

Growth, poverty & the prospects for informal self employment

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PLAAS

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:

- In-depth interviewing, brief ethnography
- Urban & rural
- Integrated focus on household & enterprise:
 - Hidden transfers & synergies
 - Role of social networks
 - Position relative to larger value chains

Successful informal self employment reliant on:

1. Access to formal-sector sources of income
2. Ongoing connection with formal sector
3. Favourable trajectories of human capital / skills acquisition
4. Multiple activities and elaborate inter/intra-household synergies
5. Household labour capacity (also enables care-work & social reproduction)

Finding 1.

Understanding divergent objectives

Including:

- Generating income
- Generating food security
- Investing in social networks

Finding 2.

The importance of social networks

- Facilitating vs. inhibiting role of social networks
- 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)
- Guyer (1994) piecemeal 'formalisms'

Finding 4.

The demands of managing credit

- Credit hungry context
- But ambivalent responses to need for credit (versus policy discourse of microcredit)

Policy responses ought to:

1. Understand the plurality of objectives (beyond the deficit model).
2. Disaggregate survivalists from entrepreneurs (and tailor initiatives to both)
3. Recognise ambivalent consequences of formalisation
4. Understand importance of infrastructure provision
5. Regulate value chains (Capital intensive, vertically integrated monopolistic formal economy)
6. Remedy intermediation failures, in credit markets, value chains etc

Thank you