

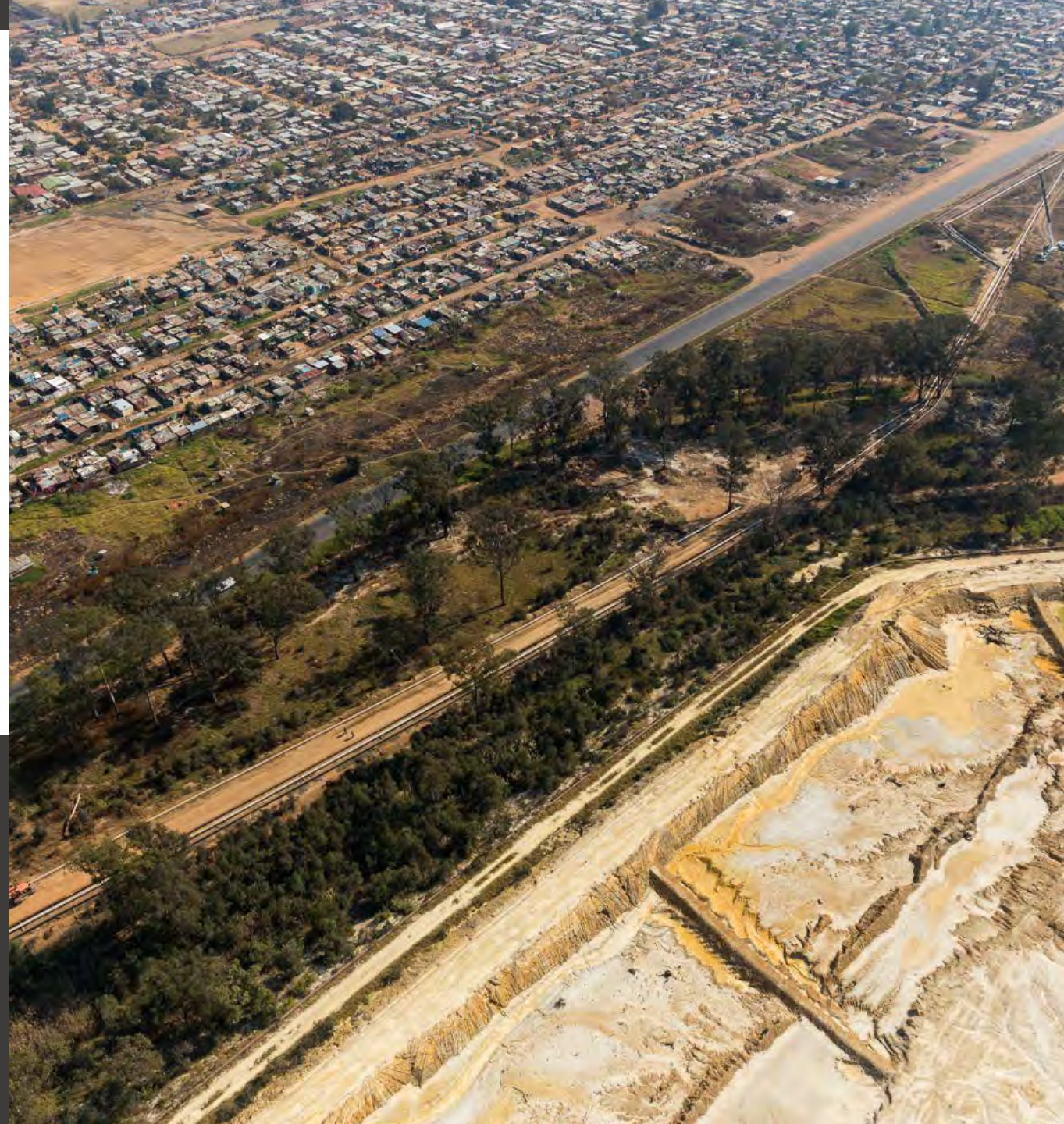
Informal entrepreneurship and Gauteng

ELLA Summit on Informality and Inclusive Growth

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Overview of QoL 2015



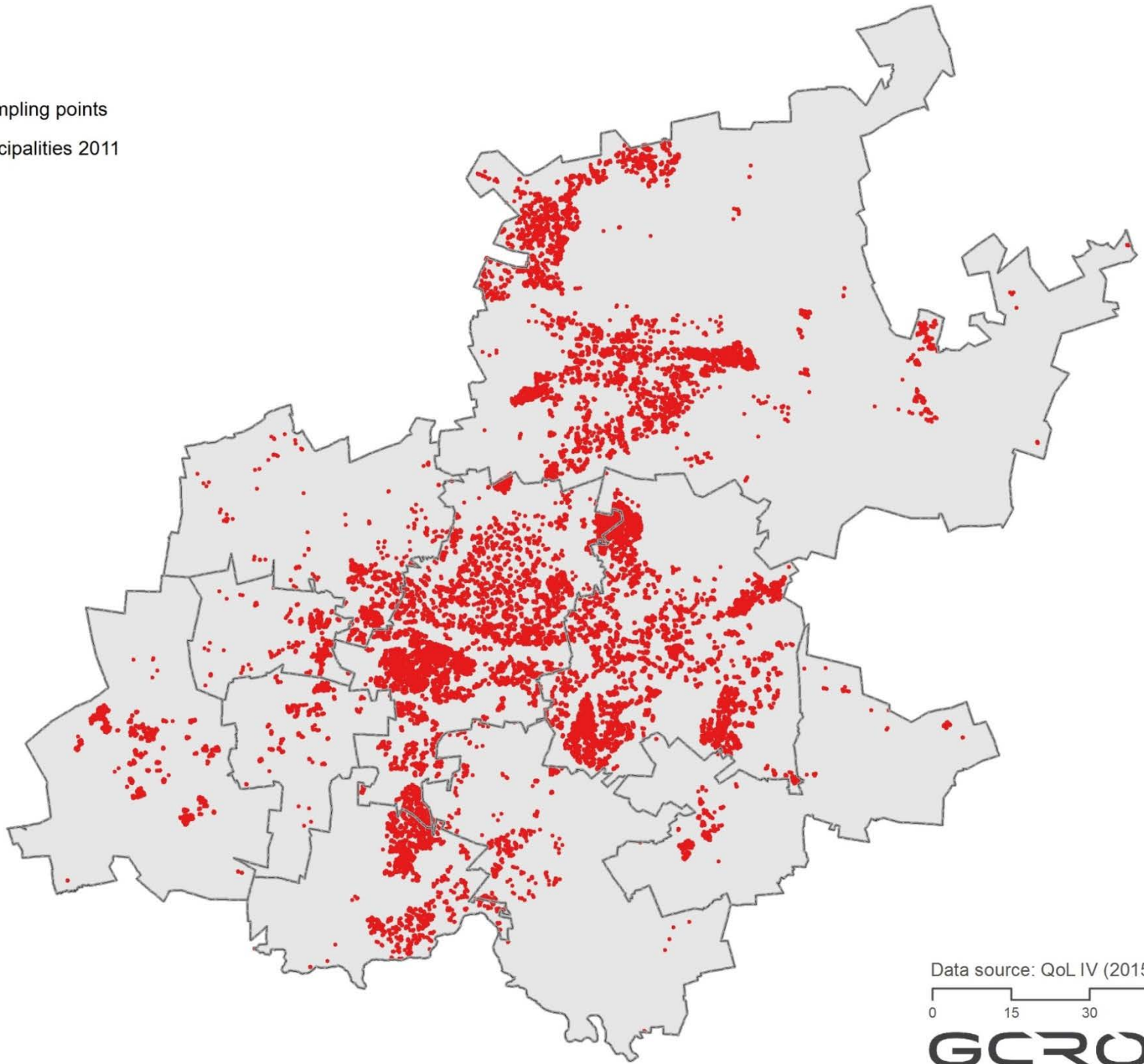
Overview of QoL 2015

Overview

- This is the 4th Quality of Life Survey conducted by GCRO
- 2009: 5 836 respondents in Gauteng / total of 6 636 across wider GCR
- 2011: 16 729
- 2013: 27 490
- 2015: 30 002
- In addition to GCRO funds, the three metropolitan municipalities and the Gauteng Department of Health each contributed significant finances to the 2015 survey, allowing us to realize the largest sample to date, broadly 'representative' to ward level across Gauteng

12

- QoL IV Sampling points
- Local Municipalities 2011



Data source: QoL IV (2015)



Overview of QoL 2015

What's in the 2015 survey?

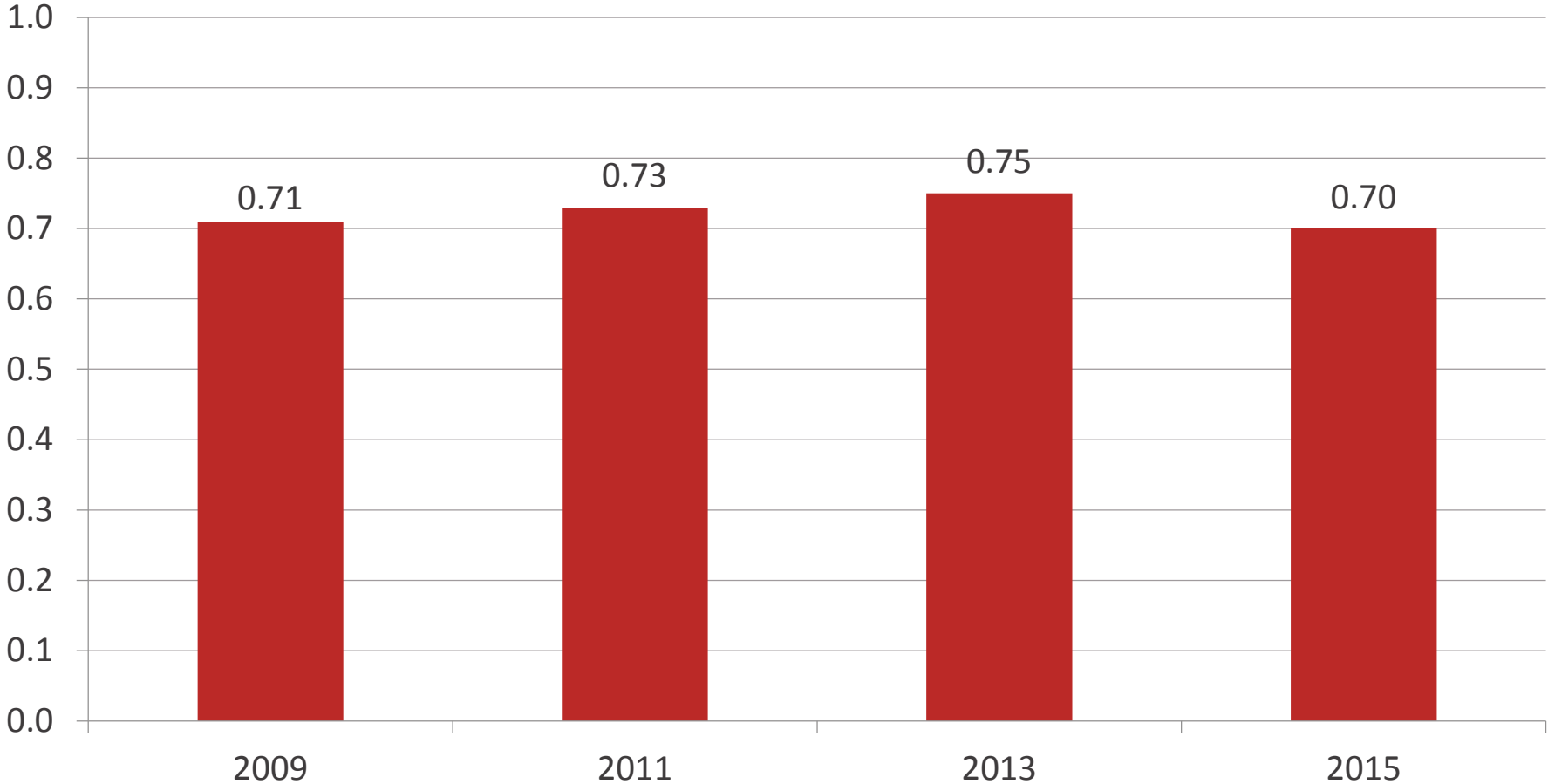
- About 60% of the questionnaire remains the same as in previous years. Good coverage of:
 1. Demographic variables (education, age, income)
 2. Dwelling and service access
 3. Satisfaction with services
 4. Satisfaction with government
 5. Migration
 6. Headspace, social attitudes
 7. Transport
 8. Poverty, wealth, debt, food insecurity, etc.
- **Enhanced sections/questions on:**
 1. Health
 2. Economy and employment, with specific focus on township economy
 3. Smart city
 4. Neighbourhood (e.g. where would respondent like to live)
 5. Gauteng 'DNA' questions about identity, affiliations, breaking rules, etc.

Economic conditions



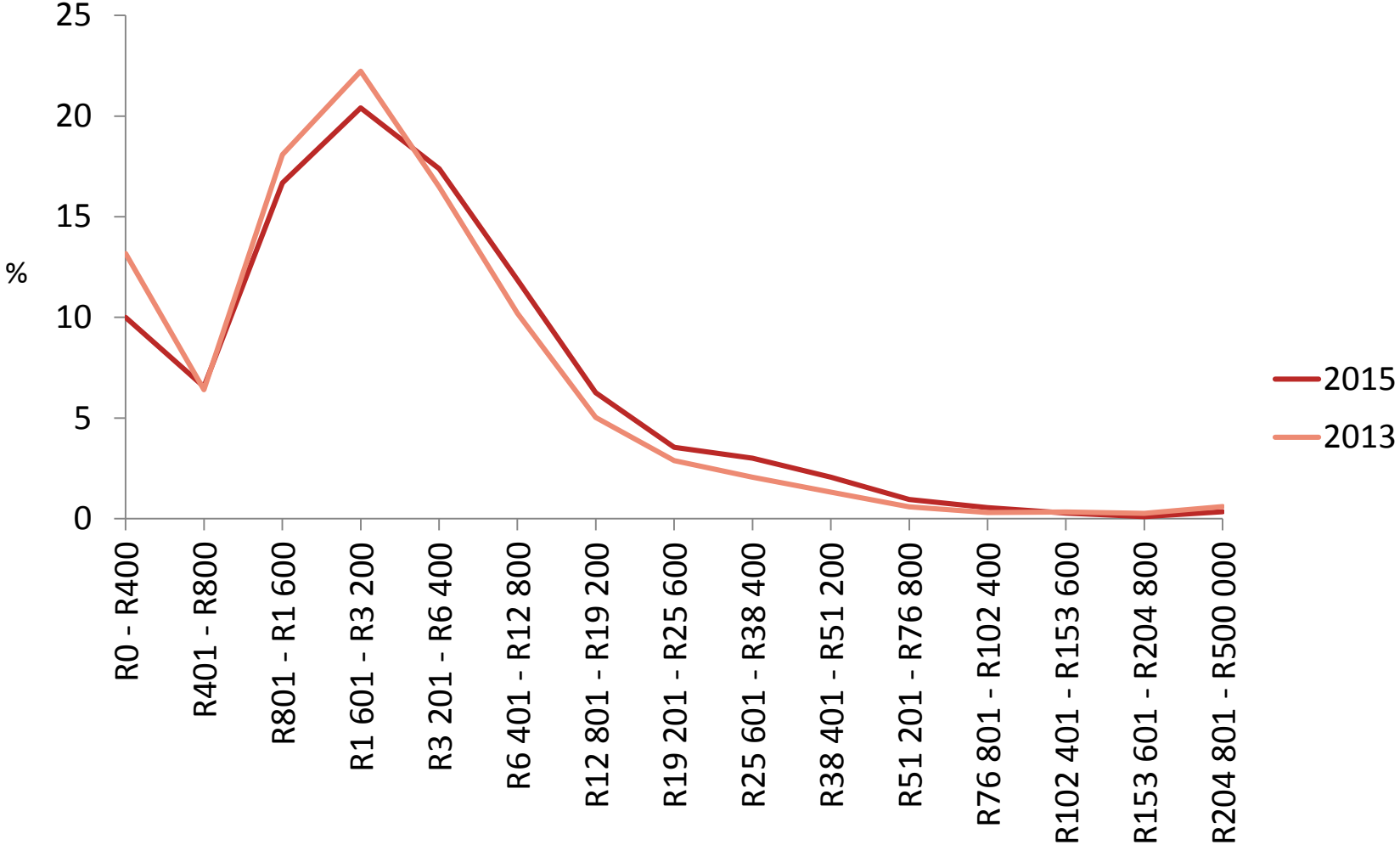
Economic conditions

Inequality: gini coefficient 2009, 2011, 2013, 2015



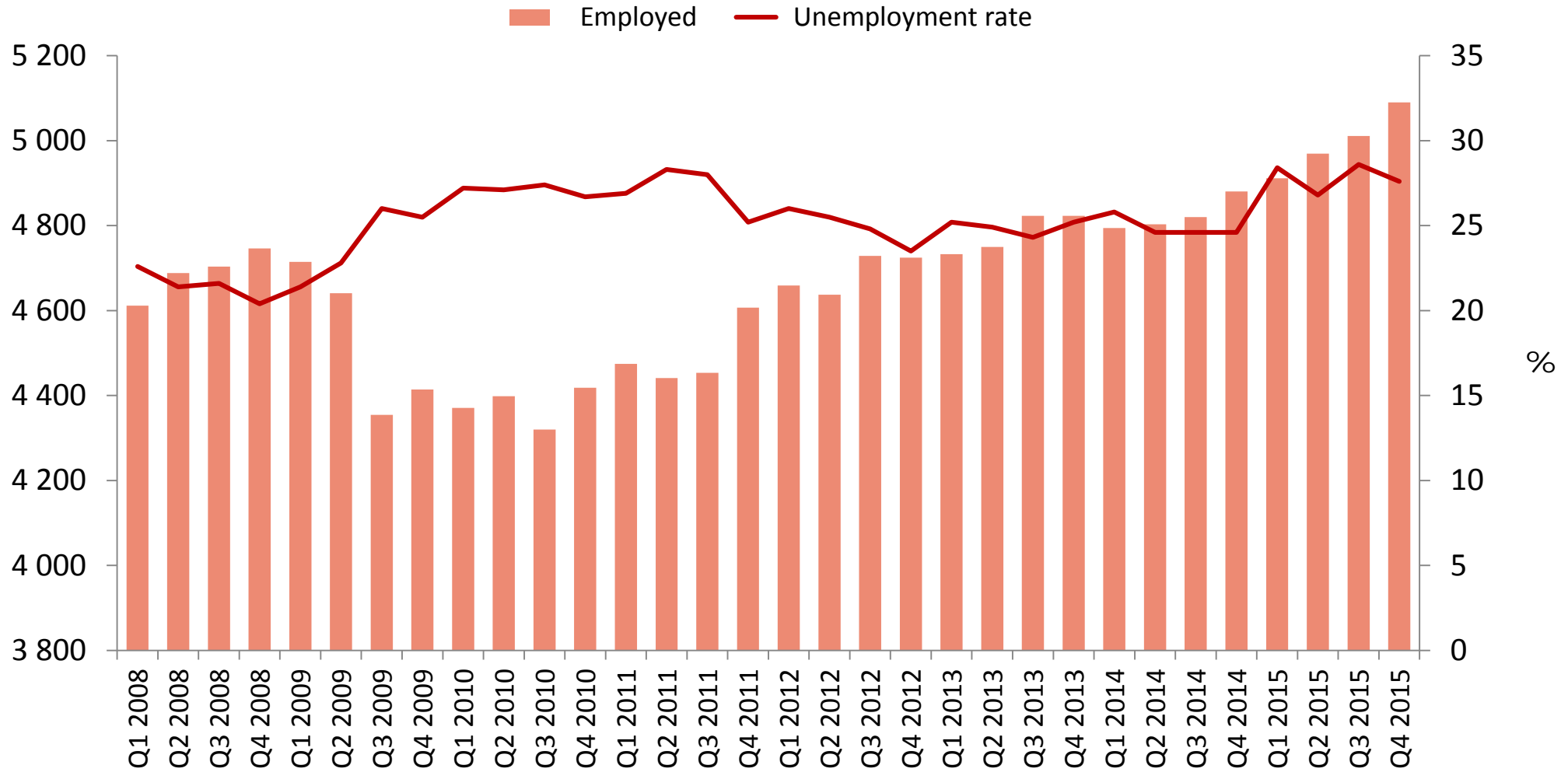
Economic conditions

Inequality: Income distribution



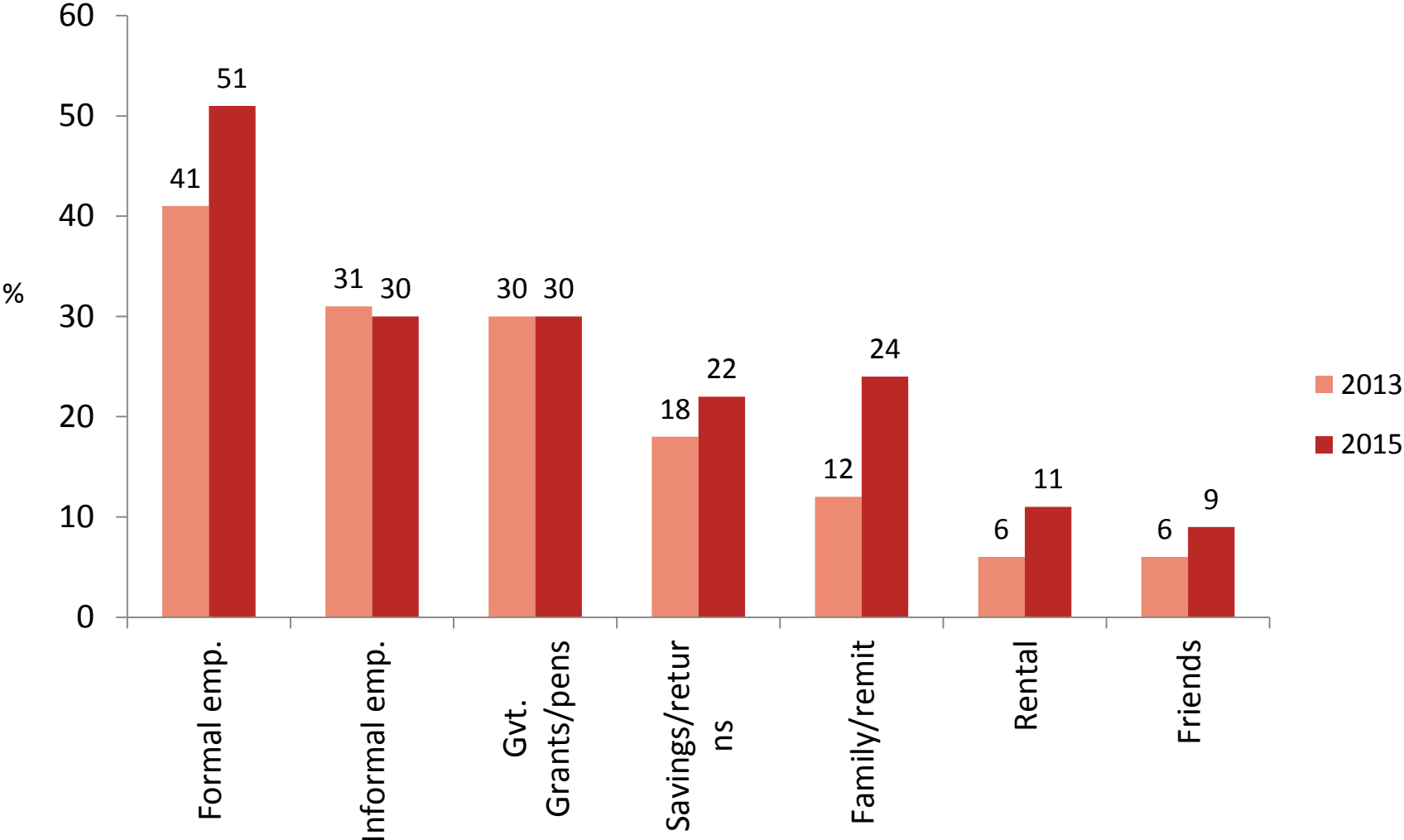
Economic conditions

Employment from Labour Force Survey



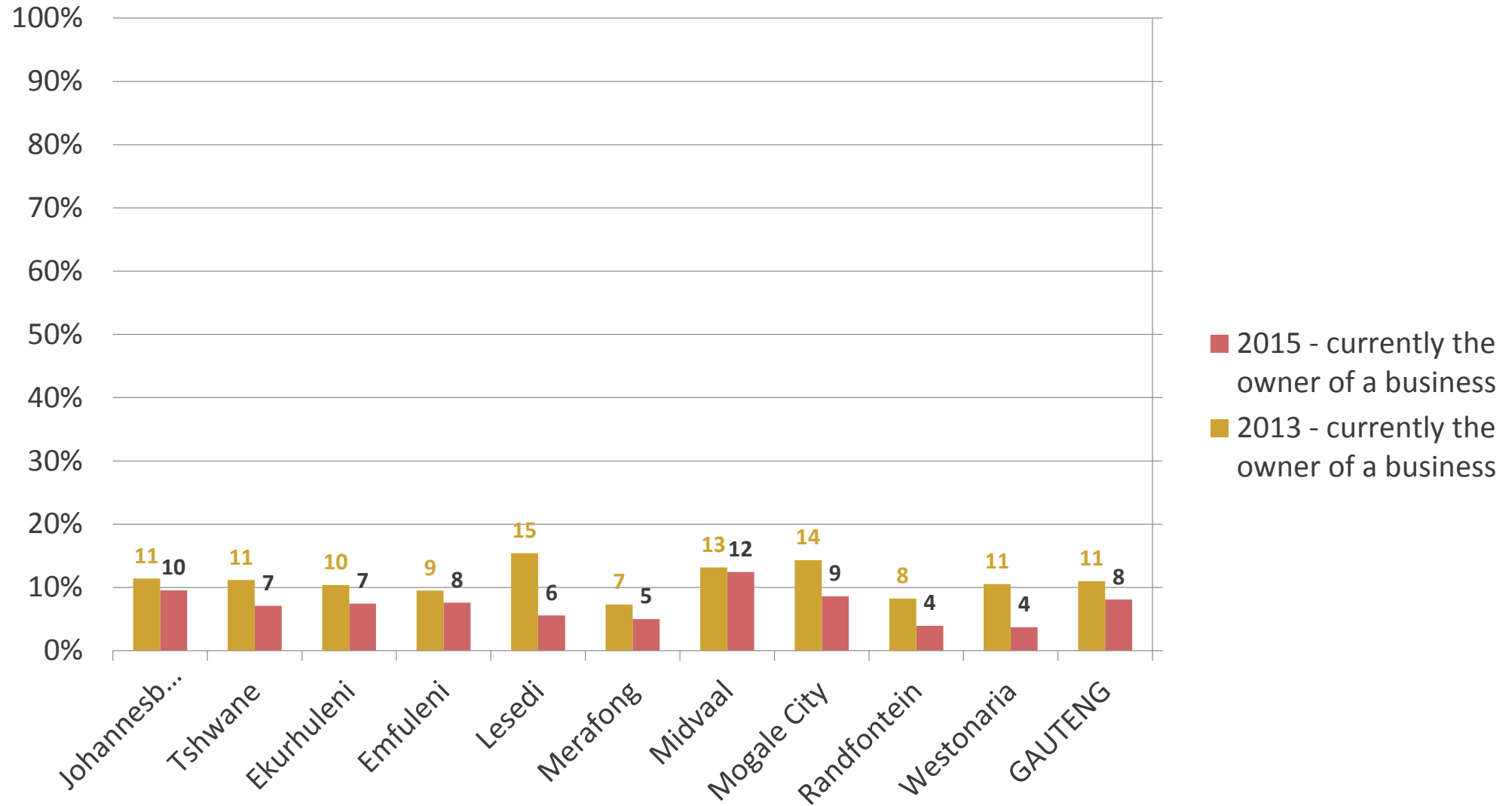
Economic conditions

What brings income into your household?



Entrepreneurship

Are you currently the owner of a business: % yes

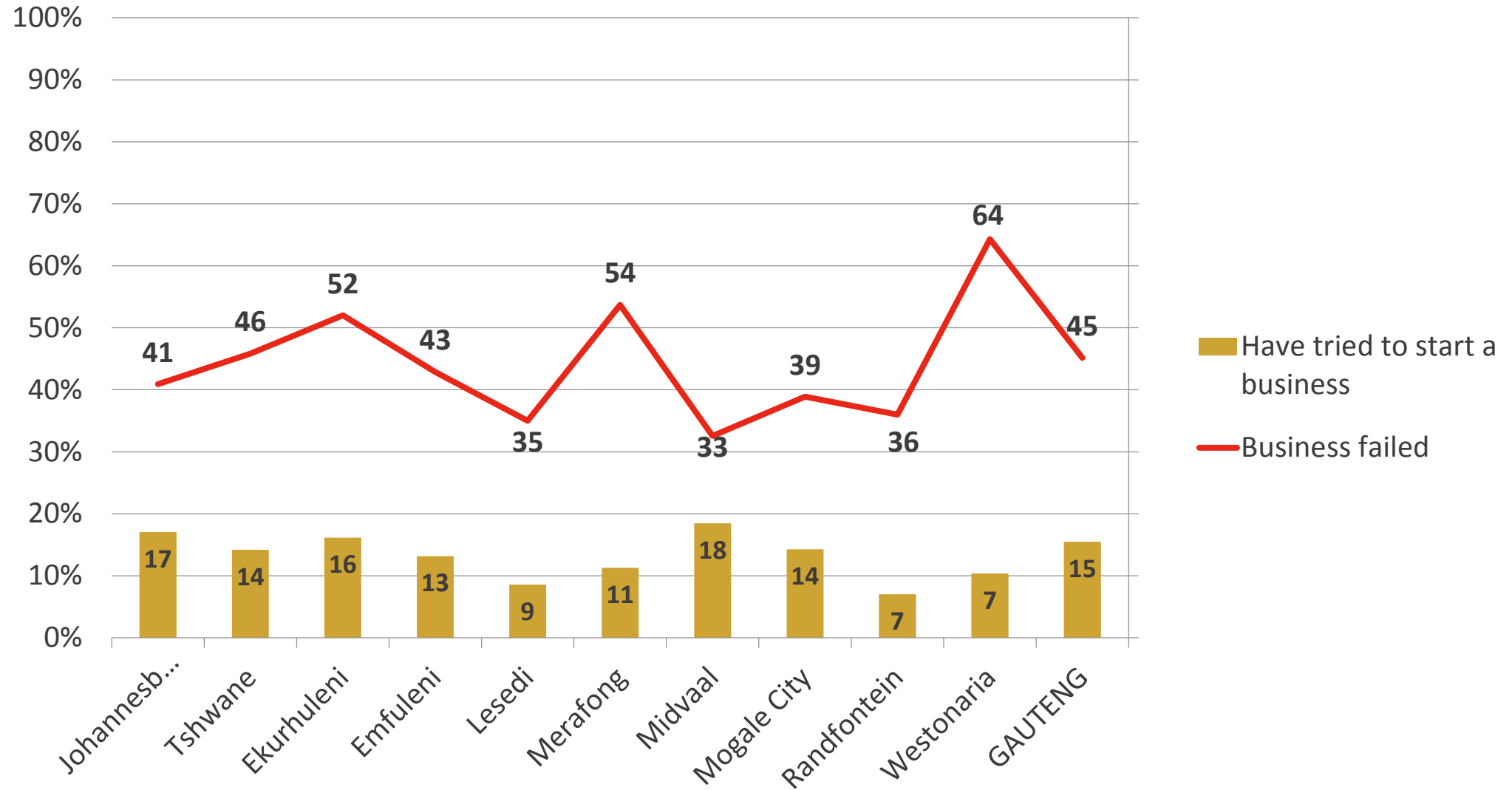


Informal Entrepreneurship and Gauteng



Entrepreneurship

Have you ever started a business / failure rates



	Own a business (% all respondents)	Business is in the informal sector (% of business owners)	Primary source of start-up capital: Personal savings (1st named) (% business owners)	Primary source of start-up capital: Bank loan (% business owners)	Number of employees: Sole employee (% business owners)	Number of employees: 1-5 employees (% business owners)
Sex						
Male	9	63	76	8	45	37
Female	7	68	78	6	55	32
Race						
Black African	7	74	82	4	60	31
Coloured	5	59	68	23	33	37
Indian	18	42	67	14	24	49
White	10	45	63	20	23	42
Migrant status						
Gauteng born	7	63	75	9	46	37
Internal migrant	8	66	78	6	54	31
International migrant	16	73	82	2	53	36
TOTAL GAUTENG	8	66	77	8	49	35

Primary source of start-up capital

Source: QoL 2015)

	Personal savings	Bank loan	Loan from informal financial institutions	Profit from other business	Loan from a micro-finance institution	Usurers/mashonis a	Loan from relatives	Loan from non-relatives	Business credit	Loan from government agency	Other source
Informal sector	81	5	0	2	0	1	5	1	0	0	5
Formal sector	70	14	1	4	0	0	4	0	2	1	4

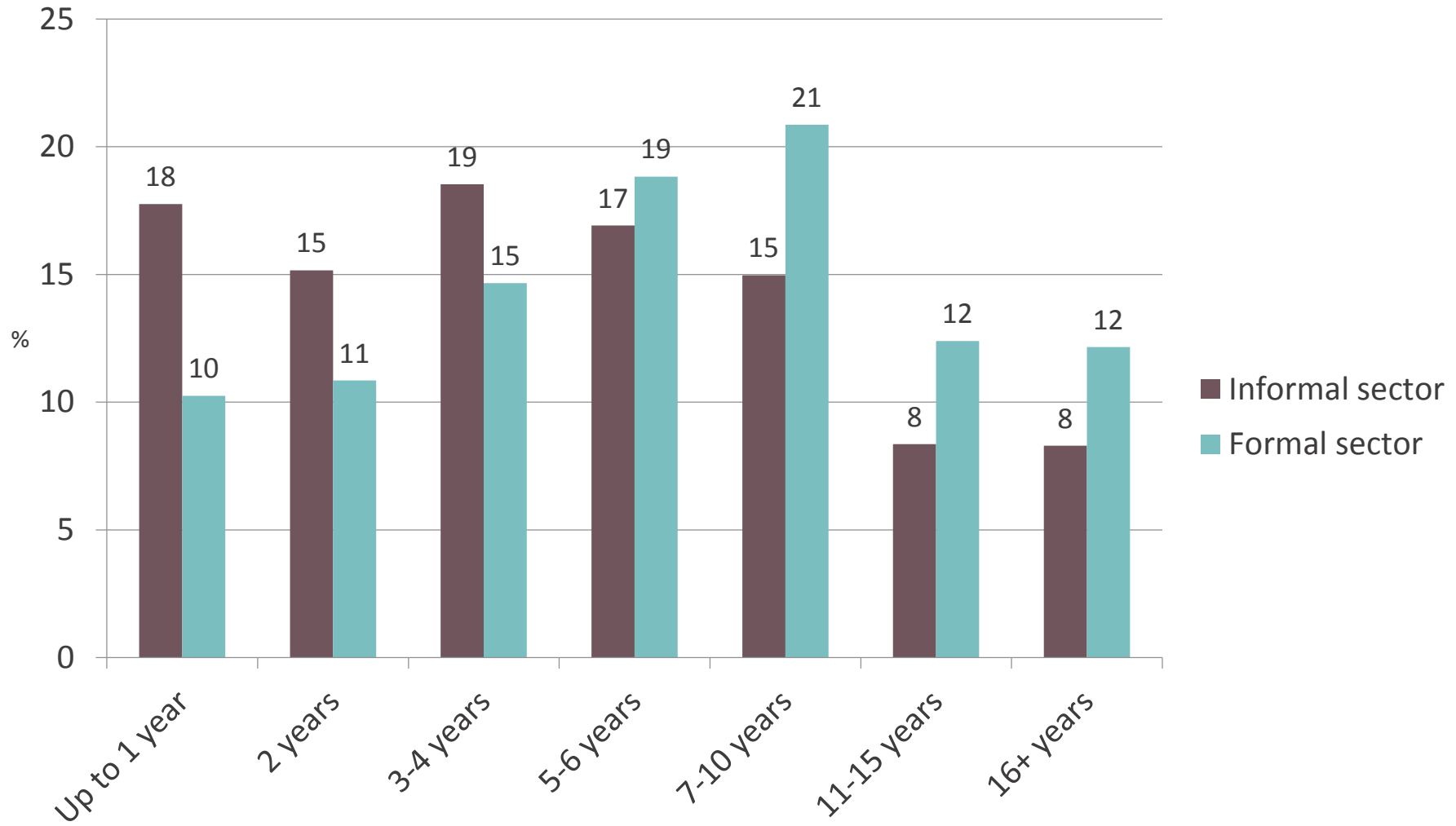
Type of business (Using Standard Industrial Classification of all Economic Activities (SIC) 7th ed., 2012)

Formal and informal sector - (%)

	Formal sector	Informal sector
Wholesale & retail trade; repair of motor vehicles and motorcycles	26	45
Construction	11	5
Accommodation and food service activities	9	13
Professional, scientific and technical activities	8	2
Transportation & storage	7	4
Manufacturing	6	7
Education	5	3
Other service activities	5	9
Information & communication	4	1
Administrative and support activities	3	2
Real estate activities	3	1
Arts, entertainment & recreation	3	1
Human health activities	2	1
Agriculture, forestry and fishing	1	2
Financial and insurance activities	1	1>
Mining and quarrying	1>	1>
Water supply; sewerage, waste management and remediation activities	1>	1>
Not specified	6	3

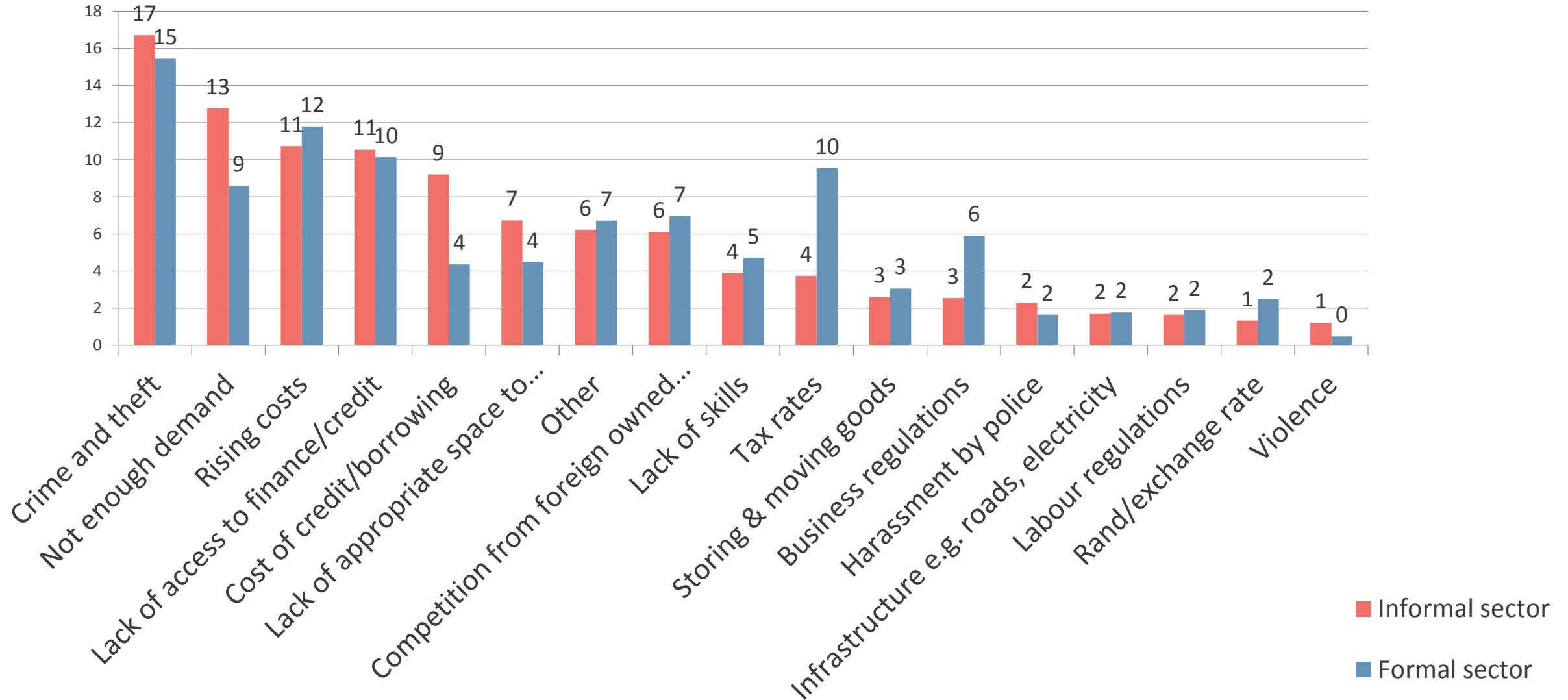
Economic conditions

Informal vs formal business: age



Economic conditions

Primary constraints on business: formal and informal (%)



Access to the internet?

Do you access the internet (e.g. a web site, e-mail, Facebook, WhatsApp, WeChat or other app)?	No	Yes, nearly every day	Yes, but not often	Household assets: Personal computer, laptop or tablet
Informal sector	51	36	13	32
Formal sector	18	65	16	67

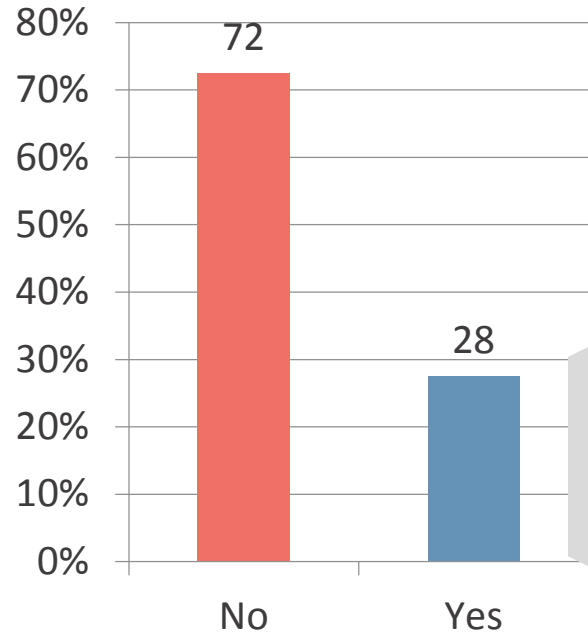
From where do you access the internet?

(multiple response question)

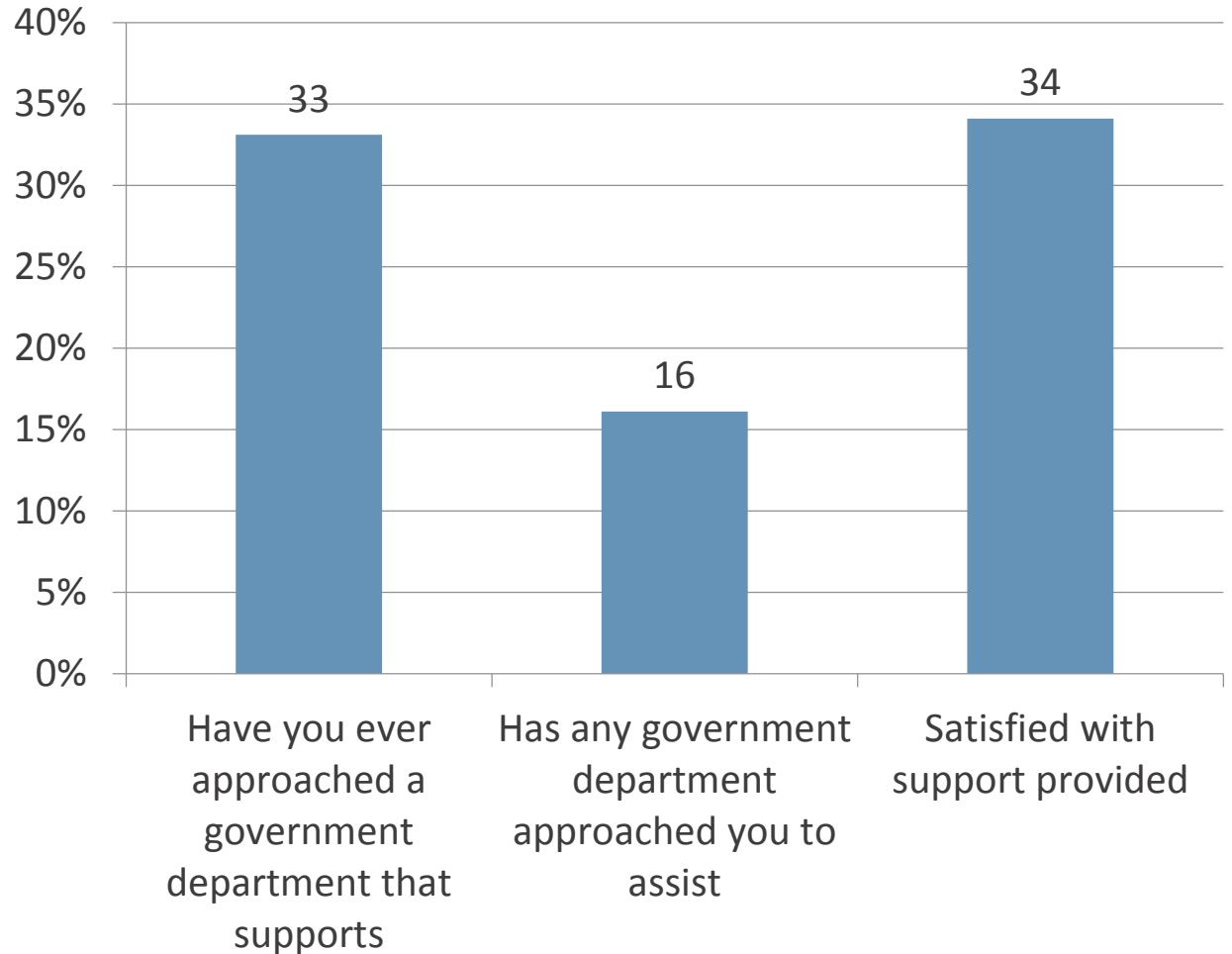
	On my cell phone/tablet	Home	Work	Anywhere on my laptop	Wi-fi hotspot/free or public Wi-fi	Internet café	Taxi Wi-fi	University, college or school	Library
Informal sector	75	44	24	22	10	12	14	3	2
Formal sector	76	60	47	44	24	16	1	4	4

Economic conditions

Support from government departments for businesses

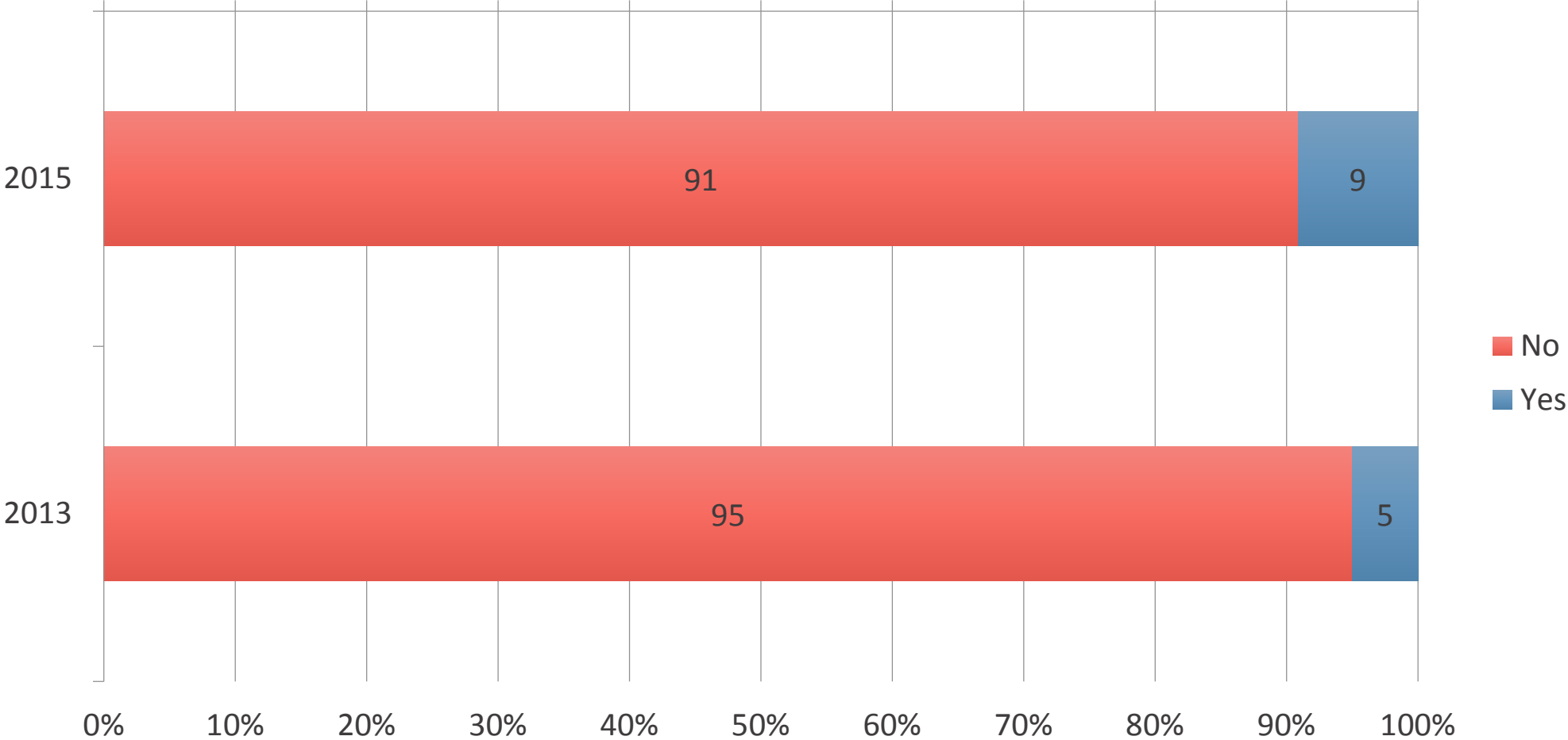


Do you know of government service to support small businesses?



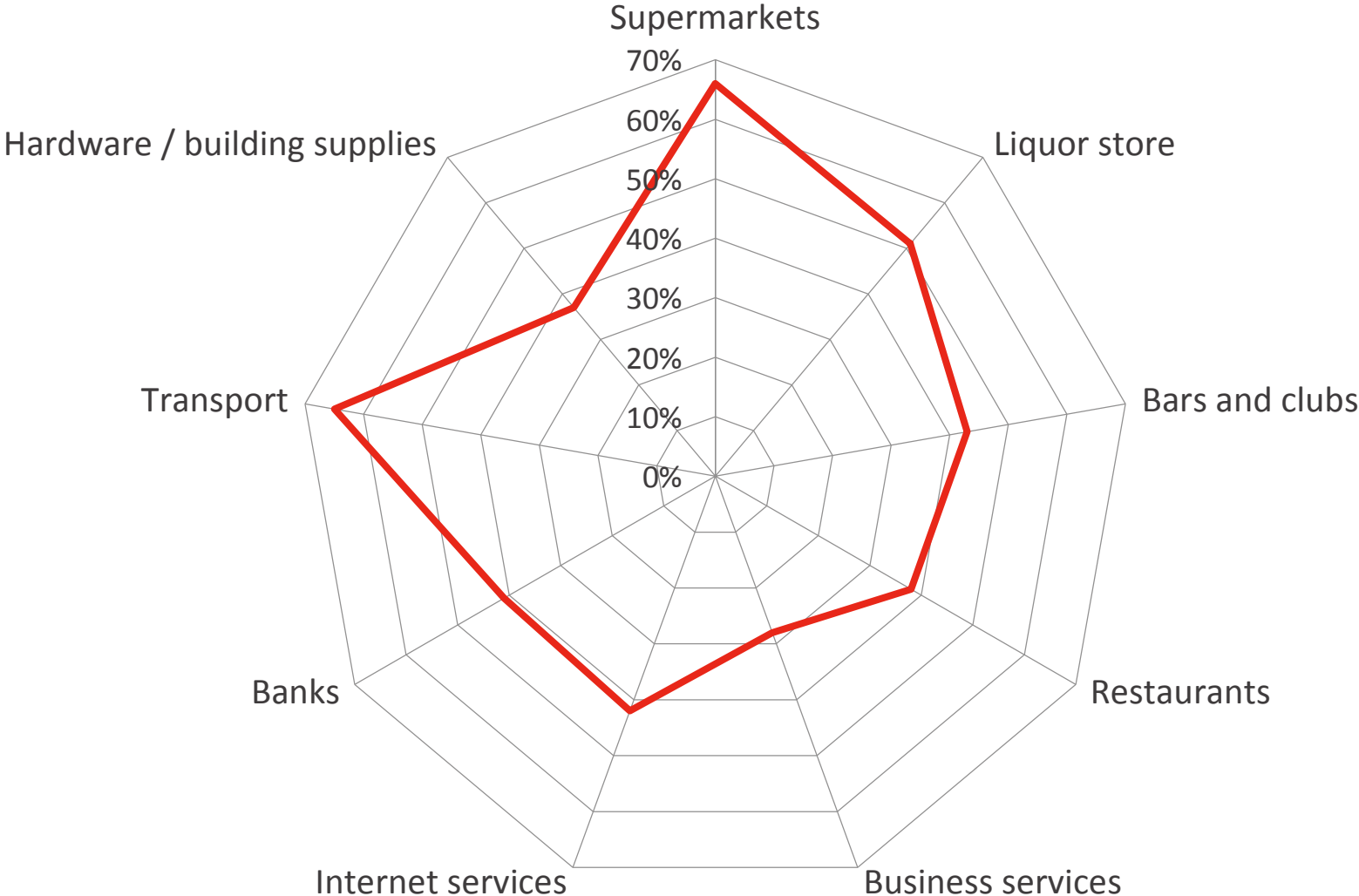
Economic conditions

Have you ever approached a govt. department or agency that supports SMMEs?: 2013; 2015



Economic conditions

Access to services within easy walking distance



GCRO surveys of informal sector entrepreneurs (2014)

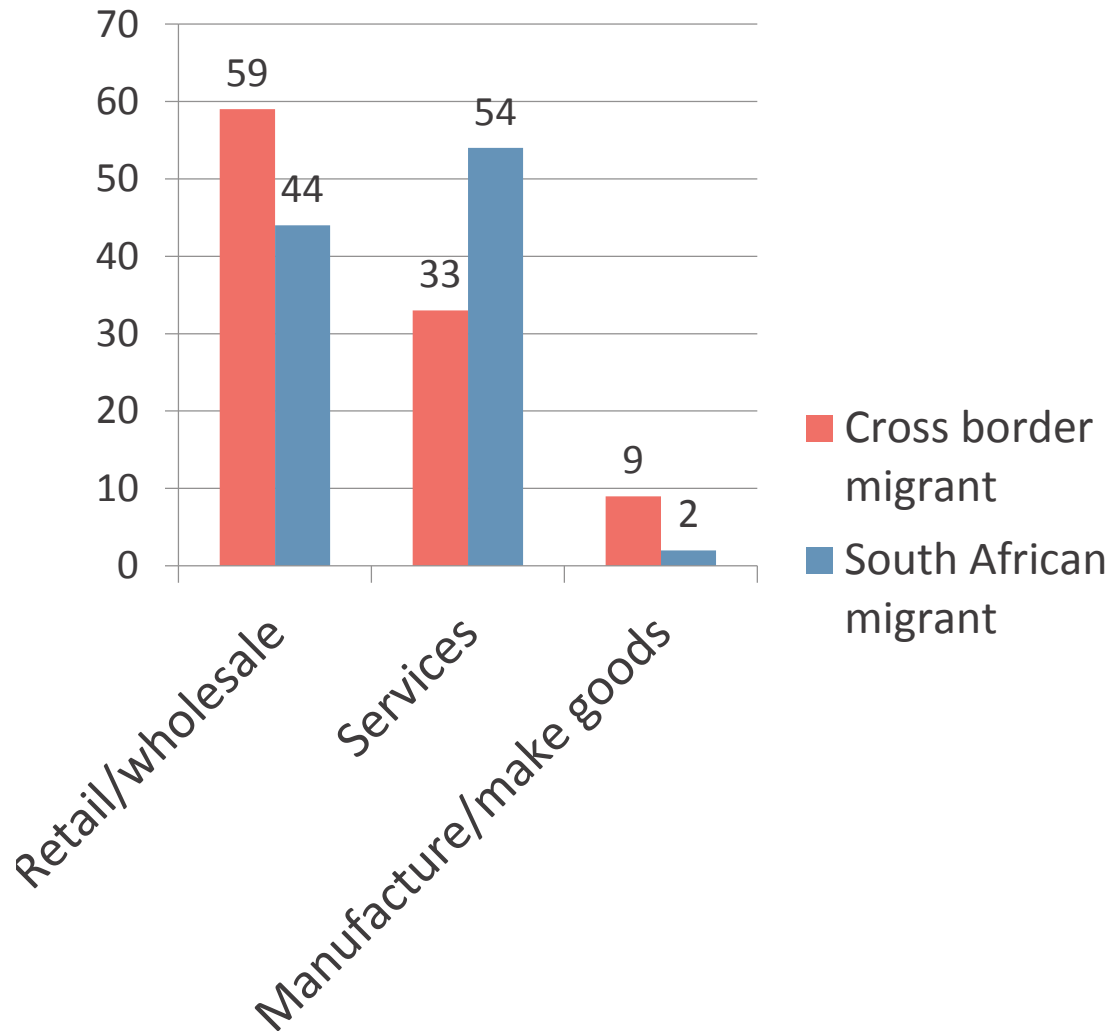
- GCRO survey of 1,567 cross border and South African migrant informal sector entrepreneurs in Gauteng (2014).
- GCRO survey of 1,270 informal sector cross border traders in Gauteng (people from other countries who travel to South Africa to buy goods for their businesses in their home countries – some also bring goods to sell in South Africa).
- There is more relevant data available from each of the surveys –just ask and visit the GCRO website: www.gcro.ac.za and www.gcro.ac.za/qolviewer/



FIGHT
POVERTY
NOT
FOREIGNERS

Sector

GCRO Informal sector entrepreneurs survey 2014



- Not all informal sector entrepreneurs own spaza shops or operate in the retail sector
- Sectors of enterprise show different levels of start-up capital
- Sectors of enterprise show different levels of profit/income
- Services sector used lower levels of start-up capital and showed lower levels of profit
- Retail sector used higher levels of start-up capital and showed higher levels of profit

South African and cross border migrant entrepreneurs

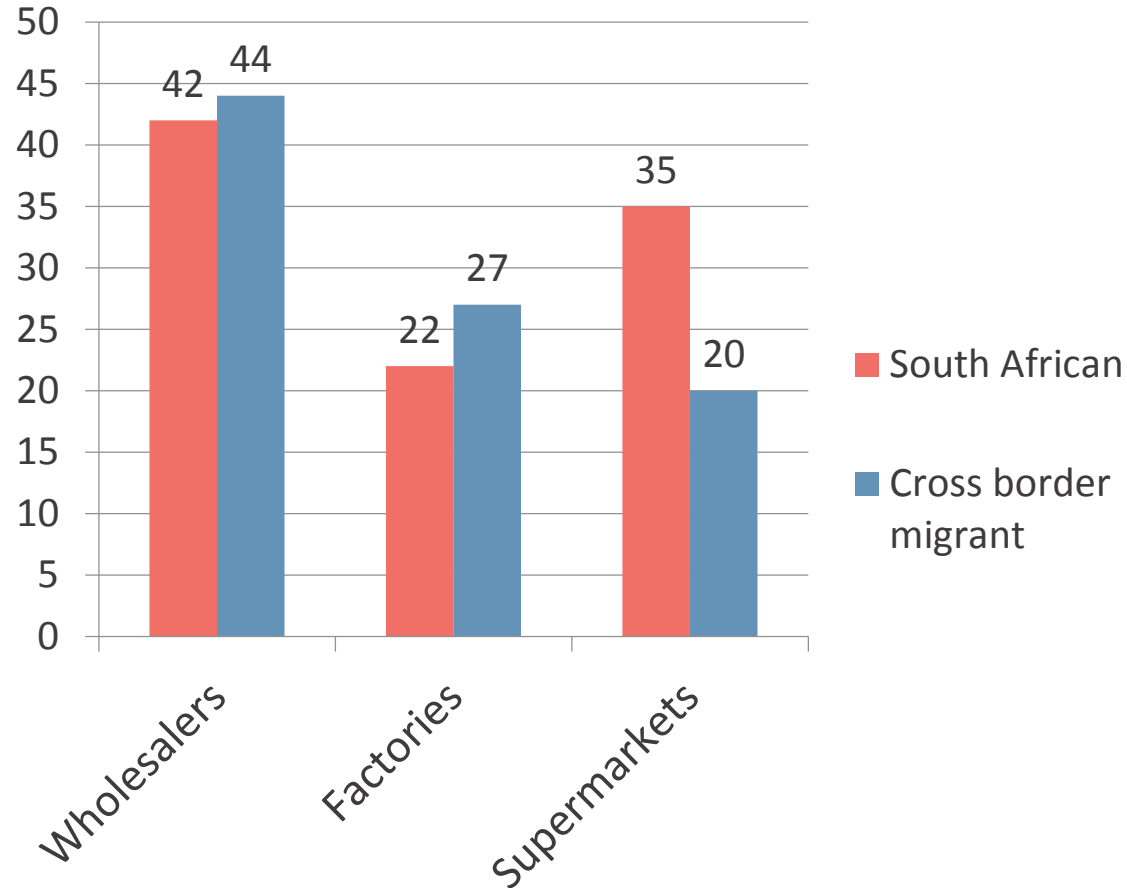
Start-up capital (GCRO Informal sector entrepreneurs survey 2014)

Amount of start-up capital used	South African	Cross border migrant
Less than R2,500	28	25
R2,501 –R5,000	31	24
R5,001 – R10,000	23	18
R10,001-R20,000	12	17
over R20,000	6	16
Sources of start-up capital (multiple response question)	South African	Cross border migrant
Personal savings	86	82
Loan from relatives	15	23
Loan from non-relatives	7	8
Loan from informal financial institutions (stokvels)	10	4
Bank loan	4	1
Usurers/mashonisa	3	3
Business credit (goods on terms)	0	1

- Start-up capital:
 - Amount needed affected by type of business (& vice versa) – services used least
 - Amount used affected by sources available
- South Africans more likely to start businesses with less than R5,000 - R10,000 (82% started with R10,000 or less vs.68% of cross border migrants)
- Cross border migrants more likely to use R20,001 or more
- Personal savings are the major source for all entrepreneurs
 - South Africans are more likely to get loans from formal & informal financial institutions (interest rates)
 - Cross border migrants are more likely to borrow from relatives & non-relatives (social capital)

Relationships with formal sector (%)

GCRO Informal sector entrepreneurs survey 2014 (multiple mention question)



- Cross border migrants are more likely to use wholesalers and factories for supplies
- South Africans are more likely to use supermarkets and small shops & retailers for supplies –likely to be more expensive
- The same proportion of South Africans & cross border migrants (38%) bought supplies for their businesses in bulk with other business owners
- The formal sector is the main source of goods for all nationalities
- **HOWEVER competition from large stores was a problem experienced:**

	South African	Cross border migrant
Often	41	31
Sometimes	35	37
Never	24	32

Incomes

(GCRO Informal entrepreneurs survey 2014 & Census 2011)

Average monthly income after business expenses (%)	South African informal sector (2014)	Cross border migrant informal sector (2014)	Census 2011 black African individual monthly income
R1-3,200	51	44	68
R3,201- R6,400	33	32	15
R6,401- R12,800	10	14	8
R12,801- R25,600	4	8	5
R25,600+	2	3	3

- South Africans more likely to make profits of less than R3,201pm
- Cross border migrants more likely to make profits of over R6,401pm
- Incomes compare favourably with black African incomes in Gauteng (Census data is for people with an income)

Employment

(GCRO Informal sector entrepreneurs survey 2014)

- Employment of others in business (including family members)
- 37% of cross border migrants (43% in Johannesburg)
- 32% of South Africans (36% in Johannesburg)

	Family members	Home province/ country (not family members)	South Africans (not from home province if South African)	Other countries
South African (N=202)	39	46	43	10
Cross border migrant (N=343)	16	38	37	24

Employment

(GCRO Informal sector entrepreneurs survey 2014)

Ratio of South African employers to employees

1:3.5

Ratio of cross border migrant employers to employees

1:5.5

Ratio of South African employers to non-family employees

1:2.7

Ratio of cross border migrant employers to non-family employees

1:4.3

Ratio of South African interviewees to employees

1:1.1

Ratio of cross border migrant interviewees to employees

1: 2.0

Ratio of South African interviewees to non-family employees

1:0.86

Ratio of cross border migrant interviewees to non-family employees

1:1.6



Business related problems

(GCRO Informal sector entrepreneurs survey 2014)

		Often	Sometimes	Never
Too many competitors around here	South African	48	36	16
	Cross border migrant	37	43	20
Competition from supermarkets/large stores	South African	41	35	24
	Cross border migrant	31	37	32
Suppliers charge too much	South African	26	54	20
	Cross border migrant	27	52	21
Lack of access to credit	South African	9	30	61
	Cross border migrant	22	33	45
Lack of training in accounting, marketing, other business skills	South African	8	34	58
	Cross border migrant	13	41	47

State related problems

(GCRO Informal sector entrepreneurs survey 2014)

		Often	Sometimes	Never
Harassment/Demands for bribes by police	South African	5	20	75
	Cross border migrant	8	24	68
Confiscation of goods	South African	4	25	71
	Cross border migrant	7	25	68
Arrest/detention of yourself/employees	South African	2	12	86
	Cross border migrant	5	16	80
Physical attacks/assaults by police	South African	2	12	86
	Cross border migrant	4	16	80

People related problems

(GCRO Informal sector entrepreneurs survey 2014)

		Often	Sometimes	Never
Conflict with other entrepreneurs	South African	8	44	47
	Cross border migrant	6	47	48
Crime/theft	South African	6	40	54
	Cross border migrant	11	39	50
Verbal insults against your business	South African	6	25	69
	Cross border migrant	12	31	57
Physical attacks/ assaults by South Africans	South African	1	11	88
	Cross border migrant	4	19	77

Symbiosis?

(GCRO Informal sector entrepreneurs survey 2014)

	Agree	Disagree	
I get goods for my business from immigrant business people/businesses	47	51	
I have learned from immigrant businesses	52	49	
I rent business premises to an immigrant business	54	46	
I have good relationships with the immigrant business people near me	50	50	
	Agree	Disagree	Don't know
South Africans cannot compete with immigrant businesses	35	33	32
Immigrant business people work harder than South Africans	34	33	33
South African and immigrant business people can work alongside each other	40	31	29

Informal sector/small scale cross border trade and Gauteng

- Informal sector or small scale cross border traders are people who:
 - Travel to another country to buy goods for their business in their home country
 - Travel to another country to sell goods and buy goods for their business in their home country
 - Travel to two or more countries buying and selling as they go
 - Travel by land and air and to a lesser extent – and only Mozambicans – by train
- In 2014 SATourism counted nearly 7 million land border arrivals from Africa
- Over 520,000 arrivals (7.5%) were for shopping for business
- At least 40% of these cross border traders came to Gauteng
- SATourism estimates direct spend of people traveling through land borders is R17,000 per visit
- GCRO survey found average direct spend R11,679 per trader
- 2014 direct spend of cross border traders using average spend in GCRO survey = over R2.4 billion
- 2014 direct spend of cross border traders using average spend in SATour survey = over R3.5 billion

Trade spending in Gauteng

September Map of the Month
Where informal sector cross border traders sell their goods.
goo.gl/wGHI4S

In 2014 GCRO conducted an in-depth survey with 1,270 informal sector cross border traders who travel to Gauteng to buy goods for their businesses in their home countries. They were mainly interviewed at public transport nodes. SATourism counted nearly 7 million arrivals from Africa through South Africa's land-borders in 2014. Over 520,000 (7.5%) were for shopping for businesses in their home countries. At least 40% of these visitors came to Gauteng.

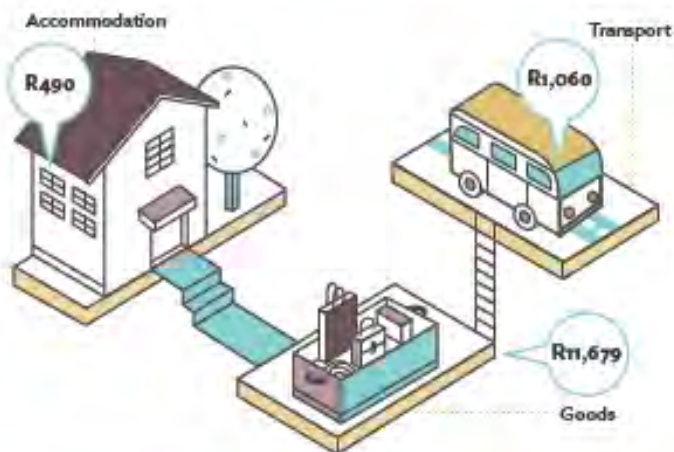
Source
GCRO 2014 survey of informal cross border traders, SATourism 2014 Annual Tourism Performance Report.
Contact
sally.peberdy@gcro.ac.za

Average direct spend per trip per trader

The average value of goods bought in Gauteng per trip was R11,679 per trader.

On this one trip the 1,270 traders interviewed spent over R14.5 million on goods in Gauteng.

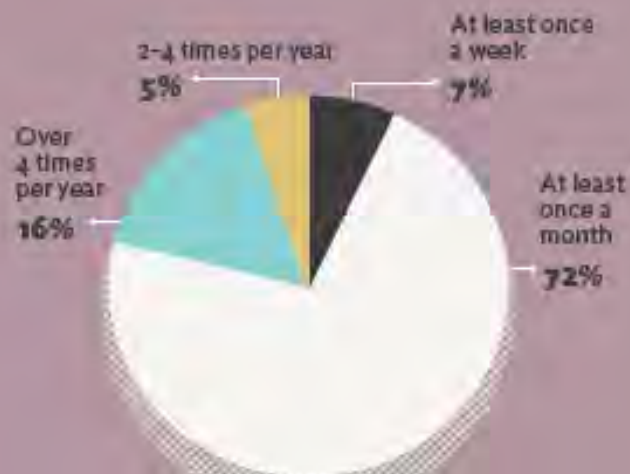
In total this cohort of 1,270 traders spend over R160 million per year in Gauteng on goods.



Types of goods usually bought



Travel frequency of traders



Where cross border traders buy goods in Gauteng



sector cross border traders sell their goods

The map demonstrates how informal sector cross border traders connect the retail and wholesale sectors of Gauteng to cities, towns and villages across Southern Africa.

Legend

1 - 7

8 - 20

21 - 85

86 - 281

Cross border trading routes

Gauteng

South Africa

Country

Author

S. Khanyile, M. Siteleki, S. Katumba, C. Wray & S. Peberdy

Contact

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Source

GCRO 2014 survey of informal cross-border traders, SA Demarcation Board, DIVA - GIS

KILOMETRES

Thank You

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