sector who are self-employed but generate insecure wages or work in unpredictable conditions. Scully (2016a) also uses the term precarious work to refer to workers who are not organised and do not make collective demands around issues of work and have no bargaining power or ability to dictate the direction of production. This exposes them to precarious living conditions, where their income and job insecurities makes it hard for them to make a living. Further, Scully (2016a) writes that the financialisation of capital and globalisation of production and the increase of ideologies of flexibility in the workplace have undermined the formal wage workers. While this idea is similar to Standing's perspective of precarity which discusses that the labour restructuring brought by the neo-liberal age led to the dismantling of job security, it does not replace Scully's (2016b) argument that precarity for workers in most of the former colonial world is not new, it has been a defining feature of work throughout the colonial past and also to the present era of national independence.

3.3 The relationship between Structuralist Theories of informal sector work and theories of precarity

Sherifat (2011, 634) writes that the structuralist approach sees informality or the informal sector as the consequent of the complex and ongoing class struggle between capital and labour, where capital has successfully evaded state regulations by actively creating and taking strategic advantage of 'new labour': the unprotected informal sector. This perspective on the informal sector work by the structuralists is related to the theories of precarity. For example, Standing (2011) writes that precarious work is fuelled by the neo-liberal mode introduced in the 1970s, which increased labour market flexibility and transferred risk insecurity into workers and their families. Also, the weakening of employment security globally is said to have the ability to attract and retain global capital, and this propels governments to untighten employment protection to make it easy for employers to employ workers with no protection. This relationship between these two theories shows that the deregulation of work in the formal sector led to precarity, as workers were left unprotected and employed under informal terms. And in turn it made workers to resort to the informal sector for a living, as argued by the structuralist theories of informal sector work that workers resort to the informal sector when there is no employment in the formal sector. In this study I will use these perspectives to inform my analysis of the data to argue that the informal sector work in South Africa is the aftermath of the labour restructuring and neo-liberalism, which led to deregulation and sub-contracting of

work. I will show that workers are resorting to the informal sector because there are no job opportunities in the formal sector, and that work in the informal sector is precarious, embodying qualities that Standing (2011) classifies as the characteristics of the precariat, such as income insecurity, lack of representation, and market security.

3.4 Concluding Remarks

This chapter discussed that this paper uses the structuralist theories of the informal sector work to analyse informal sector work and its relationship with precarity in South Africa. I showed how the structuralist theories of the informal sector work believes that the informal sector work is an alternative form of labour, and that the informal sector and formal sector are intrinsically linked and are characterised by unequal power relations. The structuralist theories bring into light that the prevalence of unemployment and loss of employment in the formal sector propels people to depend on the informal sector for income. Further, in this chapter I discussed about the history of precarity and precarious work. I started with Guy Standing's idea of precarious work, which showed that precarity comes about when worker's have no employment security, income security and representative insecurity, and when work is characterised by part-time employment. Standing's idea of precarity and precarious work, is that it was fuelled by the neo-liberal mode introduced in the 1970s, which saw the increase the of labour market flexibility.

In contrary to Guy Standing's idea of precarity and precarious work, I have showed that debates from the Global South argue that precarity and precarious work is not new because it has long been in existence before the introduction of neo-liberal policies. Workers have been working without employment security, income security or representative security and workers were employed on informal terms, unlike in the Global North. Lastly, in this chapter I have discussed about the relationship between the structuralist theories of the informal sector work and theories of precarity. I showed that what makes the two theories related is that structuralist theories of the informal sector work see's the informal sector as a consequent of the complex and ongoing class struggle between capital and labour, where capital has successfully evaded states regulation. Which made capital owners to employ workers in informal terms, part-time job, sub-contracting and workers with no representation, which is aligned with the theories of precarity that believes that precarious work is characterised by income insecurity, market insecurity and lack of union representation. I showed that this was worsened by the neo-liberal policies that theories of precarity believes led to labour flexibility in the formal sector.

CHAPTER 4:

RESEARCH METHODOLOGY

4.1 Research design and Study setting

This study used a qualitative methods approach, Vanderstoep & Johnston (2009) write that a qualitative perspective assumes that knowledge is constructed through communication and interaction and taps into people's interpretations of their experiences. This is immediately relevant to this study, as it relies on the collection of primary ethnographic data from informal sector workers. Qualitative data was collected through face-to-face interviews. This study was undertaken in Mamelodi and Diepsloot townships in Gauteng. Diepsloot is in the City of Johannesburg and Mamelodi is in the City of Tshwane. These townships are selected based on their historical backgrounds, that I later discuss in chapter 5 of this study. Diepsloot is a township founded in democratic South Africa, and it is not proximal to firms and industries, so it has been chosen to explore if this contributes to the prevalence of informal sector work. And Mamelodi on the other hand, its roots dates back to the apartheid era, and it is close to firms/industries in Watloo and Silverton. The ultimate reason for choosing these townships from two different big municipalities in South Africa, was to compare the economic arrangements of the informal sector, as the areas are comprised of informal sector workers, and there is limited literature of (about) precarity and informal work. And with the high level of unemployment in the country, I wanted to explore how the poor working-class households in these townships sustain their livelihoods.

4.2 Target Population and Sampling

The population targeted in this study, are the informal sector workers and the main targeted workers are the street vendors, the welders and carpenters who are self-employed or employed in the informal sector. These groups were relevant for this study because they possessed the potential to inform the study, and to explore the conditions of work in the informal sector and precarity. My approach also made it possible to conduct a comparative analysis between the groups selected and checking which one is more prone to precarity. In this study, I used snowball sampling, which Vanderstoep & Johnson (2009) describes as a kind of sample where participants are asked to identify others who might be eligible to participate. The population selected in the study involved both men and women. There was no age cohort, as the study was aiming to explore the characteristics of work in the informal sector. All participants were approached and asked to voluntarily participate in the study.

Informal sector workers in Mamelodi

Type of work	<i>Street-vending (trading)</i>	<i>Welders</i>
Gender & No of workers	2 Females 3 Males	5 Males

Table 1

Informal sector workers in Diepsloot

Type of work	<i>Street-vending (trading)</i>	<i>Welders</i>	<i>Carpentry</i>
Gender & No of workers	2 Females 4 Males	4 Males	1 male

Table 2.

4.3 Data Collection

Data was collected primarily from informal sector workers, and I used open ended interviews to collect data. According to May (2011, 131), interviews yield rich insights into people's biographies, experiences, opinions, values, aspirations, attitudes, and feelings. As the study was seeking to understand the nature of work in the informal sector and precarity, this approach proved to be useful, evidence of this is discussed in chapter 6 (findings). Most of the data was collected between November 2021 and August 2022.

There were altogether 20 participants in the study 10 participants from Diepsloot and 10 from Mamelodi, including street vendors, welders, and carpenters. The questions were semi-structured. May (2011) writes that in a semi-structured interview, the questions asked are nominally specific, but the interviewer is free to probe beyond the answers, and does not limit the participants or the researcher. The data collected qualitatively through interviews were analysed and discussed in relation to the existing published research on the South African political economy of development, and existing data on precarity and its implications on the livelihoods of the poor working-class in townships. Literature on political economy as well as published research on the informal sector were important in the development of my analysis. The published literature sources were chosen because they focus on the informal sector, and on how precarious work impacts the livelihoods of the poor working-class households in urban and rural areas.

4.4 Data Analysis

Calzon (2021) defines data analysis as the process of collecting and analysing data to extract insight. Data is gathered from the participants in a study, interpreted and analysed to create a certain conclusion, meaning, or understanding of it. Since this study used a qualitative method approach, the findings were interpreted with the aim of comparing both welders, carpenters and street vendors ability to sustain their livelihoods with informal sector work and how precarious work is in the sector. Further, the findings have been structured and analysed thematically. The data was collected through audio-recordings and transcriptions, the interviews were conducted in: Isizulu, Sepedi (Northern Sotho) and in Xitsonga for those who could not fully express themselves in English.

Further, since the informal sector, and informal work and workers are diverse (heterogeneous), the data findings presented later in chapter 6 and analysed in chapter 7, collected from the 20 participants does not represent informal sector workers in all the townships in South Africa, including Diepsloot and Mamelodi. However, it assists us to grasp the nature of the informal sector work and precarity in townships amongst the poor working-class households.

4.5 Ethical considerations

The University of Pretoria research ethics and committee in the faculty of Humanities gave me the permission to conduct the research or collect data, after a research ethics application was submitted. A research should have integrity and must respect the individual rights of the participants involved in it. In order for research to have integrity, ethics must be applied, and they protect the participants and guides the researcher in the research process. May (2011) writes that ethics are concerned with principles of moral behaviour, and in social research it focuses on the capacity for ethical enquiry to inform reason for action in the conduct of research, and to protect participants and the integrity of enquiry. Ethics are important in the research process because they protect participants from harmful research practices. In this study in order to ensure that ethical values were considered and applied in the research process, the participants that were interviewed volunteered to do so, and a consent form was provided to them explaining the nature of the research and their rights: which included withdrawing from the study when they no longer wanted to be part of it or even to not answer questions that they were not comfortable with. Also, in order to make sure that there was full disclosure, participants that did not understand English were presented with a consent form in Isizulu, Sepedi and Xitsonga, and so do the questions asked. And in protecting the participants and

their autonomy in this study, the names of the informants used in chapter 6 (findings) are pseudo names and this is done to conceal and protect their identity. The location or working area/site of the participants in this study is not shared, the names used in the findings chapter are not their real names, and this is to make sure that they should never be identified. The recordings and transcriptions after analysis will be protected in a password format and stored in a google drive on the 19th floor, Department of Sociology Humanities building in the University of Pretoria for minimum of 15 years and will not be accessed by the public, but by the University and will remain the intellectual property of the university.

The challenges and difficulties that I encountered during the research process, especially during the interview process, is that I could not interview the participants in private spaces because they work everyday (this is discussed in the findings chapter), so interviewed the participants in their work place. This was problematic because it was undermining the autonomy of the participants and the ethical procedure because those passing by or getting service from the participants could hear what was discussed. Interviewing workers in their work place meant that in the interview process when customers came to buy or inquire about something to my informants I had to pause. Further, as disclosed above that in the interview process I used audio recordings as a form of collecting data from the participants, this did not prove to be successful because in the environment where my participants are working in was too noisy and others did not consent to be audio-recorded. Further, as discussed above that age cohort was not considered in the process of collecting data, I was planning to interview only old female street vendor workers, but I could not access them, and I would think it is because I am a man, and they could not fully trust me.

Out of all the 20 interviews I conducted in both townships (Diepsloot & Mamelodi), the interviews of Frederick and Nkosinathi took more than 40 minutes (as it is stated in the consent forms that interviews are schedule to only take approximately 30 minutes). The other 18 interviews took above 20 minutes. And during the interviews with my respondents, one key thing that observed about the informal sector workers in the townships is that they operate in the main roads. What one can call ‘busy streets,’ this is most evident in the case of the welders. Further, from my observations, I would say that in most of the interviews I had with the welders and carpenter’s, I rarely saw customers coming to enquire nor to buy products. This is not the case for the street-vendors, as they would get customers. I also observed that the informal sector workers are not working in a ‘better condition’, meaning that the environment was usually noisy and sometimes dirty. Also, I observed that a large number of people are working in the

informal sector in the townships, for it was rare to see a street void of informal sector worker. In the research process, I have also learned that, from each interview one should reflect and scan which questions invoke emotions from the participants and to show sympathy towards participants. I also realised that informants, do not easily trust researchers, unless if you can relate with them or they can relate with you, i.e., via language etc.

4.6 Concluding Remarks

In this chapter I have discussed about the research design used in this study, it shows why I chose the qualitative method approach. It explains why the townships of Mamelodi and Diepsloot have been chosen. Also, I have discussed and showed the target population in this study which includes, the welders, carpenters and street vendor workers in the informal sector. And data from these workers was collected primarily, it includes 20 participants, and I showed that 10 participants are from Mamelodi and the other 10 are from Diepsloot. In this chapter I also discussed about the type of questions used, I have used the semi-structured questions to collect data from the informants and showed that the data was analysed and discussed in relation to existing published research on South African political economy of development, and existing data on precarity, and the data was analysed thematically. I also showed how the study followed codes of ethics procedure and how they were considered, and the challenges and difficulties I encountered during the research process. In the following chapter I will be focusing on the historical background of informal sector in Gauteng, and informal sector work in Mamelodi and Diepsloot.

CHAPTER 5:

HISTORICAL BACKGROUND OF INFORMAL SECTOR IN GAUTENG

5.1 Introduction

The Gauteng province in 2014, launched an economic policy as the Township Economy Revitalisation Strategy. The Gauteng Province (2014) states that the 7 strategic focus includes: ensuring that there is an appropriate legal and regulatory framework, promoting manufacturing and productive activities, economic infrastructure support and cluster enterprise development, promoting entrepreneurship development, financing and investing in the township economy, promoting access to markets, and the promotion of innovation and indigenous knowledge system. These strategic policies are meant to promote entrepreneurial activities in the townships, informal or formal, and the main purpose is to enhance the township economy so that it can help the Gauteng province to decrease the number of the unemployed and poverty, and to develop the province. For example, the Gauteng Province (2014) writes that the township economy revitalisation can influence the performance of the Gauteng economy in terms of labour absorption and social and economic inclusivity. It is not clear if the revitalisation strategy has been implemented in the townships, but the informal sector workers in chapter 6 (findings), expresses that they have no access to land or ownership to the areas they are operating in. And the revitalisation strategy is said to be aiming to give entrepreneurs land in the townships, which could be helpful to the informal sector workers.

The Gauteng Province (2014) writes that the radical economic transformation means to confront the persistent reality of poverty, unemployment and inequality and economic exclusion of the majority of Gauteng population from the mainstream economy. And in the townships, the informal sector has proved to be significant in providing the unemployed with income and employment opportunities, this argument is supported by the evidence provided in my findings chapter. According to the Gauteng province (2014) the objectives of the revitalisation of the township's economy is to create jobs, defeat poverty, and that it must be propelled through a comprehensive approach that contributes to the radical transformation of the economy. Evidently, the radical transformation of the economy and the revitalisation strategy in Gauteng, some of its objectives are already happening in the informal sector. As I have discussed in the literature and in the findings chapter, the informal sector in the township is already absorbing the unemployed by creating employment and skill sharing. However, the

challenge is precarity and the lack of government regulation. In the following paragraphs, I provide the historical background of informal sector in Gauteng, and its current state.

Meyer (2015) writes that the informal sector has always been part of South Africa's economy, 30% of which occurs in Gauteng. Even though there is no clear recorded evidence of when informal sector work first emerged in the Gauteng province, Rogerson (1988) writes that in the formative years of the mining settlement between 1886 and 1920, a remarkable range of informal retailing operations came into existence. These informal workers mostly in the areas of Johannesburg included fruit, vegetable, and flower sellers, and the early inhabitants amongst them were milk vendors, liquor vendors, and wood-hawkers. Rogerson & Beavon (1980) writes that the first urban informal income opportunities were those of the washermen, the cabdrivers, and liquor sellers. Further, writing about Johannesburg in the 1930s, Hellman pointed how the unemployed workers were relying on illegal beer-brewing as a strategy of survival in the city (cited in Rogerson & Beavon, 1980, 13). The evidence provided in these studies is that informal sector work especially in the areas of Johannesburg (then falling under Transvaal, now under Gauteng province) emerged in the late 19th century and the early 20th century. And workers engaging in the informal sector were either providing service to the formal sector workers or compensating for the absence of formal work. For example, Rogerson (1988) writes that in the 1930s at the time of considerable industrial expansion in Johannesburg and a major extension in formal wage opportunities for black workers. The coffee-cart vendors from the townships who were exclusively males emerged because there were no enough facilities for black workers to secure daily refreshments and light snacks in industrialising Johannesburg. From this argument, one may argue that the formal sector inability to offer certain services created space for the informal workers to capitalise on.

The history of the informal sector in Gauteng, especially in Johannesburg, but also in urban South Africa more generally is one filled with repression. For example, in Johannesburg, Rogerson (1988) writes that in 1943 the city council refused to renew coffee-cart licenses and in the 1950s the authorities launched a campaign to rid Johannesburg of the coffee-cart by saying that they were posing a threat to the city's public health. And the informal sector workers that were repressed or rid of, starting from the 1930s included the white-cheapjack and black-coffee cart vendors, and the informal sector workers who survived the repression entered into the age of informal sector tolerance in the 1980, and it included fruits and vegetables vendors (Rogerson, 1988). And informal sector workers transitioned to the democratic South Africa with the apartheid legacies of repression. For example, Rogerson (2000) writes that due to the

historical factors relating to apartheid discriminating against black manufacturers in Gauteng, African owned micro-enterprises are usually located in the lowest tiers of the economy in terms of value and quality. The effects of apartheid discrimination against informal sector workers still shapes the experiences of the informal workers in the democratic era. In the following paragraphs I will be providing evidence that shows that workers are still subject to removals and harassments by officials, and have limited operating rights.

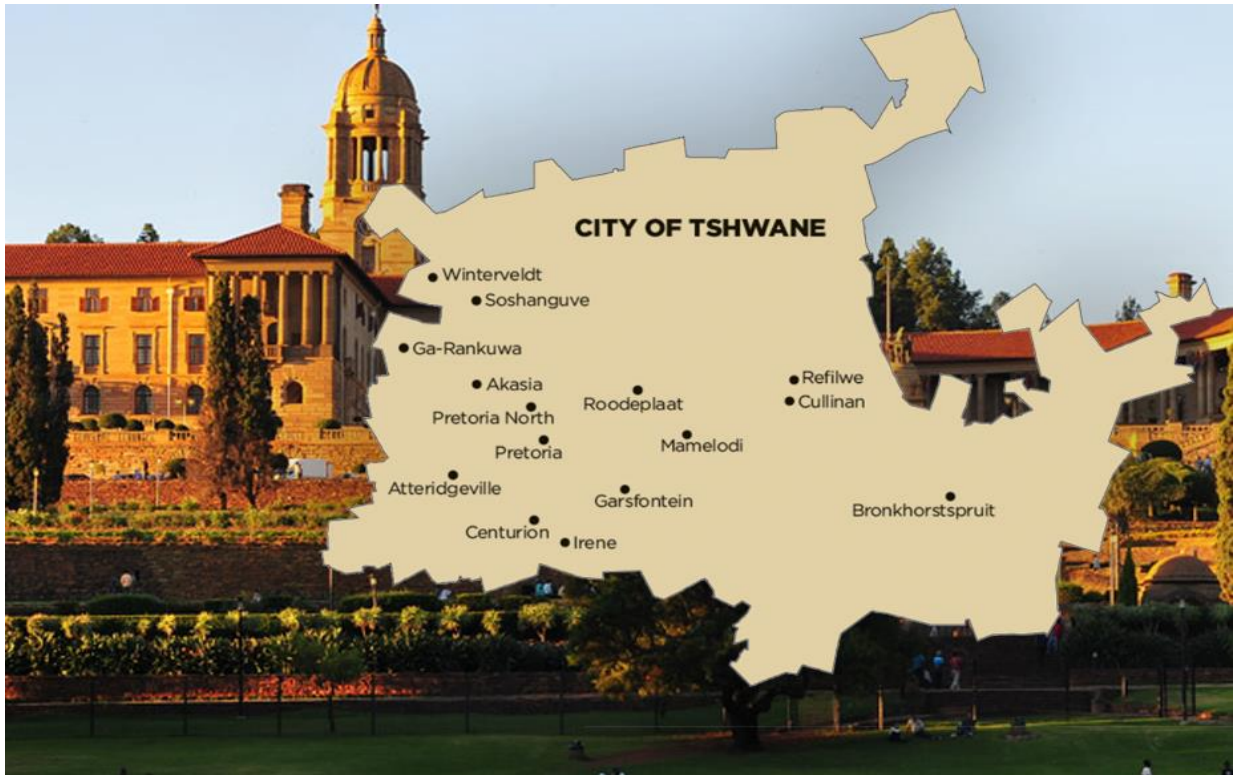
Gauteng Province (2016) writes that the informal sector in the Gauteng province provides an opportunity for the unskilled labour force to generate income. The informal sector in the province creates job opportunities for the labour army that is not absorbed by the formal sector. For example, Gauteng Province (2016) in 2014, the informal sector in Gauteng employed more than half a million people (approximately 587,000 workers), and it is the largest contributor in terms of informal sector work, contributing more than 20% of employment. Further, informal work in the province assists workers and families to fight and not fall prey to poverty. Gauteng Province (2016) believes that the informal sector plays a huge role in addressing the challenges of poverty, and it is also linked to the success of the formal sector business for it plays a significant role through bulk buying.

While the informal sector in the Gauteng province offers the unemployed opportunities to generate income, and to sustain their livelihoods, informal workers in the province also fall subject to harassment, ill treatment and removal. For example, Informal sector workers in Gauteng in the City of Tshwane are subject to harassment, Gauteng province (2016) writes that workers goods are impounded by the TMPD (Tshwane Metro Police Department), and with them not having insurance for their confiscated products, workers experience significant monetary losses and debts. This evidence shows that informal sector workers in the Gauteng province are still subject to the similar experiences encountered by those who were operating in the apartheid era, as they are still harassed and asked to leave their operating areas. Further, this tells us that informal sector work in the province is intertwined with precarity as workers are not protected by the law, and their strategies of making a living in the informal sector is not secured and they can easily lose their jobs.

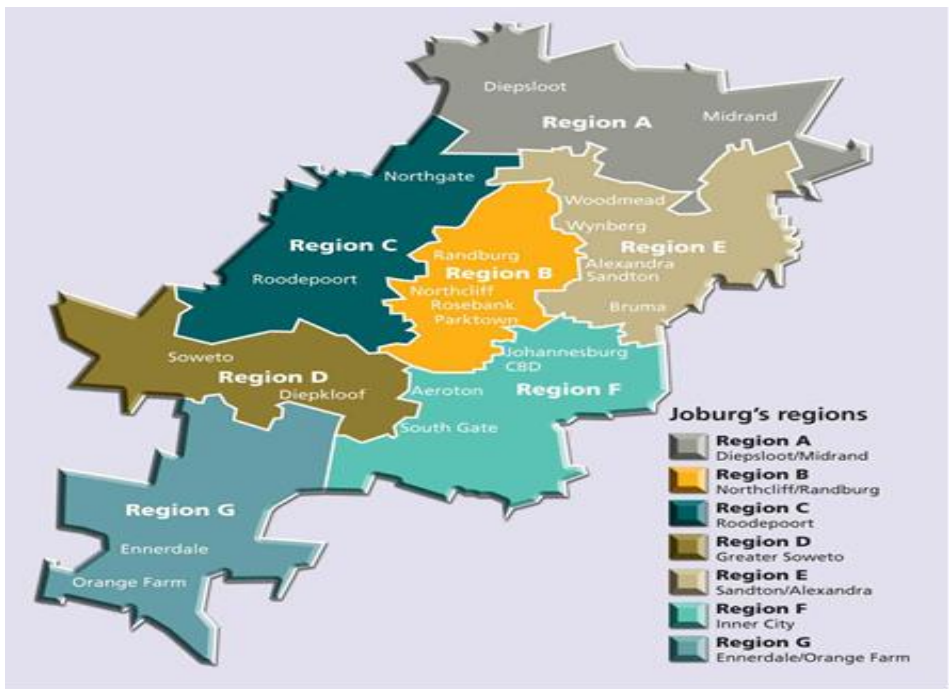
Further, according to Rogerson (2000) the Gauteng informal sector exhibits gender division of labour, with women clustering in particular types of street trading, food preparation, dress making and childcare activities. And there are more women than men at the survivalist end of the spectrum, and with the most profitable small-scale business dominated by male

entrepreneurs. This is similar to my findings and data collected in the two townships in Gauteng, Diepsloot and Mamelodi, as it found that men usually engage in technical skills such as welding while women usually engage in less technical activities, such as street-vending selling fruits, vegetable and other products. This can be the result of the patriarchal arrangements, and apartheid as many women were locked in the Bantustans because the townships were used to cater for the labour reserve army for the industrialised areas like Pretoria and Johannesburg. And the dismantling of apartheid in 1994 meant the women had the opportunity to travel to the urban areas to look for employment, and less job opportunities in the formal sector led people to resolve to the informal sector.

The Gauteng province is one of the major economic hubs in South Africa. Many people reside and migrate to it for employment opportunities. And when employment opportunities in the formal sector are unavailable. According to the Gauteng Province (2016) in Gauteng especially in the City of Johannesburg, when workers are unable to find work resorts into other means of generating income, primarily through informal sector which results in high demand for trading areas in the city. Rogan (2019) writes that in Johannesburg metro areas, informal employment makes up about one-quarter of total employment (26% and 25% respectively). In other words, many people in the province, use the informal sector to secure their livelihoods and to escape poverty, as the country is struggling with lowering the unemployment rate. The workers who seek socio-economic comfort in the informal sector are also exposed to precarity which then undermines their endeavour to generate stable income to support their livelihoods. Rogan (2019) states that in Johannesburg and Pretoria, informal wage employment is 14%, and informal self-employed is 10%. And it is in the townships where informal sector is usually prevalent, for example, Charman (2016) writes that the utilisation of the informal sector in the township areas in Gauteng is the dislocation of the townships from the commercial centres, which make job hunting costly.



Map 1- Mamelodi in the City of Tshwane’s map: Source. Tshwane-Dear South Africa



Map 2 – Diepsloot in the Joburg regions: Source-City of Johannesburg Metropolitan Municipality – Commonwealth of nations

5.2 Mamelodi: informal sector work

Mamelodi is a township found in the east of Pretoria (Tshwane), StatsSA (2022) writes that Mamelodi was established in 1951, during South Africa’s apartheid era. It was first known as Vlakfontein and was later renamed Mamelodi in 1962. During apartheid times, as stated by

Mahajan (2014), the formation of townships reflected tensions between two needs: to keep Black people close enough to provide cheap labour and to keep them far away in order to have a clear social distance and separation. The township areas had poor infrastructure and no economic investment, and the people were available to provide their labour power in the cities, firms or mines. Mamelodi is an example of precisely this. Being situated next to industries and firms in Watloo and Silverton, there is a Ford plant next to the township in the west.

(Chiloane cited in Wolmarans, 2017) states that Mamelodi was established in such a way that it should remain a satellite of Pretoria with no economic viability or industries so that it could not become an independent town but would exist for the convenience of Pretoria industries and white population. Economically, the inhabitants of Mamelodi could only engage in economic activities through working for the white industries in the urban area, and the apartheid legislation did not allow Black people to have ownership of businesses. Nice (2009) writes that only people working in Pretoria based on the 'dompass' law was allowed to stay in Mamelodi. And in Mamelodi, according to (Nice, 2009) the first businesses were only allowed to trade in 1955, and the majority of these businesses were spaza shops. This shows that people who were not part of the reservoir of white neighbouring areas, were either employed or engaging in survivalist employment in the informal sector.

While waiting for the 2022 census to update the population of the area (Mamelodi), according to the census 2011, StatsSA (2022) found that the population of the township is 334, 755, and from the working age (15-64) only 73,7 % was employed. The data is not specific on the matter of the percentages of people working in the formal and informal sector in the township.

In the informal sector in Mamelodi according to Horn *et al* (1993), children tend to be involved in the informal sector and 21,9% in the selected sample earning income from the informal sector were also employed in the formal sector. This shows how precarious and unstable income in the informal sector is, as workers use multiple strategies to generate income or supplement it in order to meet their socio-economic needs. Further, other studies show that workers in the informal sector in Mamelodi are operating under dire conditions and do not have access to good infrastructure. For example, (Mitullah cited in Wolmarans, 2017) found that traders were using different structures such as, tables, racks, wheel barrow, hand carts and bicycle seat to display their goods, while others displayed their goods on the ground over a mat or gunny bag. And it is women who usually dominate street vending, which is the result of

limited economic opportunities for women in both rural and urban areas (Mitullah cited in Wolmarans, 2017).

The informal sector work in Mamelodi is not homogenous. According to Wolmarans (2017, 36-37) workers engage in informal activities such as sewing, shoe-repair, hair salon, shishanyama, spaza-shops, street vending, tyre shop, butchery, welding, and carpentry. Similarly, when Horn *et al* (1993) carried out their study, hairdressing, car and radio repairs, lodging and child-care, were the most significant activities informal sector workers used to generate income. Workers in the township capitalise on the informal sector by using their skills and initiatives in order to make a living. For example, according to Horn *et al* (1993) workers engage in informal sector work because they believe that they can earn more and supplement their households income. In this case, workers turn to the informal sector because they are not satisfied with their income and want to use it to generate more money. The challenge is that income in the sector is usually unstable or unreliable. Further, according to the findings of Ligthelm & Van Wyk (2004) in Dennebom (Mamelodi West) there were 627 informal sector worker enterprise. One may deduce that workers are resorting to the informal sector in the township for entrepreneurial reasons, or because of the prevalence of unemployment and their need to take care of their livelihoods. This ambiguous duality of the informal sector in South Africa is also discussed in the findings chapter. For example, Horn *et al* (1993) writes that in Mamelodi, residents expressed that they were operating in the informal sector because other work was not available. The sector is a like a waiting room, where workers engage in while waiting for better employment opportunities, and while waiting in the sector, they are usually exposed to precarity and precarious conditions in the informal sector.

5.3 Diepsloot: informal sector work

Cross (2014) writes that Diepsloot was established in 1995 after the end of apartheid, it is one of Johannesburg's newest settlements found in the northern edge, it was originally designated as a transit camp for evicted people from the informal settlements in Alexandria, Honeydew, and Zevenfontein. Diepsloot does not share similar historical, political and economic arrangements as Mamelodi, as it was founded in 1995, in the post-apartheid era. Instead of being a reservoir to supply their labour power in the firms or industries, Diepsloot was a 'dumping' area of people no longer needed in other places. As a result, the township is not located close to formal sector firms or industries.

According to the 2011 census, StatsSA (2022) states that Diepsloot has a total population of 138, 329, and from the working (15-64) 77,4 % was employed. However, the data provided by Statistics South Africa does not specify how many people are working in the formal or informal sector.

According to Mahajan (2014) Diepsloot retain many of the economic characteristics of other townships. It has issues of joblessness, crime, uneven access to public services, and an emergent informal sector. Mahajan (2014) writes that due to its relative proximity to the economic hub (Johannesburg) the township is a magnet for job seekers because it attracts many people in desperate need for job opportunities. And with the prevalence of unemployment in the country, the informal sector becomes a haven for individual who wants to secure their livelihoods when there are no opportunities in the formal sector. Ledingoane & Viljoen (2020) writes that in Diepsloot more than half (56%) of the enterprises were started because the owners had no alternative employment, while 13% were started to subsidise and to supplement the owners' low household income. Furthermore, Mahajan (2014) writes that most of the majority of the township's self-employed are survivalist, and it is due to unemployment opportunities that people find themselves working in the informal sector. The things that prompt workers to rely on the informal sector for a living nationally, is similar to what pushes people to the informal sector work in Diepsloot, as it is usually the unemployed who uses it to sustain the livelihoods and to avoid falling prey to poverty.

According to Ledingoane & Viljoen (2020) the informal sector in Diepsloot provides secure employment opportunities to people, as workers are predominately employed as full-time employees and permanently. The sector plays a vital role in terms of absorbing the unemployed as it creates job opportunities for them. Further, while the informal sector provides the residents with job opportunities and aids them in sustaining their livelihoods, it is less regulated and work is precarious and insecure because most of the workers do not own the land where they are operating, and they can easily lose their employment status if removed. For example, Cross (2014) writes about a woman who owned an internet café on the main street. Her informally leased premises, owned by a taxi owner and businessmen, cost R2000,00 per month. Renting causes a strain to the informal sector workers or self-employed. Ledingoane & Viljoen (2020) writes that most informal enterprises (44%) operate on the street sidewalk, requiring no rental payment, with many people passing by on their way home from work. The informal sector workers are exposed to a large number of customers in the sidewalk/main streets(roads)

however, the lack of infrastructure and unpredictability of the market undermines their initiatives because income is never guaranteed.

5.4 Concluding Remarks

In this chapter I have discussed about the historical background of informal sector work in Gauteng, and I have showed that it emerged as a result of the mining settlement in 1886 and 1920s. Informal sector workers in the early years in Gauteng and urban areas especially in the late 1920s and 1930s was characterised by repression. This chapter discussed that informal sector emerged in order to supplement the formal sector inability to service the needs of formal sector workers and it also came about due to unemployment and it was used to create income for the unemployed, especially in the townships. Further, in this chapter, I discussed how even in the democratic South Africa informal sector workers are still repressed and censored because workers are still harassed or removed from their operating areas. In the chapter I discussed that in Gauteng, workers resort to the informal sector because formal employment is hard to get, and this is also confirmed by my findings chapter, where informants shared that they resorted to the informal sector because they could not find a job or were either retrenched and the informal sector offered an alternative for generating income.

Also, I discussed about the informal sector work in the township of Mamelodi and Diepsloot. In my argument I showed how Mamelodi, which was founded in apartheid South Africa was operating as a labour reserve army for the neighbouring industries. And that Diepsloot was founded in democratic South Africa, however, it is located away from industries, and it is characterised by unemployment, which is another reason why workers resort to the informal sector for a living. In both townships, I have showed that informal sector workers do not have access to good infrastructure or adequate operating area which makes them precarious. This chapter builds to the core argument of this mini-dissertation as it showed how informal sector work, and the formal sector are intertwined as those who are retrenched in the formal sector run to the informal sector for alternative income. Further, this chapter builds on the argument that the informal sector work exists in close relations with precarity as workers generate low income, and work in the informal sector is insecure because workers do not have secure operating area.

CHAPTER 6: FINDINGS

6.1 Introduction

Chapter 5 summarised and discussed the history of the two townships that are the subject of analysis in this chapter. Diepsloot is a township in the north of Johannesburg that was established in the post-apartheid South Africa. Mamelodi is a township in the east of Pretoria (Tshwane) which was founded in the apartheid era and was used as a reservation of workers for the white neighbourhoods and firms in Watloo, Silverton and surrounding areas. The workers interviewed in this study includes informal sector workers, the welders, carpenters, and the street-vendors who are self-employed or employed workers. This study conducted 20 open-ended interviews, 10 from Diepsloot and 10 from Mamelodi, and the data findings are presented thematically.

The findings, analysis and discussion below show that the informal sector is an arena comprised of two different types of workers. There are those who are there for entrepreneurial purposes. On the other hand, there are those who are there for survival purposes, pulled by the prevalence of unemployment, which is in turn intertwined with the political economy of development in South Africa and the restructuring of work. Due to the prevalence of unemployment in the country, precarity is manifesting itself in the informal sector as workers engage in insecure work in order to generate an income. And when workers engage in precarious forms of employment such as welding, carpentry, and street vending, these kinds of activities enable them to survive and to experience less intense degree of poverty. In an economy that is finding it hard to create job opportunities for all of its citizens, precarious work in the informal sector presents itself as an alternative for the unemployed and the poor working-class households for survival.

This work further sheds light on how the unemployed in the informal sector use their own skills for survival and create jobs and income opportunities. For example, welders and carpenters would train or transfer a skill to their employees who would later use it to work for themselves in order to provide for their livelihoods and households. Contrary, while workers in the informal sector use their skills for a living and to create employment opportunities, work is usually precarious as workers work long hour and their income is uncertain, and this study found that the informal sector is characterised by this ambiguous duality. The findings discussed below reveals how workers are never certain about the future of their work, as they

usually have no permanent operating area, and are prone to violence and attacks. As discussed below, immigrant workers are more precarious compared to South Africa workers.

This study maintains that the formal and informal sector are not apart from each other. This is because informal sector expansion is driven in large part by the inability of the South African economy to produce job opportunities. Further, workers are engaging in precarious work in the informal sector because they lost their jobs in the formal sector. Formal sector job loss is often a result of the restructuring of work and neo-liberal policies in the country, which introduced sub-contracting and outsourcing. The findings of this study also tell us that the informal sector workers are dependent on the formal sector as they acquire the materials they use in their work from the formal sectors. The Covid-19 pandemic exacerbated the prevalence of unemployment, as people lost their jobs and jumped to the informal sector for a living. As a result, the pandemic worsened precarity in the informal sector and exposed how vulnerable workers are in the middle of a crisis, due partly to their unreliable savings. And when the pandemic set in and lockdown restrictions were implemented, many workers could not work while others relied on other strategies for survival, such as piece jobs, household members income and social grants.

The structure of the findings chapter below is divided into four sections. Firstly, I show the significance of informal sector work, focusing on the ambiguous character of the informal sector in South Africa. Poor working-class people resort to informal sector work to escape poverty and unemployment. As I will show, informal sector workers also consider their work as an alternative better than crime, and the informal sector is an arena where workers train/transfer skills and use them to make a living. Nevertheless, informal sector work is deeply precarious. I show this in more detail in the second section, which focuses on the condition and characteristics of work in the informal sector. As my findings show, incomes are low and can barely rescue the poor working-class from poverty. Moreover, work is rendered precarious by the fact that workers do not have permanent work sites. Due to limited labour regulations in the sector, workers are vulnerable from harassment and bullying, which typically affects foreign nationals operating in the informal sector in the townships. Lastly, in this section I will show that workers work long hours for an income penny that is not guaranteed. Because of this it is hard for them to access the materials that they sell, such as steel, because they are expensive in the formal sector.

Thirdly, I focus on formal and informal sector relationships. In this section I explore how the shortcomings of the formal sector in producing and providing job opportunities in South Africa

expand the informal sector, as most of the workers in the informal sector are there due to the lack of employment opportunities or retrenchments in the formal sector. Further, I will show that the informal sector work cannot be separated from the political economy of development in South Africa, and that the restructuring of work and neo-liberalism introduced in the post-apartheid era exacerbated the informal sector work. I then explore how the relationship between the two sectors is that of exchange, as informal sector workers access the materials that they sell or manufacture in the townships in the formal sector. And materials in the formal sector are usually expensive and workers income is usually low and this jeopardises informal sector workers, because inability to access materials means that their jobs can disappear in a blink of an eye. In the fourth and final section, I turn to focus on the socio-economic impact of Covid-19 on informal sector workers.

6.2 Findings

6.2.1 The 'significance' of informal sector work

The informal sector in South Africa is characterised by an ambiguous duality. Firstly, work in the informal sector is closely linked to precarity and precarious working conditions as income streams tend to be both relatively small and very often unreliable and fluctuating. Nevertheless, it is crucial to bear in mind how township households are sustained by informal sector work - that is, work in the informal sector plays a significant role in staving off or reducing poverty and unemployment amongst South Africa's working class. For example, Botha (2012) cited in Musara & Nieuwenhuizen (2020) writes that the informal sector in South Africa plays an instrumental role in providing employment opportunities for the greater population who cannot secure employment in the formal sector. The term self-employed workers refers to workers who are working for themselves and whose income goes directly to them. The term employed informal workers refers to workers who are employed on informal terms without a formal work contract and who receive an income from the employer. Both these categories of informal workers are taking care of their families with the income generated in the informal sector. Tshuma & Jari (2013) writes that the informal sector development is a fundamental strategy for reducing poverty as it promotes and empowers even the poor, women and the differently able so that they can escape malnutrition and hunger. Fourie (2018) states that the informal sector plays a vital role in alleviating poverty, and it is because income from the informal sector work mostly flows to households that are poor. Also, in accord with the arguments above is Rogan & Skinner (2020), who write that income from the informal sector plays a crucial part

in keeping households above the poverty line and ensuring that households have food security. However, people who engage in informal activities are the poor, the findings in the following paragraphs shows that workers are receiving low income and work for food security. The statements below are typical of how my informants would reflect on the significance of informal sector work in terms of enabling subsistence and keeping poverty at bay:

The informal sector work is sustaining because I can provide and take care of my family with the income that I generate (Thembi, employed street-vendor. Mamelodi).

The informal sector work is sustaining my life, however, the money that I am making here is not better compared to the one I used to make when I was working around Johannesburg'. I usually wake up around 4:00 am in order to make sure that the people who are working around Fourways get their lunch box from me, and I would make R300, and when the sun set, I would approximately have R700,00 in my pocket for that day. (Jerry, self-employed street-vendor, Diepsloot).

I left my previous job because the income that I was receiving was not good, and the current income that I am generating is satisfying and it makes me happy (Nyiko, self-employed street vendor. Mamelodi).

This job is important because I am able to generate income and I can take care of myself and family. The income that I get is sufficient because it makes me to get what I want (Sophie, employed street vendor. Mamelodi).

Poor informal sector workers think of informal work as a better alternative compared to criminal activities, and significantly as an effective option for survival than committing to crime. For example, informants had this to say:

Working in the informal sector as a street vendor is helpful because I am able to sleep with food in my stomach, and it helps me to stay away from stealing from other people (Themba, self-employed vendor. Mamelodi)

Working here is better than stealing from others or being involved in criminal activities (Surprise, Diepsloot).

Working in the informal sector allows me to stay away from crime and the money that I get allows me to avoid begging other people (Nkosinathi, employed welders. Mamelodi)

The income that I am getting is sustaining, even though we do not eat fancy food, but I am able to buy food for my family (Nelson, Diepsloot).

In other words, workers rely on their skills, such as welding and carpentry or managerial skills for survival in the midst of unemployment and poverty, rather than resorting to unlawful practices in order to ensure survival. Lamptey & Debrah (2009, 5) found that in the informal sector, the self-employed usually work for employers to acquire skills such as welding, carpentry, dressmaking, and auto repair on the job informally, and then go to start their own business. In this study, informants made it clear that workers with skills train others who do not have. By doing this, skill transfer take place in the informal sector in both townships:

Through this skill and initiative, I was able to employ and teach other people the skill” John, a welder told me. He continued: “Now most of them are working independently and are providing for their families.”

I once worked for someone, and that is where I acquires the training, then I started to buy my own machines and do my own job (Nelson, Diepsloot).

Other people trained me to do this job, then I later decided to start working for myself (Thembinkosi, Diepsloot).

In the findings of a research conducted by Magadi & Mahiya (2021, 513), a builder interviewed ‘said that they acquired their skills through working as an ‘assistant’ to his uncle who was a qualified builder’. Adams *et al* (2013, 25) also found that in the informal sector, master craftsperson’s and owners of small businesses transfers their skills to the workers by training them through a traditional apprenticeship. The apprenticeship involves an agreement between the employer and the worker in exchange of their labour, and at the end of the training a worker may choose to leave and work with another enterprise or start her or his small business. The participants in this study also proved that the informal sector does create job opportunities and so do skills training for the unemployed:

The job that I am doing is helpful because the income is better, and I was able to help another person by employing them. I myself, in 2019 I was working with my uncle who taught me this skill and in 2020 I decide to open my own business. I would also like to teach other people the skill because it is rare (welding and bending steel), and the person that I am working with might use this skill to do something for himself. (Frederick, self-employed welder Mamelodi).

While the informal sector creates income/employment opportunities to the townships residents, employment in the sector is sometimes based on kinship or friendship.

When you do this job, you need assistance which creates job opportunities. For example, the owners of this business started alone, I got employed here and the owners asked me to look for

someone who is going to assist me, so I called the brother I am working with now (Sam, employed welder)

Tshuma & Jari (2013) in their work conducted on Alice town in the Eastern Cape, found that 42% of informal traders, their labour was family members and the other 50% is hired. And the hairdressers, mechanics and the welders had the largest number of labours, each business had an average of four workers, and for the mechanics 20% of their workers were family members and 80% were employed workers.

In this section, I showed that the informal sector in South Africa is characterised by an ambiguous duality: whereas work in the informal sector helps working class households stave off abject poverty, it is nevertheless deeply precarious work. I also discussed the significant role played by informal sector work by creating employment opportunities and income, which helps workers to keep poverty at bay. This section also brought into light how workers in the informal sector see their work as a better alternative than engaging in criminal activities, as they use their skills and train one another in order to generate income. While the informal sector work equips workers with skills, employment and income, in the following section I will further discuss how the significance of the informal sector is undermined by the precarious working condition and low income. The section argues that employment in the informal sector cannot be relied upon, because income is dependent on the market and the materials that workers sell in the informal sector are expensive while their income is low. In the next section I will also discuss how the informal sector work fails to shield workers from poverty, as they are usually vulnerable, harassed and bullied, and this precarious condition is more experienced by immigrant workers in the townships.

6.2.2 The conditions and characteristics of work in the informal sector

Uys & Blaauw (2006) writes that in the informal sector, wages are low, and it is characterised by poor working conditions and provide little job security and few promotion prospect. Further, Breman (2020) writes that workers in the informal sector have to deal with the plight of coping with irregularity and insecurity. And this is because their work is characterised by many uncertainties and challenges, which then expose them to precarity. Working conditions are often both harsh, uncertain, and unpredictable. In support of this statement, Breman (2020) found that in India, informal sector workers were enduring heavy physical strain and worked long hours and irregular hours. Similar to the finding of Breman, in South Africa, Fourie (2018) states that informal sector work is characterised with long working hours, and the working

conditions are often difficult. For example, informants would often refer to how they worked non-stop, seven days a week:

‘I work every day (7 days) non-stop (Sophie, employed street-vendor Mamelodi)

‘I work 7 days a week with no rest, unless if I am going to stock (Tshepo, a self-employed street-vendor Mamelodi)

I work every day from 08:00 am in the morning until late 18:00 pm, and the money that I make is not enough, I just use it to buy food and to pay rent (James, Diepsloot).

Employment is often tenuous and profoundly dependent on market demand. Workers expressed that if there are no customers or work, their income becomes low. Workers in the informal sector are more precarious and often can lose their stream of income in a blink of an eye. For example, informants shared that:

‘When the support (customers buying products and services) is low it is hard to take care of my family because the income I generate becomes low too’ (Sophie, employed street vendor)

Customers are lacking, we are not getting support like we used to, and when the support is less, we just seat and do nothing, and we can be fired if we are doing nothing (Sam, employed welder).

People do support me a little bit, but when the support is too low, work becomes stagnant (Themba, Mamelodi)

Another factor that compounds uncertainty and poses a challenge is access to stock and raw materials. Workers would typically talk about how the products that they are selling are expensive, and how this makes it hard for them to do their job. And tools are also often expensive to rent. In support of this findings, Rogan *et al* (2017) found that informal sector workers are subject to certain commercial risk through such factors as rising price, low demand and unreliable supply chains. Welders reiterated that the raw materials they need in order to manufacture products are expensive, for example:

Frederick, a welder expressed that he still needs certain machines which he does not have in order to do his welding job, ‘when we want to bend steel we go somewhere and we pay for the service which is expensive, steel is expensive we try to adjust our prices so we can gain profit a little bit, however steel is expensive and so do the machine that is needed to bend steel’.

‘In the beginning I used to buy raw materials in the hardware’s, then I later realised that they were too expensive, now I rely on the scrappers (Surprise, Diepsloot).

The machine that we need to bend the steel with is expensive and we do not have it (Nkosinathi, Mamelodi).

The customers that they are servicing do not acknowledge the prices of products the informal sector workers are selling, and this makes it difficult for workers to generate a profit. For example:

‘Raw materials are expensive and sometimes customers complain about the price we charge them, and this affects the business negatively because charging lower prices also means buying the steel will be more expensive’ (John, Mamelodi).

When I began working here everything was going well, now things are bad. And the materials that we use are expensive and the income that I generate is low, at the same time I also rent electricity (Thembinkosi, self-employed welder, Diepsloot).

Furthermore, if workers fail to sell their products, it also translates into a loss:

The challenging part with working as a street vendor is the issue of maintaining stable income, said Tshepo. ‘For example, with R2000.00 stock you only receive R700.00 income. I bought the spinach on Friday and the next day it is going to expire, and I will have to throw it away’ (Tshepo, Mamelodi).

Khambule (2022) write that informal sector workers and traders do not make enough to guarantee decent living conditions. And this is because income from the informal sector work is very often unstable and unpredictable. This view is supported by Scully (2016a) who also stated that while income generated from precarious work is valuable, it cannot be relied upon in the long term. Mosoetsa (2011) also found that the potential of the informal sector work such as street selling, and home-based work is extremely limited in alleviating income insecurity. A typical problem referred to by informants was that customers take products and services on credits, and take a long time to pay for the products and service given to them, and also that their income is insecure and unstable:

The challenges of working in the informal sector is that some people ask for our service (to make gates, window frames) and when we are done doing the work for them, they do not pay us. For example, people ask us to make a gate for them and we ask them to pay a deposit and when we are done with doing the work, they say “I do not have money in the bank, and they keep making up stories and this cost the business a lot.” Now customers are lacking as they are not supporting us like they used to (Sam, Mamelodi).

The money that I earn here cannot support my children fully, I am failing to buy them clothes for schooling and maintaining the household (James, Diepsloot).

The challenge with working here is that sometimes you can charge a client and they take 3 months to pay back the money. And by that time, you used some your money to buy the materials that are needed to produce their desired product. Next year I am planning to do other things and the reason is because there is not work anymore here. We used to install butlers now all people have butlers. I used to install more than twelve butlers in a month, now you can seat the whole month without installing even one, that is why I am considering changing the location (Surprise, Diepsloot).

Sometimes customers take things on credit and end up not paying the money back or take time to do (Thembi, self-employed street vendor, Mamelodi).

Informants also talked about how having to pay for accessing the electricity posed a challenge for their livelihoods:

Electricity is also an issue for me, when there is an electricity failure, they take time to fix it and my products get ruined (Thembi Mamelodi).

Thomas ‘the challenge that we have when we are working is the issues of load shedding and I rent this space and I also pay rent where I am staying (Thomas, Diepsloot).

Furthermore, informal workers in Diepsloot and Mamelodi more often than not do not have a permanent work site. This resonates with how Lloyd-Evans (2008) found that in the Global South, street vendors have no legal status, and it makes them to face fines and regular harassment from the authorities. This adds to the uncertainties they face, as they have to rent a space, which is expensive, and often also face quarrels over who has the rights to occupy the space.

We have a problem with the working place, there are a lot of contestations, sometimes people come and want to claim it and I also pay for electricity which is expensive (Frederick, Mamelodi).

Rogan *et al* (2017, 323) writes that without effective legal rights, informal sector workers are subject to physical risks that formal enterprise operators are not. This study found that the cause of vulnerability, which lead to physical harassment or removal is the result of workers not having ownership of their working space, and protection from the law. For example, Musara & Nieuwenhuizen (2020) states that there is a high level of hostility and harassment in the informal sector by government officials in an attempt to regulate it. This in turn make workers

prone to precarious condition as the future of their work is always uncertain, and due to the lack of ownership and renting, workers suffer from removals and are most likely to be affected by violence and theft. For example:

I used to work in Johannesburg as a street-vendor, and due to the 2010 FIFA World Cup the Johannesburg Metro Police Department (JMPD) was harassing us, that is when I decided to move here in Diepsloot (Jerry, Diepsloot).

When there is a strike in the township, our operating site get destroyed, I used to have a wooden table, and it was stolen (Russel, self-employed street-vendor, Diepsloot).

Mosoetsa (2011, 49) writes that employment that is created through the informal sector is not sustainable. In my study, I also found that work in the informal sector is unsustainable, as workers are easily affected by natural phenomena such as rain. Due to the lack of shelter, when it rains workers do not go to work as they do not have proper shelter nor protection from this natural occurrence. This also mean that if rain continues for days, they will not generate income.

Operating outside cost us because we are not protected from rain and winds, and when these natural phenomena happen, we stop working or selling the materials. Further, it is a challenge to take care of all the households needs with the income generated from the informal sector (Peter, welder).

Arnold & Bongiovi (2013) states that workers in the informal sector are open to market despotism and bullying by public authorities, and they have no institutional protection either by the state or unions. My findings show that informal sector workers who are not from South Africa are more precarious and at risk more than South Africans, as they are constantly harassed and threatened. (Rogan & skinner, 2017 Cited in Musara & Nieuwenhuizen, 2020) found that there is a heightened level of hostility and harassment that is mostly directed at foreign workers which is prevalent across most of South Africa's informal economy.

When you work here you can be attacked anytime, and it is not safe. The reason I am saying this is because I am from outside South Africa and people take advantage because of that. And this place (working area) was an illegal dumping are and I cleaned it and sometimes people come and urinate next to where I am working and when I ask them not to, they attack me. One time someone attacked me and the things that I am selling. (Thandeka, self-employed street-vendor, Diepsloot).

‘The challenge of working in the informal sector, is that sometimes we are approached by the Police (SAPS), they ask for a business card or if the business is registered and they also ask for money’ (David, self-employed welder, Diepsloot)

Working under the formal sector policies also puts a strain on the informal sector workers as their ‘economy/sector’ and survival is dependent on the formal sector, and changes in the formal sector also impacts them. And as a result of the unreliability of their income, some workers depend on other means for generating an income in order to sustain their livelihoods and households, such as piece job and assistance from their spouse. Scully (2016a, 305) writes that households depend on support from social and kinship networks which cannot be as easily or reliably measured. However, it is vital to the livelihoods of precarious workers. Informants in this study shared that their income is supplemented by their spouses or household members, or they rely on piece jobs for survival.

The money that we get is not enough, that is why sometimes I do piece jobs in the construction sites for income, and my wife comes to work here as my replacement. And at James’s households they rely on substantial farming for survival, however, they do not sell their production (Russel, Diepsloot).

My wife is working so we help each other with the households needs, which makes thing easy because currently the support here is low and if there are no customers, I cannot pay rent (Thembinkosi, Diepsloot).

An informant (Thembinkosi) shared that the income that he generates in the informal sector is not the only source of income that supports his livelihood and household, his wife also assist him with pulling income to the household. This agrees with Scully’s (2016a) work that found that about 22% of precarious workers live in households in which the wages of other household members provide most income. Having other members of the same households generating an income, somehow limits the burden the informal sector workers would carry if they were supporting the household alone with their precarious income.

The argument in this section was centred in showing how work in the informal sector is precarious, as workers work in uncertain conditions and their income is usually low, and dependent on the market demands. I have discussed that work in the informal sector work for long hours and 7 days so that they can sustain their livelihoods. Further, this section showed that precarity and informal sector work are intertwined, as the materials that workers sell in the informal sector are expensive and hard to access as they make little income from their labours.

Also, employment in the informal sector is not secure as workers do not have permanent working site and pay rent. Due to limited regulation, workers are subject to removals and more vulnerable, and this research found that the informal sector workers from outside South Africa were more precarious and prone to harassments. In the following section, formal and informal sector relationship. I bring into light how the two sectors are related, I show their interconnection by discussing that workers in the informal sector are there because of the prevalence of unemployment, the inability of the formal sector to create job opportunities and protect workers from retrenchments. Further, the discussion in the next section will discuss about how the informal sector work is a structural consequence, meaning that it cannot be separated from the South African political economy, restructuring of work and the neo-liberal policies. I will also discuss how the relationship between the sectors is based on exchange. And how the covid-19 lockdowns exacerbated unemployment in the formal sector which pushed the unemployed to the informal sector work.

6.2.3 Formal and informal sector relationship

There is a direct relationship between the formal and informal sector in South Africa, and it is similar in many ways to that which can be found in other parts of the Global South. For example, Munck (2013, 755) writes that the informal sector might be growing but it is still based on the lack of formal employment contracts or respect for labour rights. The informants in this study, confirmed Munck's argument as they expressed that the reason they are working in the informal sector is due to the lack of employment and loss of employment in the formal sector. During the apartheid era in South Africa, Wellings & Sutcliffe (1984) found that workers resorted to the informal sector due to 'desperation' in the face of unemployment. In the apartheid South Africa, the informal sector was synonymous with unemployment or the lack of job opportunities in the formal sector. Even in the post-apartheid South Africa, workers are still resorting to the informal sector due to unemployment or retrenchments in the formal sector. For example, Dawson (2021) in their work *Making plans through people* in South Africa found that in Zandspruit, the people working in the informal sector once worked in the formal sector jobs in the past and their jobs ended due to the short-term nature of their contract. Informal sector work cannot be separated from the political economy of development in South Africa, and the neo-liberal policies introduced in the dawn of democracy in 1994. For example, Bachiesi (2008) writes that the restructuring of work led to factory closure in the East Rand, Gauteng, further job losses and a visible trend to the subcontracting of employment. The

unemployed/retrenched formal sector workers resort to precarious work in the informal sector for a living, and it can be argued that the formal sector is exacerbating informal work and precarity. For example, Theron (1996) in Mosoetsa (2011, 46) writes that there is a relationship between the formal and informal economies, as the workplace restructuring in the clothing and textile industry has resulted in the outsourcing of parts of the production process to home-based workers in places such as Mpumalanga. The inability of the formal sector to create secure employment and to protect workers, has worsened the prevalence of unemployment and the need to rely on the informal sector for a living by the poor working class in the townships, which was worsened by the restructuring of work. For example, Mosoetsa (2011) writes that the changes in the South African labour market have led to the expansion of the informal economy. This study has also found that there is a solid relationship between retrenchment, unemployment and the informal sector work, most participants are often working in the informal sector because they have lost their jobs in the formal sector or are unable to find formal sector employment.

The reason I am working in the informal sector is because my job ended, and I needed something that would make me survive (Nkosinathi, Mamelodi).

‘I decide to work in the informal sector because there are no job opportunities, and the reason why I am self-employed is because I wanted to bring food in the table’ (Tshepo, Mamelodi).

The reason I am working as a street vendor is because I was retrenched, I was working for a construction company (road constructions), and I realised that seating at home doing nothing without a back-up will not be helpful (Russel, Diepsloot).

The reason I am working here, is because I had no job, and I needed something to help me to survive (Themba, Mamelodi).

I am working here because I could not get a job, it is not easy to get a job these days and when you are self-employed the money that you make is low. I once worked at a petrol filling station in 2016 as a car washer and for a recycling company in Fourways (Value-Waste management) and the job ended. Also, the Covid-19 pandemic is the reason we started working in the informal sector because my mother’s job ended. I had to stand up and do something that will enable us to generate income. I was then given money to stock something, which is what we are selling now (David and his mother, Diepsloot).

Altman (2022, 188) writes that the lockdown in March to June 2020 in South Africa resulted in the loss of 2.24 million jobs, and by the second quarter of 2021, total employment was still 1.44 million lower at the onset of the lockdown. The pandemic has worsened the existing

‘epidemic’ of unemployment in the country and exposed how precarious work in the informal sector can hardly secure people in times of crisis. Further, the pandemic has pushed workers to the informal sector, and the impact it had on the informal sector workers and their households is dire as people were not working and others were retrenched.

You know I once worked in the formal sector for 5 years as a security and for Home Choice warehouse, but the job came to an end due to the covid-19 pandemic and then I decided to come to work here because I had plans (Frederick, Mamelodi).

While the informal sector may operate like a “dumping area” of the retrenched workers by the informal sector, there is an interdependent relationship between the two sectors. The informal sector workers are operating under the capitalist system and under the neo-liberal policies and they are dependent on the formal sector. For example, Marais (2011) writes that there are numerous backward and forward linkages operating between the ‘two economies’, linking informal traders and service-providers with the ‘core’ corporate sector. Also, in a survey Rogan *et al* (2017) found that about half of the informal sector vendors, about half of them buy directly from a formal supplier and another 2% acquire them from formal suppliers to sell on commission. And 31% buy them from their fellow street vendors or informal enterprise, while only 17% are producers who source raw materials and then make the finished goods themselves. The participants that took part in this study, the self-employed and employed welders and street-vendors they all access/buy their materials in the formal sector enterprises. For example, all of the welders and the carpenter’s buy the raw materials that they use to manufacture their products in the warehouse, firms, or the hard wares. And the same applies to the street-vendors who get most of their products from the Tshwane markets. Okeke & Anyadike (2020) writes that there is many interdependence between the formal and informal sector, as markets links exist through the trade of goods, raw materials, tools and equipment and acquisition of skills and know-how. Due to this reliability on the formal sector, their work is affected and thus becomes more precarious as they tend to generate less income as change of prices in the formal sector directly undermines their work and their initiatives:

‘I usually get the products that I am using, such as steels and the machines in stores/hardware’s, and the prices are too high (Nelson, Diepsloot).

I get the products that I am selling in the marketplace in Pretoria, Marabastad-Tshwane markets (James, Diepsloot).

We buy the materials from the firms that sells steel, and they are expensive. And our work is easily jeopardised because when there is no money to buy them, we do not work or progress (Peter, Mamelodi).

I stock my product in the Tshwane markets, in Marabastad, and the more stock you have to sell, is the more people buy. However, the transportation fee that I pay when going to stock is too high, hence I do not go there every day to stock (Tshepo, Mamelodi).

Rogan *et al* (2017, 324) writes that while the informal sector workers are far from operating outside the established value chain, most of the vendors from their sample sourced their goods from the formal economy. Similarly, this study found that the relationship of informal sector workers in Diepsloot and Mamelodi with the formal sector is that of exchange. The informal sector workers use their money to purchase products from the formal enterprises, which in return they sell or manufacture in the townships in order to generate income. Further, Tshuma & Jari (2013) stated that in South Africa, the informal sector apart from just creating jobs, the informal workers spend at least two thirds of its income on the formal economy thereby contributing towards overall economic growth in the country.

This section discussed about the inter-relationship of the formal and informal sector in South Africa. It successfully revealed the link between them by explaining that workers resort to the informal sector work due to the inability of the formal sector to create job opportunities and unemployment. Further, the relationship was also substantiated by the findings from the participants who migrated to the informal sector because of retrenchment in the formal sector, and by the structure of the political economy of development in South Africa. As the restructuring of work and introduction of neo-liberal policies in the post-apartheid led employers to outsource work, sub-contracting and introducing casual contracts which removed workers from the benefits that comes with permanent formal employment and protection.

Further, this section also discussed about the dire impact of the covid-19 pandemic and lockdowns on the formal sector work. Those who lost their jobs ran to the informal sector, which shows that the failure of the formal sector to protect workers, leads to the growth of precarious work in the informal sector. The evidence provided above showed that the relationship between the two sector is also based on exchanges, as informal sector workers like street vendors and welders in the township access the materials that they sell or manufacture in the formal sector and also spend their income there. In the following section, socio-economic ramifications of informal sector work and covid-19 on poor working-class households. The focus will be on how policy responses to the pandemic with a specific focus on India and South

Africa, left informal sector workers vulnerable from poverty. It points out that workers in the informal sector lost their employment status and source of income as they were halted from working, and as a result they ended up relying on other strategies such as social grants for survival.

6.2.4 Socio-economic ramification of informal sector work and Covid-19 on poor working-class households

The Covid-19 pandemic has had a dire impact on the informal sector workers in South Africa and in the Global South. In South Africa, Skinner *et al* (2021) found that as a result of the pandemic, employment in the informal economy depreciated by 29%, to an 8% decrease in formal employment. This is because the informal sector work was vulnerable to the policy response to the pandemic such as lockdowns, as workers were forced to halt working. Which had a huge impact on the informal sector workers as their means of generating an income, which assist them to support their livelihoods and to curb poverty evaporated in a blink of an eye. Thus, they were left vulnerable. For example, in the Indian context Nilsen (2021) writes that the shock of the pandemic and the lockdowns exacerbated food and consumption insecurity and deepened indebtedness among the informal sector workers, whose earnings were already extremely low. Further, Nilsen (2021, 6) states that in India during the pandemic 81% of migrant workers and 71% of non-migrant workers in the informal sector reported to have lost their livelihoods. And workers who did not lose their work altogether frequently reported to have reduced working hours and earning less. In addition, the policy response to the pandemic such as lockdowns whose purpose was to stop the spread of the virus, ended up worsening precarity in the informal sector and pushed the already poor working-class in the informal sector into a deeper hole of poverty and food insecurity.

Altman (2022) states that the Covid-19 pandemic has had especially negative impacts in our country (South Africa) that is already challenged by extremely high unemployment, and Women in the informal sector were particularly hard hit, with an employment drop of 16% by mid-2021 as compared with a fall of 3% for men. The pandemic in South Africa has worsened the precarity of work and informal sector work amongst the poor working-class households in the townships. Some workers lost their jobs because of it and were left unemployed, and thus left with no choice but to resort to the informal sector for a living.

I am doing this work so that I can make a living, I was working as a truck driver, driving a code 14 under a sub-contract to Imperial Logistics. And as a result of the Covid-19 pandemic my job ended (Thomas, self-employed carpenter, Diepsloot)

David and his mother, the Covid-19 pandemic is the reason we started working in the informal sector because my mother's job came to an end (David and his mother, self-employed street-vendors, Diepsloot).

In India, Nilsen (2021) found that during the pandemic many workers reported declining levels of food consumption, rapidly depleting saving, and consequently deepening indebtedness, and many reported having lost their housing as they were no longer able to pay rent. This corresponds with the findings of this study, the pandemic revealed that in South Africa, precarious workers in the informal sector could hardly sustain themselves due to the unreliability of their income and savings. It also showed how vulnerable precarious workers are, and that they are one step away from poverty, and even after the lockdown some expressed that customers are not buying like they used to from them. Skinner *et al* (2021) writes that the workers who did not lose their jobs in the informal sector, report working fewer hours and earning less than before the pandemic. This pattern was also reflected in my findings:

‘As a result of the covid-19 pandemic, customers are not buying our products like they used to, people are not working, and the people with a source of income are the ones that usually buy from us’ (Nyiko, Mamelodi).

Furthermore, workers were finding it hard to survive during the pandemic and in order to cope, workers depended on other strategies for survival, and others engaged on illegal ways while others relied on social grants and aids. For example, Khambule (2022) states that during the covid-19 pandemic, the informal sector workers struggle to maintain their livelihoods and depended on donations and other alternative ways of survival. Below is the example of participants expressing how they were making a living:

I was supporting my family by selling marijuana, and the money I generated from selling it enabled me to bounce back to the street vending work when the lockdown regulations were lifted (Nyiko).

During the Covid-19 pandemic things were hard as we spent most of our time not working, and we were using our stock money for survival and to buy food (Russel, Diepsloot).

During the pandemic I survived by doing piece jobs such as washing people's clothes in order to generate and income (Sophie, Mamelodi).

Due to the pandemic, we were given notice where I was working which said that we were going to go back to work after 3 weeks which became 3 months. We were given money for the 3 weeks only and I used that money to buy food which covered me for 2 months and did not

cover for the 3rd month. So, I had to hustle, and I decided to sell my things in order to make a living. (Nkosinathi, Mamelodi).

During the Covid-19 pandemic I was not working, I was seating at home doing nothing. Ethiopians supported us sometimes as they would donate food parcels door to door in households where people were unemployed (Frederick, Mamelodi).

I was not working during the Covid-19, and I remember the time when I stopped working, I had a lot of stock, some were in the fridge, and it ended up getting wasted/ruined. And I was able to survive the pandemic by the SRG R350 covid-19 relief grant offered by the South African government (Thembi, Mamelodi)

In this section, I have discussed about how the policy responses to the Covid-19 pandemic made informal sector workers vulnerable from poverty. It showed that lockdowns left the poor working-class with no income, and loss of jobs. Further, it exacerbated unemployment, and those who lost their jobs in the formal sector ran to the informal sector, and during the pandemic workers were finding it hard to survive because some were not working while others were earning low which led them to rely on other survivalist strategies such as social grant, donations/aid and illegal means for survival.

6.3 Concluding Remarks

In conclusion, in this chapter I have discussed about the significant role of the informal sector work amongst the poor working-class households in the townships. That is, it offers the unemployed with an alternative source of income and enables them to put poverty at bay. And while the informal sector work plays a crucial role in creating employment opportunities for the unemployed, and with income that allows them to take care of their livelihoods and households. I discussed that work in the informal sector is extremely precarious, in the section where I discussed about the conditions and characteristics of work in the informal sector. I outlined how informal sector work is linked with precarity, as the income that they generate can barely rescue them from being preyed by poverty and that income is not secure nor reliable due to the unpredictable market conditions. I have also discussed that what makes work in the informal sector more precarious is the unequal relations between the formal and informal sector. As workers in the informal sector in the townships access the materials that they sell in the formal sector, and they are usually expansive and with informal sector workers generating low income, their way of making a living and their jobs get jeopardised. Further, I also discussed that the relationship between the two sectors, which is associated with the political

economy of South Africa, labour restructuring and neo-liberalism, as retrenched workers or those who cannot find employment opportunities in the formal sector resorts to the informal sector for a living. Lastly, in the final section of the chapter, socio-economic impact of the Covid-19 on informal sector workers. I argued that policy responses to the Covid-19 pandemic made informal sector workers vulnerable from poverty, as workers were halted from generating an income, and workers were relying on piece jobs, grants and remittances for a living. I also discussed that the Covid-19 led to the retrenchment of workers in the formal sector, who then resorted to precarious forms of employment in the informal sector.

In the following chapter, analysis and discussion, a sample of twenty respondents are categorised into two different groups. This includes the street vendors, welders and carpenters, the findings will be analysed comparatively and thematically. The data will be analysed through the deployment of the structuralist theories of informal sector work, which argues that formal and informal sector are a part of the capitalist system and are comprised with unequal power relations. In the following section the structuralist theories will be used to explore how the informal sector work is shaped by the formal sector inability to create jobs and to protect work, while also informed by the theories of precarity which argues that low-income and uncertain working conditions are characteristics of precarity.

CHAPTER 7: DATA ANALYSIS AND DISCUSSIONS

7.1 Introduction

In this chapter, I will focus on establishing the links between the findings in the previous chapter and the structure of South African political economy of development. I will do this by deploying the theoretical framework discussed in chapter 3, which includes, the combination of structuralist theories of informality and theories of precarity. Who have an intertwined relationship, as the structuralist theories of the informal sector work believes that there is an existing link between the formal and informal sector, and that they are characterised by unequal power relations. And that the informal sector work is a result of the ongoing class struggle between capital and labour, where capital evades state regulations, and the theories of precarity maintains that precarious work is the result of the introduction of neo-liberalism in the 1970s, which saw the increase of labour flexibility, sub-contracting and the rise of part-time employment in the formal sector which saw the decrease of formal wages, job and representation security.

In my analysis, I use these perspectives to explore how the informal sector is exacerbated by the structural changes in the economy of South Africa. I show this by arguing that the incorporation of South African economy in the global arena, neo-liberalism and labour restructuring introduced in the post-apartheid era. Saw the rise of flexible work, and employers bypassing state regulations that aims to protect workers. Hence, the prevalence of unemployment and workers losing their employment status in the formal sector expands informal sector work. As workers seek other means of generating income for survival, and these means are in the informal sector, and are extremely precarious, because the income generated by workers in the sector is unreliable, insecure and their employment status is undermined by their dependency on the market behaviour too. That is, the relationship between the formal and informal sector workers, which is mostly based on exchange, and with informal sector workers earning low amount, accessing materials in the formal sector becomes limited.

7.2 Data analysis and discussions

According to the result of this study, the informal sector plays a substantial role in the townships, especially in terms of providing township dwellers with employment and income. Employment in the informal sector is precarious, but it enables workers to make a living in the midst of unemployment and to keep out off abject poverty. Workers socialise each other into the informal sector work via skill training, this is usually the case for the welders and the

carpenters. This type of informal work transfers skills to the next person, and it usually creates employment opportunities. During the field study, 8 out of the 10 welders and carpenters had assistant partners working with them. Contrary, the street vendors were working alone, whether employed or self-employed – those who are employed worked independently without the supervision of the employers. Furthermore, due to the unpredictability of the market and precarious working conditions, it seems like most of the workers in the informal sector work for food security. For example, Musara & Nieuwenhuizen (2020) writes that the informal sector plays a significant role in ensuring food security in the country. And since workers do not earn a lot of money, it means they are also limited economically compared to those whose income is higher.

Informal sector work in South African townships is comprised of precarity, which transcends their workplace. Informal sector workers are only a few short steps away from extreme poverty and unemployment because their work is insecure and unreliable, and so is their income. For example, in the findings workers expressed that it was hard to save money and as a result their work or income cannot sustain them under an unforeseen occurrence such as the Covid-19 compared to their counterparts in the formal sector who are usually protected by the law. Further, informal work mostly enables workers to buy food, and this means that there are a lot of things that workers are unable to do or access due to the income they are generating in the sector. This is supported by Scully (2016a), who acknowledges that income from the precarious work is valuable, but it cannot be depended upon in the long run. Also, workers in the informal sector have limited holidays, they work every day, compromising their physical health or not attending it, and going overboard in order to earn a living.

7.2.3: Precarity among Welders, Carpenters, and Street Vendors

Precarity amongst the informal sector workers manifested in various forms for the participants in this study. For the street vendors, who sell food (edible products, such as vegetables, fruits, snacks. etc), when their products are not bought, they run on a loss and usually throw them away when they expire. This makes street vendors to be more precarious compared to the welders as they are not selling edible products but are manufacturing products out of steel, so their loss occurs when there are no customers. But for the street vendors no customers mean wasted stock money or products and less income. Structurally this makes it hard for the vendors to bounce back, as they access products in the formal sector, which are usually expensive. As discussed by the structuralist theories of informality that there is an unequal power relations

between the formal and informal sector. The dependency of the street vendors on the formal sector makes them more precarious because formal market changes and price hikes puts a strain on them and can also limit the size of products they access or acquire in the formal sector with their low income. This further proves how precarious work in the informal sector can barely rescue the poor working-class households from poverty. The thorn for the welders and carpenters which makes their work precarious and income insecure, is that they pay (rent) electricity, as they work with electrical machines, and their inability to pay for electricity may mean that electrical supply may be disconnected which may also halt their job or put the manufacturing process on hold. Which makes their work to be unreliable and to easily run in a loss because no manufacturing of products means no income.

The initiative by the poor working-class households in the townships of making a living 'outside' the formal sector is undermined by a lot of factors, such as the lack of operating area and legislative support from the state or local municipalities. For example, due to the limited ownership of land, workers suffer from either removals or getting threatened in their place of operation. As discussed in the findings, immigrant workers from the Southern African Developing Community (SADC) often encountered threats, making them more precarious than the South African informal sector workers, and when they get employed in the informal sector, they work long hours due to their limited knowledge of labour rights in South Africa. Further, workers can be easily disturbed while working, since they have limited shelter or better infrastructure where they are working, thus, they are bound to pause working when there are heavy rains, and so do generating income. The Covid-19 in South Africa exposed how precarious informal sector work is, and how workers can easily fall prey to poverty. This is because workers generate low income that is hard to save and have no access to benefits, and being not protected by the law or having access to benefits makes them to be more precarious.

Rogan *et al* (2017, 327) 'elucidates that the informal economies will continue to expand, because they are an integral and a crucial peg in the continuing project of global capitalism'- this view is structuralist in its nature. The political economy of development in South Africa and the restructuring of work that was implemented in the post-apartheid era has strengthened the proliferation of informal sector work. Informal sector work in South African cannot be separated from the economic structure of the country. As discussed in the findings, the prevalence of unemployment and the loss of employment in the formal sector in the country pushes people to the informal sector work. Hence, I argue that informal sector work and precarity is bound to expand in South Africa if the formal sector keeps on throwing out workers

and does not create protected formal employment. For example, workers in the informal sector are working there because their jobs in the formal sector ended, and if this continues, the informal sector work will continue to absorb the unemployed, as discussed in the findings chapter with the case of the Covid-19. Contrary, to the work of Rogan & Skinner (2020), which states that the evidence from the 2008/9 crisis has suggested that the South African informal economy could not act as a shock absorber for job losses from the formal sector. This is not in parallel with the findings in this study as it found that workers that loss their employment in the formal sector due to the Covid-19, they ran to the informal sector seeking for new employment and a new way of generating income to support their livelihoods when work in the formal sector eroded. This further proves the existing linkages between the two sectors in South Africa, as one “dumps workers” to the other one, while one operates “as a waiting room that prepares” workers for the other, and getting employed in it is not a guarantee.

In this study I maintain that informal sector work and precarity in South Africa will not cease to exist, as long as the policies that led to the restructuring of work continues, which Marais (2011, 181) believes led to the use of casual and subcontracted labour in the mining industry, and to the decline in real wages for low-skilled workers. In using the structuralist theories of informal sector work, which indicates that capital evades state regulation in order to exploit or undermine labour, in the South African context it allowed employers in the formal sector to bypass workers union rights in the post-apartheid era. Hence, according to the findings in this study, the informal sector is synonymous with retrenchment and limited employment opportunities in formal sector, and this agrees with the structuralist theories of informal sector work which states that unemployment and limited access to job opportunities in the formal sector leads the poor working-class to the informal activities which are characterised with precarity.

Further, the informal sector and the formal sector cannot be separated in South Africa. Out of the 20 participants, 10 who are street vendor confirmed to be accessing their products in the formal sector (Tshwane markets), and so do the other 10 welders and carpenters were accessing their raw materials in the formal sector, from the warehouses or firms that sell steel or machines needed to do their work. However, this does not represent the whole informal sector population as there are diverse workers in the informal sector, this is the representation of the two groups in this study. The relationship between the two sectors is not fair, and the structuralist calls the relationship between the two sectors to be characterised by unequal power relations (Sherifat, 2011), which is true. Changes in the formal markets puts a strain on the informal sector workers

because price changes can easily undermine their ability to make exchanges in the formal sector in return for the products that they are selling in the townships. Which is also worsened by the precarious income that informal sector workers generate, and can limit them in their entrepreneurial and survivalist initiatives. Amongst the welders, carpenters and the street vendors, the workers that are usually more prone to precarity because of their dependence on the formal sector it is the welders. This is because steel, which they use to manufacture products is too expensive, and the customers failure to pay them in full once, makes it harder for them to purchase it and other materials needed to do their work.

Marais (2011) observed that outside the waged employment, social grants, remittances and various forms of gift exchanges serves as a lifeline for the poor. Scully (2016a) also writes that government grants are another crucial source of income, especially for poorer precarious worker's households. With precarity prevailing in the informal sector, workers have proved that during the Covid-19 pandemic the household was their haven. Income in the household was coming from different streams such as: piece jobs, support from other people, income from family members and social grants. Participants like Thembu, during the pandemic were surviving by the R350,00 Covid-19 Social Relief of distress grant programme, and the child support grant. Contrary, as discussed in the findings that income from the informal sector and other strategies utilised by the informal sector workers proved to be incapable to 'drive' them far away from the presence of poverty because they are embedded with precarity.

Breman (1996) writes that the informal sector is meant to function as a waiting room for unskilled rural workers who manage to migrate to urban destination, and then after a period of adjustment and skill formation, workers would then somehow find their way upward to the formal economy. Breman's work was focusing on India, and in the South Africa context as I have discussed in the findings chapter, the informal sector is an arena used for skill sharing, generating income, keeping poverty and unemployment at bay. However, some workers expressed the need for secure jobs in the formal sector, showing dislike of their jobs in the informal sector. Proving that some people working in the informal sector are using it as a waiting room for the formal sector work and they view the formal sector as a haven where precarity does not prevail. The only challenge to their 'wishes' is the structure of South Africa's political economy of development, where capital has bypassed state regulations that protect workers. And this came with the restructuring of labour in the country and neo-liberalism when the country became part of the global economy. The reason I support the argument that workers who wish to climb the ladder to the formal sector, success cannot be guaranteed, as I have

discussed in the findings chapter that the informal sector work is expanding because of limited job opportunities in the formal sector and due to sub-contracting and labour flexibility which leaves workers unprotected from retrenchments. Those who are working in the formal sector are also losing their employment status, which leaves them with no other choice but to rely on precarious activities in the informal sector for income so that they can support their livelihoods and households.

Type of informal sector work	Street vendor Diepsloot	Welders/Carpenters (Diepsloot)	Street vendor (Mamelodi)	Welders/Carpenters (Mamelodi)
remain in the informal sector	2 vendors	4-workers 1-Neutral	3- workers	3-workers
want to work in the formal sector	3 vendors	None	2-workers	2-workers

Table 3 *The 'future' of the informal sector in Townships*

The table presented above is about what the informal sector workers think about their work in the informal sector, and about those that desire employment in the formal sector. Out of the 10 street vendors both in Mamelodi and Diepsloot, 5 workers consider working in the formal sector. This tells us how informal sector work for others is just like a waiting room for the formal sector employment, and that people are engaging in it for survival purposes. The prevalence of unemployment in the country is the pull factor to the informal sector, this further tells us that the political economy of South Africa and the structure of work in the formal sector contributes to informal sector activities. And contrary to the survivalist view, there are those who in the midst of precarity in the informal sector are engaging with entrepreneurial mentality. Lloyd-Evans (2008) used the concept *voluntary entrepreneurship* to refer to individual's agency in actively opting to work in the informal sector over the formal waged employment, as much as informal sector work accords flexibility, independence and higher wages. 7 out of the 10 welders and carpenters in this study want to remain in the informal sector, these are workers who aim to grow their business. However, the success of informal sector workers who are entrepreneurial is challenged by the economic structures and the unequal power relations

between the formal and informal sector, as shown in the findings chapter that informal workers access materials in the formal sector and they are expensive, while they themselves generate low income. The nature of work, income and level of precarity vary between the street vendors, welders and carpenters. Street vendors are more precarious and may be earning low wages compared to the welders and carpenters. The table above clearly shows that precarity and informal sector work in South Africa is bound to persist, as long as retrenchments in the formal sector persist, and the entrepreneurial oriented workers cannot be certain about the success of their businesses as they have already expressed the lack of support, lack of available land/operating area and the unreliability of their income, even though this can change, however one can never be certain about it.

Dawson (2021) in their work about informal sector work conducted in Zandspruit, writes that most of the interlocutors in their study did not want to be township entrepreneurs for the rest of their lives, self-employment in the informal sector was simply the most viable option available to them. In contradiction to their findings, this study found that most workers in the townships still want to remain in the informal sector and become entrepreneurs, the only predicament is the level of precarity that is embedded in their work, such as unstable income, limited regulation and land ownership. And the reliability of their market on the formal sector, especially in terms of the products that they are selling in the townships. They usually come from the formal sector and price increase which they have no control over challenges their entrepreneurial and survivalist activities.

7.3 Concluding Remarks

In this chapter I have managed to establish the link between my findings discussed in chapter 6 with the structure of South African political economy of development. I accomplished this by deploying the structuralist theories of informality and theories of precarity in analysing and discussing the findings on informal sector work in the townships. And through using the theories of precarity and structuralism, I discussed that while the informal sector work assists workers to tackle poverty and unemployment in the country. It is precarious for the main fact that income generated by informal sector workers is insecure and unreliable. I have also showed that the economic structure and the formal sector in the country plays a huge role in the proliferation of the informal sector work. Workers who are retrenched in the formal sector seek refuge in the informal sector, and with the informal sector existing alongside with the formal sector, informal workers (especially the welders) are more prone to precarity because steel is

expensive, and the income they accumulate is low and unpredictable. Informal sector work is also precarious because of the lack of reciprocal relationships from the state or municipalities. In the finding and analysis, I have discussed that workers do not have permanent operating areas and suffer from removals or attacks. However, this was more prevalent on informal sector workers from the SADC region in South African townships.

Further, I also discussed through using the lenses of the theories of precarity and structuralist theories of informality, that in South Africa precarious work and informal sector work is bound to expand as long as the structure of the South African economy remains the same. And that if the labour structure and work in the formal sector continues to be flexible, sub-contract workers, and does not protect work or produce more job opportunities. I used the evidence of the impact the Covid-19 had on the informal sector workers, and how those who lost their jobs in the formal sector resorted to precarious activities in the informal sector. In this chapter, I also discussed about how the informal sector in South Africa townships is characterised by two different workers, the entrepreneurial and survivalist – who longs for formal wage employment. Drawing from the findings and the informal sector workers targeted in this study, street vendors, welders and the carpenters. I concluded by arguing that the entrepreneurial ambitions of informal sector workers are undermined by the precarious conditions of their work, low income and their dependency on the formal sector for materials which are expensive.

CHAPTER 8: CONCLUSION

8.1 Conclusion

In the midst of unemployment, retrenchments, poverty, and formal sector's inadequacy to provide job opportunities for South African population, the informal sector has proved to be valuable, as it provides the poor working-class households in the townships with employment and income. The informal sector has proved worthy and to be significant for poor workers as it enables them to restrain and reduce poverty in their households. Contrary, however, this study has found that workers in the informal sector can barely brush off poverty because the income that they generate is extremely low, and informal work is characterised by precarity. And employment in the sector is not protected nor reliable due to it depending on the market.

In deploying the structuralist theories of the informal sector work and the theories of precarity in the analysis of the data. The study has found that in South Africa, the formal and informal sector are intertwined and cannot be separated nor viewed as separate entities. Workers in the informal sector resorted to the informal sector because they could not find employment in the formal sector and when workers get retrenched in the formal sector, using the case of the covid-19, they run to informal sector employment. These are the consequent of the South African political economy of development, the labour restructuring, and neo-liberalism and the incorporation of South Africa into the global economy, which led the country to untighten its tariffs and to liberalised work. As a result, employers began to outsource work, sub-contract workers, and bypass regulations that protected workers and that ensured that workers gets the benefits that comes with formal employment, such as provided fund, union representation and protection from retrenchments. These changes in the formal sector, according to this study makes informal sector work to expand and so do precarity.

Furthermore, in this study I have also found and discussed about the significant role played by the informal sector. That is, it provides the poor working-class households with food security and in order to avoid engaging in criminal activities, the informal sector proved to be relevant, as it assists the unemployed by granting them 'employment status'. Typical example is the welders, who I have expressed that they share their skills among township residence and employ people to assist them. The contradiction that I assessed to be undermining the 'significance' of informal sector was precarity. I argued that the informal sector work is intertwined with precarity and precarious forms of employment, and workers in the informal sector as I have found were earning low wages, their work was not protected or regulated. And

this is also worsened by the unequal power relations between the informal and formal sector, as informal workers are accessing their materials in the formal sector, and when they receive low income, accessing the formal sector becomes limited and hard. As a result, I have concluded that the informal sector in South Africa is characterised by an ambiguous duality. That is: work in the sector is extremely precarious and workers use it to generate income in the midst of unemployment in South Africa, and while trying to alleviate poverty, informal sector work did not prove to be the getaway for the poor working-class households in the townships. The informal sector work in the country is bound to continue expanding and so do precarity, as there are limited regulations and ‘practical interventions’, and the formal sector’s inability to create jobs will be adding to it, and so do the political economy of development in the country.

In the townships there are two types of workers operating in the informal sector, according to the study’s findings and analysis. There are those who are engaging in informal activities because they do not have a job, however, they are doing it for survival reasons and longs for formal wage employment. Contrary, there are those who are engaging in informal activities for entrepreneurial purposes, and do not long for formal employment. Lastly, this study was successful in answering the research questions, (i) was asking about the characteristics of work in the informal sector. I showed that work in the informal sector is precarious, and workers receive low income and are fully open from harassments and attacks. (ii) Was asking about the role the informal sector plays in the livelihoods of the poor working-class, and in this research I have discussed that the informal sector provides the poor working-class households in the townships with employment, income and skills. (iii) Was asking about the implications of reliance on informal sector work for long-term, and the findings clearly proved that the informal sector work cannot be relied upon, firstly work is precarious, and the income is low which makes it hard to save or make a ‘proper’ profit. Jobs are also not protected, and cannot either be relied on due to the uncertainty of the working environment and poor regulations. (iv) was asking about how the covid-19 has impacted the informal sector work. This study found that workers suffered a lot and due to the policy response to the pandemic, the implementation of lockdown, halted workers from working. And their source of income was no longer there to save them from poverty. Thus, they were exposed to food insecurity, and they had to rely on other strategies for survival such as, social grants, donations, illegal practices and piece jobs. The pandemic also exposed how precarious work is in the informal sector and that it can never be relied on because low income for workers meant that savings are also low, and their work

does not come with any protection or Unemployment Insurance Fund (UIF). And lastly question (v) asked about the future trajectories of informal sector in South Africa and what it tells us about the country's political economy of development, has been addressed by discussing about the linkages between the two sectors. That is, if the formal sector fails to create job opportunities, work in the informal sector is bound to expand and so do precarity, because the unemployed and the retrenched resort to informal activities for survival.

8.2 Limitations and recommendations

While this study has been successful in showing the nature of informal sector work in the townships and how it exist alongside or is embedded with precarity. And the significance of the income generated in the informal sector which enables the poor working-class households to put food in their mouths. And simultaneously it offers an alternative form of employment to those who are not absorbed by the formal sector. The limitations in this study includes the following: the data collected included 20 participants, 10 informal sector workers from Mamelodi and 10 informal sector workers from Diepsloot. The participants included two informal sector groups, the street vendors the welders, and carpenters. It is crucial to state that the data findings from this sample does not represent the whole population of workers in the informal sector in these two townships nor even in South Africa. Because informal sector workers are not homogenous. Further, my findings about the informal sector workers earning low-income and being precarious may not be applicable to all the informal sector workers. And my focus on how the political economy of development in South Africa, together with the labour restructuring and neo-liberalism introduced in the post-apartheid led employers to begin to outsource work and use sub-contracting, thus leading to retrenchments. There might be other workers who have never worked at the formal sector, and have been operating in the informal sector. Further, this study relied on qualitative methods to collect data, it could not measure the total number of poor working-class households engaging in the informal sector, and a survey using quantitative method approach would be helpful in accomplishing that.

I would recommend that scholars or researchers who want to conduct a similar research especially in the townships, in their target population they should also focus on age cohorts, which I think is important and I did not do it in this study. Age cohorts would equip us to know and understand the types or age groups of people engaging in the informal sector work and to assess if the youth in the country is engaging in informal activities since the country is also experiencing high youth unemployment. This study did not focus on the workers level of

education or training, in the future it would be advisable to consider it, as this would allow researchers to see whether the people working in the informal sector have a National Senior Certificate, a Diploma, etc. The findings and data collected in this study represents the African population in the townships, and South Africa is a diverse country which is also home to the White, Coloured and Indian races. I would recommend that other researcher who wish to conduct a similar study, should involve the other races. This would help us to evaluate if my findings in this research are consistent to others, and to also provide us with statistics on which race(s) usually engages or is engaging in the informal sector activities for survival and what are the main reasons.

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