

CHAPTER FIVE

A WIDER PERSPECTIVE OF THE HAWKER'S ENVIRONMENT

5.1 INTRODUCTION

Hawker activities are outlined in the previous chapter but these are not only confined to market activities to dispose of goods to the final consumer. There are other issues within the environment of operation. Hygiene, threats and opportunities, permits and licensing, organisation and the role of the Government may bear importantly on the activities of these vendors in achieving an objective. These issues are considered in this chapter.

5.2 HYGIENE

The environment of operation needs to be preserved to ensure that product and operations do not cause hazards to health and safety (Walt 1991). There should be concern for consumer health because as stipulated by Kohls and Downey (1972) research has led some professional medical associations to take public stands on consumption of some agricultural products. Hobbs and Roberts (1993) describe food hygiene as the study of the methods of production, preparation and presentation of food, which is safe, and of good keeping quality. Food must be visibly clean and free from noxious materials, which give rise to food poisoning. According to Spence (1993) food sold to the customer must be fit to eat.

Sources of contamination of food, especially fruit and vegetables, could be from the farm (polluted water, diseases and parasites, use of insecticides), the stalls where goods are kept before distribution to retailers or where retailers keep their wares and from the persons or traders in their handling of products. What contingencies are in place to avert epidemics due to contamination?

From observations, these vendors sell firm and fresh fruits and vegetables. Wilted or wrinkled and damaged products are hardly sold because they deal in clearable quantities per day or every other day. Most products were nicely packed in plastic bags (except cabbage) to prevent contamination from flies (rampant only in summer) dusty winds, etc. These notwithstanding, contamination and the resultant food poisoning could occur because there are certain aspects beyond the control of the hawkers e.g. contamination from the farm which cannot easily be detected from the physical appearance of the product. According to Cameroon (1995) it cannot be urged too strongly that personal hygiene is of the greatest importance at all times and especially when handling food. For example, covering the mouth when coughing and sneezing; cuts, scratches, pimples and boils collect bacteria and should be covered with waterproof dressing; wearing of clean clothes; keeping nails short and clean.

Proper sanitation of food premises and equipment used would go a long way to minimise outbreaks of epidemics. A major complaint from the public is the untidiness of the sites and its surroundings where the vendors trade. This could possibly also be a major health hazard.

5.3 THREATS AND OPPORTUNITIES

Various threats face these traders in the form of obstacles that hinder effective trading. How these problems can be turned around into opportunities for success is vital in any business venture. Studies elsewhere reveal countless obstacles especially for the small businessman. Ninsin (1988) recognises that the problems of informal and formal sectors are linked, and therefore any efforts in dealing with the problem of dis-articulation of the formal would be a precondition for effectively dealing with the problem of informal sector. They have idle capacity according to Shetty (1963) because of lack of funds, demand and insufficient sales, right volume, time and weather. Other factors are festivals, funerals, sickness. Directly raised unit cost of products also impinge on earnings and overall productivity. Credit stifling of micro entrepreneurs is quite evident.

Greenhow (1982) has noted that when it comes to competing for funds, the small business entrepreneur is at a disadvantage because of the qualitative controls imposed by bank lending, meaning preference is given to larger ones when allocating scarce resources due to their credit-worthiness compared to small risky enterprises. Harper (1985) says regulatory systems make it difficult for them to exist. They are tied to expensive sources of supply and serve the poor people and their poverty limits the demand for their products. According to the El Amouri Institute in Tunisia, the informal sector detects the market and develops it, but in the final analysis it is taken over by the formal sector. Growth in the market and large orders make small entrepreneurs suffer from competition. According to Khumalo (1995) they lack managerial skills and fail to keep the most rudimentary records.

This is confirmed by the concerns expressed by the International Labour Organisation regarding deficiencies in planning and management skills, which constitute the greatest, single stumbling block among micro-entrepreneurs (Cartell, 1992). Among others, the same author cites other problems which hamper growth as poor educational backgrounds and high inaccessibility to finance due to their high risk profiles (Johnstone, 1993).

All problems covered in this study (appendix A) showed various degrees of responses as follows: spoilage due to lack of storage facilities 82.3 % (99), transport 52.9 % (63), high fluctuating supplier prices 41.2 % (49) and competition 35.3 % (42). These revelations should be the guiding principles in formulating policies to help them, but their uncooperative attitude towards the local authorities in terms of obtaining permits, licenses and sites could thwart any policy formulation to alleviate their problems.

5.4 PERMITS LICENSES AND SITES (Appendix B)

Studies by Hart and Rogerson (1989) reveal that there existed stringent licensing and permit procedures particularly for the few black hawkers in most urban areas in South Africa. Hawkers were restricted to a Market Square and compliance by hawkers to antiquated dress and move-on regulations. The licensing ordinance ensured that street trading was the preserve of an elite group of relatively privileged, well brought up and “educated” Coloured and Indians. Generally past policies have been non-accommodating and restrictive for hawkers of any kind, especially for Blacks.

With the new dispensation hawker numbers especially in the black population have increased for a variety of reasons. For example, large numbers of the unemployed find opportunities in informal trading due to easy entry and the ready availability of cheap agricultural produce (Hart and Rogerson, 1989).

More than half (60 %) of the respondents in East London were aware of the requirement for a license or permission to sell (obtainable from the local authority). The remainder (40 %) was not aware. Among those who were aware few operated with a license. In King William's Town and Bisho the majority operated unaware of such requirement. In the townships, e.g. Zwelitsha and Mdantsane, few mentioned paying less than R10 to hawker associations to operate. The majority of traders (95 %) choose convenient trading sites themselves in all the places sampled. Few (4 traders) in the central East London claimed to have been allotted trading sites by the local authority.

In terms of the regional services councils Act number 109 of 1985, any person who is an employer or who carries on an enterprise (i.e. any trade, business, profession or similar activity which is of a continuing nature), must pay levies, to the regional services council at pre-determined rates. According to the council, efforts made to get traders registered have been unsuccessful.

Traders were found in clusters at various trading sites. Such clusters determined their organisation and did not belong to any formal association. The regional authorities want to organise them for effective control but there is a total lack of co-operation. Anderson (1987) suggests that association based on common interest, guilds and regular meetings would offer a forum for exchange of information, markets for raw materials and outlets for finished products and potential for becoming an instrument to allow entrepreneurs to collectively bargain for favourable terms when buying raw materials.

5.5 MERITS AND DEMERITS

According to McGee and Yeung (1977) a continuum of official attitudes exists towards street vendors. There exist two polar positions. The negative position sees hawkers as having no place to operate in urban areas because they are anti-developmental and hinder efficient operation of the city and generally prevent progress. At the opposite spectrum is a positive stance that they have every right to operate because they assist development and contribute to efficient functioning of the urban economy. Bromley (1978) points out that in Columbia the urban authorities considered them a nuisance. They made the city dirty and ugly by their presence, caused traffic congestion, littered and molested passers-by. They deprived the law abiding and paying shops of trade and spread diseases by physical contact. They sold contaminated or rotten food. This belief is held in certain quarters of South Africa. Hart and Rogerson (1989) found in Welkom that hawking clutters, dirties, infects and mars urban areas. Such attitudes put street vending at big disadvantage.

Another area where the small business is at a disadvantage as suggested by Harper (1985) who argues that politicians who are planners stand to gain more from larger businesses than from a multiplicity of small ones. It is difficult to monitor and control too many small firms. They are largely undocumented therefore it is not easy to know if they are acting in accordance with policy. They stifle activities of large business and crowd pavements and city roads. Abbot (1984) states that they are convenient scapegoats for shortages and other economic ills, which impinge directly on the mass of the people. Caballero (1980) quoted by Scott (1985) is of the view that, these traders enter into business with a limited amount of capital and the flow of such small and dispersed investment produces overcapitalisation and atomisation that raises marketing costs. They are faced with excessive competition therefore are unable to obtain enough produce to operate at the lowest average cost, as observed by Bauer and Yamey (1968). Limited competition on the other hand will allow the traders to earn excessive profits at the expense of producers making trade oligopolistic, which will place farmers at the mercy of limited number of traders.

Despite the demerits, there are numerous advantages derived from small businesses. Khumalo (1995) states that small-scale enterprises often assume the role of creating jobs in economies where large formal industries fail to do so. In South Africa and especially the Eastern Cape the huge unemployment numbers make street vending an inviting vessel for achieving job creation. This is confirmed by Harper (1985) who argues that this field is an important source of employment since it displays remarkable capacity to absorb labour.

Peters and Waterman (1982) show that people who work in small enterprises in the industrialised world are happier with their work than larger ones, aside from the fact that wages, standards of safety, comfort and welfare facilities are poor.

Informal micro enterprise serves as a nursery and a proving ground for formal enterprises, a valuable alternate source of income and personnel development. They use less management, which is even scarcer. Returns on capital in small firms are higher than in large ones, and they are more likely to be resilient to depression than larger ones because of diverse activities and locations. They also exhibit more flexibility (Harper 1985). Fraser (1989) lists the following advantages: they have low operating costs and are able to provide certain services at a lower cost than available alternatives; they operate with relatively small amounts of capital and are not a burden to the state. Lawson (1967) stipulates that each trader can perform a variety of functions and also provide services that would otherwise not be available. They operate with great amounts of mobility and flexibility and the incentive of profit and simplification of decision making contribute to adaptability seldom found in the public sector. Abbot (1984) is of the opinion that the strategic role of private traders in marketing is to seek opportunities to cash income by providing services to farmers or consumers. Hart (1969) views them as providing goods and services more cheaply in many instances than they could be provided by bureaucratic capitalist firms and thus keep down the cost of living throughout the economy and dampen demands for higher wages both in the private and Government sectors.

Eades (1993) finds them as occupying a dominant position in the distribution system. Shetty (1963) is of the view that smaller firms hold an advantage over their larger counterparts in markets, which are not easily accessible from remote industrial centres because of inadequate communicational facilities and perishability of products.

5.6 THE ROLE OF THE GOVERNMENT

The role of Governments can be appreciated in the form of support through policy statements in favour of these small firms. According to Kishida (1977) Japan did this through the following policy measures:

- Measures encouraging self-help efforts on the part of small business operators towards rationalisation and modernisation.
- Measures favouring the organisation of close co-operative relationship among small business operators so that they may learn how to perform more efficiently.
- Measures creating demand for small business.

Watanabe (1972) suggests "international subcontracting" as marketing and technical guidance. Chattel's (1977) approach is "tripartite company" where an existing company in a more developed nation enters into a relationship with a new company in an underdeveloped region under the auspices of a development agency to receive advice and technical assistance in discharging their contracts.

Anderson (1987) quoting ISSB (1977) says that in research centres, governments can provide services e.g. through annual comparative studies of enterprises and ranking as was done in Australia.

He also points out that in an economy with high unemployment and limited supply of capital, it is desirable to have enterprises that use small amounts of capital and much labour, especially if they are also viable and profit making. Governments should promote diffusion of new appropriate technologies and techniques coupled with closer links between formal and informal sectors. Research should also centre on "language development" i.e. to construct concepts that will make it easier to interpret and describe certain phenomena (Anderson 1987). For example, (a) Small-scale advantages (as opposed to large-scale advantages) such as superior knowledge of the local market - Ramstrom (1971). (b) The growth threshold an expanding firm goes through. These thresholds often put a strain on the manager and he has to change his role as a manager to that of an administrator - Lemar (1980). (c) Industrial service needed to complement the internal resources of an enterprise e.g. availability of specialist (consultants) of management training and financial services - Johannisson (1978).

Bolton (1971) stipulates that Governments should set up committees of inquiry on small firms and report as was done in the United Kingdom. Small firms are recognised in the following quote. "We believe, that the health of the economy requires birth of new enterprises in substantial numbers and the growth of some to a position from which they are able to and supplant the existing leaders of the industry," (Bolton 1971). Myrdal (1973) is against the use of Gross National Product as an indicator of development, instead he suggests the need to pay attention to non-economic factors like entrepreneurship and health as vital for growth and development.

Abbot (1984) recommends that, to avoid traders in the same market colluding, opportunities for profitable competition should be made known and accessible to enterprises elsewhere. Therefore to assist in establishing an efficient marketing system, Government policy must be aimed at encouraging the development of competing enterprises. For small-scale traders, he suggests following forms of assistance: -

- (a) Changing of adverse attitudes and policies of central and local authorities into ones that provide encouragement and price incentives.
- (b) The establishment of a support point in an appropriate Government Department and communications links with traders, so that policies and measures concerning them be discussed and explained.
- (c) The provision of improved market facilities e.g. covered stalls storage overnight, sanitary, washing and child care facilities and transport services designed to meet small traders' needs against payment of a fee.
- (d) The establishment of support services adapted to local requirement.
- (e) Assistance in obtaining credit to purchase supplies and equipment.

Harper (1985) is of the view that existing policies and their impact on the small business sector need to be re-examined. The elimination of licensing requirements demanded of informal sector taxi operators had positive results in Kenya (I.L.O.1972). Setting standards that cannot be policed leads to corruption. Governments must avoid misguided financial assistance e.g. non-market related interest rates on loans. Defaulters are not pursued because of potential loss of political goodwill. If need be they can only be kick-started to get off the ground and assistance withdrawn.

Hall (1971) advocates the establishment of small central agencies to help traders know how to use the services available to them. Kirby (1982) suggests training and advisory programmes which help them to help themselves, e.g. formal training programmes in modules per day encourage participants to re-appraise their own business operations; forums for discussion of courses for understanding; advisory service consisting of on site visits to ensure understanding and implementation of techniques.

Harper (1985) recommends that training should consider the selection of the right and willing participants, the organisation of training programmes is important, as is follow up and after-care of the trained. The personality of trainer, i.e. enthusiasm and mutually generated spirit in the group are also very important. Resources are the small businesses themselves and they can learn from themselves about successes and failure through guidance from university lecturers, experienced bank managers and sales representatives. Training should be in a related sequence of presentation. As extension is practised in agriculture, use can be made of travelling salesmen who visit small business clients at their own premises to assist, advise and teach individually, and to take care of poor patronage of training programmes because of distance. The small business manager's task is personal therefore training should be geared in this direction e.g. it must be objective and realistic with clear information to follow. The training points must be centrally located to accommodate more trainees.

Malaysian authorities actively encourage street vending by means of a liberal licensing policy, the enforcement of law through education not prosecution, the provision of loans and their inducements and the recognition that hawking provided an important avenue for employment and entrepreneurial development (McGee and Yeung 1977).

CHAPTER SIX

73.

5.7 SUMMARY

A clean and healthy environment of operation will attract extra customers who hitherto were sceptical to buy from these traders. If their management and planning skills are enhanced most of the problems faced will be eliminated to make them more successful.

There is a lack of co-operation between the traders and municipal authorities due to a lack of information or the inadequate manner by which such information is disseminated. The Society as whole stands to gain if traders are effectively organised to operate rather than stifled through restrictive laws. Feasible and attractive schemes in addition to the psychological preparedness of traders will make them work. Such efforts would be fruitless without government support.