

**Assessing some socio-economic and demographic
changes affecting the employment in the informal
sector between the years 2017 and 2020**



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A thesis submitted in fulfilment of the requirements for the degree of Master of Philosophy in
Population Studies, Department of Statistics & Population Studies,

University of the Western Cape

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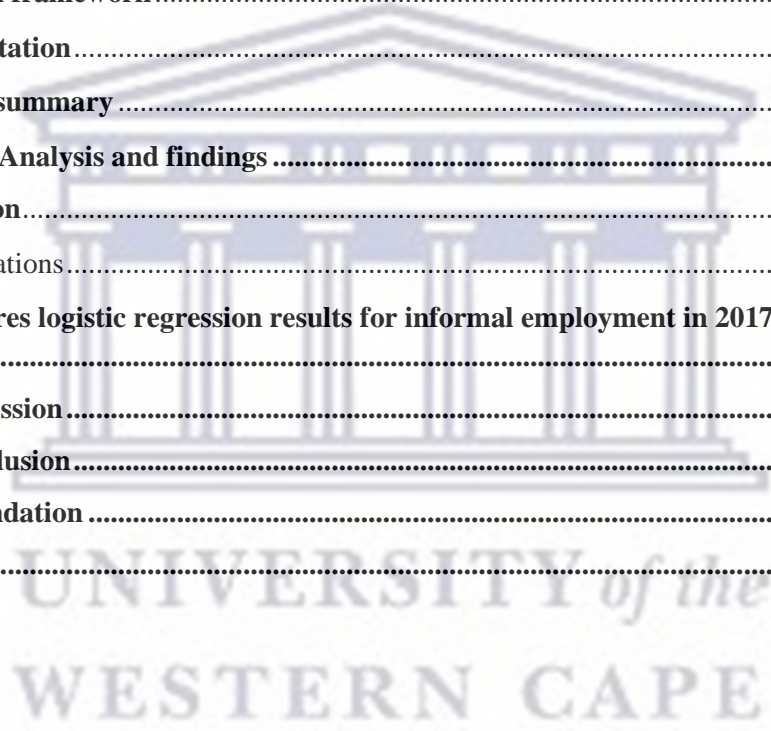
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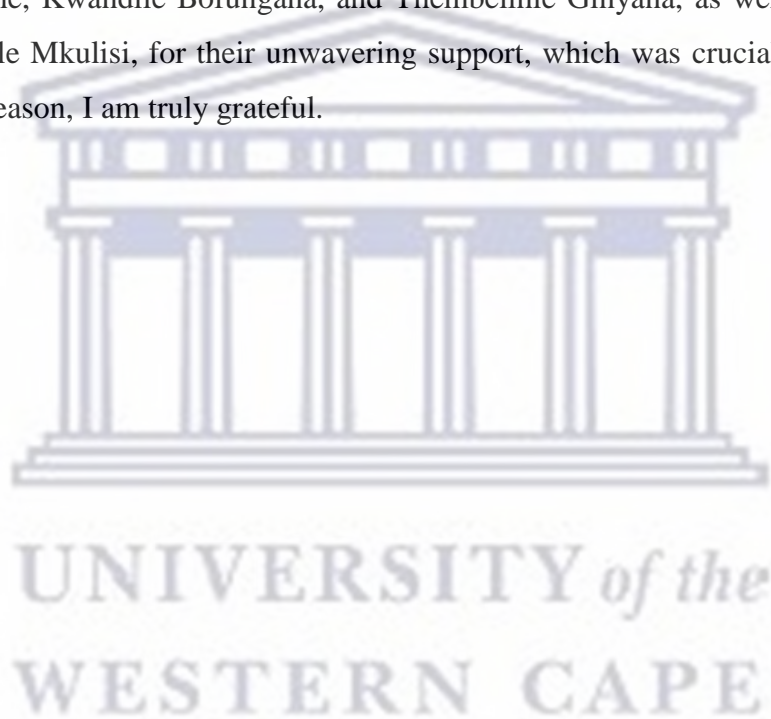
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Dedication

I humbly dedicate this thesis to my late mother, Nolitha Grace Mkulisi, who was an unwavering source of love and encouragement throughout my life. Despite the hardships she faced in her own childhood, she always believed in my potential to achieve great things and receive an education. Her unwavering support and positive words have now materialized into a tangible accomplishment, and I am extremely grateful for her impact on my life. Furthermore, I dedicate this thesis to my daughter, Ingomso Iyana Mkulisi, hoping that my triumph serves as inspiration for her to pursue her own aspirations. Thank you.



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Abstract

In most developing countries, the informal workforce comprises over half of the total workforce, reaching approximately 68.5% in South Africa. This category includes self-employed individuals in informal enterprises and wage workers in informal jobs. Multiple pressures, such as escalating youth unemployment, rapid urbanization, heightened migration in economically advanced provinces, and persistent financial crises, have collectively driven the growth of the informal sector during periods of economic instability in South Africa's labour market.

From a socio-demographic standpoint, this study examines the structural shifts that impact informal employment. Specifically, it evaluates how socio-demographic variables such as age, gender, ethnicity, marital status, and education are related to work within the informal sector. Moreover, this research adopts a comparative approach, assessing how these variables manifest changes in informal sector employment between 2017 and 2020.

The study was driven by the central research question: How did socio-demographic structural changes influence employment within the informal sector between 2017 and 2020? The study analyzes data from 2017 to 2020 to compare trends in everyday jobs. The Quarterly Labour Force Survey (QLFS) conducted by Stats SA serves as the data source for this research.

Keywords: Unemployment, skills, wages, informal employment, labour force survey, labour market, economic downturn

Chapter 1: Introduction

1.1 Introduction

Unemployment is one of the major macroeconomic problems facing South Africa. Many workers who are unable to find employment in the formal sector hope to find some income from work in the informal sector (Blaauw, 2005). This study will be analysing the structural changes affecting informal employment from the socio-demographic angle; therefore, it is vital to define what the informal sector is before exploring how it operates and investigating its impact on many people's lives, not leaving behind how it could be developed. Blaauw (2005) proceeds to explain that it involves activities such as running street services for example shoe repairs, hairdressing, transport services such as taxis. Since 1995 these services have been extended to include car guard services. However, some activities for example car guarding are just survivalist in nature, providing a very low income. While other activities may offer the potential to return very high income, in some cases these earnings might even be higher than the average earnings from formal sector employment (Blaauw, 2005).

Furthermore, Etim and Daramola (2020) state that people who are in the informal sector industry in most cases are not on payrolls, which means they are not taxed and do their businesses in unprotected and unsecured places. They further state that according to the 17th International Conference of Labour Statistics (ICLS) illicit or illegal business operations are not included in the informal sector. Therefore, this means that because of formal job scarcity in South Africa a lot of unemployed people start up or are employed in small businesses that will enable them to earn some income in order for them to survive and these businesses do not include illegal activities. According to Mindset (2014) the informal sector employment is more focused on the demand of the locals, therefore if the local school or clinic is in demands of fruits, sweets and chips they will be providing those goods because they focus on the need of the smaller and local market. "A machinist doing piecework in the clothing industry is as likely to have acquired her skills in the formal education system as outside of it" (Devey et.al 2006 pg:4). Which means that some people in the informal sector might have acquired their skills through formal training or maybe they learnt the skill from a relative or close friend or trained themselves by watching online videos.

As per Pena (2013) workers in the informal and formal sector have different characteristics which includes educational attainment. Moreover, the study of Pena (2013) suggests that the

formal sector is composed of workers who abide by the regulations of the labour market and have higher wages, the workers are more educated, and have access to social protection and higher job stability. Whereas the informal sector does not abide by the labour market regulations and the workers have lower education level as well as poorer working conditions such as the lack of formal insurance against illness. In Agreement to Pena's (2013) statement of education attainment in the informal sector, the Mindset (2014) states that the lack of education, such as entrepreneurial skills from people who work or own these informal sectors can inhibit the enhancement of their businesses. Additionally, Verick (2006) sites the study of Braude (2005), stating that the informal sector has a percentage of 37 workers who have not completed primary school education in South Africa while it is only 16 percent in the formal sector.

According to Etim and Daramola (2020), some of the drivers of the informal sector could be the socio-demographic and socio-environmental constraints, such as increased unemployment rate, high poverty levels, limited access to education and training. Including the population growth, urbanisation, and high corruption in government.

Rogan and Alferts (2019) raised the importance of considering gender disparities in the informal economy, stating that many studies have shown that women are more vulnerable than men in the informal sector, firstly showing that men earn more than women in the informal sector, and it is not because of the hours worked, rather because they mostly concentrated in the lowest paid type of informal jobs. It is also mentioned that most women cannot operate very early in the morning, which is an excellent time where most street vendors make more money than anytime of the day, because they have responsibilities of helping their children prepare for school too, however even when they decide to bring their youngest child with them, they end up getting distracted and lose customers. These types of work they are exposed to and the lack of access to basic services may lead to poor health outcomes, also lack of security, risks of gender-based violence and sexual exploitation (Rogan and Alferts, 2019). This study will be assessing ways in which the socio-demographic factors such as gender, age, ethnicity, marital status, and education level are associated with employment in the informal sector.

1.2 Problem statement

As per Legodi and Kanjere (2015) in South Africa the growth rate of the informal trade has been shockingly high, which is due to the scarcity of employment opportunities in the formal sector. As a result of this, many people looking for employment have ended up joining the informal sector. Legodi and Kanjere (2015) further alludes that most people employed in the informal sector do not have the skills required in the formal sector, other have little schooling background and there's a small proportion of people with some level of qualifications. Tshuma and Jari (2013) sites Schmognerova (2004) viewing the informal sector's role in many developing economies like South Africa as the main economic development driving force. Other than the informal sector providing some income for the less educated and unskilled people, Tshuma and Jari (2013) states that this sector has several roles, the informal sector consists of businesses that adapt quickly to changing market demand and supply, they create jobs, lessens poverty and they contribute towards the Gross Demographic Product (GDP).

One would think that with all the important roles played by the informal sector it faces no problems, and the government is hands on in making sure that this sector is not just merely for one to stay afloat, but it could create generational wealth. Even though there is a very high probability that the informal sector could help in job creation which the government is failing, the government is still controlling the informal sector and making things difficult by asking for taxes, licenses, and other regulations (Tshishonga, 2015). Furthermore, Tshuma and Jari (2013) actually list a few problems that the informal sector faces, which are as they state, the internal and external barriers, where some of these barriers are caused by the government's personnel. The most dominant restraint they mention is the lack of finance, which is very crucial to stand some possible losses. It is therefore tough for the informal sector to get credit from the banks because of the lack of enough guarantee. Therefore, Tshuma and Jari (2013) cites Adisu (2006) further stating that because of this of financial restraint, the informal traders have no choice but to seek credit from the informal money lenders such a loan sharks who the charge them excessive interest rates which makes it difficult for them to repay easily or even afford at all. The fact that these informal businesses

are not registered does not make things easy for them to get financial support, it would also be problematic for those willing financial organizations to help them as they do not know where to find them. Furthermore, due to this lack of sufficient finances it is difficult for the informal businesses to develop technologically, this also leads to the lack of tools, equipment, and technical skills for improving the productivity of the informal businesses (Tshuma and Jari, 2013).

The second restraint that Tshuma and Jari (2013) mentions on their study is the legal and organizational, stating that some small businesses grow and try to join the formal sector but during this transition they are met with many limitations, such as the complex and costly legal requirements for registration. It is further mentioned on their study that South Africa including many countries, there are very long processes and documents involved during the legal processes, and the licenses cannot be easily obtained, and they are quite expensive. The fact that small business owners lack influence or negotiation power, which is enjoyed by the bigger firms, means that their license applications take too long to be processed. Due to these license applications taking too long, Tshuma and Jari (2013) cite McGee (1996) stating that these factors then leave some small business owners without a choice but to bribe, for the government officials to speed up the dispensation of their applications.

The study of Tshuma and Jari (2013) also states that these informal businesses could also face some external barriers, these are limitations that the businesses cannot control. The authors then mention that these include trade restrictions also marketing and distribution. The trade restraints faced by the informal businesses include quality requirements, compliance assessment, packing and labelling when they try to export their products or even sending them to the local big markets for sale. They further mention that there are institutions available for such quality checks in South Africa such as the Perishable Products Export Control Board (PPECB) but they are expensive. With regards to the marketing and distribution barriers, Tshuma and Jari (2013) further states that because of the shortage of sufficient finance affecting the informal businesses it gets very challenging for them to take their products to the most feasible marketplaces. They also face challenges when it comes to transporting their products because Tshuma and Jari (2013) cite Boomgard's (1983) stating that they are charged per mile instead of per Kgs of their products, this then means they face very high costs of transportations while they only need to transport a few products.

As per Legodi and Kanjere (2015) informal businesses are persistently troubled by the police, they further cite Munyaradzi (2012) stating that the informal sector and police's relationship is frequently strained, this is because the law enforcement agents are seen as being hostile to the informal trading sector. They further mention Munyaradzi's study stating that some of the police members would take advantage of this situation where they would be asking for some bribes or other favours from the people in the informal sectors and it is stated that this is because of some of these employed police members get little payment. It is further mentioned that sometimes these police services associates would even offer protection to the people in the informal sectors, and it would not come free of charge, then they would give out warnings to the people in the informal sectors before the police conduct their searches.

1.3 Research Questions

- Is the informal sector workforce dominated by a particular gender?
- Are individuals between 30 and 64 years old more susceptible to informal sector employment?
- Does one's marital status affect their chances of finding employment in the informal sector?
- Does having an educational level below tertiary have an impact on the likelihood of being employed in the informal sector?
- Are black or coloured individuals more likely to work in the informal sector?

1.4 Hypotheses

- It is highly likely that the informal sector workforce is dominated by individuals aged between 30 and 64.
- Women, especially those who are single or widowed, are more inclined to work in the informal sector.
- Additionally, those who have not attained tertiary education are more prone to being employed in the informal sector.
- Moreover, black, and coloured people are frequently seen in the informal sector.

1.5 Objectives

1.5.1 Main objective

The purpose of this study is to evaluate how changes in socio-economic and demographic structures impact employment in the informal sector from 2017 to 2021.

1.5.2 Specific objectives

The specific aims of this research are as follows, targeting distinct aspects of the informal sector workforce:

1. Determine whether the age group between 35 and 64 years dominates employment in the informal sector.
2. Identify the gender more likely to secure employment within the informal sector.
3. Investigate the potential influence of marital status on the likelihood of finding employment in the informal sector.

1.6 Overview of the research methods

This study is quantitative and cross-sectional, aiming to explore and compare employment trends in the informal sector that are affected by socio-demographic structural changes between 2017 and 2021. The research will use secondary data collected through household questionnaires from the Statistics South Africa Quarterly Labour Force Survey. To analyse the data, IBM SPSS statistics software will be utilized.

1.7 Significance of the study

The research delves into the analysis of employment trends in the informal sector spanning from 2017 to 2020 in South Africa. It considers various factors such as age, ethnicity, gender, marital status, and education across different provinces. The importance of the informal sector in providing a source of income for many South Africans who are not employed in the formal sector is highlighted. The primary objective of the study is to aid the government in comprehending the formation of the informal sector and its contribution to the economy. Furthermore, it emphasizes the significance of supporting small businesses in creating more job opportunities and reducing poverty in the country. According to Fourie (2018), the informal sector employs approximately 2.5 million workers and business owners, with one in every six South Africans working part of this sector.

1.8 Concepts and Definitions

Employment in the informal sector: All jobs in informal sector enterprises, or all persons who, during a given reference period, were employed in at least one informal sector enterprise.

Formal sector: Refers to a sector of employment made up of all employing businesses that are registered in any way.

Informal Sector: Refers to production units in an economy that are not registered with a tax or licensing authority and are costly to monitor and regulate.

Informal economy: Is comprised of the employment in the informal sector and informal employment that is not lawfully or practically covered by the regulations.

Informal employment: All persons in the informal sector, employees in the formal sector, and persons working in private households who are not entitled to basic benefits such as pension or medical aid contributions from their employer, and who do not have a written contract of employment.

Urbanisation: Refers to the population shift from the rural to urban areas, the corresponding decrease in the proportion of people living in rural areas, and the ways in which societies adapt to this change

1.9 Chapter Summary

This chapter thoroughly examines the background of the study and presents detailed information on informal sector employment. The problem statement is clearly defined, and the main and specific objectives are outlined. Research questions and hypotheses have been formulated based on these objectives. The study has employed appropriate research methods, and the significance of this study has been established. As this study utilized secondary data, ethical considerations were not necessary. Finally, I have provided clear definitions for the key concepts used in this study.

Chapter 2: Literature review

Introduction

This study focuses on informal trade and employment in the informal sectors, Laframboise (2019) defines informal trade as any enterprise or transaction that is not regulated, registered, protected, and taxed. Informal jobs are a crucial source of income for many underprivileged South Africans, 18 percent of working South African residents are employed in the informal sector which makes up a total of over 3 million workers. Additionally, the informal sector accounts for 18 percent of South Africa's GDP. The informal marketplaces like the Durban's Warwick Markets are the sole providers of jobs for those who cannot find formal employment. Furthermore, a lot of people depend on these markets for produce, cooked meals and clothes, which are also at affordable prices. Additionally, the South Africa's informal workforce is overwhelmingly full of poor young females (Laframboise, 2019).

According to Valodia et.al (2006), the legalization of the apartheid law restricted a variety of goods that could be sold, black people were blocked from forming companies, and set up a lot of laws that did not promote the registration of small businesses. Furthermore, it is stated that the effect of this oppressive law on the growth of small black owned business cannot be underrated. As Valodia et.al (2006), further goes on to make an example from Davies' (1987) surveys which were conducted intensively to examine the key hindrances that are challenging black business owners in Port Elizabeth. He discovered that without a doubt the main factor that has restricted the growth and development of black owned businesses was the government and the political controls.

Furthermore, Valodia et.al (2006) cites Rogerson (1997) stating that these findings were also similar to other studies that looked at black owned small businesses, which took place in the 1980s in Soweto, Port Elizabeth and Durban. They therefore state that because these businesses had operated in limiting environments these has forced most of them to be survivalist in nature. The apartheid history has also influenced the nature and how these informal businesses operate even in the present times.

As per Valodia et.al (2006), informal activities comprise an array of economic activities such as trading, collecting, providing a service and manufacturing; also, different employment relations such as people who are self-employed, paid and unpaid workers, and disguised

wage workers; there are also activities with different economic potential some are survivalist activities and successful small businesses.

The three mainstream theories on the causes of informal economies will be discussed in this study, which are Modernization or dualistic perspective, neo-Marxism also known as structuralism and Neoliberalism perspective.

2.1 EMPIRICAL LITERATURE

A brief overview of the informal sector employment

The informal sector used to be the primary source of economic activities, businesses, and jobs. However, with the introduction of new laws and policies, a divide was created between the formal and informal sectors. This meant that some businesses were registered with the relevant authorities while others were not. Which then lead to unequal access to employment-based social protection. Unfortunately, even within the formal sector of South Africa, challenges still exist. Inequality is a major issue as the formal sector tends to exclude most black people who are often affected by extreme poverty and unemployment. This has led to the poorest populations being forced to join the informal sector in order to survive. South Africa's informal sector is quite extensive and encompasses vending, productive services, and trade activities in both rural and urban areas (Chen and Carré, 2020; Masuku and Nzewi, 2021).

It is apparent that individuals involved in the informal sector are not there because they choose to be, but rather due to their inability to secure employment in the formal sector, which may also practice discrimination based on ethnicity. The informal sector comprises of self-employed individuals who work independently, as well as those who contribute to their family's business or work as domestic help in other households. (Williams, 2015). Furthermore, Masuku and Nzewi (2021), state that it has been verified that the informal sector is everywhere and permanent and it remains to grow everywhere in the world. The developing and emerging countries are the ones mostly affected by informal employment and trade with a proportion of 90% and 67% respectively, however, the developed countries have a higher proportion of workers working in the formal economy than the informal with a high percentage of 82% (Chen and Carré, 2020).

As per Tawodzera's (2019) study, which was focused on food vendors in Cape town, it is stated that 51% of the people were migrants born in other countries, while 26% were from South Africa's rural areas and, 8% were people from other cities in South Africa.

2.1.1 Education level and Age on employment in the Informal sector

Hugues and Lewis (2020) cited the findings of Aikaeli and Mkenda (2014), stating that the lack of capital and low education level prevents small entrepreneurs from engaging in broad formal activity. They additionally cite Malam (2018) similarly stating that workers with some schooling backgrounds are more likely to leave the informal sector than those who have no school background, therefore, the higher the level of education the better the chances for one to leave the informal sector. Hugues and Lewis (2020) further stated that, people with higher education levels are most likely to be found in the formal sector, whilst those with lower levels of education or no education at all are more likely to be in the informal sector. Furthermore, they run some tests to prove if their findings were correct using chi-square test, and the results on education level indicated that the probability of being in the informal sector decreases with the level of education. Further indicating that according to their results individuals with a primary, secondary or tertiary education level's probability of being employed in the informal sector decreases by 0.5, 6.22 and 11.23 points respectively, compared to a person with no education level (Hugues and Lewis, 2020).

According to the International Labour Organization (ILO, 2018), the level of education is one of the most important elements that influence the amount of informality. Which then suggests that when one's level of education rises, the level of informal employment decreases. As per the ILO (2018) people who have completed secondary and higher education are less likely to be employed in the informal sector, than those who have either no education or have just completed primary education. They go on to say that this phenomenon is seen on a global and regional scale, and that emerging, developing and developed countries exhibits similar tendencies.

As per Fourie's (2019) findings, the percentage of owners of the informal sector who have completed high school has significantly increased, while the average level of education increased from 7.2 years to 8.4 years during 2001 to 2013 respectively. It is further stated that the informal sector is more likely to employ workers who lack education and carry out low-skill manual jobs. However, the study of Tawodzera (2019) also highlights the other

most important factor that could cause people who have tertiary education to end up working in the informal sector, which is the shrinkage of job market in South Africa, which leaves nearly 10% of skilled and educated people looking for employment in the informal sector to survive.

According to Maduku & Kasseram's findings (2021), the ordered chances of being in the high success category increases by 0.66 which is equivalent to 66 percent if education level is increases by one category, such as from metric to tertiary education if all other independent variables are constant. They further suggest that this means that if a person furthers their education, there is a likelihood of upgrading from working in the backyard to renting assets with all being constant. Furthermore, education has been referred to being one of the problems that disturb the smooth running and the growth of small micro and medium enterprises (SMMEs) in the developing countries (GEM, 2015 cited by Maduku and Kaseeram, 2021).

When age is taken into consideration the ILO (2018) has found out that, informal employment level is higher among young and older people, with a 77.1% of three out of four young people and 77.9% older people worldwide. It is further stated that in emerging and developing countries young people are more likely to be employed in the informal sectors. In the study of Matamanda et.al (2020) citing Mazvarirwofa (2016) who mentions that the informal sector does not only consist of uneducated individuals, in fact it does also have educated youth who are graduates but fail to find employment in the formal sector. This shows that people are not just working in the informal sector because of a lack of qualifications and skills or because of they are out of the working age population, but the main challenge is securing employment after finishing their studies. It is also stated in the study of Tawodzera (2019) that the informal sector has been solidified because of the increasing unemployment rates in South Africa and the stagnation of the economy, which then means the economically active population has no choice but to go to the informal sector. Furthermore, the study focused mostly on the food vendors in Cape Town, and it was discovered that most of the vendors were under 40 years, with the age group 30-34 having the highest proportion of 23.6%, followed by 20.5% of age group 25-29 (Tawodzera, 2019).

2.1.2 Gender and Marital status on employment in the informal sector

According to van Klaveren et.al (2009), after the apartheid law ended about 3.2 million women became economically active between the years 1995 and 2001, which was partly in wage employment, while more than half of them made work for themselves in the informal sector. van Klaveren et.al (2009) further sites Kingdon and knight (2007), stating that men followed suit in the early 2000s with hundreds of thousands of men moving into self-employment. In the 2000s the growth pattern by gender reversed, from 2000 to 2007 employment growth was fairly small, in the total of 10.2%, 7.6% female employment grew even slower than men's which was 11.4%. It is further stated that from September 2007 to April- June 2009, female employment decreased by 0.8% which is equivalent to 5, 973, 000 persons, and male employment decreased by 2.1% which is equivalent to 7, 397, 000 (van Klaveren et.al, 2009—stats by SSA 2009b).

According to Chant and Pedwell (2008) while more women are part of paid employment than any other time in history, labour markets in all geographical regions are sex-segregated with women mostly in lower quality, irregular and informal employment. In addition to this Basbay et.al (2018) also stated that their regressions showed control variables have negative and significant coefficients, which implies that males have less chance of being employed in the informal sectors. However, Tawodzera's (2019) study, gives some unexpected statistics showing that there are actually, more men than women in the informal sector with the proportions of 54% and 47% respectively. Tawodzera (2019) goes on to explain that these unexpected results are because of the refugee size in the sample where there were 72% men and only 28% women. However, amongst the South African vendors, there were more females than males with percentages of 66% and 34% respectively. According to Carre (2014) another issue that causes some of the refugees to end up in the informal sector even though they were working in the formal sector in their home countries is that their qualifications are not recognised in South Africa. For example, Choma Choma, a refugee from the Democratic republic of Congo, in the eastern Congo to be exact, was a teacher in his home country, but was forced to escape because of the wars happening in his country and he could not get any teaching jobs when he arrived here in South Africa, because his qualifications were not recognised this side and he was forced to take up a job of being a street barber in a temporal location next to the road (Carre, 2014).

As per Basbay et.al (2018) women are mostly found in the invisible areas of informal work, which consists of labour piece-rate homework, assisting in small family enterprises which offer unwarranted employment status, low, irregular or no remuneration, little or no security or protection, and limited ability to ensure that the international labour standards and human rights are enforced. Additionally, there are many serious health and safety risks faced by poor women employed in the informal sector which include dangerous working conditions, gendered violence and an increased exposure to HIV/AIDS.

According to Chant and Pedwell (2008), the International Labour Organization (ILO) studies note that recent social and demographic changes such as migration, divorce, female-headed households, demographic ageing and general and infant mortality patterns, have a lot of women with heavier burdens and fewer resources to care for themselves and their families.

According to the ILO (2018) globally informal employment is a greater source of employment for men with 63.0% than for women who are 58.1%. The study further states that this is the case for the emerging and developing countries and developed countries including for agricultural and non-agricultural informal employment. Furthermore, the ILO (2018) states that out of the worldwide 2 billion people employed in the informal sectors just above 740 million are women, and this global picture hides the significant inequalities. Additionally, in Africa 89.7% of people employed in the informal sectors are women in contrast to 82.7% of men. They further state that women are often found in the most vulnerable situations even though they are fewer than males in the informal sector, they mostly employment as domestic workers, homebased workers or contributing family workers, than their male counterparts.

The study of Jansen van Rensburg et.al (2019) implies that because it is important to consider the total household income, then it means that whether a woman would enter the labour force is impacted by the husband's income. Therefore, it is stated that when the husbands' income is higher in a household then the wife's time will be more valuable, resulting in her not entering the labour force. The authors further allude that marital status will serve as a delegation for receiving an income from the husband.

Jansen van Rensburg et.al (2019) cited Grossbard-Schechtman and Neuman's (1988) findings from the theory they have developed of "allocation of time by including the interaction of the characteristics between both parties in the marriage and looking at how that influences women's labour supply", they state that their findings from this theory was that the

characteristics of the husband are definitely linked to the wife's labour supply. They further allude that, younger women are less attractive in the labour force, however, are valued in the marriage market. Additionally, it is mentioned that the study of Grossbard-Schechtman and Neuman (1988), indicates the type of variables that need to be considered when looking at the labour supply of women and how marital status affects it, stating that the higher the woman's traits are of value in the marriage market, the more the husband has to reimburse for those traits by providing her with a larger share of income (Jansen van Rensburg, 2019 citing Grossbard-Schechtman and Neuman, 1988).

2.1.5 Ethnicity on employment in the informal sector

Based on the historical background put forward by study of van Klaveren et.al (2009), throughout the 1960s the apartheid government controlled the system of job reservation, preserving almost all skilled jobs for white people. Which then meant that white people were reserved formal work, while black people were employed in informal jobs and being paid extremely low wages. It is further mentioned in the study of Awaworyi-Churchill and Danquah (2022) that when there are multiple ethnicities that exist in a society, may lead into one ethnic group being viewed as superior over others. This structure may then be categorized into two, for example the ethnic minority against the ethnic majority, which then leads to labour market disadvantages, meaning those individuals in the minority groups will be discriminated and lack opportunities such as being excluded from the formal sector and have no choice but to join the informal employment (Awaworyi-Churchill and Danquah, 2022).

As per Shahid et.al (2017), 5% of their respondent said the main reason they look for employment in the informal sector is the fact that the formal sector does not give all ethnicities equal opportunities. The authors further mention that the respondents explained that this discrimination does not happen in a very obvious way, it is rather done in unspoken ways which is one of the barriers to getting employment in the formal sector. As one of the respondents further stated that they would be living in poverty if they had not taken the informal sector jobs, such as restaurants or taxi driving because the big companies (formal) would rather employ white people (Shahid et.al, 2017).

2.2 Theoretical framework

A theoretical framework is crucial as it illustrates how various concepts interact and relate to each other, allowing for a better understanding of complex phenomena. Essentially, it provides the foundation and theories necessary to explain intricate phenomena (Heale and Noble, 2019). In this study, we will explore three distinct theories on the formation of the informal sector: the Modernization perspective (also referred to as the dualistic perspective), the neo-Marxist perspective (also known as the structuralist perspective), and the neo-liberal perspective.

2.2.1 Modernization Perspective (Dualistic):

According to the modernization perspective the formal economy is viewed as the prosperous phenomenon that indicates advancement and innovativeness, whereas informality is viewed as a traditional activity that shows underdevelopment and pre-modernity. The modernization perspective provides a lot of arguments about the causes of informal economies. This perspective's first suggestion is that as the nation's levels up into a certain advanced stage of economic development the informal economies will then decrease. Furthermore, the second argument is that due to the formal economy's inability to create enough job opportunities for urban labour forces has resulted to the growth of the informal economies which has been well-reported in numerous developing countries that have experienced rapid population growth together with underdeveloped industrialization (Huang et.al, 2020). According to Yusuff (2011) the supporters of the modernization perspective viewed the informal sector as residue of traditional or production and subsistence strategies that existed before the advent of capitalism. In support of this, Williams (2015) states that since the informal sector is mostly common in developing countries, they are now even seen as being undeveloped or backward, since they still survive in the residue of this traditional sector. Furthermore, the author stated that it was believed that because of the lack of education and skills, the people in the informal sector were trapped outside the formal (modern) economy.

It is then further stated that the likeliness of the growth of the informal economies is due to the increment of the unemployment rates. Furthermore, it is considered that the growth of informal employment is promoted by the economic crisis which then results to the decline of

formal economies and the increasing amount of unemployment. In alignment with the second point, the third argument is that an increase in the proportion of rural-to-urban migration would lead to an increase in informal economies given the inadequate employment opportunities in formal economies. Additionally, it is alluded that informal economies are not necessarily reduced by the growth of the economy as expected by the modernization perspective, in some countries informal economies are deemed to grow together with the development of the modern economies (Huang et.al, 2020).

2.2.2 Neo- Marxist Perspective (Structuralist):

The structuralist school of thought was made popular by Moser (1978) and Castells and Portes (1989). This approach regards the informal sector as micro businesses, which are less important economic units by workers that help in reducing input and labour costs, by increasing competitiveness of big capitalist firms (Dell'Anno,2022 citing the work of Chen et.al, 2004). According to the neo-Marxist perspective, the informal economy is viewed as a consequence of contemporary capitalist reformation, rather than the inability to create enough jobs. Furthermore, the structuralist perspective believes that informalizing economies is a method deliberately used by capitalist firms to minimize costs, advance competitiveness, and deteriorate the power of unions. It is additionally stated that the increment of informal economies is mainly caused by globalization, as it results in the development of subcontracting activities, which, when joined together with deregulation and liberalization, increases the growth of informal and self-employment (Huang et.al, 2020). Additionally, Williams (2013) states that the structuralist perspective believes that the informal sector is a major tool being used by the capitalists to bring profit and reduce costs, by downsizing, subcontracting and outsourcing arrangements happening under the unregulated capitalism.

The informal economy is functionally linked to the modern economy; hence it is seen as a mode of production, a form of work organization, and part of the regime of flexible accumulation in the condition of recent capitalism. The neo-Marxist perspective forms new understandings of how informal economy is grounded. The perspectives' first argument contradicts the arguments of the modernization perspective, as it believes that the informal economy is likely to increase alongside the process of industrialization and modernization. Therefore, the relationship between informal economies and a country's economic development is not guaranteed, but rather needs to be justified and explained by relating to the country's context. The second point of this theory is that the informal economy is

expected to increase when the economies are progressively globalized considering that globalization of production and trade brought about the success of subcontracting and outsourcing activities. Generally, the neo-Marxists perspective believes that the informal economy is ingrained of the process of modernization and globalization (Huang et.al, 2020).

2.2.3 Neoliberal Perspective:

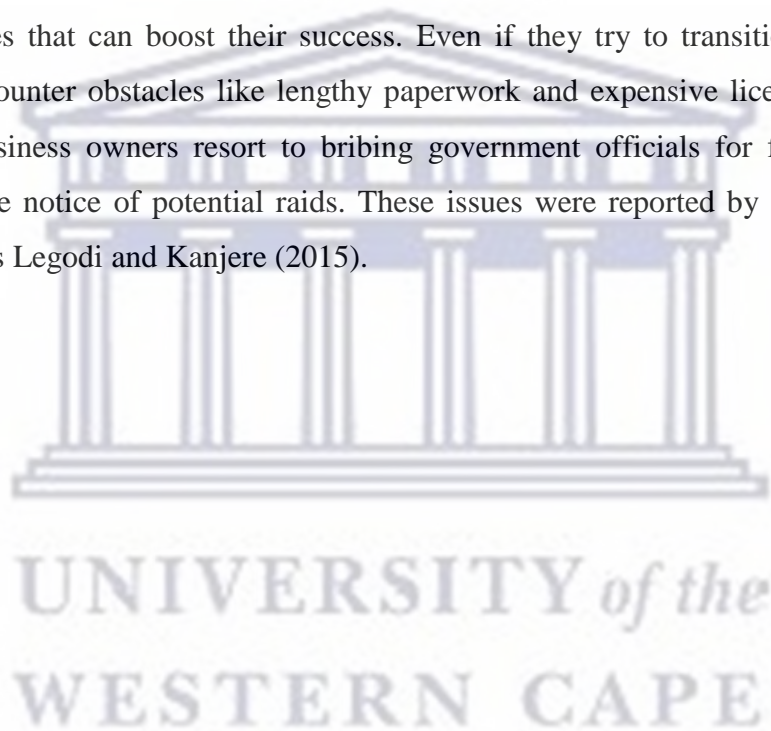
Unlike the neo-Marxist and the modernization perspectives the neoliberal perspective does not believe that the informal sector is derived from a modern capitalist restructuring or a consequence of underdeveloped modern economies. Instead, it believes that the people are encouraged to choose the informal sector because of the extreme state regulations to avoid the expensive institutional costs (Huang et.al, 2020). Additional to this, Yusuff (2011) cites Hernando De Sonto's (1989) study, stating that the informal sector is made up of fearless small business owners who would rather operate informally to prevent the costs, time, and effort of registering their businesses into formal enterprises. Furthermore, De Sonto (1989) believed that the small business owners would continue being in the informal sector presuming that the government procedures are heavy and expensive in terms of the bureaucratic paperwork, them not having the property rights and the lack of access to resources that could promote productivity such as finance and technology (Yusuff, 2011).

The specialists from this perspective focal point are the fact that the informal sectors are resourceful, they create income opportunities, lessens poverty (Huang et.al, 2020). Additionally, Yusuff (2011) mentions that De Sonto believes that the informal sector can create not just wealth, or reduce costs, and democratize politics, but it also has a potential of replacing the first economy, he also sees the informal sector full of progressive potential. The neoliberal perspective on the informal sector has gotten great influence in the World Bank's policies considering the development of developing countries mainly because it promotes the policy of deregulation in order to allow free market forces. However the neo-Marxist has criticised this perspective's beliefs of deregulation with an argument that it might lower the job quality and could also lead to the growth of the work that is not decent. Further alluding that deregulation may even result to the destruction of job benefits, because the improvement of job quality is an institutional consequence and not a self-governing process (Yusuff, 2011).

Conclusion

Therefore, it is evident that the theories mentioned above hold significant importance in the current scenario. Among all of them, the Neoliberal school of thought stands out as the most applicable and insightful for this study, shedding light on the formation of the informal sector. Banks face an arduous task of locating unregistered businesses, which makes it challenging for people in the informal sector to access formal financial assistance, as reported by Tshuma and Jari (2013).

Small business owners face numerous challenges in growing their businesses and adopting new technologies that can boost their success. Even if they try to transition to the formal sector, they encounter obstacles like lengthy paperwork and expensive licensing fees. As a result, some business owners resort to bribing government officials for faster processing times or advance notice of potential raids. These issues were reported by Tshuma and Jari (2013) as well as Legodi and Kanjere (2015).



Chapter 3: Data and Methodology

3.1 Introduction

The main purpose of this study is to assess how has the socio-demographic variables such as age, gender, ethnic groups, marital status and education affect employment in the informal sector. This chapter will provide an overview of the research design used to conduct this study. Aspects such as research design, instruments used, data collection procedure and data analysis will be discussed in this chapter.

3.2 Data

It is very important to firstly understand what data collection is, therefore, a definition by Simplilearn (2022) states that data collection is a process used by researchers to obtain, measure and analyze the accurate data which is from different relevant sources; this process is done in order to discover answers to research problems, to also evaluate outcomes and project trends and probabilities. The data that is used in this study was collected from Stats SA' quarterly labor force survey (4th quarter). These methods will help find out how does age (if whether is there a more dominant age group of individuals employed in the informal sectors), gender (which gender is most likely to be employed in the informal sectors), marital status (to determine if whether does being married, divorced, single or widowed have any effect on employment in the informal sector), ethnicity (does being black, white, colored or Indian lead to the likeliness of being employed in the informal sector) and educational levels(no education, primary level, secondary level or tertiary level) affect employment in the informal sector this is done by comparing the trends of 2017 and 2021 4th quarter.

3.3 Methods

In this study titled 'Assessing Some Socio-Demographic Changes Affecting Employment in the Informal Sector Between the Years 2017 and 2020,' we employed a cross-sectional comparative approach to examine the research objectives comprehensively. We utilized secondary data from various reliable sources as the primary data source for analysis.

We applied descriptive statistics to provide an overview of the socio-demographic characteristics of informal sector employment during the specified period. We used cross-tabulation techniques to identify potential correlations and patterns between demographic variables and employment trends. This approach allowed us to explore how age, gender, education, and urban-rural location influenced dynamics in informal sector employment. To enhance the clarity of data presentation, we employed graphical techniques. We generated visual representations, including charts, graphs, and diagrams, to illustrate the distribution of employment patterns and highlight key trends over the years. Our methodology comprehensively investigated the research by combining quantitative techniques with visual aids. By integrating descriptive statistics, cross-tabulation, and graphical presentation, we understood the socio-demographic changes that impacted informal sector employment from 2017 to 2020.

Description of variables

Variables in research are any factors that can assume different values such as height, age, temperature or test scores. In order to test cause-and-effect relationships in studies the researchers may need to manipulate or measure independent and dependent variables (Bhandari, 2022). This study will be focused on two main variables which are dependent and independent variables.

Dependent variable

This variable is the outcome that the researchers are interested in measuring, and it depends on the independent variable(s). The dependent variables in statistics can also be called response variables as they respond to a change in another variable, or they can be called outcome variables since they represent the outcome the researcher wants to measure (Bhandari, 2022). Therefore, the dependent variable in this study is the informal employment. The variable was included in the questionnaire with the intention of finding out which sector people work in. The variable was then classified into 3 categories which were:

1= formal employment

2= Informal employment

8= other

Independent variable

This is a variable that a researcher can manipulate or change in a study to explore its effects, the reason this variable is called an independent variable is because it cannot be influenced by any variables in the study (Bhandari, 2022).

The independent variables in this study are:

- Marital status

This variable will assist in finding out the trends of marital status among the people in the informal employment. This question is about the marital status of the members of the household. Both modern and traditional marriages are considered in this question. And the categories were as follows:

1= Married

2= Living together like husband and wife

3= Widow/ Widower

4= Divorced or separated

5= Never married

- Gender

This question was asked for all household members, to find out their gender. The enumerators were instructed to not assume the household member's gender by just looking at their physical appearances or names. In this instance, they had to ask the respondent the gender of each member of the household without any assumptions. This variable will then show if whether are there more males than females employed in the informal sectors between 2017 and 2021. The categories were as follows:

1= Male

2= Female

- Population group

This question was asked to determine the population group of persons from the selected dwelling units. The respondent had to answer on the behalf of each member and the

enumerator was not to make any assumptions. The enumerator was also instructed not to come to any conclusions, which may be influenced by their observation or using people's name during the interview. This question may seem very sensitive to some respondents especially in this post-apartheid era, but this is important to find out the composition of the South African population. Additionally, this variable will show if whether does being black, colored, white or Indian reflect some change in employment in the informal sector between the years 2017 and 2021. The categories were as follows:

1= African/ Black

2= Coloured

3= Indian/ Asian

4= White

- Age Group

This variable will help answer the question of which age group is mostly employed in the informal sectors and whether did that cause some change in employment in the informal sector between 2017 and 2021. The categories of interest in this study are:

4= 15-19

5= 20-24

6= 25-29

7= 30--34

8= 35-39

9= 40-44

10= 45-49

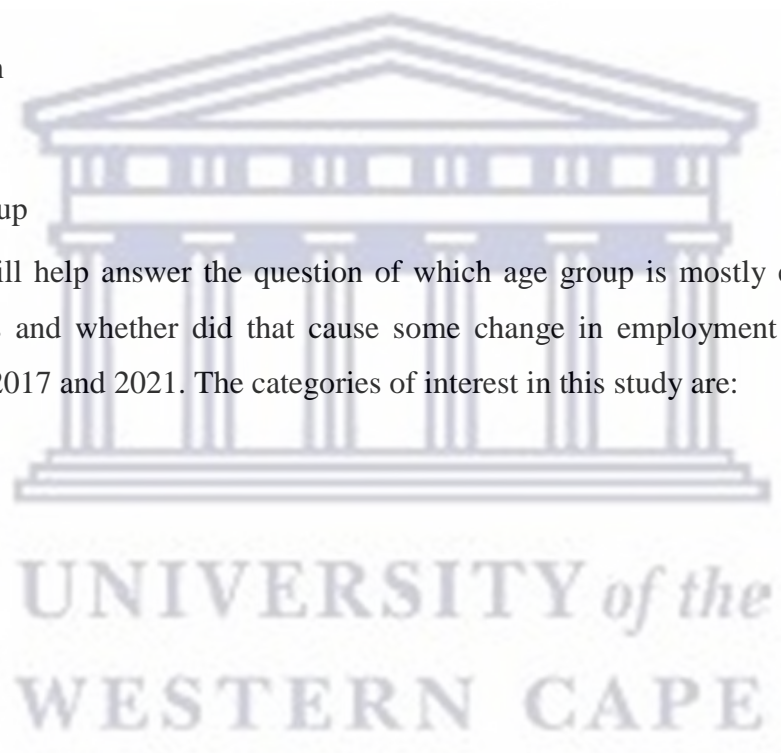
11= 50-54

12= 55-59

13= 60-64

- Educational status

This question was asked to find out the household member's education status. This variable will help find out if does having no education background/ primary school level/ secondary



school level or tertiary level reflect any change when it comes to employment in the informal sectors. The categories used were:

- 1= No schooling
- 2= Less than primary completed
- 3= Primary completed
- 4= Secondary not completed
- 5= Secondary completed
- 6= Tertiary
- 7= Other

- Provinces

This question was asked to determine the province to which the respondent stays at and the categories were as follows:

- 1= Western Cape
- 2= Eastern Cape
- 3= Northern Cape
- 4= Free State
- 5= KwaZulu-Natal
- 6= North West
- 7= Gauteng
- 8= Mpumalanga
- 9= Limpopo

- Salary increment

The main purpose of this question is to find out if employees have a say or are consulted in the determination of their annual salary increase or not. The categories were as follows:

- 1= Negotiation between myself and employer at company
- 2= Negotiation between union and employer
- 3= Bargaining council or other sector bargaining arrangements

4= Employer only

5= No regular annual salary increase

6= Other

- Maternity/ Paternity leave

This question aims to establish if employees went on maternity or paternity leave in the last twelve months.

1= Yes

2= No

3= Do not know

- Paid Leave

Since it is stated in the law that employees are entitled to three weeks paid leave per year, the purpose of this question is finding out if employers gave their employees paid leave. The categories were:

1= Yes

2= No

3= Do not know

3.5 Data analysis

The data analysis software used in this study is the IBM SPSS 28, this software will enable this study to compute frequencies and cross tabulations generated from the Stats SA's Quarterly Labour Force Survey (4th quarter). The data has been analysed in two levels of analysis which are the Univariate and the Bivariate, the results will be presented in tables.

In order to bring forth the summary of the description of all variables, frequency distribution was applied in a Univariate analysis. Meanwhile the bivariate analysis applied crosstabulations to explore the relationship between the independent variables which are gender, age, ethnicity, marital status, and the dependent variable being employment in the

informal sector. Furthermore, in order to test the hypothesis between the independent and the dependent variables Pearson Chi-square was applied with the p-value of 0.05.

3.6 Research design

A research design is a strategy used to provide answers for the research question; for the research design to serve its purpose which is to ensure that the methods and research aims match and that the correct kind of analysis for the data is used, the research design needs to be well-planned (McCombes,2022). This study will be using the quantitative research method. This research method is concerned with collecting and analyzing data that is structured and can be represented in numbers. The reason for selecting a quantitative research method is because it uses numbers to assess information and data can easily be measured and quantified, it also represents complicated problems through variables. Additionally, the results from the quantitative data can be summarized, compared, or even generalized (McCombes, 2022). The quantitative approach will also make it possible to test hypotheses about relationships between variables.

This study will use secondary data which has been generated from Stats SA's Quarterly Labor Force Survey of 2017 and 2020 (fourth quarter). According to Clark (2013), secondary data is the information that has already been collected by another researcher and made available to be used by other researchers. The advantages of secondary data are that it already exists and so that means it is a cheaper and quicker way of obtaining data. It also gives the researcher contextual material for their primary research, it is also proven to be of good quality, and it is reliable, and a very wide range of secondary material is available (Clark, 2013).

The nature of this study will be a cross-sectional one in order to assess and compare how has age, gender, ethnic groups, marital status and educational levels show some changes in employment in the informal sector between 2017 and 2020.

A cross-sectional study is a research design type where a researcher collects data from various people at a single point in time, and it is where you observe variables without manipulating them. The main reasons this study has taken the cross-sectional nature of research design, is because of the many benefits of it, which include the fact that you only collect data at a single point in time and that they are relatively cheap and less time consuming compared to the other types of research. Secondly, the cross-sectional study also

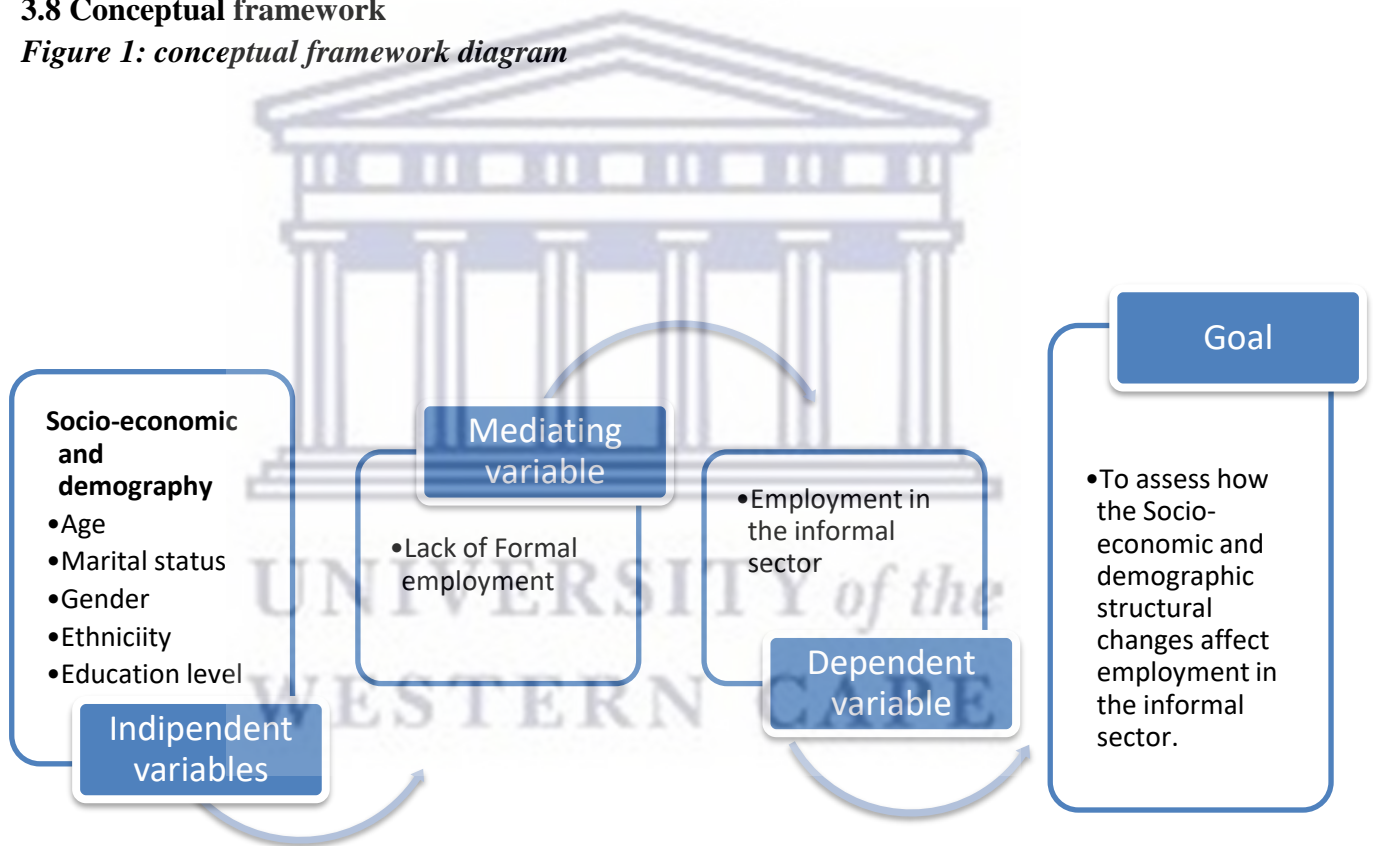
allows a researcher to collect data from a larger group of participants and compare any disparities between groups. Lastly it captures a precise moment in time, for example the National censuses bring forth the screenshot of the conditions in that country at the time (Thomas, 2022).

3.7 Instruments used

The instruments that were used in this study was based on the questionnaires of the 2017 and 2020 4th quarter of the Quarterly Labor Force survey of Stats SA.

3.8 Conceptual framework

Figure 1: conceptual framework diagram



Source: created by author

3.9. Study limitation

- The study considers age group 15-19 economically active, however, that would be child labour.
- The cases for the 2017 QLFS were 68351 and for 2020 there were 48990 cases, this decrease even shows when running the frequencies where the totals for 2020 are less than those of 2017. The Statistical release P0211, did report on this saying it is due to the Covid 19 pandemic and the lockdown, they could not conduct face to face data collection, to ensure the safety of the staff and the respondents. Therefore, due to the pandemic they changed the mode of collection to telephone interviewing, then to facilitate this interviewing process they used the sample that was used for Q1 2020 for Q2, Q3 and Q4 2020. The downside of this process was the fact that not all units on the sample had contact numbers, meaning for Q4 2020 the data was only collected from the part of the sample that had contact numbers, which then explains why there was this dramatic decrease.

3.10. Chapter summary

This chapter has explained what the research design is and its importance and, stated the research design of this study. It also outlined that this study will be a using quantitative research perspective and it is a cross-sectional study. This chapter has also stipulated the context of the study, the study limitation, the instruments and methods used in data collection, it also stated the description of variables and the data analysis used in this study and presented a conceptual framework.

Chapter 4: Data Analysis and findings

4.1 Introduction

The main aim of this section on this study is to examine the characteristics of the people employed in the informal sectors of South Africa. This study will make use of both the univariate and bivariate analysis. Whereby the univariate analysis will show the magnitude of all variables through a frequency distribution table. In order to assess the relationship between the dependent and the independent variables chi-square statistical analysis will be used which is classified as a bivariate method of analysis. This will then show how do each of these socio-demographic characteristics (age, gender, marital status, ethnicity, education levels) affect the employment in the informal sector and to test the bivariate a significance level of 0.05 will be used to measure the relationship of the variables.

Table 1: Percentage distribution table of all variables in question for 2017 and 2020

Percentage distribution

Quarterly Labour Force survey 2017 Demographic characteristics:

Quarterly Labour force survey 2020 Demographic characteristics:

Variable	Percent	Variable	Percent
Gender		Gender	
Male	47.1	Male	45.7
Female	52.9	Female	54.3
Total	100	Total	100
Number	42505	Number	30508
Marital status		Marital status	
Married	25.8	Married	24.7
Living together like husband and wife	8.9	Living together like husband and wife	7.5
Widowed	3.8	Widowed	3.5
Divorces/Separated	2.5	Divorced/separated	2.4

Never married	59.0	Never married	62.0
Total	100	Total	100
Number	42505	Number	30508
Population group		Population group	
Black/ African	82.5	Black/African	85.4
Coloured	9.6	Coloured	7.2
Indian/Asian	2.2	Indian/ Asian	1.9
White	5.7	White	5.5
Total	100	Total	100
Number	42505	Number	30508
Provinces		Provinces	
Western Cape	11.0	Western Cape	8.9
Eastern Cape	12.5	Eastern Cape	11.7
Northern Cape	4.0	Northern Cape	3.0
Free State	6.4	Free State	6.0
KwaZulu-Natal	18.0	KwaZulu-Natal	19.7
North West	6.4	North West	5.4
Gauteng	22.5	Gauteng	24.1
Mpumalanga	8.4	Mpumalanga	9.0
Limpopo	10.7	Limpopo	12.2
Total	100	Total	100
Number	42505	Number	30508
Age group		Age group	
15-19	13.8	15-19	14.9
20-24	13.6	20-24	12.4
25-29	13.2	25-29	12.0
30-34	12.4	30-34	11.5
35-39	10.7	35-39	11.0
40-44	9.1	40-44	9.3
45-49	8.4	45-49	8.3
50-54	7.4	50-54	7.7
55-59	6.4	55-59	7.0
60-64	5.0	60-64	5.9
Total	100	Total	100

<i>Number</i>	42505	<i>Number</i>	30508
Maternity and paternity leave		Maternity and paternity leave	
Yes	1.0	Yes	24.8
No	34.5	No	5.3
Total	100	Total	100
<i>Number</i>	42505	<i>Number</i>	30508
Medical aid		Medical aid	
Yes	9.9	Yes	9.6
No	25.1	No	20.2
Total	100	Total	100
<i>Number</i>	42505	<i>Number</i>	30508
Socio-economic characteristics: Education Status		Socio-economic characteristics: Education status	
No schooling	3.3	No schooling	2.0
Less than primary school completed	8.8	Less than primary school completed	6.7
Primary completed	5.2	Primary completed	4.9
Secondary not completed	44.9	Secondary not completed	45.1
Secondary completed	26.3	Secondary completed	29.3
Tertiary	10.5	Tertiary	11.3
Total	100.0	Total	100
<i>Number</i>	42505	<i>Number</i>	30508
Informal employment		Informal employment	
Formal employment	27.2	Formal employment	24.5
Informal employment	13.0	Informal employment	10.2
Total	100	Total	100
<i>Number</i>	42505	<i>Number</i>	30508

Geography type		Geography type	
Urban	65.4	Urban	63.1
Traditional	31.0	Traditional	34.1
Farms	3.7	Farms	2.9
Total	100	Total	100
Number	42505	Number	30508
Paid leave		Paid leave	
Yes	22.7	Yes	21.0
No	12.4	No	9.0
Total	100	Total	100
Number	42505	Number	30508
Salary increments		Salary increments	
Negotiation between myself & employer at company	2.6	Negotiation between myself & employer at company	2.4
Negotiation between union & employer	7.7	Negotiation between union & employer	7.8
Bargaining council or other sector bargaining arrangement	3.0	Bargaining council or other sector bargaining arrangement	3.1
Employer only	19.8	Employer only	15.2
No regular annual salary increase	2.1	No regular annual salary increase	1.5
Total	100	Total	100
Number	42505	Number	30508

Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The table presents a percentage distribution of independent and dependent variables for 2017 and 2020. It aims to highlight the difference between the two years.

In 2017, the labor force survey showed that out of 100 of worker, 47.1% were males and 52.9% were females. In 2020, the corresponding figures were 45.7% males and 54.3% females. Regarding marital status, in 2017, 25.8% were married, 8.9% were living together, 3.8% were widowed, 2.5% were separated or divorced, and 59.0% had never been married.

In 2020, 24.7% were married, 7.5% were living together, 3.5% were widowed, 2.5% were divorced, and 63.0% had never been married. The population distribution by race in 2017 showed that 82.5% were black, 9.6% were colored, 2.2% Indian/ Asian, and 5.7% were white. The 2020 figures changed slightly with 85.4% black, 7.2% colored, 1.9% Indian/Asian, and 5.5% white.

Analyzing the data by province, the Western Cape constituted 11.0% in 2017 and 8.9% in 2020, while the Eastern Cape represented 12.5% in 2017 and 11.7% in 2020. Other provinces showed varying percentages as well.

Age groups were divided into intervals of 15-64. The distribution differed between 2017 and 2020, with varying percentages for each age group. Regarding specific variables, the percentage of individuals who took maternity or paternity leave increased from 1.0% in 2017 to 24.8% in 2020. The presence of medical aid remained relatively stable, with 9.9% in 2017 and 9.6% in 2020. Education levels also showed fluctuations in the percentages of individuals without schooling, those who completed primary or secondary school, and those with tertiary education.

Employment sectors displayed minor shifts, with 27.2% in the formal sector and 13.0% in the informal sector in 2017, compared to 24.5% and 10.2%, respectively, in 2020. Geographical distribution indicated a decrease in rural areas and an increase in urban areas between 2017 and 2020.

Paid leave and salary increment responses varied between the two years, reflecting different negotiation arrangement and decision-making processes. These findings highlight notable changes in variables over time, providing valuable insights for understanding shifts in the labor force landscape.

4.3 Descriptive analysis

Table 4.3.1: Percentage distribution of employment in the informal sector by gender

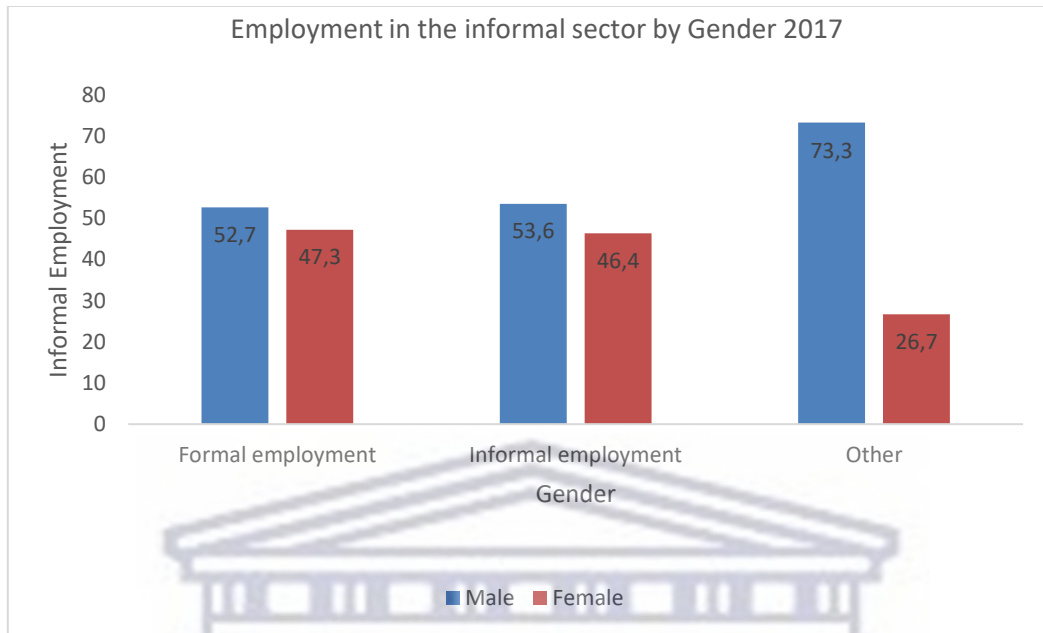
Variables	Gender 2017			
	Male	Female	Total	Number
Formal employment	52.7%	47.3%	100%	11541
Informal employment	53.6%	46.4%	100%	5524
Other	73.3%	26.7%	100%	619
Total	53.7%	46.3%	100%	17684
Chi-square = 0.001	P value = 0.076			
	Gender 2020			
Formal employment	50.4%	49.6%	100%	7468
Informal employment	51.8%	48.2%	100%	3102
Other	70.1%	29.9%	100%	438
Total	51.6%	48.4%	100%	11008
Chi square = 0.001	P value = 0.077			

Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The findings in table 4.3.1 show that in 2017 the formal employment comprised 52% males and 47% females, while in the informal employment there were 53.6% males and 46.4% on sectors there were 70.1% males and 29.9% females. This then shows that in both 2017 and 2020 there were more males than females employed in the informal sectors.

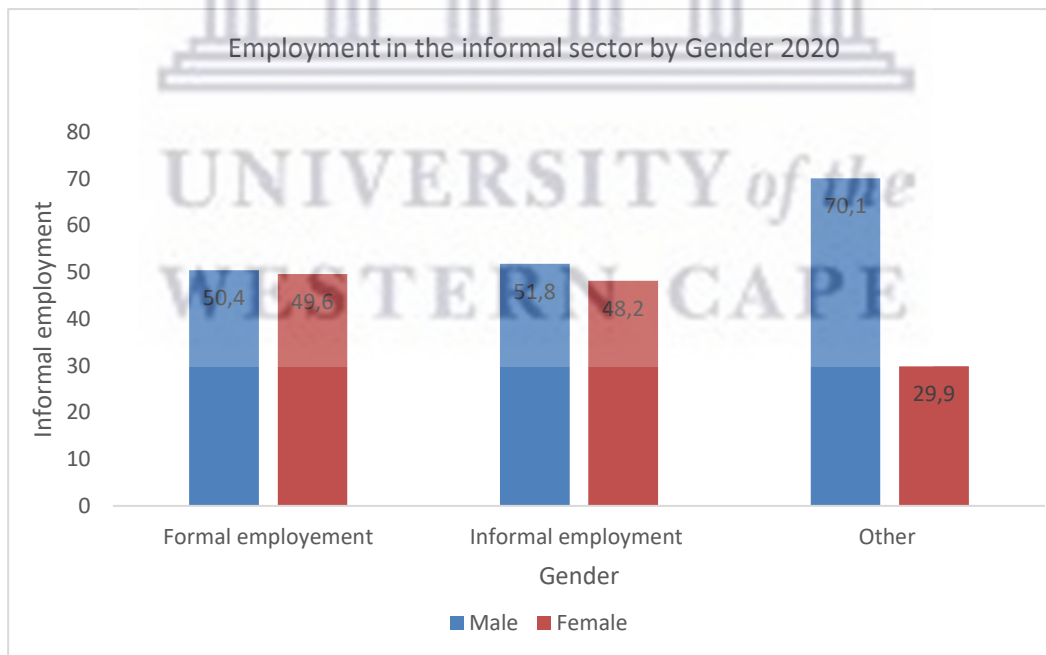
Furthermore, in order to examine the relationship between informal employment and gender the Chi-square test was used, which revealed that for both 2017 and 2020 the p-value was $0.001 < 0.05$ which means there is a statistical significance between the Informal employment and gender.

Figure 2 Employment in the informal sector by Gender 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 3 Employment in the informal sector by Gender 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.2 Percentage distribution of employment in the informal sector by Population group

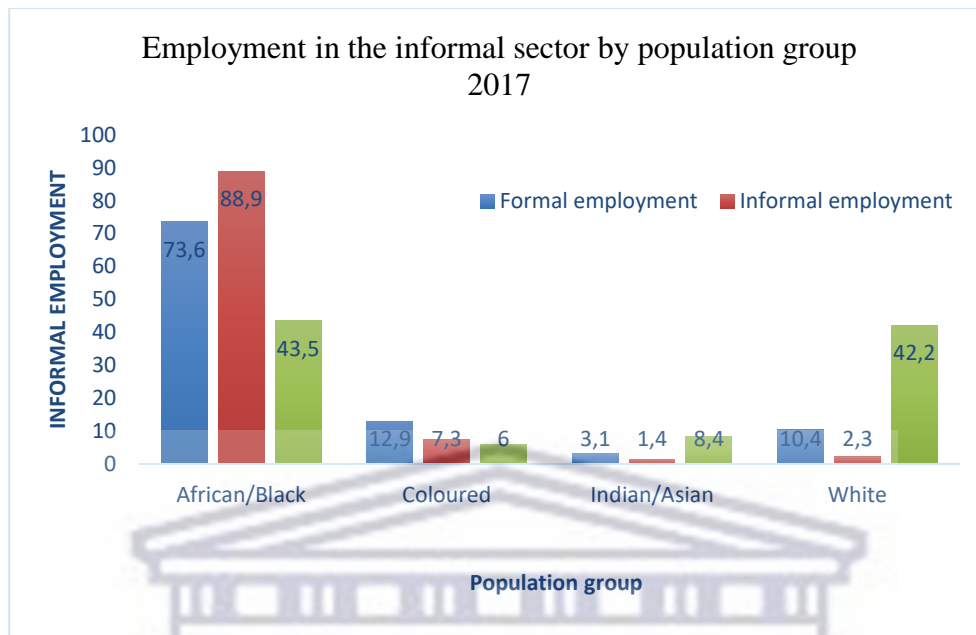
Variable	Population group 2017				Total	Number
	African/Black	Coloured	Indian/Asian	White		
Formal employment	73.6%	12.9%	3.1%	10.4%	100%	11541
Informal employment	88.9%	7.3%	1.4%	2.3%	100%	5524
Other	43.5%	6.0%	8.4%	42.2%	100%	619
Total	77.3%	10.9%	2.8%	9.0%	100%	17684
Chi square = 0.000			P value = 0.291			
Variable	Population group 2020				Total	Number
	African/Black	Coloured	Indian/Asian	White		
Formal employment	76.4%	10.1%	2.9%	10.6%	100%	7468
Informal employment	92.2%	4.2%	1.2%	2.3%	100%	3102
Other	42.9%	6.6%	7.5%	42.9%	100%	438
Total	79.5%	8.3%	2.6%	9.5%	100%	11008
Chi square = 0.001			P value = 0.301			

Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The findings in Table 4.3.2 above shows that in 2017 there were 73.6% African/ black, 12.9% Coloured, 3.1 Indian/Asian and 10.4% White people employed in the formal sector. While the informal employment comprised of 88.9% African/Black, 7.3% Coloured, 1.4% Indian/Asian and 2.3% White people. Additionally, in other employment sectors there were 43.5% African/Black, 6.0% Coloured, 8.4% Indian/Asian and 9.0% white people. Table 4.3.2 also indicates that in 2020, 76.4%,10.1%, 2.9% and 10.6% were African/Black, Coloured, Indian/Asian and White people respectively, employed in the formal sector. In Addition, Table 4.3.2 also shows that in 2020 the distribution of the people employed in the formal sector was 76.4% for African/Black, 10.1% Coloured, 2.9 Indian/Asian and 10.6% were White people. Furthermore, in the informal employment there were 92.2% African/Black people, 4.2% Coloured, 1.2% Indian/Asian and 2.3% were White people. While on the other employment there were 42.9% African/Black, 6.6% Coloured, 7.5% Indian/Asian and 42.9% were White people. Therefore, African people are the ones that are mostly employed in the informal sectors when compared to other population groups for both 2017 and 2020.

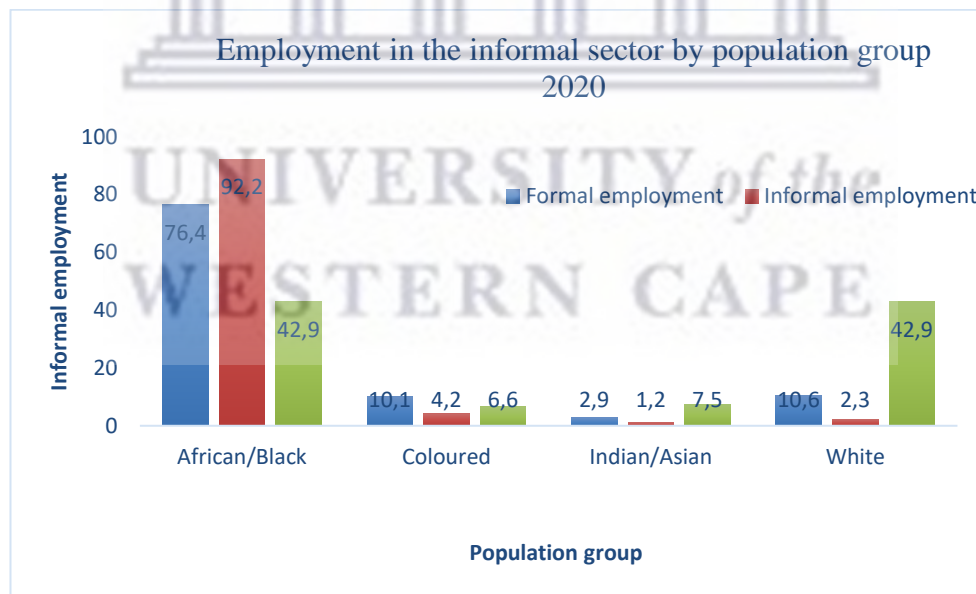
Furthermore, when the Chi-square test was used it showed the p-value of 0.00 for 2017 and 0.001 for 2020 which is < 0.05 and this data demonstrates that there is a statistically significant relationship between informal employment and Population group.

Figure 2 Employment in the informal sector by population group 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 3 Employment in the informal sector by Population group 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 2.3.3 Percentage distribution of employment in the informal sector by Marital status

Variable	Marital status 2017					Total	Number
	Married	Living together as husband and wife	Widowed	Divorced/ Separated	Never married		
Formal employment	39.9%	11.1%	3.1%	3.5%	42.4%	100%	11541
Informal employment	27.8%	14.6%	5.3%	2.9%	49.4%	100%	5524
Other	64.5%	7.8%	2.3%	6.8%	18.7%	100%	619
Total	37.0%	12.1%	3.8%	3.4%	43.7%	100%	17684
Chi square =0.001	P value = 0.174						
	Marital Status 2020						
Formal employment	40.1%	10.1%	3.0%	3.5%	43.4%	100%	7468
Informal employment	29.0%	13.5%	4.3%	2.9%	50.2%	100%	3102
Other	68.7%	8.7%	2.7%	3.9%	16.0%	100%	438
Total	38.1%	11.0%	3.3%	3.4%	44.2%	100%	11008
Chi square = 0.001	P value = 0.173						

Source: Quarterly labor force survey, Stats SA, Authors own calculations.

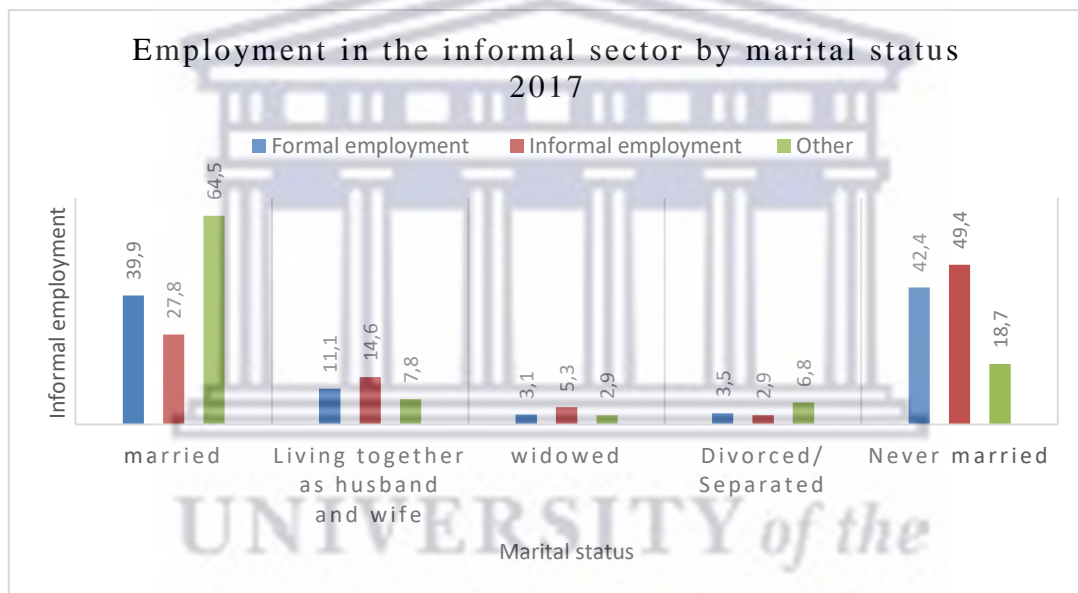
The findings in Table 4.3.3 above shows that in 2017 out of 100% of people in the formal employment 39.9% of them were married, 11.1% living together as husband and wife, 3.1% Widowed, 3.5% Divorced/Separated and 42.4% were never married. Additionally, the distribution of those across the informal employment comprised of 27.8% Married, 14.6% living together as husband and wife, 5.3% Widowed, 2.9% Divorced/Separated and 49.4% never married. When it comes to other employment the 64.5% were married, followed by 7.8% of those living together a husband and wife, 2.3% of the widowed, 6.8% of the divorced or separated and those who were never married were at 18.7%.

In addition, Table 4.3.3 also shows that in 2020 out of 100% people in the formal employment, the never married people were in a lead by 43.4%, followed by the married who were 40.1%, then those who were living together as husband and wife were at 10.1%,

widowed 3.0% and the Divorced/Separated 3.5%. Whereas, in the Informal employment the never married were 50.2%, followed by the married who were 29.0%, the ones who are living together as husband and wife were 13.5%, 4.3% widowed and 2.9% Divorced/Separated. Both in 2017 and 2020 the results show that single people are the ones who are most likely to be employed in the informal sector when compared to other people with different marital statuses.

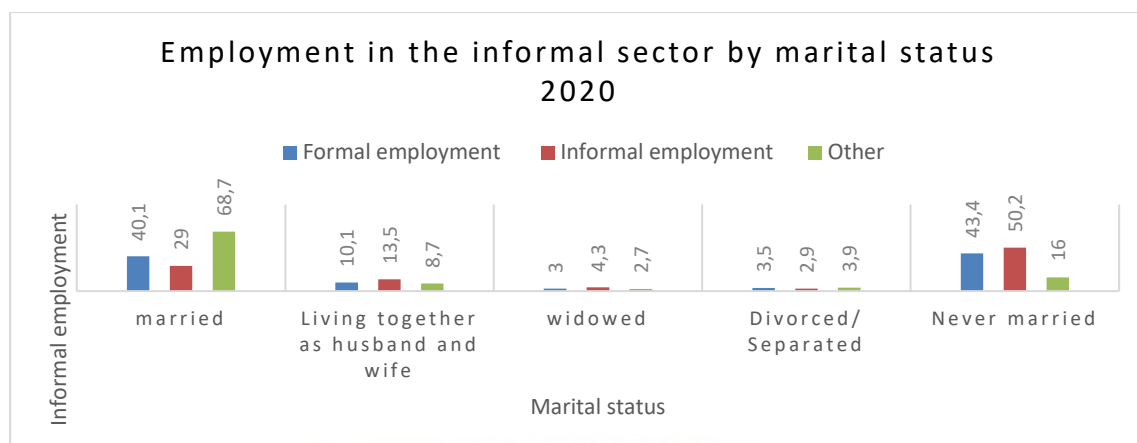
The Chi-square test used showed the P-value of $0.001 < 0.05$ for both 2017 and 2020 which shows that there is a significant linkage between informal employment and marital status.

Figure 4 Employment in the informal sector by Marital status 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 5 Employment in the informal sector by Marital status 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.4 Percentage distribution of employment in the informal sector by education status

Variable	Education status 2017							Total	Number
	No schooling	Less than primary completed	Primary completed	Secondary not completed	Secondary completed	Tertiary	other		
Formal employment	1.4%	4.7%	2.8%	29.7%	36.3%	24.2%	0.9%	100%	11541
Informal employment	5.0%	13.2%	6.5%	48.1%	0.9%	4.7%	1.7%	100%	5524
Other	0.5%	2.4%	1.3%	14.9%	35.7%	44.1%	1.1%	100%	619
Total	2.5%	7.3%	3.9%	35.0%	31.5%	18.8%	1.1%	100%	17684
Chi square = 0.000					P value = 0.372				
Variable	Education status 2020							Total	Number
	No schooling	Less than primary completed	Primary completed	Secondary not completed	Secondary completed	Tertiary	other		
Formal employment	0.7%	3.2%	2.3%	28.0%	38.2%	27.0%	0.5%	100%	7468
Informal employment	2.8%	11.3%	6.7%	47.8%	25.1%	5.4%	1.0%	100%	3102
Other	0.5%	2.7%	1.4%	15.3%	31.7%	47.5%	0.9%	100%	438
Total	1.3%	5.5%	3.5%	33.1%	34.3%	21.7%	0.7%	100%	11008
Chi square = 0.000					P value = 0.368				

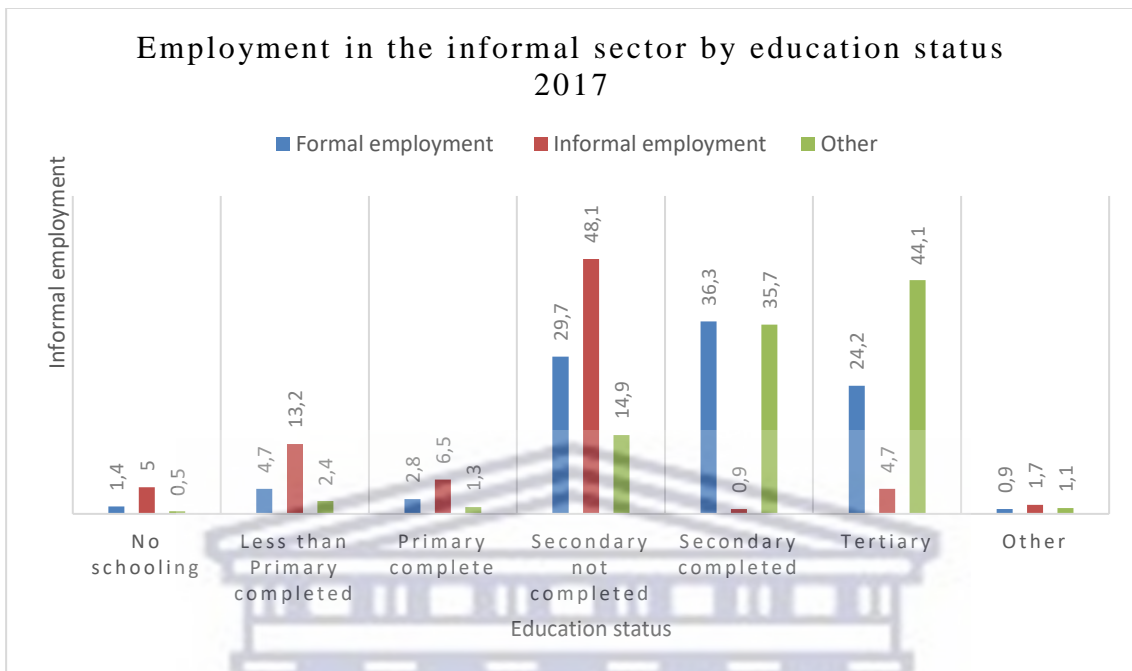
Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The findings in Table 4.3.4 indicate that in 2017, 36.3% of the people who were employed in the formal sector had completed secondary education with, followed by 29.7% who did not complete secondary education, then 24.2% of who have tertiary education, 4.7% who had less than primary completed, 2.8% who had completed primary, 1.4% had no schooling and 0.9% were other. The data further indicates that, the people who were most likely to be employed in the informal sector were those who had not completed secondary education with a 48.1%, followed by 20.9% of those who had completed secondary education, 13.2% were those with less than primary completed, 6.5% were those who completed primary, 5.0% had no schooling then the least employed in the informal sector were those who had tertiary and other with the proportions of 4.7% and 1.7% respectively. Additionally, 44.1% of those most likely to be employed in other sector were those who had tertiary education, followed by 35.7% of those who completed secondary education, then 14.9% of those who had not completed secondary education. Then the least employed were 2.4%, 1.3%, 1.1% and 0.5% of those who had less than primary completed, primary completed, other and no schooling respectively.

Furthermore, the findings of the Table 4.3.4 also indicate that in 2020, out of 100% of people employed in the formal sector, 38.2% had completed secondary education, followed by 28.0% of those who had not completed secondary education, 27.0% had tertiary education, 3.2% had less than primary completed, 2.3% completed primary followed by the least employed in the formal sector who are those with no schooling and other with 0.7% and 0.5% respectively. Whilst, in the informal employment it is indicated that 47.8% of the people mostly employed in the informal sector had not completed secondary education followed by 25.1% of those who had completed secondary education, 11.3% of those who had not complete primary education, 6.7% had completed primary, 5.4% had tertiary education followed by those with no schooling and other with 2.8% and 1.0% respectively. Furthermore, 47.5% of those who were mostly employed in the other sector were those who had tertiary education followed by 31.7% who had completed secondary and 15.3% who had not completed secondary. The least employed in other sector were those who had no schooling, followed by those with other education status, those who had completed primary and those who had not completed primary with 0.5%, 0.9%, 1.4% and 2.7% respectively.

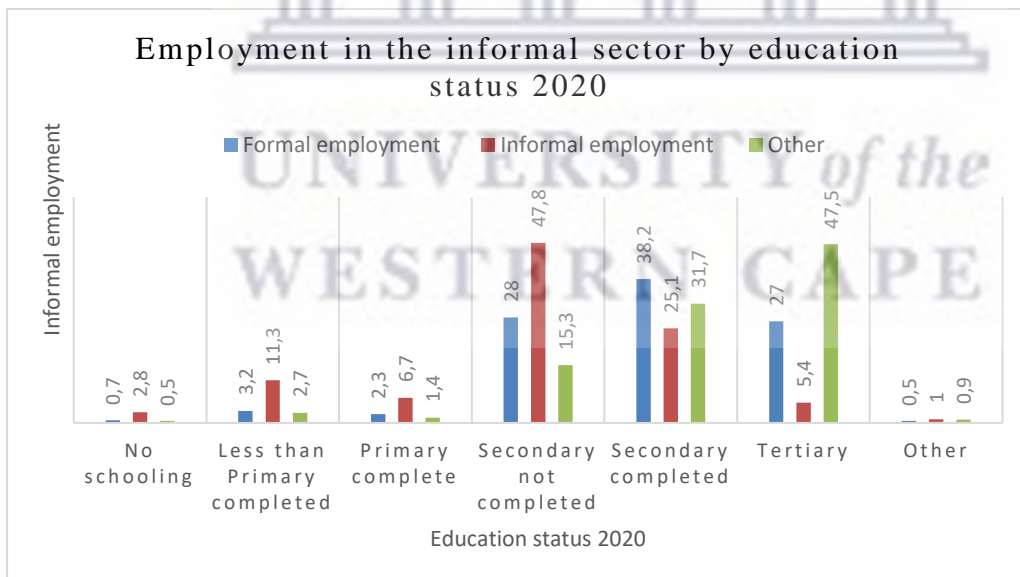
In addition, the Chi-square test used showed the P-value of $0.000 < 0.05$ for both 2017 and 2020 which shows that there is a statistically significant relationship between informal employment and education status.

Figure 6 Employment in the informal sector by education status 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 7 Employment in the informal sector by Education status 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.5 Percentage distribution of employment in the informal sector by age group

Variable	Age group 2017										Total	Number
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64		
Formal employment	0.5%	7.0%	13.8%	16.9%	15.8%	14.0%	12.3%	10.0%	7.1%	2.5%	100%	11541
Informal employment	1.4%	8.4%	13.2%	15.5%	14.6%	13.5%	12.2%	10.0%	8.1%	3.0%	100%	5524
Other	0.0%	1.6%	5.2%	10.7%	14.4%	18.6%	14.9%	14.2%	11.0%	9.5%	100%	619
Total	0.8%	7.3%	13.3%	16.2%	15.4%	14.0%	12.4%	10.2%	7.6%	2.9%	100%	17684
Chi square = 0.001		P value = 0.125										
Variable	Age group 2020										Total	Number
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64		
Formal employment	0.2%	4.4%	11.7%	15.2%	16.7%	14.7%	13.4%	11.7%	8.8%	3.2%	100%	7468
Informal employment	0.5%	5.8%	10.6%	15.6%	15.2%	14.5%	13.2%	11.9%	8.8%	4.0%	100%	3102
Other	0.0%	0.9%	4.3%	8.0%	11.0%	13.9%	17.8%	20.3%	13.7%	10.0%	100%	438
Total	0.2%	4.7%	11.1%	15.1%	16.1%	14.6%	13.5%	12.1%	9.0%	3.7%	100%	11008
Chi square = 0.001		P value = 0.127										

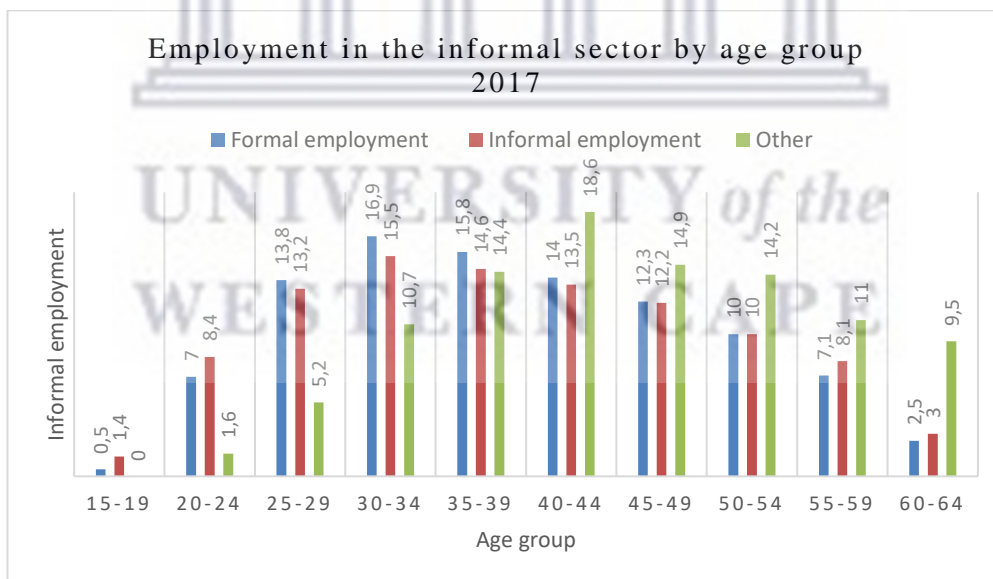
Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The findings in Table 4.3.5 of 2017 indicate that the age groups that are largely distributed withing formal employment are ages 30-43, 35-39, 40-44, 25-29 and 45-49 with the percentages of 16.9%, 15.8%, 14.0%, 13.8% and 12.3% respectively, followed by 10.0% of age group 50-54, 7.1% of 55-59, 7.0% of 20-24, 2.5% of 60-64 and then age group 15-19 has the least percentage of people in formal employment with a percentage of 0.5%. The findings also show that in the informal employment the age groups that are largely distributed across the informal employment are 15.5% of 30-34, 14.6% of 35-39, 13.5% of 40-44, 13.2% of 25-29, 12.2% of 45-49 and 10.0% of 50-54. Additionally, these were followed by 8.4% of ages 20-24, 8.1% of 55-59, 3.0% of age group 60-64 and then 1.4% of age group 15-19. Moreover, on other employment sectors, the most to least age groups were as follows, 18.6% of 40-44, 14.9% of 45-49, 14.4% of 35-39, 14.2% of 50-54, 11.0% of 55-59, 10.7% of 30-34, 9.5% of 60-64, 5.2% of 25-29, 1.6% of 20-24 and age group 15-19 had no participants in other employment sectors.

Furthermore, Table 4.3.5 also indicates that in 2020 age group 35-39 had the most distribution across formal employment with a percentage of 16.7% followed by 15.2% of 30-34, 14.7% of 40-44, 13.4% of 45-49, 11.7% of 25-29 and 50-54, then age group 55-59 had a percentage of 8.8%, followed by 4.4% of 20-24, 3.2% of 60-64 and then age group age 15-19 with 0.2%. The Table also shows that within the informal employment of 2020 the age groups that were mostly active were, age group 30-34 with 15.6%, 35-39 with 15.2%, 40-44 with 14.5%, 45-49 with 13.2%, 50-54 with 11.9%, 25-29 with 10.6%; then all the other age groups had less than 10% distribution across the informal employment, these were as follows, 8.8% of 55-59, 5.8% of 20-24, 4.0% of 60-64 and age group 15-19 had 0.5%. In other employment age group 50-54 had the largest distribution of 20.3% followed by 45-49, 40-44, 55-59, 35-39 and 60-64 with the respective percentages of 17.8%, 13.9%, 13.7%, 11.0% and 10.0 and then 0.9% of age group 20-24 and there were no 15-19 age group workers.

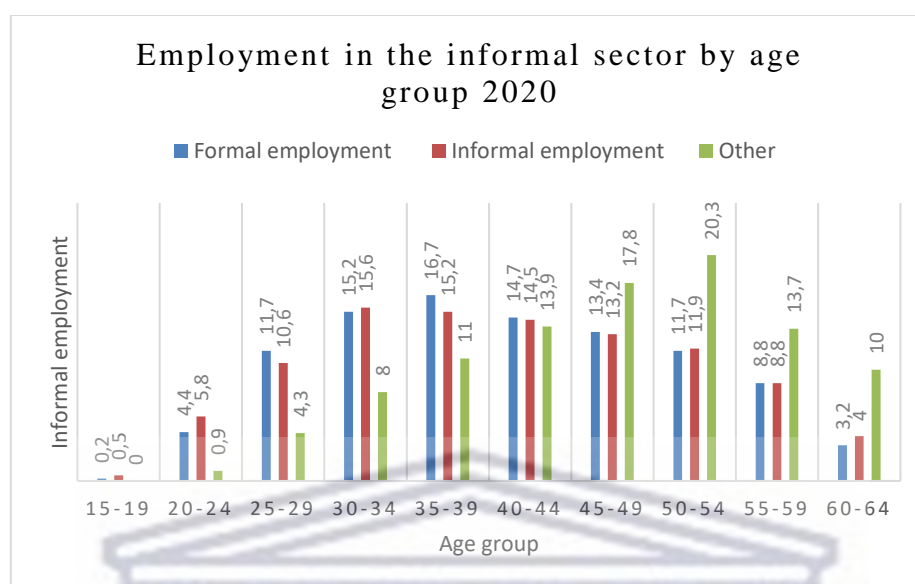
The Chi-square test used showed the P-value of $0.001 < 0.05$ which means that there is a statistically significant link between informal employment and age group.

Figure 8 Employment in the informal sector by Age group 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 9 Employment in the informal sector by Age group 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.6 Percentage distribution of employment in the informal sector by maternity/paternity leave

Variable	Maternity/ paternity leave 2017		Total	Number
	Yes	No		
Formal employment	69.1%	30.9%	100%	11513
Informal employment	8.3%	91.7%	100%	3573
Total	54.7%	45.3%	100%	15086
Chi square = 0.000			P value = 0.519	
Maternity/ Paternity leave 2020				
Formal employment	88.7%	11.3%	100%	7443
Informal employment	54.9%	45.1%	100%	1725
Total	82.4%	17.6%	100%	9168
Chi square =0.001			P value = 0.347	

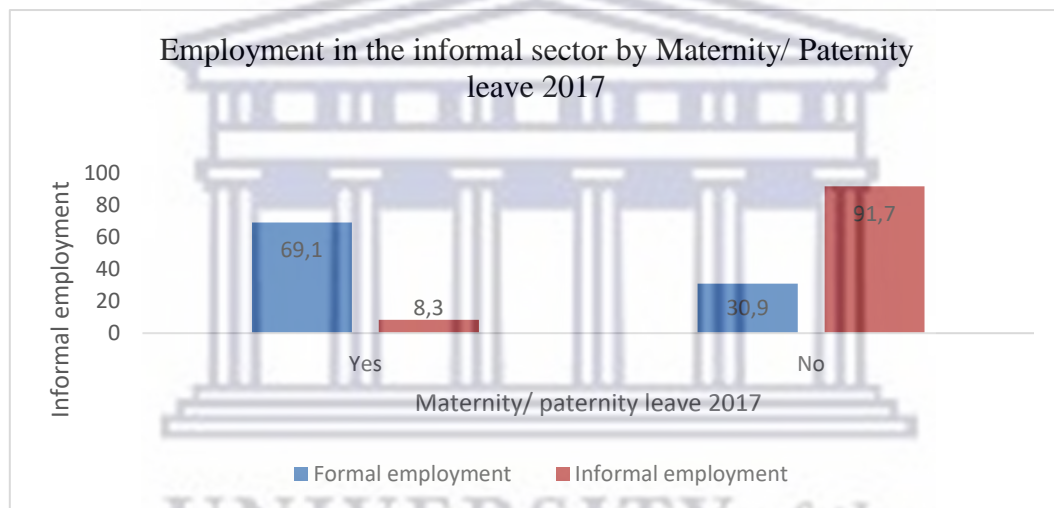
Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The findings on Table 4.3.6 indicate that in 2017, the distribution of people in the formal sector who get maternity/paternity leave were 69.1% followed by 30.9% of who are not getting Maternity/paternity leave. The data further shows that only 8.3% of people employed in the informal sector do get maternity/paternity leave, while 91.7% do not get the maternity/paternity leave. Moreover, the findings further show that in 2020, 88.7% people in

the formal employment do get maternity/paternity leave, and 11.3% do not. Additionally, the findings in table 4.3.6 also show that in 2020 people employed in the formal sector who got maternity/paternity leave were 88.7%, while those who did not were 11.3%. Moreover, in the informal sector 54.9% were those who got maternity/paternity leave and 45.1% were those who did not.

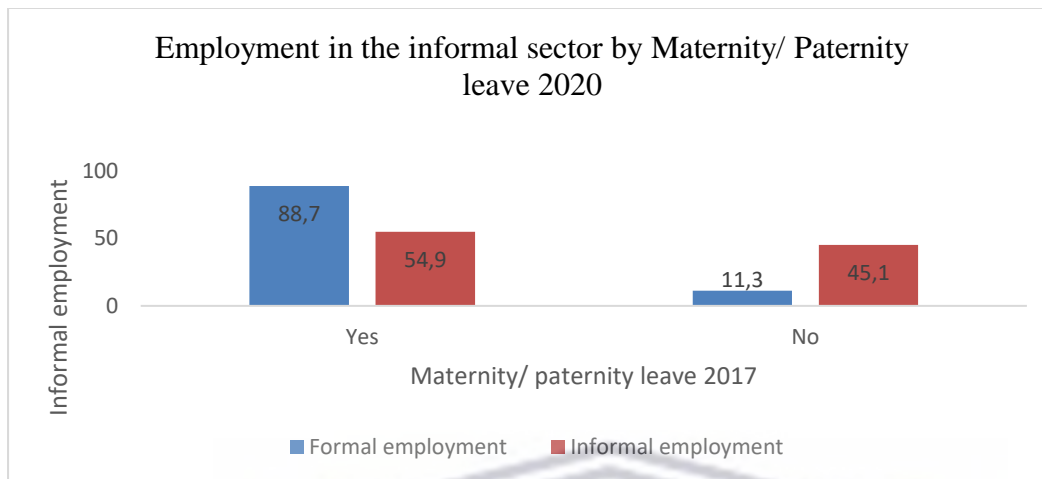
The Chi-square test used showed the P-value of 0.000 and $0.001 < 0.05$ for 2017 and 2020 respectively shows a statistically significant relationship between informal employment and maternity/paternity leave.

Figure 10 Employment in the informal sector by Maternity/ Paternity leave 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 11 Employment in the informal sector by Maternity/ Paternity leave 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.7 Percentage distribution of employment in the informal sector by Paid leave

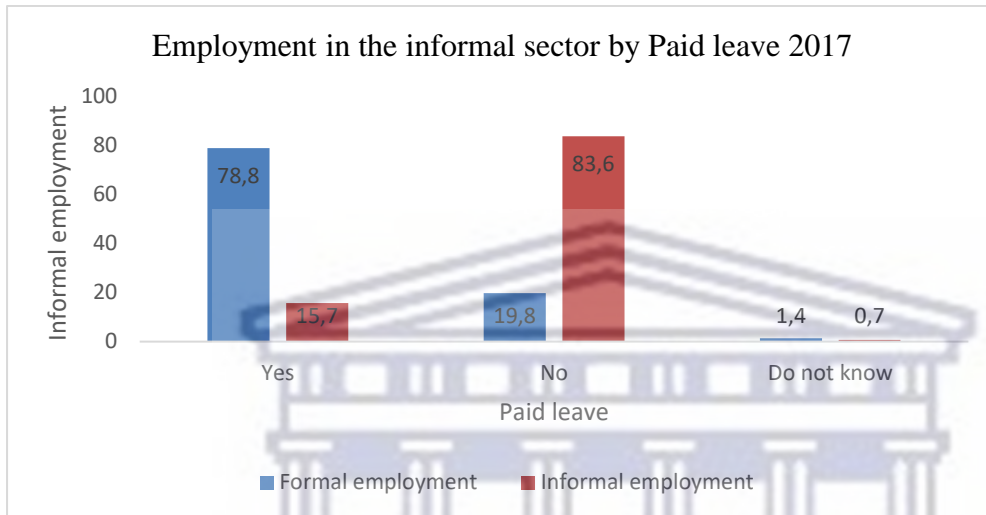
Variable	Paid leave 2017			Total	Number
	Yes	No	Do not know		
Formal employment	78.8%	19.8%	1.4%	100%	11513
Informal employment	15.7%	83.6%	0.7%	100%	3573
Total	63.9%	34.9%	1.2%	100%	15086
Chi square = 0.000			P value = 0.570		
	Paid leave 2020				
Formal employment	81.5%	18.1%	0.4%	100%	7443
Informal employment	18.9%	80.6%	0.5%	100%	1725
Total	69.7%	29.9%	0.4%	100%	9168
Chi square = 0.000			P value = 0.534		

Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The findings on Table 4.3.7 above show that in 2017, out of 100% in the formal employment 78.8% people got paid leave while 19.8% did not get paid leave and 1.4% did not know if they get paid leave. The findings on the Table also show that in informal employment there is only 15.7% people who get paid leave, and 83.6% do not get it while 0.7% people do not know. Additionally, the table also shows that in 2020, out 100% of the formal employment 81.5% people do get paid leave, while only 18.1% do not get it and 0.4% do not know. In the informal employment of 2020, it also shows that out of 100% only 18.9% do get paid leave, while 80.6% do not and 0.5% do not know.

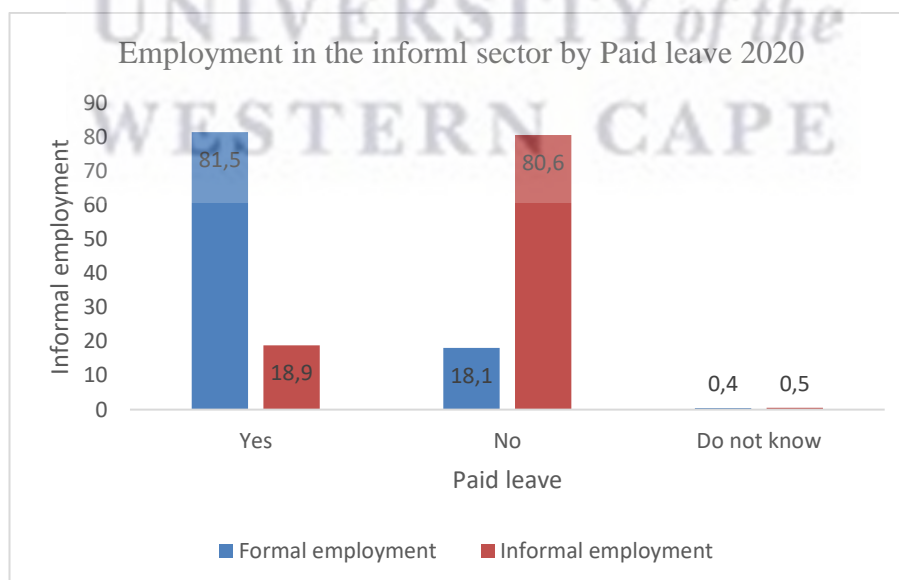
The Chi-square test used showed the P-value of $0.000 < 0.05$, which shows that there is a significant linkage between informal employment and paid leave.

Figure 12 Employment in the informal sector by Paid leave 2017



Source: *Quarterly labor force survey, Stats SA, Authors own calculations.*

Figure 13 Employment in the informal sector by paid leave 2020



Source: *Quarterly labor force survey, Stats SA, Authors own calculations.*

Table 4.3.8 Percentage distribution of employment in the informal sector by Geography type

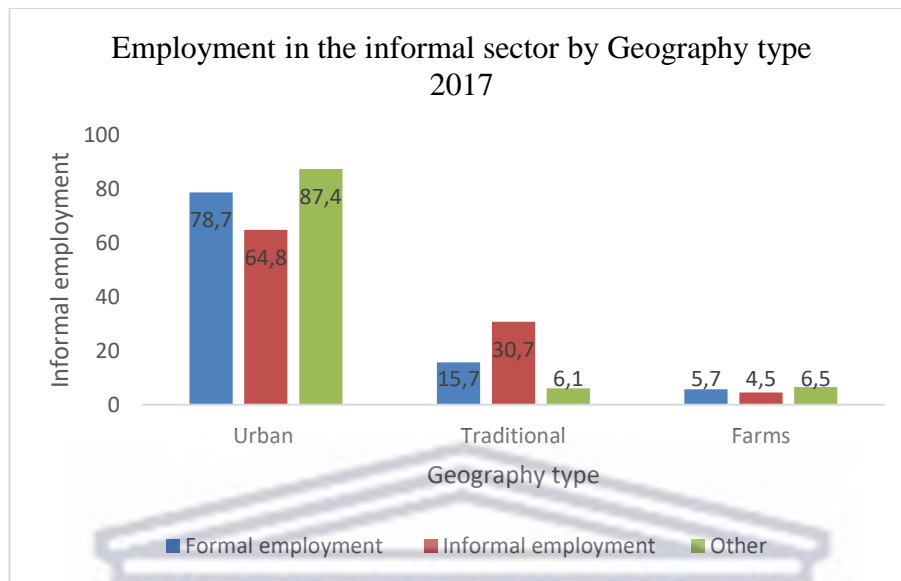
Variable	Geography type 2017			Total	Number
	Urban	Traditional	Farms		
Formal employment	78.7%	15.7%	5.7%	100%	11541
Informal employment	64.8%	30.7%	4.5%	100%	5524
Other	87.4%	6.1%	6.5%	100%	619
Total	74.6%	20.0%	5.3%	100%	17684
Chi square =0.001			P value =0.185		
Variable	Geography type 2020			Total	Number
	Urban	Traditional	Farms		
Formal employment	77.3%	18.4%	4.2%	100%	7468
Informal employment	62.2%	34.1%	3.7%	100%	3102
Other	83.3%	9.8%	6.8%	100%	438
Total	73.3%	22.5%	4.2%	100%	11008
Chi square = 0.001			P value = 0.179		

Source: *Quarterly labor force survey, Stats SA, Authors own calculations.*

The findings in the Table 4.3.8 above show that in 2017 78.7% of the people employed in the formal sector who were largely distributed across the formal employment were from the urban areas, followed by 15.7% who were from the traditional area, and only 5.7% were from the farms. The findings also show that 64.8% of people employed in the informal sector resided in the urban areas, followed by the 30.7% who resided in the traditional areas and 4.5% were from the farms. Furthermore, Table 4.3.8 also indicates that in 2020 77.3% of the people employed in the formal sector resided in the urban areas, followed by 18.4% who resided in traditional areas and 4.2% resided in the farms.

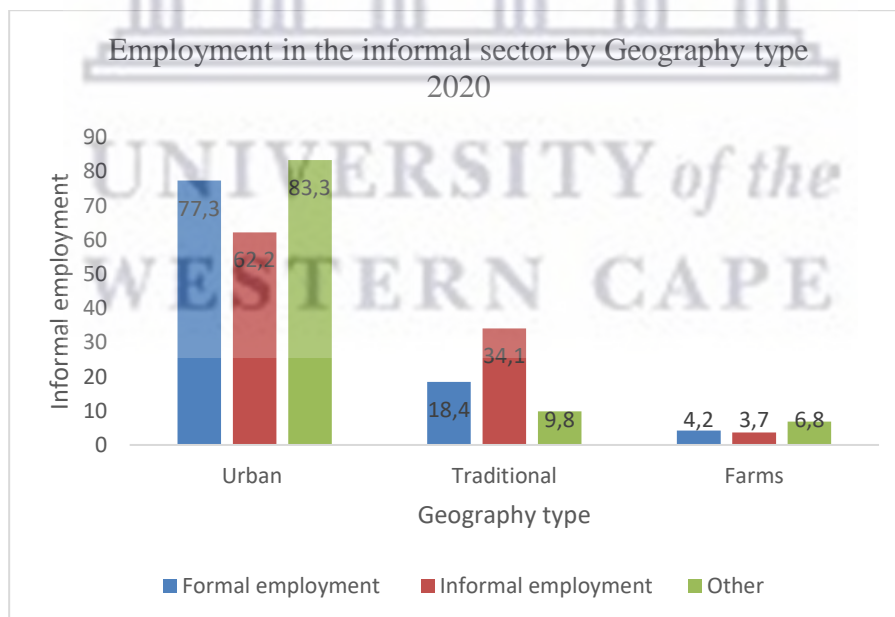
The Chi-square test used showed the P-value of $0.001 < 0.05$, which shows that there is a significant relationship between informal employment and geography type.

Figure 14 Employment in the informal sector by Geography type 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 15 Employment in the informal sector by Geography type 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.9 Percentage distribution of employment in the informal sector by Province

Variable	Province 2017										Total	NO.
	WC	EC	NC	FS	KZN	NW	GP	MP	LP			
Formal employment	16.6%	9.7%	4.1%	6.0%	15.6%	6.0%	27.0%	7.3%	7.8%	100%	11541	
Informal employment	8.9%	1.7%	3.1%	7.3%	16.5%	5.7%	22.3%	10.6%	13.9%	100%	5524	
Other	22.9%	6.6%	3.9%	5.2%	10.7%	4.5%	35.2%	6.8%	4.2%	100%	619	
Total	14.4%	10.2%	3.8%	6.4%	15.7%	5.8%	25.8%	8.3%	9.6%	100%	17684	
Chi square = 0.001		P value = 0.171										
Variable	Province 2020										Total	NO.
	WC	EC	NC	FS	KZN	NW	GP	MP	LP			
Formal employment	14.3%	8.6%	3.5%	6.2%	17.2%	5.3%	28.0%	8.0%	9.0%	100%	7468	
Informal employment	5.9%	11.0%	1.6%	7.2%	19.4%	4.7%	23.1%	12.3%	14.8%	100%	3102	
Other	17.1%	8.2%	1.8%	4.3%	14.6%	3.2%	40.2%	6.6%	3.9%	100%	438	
Total	12.0%	9.2%	2.9%	6.4%	17.7%	5.0%	27.1%	9.2%	10.4%	100%	11008	
Chi square =0.001		P value = 0.187										

Source: Quarterly labor force survey, Stats SA, Authors own calculations.

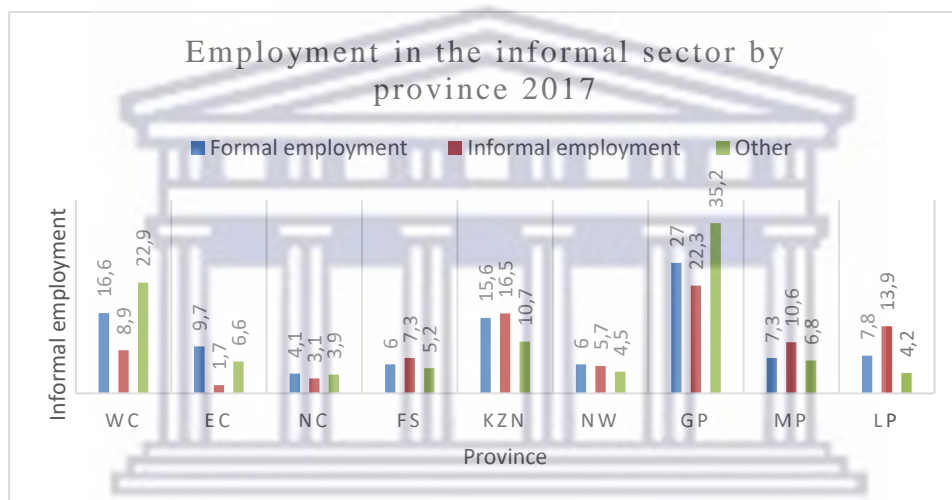
The findings in Table 4.3.9 above indicate that in 2017 out of 100% of people in the formal employment the highest distribution was in Gauteng by 27.0% followed by 16.6% in the Western Cape, then 15.6% in KwaZulu-Natal, then followed 9.7%, 7.8%, 7.3%, 6.0% and 6.0% of Eastern Cape, Limpopo, Mpumalanga, Free State and North West correspondingly. The findings also indicate that the highest distribution of people employed in the Informal employment was still in Gauteng by 22.3% followed by 16.5% in KwaZulu-Natal and 13.9 in Limpopo, then 10.6, 8.9%, 7.3%, 5.7%, 3.1% and 1.7% of Mpumalanga, Western Cape, Free state, North West, Northern Cape and Eastern Cape Correspondingly.

Furthermore, the findings on Table 4.3.9 indicate that in 2020 28.0% of people in the formal employment were in the Gauteng province, followed by 17.2% in KwaZulu-Natal and 14.3% in the Western Cape, then 9.0% in Limpopo, 8.6% in Eastern Cape, 8.0% in Mpumalanga, 6.2% in Free state, 5.3% in North West and 3.5% in Northern Cape. The findings also

indicate that the highest distribution of people employed in the informal sector was 23.1% in Gauteng followed by 19.4%,14.8%, 12.3 and 11.0% of KwaZulu-Natal, Limpopo, in Mpumalanga and Eastern Cape respectively. Then the provinces with the lowest distribution in informal employment were Free state with 7.2%, 5.9% in Western Cape, 4.7% North West and 1.6% in Northern Cape.

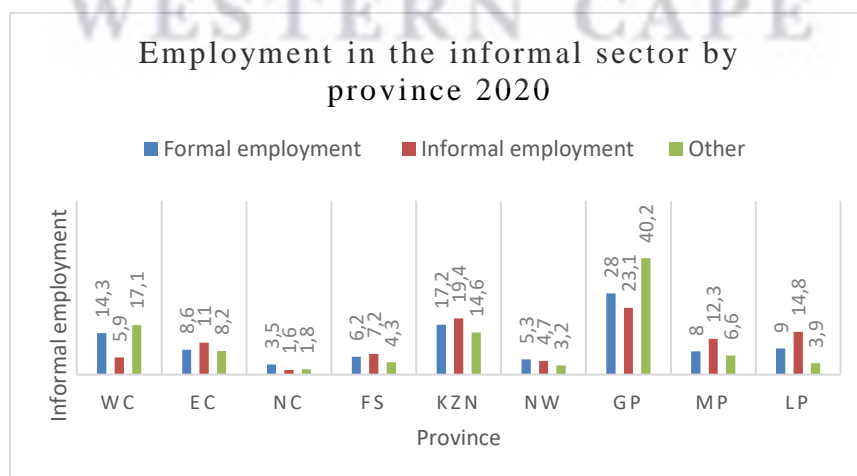
The Chi-square test used showed the P-value of $0.001 < 0.05$, which means there is a statistical significance link between informal employment and the South African provinces.

Figure 16 Employment in the informal sector by province 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 17 Employment in the Informal sector by province 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.10 Percentage distribution of employment in the informal sector by salary increment

Variable	Salary increments 2017							Total	Number
	Negotiated between myself and employer at company	Negotiated between union and employer	Bargaining council or other sector bargaining arrangement	Employer only	No regular annual salary	Other			
Formal employment	6.3%	28.1%	11.0%	50.5%	3.2%	0.9%	100%	11513	
Informal employment	10.0%	1.3%	0.8%	73.2%	14.4%	0.3%	100%	3573	
Total	7.2%	21.7%	8.6%	55.9%	5.8%	0.7%	100%	15086	
Chi square = 0.000				P value = 0.376					
Salary Increments 2020									
Formal employment	6.5%	31.6%	12.6%	46.2%	3.0%	0.1%	100%	7443	
Informal employment	13.9%	1.1%	0.9%	70.2%	14.0%	0.0%	100%	1725	
Total	7.9%	25.9%	10.4%	50.7%	5.0%	0.1%	100%	9168	
Chi square = 0.001				P value = 0.374					

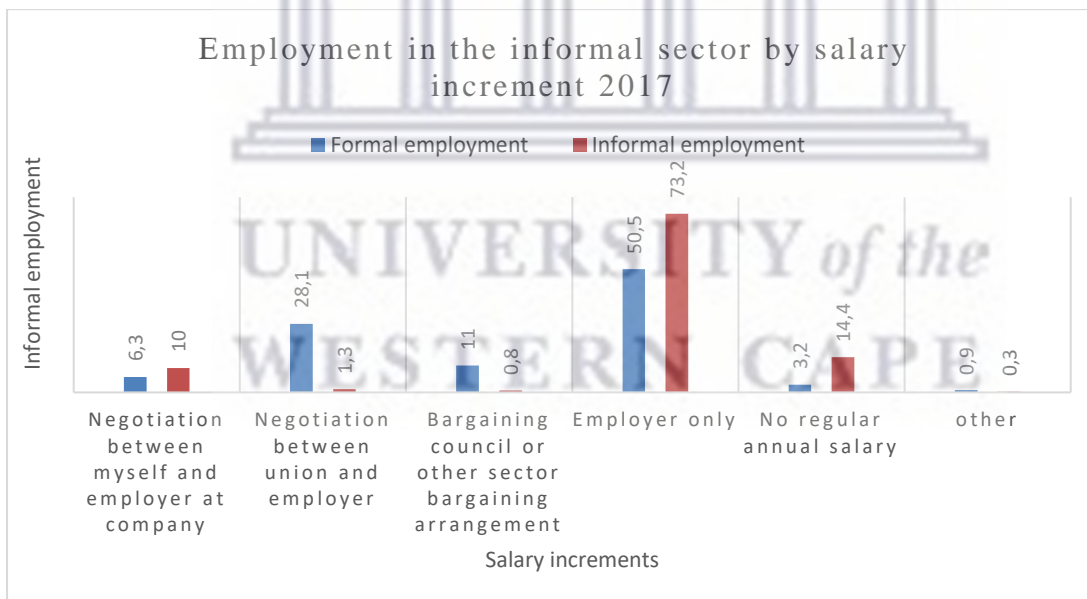
Source: Quarterly labor force survey, Stats SA, Authors own calculations.

The findings in table 4.3.10 above shows the people who are involved when it comes to salary increment negotiations, which indicates that in 2017 6.3% of people in the formal employment negotiated with the employer about their salary increment, while 28.1% their union and employer were the ones who negotiated salary increment, then the 11.0% of the employees said the bargaining council or other sector bargaining arrangements were made. Additionally, 50.5% people indicated that only the employer decides on salary increments and the 3.2% had no regular annual salary. Meanwhile, in the same year of 2017 out of 100% of people employed in the informal sector, 10.0% of people indicated that they negotiate with the employer about their salary increment, while 1.3% indicated that their unions negotiated on behalf of them with their employer, and for the 0.8% other bargaining council or other sector bargaining arrangements were made for them, while 73.2% of the time it is only the employer that decides on salary increments and then the 14.4% had no regular annual salary.

The Table above also indicates the results for the year 2020, where in the formal sector 6.5% of the people were in the negotiation process for themselves with their employers, and 31.6% indicated that their unions negotiated on their behalf with the employer, and 12.6% indicated that there were other bargaining council involved or other sector bargaining arrangements were made on their behalf, while 46.2% indicated that only the employer decides on salary increments and then 3.0% had no annual salary. Furthermore, for the informal employment in 2020 out of 100% 13.9% were involved in the negotiation process with their employers, while 1.1% indicated that their unions negotiated on their behalf with the employer, and 0.9% indicated that there were other bargaining council involved or other sector bargaining arrangements were made on their behalf; meanwhile 70.2% of the time only the employer decides on salary increment and then 14.0% had no annual salary,

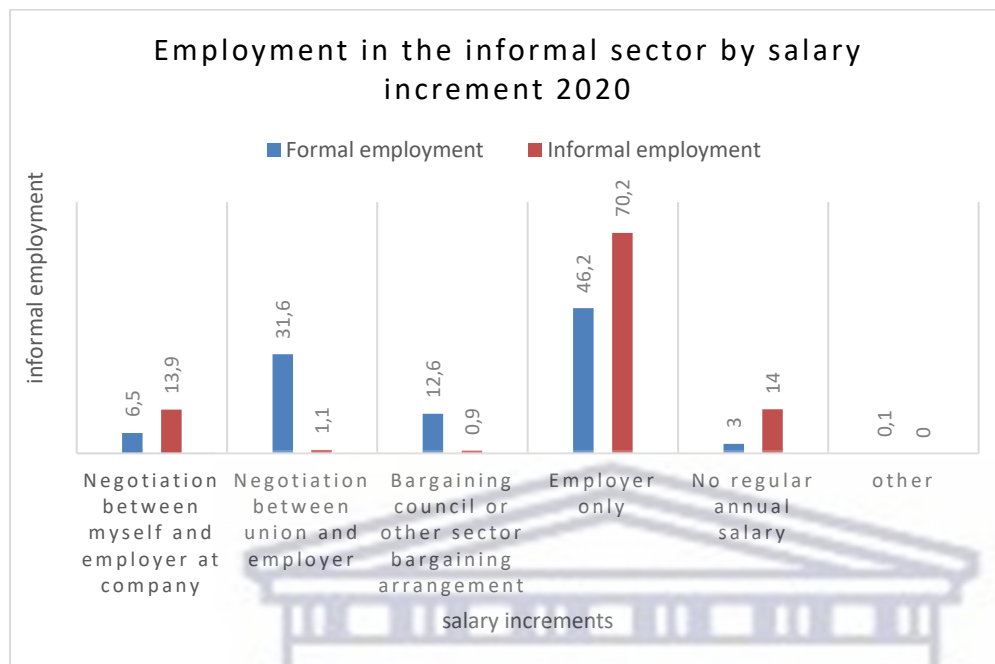
The chi-square test showed the P-value of 0.000 and $0.001 < 0.05$, which indicates that there is a statistically significant relationship between informal employment and salary increment.

Figure 18 Employment in the informal sector by Salary increment 2017



Source: *Quarterly labor force survey, Stats SA, Authors own calculations.*

Figure 19 Employment in the Informal sector by Salary increment 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.3.11 Percentage distribution of employment in the informal sector by medical aid or health insurance

Variable	Medical aid or health insurance 2017			Total	Number
	yes	No	Do not know		
Formal employment	36.4%	62.0%	1.7%	100%	11513
Informal employment	0.4%	99.5%	0.1%	100%	3573
Total	27.9%	70.8%	1.3%	100%	15086
Chi square = 0.000			P value = 0.351		
Medical aid or health insurance 2020					
Formal employment	39.4%	59.8%	0.8%	100%	7443
Informal employment	0.5%	99.5%	0.0%	100%	1725
Total	32.1%	67.2%	0.6%	100%	9168
Chi square = 0.001			P value = 0.331		

Source: Quarterly labor force survey, Stats SA, Authors own calculations.

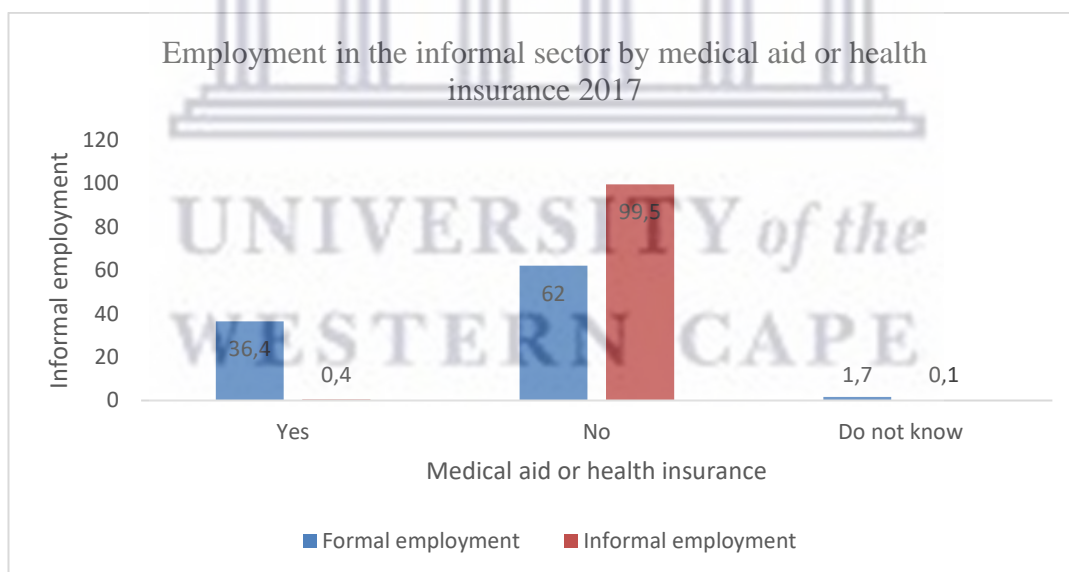
The findings in Table 4.3.11 shows that in 2017 62.0% of the people who are in the formal employment do not get medical air or health insurance followed by 36.4% of those who do not get medical aid or health insurance and 1.7% who do not know. The findings also indicate

that in informal employment 99.5% people do not get medical aid or health insurance, while 0.4% did not get it and 0.1% did not know.

Furthermore, the findings Table 4.3.11 also show that in 2020 59.8% of people employed in the formal do not get medical aid or health insurance while 39.4% do get the medical aid and health insurance and 0.8% did not know. Moreover, the table also indicates that in informal employment 99.5% people do not get medical aid or health insurance and only 0.5% indicated that they do get medical aid and health insurance. These results then show that people who work in the informal sector they do not get any medical aid or health insurance.

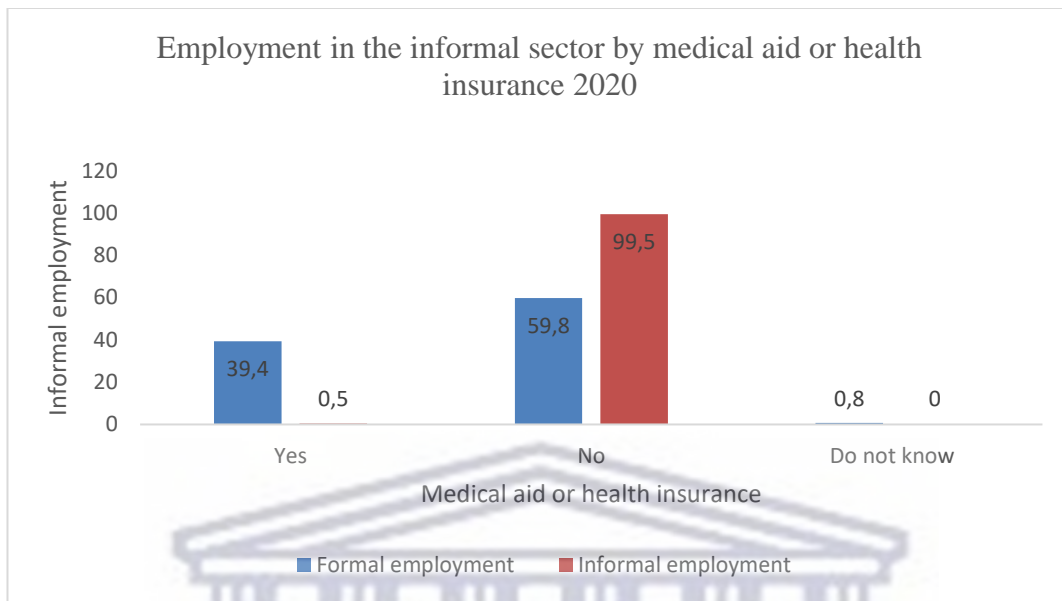
The Chi-square test showed a P-value of 0.000 and $0.001 < 0.05$ for both 2017 and 2020, which shows there is a statistically significant relationship between informal employment and medical aid or health insurance. Furthermore, when comparing both years (2017 & 2020) the medical aid or health insurance rate has not changed, people employed in the informal sector still do not get either of these benefits.

Figure 20 Employment in the informal sector by medical aid or health insurance 2017



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Figure 21 Employment in the informal sector by medical aid or health insurance 2020



Source: Quarterly labor force survey, Stats SA, Authors own calculations.

Table 4.4 Results of multivariate logistic regression for informal employment in 2017 and 2020 in South Africa

Variables	Informal employment in South Africa, 2017					Informal employment in South Africa, 2020				
	B	S.E.	Wald	Sig.	Exp(B)	B	S.E.	Wald	Sig.	Exp(B)
Gender (1)	-.036	.049	0.53	.468	0.97	-.386	.074	27.52	<.001	0.68
Population group	-.090	.041	4.94	.026	0.91	-.044	.061	0.53	.466	0.96
Marital status	.011	.015	0.55	.460	1.01	.020	.021	0.89	.346	1.02
Maternity/paternity leave	1.860	.075	621.52	<.001	6.42	1.762	.084	439.17	<.001	5.82
Medical aid or health insurance	.729	.103	49.66	<.001	2.07	2.007	.158	161.78	<.001	7.44
Salary increment	.133	.024	31.18	<.001	1.14	.142	.032	19.37	<.001	1.15
Education status	-.327	.023	211.17	<.001	0.72	-.366	.035	107.85	<.001	0.69
Province	.009	.010	0.86	.353	1.01	.060	.015	16.87	<.001	1.06
Age group	-.024	.012	3.66	.056	0.98	-.066	.019	12.30	<.001	0.94
Geography type			24.35	<.001				22.60	<.001	
Geography type (1)	.175	.059	8.76	.003	1.19	.380	.080	22.47	<.001	1.46

Geography type (2)	-.334	.098	11.61	<,001	0.72	.075	.157	0.23	.633	1.08
Paid leave	1.240	.055	506.88	<,001	3.46	1.944	.073	710.41	<,001	6.99
Constant	-6.418	.310	453.33	<,001	.002	-8.918	.477	349.83	<,001	0.00

Source: Author's calculations from Stats SA QLFS 4 2017 & 2020

In table 4.4 the presented logistic regression output provides valuable insights into the factors influencing informal employment in South Africa during two distinct years, 2017 and 2020. This analysis sheds light on the relationship between several independent variables and the likelihood of individuals engaging in informal employment. Comparing the two years, it is evident that significant changes have occurred in South Africa's informal employment landscape. As indicated by the Exp(B) values, the odds of being informally employed have shifted for various variables. While this does not establish causality, it highlights essential associations worth exploring. In both 2017 and 2020, gender does not seem to be a significant predictor of informal employment. The Exp(B) values of 0.97 and 0.68 indicate that being male or female has a negligible impact on informal employment likelihood. The population group variable shows a notable change from 2017 to 2020. In 2017, a statistically significant negative association (Exp(B) = 0.91) suggested that being part of certain population groups decreased the likelihood of informal employment. However, in 2020, this relationship becomes non-significant (Exp(B) = 0.96). This shift could be a result of various socio-economic changes over time. Both years show a strong positive association between maternity/paternity leave and informal employment. In 2020, this association was even more potent (Exp(B) = 5.82 in 2020 and 6.42 in 2017), suggesting that individuals taking such leave are more likely to work informally. It could be attributed to the need for flexible work arrangements during family-related absences.

Medical aid or health insurance is positively associated with informal employment in both years. In 2020, this relationship is powerful (Exp(B) = 7.44), indicating that individuals with health coverage are more inclined to engage in informal work. This may be due to its flexibility, allowing them to balance formal employment and informal work. A positive relationship exists between salary increments and informal employment in both years, though the effect is modest. Individuals receiving salary increments are more likely to work informally. Education status has a substantial negative effect on informal employment. Lower education levels are associated with a higher likelihood of informal employment. This pattern

is consistent in both years, emphasizing the importance of education as a protective factor against informal work.

Paid leave is strongly positively associated with informal employment in both years ($\text{Exp}(B) = 6.99$ in 2020 and 3.46 in 2017). It suggests that individuals with access to paid leave are more inclined to engage in informal employment, possibly to supplement their income.

The constant term represents the probability of being informally employed when all other variables are constant. In both years, the constant is extremely low ($\text{Exp}(B) = 0.00$ in 2020 and 0.002 in 2017), indicating that the likelihood of informal employment is very low without considering other factors. The logistic regression analysis provides a detailed view of the factors influencing informal employment in South Africa. It underscores the importance of maternity/paternity leave, health insurance, education, and paid leave in shaping the likelihood of informal employment. Understanding these relationships can inform policy decisions and interventions addressing informal employment in South Africa. However, further research is needed to explore the underlying causes and potential interventions in greater depth.



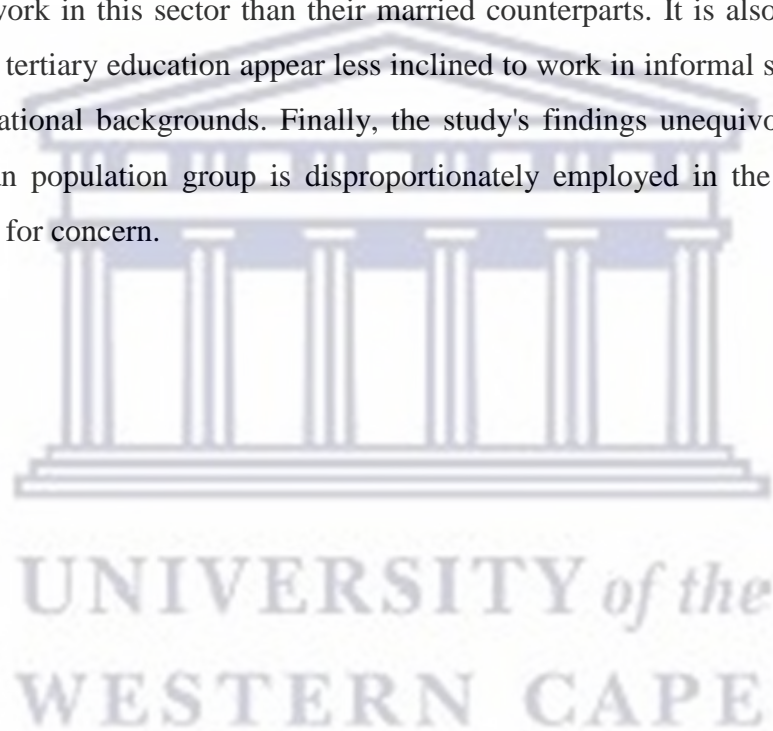
Chapter 5: Discussion

This study brings to light the challenges encountered by the informal sector in South Africa. A major issue is the government's inability to offer formal employment opportunities to all those in need, leading individuals to seek work in the informal sector as either self-employed individuals or employed by informal businesses. It is important to note that this study excludes illegal enterprises that involve illegal drug dealing. Informal businesses that sell legal goods to provide for their families face significant obstacles, such as high taxes, lengthy license processing, and expensive registration requirements, due to government regulations. As a result, some business owners are compelled to bribe government officials to expedite the application process or receive warnings about raids. Informal business owners are faced with the challenge of allocating some of their meager earnings towards staying afloat and reducing poverty. On top of this, they are also required to pay formal sector workers. These businesses encounter transportation obstacles as well and are forced to pay exorbitant fees to transport their goods from one location to another. Transportation companies typically charge per mile rather than by weight, which can be detrimental to small businesses. In some cases, the profits earned from the day's sales are not enough to cover transportation costs.

Individuals in the informal sector face a significant obstacle in obtaining financial aid from banks. Due to their businesses being unregistered, banks cannot provide assistance without sufficient guarantees. Consequently, they are forced to resort to informal money lenders, also known as "loan sharks," who impose exorbitant interest rates that they cannot afford.

The data analysis shows that the informal sector employment was dominated by males in both 2017 and 2020, with a minor difference of 53.6% and 51.8%, respectively. The black/African population group had the highest employment rate in the informal sector, with a percentage of 88.9% in 2017 and 92.2% in 2020. In terms of marital status, single individuals accounted for 49.4% and 50.2% of employed individuals in the informal sector in 2017 and 2020, respectively. Furthermore, married individuals accounted for 27.8% in 2017 and 29.0% in 2020. It was also found that individuals with tertiary education were less likely to be employed in the informal sector, with only 4.7% in 2017 and 5.4% in 2020. The study's results unequivocally demonstrate that individuals who have not completed their secondary education face the highest risk of working in the informal sector. This figure was at an alarming 48.1% in 2017 and remained unacceptably high at 47.8% in 2020. The age group with the highest informal sector employment rate is that of 30-34, which was recorded at

15.5% in 2017 and 15.6% in 2020. In contrast, those aged 15-19 and 60-64 have the lowest rates of employment in the informal sector. These findings strongly support the research questions posed by the study, indicating that informal employment activity tends to commence in the age group of 30-34 and then gradually declines at the age of 60-64. This implies that those in this age group or older are less likely to be employed in the informal sector, and we must take action to address this issue. The study unequivocally demonstrates a disturbing trend of gender disparity within informal employment, with males being overwhelmingly represented over females. Additionally, the data suggests that marital status plays a significant role in informal sector employment, with unmarried individuals being more likely to work in this sector than their married counterparts. It is also noteworthy that individuals with tertiary education appear less inclined to work in informal sectors than those with other educational backgrounds. Finally, the study's findings unequivocally reveal that the black/African population group is disproportionately employed in the informal sector, which is a cause for concern.



Chapter 6: Conclusion

Although some of my predictions were confirmed, I also came across some unexpected findings. Contrary to my initial hypothesis that females and widowers would dominate the informal sector, the data revealed that single/never married individuals held the highest employment rate, followed by the married ones. Moreover, it's noteworthy that more males were employed in the informal sector than females. Nevertheless, my other assumptions were validated, showing that those with less than tertiary education and Black and Coloured individuals were the most prevalent in the informal sector.

This study thoroughly analyzes the socio-demographic trends of employment in the informal sector. It emphatically highlights the defining attributes of individuals working in the informal sector to raise awareness of those most adversely impacted by its challenges. The study unequivocally identifies the most pressing issues facing the sector and their underlying causes. This crucial information is indispensable to readers, especially government officials, as it provides a foundation for policy changes that support the growth and success of the informal sector, which indisputably contributes significantly to the country's GDP. The presented findings are in line with current knowledge, particularly the neoliberal perspective, which asserts that the government is a significant obstacle to the informal sector's growth. The registration procedures are extensive and expensive, which has discouraged numerous informal businesses from formalizing. The modernization theory also argues that the informal sector's growth is due to the limited job opportunities in the formal sector, compelling individuals to turn to informal work to meet their needs. However, this study delves into the specific challenges faced by those in the informal sector, underlining the crucial importance of recognizing and supporting this sector's growth for the country's economic development. It is essential to consider the informal sector as a valuable contributor to the economy, rather than a problem that needs fixing. Regrettably, the study was constrained by insufficient data for the year 2020 due to the COVID-19 outbreak and the resulting lockdown. To safeguard the health of data collectors and respondents, Stats SA conducted telephonic interviews instead of physical contact. This change in data collection method might have impeded the accuracy of the results, as not all contact details for households were obtained. Further research in this field is needed to determine the most precise trends in data collection during recent years when collectors had access to every household.

Policy recommendation

"In light of the research findings which examine socio-demographic changes impacting informal sector employment between 2017 and 2020, several policy recommendations emerge. Firstly, there is a need for targeted skills development programs to enhance the employability of individuals in the informal sector. Governments and agencies should collaborate to offer training in areas relevant to the evolving demands of casual sector work. Secondly, establishing social safety nets can mitigate the vulnerabilities informal sector workers face, especially during economic downturns or emergencies. It could involve providing access to healthcare, education, and financial support to ensure a basic level of well-being. Furthermore, fostering an enabling environment for formalization within the informal sector should be prioritized. Streamlined registration processes, reduced bureaucratic hurdles, and financial incentives can encourage informal businesses to transition into the formal economy. Lastly, data-driven policymaking is essential. Governments should invest in robust data collection mechanisms to continually monitor and assess changes in the informal sector. It would enable more accurate policy adjustments and responsive interventions. The policy recommendations addressed the dynamic socio-demographic challenges affecting informal sector employment. Implementing these measures can lead to enhanced livelihoods, increased resilience, and sustainable growth within the informal economy."

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