

The Implications of COVID-19 on Informal Trading in Gauteng, South Africa

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Abstract

COVID-19 and consequent changes in mobility have altered informal trading as a significant livelihood activity for many unemployed people in South Africa. Emerging evidence shows that informal traders were severely affected by this health and economic crisis. We analyse a representative sample of 15 informal traders from Gauteng and show that transitions to reduced working hours and to working from home have resulted in enhanced business skills, increased social bonds, and using digital platforms for trading. Despite lockdown and social distancing measures, we demonstrate three facilitating themes: human capital benefits and sustaining trading, social capital benefits, financial benefits and using digital platforms to enhance trading. The article concludes with suggestions to strengthen associations and business forums for informal traders in the second economy.

Keywords: Economic Growth, Informal Trading, Social Capital, Sustainable Livelihood, COVID-19

Introduction

Lockdown and social distancing regulations that many countries instituted to curb the spread of Covid-19 had a major impact on gainful employment in the formal economy (Brodeur et al, 2020). Informal trading has been perceived as a significant decentralised economic activity undertaken by entrepreneurs as a response to either an economic crisis or job loss (Laframboise, 2019). Despite the numerous difficulties encountered by traders to sustain their livelihoods, income-generating activities are positively integrated into South Africa's social development agenda (Review of White Paper on Social Welfare,



2016). Local economic development and informal trading activities have been well integrated as key intervention outcomes in the Department of Trade and Industry, the Department of Social Development, and the Department of Agriculture (Dewar, 2005). The business model views informal trading as an informal business that is not taxed, excluded from any gross public item, and not subject to any government regulations (Chen, 2012). It involves all activities that are not recorded by formal work market information, which incorporates street traders, home-based businesses, casual contractors, domestic workers, and farmworkers. Research has shown that even though women and men share many burdens of poverty, they frequently experience poverty differently, have different poverty reduction priorities and are affected differently by developmental interventions (Son & Bauer, 2017). Gender mainstreaming and the design and implementation of poverty eradication policies in the labour market is key to addressing these diverse needs. In the past decade, an estimated 45, 5% of informal businesses are owned and managed by women while around 54, 5% are owned by men (Meyer, 2018).

It is important to take note that the global public health crisis affected informal traders in two profound ways. On the one hand, government regulations-imposed mobility and restrictions on movement for health and safety reasons, force millions of traders to work from home (Yasenov, 2020). On the other hand, the economic downturn led formal companies to downsize or liquidate which for many traders meant working fewer hours and that they bore the brunt of partial income generated from their trading activities and or losing their businesses entirely (Brodeur et al, 2020). Such unanticipated disruptions in the labour market have the potential to reorganise trading activities in the second economy and the subsequent sustainability of livelihoods. Previous research that focused on the impact of health crises on the division of labour has shown that trading roles and activities may shift and adapt to match the changed circumstances (Collins et al, 2020).

In this paper, we investigate two interrelated questions. First, we analyse informal traders' economic experiences, their working hours and working arrangements and how this changed during the pandemic. Second, we focus on the factors that contributed to the sustainability of their businesses. To our knowledge, we are the first to study this relationship in the context of the Covid-19 pandemic.

Considering the above discussions, this paper presents empirical evidence from a study which adopted qualitative methodology to gain greater insight into the economic experiences of fifteen informal traders from one province in South Africa. Using sustainable livelihoods as a foundational theory, this paper presents their biographical profiles and discusses three themes: human capital benefits and sustaining trading, social capital benefits, financial benefits and using digital platforms to enhance trading. It is important to acknowledge that health, socio-political and structural poverty are factors



that shape the work experiences and life choices of informal traders in South Africa. The paper concludes with some considerations for social work practitioners to put in place transformative interventions and advocate for institutional and government policy changes as a way forward to protect informal traders and take note of the valuable contributions made to the second economy.

Nature of Informal Trading and its Function

The term 'second economy' has become prominent in policy discourses in respect of its role and contribution to creating jobs and reducing poverty (Raniga, 2022). For this paper, the term second economy is synonymous with the informal economy. Informal traders are people who have businesses that are rarely registered at national or regional levels, they are cash-based and thus do not pay taxes and do not usually have formal arrangements with employees (Nguyen & Canh, 2020). The informal trader refers to those workers who are self-employed, or who work for those who are self-employed. People who make a living from self-employment are rarely on payrolls and thus are not taxed. Many insecure and unsecured areas are where informal workers conduct their business (Darbi, Hall & Knott, 2018).

Street vendors are a prominent category of traders who engage with a diverse range of inner-city residents and play a unique role in inner-city culture and space. The main function of street hawking is to provide a means of income and jobs for the poor. Thus, by providing remunerative jobs, street hawking helps to minimize unemployment and poverty (Arjun, 2008). According to Burton (2009), urban street vending or hawking provides jobs and income to many unemployed people and can help small-scale farmers by providing a market for their produce. Roadside stands provide opportunities for younger members of the families to develop business skills while earning money to meet their present and future needs (Burton, 2009).

Among the poor urban dwellers, street vendors serve as a buffer against job insecurity and insecurity of income (Arjun, 2008). For the poor and those who are economically excluded, street vending is a primary source of income (Bhowmik, 2010). Jenson (2003) claims that street vending provides a significant portion of a vendor's family's revenue and in many households is the only source of income for both their immediate and extended families in Johannesburg's inner city. Remitting money back to their homes is one of their main expenses, and a substantial portion of street vendors' income is spent on rent, school fees, and transportation. While some vendors have savings or bank accounts, most of them invest in Stokvels and burial schemes.



Shops and supermarkets do not meet a large portion of the demand for products and services; instead, street vendors do (Arora & Taore, 2010). Street vending is the primary distribution outlet for a wide range of everyday items such as fruits and vegetables (Arora & Taore, 2010). According to Dey & Dasugupta (2009), Street vendors play an important role in the economy by serving as a link between many small buyers and small producers by purchasing small quantities of goods from small producers at a low price and selling the same goods to a buyer who has limited purchasing power. Street vendors provide people with the products they want and need, allowing them to sustain their lifestyles (Austin, 1994). They provide for the daily needs of people of various income levels, on which the poor people are more reliant (Bhowmik, 2010).

As in other Global South countries, informal trading plays a valuable role in the second economy. Statistics South Africa (2020) identifies traders who have precarious positions who do not receive basic benefits such as pension or medical aid contributions from their employer and who do not have a written contract of employment. For this study, Statistics South Africa's (2020) conceptualisation of the second economy as having two components is used. The first is traders do not deduct income tax from their salaries/wages. The second component is self-employed traders who are not registered for either income tax or value-added tax in informal or formal companies.

The Socio-economic Profile of Informal Trading in South Africa

According to Statistics South Africa (2014) in terms of gross domestic output, the estimated informal traders' contribution to gross domestic product is 6%. Informal jobs have been an important source of income for many poor people in South Africa, about 18% of people who are working, work in the informal sector (Linzner & Lange, 2015). Statistics South Africa established that in 2013 alone, there were 1 517 000 informal traders (Meyer, 2015). In 2019, that number doubled, making it over 3 000 000 traders. Causes of informal trading include (but are not limited to) poverty, lack of source of income, lack of jobs in the formal economy and traders' low level of education (Willemse, 2011). The informal sector is slowly becoming a focus of attention for policymakers because it is seen as consuming great prospects for job creation and income generation (Dey & Dasugupta, 2009). The outcomes of the economic units that comprise the informal sector are needed for designing and implementing programmes aimed at increasing the potential of informal enterprises (Bhowmik, 2010).

Wegerif (2020), states that around 70% of households in poorer neighbourhoods in South Africa source some food from the informal economy. This is mainly because most enterprises in South Africa are selling close to where individuals stay and work, there is the convenience of long-operating hours, traders are selling in flexible amounts that accommodate people who are buying and they can afford, and there are lower prices than



large well-known formal retailers and lastly, there is free credit offered to regular customers.

Informal trading contributes 10-20% of the GDP in developed countries and up to 60% to developing economies. These informal activities are essential to the progress of the economy which includes new and improved products, and services from entrepreneurs who enable new markets to be developed and new wealth to be created. Well-known activities that entrepreneurs participate in within the formal sector include street trading (informal trading), which is one of the largest sectors of the informal economy (Musara, 2020).

Informal trading has always been a part of South Africa's economy 30% of which occurs in Gauteng with an unemployment rate of 25,5%. Informal trading is for many South Africans the alternative to unemployment and should be viewed to address unemployment and reduce individual vulnerability (Meyer, 2018). Street traders are generally poor, unskilled individuals and the lowest on the socio-economic ladder. Most of these street traders within the informal sector, come from poor disadvantaged backgrounds with low education and skill levels and are trying to make ends meet by creating livelihoods that will sustain and maintain themselves together with their families in meeting their daily needs. There has been growing recognition of informal trading as an important player looking at its contribution to the formal economy in every economy in crisis (Meyer, 2018).

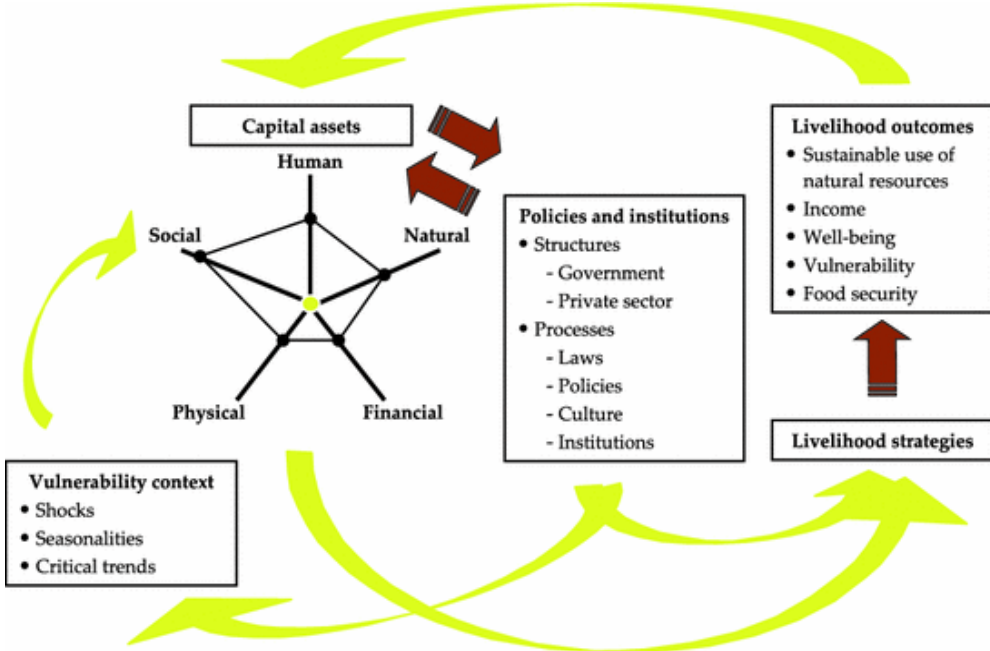
Sustainable Livelihood Framework and Informal Trading in South Africa

The sustainable livelihood approach is the key framework that has been adopted for this study. According to Serrati (2017), the sustainable livelihoods approach is a way of thinking about the objectives, scope, and priorities for development activities. Apart from the effort that the informal traders are putting themselves into establishing their businesses for survival, the government of South Africa through its policies has developed a sustainable livelihoods framework to think about the poor and the vulnerable lives. In the premises of the foregoing, as a government thinking framework for the poor and vulnerable people, the sustainable livelihoods development approach helps in the development of policies and institutions that can help them to develop. Smyth & Vanclay (2017) Oliveira, Santos, Sousa & Lopes (2021) further postulate that the livelihoods framework encompasses the skills and assets that include both the material social and approaches that are used by the individuals and the communities to survive. The above proponents show that sustainable livelihoods help individuals or communities to confront and overcome times of stress and maintain or improve their present and future skills and assets without exploiting the supply of their natural resources. The diagram below was illustrating all the essential elements of the sustainable livelihood approach or framework that guides the informal traders as poor



and vulnerable people seeking to survive within their communities. Serrati (2017, p.25) highlights four key elements of the sustainable livelihood framework for poor and vulnerable people which include capital assets, policies and institutions, livelihood strategies, and vulnerability context.

Figure 1: Sustainable Livelihood Framework



Source: Serrati (2017, p. 25)

As illustrated in Fig 1 above, the sustainable livelihood development framework helps us to critically understand how the vulnerability context of the informal traders, the capital assets (human, social, natural, physical, and financial) and what they used or achieved in their survival endeavour. It is important to note that the informal traders also were helped by government policies and institutions which incorporate the public and private structures and regulatory processes. Furthermore, based on the sustainable livelihood framework, the informal traders employed the livelihood strategies (social entrepreneurship & informal trading) in anticipation to achieve notable livelihood outcomes that include but are not limited to sustainable use of natural resources, income, well-being, vulnerability and food and security. Premised on the foregoing conceptualisation of a sustainable livelihood framework, this study seeks to explore how the informal traders have managed to contribute to the economic development of South Africa and mitigate their socio-economic stress and make a living through informal trading.

Thus, the study made use of the findings from the community engagement practical undertaken by the social work students in South Africa to explore the experiences and perceptions of the informal traders in South Africa on how they achieved their sustainable livelihood through informal trading.

Methodology

A qualitative approach and an exploratory design were deployed in this study. Qualitative approaches are essential in obtaining rich in-depth data on informal traders' lived experiences. For that reason, an explorative design was very useful in establishing and analyzing linkages between the outcomes and impact of informal trading on the lives of informal business owners and the economy in general.

However, for this study, 15 male and female informal traders operating in the Gauteng province of South Africa were purposively sampled. Convenient purposive sampling was used to recruit willing participants. Ritchie, Lewis, Elam, Tennant and Ralim (2014, p. 113); Ringson (2019, p. 508) note that purposive sampling involves selecting samples "because they have particular features or characteristics which will enable detailed exploration and understanding of the central themes and questions which the researcher wishes to study." Of the purposively sampled 15 informal traders in the Gauteng province, a total of 8 were female and 7 were male adults who participated in the current study as shown in Table 1. Since the researcher dealt directly with informal traders, no gatekeepers were required. To recruit respondents, the researcher posted adverts in WhatsApp chat groups that detailed the study and invited respondents to take part. In the first instance, a call to participants was shared via a flyer using the WhatsApp platform. The criteria for participation were that 1) both males and females could participate in the study 2) respondents needed to be involved in some informal trading for a minimum of two years regardless of the type of business, 3) respondents needed to be African regardless of their country of origin, 4) they were available and willing to participate in a telephone interview. Some arrangements were made with the participants who agreed to be interviewed over the phone. In doing so, they voluntarily shared their contact numbers without coercion.



Table 1. Biographic Profile and Characteristics of informal traders

Pseudonym	Gender	Age	Marital Status	Level of Education	Type of Business	Number of years in business
P1	Female	60	Single	Matric	Street Vendor-fruit and vegetables	15 yrs.
P2	Female	44	Single	Matric	Street Vendor-fruit and vegetables	10 yrs.
P3	Male	37	Married	Degree	Street Vendor-fruit and vegetables	7 yrs.
P4	Female	40	Married	Degree	Street Vendor-fruit and vegetables	8 yrs.
P5	Male	28	Single	diploma	Street Vendor-fruit and vegetables	5 yrs.
P6	Female	32	Married	Matric	Spaza Shops-clothes and foodstuffs	8 yrs.
P7	Male	40	Divorced	Diploma	Spaza Shops-clothes and foodstuffs	7 yrs.
P8	Female	38	Single	Diploma	Spaza Shops-clothes and foodstuffs	9 yrs.
P9	Male	25	Single	Degree	Spaza Shops-clothes and foodstuffs	5 yrs.
P10	Female	30	Married	Matric	Spaza Shops-clothes and foodstuffs	6 yrs.
P11	Female	35	Divorced	Diploma	Street Kitchen-selling chips, chicken, pap and quarter bread	5 yrs.
P12	Male	45	Married	Matric	Street Kitchen-selling chips, chicken, pap and quarter bread	10 yrs.
P13	Female	52	Divorced	Matric	Street Kitchen-selling chips, chicken, pap and quarter bread	17 yrs.
P14	Male	34	Married	Diploma	Street Kitchen-selling chips, chicken, pap and quarter bread	7 yrs.
P15	Male	43	Married	Matric	Street Kitchen-selling chips, chicken, pap and quarter bread	10 yrs.

The biographic details of the participants are shown in Table 1 above. Details about their types of business, marital status, level of education and number of years in business are also summarized. All purposively sampled 15 participants were between the age of 20 and 60 years and the average age of all the participants was 39 years. The 15 purposively sampled respondents for this study were all black South Africans living in Gauteng province. Among the foregoing participants, eight were female and seven were male which shows that the informal trading in terms of gender is almost balanced in the Gauteng

province. As illustrated in the table above, the trading activities of the informal traders purposively sampled include street vendors selling fruit and vegetables, spaza shops selling clothes, electrical goods and foodstuffs, and street kitchens selling chips, chicken, pap and quarter bread. While eight of the participants were single which implies that they were sole income earners in their households, seven were married which infers that they were able to sustain their household with two income earners. Educationally, seven participants ended their education at the matric level which implies that they might have been forced into informal trading by unemployability, five of them ended at the diploma level and three reached the degree levels which infers that they were forced into informal trading by choice or lack of employment in the country. Nevertheless, it is commendable that all the participants reached the literate educational levels which include matric, diploma and degree. As demographic characteristics indicate, some female informal traders have been in business for nearly two decades with other female traders have been in business for more than a decade.

Before conducting this study, ethical approval was obtained from the University of Johannesburg's Research and Ethics Committee (REC) at the Faculty of Humanities. Furthermore, each informal trader gave consent to participate in the study without any form of coercion. The principle of voluntary participation was adhered to, as the researchers employed purposive convenient sampling and secondly gave the respondents all the essential details about this study. After verbally explaining the purpose of the study to the respondents, the latter were all requested to give verbal consent for participation and audio recording of telephone interviews. All the data gathered was handled confidentially. The anonymity of the respondents was guaranteed by avoiding using real names so that responses could not be linked back to the data. In research, ethical conduct by the researcher aims at protecting the physical and emotional well-being of the participants and "research protection norms, standards and requirements" (Ndebele, Mwaluko, Kruger, Oukem-Boyer, & Zimba, 2014, p. 3) are upheld.

To gain an understanding of the outcomes and impact of informal trading in South Africa, the researcher conducted semi-structured interviews with key informants and informal traders. Informants were asked to tell their stories about the impact of Covid-19 on their role as an informal traders and this affected their entrepreneurial skills, their social networks and financial status. Further questions involved the number of years in business and the extent to which Covid-19 has impacted their business sustainability. The interview was key for the researchers to gain insights into the outcomes and impact of informal trading experiences and how these resonate with literature on the role and functions of informal trading on economic growth in South Africa. The telephonic Interviews provided a safe and private opportunity for respondents to share their experiences as informal traders. Each interview was conducted in English and lasted an average of 30 minutes



respectively. The purpose of recording the conversation was to “provide a permanent record of what was and was not said” (Gill, Stewart, Treasure, & Chadwick, 2008, p. 293) in the verbal conversations while note-keeping captured the non-verbal cues.

All the data was transcribed whilst it was still fresh in the mind of the researcher. To make sense of the raw data, thematic content analysis was applied, involving listening to the audio tapes, and comparing them with field notes and the transcripts to identify common themes. According to Gibbs (2007), thematic content analysis involves identifying and grouping text that is connected through a theme. From the transcripts, the researcher was able to divide the text into different “meaning units” (Elingsson & Brysiewicz, 2017, p. 97). The next step was generating themes and categorisation which involved further identifying themes that belonged together. The most identifiable theme categories were human capital benefits of informal trading, social networks, and financial benefits among others.

Findings

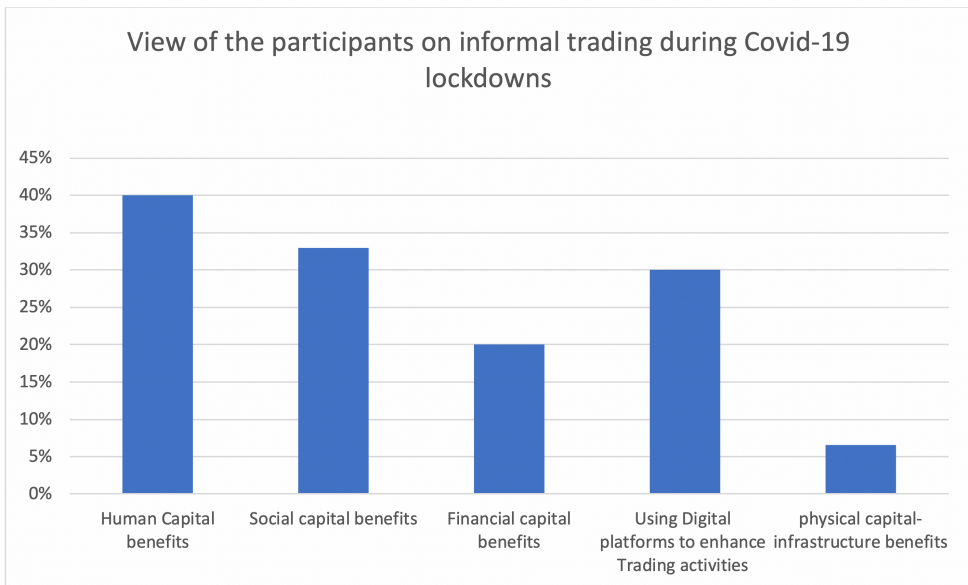
This section presents and discusses data collected to measure the outcomes and implications of Covid-19 on informal traders’ livelihood in the Gauteng Province of South Africa. Raniga (2022) argues that women’s social and economic agency and their ability to exercise their agency are shaped not only by access to funding but by their positionality in the second economy. Four of the female participants stated that they were sole income earners and were responsible for sustaining their families. The participants reported that they were able to save money from their business ventures which they used in times of emergencies. However, respondents stressed that in this Covid-19 era, a few days away from work might put the informal business finances in jeopardy as it relies on day-to-day operations to generate income. Smit & Rugunan (2014, p. 9) note that “The informal business also acts as a safety net for the formal economy because it allows the unemployed and employable to find work or start their businesses which results to the boost of income and alleviating poverty”. These informal traders make a big contribution to the economy because they provide job opportunities that help the poor to have an income.

The results of the experiences of the informal traders during the Covid-19 lockdowns in the Gauteng province of South Africa both males and females predominantly mentioned human capital benefits, social capital benefits, financial capital benefits and using digital platforms to enhance trading activities. Whilst some participants mentioned the physical capital benefits in terms of the infrastructure, the number was small compared to the other three benefits mentioned above. Thus, in the premises of the preceding, the discussion of the findings on the participants’ views on their informal trading experiences during the Covid-19 lockdown in the Gauteng province of South Africa focussed on the three predominant themes as illustrated in Figure 2 below and the challenges faced were



subsequently presented. Although this study is predominantly qualitative, this quantitative part demonstrates the patterns and value of the data placed by the participants. This exercise was informed by Sandelowski (2000), who argues that frequency rate reporting and counting are integral to the analysis process, and numbers in qualitative studies are used to establish the significance of findings. They are also used to recognise patterns and to make analytic generalisations from data. Figure 2 below illustrates the views of the participants' experiences on informal trading during the Covid-19 lockdowns in the Gauteng province of South Africa.

Figure2: Views on the experiences of informal traders during Covid-19 lockdowns



Human Capital Benefits and Sustaining Trading

The informal trader's business benefits the human capital in terms of skills and experiences. Capital can be defined as assets which are the resources that individuals have and can be utilized to develop solutions to combat problems in the community (Gilchrist & Taylor, 2011). Individuals and households benefited much from informal trading. Additionally, the community benefits. One spaza shop owner had this to say:

"I was able to hire two community people as employees because of my business. These members already had experience running small businesses, so the company



was enhanced, and their abilities were developed to ensure that it could be managed” (P6).

According to Osiobe (2019), human skills and experience can be enhanced by working in that business for a period. Thus, during Covid-19, businesspeople including informal traders gained a lot of new skills in marketing their products through digital technology. The use of different social media platforms such as Twitter, WhatsApp, Facebook, and YouTube enhanced the social business relations and connections of informal traders and their customers. The two employees will now gain expertise and skills in business management. This would be beneficial to them since they could begin by conserving money and establishing modest companies. Furthermore, the abilities they will learn from the trader are skills that they may pass on to their families, allowing them to start their enterprises. In this view, one of the female participants remarked:

After I managed to gain some experience in marketing my products through WhatsApp and Facebook, I also taught my two children to help me in marketing and selling our products. When I am not at work, my children are there to run the business because I have impacted their skills into them (P9).

In this situation, the trader has earned knowledge and experience in running a business. As a result, the informal trader potentially provides residents with job possibilities and imparts the skills to their children to run the business. Despite the preceding benefit gained by the informal traders, they also encountered various challenges related to a lack of human capital to assist them in registering their businesses. Since these businesses are unregistered, they do not abide by the laws of the government they did not receive any compensation from the government, therefore this affected a lot of informal traders in that they were no longer able to sustain themselves.

The easing of the restrictions came with rules of social distancing whereas people who conduct their business ventures in the streets were unable to abide by the rule as there is not enough space for everyone to sell their products. Also, as all people were instructed to sanitise or wash their hands frequently these practices became a problem to street vendors in that sanitisers are expensive and access to water for one operating in the streets. This, therefore, hinders them from continuing with their business effectively due to the restrictions that were posed during the era of pandemic. Overall, the corona outbreak led to informal businesses being shut down because they were not recognised as offering essential services. The pandemic has ravaged informal businesses to the extent that most of them have been liquidated while those that are still operating struggle to stay afloat (Wegerif, 2020).



Social Capital Benefits

Social capital is the value that comes from social networks, or groupings of people, which allow individuals to achieve things they could not do on their own. It is basically about the interaction or relationship the business has with the members of the community in terms of networking. Social capital refers to the relationships people have with each other and the desire they must do things for and with others within their social networks (Raniga, 2018).

Informal traders reported that community members and customers are the ones who are part of the social capital of the business because they are the ones who spread the word to the people they know and refer them to spaza shops, fruit, and vegetables among others. For example, as one informal trader reported, "Anyone who needs vegetables is directed to her (Female, Fruit and veg owner, P2). During the Covid-19, the participants reported that establishing trust with their customers is the big capital of informal traders because when the informal traders do their work properly without any scams or misconduct, customers will also be reliable in which case they can refer other people to their business which is why some informal traders are still functioning and sustained up to this far. They believed strongly that a business venture is not an entity without supporters or community members, so providing help to the members of the community is another way of sustaining social existing social networks. Some informal traders emphasized that the closer the business owner is to the members of the community the more reliable they become.

The social benefit is that the traders can connect and network with different people who are customers of his/her business. As one informal trader asserts:

I have built a relationship with the community members who buy fruits and vegetables from me. I have also built relationships through advertising my business on Facebook because I also get customers on that page who need me to deliver fruits and vegetables (Female, Fruit & Veg vendor, P5).

The above sentiments indicate that social networks help with the sustainability of the business because the informal trader has a strong relationship with her customers who always buy fruits and vegetables from her. Apart from that, she can network with different formal business owners in which she can negotiate prices to be reasonable. I support the above experiences, one of the participants operating a streak kitchen remarked:

I ended up cooperating with some people who were operating the motorbikes to deliver my food to my customers who were ordering my food through WhatsApp and phone calls. This happened because of the social networks that I managed to establish during the Covid-19 lockdowns (P 12).



The business also brings individual people together in which they all focus on purchasing fruits and vegetables from his/her store. The trader's business has led the informal trader to have a mutual understanding with his/her customers in which s/he can be able to let them buy on loans whenever they are facing challenges. Regarding the foregoing, Covid-19 had both positive and negative impacts on the operation of informal traders. On the positive, social media and digital technology through WhatsApp, Facebook and Twitter have helped traders to connect with their customers. In the negative, scepticism of contracting the Covid-19 pandemic from the traders on house-to-house delivery spoiled the social connections and relationships between the traders and their customers. Thus, the informal traders had to establish trust with their customers to reduce the level of scepticism and mistrust from their customers. This also helps the informal trader to bring in more customers because they can see that he has "Ubuntu" and cares about his/her community. Russo & Perrini (2010, p. 208) notes that "In business, a person with high social capital knows many influential people within his industry and may have more opportunities for advancement and development than someone whose social circle is small." All the informal traders were able to network with employees in the formal work sector and other traders to share their business resources, and ideas and tap on their skills to sustain their businesses during the Covid-19 pandemic.

Notwithstanding the benefits that the informal traders gained during the Covid-19, the respondents reported that almost all informal traders had to deal with the issue of losing their customers as there was no one coming to buy their products, due to restrictions on the movements of people due to the Covid-19 pandemic. It also emerged that the lockdown led to the stock of goods getting rotten and some expired, which became a major loss of products and the money they spent on purchasing goods for their business ventures. The lockdown further led to challenges in maintaining the life of the business, especially during levels four and five. The restriction on the movements of people and the informal traders to open their business ventures led to the loss of social interactions traders had with their employees, fellow traders, and customers. These led to a decrease in the feelings of sense of belonging and meaning. Moreover, based on all the faced challenges the trader experienced psychological issues such as stress, anxiety, and depression on how to maintain their business venture and provide for their families due to financial strains.

Financial Capital Benefits

All respondents were very clear that their business ventures generate money. It also emerged that these informal traders save money and put it into banks' money. Banks in turn generate money and gain profit from the money that is invested and saved by informal traders. This increases the flow of money in businesses and the economy. Respondents revealed that they buy products from other businesses and companies in this

way these informal traders are assisting other people and companies to be able to gain money and make a profit. One informal trader had this to say:

The capital to start my business was my children's social grants money. This is the money that helped me to establish my business. I have opened a bank account for my business is running. The finance in my business includes the generated profits which helped my business to develop and enabled me to expand it. I was able to hire other two women to work for me. The generated profits allow me to pay my workers, for all of them to meet their basic needs and for the business to be maintained and sustainable. I can save some of the profits for myself and my family's future (Female, Spaza owner, P10).

Similarly, one of the participants who operated a street kitchen emphasised:

Covid-19 lockdowns indeed affected my business a lot but as time went on, I managed to adjust to the use of social media to communicate with my customers and I ended up making a better profit than I used to make even before. I could pay my rent and my kids' fees through my street kitchen (P14).

According to Gorda, Romayanti & Anggreswaril (2018), financial capital is the currency that is used when buying needed capital goods. It is the economic resource assessed in terms of money used by businesspeople and companies to buy what they need to make their products. Orser, Riding & Manley (2006) explained that financial capital includes the money within the business. This is the money which keeps the business progressing and sustaining. It can be the capital used to begin the business, the income generated from the business or profits which is used to purchase the products for the business and used to pay the employees.

In terms of the challenges the informal traders encountered, the respondents reported that Covid-19 has impacted their informal businesses in that government instructed people to stay at home and that only essential workers who have permits were allowed to operate. For example, informal traders who sell their products on the streets reported that they were heavily affected as they were not allowed to work. The challenges they faced include but are not limited to, closing their business ventures which entail lost opportunities for making income. For those with spaza shops employees lost their employment opportunities and income as well. The loss of income led to financial issues where the trader was having challenges attaining all the basic needs for their families and upkeep. Fleming (2020) speaks of the support that informal businesses used to receive from formal businesses have been affected in that most businesses had to close or retrench people as they were not making the same money as they did before the Covid-19 pandemic.



Using Digital Platforms to Enhance Trading Activities

In addition to the social capital, human capital, and financial capital benefits that the informal traders benefitted from during the Covid-19 lockdowns, the respondents indicated that they benefitted a lot in the knowledge and skills of using digital platforms for marketing purposes. Generally, the respondents indicated that they knew Whatsapp, Facebook and Twitter platforms as platforms for just connecting with friends and relatives for funny but during the Covid-19 lockdowns, these digital platforms contributed to the enhancement of their trading activities. Given the above, one of the participants who was a fruit and vegetable vendor remarked:

I did not know what to do when the government announced the first lockdowns. I stayed at home hopelessly watching my kids starving and my friend called me advising me to communicate with my customers through WhatsApp and Facebook. I took the advice. Even though it started slow but two weeks down the line, it started working and my business regained its momentum (Fruit & Veg Vendor-P3).

Furthermore, another participant who was operating a spaza shop selling various goods which include electric gadgets, clothes and shoes said:

After the government announced the lockdowns, I capitalised on my different WhatsApp group platforms which include the church groups, community groups and our stokvel groups to market my products. Although it started slowly it gained traction with time. I was advised by my friends again to join some digital business workshop platforms on Facebook, WhatsApp, and different Twitter handle and this helped me a lot (Spaza shop Vendor-P7).

Similarly, the Street Kitchen vendor vehemently confirmed that when the Covid-19 lockdown was announced it created a better platform for them to run their business without legal restrictions from the municipal police and other law enforcement agencies who used to physically pounce on them demanding business licenses. In her own words, the Street Kitchen vendor (P13) remarked:

The Covid-19 lockdown was turned into a blessing to some of us who used to be harassed daily by police demanding us to produce our business licences which we do not have. The law enforcement agencies would even demand some money to spare us. So, using digital platforms even though it took me some time to use them properly, helped me to enhance my business activities.

In this context of digital marketing tools, Oliveira et.al (2021) concurred with the findings of this study in those digital tools such as WhatsApp, Facebook and Twitter are cheap and accessible by all classes in society. Oliveira et.al (2021) further opined that this digital platform despite the cost of data bundles tends to be free, easy to handle and manage and

allows great interactivity with the target audience. The benefits arising from the implementation of these initiatives associated with digital platforms are recognised, even though the profits from them are not sufficient to compensate for the losses associated with the new business model, based on the delivery of meals at home or in a takeaway regime, ceasing to exist face-to-face meal service in the room or at the restaurant counter. The difficulty of lowering fixed operating costs, the need to reallocate physical, material, and human resources, and the introduction of services such as transportation and packaging of meals, give rise to costs that are not offset by the informal traders who did not have any financial and moral support from the government.

Conclusion and Implication to Sustainable Livelihood Development

The empirical evidence presented by fifteen informal traders in Gauteng substantiates the important role played by traders to curb the unemployment crisis in South Africa. Adopting a sense of optimism, and hope and tapping into existing business networks and the use of digital technology; contributed to a sense of renewed appreciation and economic outcomes for years to come. Informal trading's main duty is to absorb unemployed people, supporting them in earning money and maintaining their livelihoods. Without an education, there is no other option but to subsist on the streets, selling fruits and vegetables to street sellers. Even in times of crisis, such as the Covid-19 pandemic, most informal street merchants supply their homes' primary source of income, as well as provide food and pay school fees for their children.

Informal traders help to relieve the government's unemployment pressure because their activities lead to independent wealth creation and self-emancipating options that are not available through large corporations. Informal sector activities help to alleviate poverty in households, particularly for women with limited skills or low levels of education. Premised on the success stories of the informal traders, the study firstly, recommends that the informal traders must continue to enhance their skills in using technology in doing business. Secondly, the study recommends that training in financial literacy and entrepreneurship is needed to scale up informal trading initiatives and to improve the livelihoods of poor urban dwellers and economic growth in South Africa. Policymakers would do well to put in place systems that can improve trading laws and protection to ameliorate existing power imbalances in the economy. There is an urgent need for national and provincial policies to include the concerns of self-employed entrepreneurs to ensure that they have access to microcredit to sustain their livelihood activities.

Based on these conclusions the following recommendations are made:

- Transformative interventions should include establishing business forums and online support groups for traders who work in the second economy.



- The facilitation of financial literacy and budgeting skills training to support traders who work in the informal economy.
- Ongoing business training and marketing skills are necessary for traders to enhance human capabilities as entrepreneurs.
- This study represented a limited sample of 15 African traders from one province in South Africa and does not reflect a mixed-profile population group in South Africa. The researchers thus recommend a mixed methods study to be conducted with a mixed-race profile of informal traders across nine provinces in South Africa.

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