

Stitching For Survival

Home-Based Clothing Operations in the Informal Economy

The Experience of two Women
in KwaZulu - Natal - South Africa

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Introduction

This paper reflects on the literature available on the informal economy, both globally and within the South African context, and sets out to establish links between the literature and 'lived realities' in this arena. The common thread throughout the paper is the focus on the clothing and textile industries; in particular, the experience and perspectives of two female home-based workers Jane* and Ann* are documented. The paper also discusses how globalisation, trade liberalisation, and both illegal and legal imports of cheaper goods are impacting on the formal and informal dimensions of this economic sector and their impacts on the operations of the two home-based initiatives cited in this paper.

Through interviews with the two key informants, it was established that the obstacles facing informal workers are common, whether they be based in urban or rural areas. Their accounts, and that of an official from the eThekweni Municipality who is tasked with regularising support for informal trading, indicate that the global and local value chains in the context of clothing are not only placing pressure on formal businesses, but also on informal businesses. These accounts also mention that in the local setting, some companies exploit the informal sector for monetary gain through the casualisation of labour.

What is the Informal Economy?

Prominent anthropologist Keith Hart coined the term "informal economy" in a ground-breaking research report undertaken in Ghana in 1971. Before then, the "informal sector" - or what is now known as the "informal economy" - was perceived to be a combination of activities such as "tax evasion, corruption, money laundering, organised crime, bribery, subsistence farming, barter, petty trade, and the stealing of state property" (Bernabe, 2002). These economic activities were seen as separate from the formal economy and formal employment which contributed to the GDP and development of a country.

In the 1950s, the prominent developmental thinking expounded by W. Arthur Lewis was that employment opportunities generated by development would absorb "the vast pool of labour", and that "with the right mix of economic policies and resources, poor traditional economies could be transformed into dynamic modern economies" (Chen, 2001). In his research in Ghana, Hart saw that there was a definite linkage between the formal and informal economies, and that the economic activities of the informal sector could contribute to the development of a country's economy (Chen, 2005); this was in contradiction to the International Labour Office's dualist approach that regarded the two sectors - formal and informal - as being separate.

* Not their real names.

The International Labour Office (ILO) announced that the way forward was to grow the modern formalised economy, thereby increasing employment opportunities, which would then minimise the number and rate of people joining the informal economy as they found work in the formal sector (Rakowski, 1994). Time has demonstrated that this perceived economic model of development has not occurred, as unemployment has grown with economic development, and this has led to an influx of people entering the informal economy.

Other concepts of the informal economy include the "underground model", the main objective of which is to differentiate between criminal activities and informal activities that promote or sell legal products (Castells, and Portes, 1989); this model exemplifies the linkage between the informal and formal economies. The neo-liberal or legalist view of the informal economy contends that the State plays a negative role in the development of the informal economy by encouraging labour deregulation (De Soto, 1989).

As the leading international institution engaged in reviewing and modifying the definition of the informal economy over time, the ILO subsequently incorporated various role-players and certain types of employment that had not been recognised in previous studies, such as home-workers, into the overall understanding of the size, shape and nature of the informal sector. The ILO referred directly to the role of home-workers in 1996 (Chen, 2004; Jhabvala and Sudarshan, 2003).

Globalisation has resulted in the casualisation of labour by businesses in the formal sector - the usage of informal labour by established companies to advance their global market share, often without due recognition of labour rights or regulation of procedures for such employment - becoming more pronounced, rendering the link between the two sectors ever more discernible (Kabeer, 2004). Coinciding with this link and the formalisation of the informal economy, other cross-cutting issues are brought to bear on the job growth environment, such as gender inequity, socio-economic pressures, international competition, and local and national government policies.

The World Bank's 2001 Development Reports list the global informal sector share of non-agricultural employment at:

Latin America:	57%
Africa:	78%
Asia:	45 - 85%

The International Confederation of Free Trade Unions stated that the informal economy contributes 35% of the global GDP, and the global estimate of women working in the informal economy within the garment industrial sector is around 35 million (Ascoly, 2004).

The Informal Economy in South Africa – A brief overview

Street-trading has been part of the South African city scene since the early 1900s, when there were as many as 2 000 licensed hawkers or street-traders in Johannesburg; in 1980, this dwindled to 200 due to new prohibitive by-laws. Most of the early traders were white, with Asians being the second largest group. In those days, most traders were men because the authorities disapproved of women trading on streets (Rudman, 1988:36). Street-trading by African vendors in the white industrial areas emerged in the 1930's: "until then participation of black street traders was confined to the townships and mines" (Rudman, 1988:38).

Historically, the labour market in South Africa has always had high levels of "flexibility and informality" (Valodia, 2000:6). Research in the 1980s showed that the informal economy was active and vibrant. Research done in 1984 in KwaMashu by Wellings and Sutcliffe confirms that at least "one member of over half the households were engaged in informal economic activities", and Webster's (1984) study in Soweto showed that "over 30 percent of households were engaged in the informal economy in some manner" (Valodia, 2000:6).

In 1994, the new democratically elected South African government embarked on "a rapid integration into the global economy" (Ince, 2003:4), which resulted in a change in the labour market and an inflow of retrenched workers joining the informal sector in order to survive. A report published in 2003 indicated that between 25 – 30% of South Africans working operate in the informal economy (Lund and Skinner, 2003:3), and between 1997 to February 2001, data reflected some 2 665 227 people were involved in the informal economy (Devey *et al*, 2004:5).

A survey by Statistics SA 2002[a] reflected that 17% of the workforce in South Africa was within the informal economy, contributing to 6-12% of the GDP (Mahadea, 2001:191; Martins and Ligthelm, 1995:7 as cited by Devey, 2003:7).

Devey *et al* (2004:22) stress the importance of treating such data with caution, as gathering firm statistical information for the informal sector is difficult due to the flexibility and mobility of individuals working in it. Furthermore, finding the dividing line for engagement in either sector is also problematic, as those workers recorded could straddle both the formal and informal sectors depending on prevailing circumstances. This view is collaborated by Charmes (2000[c]:11), who says that "estimates are still often based on many hypotheses".

One way to override this problem is to accept the international standard focus for defining the informal economy, which was agreed at the 15th International Conference for Labour Statistics as one that examines the type of work done, and not the individual doing it (Devey *et al*, 2004:9).

South Africa's Clothing and Textile Sector in Context

The crisis facing South Africa's clothing and textile industry has and continues to be well-documented through the media and in academic literature. South African retailers have been importing cheaper clothing, mainly from the People's Republic of China (PRC) and India, and the government's economic trade policy has resulted in the eight-year tariff "phase-down [when the SA government saw a need to] embark on a policy of re-engagement with the global economy" (Skinner and Valodia, 2002:58). These factors are having a negative developmental impact on employment and industrial growth within this sector (Barnes *et al*, 1997), and this crisis could worsen with the proposed Free Trade Agreement being implemented between China and South Africa.

The South African President of the clothing industry body CloTrade, Jack Kipling, claims:

The volume of clothing imports from China was 11m units in 1995; in 2002 imports reached 123m units and in 2003, imports increased by 73% to 213m units.

Steyn (2004:57)

In 2004, some 24 textile companies were forced to close their doors, which resulted in about 17 000 workers losing their jobs (Merten, 2005). According to the Southern African Clothing and Textile Workers Union (SACTWU), "on average, every factory worker supports a family of five" (*Business Day* 2004:40: cited in Robbins *et al*, 2004). Working from this base, it can be estimated that an average of 85 000 individuals have directly been affected in 2004 in this sector alone. Statistics reflect that in 2005, at least 50 000 jobs were lost in the clothing and textile industry (D'Angelo and Bloomberg, 2005), with further reports indicating that the industry in KwaZulu-Natal had to shed over 14 000 jobs in 2005 (Ingss, 2005).

The restructuring of this sector of South Africa's industry has involved many clothing and textile companies implementing policies of labour casualisation, creating a reliance on these workers as "sub-contractors" who have now entered the informal sector as part of a value chain (Goldman, 2003:15). The alarming rise in retrenchment due to the closing of firms and the resultant escalation in unemployment and the manipulation of labour (Skinner and Valodia, 2002) in the clothing industry has seen an increase in previously employed workers in this sector joining the informal economy and using their skills and contacts to survive these adversarial impacts of global competition. This perspective is endorsed by Rogerson (2000:693):

It is clear that the recent growth of informal production is inextricably linked to the downturn in the formal clothing economy, as thousands of retrenched factory workers have set up their own small clothing enterprise.

Furthermore, some clothing firms are directly using informal labour and outlets to sell not only their products but also imported products (Fakude, 2000; Skinner and Valodia, 2002 and Valodia, 2001, as cited by Mkhize, 2003:15).

The informalisation of the industry has resulted in women having to bear the brunt of the industry's restructuring; the literature and available statistics confirm that it is mainly "women in the clothing and textile manufacturing industries [who] have lost their jobs" (Valodia, 1996:71, as cited by Lund, 1998:14). These observations are galvanised when employment figures show that 83.3% of those employed in the clothing sector are women, compared to the 16.7% of males employed in this sector (Barnes, 2005). At provincial level, one estimate given is that of the Western Cape, which reflects that 95% of the workforce consists of women (Greenburg, 2005: 40). Given the higher percentage of women employed in the industry, it is logical to surmise that it is women who are more vulnerable to job losses - and that by extension, a higher percentage of women would seek to enter the informal clothing sector, either as home-workers in informal CMT operations, or as self employed home-based workers: designing, manufacturing and selling their own products.

Distilling the field work:

For the purpose of this paper, three on-site interviews were conducted. The two primary interviews was conducted with two female home-based workers from communities located at extreme poles of the informal clothing industry, one being part of a rural women's co-operative, and the other an urban home-based worker were interviewed in person; the third interview was held with an eThekweni Municipality official.

The objective of meeting and interviewing the two key participants in the informal clothing sector was to gain insight into how they operated, the difficulties they faced and the reasons for them embarking on such projects. The interview with the eThekweni Municipal official was to acquire a view of how local government is dealing with the growth of the informal sector within KZN, and in particular Durban.

A thematic analysis of the interviews portrays many commonalities with the two informal operations and the linkages between "lived experiences" and the research literature available on the informal economy.

The interview with Ann of the Lulisandla Project served to gain an insight into the workings of this rural co-operative project, and to explore the background needs for generating income for

the participants that catalysed it. As a communitarian effort, Lulisandla operates on the basis of the "trickle-down" philosophy, the goal of which is to benefit the community as a whole, while the women are enabled to sustain themselves, their families and neighbours, simultaneously offering home-based care for terminally ill AIDS patients.

The project is situated on the grounds of the Catholic Albini Mission in Ntshongweni, just outside Durban. Ann heads the project. Its objective is to incorporate the existing 80 volunteer caregivers, the majority of whom are unemployed and struggling to provide for basic needs in an area severely burdened by the impact of historic poverty and HIV/AIDS, into a sewing project. One initiative is to produce industrial clothing, custom-made to sell to sugar companies. This project is being facilitated by the Durban Catholic Archdiocese's AIDS Care Programme.

Jane is a white home-based worker who entered this sector from a desire to be self-employed. Her initial line of clothing has expanded into beadwork accessories that complement her range of clothing with this unique "designer-craft". Jane is based in Durban's Berea suburbs, her clientele being "mostly tourists and local white middle-class women", and she has also found a new export market in Hong Kong for her handmade Kimono-style garments.

Analysis of the economic framework and elements of the two home-based worker projects reveals that there is potential for financial growth, but such gains would be dependent on various factors, such as efficient production, maintaining design innovation and market penetration.

Ann indicated that the sugar-workers' clothing could be produced at a cost of approximately R11.00 per unit, which would translate into an overhead for the co-op of R1 000.00 a month if they made 100 units each month, which Ann believes is achievable. She could not indicate what the actual selling price of the garments would be, and therefore the profit they would make, as the final marketing and sales would be the responsibility of the Durban Catholic Archdiocese's AIDS Care Programme.

Jane outlined her production processes, but did not give details of her profit margin. She estimated that she could easily make 10 units of her top-of-the-range product (Kimonos) per week, which she sells largely to health spas and game lodges, and now exports to Hong Kong. Her other line of clothing - mainly women's fashion garments - is either produced for direct personalised orders from her clientele, or to replenish her stock for sale at various local outlets.

The Impact of Globalisation

Globalisation and South Africa's new liberal trade policies have impacted more on Jane than they have on Ann's project, even though indirectly, cheap Asian imports could have a detrimental affect on Ann's project in terms of pricing, unless the Lulisandla Project can find niche markets and designs, and leverage the social consciousness of consumers, corporate buyers and the tourist trade. The official from eThekweni Municipality reiterated that local government is concerned about the influx of both legal and illegal cheap imports, but said it is difficult to monitor the source of the illegal goods:

We are aware of [it] but what can we do? We have limited resources ... there's a supply chain involved ... so if we want to deal with this problem, we can't start at the streets – we have to start at the source.

The importation of cheaper goods, legally or illegally, is a result of developing countries relying on their cheap local labour to produce goods, such usage triggering a highly volatile debate about the protection of these workers in export-oriented industries - such as clothing and textiles – and the tangential negatives effects on other developing countries, whose labour standards are more formalised (Kabeer, 2004).

For Jane, the problem of cheap imports and the replication of the local African beadwork items she sells to augment and enhance her product line is a major problem for her business - so much so that she wonders if the entire project is worth pursuing. Even trying to sell to the shops using the "buy-local" and fair trade ticket does not always work:

I experience a problem with shops because they also have to deal with the Chinese influx of goods especially clothing, so they want their wholesale price to be really low ... I was in a shop yesterday and I saw one of the necklaces that we make actually being made in China at a quarter of [my] price ... in the end I have to wonder whether it's worth it to continue with this.

It is clear from these statements that competition from Asia has already impacted on local producers within the informal clothing sector, and according to Jane, this competition seems to be violating a traditional African mode of creativity and income-generation source. More evidence that Asian countries are copying traditional African creativity, flooding the market and subsequently depriving South Africans of a potential source of income, or effectively destroying existing small businesses, was exposed in a recent newspaper article. It describes the plight of a woman who started a business with six other retrenched women, creating a line of African pottery and craft, who has had to redefine her products because "the Chinese [have] virtually kicked us out of the market" (Naidoo, 2005).

As the official from the eThekweni Municipality confirmed, in order to prevent this trend, the source of imports in the value chain needs to be identified and mechanisms to neutralise their influx and influence devised and implemented. Hunter and Skinner (2002:21, cited by Mkhize, 2003:50) maintain that this would be very difficult to achieve, as gaining details of suppliers is sensitive. The problem of source identification poses several questions that seem to fall outside the existing radar of current research literature: How do the traders identify or source their suppliers? How do suppliers find their clients within the informal sector? How can local and national government bodies monitor importers and suppliers of imported clothing?

Perhaps this problem provides a space for organisations like Proudly South Africa to initiate business relationships with these suppliers – giving them marketing and branding space in exchange for their promotion of local goods, naming those who import foreign goods legally, and shaming those who import illegally.

The informal trade market of illegal goods indicates that there is a need for informal traders to be educated about the consequences of trading in illegal goods, i.e.: that it is disadvantaging other clothing traders who make their own clothes for sale. However, this is an ethical and moral issue that could be overwhelmed by the fundamental premise of free trade economics, whereby everyone has the right to survive by earning an income, and so it might be that the ideal of socially conscious fair trading is beyond the scope of the informal economy. The impact on South Africa of illegal clothing imports is of concern to the retailers themselves in regard to the street vendors, who often “sell for an agent who imports clothing illegally” (Dunne, 2000:10).

Commodity and Value Chains and the Identification of Traders

Understanding the commodity and value chain is important in trying to curb the problem of cheap imports and in providing more people in the informal community with access to specific areas within the informal economy. The interactions between global value chains and the informal economy are well documented, but the role that value chains play in a localised context is key to understanding the connections between global and local value chains (Nadvi, 2004:21).

Within the context of clothing in the informal economy, the research identifies four value chains:

1. Informal producers to informal retailers.
2. Informal producers for the up-market segments.
3. Informal producers for the formal sector
4. The quasi-informalisation by the formal sector

(Fakude, 2000: 16 – 21).

The significance of these chains is emphasised by Skinner, who submits that “the concept of the value chain is important because street-traders are an important part of the urban distribution system and a means by which the urban poor source their goods, often cheaply” (Skinner, 1999:5). Beyond the issue of imported goods, even trying to find decent suppliers within the local commodity chain is difficult, as Jane explains:

Another problem is that being really small, and not having a huge budget, it's hard to find really good quality fabric ... the stuff they sell is rubbish ... flawed ... so this is a problem with quality as much of the stuff that I can afford is sub-standard quality.

Even Ann experiences problems with the commodity chain, and her concerns reiterate and amplify the need for capital. The Lulisandla Project hoped to produce workers' garments for a specific niche market - the sugar industry - but due to their physical isolation in their remote semi-rural setting, and their almost total lack of transport and communication infrastructure and resources, they are reliant on the AIDS Care Programme to gain entry into this market. Without direct contact with local government, suppliers or even retailers, there are no alternative products that they can contemplate making and selling for any guaranteed return, and as yet, they have no seed funds with which to make samples for marketing purposes.

Added to these difficulties faced by the two women interviewees in terms of access to quality materials and market penetration, is the growing competition from foreigners who are also trading in clothing products. This is also of concern to the informal clothing sector as a whole. Foreign traders have been identified in the available research as trading in “new, often imported and commercially manufactured clothes” (Hunter and Skinner, 2001: 18) the growth of foreign traders is “lead[ing] to competition for space” to sell the products (Hunter and Skinner, 2003).

The difficulty in identifying which sector of the informal economy people trade in, as they often straddle two areas, is exemplified by Jane, who works with both clothing and beadwork. Jane also sells at various craft-markets to attract new clients, while simultaneously trying to deepen market penetration in the formal economy through retail outlets. Her mobility in the market demonstrates the difficulty observed in the available literature in trying to identify informal clothing manufacturers, because they move from site to site (Bennett, 2003).

A further difficulty in trying to capture such workers in any survey is that many of these home-based workers do not register their business, not necessarily through a desire to evade paying tax, but, as Jane pointed out: “It would take more time for administration and cost.” Alternatively, those like Ann wishing to secure government contracts would need to register their business; Ann has done so on behalf of Lulisandla, so enabling access to possible contract work via the government, “because I had registered Lulisandla with the Department of Health for funding.”

Linkages between the Formal and Informal Economy

The literature covering the informal sector illustrates the growth of interdependence between the formal and informal economy, and reflects that many companies within the formal economy exploit workers (more often than not, female workers) in the informal sector for their own financial gain. This is particular to the clothing and textile industries. The relationship with the two economies is further illustrated by informal operators' dependence on the formal sector for supplies, as "most of the suppliers are in the formal sector" (Fakude, 2000:15). Some informal traders supply only to the formal sector in the context of clothing and these suppliers are often home-workers.

Many companies that out-source their production needs to home-worker contractors increase competition between informal operations, as the buyers from the formal sector are continually demanding lower prices and driving these conditions down the value chain (Fakude, 2000:21; Nadvi, 2004:25). This can result in people employed by informal sector manufacturers having to accept lower wages, harsher working conditions and a generalisation of exploitation as the informal manufacturers try to survive and meet the demands brought to bear by buyers in the formal sector (Barrientos, 1999:5).

Understanding that there is a linkage between the two economies is fundamental to any policy developments, "if we think about a world in terms of a formal and informal sector, we will be glossing over the linkages which are critical for a working policy" (Peattie, 1987:858, as cited by Devey et al: 2004:8).

For Jane, dealing with formal business as a means of gaining entry into the market for her products is hindered when they dictate to her about the labelling of her products. "Some retailers, such as the NSA Gallery, do not want me to carry my label [that has her contact details], while others only want 'Made by local South Africans' on the label."

As for policy development, it is often difficult to identify whether a business is truly operating within the informal sector and, by extension, can be identified as an informal business. In identifying businesses for trading support, the eThekweni Municipality states that it is "important to establish whether the business operates in the formal or informal economy ... the simple reason being that developmental objectives of the informal economy and the formal economy are different" (www.durban.gov.za).

There are many formalised companies within the clothing sector that have purposely entered the informal sector to sell and compete with informal traders (Mkhize, 2003:15); this is purely a survival strategy, which further compounds the difficulty for informal traders in the clothing industry to survive and flourish, as it pits them against companies selling their goods with the backing of capital and an established business structure.

The Role of Institutions in the Informal Economy

The role of NGOs, and formal institutions such as banks, unions and government departments, are all vital role-players in assisting the informal sector and the individuals working within it to prosper. Ann spoke about a new development plan for income generation initiated by the Department of Health that would encourage women to form a registered co-op so they can have access to tenders for producing items like T-shirts, caps, bedspreads, blankets, sheets, pillow-cases, coats, gowns and theatre-boots. Financing was structured by Ithala Bank offering a 60% loan to supplement a government subsidy of 40% of the required start-up funds for the women.

The interview with Jane revealed the difficulties of trying to get access to loan capital from the major banking institutions without having any collateral as a means of security:

Even when I approach the banks, their attitude is so rigid for small business-people like me, and they are so unfriendly that I end up walking out of there wondering why I'm trying to do this. They almost are saying 'go and get a job, earn a salary...'

Access to NGOs and developmental agencies is another important route to gain capital for income production but the competition is intense, and success is to a great degree dependent on social networks - access to the right people or groups. In the interview with Ann, it emerged that Lulisandla's isolation hampered their accessibility to such networks, and that "who you are" plays an important role: a similar project, that began in small ways in a neighbouring community and is run by Deputy-President Mlambo-Ngcuka's mother, has grown considerably over the last five years: "They are getting big funding, about R500 000 from the government and other donors."

Creativity is the key to accessing funds via NGOs and donor agencies; to investigate this further, this researcher interviewed the Co-ordinator of the Durban Catholic Archdiocese's AIDS Care Programme which is assisting Ann; he described a very interesting and unique concept of fundraising, which he calls "asset or resource-based community development". Its primary framework involves "community mapping" of skills and achievements through the medium of African traditional story-telling. The process of requesting funding from donors tends to entrench communities in their history of need and dependency, which obscures and diminishes their memory of their own resilience and strengths, because donors are accustomed to hearing about these negative situations. The Co-ordinator is compiling proposals to overseas donors that actually budget for progressively **lower** amounts in each successive year of funding, because he wants to prove that making projects self-sufficient is highly achievable, and that the goal of being self-sufficient for sustainability gives the project a solid orientation for the future.

It was also felt by Jane that there is a lack of support from local NGOs and institutions for promoting and supporting informal workers, be they traders or home-workers who wish to promote local products.

From a global perspective, there has been a growth in NGOs and community organisations that promote and assist members of the informal economy, such as India's SEWA, or the now defunct SEWU project. There is Streetnet International – an international federation formed to protect and promote the rights of street vendors, while other organisations provide assistance not only to street traders but to those who fall within the ambit of home- based and home-working operations, as identified by the International Labour Organisation (ILO), who are part of the value chain working from home either providing services to formal manufacturers or being self employed – design, manufacturing and selling their own products. Such home-workers are found throughout the world, and the following statistics show the percentages of home-workers in the global textile and clothing industry:

Venezuela:	45% of clothing industry
Thailand:	38% of clothing industry
Chile:	60% of all women's and children's clothing

In the Australian garment industry there are 15 home-workers for every factory worker.

(Prugel, 1992, 1998: Homenet Newsletter 1999, as cited by McCormick and Schmitz, 2001:16).

In South Africa, some traders have initiated organised representation to local and even national government agencies for their rights through social activism. One such organisation is the African Council of Hawkers and Informal Businesses (ACHIB), which has "held demonstrations against forced removals and ... created the traders' crisis committee to try and get municipalities to listen to their concerns" (Archibald, 2004). There are other organisations, such as Durban's Thekwini Business Development Centre, which provides training for small business operators in entrepreneurship skills (Naidoo, 2005). Further positive examples of uplifting the informal clothing sector is the City Garment Project initiated in 1999 to provide skills, market entry and to form collaborative projects with local companies (Chen, Vanek and Carr, 2004:137).

The role of unions and their means of assisting informal workers is very contentious, as many formally employed workers who find themselves trying to survive in the informal economy claim that their union had done nothing to protect them from losing their jobs in the clothing and textile industry, leaving them wary and unwilling to join an informal workers' union (Bennett, 2003:22).

Nonetheless, the SA Clothing and Textile Workers' Union SACTWU has plans to offer individual industrial home-workers a range of benefits, such as "access to health care and retirement

funding, followed by a range of other services, including training". SACTWU's approach is that, by having registered informal manufacturers as union members, it would provide a mandate for union leadership to "pressurise formal clothing manufacturers and retailers to sub-contract work only to those informal producers who are on the register, and in this way SACTWU could start to shift work away from anonymous individuals in the informal economy to known individuals in the informal economy" (Bennett, 2003:22; Goldman, 2003).

Such concepts are proactive and innovative, but difficult to implement, as the attendant policies would need to be rigorously interrogated so as to navigate the complex labour laws in South Africa. Moreover, SACTWU's notion of providing social benefits gives space for investigating the financing of such benefits, would it be through union fees, government subsidies or the country's tax-base?

At times, the informal economy suffers from negative publicity via the national media, which is of particular concern when such coverage originates from institutions that should be engaged positively with the informal sector. An example of this is when the National Labour and Economic Development Institute (NALEDI) was quoted by the *Mail & Guardian* as saying, "employment in the informal sector is a way of concealed unemployment; these jobs do not ... increase productivity and [people] in the informal economy are a burden to the government, as they cannot provide their own pensions or healthcare" (Merten, 2005).

In essence, it is true that such people employed or working in the informal sector do not have access to social benefits. The complexities of trying to deal with such policies is exacerbated by the reality that increasingly, people are finding themselves employed in the formal economy as contractors in businesses, corporate institutions and even within NGOs, which excludes them from benefit packages but still pay taxes. Grafted upon this, classifying these workers as falling neatly within the formal or informal economy becomes problematic: should they be counted as employed informal workers who pay taxes and are therefore not a burden to the government?

The interviews revealed that finding support mechanisms for informal operations is difficult, and that the potential for success in this sector depends on various factors such as location, established networks, and the degree of understanding of legal and general issues around business. Jane explained that much of her networking has been self-initiated without the assistance of any NGOs or network organisations, but finding the time to do so is a strain, as every hour away from her work diminishes her productivity. She does not belong to any organisation, although she indicated that she would be keen to join an organisation that advocates fair trade and promotes local goods.

At the other end of the scale, Ann emphasised that it is vital for the Lulisandla project to establish networks and to mobilise the co-op so as to gain entry into the Department of Health's new income-generating scheme. "We are trying to network, but it's very difficult

when you don't have resources to begin with ... you find that the urban projects attached to the church are flourishing ... being in a remote situation, it is harder."

Organising Informal Operations

Among the barriers to organising collective groups or co-ops, and even in getting buy-in from suppliers, is the lack of trust, or fear of competition, and the consequent reluctance to share information. Ownership of products and ideas was revealed in the interviews as a concern. Jane claims that the bead-workers in her operation (she employs up to 20 women to make her designer bead work) are selling her designs to other people, not only to individual customers, but also to retailers and wholesalers, at the same price as they sell to her; this directly undermines her business as it shrinks her market. She had tried to explain her concerns to the beaders, "but they laugh, and their approach is that I do not have ownership over them - and I don't."

In the case of Ann, there were similar problems with women in a neighbouring community already making clothing but not wanting to share their ideas or knowledge. Ann explained that when Lulisandla was at its nascent stage of formalising their project by developing a constitution, "it was very hard to get people to help us and share knowledge, even by showing us the template for their constitution. I was surprised, because - what could we steal from them?". One deduces from this that the fight for material survival, and the fear of losing what little income these small, discrete groups can generate, are so intense that whatever communitarian spirit exists in these neighbourhoods is compromised by the worry that enabling competition might erode their own gains.

Jane reflected that it was not only competition from cheap imports that hindered her growth, but competition from other informal workers making clothes and selling at the Essenwood Market and other such outlets which is her main source of networking, brand visibility and sales generation. She would bring out a new design and a few weeks later, "a bunch of new people [are] selling the same product but undercutting the prices radically, so I have to drop my price ..."

The interviews reveal that access to capital is vital for the survival of small business within the informal economy, that collective co-operation between individuals is often difficult to organise, and that there is a fear or reluctance to share knowledge. As more people enter the informal economy, competition grows and the impact of foreign competition on pricing forces each business - be it a single operator or a collective - to protect their knowledge, sources and markets as much as possible.

Policies formulated by NGOs, local government or even national government can provide space and opportunity for representation and business education, but they cannot stem the

growth of the informal sector or institute protectionism against competition amongst themselves or against foreign imports under current conditions.

One of the most important avenues to explore in protecting and assisting businesses in the informal economy is national labour legislation designed to include those employed outside formal labour structures. Another alternative is to facilitate registration of small businesses. Local government could provide more space for traders and businesses to enhance market exposure by creating clusters for informal operators, such as the proposed 'African Bazaar', in Durban (www.durban.gov.za). In the South African context, it would be difficult to implement policies for home-operations that equate to those in northern countries, where home-workers have access to legal services, provision of certain benefits such as severance pay and family care; the South African economy is already so burdened by existing welfare assistance programmes such as social grants.

Conclusion

It is clear from the evidence provided in the literature and supporting field-work that individuals operating in the informal economy share many common difficulties, such as access to capital, gate-keeping of information and other resources, lack of access to markets, competition from imports, and rivalry within the informal sector itself.

In the context of South Africa's clothing industry and its endeavour to meet its global challenges by finding alternative means of survival in the form of labour casualisation, individuals operating in the local informal economy are struggling to meet and surmount the various impacts of broader socio-economic dynamics. As exemplars of this reality, this paper has showcased the experiences of Ann, who is desperately trying to implement income-generation concepts for her community, and Jane, who is striving to build her business and continue to provide work for her community-based partners.

Further research could be focused on how mutual rewards might be the yield of integration between the formal and informal economies: for instance, by finding ways to mitigate, if not eradicate, the current exploitation of the latter by the former, and by vigorous multi-level support for local producers' goods – up and down the value chain - in a spirit of committed partnership.

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