The Informal Economy:
Statistical Data and Research Findings

Country case study: South Africa

Contents

1. Introduction

In late 2001, the International Labour Organisation (ILO) Task Force on the Informal Economy commissioned the Women in the Informal Economy – Globalising and Organising (WIEGO) network to collaborate with colleagues at the ILO to produce a booklet of statistical data and relevant research findings on the informal economy. The booklet is intended for dissemination in advance of the International Labour Conference planned for June 2002.

Section 3 of the booklet will constitute the core, and will focus on empirical findings in relation to the size, composition and characteristics of the informal economy. The section will draw on case studies of selected countries from different regions of the world. This report constitutes the South African case study.

The terms of reference for the case studies provided an outline, as well as definition of terms. The South African case study has been formulated in accordance with the proposed definitions. For the sake of brevity, the terms will not be redefined in the paper. However, at the outset we note the distinction between two key concepts – informal sector and informal economy. The term 'informal sector' is used for the narrower conception, defined by the nature of the enterprise. Even here, however, it will be shown that the boundaries of the sector are fluid. The term 'informal economy' is used for the wider conception, which looks at the characteristics of the worker as well as those of the

enterprise in which they work.

2 The Informal Economy, National Economy, and Gender

2.1 Description of data sources

The two primary official sources of data on the informal economy are the Labour force survey and the time use survey (TUS) of 2000. The September 2000 LFS (LFS2000:2) is used in this paper. It was the first full-scale LFS in the country, following on from a smaller pilot survey conducted in February 2000. The September sample covered 30 000 households spread throughout the country. The TUS was the first national study of this type conducted in South Africa. Fieldwork occurred in February, June and October 2000. Information was collected from over 14 000 individuals aged 10 years and above. The sample was weighted to reflect the 12 026 men and 13 673 women aged 10 years and above who were estimated to be in the sample.

2.1.1 Labour force survey

The LFS questionnaire is designed, among others, to provide insights into both the informal sector and the broader concept of the informal economy. Section 4 of the questionnaire is answered in respect of all individuals aged 15 years and over who were working or absent from work in the previous seven days. It thus covers all working respondents, irrespective of their status in employment. The prompts for employment are detailed. The formulation is an attempt to 'catch' as much employment as possible, and avoid respondents failing to name work which they consider too minimal, or resulting in too small a reward, to be worth mentioning.

Question 4.19 asks directly whether the business where the individual works is (a) in the formal sector; or (b) in the informal sector. A third option provides for cases where the respondent does not know whether the sector is formal or informal. A note – which may or may not be read out – explains that formal sector employment is where the employer (institution, business or private individual) is registered to perform the activity. This is the question that Stats SA usually uses in classifying work as informal or formal.

Within the informal sector, Stats SA then uses the occupation of the worker to separate out domestic workers from other informal sector workers. In most of the tables which follow we distinguish between domestic workers and the rest of the informal sector as they differ in important ways in terms of who works in them, employment status, conditions of work, and the legal position which applies to them.

In this paper we compare responses to questions 4.19 with responses to alternative approaches to defining the informal sector and the informal economy. In respect of the informal sector, the alternative approach focuses on questions 4.16, 4.17, and 4.18. In respect of the informal economy, as defined by employee characteristics, we use questions 4.6, 4.8 and 4.12.

Question 4.16 asks about the number of regular workers in the organisation, business, enterprise or branch where the individual works. For the purposes of this paper, cases where there were fewer than five regular workers were regarded as more likely to be in the informal sector.

Questions 4.17 asks whether the organisation, business, enterprise or branch where the individual works is (a) a registered company or close corporation and/or (b) deducting unemployment insurance fund (UIF) contributions for the individual. Affirmative answers to either of these were regarded as an indication that the enterprise was formal. One weakness with part (a) of this question is that it restricts registration to companies or close corporations. Any other form of registration will generate a negative answer. So, for example, a registered medical practitioner with a private practice, who does not need to be registered as a company or close corporation to operate, will be classified as informal.

Question 4.18 asks where the business, enterprise or branch is located. The options are:

- In the owner's home/on the owner's farm
- In someone else's home
- Inside a formal business premises such as factory or office
- At a service outlet such as a shop, school, post office, etc
- At a market
- On a footpath, street, street corner, open space or field
- No fixed location
- Other

Here the third and fourth options were taken as indicating a formal enterprise.

As noted, questions 4.6, 4.8 and 4.12 are used when defining informality on the basis of employee characteristics rather than those of the enterprise:

- Question 4.6 asks whether the person's work is (a) permanent; (b) a fixed period contract; (c) temporary; (d) casual; or (e) seasonal. Here options (c), (d) and (e) were taken as an indication of more informal economy employment, whether or not the employing enterprise was formal or informal.
- Question 4.8 asks whether the person has a written contract with the employer. We regarded having a contract as a second characteristic of an informal employee.
- Question 4.12 asks whether the person gets any paid leave. We regarded not getting paid leave as the third characteristic of an informal employee.

2.1.2 Time use survey

Stats SA used the trial United Nations (UN) classification as the basis of its activity coding system. One important advantage of this system is that its ten categories can be put into three divisions that correspond in large part to the distinctions between productive work which is included in calculations of gross domestic product (GDP), productive work

which falls outside the production boundary of the System of National Account (SNA) and is thus excluded from GDP calculations, and non-productive activity. Further, the three categories making up GDP productive activities largely correspond to the division between formal work, informal primary production, and other informal production.

For the purposes of this paper, three adjustments were made, as follows:

- Paid domestic work was moved from category 1 (formal work) to category 3 (non-primary informal work). The activity was originally included in category 1 because the formal definition of the category was work in establishments, and national accounts regards households which employ domestic workers as establishments.
- Searching for work, which is in category 1, was excluded completely as a non-productive activity.
- Collecting fuel and water, which are in category 2, were excluded completely as most people would not regard them as employment.

The TUS provides information on activities of people aged ten years or more. The LFS provides information only about those aged fifteen years or more. To facilitate comparison, in this paper the TUS information is reported separately for those aged 10-14 years and those aged 15 years and above.

2.2 The overall shape of the labour market

Table 1 shows the distribution of the total population of the country by age, location and sex. In terms of age, the table divides the population into those considered of working age (15 to 65 years inclusive in South Africa), and those outside this age range. (In this table and the others in this section, we exclude the very small number of observations for which key information such as sex was not available.) Overall, 61% of the population falls within the working age category, with very little difference between the male and female percentages. The differences in terms of location are, however, significant. Two-thirds (66%) of the urban population is of working age, compared to only 55% of the non-urban population. As a result, while 55% of the total population resides in urban areas, these areas contain 60% of people of working age.

Table 1: Population by age, location and sex (1 000)

Location	Age group	Male	Female	Total
Urban	Non-working age	4041	4174	8215
	Working age	7756	8357	16113
	All ages	11796	12531	24328
Non-urban	Non-working age	4374	4502	8876
	Working age	4985	5849	10834
	All ages	9360	10351	19710

Total	Non-working age	8415	8676	17091
	Working age	12741	14206	26947
	All ages	21156	22882	44038

Table 2 shows the distribution of the working age population by labour market status, location and sex. Overall, 44% of the working age population is employed, but the percentage is 50% for men and 38% for women. The percentage which is employed is also much higher in urban areas, at 48%, than in non-urban, where it is 37%.

Table 2: Working age population by labour market status, location and sex (1 000)

Location	Labour market status	Male	Female	Total
Urban	Not economically active	2210	3409	5619
	Employed	4273	3486	7758
	Unemployed	1250	1440	2690
	Total	7733	8335	16067
Non-urban	Not economically active	2185	3293	5478
	Employed	2108	1846	3954
	Unemployed	689	704	1393
	Total	4982	5843	10824
Total	Not economically active	4395	6702	11097
	Employed	6381	5331	11712
	Unemployed	1939	2144	4082
	Total	12714	14177	26891

The third table focuses in on employed people and illustrates their characteristics in terms of broad industrial sectors, location, status in employment and sex. It reveals, as expected, that agricultural employment is concentrated in non-urban areas while employment in the other three broad areas is concentrated in urban areas. The table shows a clustering of women in services, which accounts for 58% of all female employment compared to 39% of male employment. Trade – a sector which is important when looking at the informal economy – accounts for similar percentages of female and male employment (25% and 22% respectively). Agriculture – another important sector – accounts for 3% of both female and male employment.

Table 3: Employed aged 15-65 years by industrial sector, location, status in

employment and sex (1 000)

	Urban				Non-urban			
	Employee	Self-employed	Unpaid family	Total	Employee	Self-employed	Unpaid family	Total
	Male							
Agriculture	70	34	1	104	464	331	11	805
Industry	1383	134	3	1520	557	73	2	632
Trade	627	283	29	938	145	99	11	256
Services	1507	161	4	1672	357	47	3	407
Unknown	24	5	1	29	5	1	0	6
Total	3609	616	38	4264	1527	552	27	2106
	Female							
Agriculture	44	41	2	87	225	462	11	698
Industry	418	73	3	495	122	57	2	180
Trade	520	304	35	859	97	244	32	373
Services	1923	93	2	2017	560	23	2	584
Unknown	17	3	2	21	4	1	0	6
Total	2922	514	44	3479	1008	786	47	1841
	Total							
Agriculture	113	75	3	191	688	793	22	1503
Industry	1801	207	6	2014	678	130	4	812
Trade	1147	586	64	1797	242	343	43	629
Services	3429	254	6	3689	917	70	4	992
Unknown	41	8	2	51	9	2	0	11
Total	6531	1130	82	7742	2535	1338	74	3947

In terms of status in employment, Table 3 reveals that the 84% of employed people in urban areas and 64% of non-urban employed are employees. The latter category includes domestic workers. Self-employed account for only 15% of employed people in urban areas, compared to 34% in non-urban areas. Only a very small number of South Africans are reported to be working as unpaid family members. This status is, however, more common for women than for men.

Table 4 describes the employed population in terms of industry, employment status and sex. (The totals column of the table includes 22 000 employed people for whom employment status was unknown. The rows will thus not always sum exactly to the totals shown.). The table is further disaggregated into the three broad categories used in the later analysis of the informal sector in this paper, namely formal, informal and domestic employment. Domestic employment is considered to be part of the informal sector, but is reported separately because of its significance in the South African economy.

Table 4: Employed aged 15-65 years by sector, industry, status in employment and sex (1 000)

		Employee		Self-employed		Unpaid family		Total
Sector	Industry	Male	Female	Male	Female	Male	Female	
Domestic	Household	40	957	0	1	0	0	999
	Total	40	957	0	1	0	0	999
Informal	Agriculture	112	59	304	468	11	11	965
	Mining	8	2	0	0	0	0	10
	Manufacture	46	23	54	105	3	2	234
	Utilities	2	0	0	0	0	0	2
	Construction	146	13	88	4	0	2	254
	Trade	87	43	263	466	27	47	933
	Transport	59	2	33	2	1	0	98
	Finance	18	9	14	8	0	0	49
	Services	33	48	35	51	2	1	170
	Household	132	32	7	2	1	0	173
	Foreign	0	0	0	0	0	0	0
	Other	1	0	0	1	0	0	3
	Unknown	1	1	1	2	0	1	7
	Total	646	233	800	1110	45	63	2899
Formal	Agriculture	405	196	46	17	1	1	667
	Mining	495	17	2	0	0	0	514
	Manufacture	834	435	24	17	2	1	1314
	Utilities	62	16	1	0	0	0	79
	Construction	290	23	33	1	0	0	348
	Trade	666	563	111	73	10	18	1442
	Transport	318	72	34	5	2	1	432
	Finance	451	343	51	15	0	0	860
	Services	745	978	28	21	1	1	1775
	Household	21	4	0	2	0	0	27
	Foreign	2	2	0	0	0	0	4
	Other	17	9	2	0	0	1	29
	Unknown	7	9	0	0	1	0	19
	Total	4314	2667	333	153	16	24	7509
Unknown	Agriculture	16	14	15	17	0	0	63
	Mining	7	0	0	0	0	0	7
	Manufacture	18	8	2	1	0	0	28
	Construction	20	1	1	1	0	0	23
	Trade	20	5	5	2	0	0	31
	Transport	18	10	7	7	4	2	48

	Finance	9	4	2	2	0	0	17
	Services	8	9	2	3	0	0	22
	Domestic	15	20	0	4	0	0	39
	Other	3	1	0	0	0	0	4
	Unknown	2	0	2	0	0	0	23
	Total	136	73	35	35	4	3	306
Total		5136	3930	1168	1300	65	90	11713

Table 4 reveals that the formal sector is substantially larger than the informal sector. Within the informal sector, domestic work accounts for the most employment, closely followed by agriculture and trade. Within the formal sector, services constitutes the largest sector, followed by trade and manufacture. The pattern is thus not completely different in terms of some of the largest sectors if we consider domestic work as part of services. However, agriculture accounts for a much smaller proportion of the formal sector than of the informal.

In terms of status in employment, while 93% of formal sector workers are employees, this is the case for only 30% of workers in the informal sector excluding domestic work. If domestic work is included, 48% of informal sector workers are employees.

2.3 Share of informal employment in the labour force, and main regions and sectors in which informal workforce is concentrated

2.3.1 The shape of the informal sector

In this sub-section, we focus in on the informal sector. We first describe the characteristics of the informal sector as traditionally defined by Stats SA. We examine characteristics such as absolute and relative size, and breakdowns by sex, population group, urban-rural, province, industry and occupation.

Table 5 shows the distribution of employed people between the formal and the two parts of the informal sector – domestic work and the rest of the informal sector. This and later tables, unless specified otherwise, include all employed people aged 15 years and above, whether employees, self-employed or employers. Employed people are those who engaged in some economic activity in the seven days preceding the interview as well as those who were temporarily absent from work. The formal sector is defined on the basis of the response to question 4.19 as to whether the business was formal or informal.

Table 5: Employed aged 15 years and above by population group, sex and sector (1 000)

Population group and sex	Formal	Informal	Domestic workers	Unspecified	Total
All population groups					
Total	7568	3059	1004	315	11946
Male	4708	1572	41	190	6511
Female	2859	1486	963	125	5434
African					
Total	4357	2695	901	212	8166
Male	2861	1348	39	131	4380
Female	1496	1347	862	80	3785
Coloured					
Total	1041	185	97	30	1354
Male	585	120	1	20	725
Female	456	65	96	11	628
Indian/Asian					
Total	377	30	2	9	418
Male	237	20		4	261
Female	140	10	2	5	157
White					
Total	1769	143	2	64	1978
Male	1009	80		35	1124
Female	760	63	2	29	854

The table shows that, overall, more than one-third of employed people are in the informal sector, with 8% of employed working as domestic workers and a further 26% elsewhere in the informal sector. Women are significantly more likely than men to work in the informal sector in that at least 45% of women employed compared to 25% of men are informal sector workers. The large number of female domestic workers accounts for some of this difference. If we exclude domestic workers, 25% of employed men and 34% of employed women work in the informal sector.

The figures for the different population groups reveal that African people are more likely than others to be in the informal sector, and Indian and white people least likely. The overall pattern in respect of sex remains true for the African and coloured population groups. Among Indian and white employed, however, there is very little difference in the patterns for women and men. Again, this is largely explained by domestic workers, of whom there are very few in the Indian and white groups.

Table 6 provides the urban-rural breakdown of employment. While close on three-quarters (73%) of employment in urban areas is formal, this is the case in respect of only 46% of employment in non-urban areas. The percentage of domestic workers is very similar (8-9%) across both non-urban and urban. It is thus other informal work which accounts for the rural-urban difference in distribution.

Table 6: Employed aged 15 years and above by province, type of area and sector

(1 000)

Type of area	Formal	Informal	Domestic workers	Unspecified	Total
Total	7568	3059	1004	315	11946
Urban	5697	1265	671	202	7835
Non-urban	1871	1794	333	113	4111
Western Cape					
Total	1200	220	91	41	1552
Urban	1060	188	72	36	1356
Non-urban	140	32	19	5	196
Eastern Cape					
Total	687	633	119	31	1470
Urban	479	134	61	13	687
Non-urban	209	499	58	18	783
Northern Cape					
Total	177	42	34	9	261
Urban	105	26	20	6	156
Non-urban	73	16	13	3	105
Free State					
Total	546	176	80	22	824
Urban	358	101	54	15	527
Non-urban	188	75	26	7	297
KwaZulu Natal					
Total	1384	704	192	70	2351
Urban	1048	198	127	29	1402
Non-urban	336	506	66	41	949
North West					
Total	561	186	89	25	861
Urban	275	53	41	13	382
Non-urban	287	133	47	12	479
Gauteng					
Total	2051	472	274	83	2881
Urban	1961	449	244	77	2730
Non-urban	91	23	30	6	151
Mpumalanga					
Total	484	251	59	16	810
Urban	247	79	34	8	369
Non-urban	237	172	24	8	441
Northern Province					
Total	477	375	66	18	936
Urban	165	37	17	6	226
Non-urban	312	337	49	12	710

South Africa has nine provinces. There are significant differences in employment and other characteristics across the provinces, many of which reflect the country's apartheid history in addition to factors such as poverty levels. In Eastern Cape and Northern Province, the formal sector accounts for under half of employment. These two provinces are generally regarded as the poorest provinces in the country, and are mainly comprised of previous 'homeland' areas. Conversely, in Western Cape and Gauteng, the two wealthiest provinces, the formal sector accounts for about three-quarters of employment. Eastern Cape and Northern Province are also among the provinces with the highest levels of unemployment (27,0% and 27,6% respectively), while Western Cape and Gauteng have the lowest (15,3% and 20,8%).

In the Western Cape, Northern Cape, Free State and Gauteng, there is very little difference in the formal/informal split between urban and non-urban areas. It is thus primarily in the provinces which consist largely of former 'homeland' areas that the non-urban areas have significantly larger informal sectors. A large part of the informal sector in these areas will comprise subsistence agricultural workers.

Table 7 presents similar information, but separates out the agricultural sector from other sectors. The table reveals that agriculture accounts for more than half of informal sector employment in non-urban areas if one excluded domestic work. This is the case for both women and men. For men, agriculture accounts for more than half of informal sector employment in non-urban areas whether or not one includes domestic work.

Table 7: Employed aged 15 years and above, type of area, sex and sector (1 000)

		Formal	Informal	Domestic workers	Unspecified	Total
Total						
All	Total	7568	3059	1004	315	11946
	Male	4708	1572	41	190	6511
	Female	2859	1486	963	125	5434
Urban	Total	5697	1265	671	202	7835
	Male	3441	729	25	127	4322
	Female	2256	536	646	75	3512
Non-urban	Total	1871	1794	333	113	4111
	Male	1268	843	16	63	2189
	Female	603	951	317	51	1921
Agricultural						
All	Total	686	1082		68	1836
	Male	467	484		33	983
	Female	219	598		35	853
Urban	Total	95	95		14	204
	Male	60	47		7	113
	Female	36	48		7	91
Non-urban	Total	591	987		54	1632

	Male	407	437		26	870
	Female	183	550		28	762
Non-agricultural						
All	Total	6882	1977	1004	247	10110
	Male	4242	1089	41	157	5528
	Female	2640	888	963	90	4581
Urban	Total	5601	1170	671	189	7631
	Male	3381	682	25	121	4209
	Female	2220	488	646	68	3421
Non-urban	Total	1281	807	333	59	2479
	Male	861	406	16	36	1319
	Female	420	401	317	22	1160

Table 8 looks at the formal/informal distribution by industry. Overall, the table reveals mining, utilities, the financial sector and community and personal services (excluding paid domestic work) to have very small informal components. If we exclude domestic service, agriculture comprises the single largest component of the informal sector. In South Africa, this mainly comprises subsistence farming rather than small-scale commercial agriculture. Construction and trade also account for significant proportions of the informal sector. The sex-disaggregated figures show that women, even more than men, are likely to be employed in the informal sector of agriculture and trade. Women account for 60% of informal trade workers, and 55% or more of informal sector workers in agriculture, manufacturing and community and personal services.

Table 8: Employed aged 15 years and above by sex, industry and sector (1 000)

Sex and Industry	Formal	Informal	Domestic workers	Unspec	Total
Total					
Total	7568	3059	1004	315	11946
Agriculture, hunting, forestry and fishing	686	1082		68	1836
Mining and quarrying	514	10		7	532
Manufacturing	1319	238		28	1585
Electricity, gas and water supply	79	2		1	82
Construction	354	257		36	647
Wholesale and retail trade	1454	952		53	2459
Transport, storage and communication	432	100		22	553
Finance, insurance, real estate & business services	865	52		20	938
Community, social and personal services	1785	178		49	2012
Private households with employed persons	27	175	1004	5	1212
Exterior organisations and foreign government	4				4
Other activities not adequately defined	30	3		1	34
Unspecified	19	8		25	51

Male					
Total	4708	1572	41	190	6511
Agriculture, hunting, forestry and fishing	467	484		33	983
Mining and quarrying	498	8		7	513
Manufacturing	865	105		19	989
Electricity, gas and water supply	64	2		1	66
Construction	329	237		34	601
Wholesale and retail trade	793	386		29	1209
Transport, storage and communication	355	95		17	468
Finance, insurance, real estate & business services	505	34		11	550
Community, social and personal services	781	76		19	877
Private households with employed persons	21	141	41	4	207
Exterior organisations and foreign government	2				2
Other activities not adequately defined	19	1		1	21
Unspecified	9	3		14	25
Female					
Total	2859	1486	963	125	5434
Agriculture, hunting, forestry and fishing	219	598		35	853
Mining and quarrying	17	2			19
Manufacturing	454	133		9	596
Electricity, gas and water supply	16				16
Construction	25	20		2	47
Wholesale and retail trade	660	567		23	1250
Transport, storage and communication	77	4		4	86
Finance, insurance, real estate & business services	360	18		9	388
Community, social and personal services	1003	102		30	1135
Private households with employed persons	6	35	963	1	1005
Exterior organisations and foreign government	2				2
Other activities not adequately defined	11	1		1	13
Unspecified	10	5		11	26

Table 9 provides a breakdown by the occupation of the employed person rather than industry. This table shows that clerks, professionals, technical people and operators are least likely to be employed in the formal sector. Conversely, over four in every five (81%) skilled agricultural workers, about a third of elementary workers (36%) and craft workers (32%) and over a quarter (27%) of service and sales workers are employed in the informal sector. In each of these categories, women are more likely than men to be employed in the informal sector. Women account for 49% of the total non-domestic informal sector, but 67% of informal service and sales workers, 62% of informal sector clerks, 55% of informal sector elementary workers and 53% of informal sector technical and associate

professionals and skilled agricultural workers.

Table 9: Employed aged 15 years and above by sex, occupation and sector (1 000)

Sex and occupation	Formal	Informal	Domestic workers	Unspec	Total
Total					
Total	7568	3059	1004	315	11946
Legislators, senior officials and managers	493	66		9	568
Professionals	504	22		14	540
Technical and associate professionals	965	103		20	1088
Clerks	987	37		29	1053
Service workers and shop & market sales workers	997	389		39	1425
Skilled agricultural and fishery workers	187	976		44	1207
Craft and related trades workers	993	492		49	1534
Plant and machine operators and assemblers	987	137		26	1151
Elementary occupation	1431	829		64	2324
Domestic workers			1004	0	1004
Occupation not adequately defined	10	1		0	11
Unspecified	12	6		22	40
Male					
Total	4708	1572	41	190	6511
Legislators, senior officials and managers	372	44		7	423
Professionals	277	11		5	294
Technical and associate professionals	418	48		12	478
Clerks	323	14		8	345
Service workers and shop & market sales workers	619	129		18	766
Skilled agricultural and fishery workers	148	459		21	628
Craft and related trades workers	877	379		44	1300
Plant and machine operators and assemblers	836	115		24	974
Elementary occupation	825	370		38	1234
Domestic workers			41	0	41
Occupation not adequately defined	7			0	7
Unspecified	7	2		12	21
Female					
Total	2859	1486	963	125	5434
Legislators, senior officials and managers	121	22		2	146

Professionals	227	10		9	246
Technical and associate professionals	547	55		8	609
Clerks	664	23		21	708
Service workers and shop & market sales workers	379	260		20	660
Skilled agricultural and fishery workers	39	517		23	579
Craft and related trades workers	116	113		5	234
Plant and machine operators and assemblers	152	22		2	176
Elementary occupation	606	459		25	1090
Domestic workers			963	0	963
Occupation not adequately defined	3	1		0	4
Unspecified	5	4		10	19

Table 10 presents the same information, but this time excluding agriculture. As expected, the biggest differences between this and the previous table are in respect of skilled agricultural and elementary workers. In particular, the number of skilled agricultural workers recorded in the informal sector falls from 976 000 to 156 000. The decrease is particularly marked for women.

Table 10: Non-agricultural employed aged 15 years and above by sex, occupation and sector (1 000)

	Formal	Informal	Domestic workers	Unspecified	Total
Total					
Total	6882	1977	1004	247	10110
Legislators, senior officials and managers	477	64		9	550
Professionals	503	21		14	538
Technical and associate professionals	960	102		20	1082
Clerks	975	35		28	1038
Service workers and shop and market sales workers	990	386		38	1415
Skilled agricultural and fishery workers	82	156		6	244
Craft and related trades workers	978	489		49	1516
Plant and machine operators and assemblers	893	115		24	1032
Elementary occupation	1002	601		38	1640
Domestic workers			1004	0	1004
Occupation not adequately defined	10	1		0	11
Unspecified	12	6		22	40
Male					

Total	4242	1089	41	157	5528
Legislators, senior officials and managers	357	42		7	406
Professionals	277	10		5	293
Technical and associate professionals	418	48		12	478
Clerks	317	14		8	339
Service workers and shop and market sales workers	614	127		17	758
Skilled agricultural and fishery workers	72	140		6	217
Craft and related trades workers	866	377		44	1287
Plant and machine operators and assemblers	745	93		22	860
Elementary occupation	563	235		24	822
Domestic workers			41	0	41
Occupation not adequately defined	7			0	7
Unspecified	7	2		12	21
Female					
Total	2640	888	963	90	4581
Legislators, senior officials and managers	119	22		2	144
Professionals	226	10		9	245
Technical and associate professionals	542	54		8	604
Clerks	658	21		20	699
Service workers and shop and market sales workers	377	259		20	656
Skilled agricultural and fishery workers	10	17		0	27
Craft and related trades workers	112	113		5	230
Plant and machine operators and assemblers	148	22		2	172
Elementary occupation	439	365		13	818
Domestic workers			963	0	963
Occupation not adequately defined	3	1		0	4
Unspecified	5	4		10	19

The previous tables classify occupations into broad categories, largely according to the first digit of the standard occupational classification. Table 11 disaggregates further in terms of occupation. It lists all occupations, which, according to the LFS 2000:2, constitute 2% or more of the informal sector. The table shows that women outnumber men in all of the most common occupations except gardener, bricklayer and motor mechanic. It also confirms the dominance of domestic workers, subsistence agriculture workers, and different types of street vendors.

Table 11: Most common occupations in informal sector in LFS 2000:2 (1 000)

Occupation	Male	Female	Total	% of male	% of female	% of total
Total informal sector	1531	2367	3898	100%	100%	100%
Domestic helper	41	962	1003	3%	41%	26%
Subsistence agriculture worker	244	435	679	16%	18%	17%
Street vendor food	82	241	323	5%	10%	8%
Farm-hand & labourer	129	88	218	8%	4%	6%
Gardener/nursery grower	137	12	149	9%	1%	4%
Street vendor non-food	48	74	122	3%	3%	3%
Spaza shop operator	40	81	121	3%	3%	3%
Shebeen operator	26	65	90	2%	3%	2%
Bricklayer/stonemason	68	2	70	4%	0%	2%
Motor mechanic	60	1	61	4%	0%	2%

We must note, however, that a table constructed on official data of five or so years previously would have presented a very different picture. Firstly, the LFS has proved far more efficient than its predecessor, the October household survey (OHS), in capturing subsistence agricultural workers. This can be explained by the LFS's explicit prompts for work on own or family plot. Secondly, the LFS is picking up substantially more street traders than previously. The table above, for example, shows 323 000 food vendors and 122 000 non-food vendors. The OHS of 1995 found a total of six individuals in the sample, yielding a weighted population of 2 038 nation-wide, classified as street traders. This phenomenal increase must be explained by a combination of factors, namely (a) an improved instrument in terms of prompting and training of fieldworkers; (b) increased awareness on the part of coders; and (c) a real-life increase due to relaxation of laws combined with decreasing formal sector opportunities. It is also possible that some informal spaza shop operators have been incorrectly classified as street traders as there is sometimes a fine line between the two forms of operation. The uncertainty as to how much of the shift is explained by methodology and how much by 'real' changes means that longitudinal analysis of the informal sector in South Africa is very difficult, if not impossible.

Table 12 (from Statistics South Africa, March 2001) gives some ideas of the shifts over time, but, as before, does not allow us to distinguish between the changes induced by methodology and those induced by changes in the real situation. The figures for 1996 to 1999 are from the October household surveys of those years. The figures for 2000 are from the pilot LFS of February 2000. The informal figures for 1996 are even lower than those for other years because, up until that time, only employers and the self-employed were asked whether they operated in the formal or informal sector. Informal sector employees were thus excluded. The table shows a clear decline in the numbers employed as recorded by the formal establishment surveys, from 5,2 million in 1996 to 4,8 million in 2000. It also shows an apparent increase in employment in agriculture. However, the

2000 division into formal and informal suggests that much of this might reflect better recording of informal agriculture rather than an actual increase. Employment in the non-agricultural, non-domestic informal sector appears to have increased, at least up until 1999.

Table 12: Employment by sector of population aged 15-65 years, 1996-2000 (1 000)

Sector	1996	1997	1998	1999	2000
Total employed	9 287	9 247	9 390	10 369	11 880
Covered by formal establishment survey	5 242	5 139	4 945	4 840	4 754
Agriculture formal	759	717	935	1 009	757
Agriculture informal					1 508
Domestic work	740	668	740	799	1 001
Other informal	996	1 136	1 316	1 907	1 821
Unspecified	-	-	-	-	115

2.3.2 Alternative definitions of the informal sector

As noted, South African uses a question on registration to distinguish between the forml and informal sectors. Some other countries use other characteristics to define the informal sector. The next set of tables looks at alternative definitions of the informal sector and compares the resultant classifications with that obtained by the simple registration-related formal/informal question. In ease case we also note the number of cases in which the information on which both the official and alternative classifications could be based is unknown.

Table 13 looks at the number of workers employed in the establishment. If we use a cutoff of fewer than five workers, one in ten businesses classified as formal sector under the conventional definition will be reclassified as informal. Part of this is easily explained, for example by the existence of small but profitable professional firms. Conversely, 14% of reportedly informal sector businesses have five or more workers. Overall, the number of regular workers is reported as unknown in respect of 4% of employed people.

Table 13: Employed aged 15 years and above by number of regular workers and sector (1 000)

Number of regular workers	Formal sector	Informal sector	Unknown	Total
One worker	307	2121	48	2476
2 - 4 workers	762	1240	51	2053
5 - 9 workers	1016	284	29	1330
10 or more	5177	279	110	5567
Unknown	394	35	91	520
Total	7658	3959	329	11946

Table 14 looks at the definition in terms of registration as a company or close corporation. (The standard definition does not specify what form or registration is being referred to.) Here again, 10% of workers in businesses conventionally classified as formal sector would be in the informal sector under this definition. Conversely, 8% of informal sector businesses are said to be registered companies or close corporations. The latter pattern suggests that interviewers are not always reading out the definition of formal and informal in the conventional question. About 4% of respondents either do not know or do not specify whether the establishment is registered or not.

Table 14: Employed aged 15 years and above by sector and whether the enterprise is a registered company or close corporation (1 000)

Registered	Formal sector	Informal sector	Unknown	Total
Yes	6 665	306	101	7 072
No	762	3 546	100	4 408
Unknown	231	107	128	466
Total	7 658	3 959	329	11 946

Table 15 reveals a very poor match between UIF deductions and the traditional formal sector definition. Only 55% of workers reportedly working in the formal sector say that the businesses deduct UIF for them. Only about a quarter of those not deducting are explained by the worker's income being above the UIF limit. On the other hand, only 3% of informal sector businesses are said to be deducting UIF. The mismatch with this measure could partly reflect non-compliance with the Unemployment Insurance Act. Again, for about 4% of workers there was no information as to whether UIF was deducted or not.

Table 15: Employed aged 15 years and above by sector and whether the enterprise is deducting UIF contributions (1 000)

Deduction of UIF contribution	Formal sector	Informal sector	Don't know	Total
Deducting UIF	4232	132	69	4434
Not deducting because income is above limit	830	363	26	1220
Not deducting for other reason	2286	3380	137	5804
Unknown	309	83	97	489
Total	7657	3958	329	11946

The next alternative definition is based on the location of the business. Premises such as a factory, office, shop, school or post office are taken as implying a formal business. Other locations are interpreted as informal. The tabulation reveals that close on a quarter of

workers in reportedly formal enterprises report that they operate in informal premises. The greatest discrepancy occurs in terms of the first location – in the owner's home or on the owner's farm. This category accounts for 12% of the reportedly formal sector businesses. Much of the mismatch is probably explained by having a single category for owner's home, where the business will usually be informal, and owner's farm, which will often be a formal, commercial farm. Part of the mismatch could also be explained by consultants and other professional people working from a home base. Only 4% of the informal sector businesses are said to operate from formal premises. The location is unknown in only 1% of all cases.

Table 16: Employed aged 15 years and above by sector and location of enterprise (1 000)

Location	Formal sector	Informal sector	Unknown	Total
Owner's home/ farm	897	2 544	64	3 506
Someone else's home	90	521	12	623
Formal business premises	4 749	102	65	4 915
Service outlet	1 153	74	18	1 245
Market	261	38	3	302
Footpath, street, corner, open space	131	160	9	300
No fixed location	244	490	37	771
Other	104	26	19	149
Unknown	29	4	102	136
Total	7 658	3 959	329	11 946

To circumvent the confusion around owner's home and farm, table 17 excludes the agricultural sector. This time 16% of workers in reportedly formal businesses report that they operate in informal premises. Conversely, 6% of the informal sector businesses are said to operate from formal premises. The match is thus much improved, but still not all that good.

Table 17: Non-agriculture employed aged 15 years and above by sector and location of enterprise (1 000)

Location	Formal sector	Informal sector	Unknown	Total
Owner's home/ farm	398	1 592	33	2 023
Someone else's home	81	489	10	580
Formal business premises	4 649	95	61	4 805
Service outlet	1 150	73	18	1 241
Market	260	36	3	299
Footpath, street, corner, open	99	119	7	225

space				
No fixed location	229	448	34	712
Other	80	20	14	115
Unknown	26	4	80	110
Total	6 972	2 877	262	10 110

The formal-informal distinction is often described as a continuum, rather than a simple dichotomy. Instead of examining each of these alternative definitions individually, we can then consider these establishment attributes as indicators, and assign a score to each worker which reflects the sum of informal attributes of the enterprise in which they work. We include agricultural enterprises in the enterprise, although we are aware that the location indicator does not work as well for them.

Table 18 shows a clear relationship between the score and the formality of the enterprise. Thus, only 3% of formal enterprises have no other formal sector attributes, compared to 80% of informal enterprises. Conversely, only 1% of informal enterprises have all four characteristics of formal enterprises, compared to 42% of formal sector enterprises. The pattern suggests that these four attributes are likely characteristics of enterprises in the formal sector as traditionally defined, but by no means necessary characteristics. This finding accords with the view that formality, even when referring only to the enterprise, should be defined as a continuum rather than a simple dichotomy.

Table 18: Percentage distribution of employed aged 15 years and above by number of formal sector attributes of the enterprise and sector

Score	% of formal	% of informal	% of total
0	3	80	29
1	6	13	9
2	16	4	12
3	33	2	22
4	42	1	28
Total	100	100	100

2.3.3 Measuring the informal economy

The above discussion has described the informal sector in terms of the characteristics of the enterprise. This subsection examines the characteristics of workers and, in particular, employees. As before, it examines the match between these alternative definitions and the standard Statistics South Africa (Stats SA) definition of the informal sector. It also looks at whether there is a difference between women and men in terms of the formality of employment relations.

We first look at the nature of the contract. Overall, 60% of male and 50% of female employees were reported to have written contracts. In the formal sector, the situation of

women and men is very similar, in that around two-thirds of both sexes have written contracts. Among domestic workers and in the rest of the informal sector, written contracts are much less common although, legally, employers of domestic workers are obliged to give them a written contract. Among domestic workers, men are more likely to have contracts than women, while the reverse situation pertains in the rest of the informal sector. Overall, 11% of domestic workers and 16% of other informal sector workers are reported to have contracts. There is thus a strong link between the formality of the sector and this indicator, but by no means an exact match.

Table 19: Employees aged 15 years and above by whether they have written contracts and sector (1 000)

Sex	Whether contract	Domestic workers	Informal	Formal	Unknown	Grand Total
Male	Written contract	6	97	2901	53	3057
	No contract	33	526	1275	64	1897
	Unknown	0	24	138	10	182
	Total	40	646	4314	136	5136
Female	Written contract	107	48	1773	34	1962
	No contract	828	174	811	31	1844
	Unknown	22	11	82	3	123
	Total	957	233	2667	73	3930
Total	Written contract	113	145	4675	87	5020
	No contract	861	700	2086	95	3741
	Unknown	23	34	221	13	305
	Total	997	879	6982	209	9067

The second indicator of informality is the terms on which the worker is employed. Here we regard casual, seasonal and temporary work as indicators of informality. Analysis of table 20 reveals that, overall, 20% of male employees and 24% of female are found to be part of the informal economy in terms of this indicator. In the formal sector, 14% of employees are reported to be on casual, seasonal or temporary terms, compared to 41% of domestic workers and 55% of employees in the rest of the informal sector. In the formal sector, women are more likely than men to be on informal terms, while the reverse pattern holds in both parts of the informal sector. Overall, again there is a clear relationship between the degree of formality of the sector and formality of the terms of employment, but far from a one-to-one correspondence.

Table 20: Employees aged 15 years and above by terms of employment and sector (1 000)

Contract type	Domestic workers	Other informal	Formal	Unknown	Total
Total					
Permanent	537	342	5662	126	6667
A fixed period contract	21	33	257	10	321
Temporary	243	257	578	34	1112
Casual	165	199	379	21	765
Seasonal	4	27	53	3	87
Unknown	27	20	53	14	115
Total	997	879	6982	209	9067
Male					
Permanent	19	237	3508	79	3842
A fixed period contract	1	28	189	8	225
Temporary	13	193	343	25	573
Casual	6	160	219	14	399
Seasonal	1	12	20	1	34
Unknown	1	17	36	9	62
Total	40	646	4314	136	5136
Female					
Permanent	518	105	2154	47	2824
A fixed period contract	19	6	68	3	96
Temporary	231	63	235	9	538
Casual	159	39	160	7	365
Seasonal	3	16	33	2	53
Unknown	26	4	18	5	53
Total	957	233	2667	73	3930

The third indicator of employee informality is entitlement to paid leave. The details of this entitlement are recorded in table 21 below. Overall, 58% of male employees and 52% of female are reported to be entitled to paid leave. Close on two-thirds (66%) of both male and female formal sector employees have this entitlement. However, only one-fifth (21%) of domestic workers, and an even lower 15% of other informal sector employees are entitled to paid leave. Among domestic workers, men are more likely than women to be entitled to paid leave, while the opposite pattern holds among other informal sector employees. Again, this indicator is by no means an accurate indicator of the formality of the sector in which an employee works.

Table 21: Employees aged 15 years or more by whether they get paid leave and sector (1 000)

Sex	Leave	Domestic workers	Informal	Formal	Unknown	Total
Male	Get paid leave	11	79	2839	50	2979
	No paid leave	29	551	1363	69	2010
	Unknown	1	17	113	17	147
	Total	40	646	4314	136	5136
Female	Get paid leave	198	49	1760	33	2040
	No paid leave	738	177	843	30	1788
	Unknown	21	7	64	102	10
	Total	957	233	2667	73	3930
Total	Get paid leave	208	128	4600	83	5020
	No paid leave	767	728	2205	99	3798
	Unknown	22	24	176	248	27
	Total	997	879	6982	209	9067

If we regard the above three characteristics as inexact indicators, we can compute a new variable which indicates the number of informal attributes of each worker in a similar fashion to what we did for enterprise attributes. We can then compare the distribution of workers with scores of 0, 1, 2 and 3 respectively across the formal and two informal sub-sectors. The results, displayed in table 22 below, show a clear correlation between the score and sector. For example, only 9% of all employees in the formal sector exhibit all three informal attributes, compared to 36% of domestic workers and 50% of those in other parts of the informal sector. Conversely, 55% of formal sector employees have no informal attributes, compared to only 5% of domestic workers and 10% of other informal sector employees. The same basic patterns hold in respect of male and female employees, but with male employees in the informal sector being even more likely than female to exhibit informal employee characteristics.

Table 22: Percentage distribution of employees aged 15 years and above by number of informal sector attributes and sector

Score	Domestic workers	Other informal	Formal	Total
Total				
0	6	10	55	45
1	19	13	24	22
2	39	27	12	17
3	36	50	9	16
Total	100	100	100	100
Male				
0	12	9	55	49
1	18	12	24	22
2	27	27	12	14
3	43	52	9	15
Total	100	100	100	100
Female				

0	6	14	54	40
1	19	15	24	22
2	40	25	13	20
3	35	45	10	18
Total	100	100	100	100

The final table based on the LFS adds employment status to the analysis of the intersection of the informal economy and informal sector. The table confirms that the variables we have used in arriving at our definition of an informal economy worker were asked only of employees. The division in respect of informal and formal economy is thus not available for the self-employed or unpaid family workers. The table is presented in terms of actual numbers, rather than the percentages shown in table 16. The analysis is also restricted to the age group 15-65 years so as to make the table comparable with those presented in our initial analysis of the shape of the total economy. Both this and the previous table provide a conservative estimate of the size of the informal economy, as employees are only recorded as having a particular characteristic if the response is a definite negative to the relevant question. Without doubt, some of those for whom this information is unknown will also exhibit these characteristics.

Table 23: Employed population aged 15-65 years by sector, status in employment and number of informal sector attributes (1 000)

	Employees by number of informal characteristics					Self-employed	Unpaid family	Unknown	Total
	0	1	2	3	Total	Total	Total	Total	
Domestic	62	187	392	356	997	1	0	1	999
Informal	89	113	233	444	879	1910	108	1	2898
Formal	3825	1653	862	641	6982	486	40	1	7509
Unknown	82	44	41	42	209	71	7	19	306
N/A	6	5	5	15	31	17	1	6	54
Total	4064	2004	1533	1498	9097	2486	156	28	11767

2.4. Insights from the time use survey

The LFS for the most part focuses on one form of work for each individual. The initial prompts in respect of activities over the last seven days reveal whether the person engages in more than one economic activity. After this, however, all the questions focus on the main activity. In the time use survey, there are also questions about main activity in the background question. In the diary, on the other hand, we obtain information on all activities performed in the preceding 24 hours. This can include more than one form of work. In the LFS, there are questions enquiring about usual normal and overtime hours worked per week. From the time use survey, we can obtain more accurate information as to the extent, in terms of time, that people doing informal work are engaged in these activities.

Before looking at information on informal work obtained from the TUS, it is useful to have a picture of the situation in respect of formal work for comparative purposes. Table 24 shows that over a third of adult (defined here to refer to those aged 15 or more) men and over a fifth of adult women engaged in some formal sector work on the diary day. In the younger age group participation was minimal – at around one in fifty children. Of the adults who did formal sector work, men did an average of 475 minutes (close on eight hours) and women an average of 410 minutes (just over five hours). In this table and elsewhere, those engaging in a particular activity are referred to as 'actors'.

Table 24: Number of actors, mean time and rate of participation in formal sector work by age group and sex

Age group	Sex	Actors	Minutes	% of group
15 plus	Male	3608	475	37.0
	Female	2396	410	21.1
10-14	Male	52	59	2.3
	Female	49	85	2.1

Table 25 provides information on engagement in primary informal production according to a range of different variables. This and the following tables present the number of individuals in a group engaging in a particular activity (the 'actors') as a percentage of all people in that group. Unfortunately, the sample is too small to allow for this type of disaggregation of the younger age group and, to facilitate comparison with LFS information, we restrict our attention to those aged 15 years and above. However, overall, the survey revealed more primary informal than formal engagement among younger people. Thus, only 9,1% of those aged 15 years or more but 11,0% of the 10-14 year olds said they had done primary informal work in the previous day. The table shows that, as with formal work, men aged 15 years and above are more likely than women to engage in informal primary production. As expected, there are much higher levels of engagement in in primary informal work in non-urban than urban areas for both women and men.

Table 25: Percentage of different groups aged 15 and above engaging in primary informal production activities by sex

Category	Male	Female	All
Total	11.7	6.9	9.1
Location			
Urban	3.1	1.5	2.3
Non-urban	25.5	14.7	19.5
Employment status			
Employed	11.5	8.0	9.9
Unemployed	9.3	5.2	7.1
Not economically active	12.6	6.3	8.6
Province			
Western Cape	1.2	1.4	1.3

Eastern Cape	31.1	12.3	20.5
Northern Cape	7.0	3.0	4.6
Free State	10.3	5.4	7.7
KwaZulu-Natal	12.4	9.6	10.8
North West	9.3	3.5	6.4
Gauteng	1.8	1.1	1.4
Mpumalanga	13.9	9.5	11.6
Northern Province	18.2	12.4	15.0
Highest education level			
None	20.4	17.7	18.7
Grade 6 and below	21.3	11.2	16.3
Less than matric	10.0	4.7	7.1
Matric and above	4.8	3.1	3.9
Population group			
African	14.7	8.6	11.4
Coloured	1.9	1.6	1.7
Indian	1.4	0.8	1.1
White	3.9	2.5	3.2
Total	5.9	9.4	7.8

Also expected, levels of primary informal engagement are highest in the poorer and more non-urban provinces such as Eastern Cape and Northern Province. This pattern holds for both women and men.

In terms of education, there is a clear pattern of greater engagement of less educated women and men in primary informal production than of more educated people. For both women and men, African people are markedly more likely than those in other groups to engage in primary informal production. Engagement is highest among African men.

The patterns in respect of employment status are less clear. Respondents were classified as employed, unemployed and not economically active on the basis of their responses to a set of questions about activity over the last seven days. The questions were very similar to those used in the LFS. Strictly speaking, anyone who reported that they had undertaken any economic activity in the previous 24 hours should also have reported some economic activity for the past seven days, and thus have been classified as employed. In practice, 2% of people reporting economic activities answered the employment questions as if they were unemployed, and a further 16% answered the questions as if they were not economically active. This discrepancy suggests that despite a marked improvement in Stats SA's ability to pick up economic activity in its household surveys, it is still not capturing all activity.

Table 25 shows that, while those classified as employed are slightly more likely than others to report primary informal work, the differences between employed and unemployed and not economically active in this respect are very small. Among men, the not economically active are more likely than the employed or unemployed to report

informal primary activity. When compared with the pattern in the next table, these patterns suggest that it is mainly primary informal production that is being undercounted by the standard employment questions.

Table 26 shows the percentage of different population groupings engaging in non-primary informal production. The levels of engagement are lower for women and men combined than for informal primary production. This pattern holds even more starkly for the younger age group not shown in this table. However, women aged 15 years and above are more likely to engage in non-primary than primary informal production. Further, women are more likely than men to engage in non-primary informal production.

Table 26: Percentage of different groups aged 15 and above engaging in non-primary informal production activities by sex

Category	Male	Female	All
Total	6.0	9.4	7.8
Location			
Urban	6.0	9.5	7.8
Non-urban	5.9	9.2	7.7
Employment status			
Employed	9.1	16.7	12.6
Unemployed	1.0	4.2	2.7
Not economically active	1.6	4.0	3.1
Province			
Western Cape	6.0	7.8	7.0
Eastern Cape	7.8	9.6	8.8
Northern Cape	2.5	12.8	8.1
Free State	5.1	11.3	8.4
KwaZulu-Natal	3.0	8.4	6.0
North West	6.4	9.9	8.2
Gauteng	7.0	9.0	8.0
Mpumalanga	10.5	17.4	14.2
Northern Province	4.9	6.4	5.7
Highest education level			
None	3.6	11.1	8.4
Grade 6 and below	6.0	15.9	11.0
Less than matric	5.9	8.0	7.0
Matric and above	6.8	6.7	6.7
Population group			
African	6.0	10.0	8.1
Coloured	5.6	8.6	7.3

Indian	2.7	2.2	2.4
White	6.6	8.4	7.5

In terms of employment status, this time, as expected, employed people are markedly more likely to engage in non-primary informal work than unemployed or not economically active. Nevertheless, as many as 4,0% of women who are classified as not economically active according to other questions reported some non-primary informal work activity. This suggests some remaining gender bias in the way employment questions are asked or understood.

Across provinces, Mpumalanga reports the highest levels of non-primary informal work for both women and men, and all ages. It is not clear why this is the case.

In terms of education, the highest levels of engagement in non-primary informal work are among women with only primary education. Among the men there is less variation, apart from a lesser tendency of those with no formal education at all to engage in this work.

In terms of population group there are, overall, small differences except for much lower engagement in informal non-primary production by Indian people than by those of the other groups. Among women, the differences are somewhat greater, with African women the most likely to engage in informal non-primary production. This latter pattern accords with other evidence which suggests that much of the engagement in informal production is driven by poverty, and lack of other income-earning opportunities.

Table 27 shows the mean minutes per day spent on informal work by those engaging in the two broad categories of informal work. It shows that the time spent on both types of informal activity is significantly less than the time spent on formal work for adult women and men. However, for the younger age group the time spent on informal work is significantly higher than that spent on formal work for boys, and slightly higher for girls. This could, at least partly, reflect the better observance of the prohibition on economic work for children under 15 years contained in the Basic Conditions of Employment Act (BCEA) in respect of formal when compared with informal work. The table also reveals that, while a slightly larger proportion of the population (see above) engaged in primary than non-primary informal production, the average time spent on the former activity is significantly less.

Table 27: Mean minutes per day spent on informal work by actors by sex and age group

Age group	Category	Male	Female	Both
15 plus	Informal primary production	170	145	160
	Other informal production	290	260	270
10-14	Informal primary production	129	54	111
	Other informal production	166	92	125

Table 28 illustrates differences between urban and non-urban dwellers. As noted above, rural dwellers are significantly more likely than urban to engage in informal primary production while there is little difference in respect of non-primary production. This table shows that both urban and rural adults who do informal primary production spend less time, on average, on this activity than those who do other informal production spend on that. However, while the time spent on other production is very similar for rural and urban, rural dwellers spend longer, on average, than urban dwellers on primary production. In the younger age group, the time spent by rural youth on informal primary production is similar to that spent on other informal production.

Table 28: Mean minutes per day spent on informal work by actors by place of residence and age group

Age group	Category	Urban	Rural	All
15 plus	Informal primary production	127	166	160
	Other informal production	272	267	270
10-14	Informal primary production	52	117	111
	Other informal production	131	118	125

Table 29 focuses on those aged 15 years and above and provides the disaggregation by sex. Previous tables revealed that women are less likely than men to engage in primary production, but more likely than men to engage in non-primary production. In particular, one in four rural men do some primary informal production. This table reveals urban women spending significantly less time on primary production than other groups and rural men spending significantly more time. In terms of non-primary production, rural men against spend the longest hours.

Table 29: Mean minutes per day spent on informal work by actors aged 15 and above by place of residence and sex

Production type	Urban		Rural	
	Male	Female	Male	Female
Informal primary production	141	102	176	151
Other informal production	277	269	311	245

We focus again on those aged 15 and above in table 30, which looks at employment status. Previous tables revealed much higher levels of engagement in non-primary

informal work by employed than others, but little difference in terms of employment status when it comes to primary informal work. This table shows, as expected, that employed men and women spend longer than other groups on informal work. There is very little difference between women and men in the relative length of time spent on primary and other informal work. The table reveals significant time being worked by those whose responses to other questions in the survey classified them as not economically active. Among the unemployed group, men are recorded as spending more time on average on informal primary production than employed males or females. This occurs despite the special prompts for work on a family farm in the main questions determining economic status. Overall, the table suggests that where there is a conflict between responses to different questions, it is not explained by people spending a short time on a particular activity.

Table 30: Mean minutes per day spent on informal work by actors aged 15 and above by employment status and sex

Production type	Employed		Unemployed		Not economically active	
	Male	Female	Male	Female	Male	Female
Informal primary production	183	177	259	101	133	116
Other informal production	297	298	89	186	246	134

Disaggregation by age and population group in table 31 shows African men and women of all ages spending longer, on average, than those of other population groups on most types of informal work. The only exception occurs in respect of non-primary production, where older coloured people record slightly more minutes per day than older African people. A previous table shows that less than 2% of coloured people do this activity, and the time pattern may, therefore, be unreliable.

Table 31: Mean minutes per day spent on informal work by actors by population group and age group

Age group	Category	African	Coloured	Indian	White
15 plus	Informal primary production	162	130	111	137
	Other informal production	284	299	168	170
10-14	Informal primary production	112	45	-	85
	Other informal production	135	120	-	64

Disaggregation by sex and population group in table 32 reveals that the exception in respect of coloured people is explained by the activity of coloured men rather than coloured women. Within each population group, men spend longer than women on informal work. There is thus a difference in the relative likelihood of women and men engaging in an activity in the first place and, once engaged, how long they are likely to spend on it. Some of this difference is probably explained by the longer time spent by women on non-SNA reproductive tasks such as housework and childcare.

Table 32: Mean minutes per day spent on informal work by actors aged 15 and above by population group and sex

Production type	African		Coloured		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
Informal primary production	170	150	237	29	120	97	168	92
Other informal production	302	275	342	277	276	66	198	149

The next set of tables disaggregates the primary and non-primary production categories into the individual activities of the time use classification system. In terms of informal primary production, table 33 reveals travel, tending of animals and crop farming as the most common activities. As expected, it shows that men are most likely to engage in tending of animals, while women are more likely to engage in crop farming. In terms of non-primary production, the table shows travel as the most common activity, followed by paid domestic work, making and selling of textiles, and petty trading. Women are far more likely than men to engage in all three of these activities.

Table 33: Percentage of different groups aged 15 and above engaging in informal work by sex and activity

	Activity	Male	Female	Both
Informal primary production				
210	Crop farming	2.9	3.2	3.1
220	Tending animals & fish farming	7.2	1.2	4.0
230	Hunting & gathering wild products	0.3	0.3	0.3
240	Digging, stone cutting & carving	0.8	0.2	0.5
260	Purchase & sale primary production	0.2	0.2	0.2
280	Travel related to primary production	5.8	3.9	4.8
290	Primary production n.e.c	0.2	0.0	0.1
Informal non-primary production				
113	Paid domestic work	0.5	3.1	1.9
310	Food processing & preservation	0.1	0.3	0.2
320	Preparing and selling food and beverages	0.3	1.1	0.7
330	Making & selling textiles	0.3	2.5	1.5
340	Building & extension of buildings	1.0	0.4	0.7
350	Petty trading & door to door	1.2	1.8	1.5
360	Fitting, maintaining tools & machinery	1.0	0.0	0.5
370	Provision of services for income	0.7	0.3	0.5
380	Travel related to non-establishments prod	2.2	2.8	2.0
390	Non-establishment production n.e.c	0.4	0.2	0.3

Table 34 shows that all three of the main primary production activities are far more common in rural than urban areas. In contrast, the differences between urban and rural in respect of the non-primary production activities are all very small.

Table 34: Percentage of different groups aged 15 and above engaging in informal work by sex and place of residence

	Activity	Urban	Rural	Total
Informal primary production				
210	Crop farming	0.9	6.4	3.1
220	Tending animals & fish farming	0.6	9.1	4.0
230	Hunting & gathering wild products	0.1	0.6	0.3
240	Digging, stone cutting & carving	0.2	0.9	0.5
260	Purchase & sale primary production	0.2	0.3	0.2
280	Travel related to primary production	1.0	10.6	4.8
290	Primary production n.e.c	0.0	0.2	0.1
Informal non-primary production				
113	Paid domestic work	2.1	1.7	1.9
310	Food processing & preservation	0.2	0.2	0.2
320	Preparing and selling food and beverages	0.9	0.5	0.7
330	Making & selling textiles	1.3	1.8	1.5
340	Building & extension of buildings	0.3	1.2	0.7
350	Petty trading & door to door	1.5	1.6	1.5
360	Fitting, maintaining tools & machinery	0.5	0.4	0.5
370	Provision of services for income	0.7	0.1	0.5
380	Travel related to non-establishments prod	2.0	2.0	2.0
390	Non-establishment production n.e.c	0.3	0.2	0.3

Table 35 shows a higher level of engagement in crop farming by employed when compared with unemployed and not economically active, but less clear patterns in terms of other activities. With non-primary production, employed people show much higher levels of engagement in respect of paid domestic work, petty trading, preparing and selling food and beverages, and travel, but the patterns are again less clear with other activities. These patterns provide clues as to the type of activities that are not being recognised by either interviewers or interviewees when responding to the standard employment questions.

Table 35: Percentage of different groups aged 15 and above engaging in informal work by sex and employment status

	Activity	Employed	Unemployed	NEA	Total
Informal primary production					
210	Crop farming	3.9	2.1	2.3	3.1
220	Tending animals & fish farming	4.0	3.3	4.1	4.0
230	Hunting & gathering wild products	0.4	0.4	0.1	0.3
240	Digging, stone cutting & carving	0.7	0.4	0.2	0.5
260	Purchase & sale primary production	0.4	0.1	0.0	0.2
280	Travel related to primary production	4.7	3.6	5.2	4.8
290	Primary production n.e.c	0.2	0.0	0.1	0.1

Informal non-primary production					
113	Paid domestic work	3.7	0.1	0.2	1.9
310	Food processing & preservation	0.3	0.1	0.0	0.2
320	Preparing and selling food and beverages	1.3	0.2	0.2	0.7
330	Making & selling textiles	1.3	1.4	1.8	1.5
340	Building & extension of buildings	0.9	0.6	0.4	0.7
350	Petty trading & door to door	2.8	0.3	0.3	1.5
360	Fitting, maintaining tools & machinery	0.9	0.1	0.1	0.5
370	Provision of services for income	0.8	0.0	0.1	0.5
380	Travel related to non-establishments prod	3.5	0.9	0.4	2.0
390	Non-establishment production n.e.c	0.6	0.0	0.0	0.3

Table 36 shows noticeably higher levels of engagement by African people than other groups in most of the primary production activities. For non-primary production, it shows a slightly higher level of engagement by coloured people than African in paid domestic work, and a noticeably higher level of engagement in petty trading by African people than others. For the other activities the patterns are less clear. The table excludes Indian people because of the small sample size.

Table 36: Percentage of different groups aged 15 and above engaging in informal work by sex and population group

	Activity	African	Coloured	White	All
Informal primary production					
210	Crop farming	3.8	0.8	0.8	3.1
220	Tending animals & fish farming	5.0	0.4	1.7	4.0
230	Hunting & gathering wild products	0.3	0.0	0.2	0.3
240	Digging, stone cutting & carving	0.6	0.0	0.0	0.5
260	Purchase & sale primary production	0.3	0.0	0.1	0.2
280	Travel related to primary production	6.1	0.9	0.9	4.8
290	Primary production n.e.c	0.1	0.0	0.1	0.1
Informal non-primary production					
113	Paid domestic work	2.2	2.6	0.3	1.9
310	Food processing & preservation	0.2	0.1	0.3	0.2
320	Preparing and selling food and beverages	0.8	0.4	0.7	0.7
330	Making & selling textiles	1.4	1.4	2.5	1.5
340	Building & extension of buildings	0.8	1.0	0.1	0.7
350	Petty trading & door to door	1.9	0.5	0.7	1.5
360	Fitting, maintaining tools &	0.4	0.5	1.0	0.5

	machinery				
370	Provision of services for income	0.4	0.5	0.9	0.5
380	Travel related to non-establishments prod	2.0	1.7	2.5	2.0
390	Non-establishment production n.e.c	0.3	0.2	0.1	0.3

Table 37 shows the mean minutes per day spent on individual activities. To avoid reliance on small, and probably unreliable, numbers, only the main activities in each category are included. The table records the longest time for paid domestic work – 350 minutes, or close on six hours. This could be explained by this work more closely resembling formal work, with set hours of work per day. The next longest time is recorded for petty trading, followed by crop farming and making and selling textiles. The travel categories, while engaged in by relatively large numbers of people, account for the least time of the more common activities, but still average out at an hour or more a day.

Table 37: Mean minutes per day spent on informal production activities by actors aged 15 and above by sex

Code	Activity	Male	Female	Both
210	Crop farming	154	190	174
220	Tending animals & fish farming	129	69	119
280	Travel related to primary production	69	61	65
113	Paid domestic work	304	357	350
330	Making & selling textiles	412	144	172
350	Petty trading & door to door	244	245	245
380	Travel related to non-establishments prod	85	79	82

The sex differences in time shown in the table above are not reliable when only a small proportion of a particular sex is engaged in a particular activity. The table does, however, again suggest more involvement by women than men in terms of both numbers of people and time in crop farming and paid domestic work, and the opposite pattern in respect of tending of animals.

2.5 Main export sectors in which informal workforce is concentrated

Section 2.2.1 above looks at the main economic sectors in which informal employment is concentrated. The analysis reveals that domestic work, agriculture and trade account for significant shares of informal sector employment. Conversely, the informal sector accounts for a large proportion of employment in these sectors.

Early terms of reference for this study took this aspect further by asking for the main export sectors in which the informal workforce is concentrated. Although the final terms of reference omit this aspect, this section of the paper attempts, from data available at Stats SA, to give some indications on this topic.

Stats SA's national accounts section does not work explicitly with foreign trade statistics. However, the supply and use tables give some indication of the export of various commodities. They thus point to the industries that produce goods that are exported.

Before examining the export contribution of the informal economy, it is useful to look at official estimations of the contribution of the informal economy to different industry sectors as a whole. At current prices for 1999, table 38 shows the value added in the informal economy and the total economy, followed by the percentage contribution of the informal economy. This differs from previous presentations which have looked at the number and proportion of people employed in the different sectors. The table confirms the relative importance of the informal economy in trade and construction noted above in terms of employment. The contribution of the informal sector within agriculture is, unfortunately, unknown as it is included in subsistence agriculture figures provided to Stats SA by the national Department of Agriculture.

Table 38: Contribution of informal economy to value added, 1999 (R million)

Industry	Informal	Total	Informal as % of total
Mining	89	44 186	0.2
Manufacturing	4 782	135 952	3.5
Construction	3 893	21 263	18.3
Trade	25 019	95 159	26.3
Transport	3 311	71 340	4.6
Business services	8 967	141 928	6.3
Community services	3 801	21 119	18.0

Table 39 is derived from the supply and use tables for 1998. It suggests that in South Africa the industries in which the informal sector accounts for a larger percentages are those in which a relatively small percentage of output is exported. The relatively high percentage for trade is accounted for by accommodation (where the export percentage is 14,3%), rather than other trade services (where the export percentage is 0,7%). Exports represent a relatively high proportion of supply in agriculture, but this would be largely within commercial agriculture, rather than within agriculture which constitutes part of the informal sector.

Table 39: Exports as a proportion of total supply by industry, 1998

Industry	Total supply (Rm)	Exports (Rm)	Exports as % of

			supply
Agriculture	54 858	8 016	14.6
Mining	93 542	65 133	69.6
Manufacturing	713 028	91 762	12.9
Utilities	34 225	444	1.3
Construction	74 506	61	0.1
Trade	44 615	3 193	7.2
Transport	63 415	6 102	9.6
Business services	247 432	5 348	2.2
Community services	248 280	815	0.3

2.6 Contribution of the informal sector to gross domestic product

Stats SA does not ordinarily take sex into account when estimating the informal economy. The estimates of value added in the informal sector are largely based on the household surveys and population census without regard as to whether the workers concerned are women or men. The calculations use the number of enterprises in the smallest size group in the formal sector establishment surveys together with the number of employers and self-employed recorded in the household survey to arrive at estimates. For the purposes of this paper, we sex-disaggregate the resultant value added for each industry in two ways. Firstly, we disaggregate on the basis of the ratio of total male to female informal employee wages in each industry. Secondly, we disaggregate on the basis of the ratio of total male to female informal employee hours in each industry. Both calculations are very crude. In particular, we have confined our analysis to small size establishments. Nevertheless, the calculations provide a rough indication.

Table 40 is based on the LFS and shows total weekly income of informal sector employees by industry and sex. The informal sector is defined to include paid domestic workers. The table suggests that manufacturing accounts for the largest proportion (44%) of value added in the informal sector by this measure, followed by trade (20%) and paid domestic work (12%). The emergence of manufacturing in this table, where it has not been prominent in previous ones, is explained by the relatively higher wages paid in manufacture, as well as its relative importance in the economy as a whole.

Table 40: Total weekly income of informal sector employees by industry and sex (R1 000)

Industry	Male	Female	Total	% female
Agriculture, hunting, forestry and fishing	34812	16035	50848	32
Mining and quarrying	2353	796	3149	25
Manufacturing	319414	192300	511714	38
Electricity, gas and water supply	350	56	406	14
Construction	67375	1310	68685	2
Wholesale and retail trade	131051	98768	229819	43

Transport, storage and communication	43045	1498	44543	3
Financial intermediation, insurance, real estate and business services	14766	11199	25965	43
Community, social and personal services	25466	60198	85663	70
Private households with employed persons	20855	116775	137630	85
Exterior organisations and foreign government		74	74	100
Other activities not adequately defined	723	20	743	3
Unspecified	178	328	506	65
Total	660388	499357	1159745	43

In terms of sex, the table shows women's relative contribution being greatest in paid domestic work (85%), followed by community, social and personal services (70%), trade (43%) and finance (43%). Overall, women are seen to contribute 43% in terms of value added in the informal sector.

The next calculation draws on the time use survey. Because a single individual can be involved in more than one type of productive activity, we cannot rely on an individual's occupation to allocate hours. Instead we allocate time according to activities. Table 41 shows the allocation of activities to industry. Unfortunately, the activity classification does not allow a clear division between business and community services, and these are therefore placed in a single services category. The travel activities are also included because of uncertainty as to whether these should be considered as adding value or not. Most travel activities would probably be excluded in GDP calculations, but their inclusion should not make a big difference to the estimates.

Table 41: Allocation of activities to industry

Code	Activity	Industry
113	Domestic and personal services produced by (paid) domestic work	Services
210	Crop farming and market/kitchen gardening	Agriculture
220	Tending animals and fish farming	Agriculture
230	Hunting, fishing, gathering of wild products and forestry	Agriculture
240	Digging, stone cutting, splitting and carving	Mining & quarrying
310	Food processing and preservation activities	Manufacturing
320	Preparing and selling food and beverage preparation	Manufacturing
330	Making and selling textile, leather and related craft	Manufacturing
340	Building and extensions of dwelling	Construction
350	Petty trading, street/door-to-door vending	Trade
360	Fitting, installing, maintaining and repairing tools & machinery	Services
370	Provision of services for income	Services

Table 42 shows the percentage distribution of hours spent on each of these informal industries, and then allocates total value added in the informal sector between male and female according to these percentages. Comparison of this table and the one calculated on the basis of wages, shows that the female contribution is larger when measured in terms of time than when measured in terms of wages for all sectors. This is expected, and reflects the lower wages generally received by women. The size of the difference is, nevertheless, worth noting. In manufacture, wage-based calculations show a female contribution of 44% while time-based show a contribution of 74%. In trade, the relevant percentages are 20% and 62%. Unfortunately, we cannot calculate the values and compare for the total economy because there is no figure available for the value of informal agricultural production.

Table 42: Time-based contribution to informal sector production by sex

Industry	Male %	Female %	Total	Informal production	Male	Female
Agriculture	67	33	100	?	?	?
Mining	80	20	100	89	71	18
Manufacturing	26	74	100	4782	1252	3530
Construction	78	22	100	3893	3019	874
Trade	38	62	100	25019	9598	15421
Services	30	70	100	12768	3799	8969
Total	49	51	100	?	?	?

2.7 Enterprise level data on micro-unregistered enterprises in the national economy

South Africa does not, as yet, have available an official source of data on micro-unregistered enterprises. The February 2001 round of the LFS included a module focusing on the informal sector. The module adopted the standard approach of first asking whether any household members aged 15 years or older were engaged in any business, and then following up in more detail on those who were. Unfortunately, the results of the module are not yet available.

3 Characteristics of Various Types of Informal Employment

The previous section has examined the characteristics of the informal economy as a whole, with limited disaggregation. This section focuses on specific types of work within the informal economy. It draws mainly on smaller, unofficial qualitative and quantitative research. The discussion of different types is uneven as some – street trading in particular – have been investigated extensively, while others have attracted very little attention. Table 5 in an earlier section explains the importance attached to street vending and, to a lesser extent, domestic work.

In later sub-sections of this section we discuss the types specified in the terms of

reference. The discussions often overlap because, for example, a large proportion of the self-employed, which is the first category – and in particular women who are self-employed – are street vendors, which is the fifth category. In the remainder of this sub-section we provide a background to studies of the informal economy in South Africa.

In deciding which information to report, we have included aspects that are not available from large-scale quantitative surveys, or not included in Stats SA questionnaires. We have also considered aspects that we consider to have particular pertinence to women's involvement in the informal economy.

3.1.1 Defining the scope

In selecting studies, we have focused on non-agricultural informal work. This is in line with many other studies of the informal sector internationally. It differs from the discussion in the sections above to the extent that we included informal agriculture in the statistical analyses. We did not, however, include discussion of a special study done several years ago by Stats SA focusing on agriculture in ex-homelands, i.e. primarily on subsistence agriculture. The Rogerson and Preston-Whyte (1991) volume is unusual among South African informal sector work because it includes some rural and peri-urban studies.

Much of the relevant work for this paper has been summarised fairly recently by Lund (1998) in her review of research on the informal economy, women in the informal economy, and the working conditions of street traders conducted since 1990. Lund's focus is of the urban situation. Further, the bulk of the studies in South Africa at the time of her review had focused on KwaZulu-Natal, the most populous of the nine provinces, and one if the poorest provinces. The KwaZulu-Natal bias in terms of research has probably become even stronger since then as the local government of Durban, the provincial capital, has taken a special interest in the informal economy.

As with most issues in South Africa, the informal economy cannot be understood outside of the political background and its influence on economic, legal and social developments. Lund's review includes a useful summary of these issues. The impact of politics had both spatial and gender aspects. Under apartheid, most informal selling in urban centres was defined as illegal and most black business completely illegal. In black urban townships, business activities were also strictly circumscribed. Lund notes, in particular, that this has resulted in significantly lower percentages of manufacturing and services within the informal sector than in other African countries (Lund, 1998:17-18).

Women were more severely affected than men by apartheid spatial laws in that for those not born there, residence in 'white' urban areas was dependent on their relationship with a man – a husband or father. Formal sector opportunities were also difficult to come by. Factors such as these encouraged large numbers of African women to work as domestic workers.

One result of the situation described above is confusion – and often a conflation – of

different economic categories. In particular, during apartheid, 'informal', 'black' and 'illegal' were often treated almost as synonyms in describing particular forms of economic activity that were formally discouraged by the apartheid government, but arose as an economic response by black people to apartheid policies.

In the years since the formal ending of apartheid, the economy has changed significantly. The informal economy has grown due to a combination of several factors. These include lesser restrictions on black business, relatively poor performance of the formal economy, and formal encouragement of the growth of small (black) business. The changed reality has brought with it new confusions. These are reflected in the literature in conflations of discussion of black and informal businesses and small, medium and micro-enterprises (SMMEs). Further, the category SMME itself, which spans anything from a survivalist seller of fruit and vegetables to a formal company employing up to 150 workers, adds to the confusion.

A further confusion occurs in respect of employment status and sector. The Stats SA approach up until 1996, where only non-employees were asked whether they were in the formal or informal sector, was mirrored in other studies. This confusion reinforced confusion as to whether particular studies were focusing on the self-employed, or on (the smaller end of) SMMEs.

Many of the documents discuss and dispute the definitions. Naidoo (1993) notes the confusion when she refers to Peattie's assertion that 'the "informal sector" is an "utterly fuzzy" concept which can beguile and engulf innocent researchers into a "conceptual swamp"'.

Head (1998) uses a very wide definition of the informal sector based on the unregulated nature of activities. Her scope includes subsistence agricultural workers, domestic workers, home-based workers and commercial sex workers. Nevertheless, she acknowledges that the 'question whether women peasant producers should be counted as part of the informal sector or not is … an unresolved issue'. She also quotes the observation of Du Toit and Bosch (1992): 'Even the leading characteristics of the informal sector – the absence of collective bargaining and non-observance of protective regulation – are by no means confined to the informal sector alone.' This observation is interesting in raising two factors that are not generally employed in defining the informal sector for statistical purposes. It again points to the fact that some of the work discussed will be using alternative definitions and conceptions of the informal economy.

3.1.2 Informal sector vs informal economy

Recent work, primarily by researchers associated with South Africa's WIEGO network, has attempted to take the informal economy notion further. Motala (May 2000) presents a useful conceptual model developed by John Cross that distinguishes between different levels of dependence and, by implication, exploitation among traders. The model is illustrated in table 43.

Table 43: The four poles of informal economy work in the trading sector

	One supplier	Multiple suppliers
One client	Pole A: One client and one supplier (disguised worker)	Pole B: Multiple clients but one supplier (sales commission)
Multiple clients	Pole C: One client but multiple suppliers (sub-contractors)	Pole E: Multiple clients and multiple suppliers (entrepreneurs)

(Reproduced in Motala, 2000:3).

All three poles of the model are commonly associated with the informal economy, but they are often not sufficiently distinguished. Ignoring the distinctions has implications for policy as well as statistics. Recent South African labour legislation has tried to avoid the situation where employment is disguised so as to avoid labour laws. One of Motala's case studies is a garment manufacturer who is a member of the Confederation of Employers of South Africa (COFESA). COFESA is generally perceived as having been set up to assist employers to avoid labour laws and the agreements of the legally established bargaining councils. The employer's daughter explained that 'contract workers are people who voluntarily choose to take a contract with the firm to provide services and for which they would receive a fee per unit of work done' (Motala, 2000:20). However, in this case the workers all work on the employer's premises, use the employer's machines and materials, had set hours of work and in many other ways are ordinary employees. The difference is that they are not entitled to a number of benefits that they would receive if they were 'ordinary' workers.

Several studies note the links between the formal and informal sectors. Three World Bank establishments surveys (Chandra et al, 2001a and 2001b) conducted in the Greater Johannesburg metropolitan area provide some evidence about links between formal and informal economies in the form of use of temporary labour and subcontractors.

The World Bank study of large firms (Chandra et al, 2001a) found a positive relationship between firm size and the use of temporary labour and outsourcing. Over three-quarters of firms using temporary labour said they did so in order to be able to expand the workforce without hiring permanent workers, a reason categorised as 'flexibility' in the report. The three most commonly outsourced activities were general services, transport and training. Again, the most common reason for outsourcing was flexibility in adapting to increased workloads.

The World Bank's SMME survey (Chandra et al, 2001b) covered 792 firms across eight sectors. All firms paid VAT and would thus be considered formal in statistical terms. In analysis, the Bank distinguished between micro (1-5 employees), very small (6-20 employees) and small (21-49 employees) enterprises. The survey revealed that a third of the micro firms and 60% of small firms hired temporary labour. Construction and furniture were the greater utilisers of temporary labour. Even more than was the case with larger firms, SMMEs cited the need for flexibility as the reason for using temporary workers.

Both the large and small firm surveys were asked questions about the impact of changes in labour laws. This is relevant in understanding the informal economy as some analysts ascribe the increase in outsourcing and use of casual labour to attempts to avoid more stringent post-apartheid labour legislation. The researchers report that changes in labour legislation appeared to be less important for smaller than larger firms. One reason could be that the smallest firms are afforded concessions in respect of some aspects of the Basic Conditions of Employment Act through a special sectoral determination. However, the lesser concern about labour regulations among smaller firms could, in fact, mean that smaller firms are simply not complying with the law.

The third World Bank study (Chandra, 2001) covered 499 informal firms operating in the Greater Johannesburg metropolitan area. The informal sector was defined as consisting of firms which are not registered by VAT and also not subject to other formal regulation or taxation. Retail and hawking accounted for 139 of the interviews. Each of the ten other sectors accounted for fewer than 50 interviews. Firms were disaggregated into those with one or no employees, and those with two or more.

The study found that 80% of the informal firms depended on formal firms for inputs, 36% sold directly to formal firms, and over 50% competed with them. Only 14% of the firms said that they had received sub-contracted work.

3.1.3 Gender

Like Lund, a significant proportion of the studies look at gender issues. Beavon & Rogerson's (1986) is among the first work to look specifically at women in the informal sector. Their work attempts to track the history of women's informal work in Johannesburg since 1900. Street trading, shebeen work, prostitution and washing are all seen as dating from as early as 1900. The authors note that, with the exception of prostitution and home-brewing, women are involved in activities with limited prospects of capital accumulation. The success of home-brewing was partly a result of apartheid laws which either prohibited or strictly controlled the sale of alcohol by and to African people, and limited the availability of other forms of leisure. The authors assert that in the mid-1980s, around 20% of the dwellings in some parts of Soweto township might have been housing a shebeen, and that two-thirds of the operators were women. Beavon & Rogerson also chart how men took over certain forms of informal work as these became more profitable. Friedman & Hambridge's (1991:163) chapter also discusses why women, in particular, tend to dominate in activities such as street trading and shebeens.

May and Stavrou's (1989) relatively early study in the Greater Durban area does not touch on the issue of gender, but nevertheless raises some interesting issues. The authors estimate that about one-third of African urban households were involved in some form of informal sector enterprise at the time of their study, with higher levels of involvement in informal settlements. They argue, however, that a smaller percentage of households were totally dependent on the informal sector.

Budlender (1994) summarises the then-existing literature on women and micro-enterprises

in South Africa. She illustrates different points with examples and quotes from the fieldwork from the larger in-depth interview study of which the report formed part. This paper also includes a discussion of the political impact of apartheid in the form of, for example, business restrictions, population removals and laws regarding residence, limited opportunities and violence.

Budlender (1994) notes that the Central Statistical Services' (now Stats SA) first attempt, in 1991, to measure the size of the micro-enterprise sector found a slight preponderance of men. She attributes this to both the international pattern of undercounting of women's work, as well as the fact that women, because of fear of both officialdom and husbands, may themselves 'hide' their activity. The 1991 survey already found women outnumbering men in homecrafts, trade, hawking and services.

Meshack Khosa focuses on gender relations in the taxi industry in Durban (Khosa, 1998). His sample is small, but provides interesting qualitative materials about the conditions of women in a male-dominated industry.

3.1.4 Foreign workers

Several of the studies either focus on, or discuss, the issue of foreign involvement in the informal economy. Most reports on surveys that ask about foreign involvement note that the figures are likely to be underestimates, as some foreigners will fear to reveal their origins.

Perbedy & Crush's (1998) study focuses on handicraft and curio traders. South Africa is seen as providing more opportunities for these traders because of greater tourist traffic than other African countries. The study is based primarily on interviews with 107 non-South African and 21 South African traders in Johannesburg and Cape Town. The authors argue that more than one in five non-South African trader employs South Africans. All the employees they identify are women (Perbedy & Crush, 1998:2; 26).

Perbedy and Crush find a dominance of male traders, and that where foreign women trade, they often do so in a different way than men. For example, they are likely to be in South Africa for shorter periods, and to work in less visible forms of trade such as selling traditional dresses (Perbedy & Crush, 1998:15). The frequent shorter trips present logistical problems in countries where the South African representatives will only issue single entry visas.

Perbedy and Crush note that women traders are more likely than men traders to give the need to earn income as the reason for engaging in trade rather than enjoyment of trade or independence (Perbedy & Crush, 1998:17).

Hunt and Skinner (2001) report on a survey of 171 foreign informal traders working in Durban's inner city. 'Trader' is broadly defined, with 32% of the informants cutting hair, 15% repairing or making shoes, 1% welding gates and 4% supplying crafts rather than simply selling goods. As with many other trader surveys, the snowball method was used

to find informants. The sample consisted predominantly of young single males. Only seven (4%) of the interviewees were women. The overwhelming majority of those interviewed (93%) were self-employed.

The informants originated from 17 different African countries. Throughout the paper, there are comparisons of the 47% who were political refugees with those who came to South Africa for other, often economic, reasons. The study also notes difference between the foreign and local traders. For example, foreigners have reportedly never been granted sites in the central business district. They have access to private markets, but the sites cost much more than the government-run sites. Those who do not trade in official sites are often subject to greater police harassment than locals.

Dodson (1998) looks at foreigners more broadly, rather than only those who are economically active,. She finds that, while the main motivation for male migration is economic, for women it is a mix of social, reproductive and economic factors. In terms of work, men migrants are mainly employed in formal enterprises, while women are more likely to trade. This difference has a geographical aspect, in that many men go to mining areas, while women migrants congregate in the towns and cities (Dodson, 1998:1-2). Women are thus, presumably, also more likely to be involved in informal sector activity.

3.2 Self-employed

In this sub-section we review the more general work on the informal sector i.e. work which does not fall into any of the other specified categories. Because of differences in definitions used by different studies, we include studies nominally focused on micro-enterprises, survivalists, small business, SMME's, self-employed and 'the informal sector'. The studies are presented more or less chronologically because of the significant effects of the political changes in the country on the informal economy. All the studies are chosen because they throw some light on the major themes of this report, and in particular gender.

Where relevant, we note the size of the sample on which the different reports are based. Lund (1998) notes that many studies of the informal economy are based on information from a very limited number of workers. Where the snowballing technique is employed in constructing the sample, further bias is introduced. In particular, this method could favour the more articulate and better off operators.

Erasmus (1991) attempted to focus away from survivalist activities so as to assess opportunities for, and constraints against, accumulation in informal enterprises, as well as the nature of social differentiation in a community with high levels of informal sector activity. Her target was clearly visible enterprises with fixed 'abodes'. Her work is interesting for our purposes because it occurred before the formal ending of apartheid. As will be seen, it provides evidence of both the dominance of survivalist activity in African townships, and the dominance of women.

Erasmus' first study was conducted in Guguletu township in Cape Town after violence in

the taxi industry, another informal industry, prevented it taking place in the originally chosen area. The study incorporated a census followed by 38 interviews. The census found 162 enterprises, with 151 operators as some operators had more than one enterprise. There were very few manufacturing enterprises. Most distributed goods and a relatively small number provided services, with hairdressing the most common service.

The subsequent survey found more or less equal numbers of male and female operators. Despite the original aim of the study, close on three-quarters were survivalists. All interviewees were self-employed. Three-quarters did not hire non-family labour, but two-thirds used family labour, including children.

Erasmus' later study (1992) for the ILO covered both African and coloured townships. In (African) Khayelitsha Site C the target group was again clearly visible enterprises with fixed abodes. The target group in the (coloured) Cape Flats area was clothing manufacturers engaged in subcontracting. The latter enterprises are not clearly visible. Informal sector enterprises were defined as those employing fewer than 50 workers and which were unregulated or exempted from regulations.

In the clothing sector, 60 manufacturers were interviewed – 48 cut-make-and-trim operators and 12 independent clothing manufacturers. The majority (50) operators were women. Most previously worked in the formal sector clothing industry. Close on half left their previous job because of child care and household responsibilities. Under a third lost their jobs because of retrenchments. Employers reported a total of 110 employees, of whom 98 were full-time and 85 were non-family employees. Eight workers – all women – were unpaid. Fourteen employees – all female – were under 18 years of age.

Persad and May's (1995) paper draws on the 1993 Project for Statistics on Living Standards and Development (PSLSD) general poverty survey, as well as a 1992 survey of 615 micro-enterprises in eight different regions of the country. The paper's discussion is not framed in terms of formal and informal. The authors note, however, that of the 932 PSLSD black households (equivalent, when weighted, to over a million) who had members involved in SMMEs, 59% were involved in survivalist enterprises and 39% in micro-enterprises. Of the survivalist enterprises, defined as those involving only one household member, 62% involved women. The micro-enterprises involved more or less equal numbers of women and men. Of all survivalist enterprises, 29% involved selling goods on the street, and 15% sewing and selling clothes.

Harrison (1993) focuses on a peri-urban African site and service scheme outside Cape Town, shortly before the first democratic elections of 1994. She draws on previous survey work in the area which found, among others, that while 98% of women said that they would prefer to work outside the home and earn money, over a fifth of those with partners said their partners did not approve of their working in the formal economy. She also draws on interviews of 30 businesspeople conducted by project workers from non-governmental organisations (NGOs). All but two of the interviewees were traders of some sort or another. Spaza shops were more likely to be operated by married couples and were seen as a relatively successful business. In over two-thirds of businesses operated by

married couples, the husband was said to be the owner. Women, on the other hand, were almost always the primary workers in the business. Many of the men owners were employed in the formal economy. Budlender (1996) quotes evidence from another study that supports the view that many reportedly men-owned businesses rely heavily on the work of women. Harrison quotes other work that suggests that some women were choosing to remain single so as to retain greater control over their earnings, and avoid wastage of the money by men.

All the businesses investigated by Harrison were based in the owners' shacks. The survey exposed extremely long working hours which were necessary to accommodate customers who were formally and informally employed as well as those who were unemployed. The survey also exposed the transport problems experienced in obtaining goods, with most women relying on supermarket trollies or their head and using public transport. This obviously prevents their buying in bulk.

Bedford's (1995) report is based on analysis of a survey of 245 women members of the Self-Employed Women's Union (SEWU). Close on three-quarters of the women were street vendors and 28% were engaged in home-based activities. More than 60% of the home-based workers were sewing or knitting. The sample would be biased by the recruiting methods of the Union, but the survey nevertheless provides some interesting comparisons between the two groups of workers. Street vendors clustered in the lowest earning categories. As in other studies, the overwhelming majority of the workers said they were not engaged in secondary income-earning activities. Where there were secondary activities, these were mostly home-based.

Type of housing and facilities obviously affects the ease and profitability of doing home-based work. Bedford found that street vendors were more likely to be living in shacks, and home-based more likely to be living in houses. Half of the workers had running water in their home, but only 41% had electricity.

Close on two-thirds (62%) of the vendors and 45% of the home-based workers said they were the household head. Close on three-quarters were the main breadwinners in their households. These figures imply that some were the main breadwinner although not regarded as hosuehold head. Close on two-thirds said they were the only breadwinner in the household.

Nunes (1998) focuses on 'the role of woman as entrepreneur'. Although the title of the work is SMMEs, the paper largely seems to conflate SMMEs and the informal sector. For the statistical section she draws on calculations from Stats SA databases (the methodology is described in Ntsika (1997)) which show 60% of African women in the survivalist category (no employees), while micro-enterprises (1-4 employees) account for 55-7% for the other race groups. Overall women enterprises are reported to be concentrated in trade. 60% of women's survivalist enterprises are reported to be in rural areas.

Nunes discusses the legal, political and social reasons for women's relative disadvantage. Among the issues she raises is violence. She refers for example to evidence that women

close their businesses early because of fear of being harassed. Other research confirms a range of effects of violence on women's informal work. For example, Skinner (2000) quotes 1997 research by Data Research Africa which found that 42% of women and 33% of men traders named theft and criminal violence as among the main obstacles faced in their business, while 12% of women and 18% of men named extortion and protection payments.

The World Bank survey (Chandra, 2001) focuses on the informal sector, rather than the self-employed. One of the major hypotheses is that the African (black) informal sector in Johannesburg is a 'special case'. The paper argues that, while in other countries 'informal sectors … are the epitome of market forces', in Johannesburg, 'even though its firm owners do not presently face discriminatory policies, their characteristics show signs of distortionis created by discriminatory economic policies in the recent past.' (Chandra, 2001:2)

Women accounted for 38% of all business owners interviewed. Women were less likely than men to have employees. Women were more likely than men to have been unemployed prior to starting the business. Unlike in many other developing countries, the informal business represented the full-time job of 93% of owners, rather than a secondary source of income.

The study provides useful comparisons between the informal firms and the formal SMMEs covered in an earlier World Bank survey (Chandra et al, 2001b). For example, it found that informal firms generate an average of three jobs, the same as formal sector businesses of this size. Somewhat under half (44%) of the informal jobs generated were performed by family labour. However, 93% of all jobs were fully remunerated, full time and permanent. The informal firms thus appeared less likely than formal SMMEs to hire temporary labour.

Informal employers paid significantly less than formal sector SMMEs. When compared with national minima set by bargaining councils, the informal mean wages varied between 32% and 78% of these minima. Further, over half of the firms did not provide any benefits such as paid holiday or sick leave, maternity leave or retrenchment benefits. Some sectors, such as clothing, were more likely than others to provide these benefits.

Half the informal owners operated out of their homes. The other half did not have fixed locations. The most common motivations for choosing the location were proximity to customers, inability to afford rent for separate premises, and the attraction of being near to home. Many of the firms did not have access to adequate services and basic infrastructure such as water, sanitation, electricity, postal services, phones, public transport. One reason for this pattern is the historical separation of black townships from non-black, and more profitable, markets.

Finally, we return to Stats SA household survey data. In previous sections of this paper we have drawn primarily on the LFS and noted problems in doing trend comparisons because of changes in the instrument over the years. Casale and Posel (forthcoming) note the same

problems, but attempt, nevertheless, to compare information from the October household surveys over the period 1995 to 1999. They find an increase in the number of female informal self-employed from 178 000 in 1995 to 487 000 in 1999. Over the same period, the number of male informal self-employed increased from 214 000 to 525 000. Increases were thus enormous for both men and women, but bigger for women than men. Casale and Posel acknowledge that some of this increase might be accounted for by change in methods, but suggest that, nevertheless, a significant proportion if almost certainly 'real'.

Casale and Posel take the debate further by looking at likely reasons for a real increase in women's economic activity, and particularly the increase in more informal types of work. They suggest that one likely reason is 'the erosion of male income support over the period', as they find a significant decrease in the number of women of working age living with at least one employed male in the household.

3.3 Unpaid family workers

There appears to be very little work on unpaid family workers in South Africa. Unlike in other countries, the category is often not included as a specific category in survey instruments when asking about employment status. Stats SA questionnaires used to ask about the number of family and non-family members employed on a paid and unpaid basis, but did not regard the responses as particularly reliable.

Several studies nevertheless refer, in passing, to paid or unpaid family workers. In their study of Pietermaritzburg street traders, Mayrhofer et al (2001a) note that characteristics of 'non-entrepreneurial societies include, inter alia, the culturally and socially expected practice of discriminatory pricing based on personal relationships and status, and the practice of employment of too many relatives.' They suggest that the relative success of the Indian traders they interviewed when compared with African traders was related to the fact that the Indian businesses were family businesses, close to home and had mostly been in operation for a relatively long time.

3.4 Domestic workers

The best current source of information on the situation of domestic workers in South Africa is probably the report prepared by the Minimum Standards Division of the Department of Labour for the Employment Conditions Commission (ECC) (Department of Labour, 2001). The ECC is a statutory body constituted in terms of the Basic Conditions of Employment Act. One of its primary tasks is to advise the Minister of Labour on the setting of wages and conditions of work for vulnerable workers. The Department's report is a background document prepared to elicit public comment and assist the ECC in advising the Minister in respect of his desire to establish a sectoral determination which will set minimum wages and other conditions for domestic workers.

The department drew on all the known work on domestic workers in compiling the report, and also commissioned further studies. Information was collected through public comment, a series of provincial workshops, 803 employer questionnaires completed by

employers at the workshops, a series of 64 hearings around the country, a telephone survey of 300 predominantly urban households in Gauteng, 2 885 questionnaires completed by domestic workers at taxi ranks, and a survey of 982 domestic workers commissioned by the Department's Skills Development Division. The report also draws on information from Stats SA. The report thus includes quantitative and qualitative information.

By including a range of methods, the report covers both workers who live on the employer's premises ('live-in') and those who live elsewhere. The skills development survey found that 36% of workers were living on the employer's property.

In terms of age, workers are found to be concentrated in the 30-49 age group, but by no means confined to these ages. The Gauteng survey suggested that workers had worked an average of 15,6 years as domestic workers – and more than half their life for older workers. All the evidence points to the relatively low educational level of domestic workers when compared to other workers. Nevertheless, there are significant numbers of women who have a matriculation certificate but are doing domestic work in the absence of other opportunities. In the skills development survey, 37% of workers said they were doing this work because they did not have adequate skills for other occupations, and 34% said it was easier to find work as a domestic worker. Only 14% said they did the work because they enjoyed working as a domestic worker.

The skills development survey found that the main tasks of domestic workers were general cleaning, washing and ironing. Just over a quarter reported that they took care of employers' children, and much smaller proportions took care of ill or elderly household members. About 7% said they helped with home-based businesses of their employers.

The report reveals discrepancies in reports of employers and employees. For example, employers tend to report shorter working hours than employees. Employers also tended to report higher wages than employees. The skills development survey report (Community Agency for Social Enquiry, 2001) notes the difficulties experienced in even getting employers to respond.

Evidence on wages varied widely between sources both for known reasons (e.g. area) and for less explicable reasons. Analysis of Stats SA's household surveys suggested that a domestic worker would earn about 20% of the mean or median wage of a clerk. This figure is not directly comparable with some of the other sources, which exclude domestic workers employed on farms. The latter will not, in fact, be covered by the proposed domestic worker sectoral determination. They should, instead, be covered by a proposed determination – also the first – for agricultural workers.

Most of the non-official research into domestic workers focuses on workers employed in relatively affluent suburbs, where most employers are white. One exception is a small investigation reported in Budlender (1997) that looked at employment of domestic workers in African townships. The mini-survey was too small to be the basis of reliable extrapolation, but suggested that the official household surveys were not picking up all

paid domestic work in these areas. Budlender also reports on interviews with managers of employment agencies offering domestic workers or domestic work services. Some of these were found to offer the services of very young girls brought in from impoverished rural areas, often under very poor conditions.

3.5 Home-based workers

There is sometimes confusion between the terms 'home-based worker' and 'home-worker'. In this report we use the term 'home-based worker' in its broad sense as referring to all people operating from private homes. 'Home-workers' are those who are contracted by other enterprises to perform particular tasks, for example related to the clothing industry, at home.

The Self Employed Women's Union (SEWU) study of 1995 (Budlender & Theron, 1995) aimed to find out the extent of home-work but, in practice, revealed more about home-based work more generally.

The sample involved 600 coloured, African and Indian home-based workers, half of whom lived in Durban and the other half in Cape Town. In both cities areas were chosen in which clothing and leather worker workers were known to live. This was done in the belief that these areas were more likely to have home-workers. However, while the survey found that there was at least one home-based workers in 69% of all households, only 20 of the 601 workers interviewed were on contract to someone else, and could thus be regarded as home-workers. None of the twenty were African. Proportionately more were women than men. Fifteen were doing clothing-related work, and two selling-related.

Over 60% of all home-based workers were women. However, there were more or less equal numbers of women and men workers in coloured and Indian households, while women accounted for 71% of home-based workers in African households. The authors note that this could be a result of both greater economic involvement of African women, and fewer other opportunities available to them.

Fewer women, and fewer African people, had done previous regular work. Where women had done previous work, most had done domestic work. The most common types of current work for women were shops (34%), tailoring (28%) and hairdressing (5%). As in the formal sector, women's activities had a smaller range than men. Over four-fifths (82%) said they did not learn their job from anyone. Men were more likely than women to have learnt from a previous employer, and women more likely to have learnt from a family member.

All but one of the 111 home-based workers without access to electricity were African. Over a third had no inside water source, of whom all but three were African. Women (42%) were more likely than men (29%) to be working in houses without water.

The mean number of hours worked per weekday was 6,6 hours, with 5,3 hours on Saturday and 3,9 on a Sunday. Only 14% of men but 75% of women said they spent some

time the previous day on housework and cooking. Women spent an average of 2,9 hours compared to 0,3 hours for men. Over half (54%) of all the women and only 9% of the men said they are the primary caregiver for at least one child. Overall, only 9% of men but 45% of women said they spent some time the previous day on unpaid childcare. Women spent an average of 2,6 hours and men an average of 0,3 hours.

Women were more likely to work alone than men, while men were more likely to have paid non-family members working for them.

A third (33%) of men, compared to 64% of women earned under R200 per week. African operators tended to earn less than those in other population groups, but were responsible for supporting more people. There was no difference in the mean number of people supported by men and women workers.

High levels of home-based work are confirmed in other studies. Liedholm and McPherson (1991, quoted in Lund, 1998: 16) note that the 'vast majority' of the enterprises in Mamelodi and Kwazakhele in Gauteng were 'operated out of the home … typically operating without any outward sign of activity. One must clearly penetrate the privacy of the household if the full extent of small enterprise activity is to be illuminated'. Their study found that 70% of enterprises operated from home and only 11% were trading on the streets. Table 11 confirms that this pattern, partly explained by apartheid, continues up to the present.

3.6 Street vendors

We have already commented above on how official statistics have shown a phenomenal increase in the number of street vendors operating in the country, some of which may be real and some of which is a methodological artefact. The non-Stats SA work on traders has been concentrated in the metropolitan areas of Durban, Cape Town and Johannesburg but, as seen below, not totally confined to these areas.

There has long been an awareness of the importance of street trading as an economic activity. Already in the late nineties, May & Stavrou (1989) were quoting the African Council of Hawkers and Informal Businesses as estimating that there were 150 000 hawkers and vendors and 50 000 small shopkeepers (including spaza shops) in the country. They estimated that there was an increase of 16% in the number of informal sector operators between 1985 and 1988, with the most rapid increases in the informal settlements.

One reason for non-reporting of activities and thus different estimates would be fear of harassment. May & Stavrou quote other work which notes that officials estimate that approximately one third of all operators were involved in illegal activities and a further one third in 'socially undesirable' activities. They add the caution that what is socially undesirable or even illegal is a value judgment. As noted above, in South Africa these judgements had political overtones.

Discrepancies due to non-reporting must be added to real differences in numbers over small periods of time. Mayrhofer et al (2001a and 2001b) note the mobility of traders, who may pitch their stall at a different place each day. The Community Agency for Social Enquiry's (CASE) census of Johannesburg traders (Jennings et al, 1995) revealed great variation in the number of traders in a particular area across three visits – from 3 167 to 6 893. This could be due to different days of the week or times of the month being more favourable. Similarly, the Data Research Africa (DRA) study (quoted in Lund, 1998) of Durban found, during check backs, that many of the traders were missing.

There would usually be further variations over the course of a single day. Naidoo (1993) quotes an informant who notes that the most lucrative times are early morning, lunch time and late afternoon. In terms of research, these findings points to the need for careful thought around timing so as not to arrive at false conclusions. Lund (1998: 30) summarises the findings of several studies by suggesting that the 'busiest time of the day is from 4pm onwards when commuters are on their way home. The busiest day of the week is Friday. The busiest months of the year are around the major holiday seasons of Christmas and Easter' (Lund, 1998: 30).

In terms of longer-term trends, the introduction to Jennings et al (1995a) implicitly makes the link between an increase in trading and unemployment in the first sentences of the executive summary when it notes that the city's economy 'has, in recent years, been unable to keep up with the demands being made on it for job creation in the formal employment sector. There has been a proliferation of people trading on the streets of Johannesburg.' In looking for reasons for this growth, the report points to different groups – the city's own population which has been affected by recession and automation, internal migrants, affected by factors in both commercial and subsistence farming, and international migrants because of poverty in countries of origin.

Some of the differences in numbers thus reflect real differences and developments over years or shorter periods. Some of the differences are accounted for by the political motives of the reporter. Thus Witt notes the different estimates for Warwick Triangle in Durban where a report commissioned by the City Council estimated some 1 500 legal and 200 illegal traders in that area, a senior Council employee had an estimate of 4 000-4 500, while a census counted 4 010 traders (Lund, 1998:16). In 2000, Skinner wrote that Warwick Junction was estimated to accommodate between 4 000 and 6 000 street traders. A much earlier estimate cited in Naidoo (1993) put the number of traders in Warwick Triangle at 450-500 traders each day.

Important quantitative sources on street vendors include two censi of street traders, in Johannesburg central business district (CBD) (Jennings et al, 1994) and the Durban Metro area (DRA, quoted in Lund, 1998) respectively, both of which were followed by more in-depth surveys. The results of these censi and surveys are worth reporting in some detail because of the size of the exercises, because much of the street trading in the country is concentrated in these and similar metropolitan areas, and because other smaller surveys often confirm their findings. (This summary draws heavily on Lund, 1998)

The Johannesburg census suggested that 48% of traders were women, and the subsequent survey consisted of 52% women. The Durban census found 61% of traders to be women, and the survey consisted of 63% women. The Durban census suggested that those selling clothes were more likely to be employed by another person while those selling fresh produce were mainly self-employed. The study found a small gender difference in terms of employing others, with men more likely; women significantly more likely than men to be employees; women more likely to be sellers only, and to sell fresh produce only; men slightly more likely than women to purchase from a large dealer.

Both the Johannesburg and Durban studies found that more men than women were in the 21-30 age group and more women than men in 41-50 age group. These patterns presumably relate to childbearing and rearing. All studies find low levels of education. The educational patterns in terms of age and gender largely reflect those of the overall population.

The Johannesburg survey found that 14% of interviewees were non-South African. The foreign migrants were generally better educated than South Africans. They also tended to be male. The Durban study suggested that many of the women were oscillating migrants, migrating between urban Durban and rural areas on a regular basis.

More men than women had covered stalls in both cities. Both the Durban and Johannesburg studies found that most traders sell a very limited range of goods, with food by far the most common. This finding is repeated across smaller studies. These and other studies suggest that foreign traders could be introducing some diversity in terms of products.

The Johannesburg survey investigated children and child care responsibilities in some detail. About half of those with children under six years did not have them living with them. Of those that did, men could more regularly rely on wives or partners to care for the children while women relied on other family members.

Over 80% of traders in the Johannesburg study started trading because they were retrenched, had no other skills, or could not find other job. Men were more likely than women to have previous work experience. Women reported that they were previously unemployed, or worked as domestic workers, or start trading when widowed.

Silo et al (2001) focus on the much smaller city of Grahamstown, in the Eastern Cape. The study is based on three methods. The main survey constitutes a near-census of the relatively small number of traders operating in the central city. A second, much shorter, survey focused on shoppers. The two surveys were complemented with interviews with selected formal sector traders.

The trader survey found, like others, that traders were predominantly women, many of whom were the main breadwinners for their households. Again, as with other surveys, trading was seen more as a survival strategy than a way of earning a large income. A full 82% were found to sell the same goods as others trading next to them. Half of the vendors

sold foodstuffs, with clothing the next most common item. Most traders operated all year round. Interviewees were more or less evenly divided between those who traded only on weekdays and those who traded on both weekends and weekdays. Despite the distance from the country's borders, 11% of the traders reported that they were foreigners, most of whom had been trading since arriving in the city. Almost all products were produced in South Africa, with close on half produced in Grahamstown.

Mayrhofer *et al*'s (2001a and 2001b) paper is based on research in Pietermaritzburg, a smaller city very close to Durban. As with other studies, the majority of traders were women and black. Further, the overwhelming majority of traders said that this was their only source of income, and that they had started the business to cope with poverty. In particular, increasing unemployment was said to have resulted in a significant increase in the number of traders over the last five years.

Mayrhofer et al focus, in particular, in the efficacy of business support services. To their surprise, and contrary to the literature, they found that the majority (70%) of traders declined business assistance programmes. The traders also did not suggest alternative or additional areas in which they would like assistance or training. The researchers conclude from this that 'assistance programs need to focus on strengthening the traders' enterpreneurial understanding', but there could be other interpretations. The researchers themselves note that traders felt they did not need business administration training because they 'were doing just fine' or the training modules were too advanced and therefore not applicable to the enterprise size. Further, they did not see the value of targeting or consumer research as they wanted to attract every person to become a customer. Instead of training, they wanted assistance from local and other spheres of government, for example in terms of providing shelters.

Mayrhofer et al's sample consists of four distinctly different groups of traders, allowing comparison between locality, the degree to which trading status is legalised, and between traders from different population groups. Of particular interest to this study, they found equal numbers of women and men among the Indian traders, in contrast to the female dominance among African traders.

Coming back to Durban, we find a range of smaller focus studies. For example, Naidoo (1993) conducted her fieldwork in the popular trading area of Warwick Triangle on the periphery of the central business district in Durban. Naidoo's work is interesting because of the in-depth qualitative nature of the information she collected. At the outset, Naidoo notes that for some of the women traders, the work space also constitutes home as they sleep on the streets because of the time and monetary cost of transport, the difficulty of finding other accommodation, and problems related to security of their stalls and goods. Evidence from this sort of study provides a useful supplement to household surveys, as the latter would not normally pick up homeless people. One particularly interesting observation in Naidoo's report is that although vending licences and rules had been introduced before her study commenced, few of the women interviewed had licences and several gave reasons as to why they broke the rules.

Grest's much later study (2000) looks at how gender plays out for street traders in Durban's Warwick Circle in respect of three particular issues – the use of electricity in the streets, public toilets, and the activities of bovine head cookers. His main interest is an examination of different concepts of citizenship, but the detailed examination of these issues contrasts with the general assertions and recommendations put forward in much of the research on street traders.

Motala (May 2000) focuses on the utilisation of public spaces in Durban in relation to trading in ready-made clothing. The methodology was in-depth interviews rather than a questionnaire survey. Informants included traders in imported goods, traders in second-hand clothes, and traders of locally made goods. While Motala's focus is not central to this report, her study reveals the linkages between different sorts of work. For example, there are 'boys' employed to collect and transport goods between traders and storage depots, workers employed to manage and provide support services such as storage, salespeople who sell on behalf of the owner, self-employed traders, manufacturers of the goods, suppliers of imported goods, wholesalers of local and imported goods.

Finally, there are several studies that pick up on health issues. For example, respondents to the Johannesburg survey (Jennings et al, 1995a) were asked a series of questions about their health. Skinner (2000) quotes a street trader who reports that she is on the street seven days a week because 'the poor do not get sick'.

Pick and his co-workers (1998 and forthcoming) have focused specifically on health issues among women street traders, but has also collected a wealth of information not directly related to health. The papers are based on research conducted in Hillbrow suburb and the central business district of Johannesburg. One interesting gender aspect is that Pick notes that, before conducting the survey, the researchers had to obtain permission from 'block captains'. These are men who control trading in a particularly block. He cites this as 'a classic example of male domination in the informal trading sector'.

Pick *et al* (forthcoming) report that, in terms of demographics, two-thirds of the interviewees reported themselves as single, and 23% as married. However, despite the reported marital status, 64% had a relationship with a man and most had been in the relationship for longer than five years. In terms of age, the Johannesburg women were younger than women involved in trading in Khayelitsha, an African township of Cape Town. Pick suggests that 'the urban informal trading sector attracts women who are less handicapped by childcare and who can spend long hours trading in the streets.'

Over a third (37%) of the women did not work for themselves. Those who worked for others usually worked for a man, most often a family member. Younger women were less likely than older to work for themselves. Over half (59%) of the sample came from elsewhere in South Africa, 15% from outside the country, and only 26% were born in Johannesburg. The majority of the women sold food (60%) and clothing (29%).

Pick (1998) describes the nature of the households in which the women traders live. Nuclear households accounted for about a third, extended households for 3%, woman-

headed households (a woman with or without children and no male partners) for 15%, and 'alliance' households made up of combinations of family members, friends, lodgers and others for close on a half.

3 Additional topics

3.1 Household economy

The LFS includes a question about the usual total income from work for employed people. It does not, however, include a question on total household income. It is thus not possible to calculate income of those working in the informal sector as a share of total household income.

It would be possible to calculate informal sector income as a share of total earned income. These calculations would, however, not be very accurate. For employees, informal sector wages often fluctuate more than wages in the formal sector. For the self-employed, determining the income amount is even more difficult. Firstly, by definition, informal sector enterprises do not keep separate accounts from the household. Secondly, most operators have a difficulty distinguishing between gross income, and income net of expenses. We have thus not attempted the calculation.

The LFS of September 2000 included an income and expenditure module that asked more detailed questions about money coming into and going out of the household. The data from the module is not available as yet, but may, when it is, provide more accurate figures on which to work.

3.2 Informality, Gender, and Poverty

There is no single accepted method of measuring poverty in South Africa. Some analysts use relative methods, for example, the poorest 40% of households in the country. Others use a variety of absolute cutoff points in terms of income. Still others construct indices which include income and other variables. The LFS is not an ideal instrument for measuring poverty because of the weaknesses in income data. All employed people are asked how much they earn. As noted above, however, the data on self-employed income is not very reliable. Further, there is no information about non-earned income.

The LFS does, however, include two questions on hunger within the household that can be used as proxies for poverty. Question 7.27 asks whether, in the past year, there was every a time when children under seven years of age went hungry because there was not enough money to buy food. Question 7.28 asks a similar question in respect of other members of the household. For the crude analysis presented below, we use the second question as it covers households with and without young children.

Before presenting the analysis, we must note the limitations of this approach. In the first place, the questions refer to the household as a whole. While the household, by definition, 'eats from a single pot', there is no guarantee that the available income is shared equally

between the members. Secondly, a household may contain several employed people, some of whom work in the formal and some of whom work in the informal sector. Thus, even if the informal sector tends to provide lower, 'poverty-level' incomes, some informal sector employed would live in households with formal sector earners and thus not necessarily be poor. Thirdly, evidence from elsewhere in the world suggests that where women have more control over household incomes, the available money is more likely to be spent on food. These households would then, even at the same income, be less likely to have hungry members. Fourthly, the fact that a significant proportion of (female) informal sector operators are food vendors, might also mean that their households are less likely to suffer hunger.

Table 36 presents the percentage of workers living in households which reported hunger by sex and the sector in which the worker is employed. Overall, 14% of workers were reported to be living in households experiencing hunger, with a slightly higher percentage for women workers (16%) than men (13%). Hunger is much less likely for workers in formal sector jobs, at 9% for both women and men. The likelihood of the household experiencing hunger is fairly similar for domestic and other informal sector workers, at 20% or more. There is also a sex difference within the informal sector, with women more likely than men to live in households experiencing hunger.

Table 36: Percentage of workers living in households experiencing hunger by sex and sector of worker

Sex	Domestic workers	Other informal	Formal	Total
All	22	25	9	14
Male	20	24	9	13
Female	22	25	9	16

Table 37 is based on the same information, but presents it in a different way. It focuses on workers living in households experiencing hunger, and calculates the proportions of these workers who work in different sectors and are male or female. The table shows the biggest concentration (44%) of 'poor' workers in the non-domestic informal sector, where there are roughly equal numbers of women and men in this situation. The next biggest concentration (40%) is in the formal sector, where there are significantly more men than women. Domestic workers account for 13% of workers living in households experiencing hunger. While this percentage appears to be low, it is higher than their percentage contribution (8-9%) to the employed population as a whole. Women are also over-represented, whether employed formally or informally, as they make up only 45% of the employed workforce, but 51% of workers living in households experiencing hunger. Conversely, formal sector workers are under-represented among the poor as measured here.

Table 37: Workers living in households experiencing hunger by sex and sector

Sex	Domestic workers	Other informal	Formal	Unknown	Total
All	13%	44%	40%	3%	100%
Male	0%	22%	25%	2%	49%
Female	13%	22%	15%	1%	51%

4 Conclusion

The review reveals that there has been a significant amount of work on the informal economy in South Africa recently. This has occurred in terms of official statistics, non-official survey work and more qualitative studies. Much of the work has been driven by the political and economic changes in the country over the last decade. These have resulted in an increased focus on activities and areas in which black, poor and female people are engaged. Political changes have also driven more policy-oriented work, for example in relation to the informal economy in Durban, and in respect of micro-enterprises more generally.

In terms of economic changes, there are many indications that the informal economy has increased in recent years. Some of these changes are statistical artefacts, as methods of picking up this sort of work improve. It seems clear, nevertheless, that statistical artefacts cannot account for the full extent of the increase.

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