

CHAPTER ONE

1.1 BACKGROUND

Unemployed people in South Africa are estimated to be approximately around four million (Budget, 1996). The majority of the unemployed are finding ways and means, with varying levels of legality, to survive. While some are waiting for 'Manna' from the heavens, others have initiated their own means of survival through various activities amongst which is the hawking of agricultural products, especially fruit and vegetables.

The Eastern Cape and especially the central region (East London, King Williams Town, Bisho and Alice) where the demarcated area of study is situated, is no exception in terms of the above predicament. The region is a special economic case as recognised by the central government; therefore the region was selected to host South Africa's first "market place" to attract badly needed investment (Dispatch, 1996).

According to Myburg and Karaan (1992) the current interest in urban informal markets stems from the present rate of urbanisation and demographic trends. The same authors observe that the nature of demand for agricultural products suggests that if formalised marketing schemes fail to deliver the product to the consumer, a 'gap' is created in the market. Numerous people are grabbing the opportunity to fill the gap.

An editorial opinion of Dispatch (1995) recognises that street trading has found a home in East London (and the greater part of the Border region). Criticism of street trading has focused on pavement congestion, safety and health standards, cleanliness and littering. The Sowetan (May, 1995) in its article "Containing the Hawker Problem", finds hawking to be the least formal and the fastest growing sector in South Africa. This is supported by the present membership of The African Council of Hawkers and Informal Business (ACHIB), which stands at 55,000 (Sowetan 1995).

The same news daily also recognises the fact that small businesses are the most effective creators of jobs in a free market economy. A study by Massiah (1993) reveals that a job or income earning activity provides a sense of self - esteem and control over one's life. The activities of these traders, as pointed out by Buvinic and Berger (1994), play a role in the distribution of commodities and reproduction of the labour force by generating income for microvendors, and functionally complement the formal sector. Informal trading constitutes a vast intermediary network, which enables formal distributors to avoid expenditure on infrastructure, transportation, labour and other costs needed for the circulation of commodities. Through rapid circulation of products, such trading indirectly favours a faster turnover of capital and thereby boosts formal sector profits and accumulation. Groenewald (1995) recognises their bulkiness and importance in the distribution sector of the South African marketing scene.

There are success stories of hawkers e.g. the Successful Hawker of Dominica narrated by Abbot (1976); Women in retail food trade in Ibadan, Nigeria, a study by Whetham (1972). Successful Yoruba traders in Ghana, Eades (1993) and the case of Mothuenyane in South Africa (S.A.B.C., 1995).

1.2 THE PROBLEM

The Eastern Cape is the third most populous province in South Africa (Central Statistics Services, 1998). The economically active age group (15 years to 64 years) of Blacks is slightly smaller compared to that of the country as a whole. This implies that the lower the proportion, the heavier the dependency burdens for the economically active population i.e. each economically active person whether employed or not has to support 3,1 people. The average for South Africa is 2,0 (Data D 1995).

Unemployment is higher in the Eastern Cape than in South Africa as a whole. Of the economically active in the province, 41% were recorded as being unemployed in 1995 using the expanded definition, (the desire to work and the availability of work, irrespective of whether or not the person has taken active steps to find work) (Hirschowitz and Orkin, 1996) as compared to 29% nationally (Figure 1.1).

Proportionately fewer people work in the Eastern Cape formal sector (45%) than in South Africa as a whole (59%), while 14% work in the informal sector, compared to the national figure of 12% (Central Statistics (1998). The bulk of the unemployed flock to urban centres for non-existent jobs.

The relatively high functional urbanization shows that people regard urban centres as more attractive sources of employment than the rural areas, resulting in an influx of people to the cities and towns. A number of the unemployed in the cities and towns have taken to hawking as a business and a means of survival. But their ignorance of modern business strategies places them at the mercy of an increasing number of middlemen, Frankel (1926).

FIG 1.1

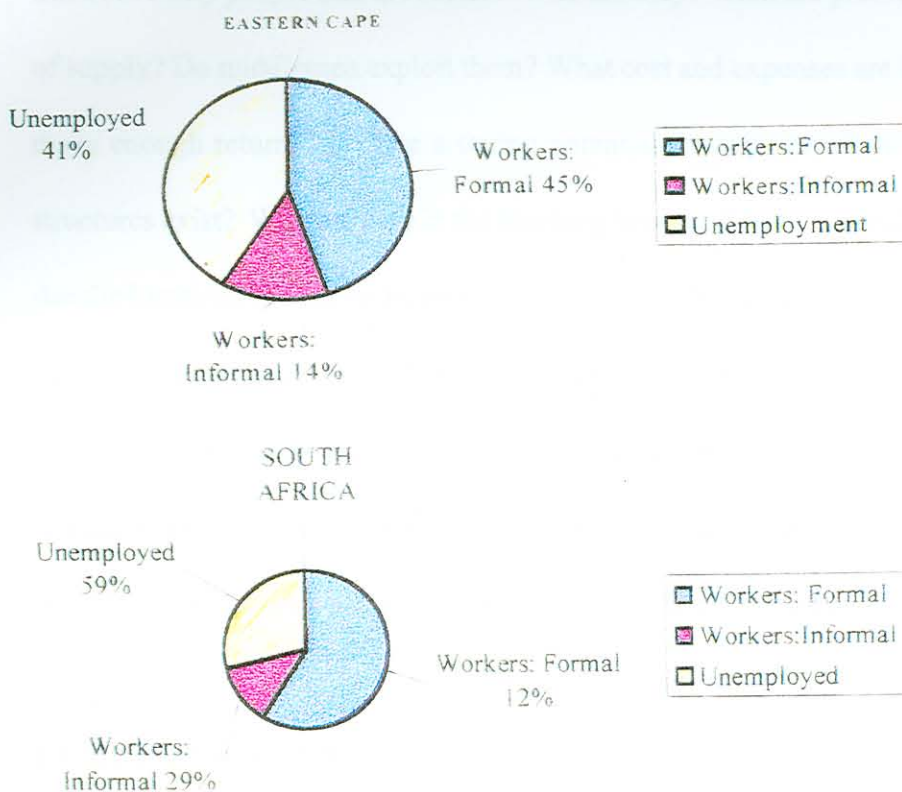


Figure 1.1. The employment status of the economically active population in South Africa and the Eastern Cape (Source: October household survey, 1995)

1.3 OBJECTIVE OF THE STUDY

A large number of people in the Eastern Cape are engaged in a variety of informal trade activities as means for survival, or self employment or to supplement their income. The question that needs investigation is their success rate in the light of numerous constraints, especially in the marketing of fresh produce.

Some of the questions that this study aims to find answers to are the following: Why the influx of many people into the sector? Who are they? What are problems at the sources of supply? Do middlemen exploit them? What cost and expenses are incurred? Do they make enough returns? Is there a saving potential for expansion? What organisational structures exist? Why are they in the hawking business? How is perishability curtailed? Are the locations or sites for business appropriate? What are the effects of seasonality on business? How can the Government help them with overall development? Does healthy competition exist among them? Are hygienic conditions observed? It is envisaged that, this study will reveal materials that will be an invaluable asset to both traders and policy makers in enhancing a sustainable self-employment policy strategy.

1.4 METHODOLOGY

This study was conducted in the central Eastern Cape. The target groups were randomly chosen from the nodal points of East London, King William's Town and Alice. The survey procedures have been personal observations, informal talks, a structured questionnaire (Appendix A) and personal interviews of vendors of fruit and vegetables.

Questionnaires were administered to traders by means of face-to-face interviews. Eight to ten traders were interviewed per day, mostly on weekends. A total of one hundred and twenty traders were interviewed from the nodal points over a three-month period. The author conducted interviews and in most cases completed the forms. Literate traders completed the forms on their own.

Prior to each interview, the purpose of the study and the structure of the questionnaire were explained to the traders. Vendors of fruits and vegetables formed the core of the primary source of information. This was supplemented by information from Amatola, King William's Town and Alice District Councils. Other participants were selected members of the East London and King William's Town fresh produce markets. Relevant data were also collected from secondary sources, for example, books, published and unpublished reports or journals and articles.

The primary data collection had its problems. Some traders were uncooperative and would not participate, under the pretext that they were busy, though such traders were often doing nothing at the time. Others had the fear that findings about their income would be used for tax purposes. On a number of occasions the author had to buy some of their goods or give sweets and chocolates to entice them to divulge information. Data collected were manually analysed, but most of the figures were drawn using EXCEL.

1.5 OUTLINE OF STUDY

Chapter two consists of information on the extent of the informal sector in South Africa. It also looks at the characteristics and economic impact of the sector and factors that influence success or failure. Chapter three describes the study area, the role of incentives and the relevance of these hawkers in the marketing chain. In chapter four, hawker activities in the region are examined. Chapter five deals with the wider perspective of the hawkers' environment. Chapter six consists of discussions of results and conclusions.