

Informal workers' ability to adapt to COVID-19 shocks and the case for social protection

A study of the informal sector in the City of Cape Town, South Africa



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Abstract

The COVID-19 pandemic has sparked interest in the changing nature of the world of work. Technological advances and the digitalization of the workplace have helped minimize the devastation of the pandemic for formal workers. On the other hand, informal workers have been excluded from technological developments and remain locked out of their earning livelihood-earning spaces due to measures taken to prevent the spread of the coronavirus. There are now growing calls for the South African social protection agenda to be remodelled with a major concern centred on the inclusion of informal workers into this realm. The COVID-19 pandemic has revealed serious consequences for both formal and informal employment within the labour market. The COVID-19 pandemic has revealed the importance of extending the right of informal workers to access social protection due to vulnerabilities to their livelihood earning strategies which they are unable to avert. This paper aims to analyse how the COVID-19 pandemic will contribute to and shape the social protection terrain in the South African context.

For its framework for analysis, this study uses a mixed methodology design which involves a combination of both quantitative and qualitative data. The quantitative part is based on the National Income Dynamics Study Coronavirus Rapid Mobile Survey which is a contemporary nationally representative dataset which

offers a time series insight into how the pandemic and associated lockdown regulations have impacted households, the labour market, and the South African economy. The analysis of this research will be based on the National Income Dynamics Study-Coronavirus Rapid Mobile Survey (NIDS-CRAM) datasets considering all five waves of the study. The findings revealed that informal workers were heavily affected since the COVID-19 lockdown phase and experienced a total loss of income and livelihood-earning strategies. The findings also reveal that self-employed informal workers were the most affected by measures to curb the spread of the coronavirus due to the closure of public spaces which they normally use to ply their trade. The results from this study can be useful to policymakers in their endeavour in tackling decent work deficits and poor working conditions amongst those working in the informal sector. The paper also offers recommendations on how the South African government can scale up COVID-19 relief measures. This study adds a significant contribution to the literature on social policy by demonstrating the importance of the concept of heterogeneity in redesigning social protection systems in developing economies.

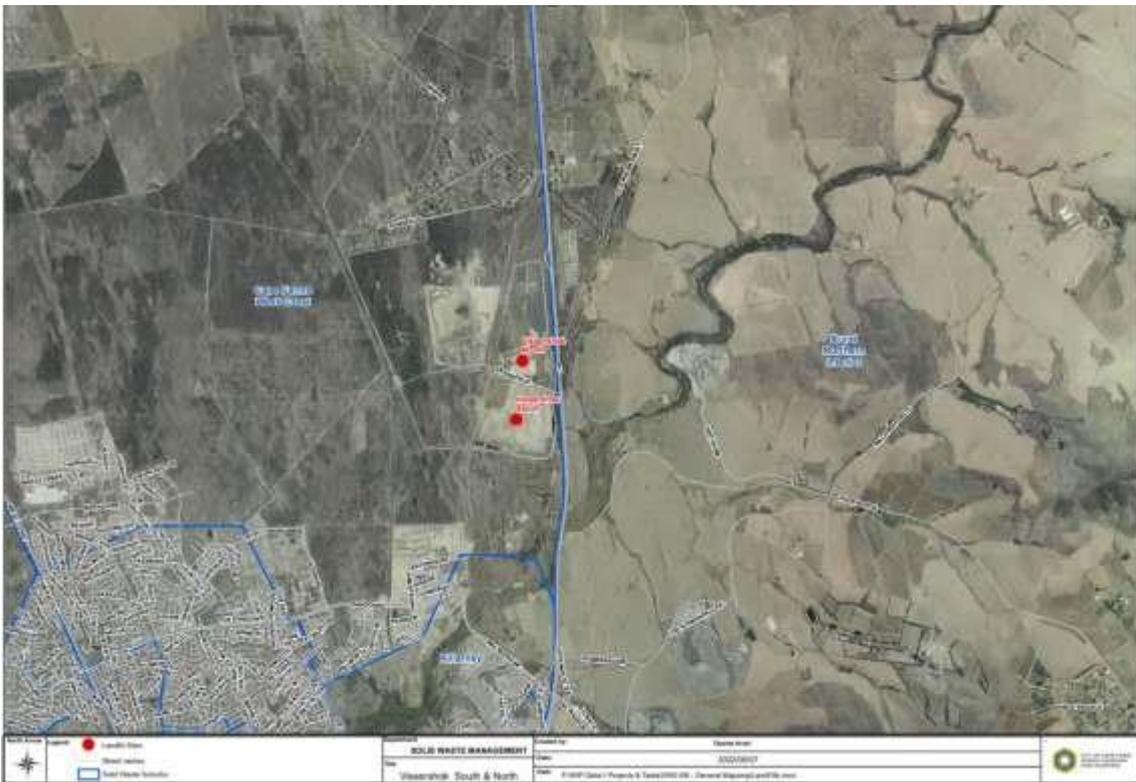


Figure 1: Map showing Coastal Park landfill and Vissershok South and North landfill in Cape Town¹. Source: City of Cape Town, 2022

Introduction

The informal sector can be termed the forgotten sector because since the attainment of democracy in South Africa it has been excluded from economic policy formulation (Fourie, 2018). Furthermore, informal workers have a history of being excluded from social protection assistance and currently, there are no measures in place to provide relief to these workers in a time of great distress. Scholars such as Van der Berg et al. 2008; Leibbrandt et al. 2010; Posel & Rogan, 2012 argue that the literature surrounding poverty in South Africa reveals that government transfers in the form of social grants have been instrumental in reducing income poverty over the past decade. This study seeks to address social exclusion by promoting recognition of informal work. The generation of new knowledge on how social assistance can be extended to informal workers is a

gateway to eradicating poverty amongst the working poor in South Africa (Rogan & Skinner, 2018). Providing informal workers with social protection can assist them to save their earnings and this may have a positive impact on reducing income poverty at household and individual levels. The main research question of this study is to better understand how informal workers are coping with the COVID-19 pandemic and to what extent they need social protection to address their vulnerabilities in order to ensure that they can sustain their livelihoods.

Potential difficulties

Due to the risk surrounding COVID-19, it was a struggle to acquire ethical approval to conduct this fieldwork by the Stellenbosch University Social and Behavioural Ethical Committee. This fieldwork had to

1. The researcher is grateful for the assistance of City of Cape Town employees, Oyama Arosi and Meagan Donnelly who made this research a success.
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include a COVID-19 research mitigation protocol to protect the researcher and the participants from harm.

Another challenge to executing this study was obtaining the City of Cape Town's approval to interview waste pickers in landfill sites (Coastal Park landfill and Vissershok South and North landfill) in Cape Town. See Figure 1 below.

Nonetheless, a combination of face-to-face and telephonic interviews was used in combination to avert the burden of lengthy application processes. The promulgation of the Protection of Personal Information Act (POPI ACT) made it challenging for the researcher to take pictures of the participants.

Successes

This study was a success because it helped raise awareness of the importance of informal work in South Africa given that structural unemployment and youth unemployment are high in this context. Moreover, the researcher took the opportunity to promote worker education during the fieldwork and assisted informal workers to understand the Constitution of the Republic of South Africa and the Bill of rights enshrined in it. Informal workers were also provided with printed copies of the City of Cape Town's informal policy which helped them understand the point of view of the municipality. It was encouraging to see informal workers begin to start to legalize their enterprises with relevant municipalities in the hope of being recognized as important players in rebuilding the South African economy. This research was also influential in understanding the differences between South African informal workers versus foreign nationals who are working in the same sector. The researcher was able to understand that lack of trading space, livelihood-earning opportunities, and a lack of seed capital to open an enterprise are some of the key reasons behind xenophobia in South Africa.

Key Findings

The findings of this study generated interesting themes which can be used to continue policy-related

research on the informal sector in South Africa. Some key findings from the Stellenbosch and Khayamandi taxi rank include complaints against the Stellenbosch municipality who were reported to be destroying the informal sector through high levies on municipal trading permit licenses. For example, one clothing trader articulated that they are forced to pay more than 200 rands for a municipal trading license in combination with 500 rands to cater for the storage of their goods once they are done trading for the day. Informal workers complained that this fee is not practical given that there has been a shock in the economy and informal workers are not selling goods to cover these expenses. Informal trading stalls in the Stellenbosch taxi rank are vacant either because the traders closed their enterprises during the national lockdown or could not recover since the government does not support foreign informal traders enterprises.

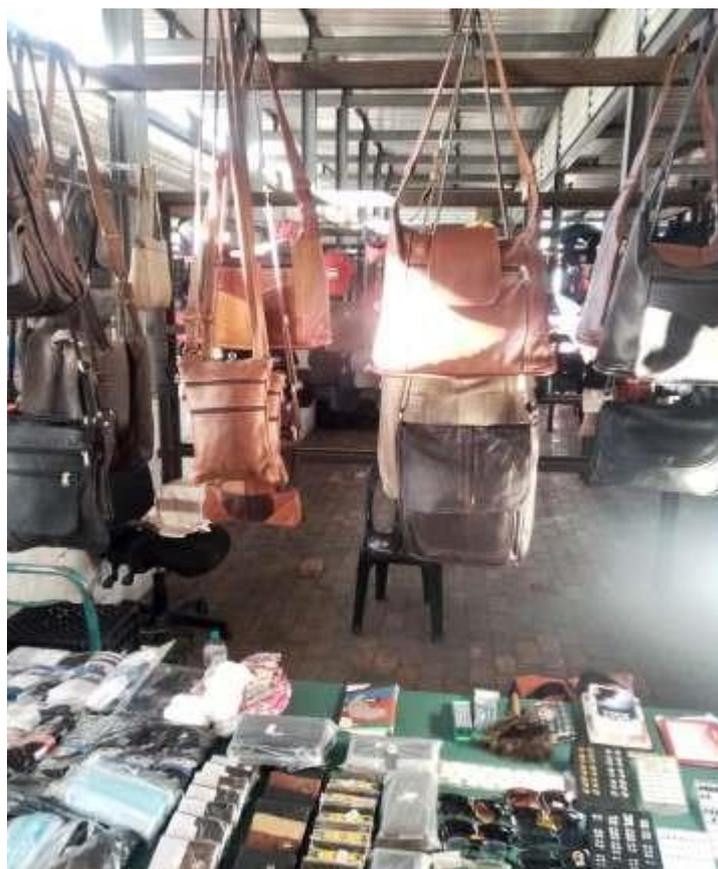


Figure 2: A clothing trading stall at the Stellenbosch taxi rank.
Author: S.K. Bob, Stellenbosch taxi rank, 2022.

Interestingly, the traders complained that informal workers in Cape Town are paying 90 rands per month

for a municipal license and even had these fees halted for six months at the height of the COVID-19 pandemic. It was also reported how municipalities are not promoting informal work which is key to women and household income. Both clothing traders and food vendors complained about the poor positioning of the trading market in Stellenbosch, located too far away from the taxi rank and its potential customers. Thus, the complaint was that informal workers in Stellenbosch are located in a market which is badly constructed and situated and receives no customers, yet they are expected to make payments to the municipality on a monthly basis despite all the difficulties they face on a daily basis.

Informal workers ability to adapt to COVID-19 shocks

Informal workers reported different initiatives that they used to cope and adjust to the negative shocks of the COVID-19 pandemic. For example, some clothing traders reported that they have diversified the goods and services which they sell since during the hard lockdown phase it was not permitted to purchase clothes and they realized the vulnerability concerning one product. Hence, some clothing traders reported venturing into providing cell phone-related products which are durable and are a need in society. Food vendors reported the same coping mechanism, however, in their case, a few vendors have opted for temporary part-time work in the hospitality sector to supplement the poor earnings from informal trade.

Waste pickers also reported that they experienced a boom during the hard lockdown because they were declared essential service workers and were able to continue working despite the lockdown regulations which were in place. A key finding across all three groups of informal workers is the use of social media to continue trading and as a source of social cohesion within the community. Informal workers reported how they were able to stay in communication with regular customers and this helped strengthen their social capital.

Existing literature reveals that most policy-related studies on the informal sector have analysed it as a

homogeneous entity; and have largely ignored the concept of heterogeneity and segmentation of informal employment. Scholars such as Chen & Beard (2018),



Figure 3: Examples of food vendors stalls in the Epping Market, Cape Town. Author: S.K. Bob, 2021.



Figure 4: An image showing Cape Town Market that supplies informal food vendors in Epping. Author: S.K. Bob, 2021.



Figure 5: Gates and fence erected at the Belville Transport Interchange, Cape Town Author, S.K. Bob, 2022.

Skinner (2018); Chen (2012); Unni & Ranni (2003) argue that the informal sector is heterogeneous in nature and as such, any study on this sector should incorporate it into its analysis. Informal workers differ according to

factors such as geographic location, place of work, occupational groups, status in employment and through branches of economic activity (Fourie, 2018). Furthermore, Fourie (2018) argues that it is important to incorporate spatial dynamics into the analysis of the informal sector because different geographic areas have specific manifestations of informal employment in that context. Factors such as geographic size, and informal sector size play a huge role in formulating policy-related research which is tailor-made specifically to that context.

This study importantly sampled food vendors, waste pickers and clothing traders who ply their trade at the Belville Transport Interchange. The findings are key to understanding the struggle for black economic emancipation in South Africa. This research identified that part of the interchange has been fenced off to the public, a measure that the City of Cape Town deems is meant to control movement into Belville. However, interviews with informal workers revealed that the City did not consult informal workers prior to the erection and construction of this fence and gate. Moreover, the fence disrupts the movement of people into the interchange out of fear of being robbed or mugged. This is negatively impacting informal workers' income security since this occupation relies on daily earnings. Also, the fence has been criticized as an impediment to evacuation procedures should there be chaos within the interchange that is normally caused by the taxi industry. Theft and elements of criminality have increased within the interchange, and this has made life difficult for informal workers who are constantly under threat.

Conclusion

This study summarizes that the policies implemented to curb the spread of the COVID-19 pandemic were destructive to informal work and given the history of underemployment and unemployment it remains a mystery why the Government of South Africa went ahead with poorly constructed plans. Building back better after COVID-19 will not be possible without state support to subsidise the losses incurred during the pandemic. Moreover, this study revealed that it was a serious challenge for informal workers to access the COVID-19 special grant and this research recommends that the

agencies involved should use better targeting measures soon.

Acknowledgements

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