

The Experiences and Perceptions of Informal Workers towards Social Protection. The Case of the Informal Sector in the Western Cape Province, South Africa.

Shaka Keny Bob

PhD Candidate: Department of Sociology, Stellenbosch University

shakab81@gmail.com



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Abstract

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

For its framework for analysis, this study uses a mixed methodology design which involves a combination of both quantitative and qualitative data. The quantitative part is based on the National Income Dynamics Study-Coronavirus Rapid Mobile Survey which is a contemporary nationally representative dataset which offers a time series insight into how the pandemic and associated lockdown regulations have impacted on households, the labour market and the South African economy. The analysis of this research will be based on the National Income Dynamics Study-Coronavirus Rapid Mobile Survey Wave 1, Wave 2, Wave 3 and Wave 4 datasets. The findings revealed that informal workers were heavily affected since the Covid-19 lockdown phase and experienced a total loss of income and livelihood earning strategies. The findings also reveal that self-employed informal workers were the most affected by measures to curb the spread of the coronavirus due to the closure of public spaces which they normally use to ply their trade. The results from this study can be useful to policymakers in their endeavour in tackling decent work deficits and poor working conditions amongst those working in the informal sector. The paper also offers recommendations on how the South African government can scale up covid 19 relief measures. This study adds a significant contribution to the literature by demonstrating the importance of the concept of heterogeneity in redesigning social protection systems in developing economies.

Key words: Decent work, social protection, Informal-sector employment, informal workers, heterogeneity

1. Introduction

Labour literature reveals that the Covid-19 pandemic has negatively impacted on informal workers (Rogan & Skinner, 2020; Dubbeld & de Almedia, 2020; Patel, Van der Berg & Bridgmann, 2020). The South African government rightly responded to the socio-economic challenges which are being faced by both formal and informal workers due to measures implemented to curb the spread of the coronavirus. However, scholars such as Rogan & Skinner, 2020 argue that social relief measures implemented to mitigate the negative impacts of the Covid-19 pandemic have been marred by administrative challenges which ultimately made the process slow and exclusionary to certain segments of the South African population. This paper aims to provide a justification on why social protection needs to be extended to informal workers, especially in the South African context where unemployment and poverty levels have soared.

The paper is structured as follows. The next section provides an overview on the importance of incorporating heterogeneity into informal sector policy analysis. Section 2 highlights contemporary debates on the need to extend social protection to the informal sector. Section 3 provides an overview on the findings of contemporary studies which have been carried out to investigate the impacts of the Covid-19 pandemic on the informal sector. Section 4 provides a discussion on the future beyond the Covid-19 pandemic with regards to how social protection can be redesigned to include informal work. Section 5 forms the conclusion of the paper.

2. The Importance of incorporating heterogeneity into Informal Sector Policy Analysis

Contemporary literature reveals that scholars associated with the WIEGO network have advanced the argument that the concept of heterogeneity must be included when analysing the informal economy. Scholars such as Chen & Beard (2018), Chen (2012) argue that the informal economy is heterogeneous in nature and this means that is comprised of different forms of economic activities in multiple economic sectors. Heterogeneity is a key characteristic of the informal economy in developing countries (Unni & Rani, 2003; Chen, 2012; Skinner, 2018). The term informal sector was found to be a misleading term in explaining the complex heterogeneous economic activities which characterise this nature of work. This is because a sector represents one specific economic activity yet this type of work comprises of multiple economic sectors. According to Fourie (2018) the term informal economy is both an inclusive and acceptable term to represent the diverse group of workers and enterprises in urban areas who operate informally.

Existing literature reveals that most policy related studies on the informal sector have analyzed it as a homogeneous entity; and have largely ignored the concept of heterogeneity and segmentation of informal employment. Scholars such as Chen & Beard (2018); Skinner (2018); Chen (2012); Unni & Ranni (2003) argue that the informal sector is heterogeneous in nature and as such any study on this sector should incorporate this into its analysis. Informal workers differ according to factors such as geographic location, place of work, occupational groups, status in employment and through branches of economic activity (Fourie, 2018). Furthermore, Fourie (2018) argues that it is important to incorporate spatial dynamics into the analysis of the informal sector because different geographic areas have specific manifestations of informal employment in that context. Factors such as geographic size, and informal sector size play a huge role in formulating policy related research which is tailor made specifically to that context. This paper is relevant because it addresses a contemporary problem which is cited in labour literature as being an empirical gap of inquiry. To provide clarity, the concept of heterogeneity suggests that informal workers are not all impacted in the same manner and so any study or analysis of this sector should factor this into account. To provide support to the previous assertion, Chen et al. (2021: 3) points out that the literature lacks empirical evidence on how different groups of informal workers have been impacted by the Covid - 19 crisis and there remains a need for data which reflects the diversity of the informal sector working arrangements for conditions.

3. Contemporary Debates on Extending Social Protection to the Informal Sector

Labour studies literature reveals that an intensive contemporary debate exists surrounding the provision of social protection to informal workers (Staab, 2020; Alfes, 2020; Lund, 2020; Rogan & Skinner, 2018, Chen, 2018). Scholars in the literature such as Grabrucker et al. (2018) argue that extending social safety nets to the informal sector should be implemented with caution and wise judgment. However, other scholars are of the opinion that social protection should be provided to informal enterprises which are formally registered. Chen (2018) argues that the International Labour Organization (ILO) Recommendation 204 promotes the view that when informal enterprises formalise, they should be provided with benefits which are inclusive of social protection. A key example of this is the Brazil individual- enterprises law which was passed in 2008. This law facilitated a state pension, health and maternity benefits, disability and survivor benefits and a family allowance in the event of imprisonment or death of the head of household to formally registered enterprises.

The core debate in the literature is centered on the role of the state in social protection provision and how this negatively limits communities and individuals from being self-reliant (Lund, 2020: 223).

Historically, the crafting of social protection policies has been the prerogative of the state and this is done at a national level (Seekings & Moore, 2013). However, on the ground, it is local governments which drive the social protection agenda in the opposite direction and negatively impact informal work (Lund, 2020). Grabrucker et al. (2018) argues that policy inconsistencies should be addressed, and this should result in clear distinct social protection measures which are targeted and designed for informal sector workers and informal sector enterprises.

Seekings (2008: 36) highlights that another interesting debate is centered on whether the state has a prerogative to provide social protection assistance for informal workers. For example, from a law perspective, the Constitution of the Republic of South Africa (1996) Section 27 (1) "establishes that everyone has the right to have access to social security, including, if they are unable to support themselves and their dependents with appropriate social protection". However, in recent years the state has neglected its role and this has seen multiple individuals approach the Constitutional Court for judgement (Seekings, 2008). Rogan & Skinner (2020) argue that it is not a secret that the informal sector in South consists of a significant share of non-South Africans who ply their trade in this sector to earn a living. However, recent relief measures implemented by the Department of Small Business and Development (DSBD) has suggested that the state is quietly relaying that it is only able to cater for registered and South African informal enterprises only, possibly due to resource constraints. For example, to qualify for small business relief support, an individual or enterprise is required to be registered with the South African Revenue Services (SARS), Unemployment Insurance Fund (UIF), Companies and Intellectual Properties Commission (CIPC) and must be in possession of a South African national identification card (Rogan & Skinner, 2020: 11).

Sociology literature identifies Latin America as the epicenter of the debate centered on unpaid care work, domestic chores and the exclusion of women from social protection initiatives (Staab, 2020). Furthermore, Staab (2020) argues that gender norms and power relations play a significant role in overburdening women from being economically productive and this poses greater risks to their household and income security. Elson (2004: 65) argues that unpaid care work is considered by critics to be irrelevant and is placed on the periphery of the social protection agenda. Similarly, labour literature reveals that the importance of women's informal work has been greatly underestimated and the care economy deliberately excluded (Chen, 2005; UNIFEM, 2005). However, unpaid care work has huge implications on what occurs within the social protection boundary (Elson, 2004). Classical social security schemes which were designed for uninterrupted formal employment do not suite informal sector

employment which for most women is irregular and constantly interrupted due to family commitments (Staab, 2020).

4. Contemporary Studies carried out to investigate the impacts of the Covid-19 pandemic on the Informal Sector

Chen et al. (2021:6) point out that there have been several contemporary studies which have been carried out to investigate the impact of lockdowns and restrictions on the world of work using multiple indicators as a lens of analysis. To elaborate, a World Bank phone labour market survey of 39 countries which was carried out in April 2020 revealed that 9 per cent of sampled individuals had changed jobs, 20 per cent had not received their full salaries and 34 per cent had stopped working (Chen et al, 2021: 6). Furthermore, a substantial share of the sample (62 per cent) reported a loss in household income (Chen et al, 2021: 6). Furthermore, studies have been conducted to examine the differential impacts of the Covid-19 pandemic between formal and informal workers (Chen et al, 2021: 6). Labour literature highlights that recent surveys in Senegal, Mali and Burkina Faso suggested that by April 2020, the combined countries experienced massive job losses (Balde, Boly & Avenyo, 2020). For example, it is estimated that half of workers surveyed reported a decline in earnings whilst a quarter had lost their employment.

Studies have also been carried in the South African context to examine the extent of the damage of the Covid-19 pandemic on the world of work and how this has impacted socio-economic conditions within society. Patel, Van der Berg & Bridgmann (2020) point out that a study conducted by Stellenbosch University revealed that the Covid-19 pandemic has reversed the gains which were made on the Child Support Grant (CSG) over the past two decades. Another relevant study in this context is the National Income Dynamics Study-Coronavirus Rapid Mobile Survey (NIDS-CRAM) which is the largest non-medical Covid-19 research which focuses on investigating the socioeconomic impacts of the national lockdown which are related to the State of Disaster declared in South Africa on March 2020 due to the outbreak of the coronavirus in the country.

An analysis of the NIDS-CRAM Wave 1 survey data by Rogan & Skinner (2020) reveals that for informal workers employed during February and April, women experienced a 49% decrease in the number of hours worked. Whilst, men in the informal sector reported a 25% decrease. Furthermore, Rogan & Skinner (2020) point out that women informal self-employed workers reported having the least number

of working hours and this significantly impacted their earning capacity which is indicated to be nearly 70% for months between February and April 2020.

5. The future of social protection beyond the Covid-19 pandemic

Current policy debates advance the ideology that social protection should not focus exclusively on informal workers but should holistically aim to practically include all those who are currently excluded through the adoption of universal systems (Staab, 2020). The focus is more on regulation and redistribution to cover the excluded population. Rogan & Skinner (2020) argue that the challenges experienced in the roll out of South Africa's Covid-19 social relief measures demonstrated the weaknesses associated with targeted social protection initiatives. For example, due to an outdated Unemployment Insurance Fund (UIF) database resulted in the rejection of nearly 3 million applicants out of a total of 7.4 million applications. Similarly, scholars such as Cookson (2018) and Molyneux (2006) point out that cash transfer programmes have been identified as being overburdening to women because of the conditions attached to them. Using the previous assertion, Staab (2020) argues that sustainable and effective policy solutions are those which are designed to cater for a wider population through initiatives such as progressive taxation/or cross-subsidies and politically through mobilization and claims making.

Research from Latin American countries suggests that social protection should be 'de-linked' from employment based contributory scheme's (Staab, 2020). However, it is important to conceptualize what the term de-linking would mean within the context of social protection. Staab (2020) argues that "there is a need for context-and status specific research and analysis of social protection systems". For example, it is important to know which social protection initiatives work for which groups of workers. Similarly, "it is also essential to identify what types of informal workers can be meaningfully linked to contributory social protection schemes and which ones are not suitable, and what might be gained and lost for informal workers by de-linking social protection from labour force participation in different contexts" (Staab, 2020).

Conclusion

The Covid-19 pandemic seems to be a long-term challenge which states must deal with for an extended period. It remains pertinent that existing social protection systems are reviewed so that they can cater for a wider segment of the population which is currently excluded. Lockdowns and restrictions on the movement of people remain a likely possibility in the near and longer term as one measure to deal with

the spread of the coronavirus. It is rather obvious that the closure of public spaces is going to be a common occurrence not only in South Africa but globally. This predicament highlights the need for social protection to be extended to informal workers because these individuals survive on a daily means to earn a livelihood and in most cases do not have concrete state or private sector support to mitigate the losses that they are incurring due to the Covid-19 pandemic. The uniqueness of the informal sector composition of employment should encourage states to revisit their obligations on how they are going to cater for non-citizens which normally they have not considered.

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