

Economic informality in South Africa: practice & policy

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SA context:

- High poverty & unemployment, yet small SMME sector.
- Informal sector: African, low earning, female & retail dominated.
- Inhibited by:
 - Spatial, labour market & ‘human capital’ legacies
 - Capital and credit constraints
 - Unfavourable positioning within value chains
 - Regulatory barriers

Researching informal self employment:

- Integrated focus on household & enterprise:
 - Hidden transfers & synergies
 - Role of social networks
 - Position relative to larger value chains

Successful informal self employment :

1. Access to formal-sector income
2. Ongoing connection with formal sector
3. Favourable human capital / skills acquisition
4. Multiple activities and inter/intra-household synergies
5. Household labour capacity

Finding 1.

Understand divergent objectives

Finding 2.

The importance of social networks

- Facilitating vs. inhibiting role
- Strategies to managing redistributive claims:
 - Resisting & containing
 - Disembedding
 - Deflecting

Finding 3.

The centrality of economic governance

- Includes 'right to trade' and forms of regulation
- Both popular (viz. Informal) & formal (state based)

Finding 4.

The demands of managing credit

- Credit hungry context
- But ambivalence on need for credit

Practice vs. Policy?

Need to:

1. Understand plurality of objectives (beyond the deficit model).
2. Disaggregate survivalists from entrepreneurs
3. Recognise ambivalence of formalisation
4. Understand importance of infrastructure
5. Regulate value chains (formal economy)
6. Remedy intermediation failures, in credit markets, value chains etc

Thank you