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Mulondo, Matodzi Michelle

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Understanding the use of fully subsidised houses as a place of business by the urban poor: poverty repackaged or avenue to escape poverty? The case of Lotus Gardens, Pretoria West, Gauteng

By

Matodzi Michelle Mulondo
Masters in Development Studies
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Supervisor: Dr. Lucien van der Walt
Sociology Department, School of Social Sciences
University of Witwatersrand, Johannesburg

A dissertation submitted to the Faculty of Social Science and Humanities, University of the Witwatersrand, Johannesburg, South Africa, in partial fulfilment of the requirements for the award of the degree of Master of Arts (Development Studies).

DECLARATION

I declare that this research report is my own unaided work. It is submitted for the degree of Master of Arts (Development Studies) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination at any other university, nor has it been prepared under the auspices or assistance of any organization or person outside of the University of the Witwatersrand, Johannesburg

Matodzi Michelle Mulondo M.M. Mulondo

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(Name of candidate)

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Chapter 1: Introduction

1.1. Introduction

The framework within which low-cost housing is provided in South Africa is specified in the Housing White Paper of 1994. Housing policy has, at its centre, the subsidy system which provides 'free houses' to poor households who earn between R0 and R3500 per month. According to the Housing White Paper subsidy housing (and state housing assistance) is reserved for those who can not access housing in the open market through their own initiatives (targeted subsidies). Moreover, it specified that government housing assistance was to be in a form of a once off capital subsidy, which is registered in the name of the beneficiary household, but paid out to the private sector (developers) who are then responsible for the construction of the subsidised or 'Reconstruction and Development Program-RDP' houses. The Housing White Paper further states that housing provision had to be economically, financially and fiscally sustainable in a long term (Housing White Paper, 1994). This means that government will only provide housing to the poor as long as it makes fiscal and economical sense. Some have argued that this outcome of the housing policy reflected the major influence that the global neo-liberal thinking had on the development and content of the Housing White Paper (Venter and Marais, 2006).

The African National Congress (ANC) government came to power in the time of neo-liberal hegemony in global economics. This saw the infiltration, and later domination, of neo-liberal thinking within the ANC (Bond, 2003; Marais, 1998) which was epitomised by the adoption of the Growth Employment and Redistribution Strategy (GEAR) in 1996. Since GEAR, the ANC government assumed a facilitative role in society, consenting to market supremacy or what Polanyi calls a disembedded economy (Lie, 1991). This could explain the adoption of a Housing White Paper, which though seeks to redress and redistribute, it made economic growth and fiscal sustainability preconditions for the provision of one of the most basic human right; right to shelter. Nonetheless,

since 1994 millions of RDP houses have been built through the capital subsidy system. According to the Minister of Housing, Dr Lindiwe Sisulu, over the 14 years, the subsidy system has facilitated the construction of “2.6 million houses, translating to shelter for 13 million people, free of charge” (Sisulu, 2008:3). This is outstanding and unmatched in the world.

Notwithstanding the impressive scale of delivery, at the end of the first decade of democracy there were concerns about the failures of housing policy to bring concrete change to the lives of the poor who had accessed housing subsidies (National Department of Housing, 2004; Venter and Marais, 2006). Moreover, it was realised that in the quest to provide as many houses to as many poor households as possible within the first decade of democracy, some of the ideals of the RDP had been lost or forgotten. Therefore, there was a need for change in the policy, to recommit the department and government at large, to the fundamentals of the RDP i.e. redistribution, addressing class inequality and poverty amongst those previously disadvantaged. Consequently, in 2004 a turnaround strategy in housing policy was adopted by Cabinet. The Comprehensive Plan for the Development of Sustainable Human Settlements or *Breaking New Ground* (BNG) strategy, as it has come to be known, was introduced by the National Department of Housing (NDoH) with the aim of shifting the thinking about low cost and affordable housing within the housing sector. Since 2004 BNG has been presented as a comprehensive strategy to address poverty, create jobs and generate wealth for the poor, mostly for the urban poor. Over the past 4 years the BNG has been commended for its comprehensive approach to housing delivery and its attempt to address the lack of coordination and issues of quality that crippled housing delivery in the first decade of democracy.

However, has continued the principles of the Housing White Paper of incrementalism, the central role of private developers and enablement of the poor. In addition, with regard to its role in poverty alleviation, the BNG, informed by De Soto’s philosophy, has further entrench the importance of private home

ownership and formalisation/title deeds in addressing poverty through housing programs, such as the subsidy system (National Department of Housing, 2004). BNG is premised on the understanding that “housing has both use and asset value – it provides shelter and protection from the elements while also providing a safety net against hard times and the opportunity for a household to grow its wealth”. Going further the BNG noted that “To date, government’s housing programme has emphasised the use value of housing” (The National Department of Housing, 2004a: 2). Therefore, the policy saw the Department of Housing as having an important role to play in promoting the realisation of “housing as an asset and support households in their efforts to use their housing for more than shelter, as a vital component of their livelihood strategy, the development of their business, and their long term financial planning” (The National Department of Housing, 2004a: 1). In order to achieve this and address poverty, BNG puts forward that the department needed to work towards the transformation of the RDP product: enhance the quality of the houses and the settlements so as to boost the market value of the RDP house. This together with private titles, removal of barriers to housing trade, transactional support and enhanced access to housing finance are tools to assist the poor engage with the market (The National Department of Housing, 2004). The idea of the BNG was to use public resources to create a doorway for the poor to be part of the existing economic system. This the policy views as fundamental to the progression of the poor out of poverty. Thus, all the poor need is a better quality house in a better neighbourhood and they would be set for their journey through the capitalist economy to economic prosperity. This thinking is certainly influenced by the arguments of Hernando De Soto.

The arguments of Hernando De Soto (2000), which centre on the incorporation of the poor into capitalism through identifying and utilising the assets of the poor in market operations, must seem hopeful to any government contending with poverty within the world of neo-liberal macro economics. He argues that capitalism is not a problem; the problem is that poor people have not been able to make capitalism work. This, De Soto agues, is because developing countries

do not properly access their properties and assets, as they lack proper private property systems, which makes them unable to attract and form capital. Thus, according to De Soto, poor people have remained poor not because of neo-liberal policies of the world, but because capitalism has not flourished amongst them, and this is owing to their inability to form or access capital (De Soto, 2000). He claims that to make capitalism flourish and thus get poor people out of poverty, their properties (including houses) should be legally registered as theirs, and then they can use these as tradeable assets in the formal market to form/borrow capital to start businesses, or buy new houses in better neighbourhoods. Basically, he argues that capitalism is not the problem but the solution to poverty; all that governments need to do is to ensure that the poor are properly absorbed into this system. It is clear how these sorts of arguments can allure any government: they prescribe a rather 'comfortable' answer to the very intricate and volatile issue of poverty and provide a solution that fits neatly within the neo-liberal framework that predominates, which is perhaps why it has been favoured as a viable framework by the housing policy.

De Soto's arguments, their expression in the BNG, and their usefulness in South Africa, have come under severe criticism particularly with regard to the impact that the housing program has had on urban poverty. The key claim is that the extension of home ownership through the subsidy system is a failed attempt to address poverty via the housing policy (Venter and Marais, 2006; Cross, 2006; Roberts, 2005). Cross (2006) argued that housing policy did not reform the apartheid cities, but in actual fact perpetuated apartheid spatial planning by building low cost housing in the urban periphery where land is cheapest. This has meant that in the past 14 years of democracy housing policy has contributed to the creation of poor neighbourhoods far removed from economic opportunities, a form of class apartheid. Similarly, Cousins, Cousins, Hornby, Kingwill, Royston and Smit (2007) and Roberts (2005) claim that the extension of private ownership of houses to the poor has not made capitalism work for the poor, since this did not address the larger causes of impoverishment, nor adjust the fundamental imbalance in resource allocation. Despite being home owners, the

poor have remained socially and economically disenfranchised. Rust (2006) elaborated the claim by Cousins et al (2007) in her argument that the houses given to the poor by government have not been translated into fungible assets, and the 'new' home owners have not been absorbed into the residential property market for various reasons, including location and quality issues. These arguments have substantially critiqued the way the housing policy conceptualises poverty and the poor, and its De Sotian influence.

Most of those who have criticised the narrowness of housing policy, have argued that housing policy needs to recognise what the poor are doing with the houses they have accessed, and perhaps support these as a viable strategy towards poverty alleviation (Cousins et al, 2007; Royston, 2006; Huchzemeyer, 2006), something that NDoH has begun to embrace. These kinds of thinking have aligned themselves with the 'livelihood approach'. The livelihood approach also claims that property ownership, which in most cases is a house, is important to the livelihood of the urban poor (Rakodi, 2002). However, unlike the market-oriented De Soto (2000) theories, this approach calls for the realistic recognition of the multiple values that property/assets have for individual households. Using this approach, the value of a house to a household is not measured only in its fungible value, but in that the household can use the house as a source of revenue. This approach is seen as a better means of realistically analysing activities and assets that poor households use to survive and transcend poverty (Carney, 1998; Rakodi, 2002; Soussan, Blaikie, Springate-Baginski, and Chadwick, 2003).

Since the early 2000s there has been a growth in research that uses the livelihood approach, even though often without overt reference to it, to study various activities that urban poor households engage in to survive poverty, such as street trading and others (Brown, 2006; Hart, 2006). In accordance with this global trend of looking at activities that the poor engage in to transcend poverty, Kellet and Tipple (2002), Tipple (2006) and Tipple (2006a) established that in a context where households are unable or unwilling to sell their houses or set their

house as collateral for a bank loan, a house can still provide a location for a business and thus be a source of income for the urban poor. In line with Tipple's work, research by the Finmark Trust in South Africa also established that there is a substantial amount of economic activities that poor households are involved in that generate income of about R476 million per month using their houses (Finmark Trust, 2006). This research concluded that though poor people are not using their houses as intended by the housing policy, they are still generating substantial incomes through Home Based Business (HBB) activities, and this needs to be recognised as a viable livelihood for the urban poor.

The above has in recent years reached the status of dominant thinking in South Africa. Most researchers (Huchzemeyer, 2006; Cross, 2006; Cousins et al, 2007, Royston, 2006) suggest that though housing is not succeeding in incorporating poor households into the capitalist economy, by giving the poor secure tenure, the housing policy is enabling the poor to engage in business activities that earns much needed incomes. This suggests that the approach of the housing policy is not necessarily wrong but just lacks sophistication: it defines an asset predominantly in market operations. This can be seen in that De Soto does not necessarily argue against HBBs, in actual fact Brown (2006) and Davis (2006) show how De Soto supports the very idea of HBB and has argued that the liberation of the economic system from state regulation is important for HBBs to flourish. This means that both De Soto and his critics agree on the use of a house for HBBs and the role HBBs can play in addressing urban poverty.

There is, however, another dimension to this debate; one which I argue has been neglected if not omitted in South African HBB research. This dimension aligns itself with arguments for social justice and social equity, and finds its premise in the work of people such as Davis (2006), Blake (2000) and Chau (1995). The above have, in different respects, argued that the problem of poverty is produced by the capitalist system. The system gives priority to individual freedom and the right to private property, and posits that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional

framework characterized by strong free markets and free trade (Thorsen and Lie, 2007). The role of the state, therefore, is relegated to creation and preservation of the institutional framework appropriate to such practices (Chau, 1995). Since the protection of people tends to come secondary to the need to sustain economic growth, governments adopt policies and provide social services in manners that support market supremacy and allow the continuation of capital accumulation (Chau, 1995). Policies adopted by neo-liberalist governments aim to enable the poor to engage the market, with minimal state interference in the market. However, as Davis (2006) argues, efficiency of the market is achieved with little development. In order to make profits, private companies cut back on salaries or on number of workers, reduce benefits, they make investments in activities that earn large profits without creating jobs, etc. In addition, since this system operates under the assumption that each individual is free to pursue wealth and riches in the markets, individuals are, therefore, seen as responsible for their social circumstances.

Davis (2006) makes a case that not everyone is ‘free’ within the neo-liberal capitalist system; only the owners of means of production and capital. The poor (and uneducated) are often not able to secure jobs within the private sector, yet, they are not well taken care of by their governments. Without meaningful assistance coming from either the government or the private sector, the poor are left to rely on their own resources (Blake, 2000). Therefore, according to Blake (2000) and Davis (2006), where society remains largely capitalist, self-help activities by the poor should not been seen as an indication of autonomy and prosperity of the working class, but a manifestation of exclusion (by the capitalist and from the capitalist economy) and neglect (by governments).

The above arguments differ significantly from claims by De Soto, Tipple, Huzchemeyer, the Finmark Trust, et al in that they argue for more government, not less, for the defence and protection of the poor. Moreover, their arguments would challenge both the conceptualisation of the Housing Policy (welfare residualism that offers a piece- meal solution to the challenge of poverty) and

proponents of HBBs (for perpetuating inequality in stressing self management by the poor and ignoring the structural nature of poverty). Thus, these arguments provided space for a critical look at both the housing policy and HBBs. Unlike Blake (2000), Davis's (2006) and Chau's (1995) arguments were not developed from studies of the South African housing policy, however, they offered an interesting perspective that needed to be tested in this country.

This research was, therefore, set up to test these two sets of criticism and to make some arguments about both poverty and the role of housing policy in addressing poverty, using HBBs operated in 'RDP houses' as a testing ground.

1.1.1. Research aims

This research had two main intentions. The first intention was to use empirical primary data to understand and explain the value of HBBs in the lives of the urban poor from the perspective of the home owners themselves. In so doing, test whether households felt that HBBs were improving their economic status or just helping them to survive within the context of larger failures by the state to significantly address poverty. The second and last objective was to test whether housing policy, in its current conceptualisation and under the national neo-liberal macro-economic context, was addressing urban poverty. This allowed for the research to assess the validity of two sets of criticisms levelled against the housing policy. The aim of the research was not to criticise HBBs, but to caution against overlooking the macro-economic policy environment in the studies of HBBs and related activities, and adopting a too simplistic assessment of the BNG policy.

1.1.2. Research questions

Primarily the current research posed the question of whether the use of fully subsidised houses as a place of business by the urban poor is an avenue to escape poverty or a manifestation of a form of poverty. To provide insight to this subject the research asked a number of questions pertaining to the value of the

RDP houses to the urban poor, with particular focus on households who were using their houses as a place of business. Moreover, the research asked a broader question about the efficiency and effectiveness of the housing policy, in its current conceptualisation to achieve one of its greatest aims: addressing poverty.

1.1.3. Hypotheses

The research departed from the following hypotheses:

- HBB owning households have limited (other) options to earn income, and do not choose to be business people but are forced by their circumstances
- HBBs earn incomes that are enough for the survival of the households but not enough for their advancement out of poverty; they require more working hours from the urban poor, and are inferior business activities, therefore, they are a manifestation of a different form of deprivation
- The housing policy, in its current conceptualisation, can not address poverty, even when HBBs are taken into consideration.

1.1.4. Research rationale

In testing these sets of arguments, this research put forward that there are two potential uncertainties with seeing HBBs as viable strategy for urban poor households using Tipple and the Finmark Trust research findings, and it is from this point that the current research began to build its contention and its *raison d'être*. The first issue of concern is that the researches conducted so far have relied heavily on aggregate quantitative financial data, placing an enormous emphasis on income/s generated through HBBs. Little reflection seems to be given to the complexities that characterises urban poverty, the way these businesses are organised and the perceptions that the poor have regarding these activities.

The second issue is that there has been a tendency to examine the value of home businesses with minimal reference to the broader macro-economic and housing policies of the South African government, as well as the larger structures that produce and reproduce poverty in the country. This can mean (even if not overtly stated by the proponents of HBBs) accepting and even legitimising, the neo-liberal view of the social issue of poverty as a personal problem that the individual households should address by themselves. This could be explained by the minimal attempt by much of research on HBBs, to really examine just how effective—given the issues mentioned above—government's neo-liberal approach to poverty reduction (including the housing field) actually is in promoting equity and empowerment.

The issues listed here showed a gap in research on HBB in South Africa: there has been a narrow assessment of the BNG and an unduly confined focus on the incomes that HBBs generate. Therefore, there was a definite need for research that studies the actual operations and effects of HBBs; drawing on the perspectives of the owners while reflecting on the complexities of urban poverty and situating these activities within the framework of the country's housing policy intents. This kind of research could then, not just make arguments about the value of HBBs in the livelihoods of individual urban poor households, but reflect on how the owners themselves feel about the activities and the claims about contributions that HBBs have on the broader poverty alleviation debate. This research, therefore, would add another dimension in the current debates on HBBs, especially as the NDoH is now actively considering the incorporation of HBBs in its poverty reduction policy plan.

1.2. Report outline

The research report is outlined as follows: Chapter 1 presents the introduction, research aims, questions, hypothesis and rationale. This is followed by chapter 2 which expound a review of existing literature and provide a working perspective on the context that forms the backdrop of this research. Chapter 3 gives a

detailed account and rationalisation of the methods employed in answering the research questions. Chapter 4 is the culmination of the research report; the chapter conveys the findings of the research and the arguments formulated from the findings. The research report is concluded with Chapter 5; this chapter presents the closing argument of the current research and some recommendations.

Furthermore, the research report is supported by 4 annexes: annexure A is the sampling framework used during the sampling process. Annexure B is the interview schedule which was used to guide the researcher during data collection. Annexure C is the Gauteng province map which locates Pretoria within the province and lastly, annexure D is a detailed map of the City of Pretoria (Central Western Region) providing the reader with a sense of where Lotus Gardens is located within the City.

Chapter 2: Literature review

2.1. Background and context

2.1.1. The neo-liberal ideology

Since the 1970s market-based economic policies have been widely institutionalised as normative, including in South Africa. Having emerged in the wake of global economic crisis, neo-liberalism stressed free-market capitalism and the free movement of capital, goods and labour for profit maximisation, as socially necessary and publicly beneficial (Blond, 2008; Van Driel, 2001). The fundamental principle of the neo-liberal creed is 'freedom'. Freedom of capital from state control, and the freedom of labour from the employer are seen as fundamental to wealth generation, prosperity and growth in the economy (Van Driel, 2001; Blond, 2008). The state should be removed from the economy to allow market forces to 'freely' determine the prices of goods and services: even services such as health, water, and housing should be privatised and provided by the free market.

The free market is not, it is important to note, regarded by its neo-liberal advocates as opposed to the interests of the poor; instead, it is seen as critical to poverty reduction by increasing opportunities, choices and economic growth. That is why De Soto and others view the participation of the poor in free markets by deploying existing assets as fundamentally positive, and it is also why poverty is seen as a problem to be dealt with by individual initiative rather than large-scale social policies centred on welfare 'handouts'. These principles of freedom, decentralisation, and self determination of free individuals are the principles upon which modern democracy was built (Forrest and Murie, 1988).

2.1.2. The neo-liberal ideology in housing: the depoliticisation of poverty

Privatisation is an important aspect of the neo-liberal creed, even where the state intervenes this should be minimal. According to Forrest and Murie (1988), the bulk of privatization in Britain during the early days of neo-liberal thinking, associated with Margaret Thatcher, occurred in the public housing sector. The selling of council houses in Britain was conceptualised as a strategy to address urban poverty, which fell squarely within the neo-liberal thinking of the Thatcher government. Private home ownership by the poor was encouraged as a viable strategy to transform government 'dependent' urban poor residents into property owners, who could engage with the property market and leverage wealth using their newly acquired assets (Forrest and Murrie, 1988).

Forrest and Murrie (1988) argue that the selling of council houses was a selling of the welfare state, and the depoliticisation of the poverty debate. Those who could afford to, bought houses and were now a step above those who were not able to buy houses. This dismantled the working class as a *class*, and further marginalised those who could not afford to buy houses while placing a financial burden on those households who could only barely afford to purchase the houses. The application of decentralisation and self-determination principles in housing through the privatisation of council houses contributed to the transformation of perceptions of poverty from a structural/societal problem which housing policy had to respond to in the long-term, into a problem where individual households are 'responsible' for their advancement. Since the early 1990s this 'depoliticisation' of poverty has persisted as neo-liberalism, camouflaged in the democratisation of states, has stretched its reach across the globe, including South Africa. In order to understand the depoliticisation of poverty that occurred in South African housing debate, it is important to look at the chronology of the housing policy from the days of Apartheid, to the first and the second decades of democracy.

2.1.3. Apartheid: the architect of urban housing shortages

The legacy of apartheid will linger for some decades and therefore in order to understand 'today' we often have to look at 'yesterday': realize, recognize and comprehend what happened then. Housing policy during the apartheid period was, in many ways, centred on controlling black labour in urban areas (Kellett, Mothwa, and Napier, 2002). Together with influx control and pass laws, housing policies were used to ensure that the needs of capitalists were met. Housing was provided in order to ensure the supply of cheap labour for the capitalist. Moreover, the state wanted to control African urbanisation: limited and declining housing stock was provided for Africans in urban areas (Van Driel, 2001; Parnell and Mosdel 2005). Van Driel (2001:20) shows that in 1967 a budget of R14.4 million was spent on Whites as compared to R5 million which was spent on Africans; by 1975 the gap had widened, with R67 million spent on white housing as compared to R7.8 million spent on African housing.

Generally, African ownership of housing in urban areas was discouraged until the late 1970s, when the state (now increasingly influenced by neo-liberalism, and also wanting to create a stable black middle class) started promoting self-help schemes similar to those employed by the Thatcher government in Britain, and also started to sell some of its housing stock cheaply to the African working class. Due to minimal state investment in urban housing for black people, by the late 1980s, many poor African urban dwellers lived in the outskirts of towns in informal settlements. This led to a situation where at the wake of political liberation, South Africa was facing a glaring shortage of houses and high levels of asset poverty amongst the urban working class, with housing policies that bore little relation to sustainable development or job creation (Van Driel, 2001; Parnell and Mosdel, 2005). The account of apartheid housing policy clearly shows that the government of the time deliberately created a shortage of houses in urban areas and the resultant poor living conditions of many poor urban dwellers, which partly explains the response of the liberation movement moving towards the historic democratic elections.

2.1.4. The liberation movement and housing: housing for all

Housing challenges faced by poor urban dwellers (most of them of African and Coloured origin) gave rise to a number of demands during the years leading to the political liberation of the country. The most popular were the need for adequate housing, affordable rental for everyone, security of tenure, the right to own land anywhere in the republic, and a sustained role for the government in housing (Van Driel, 2001). These were reflected in the Constitution (Act No. 108 of 1996), which states that "…Everyone has the right to have adequate housing… the state must take reasonable legislative and other measures within its available resources, to achieve the progressive realization of this right", and that no one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances (Section 26(1-3)).

The South African liberation period coincided with the global hegemony of the neo-liberal philosophy. Neo-liberal economic policies - influenced by international institutions - mostly the World Bank (Smith, 2007), were formally institutionalised in post apartheid policies in 1996 with the ANC adoption of GEAR (Marais, 1998). Government proceeded to cut expenditure in housing, health and other services to the poor; and adopted a growth strategy focused on reducing the budget deficit, servicing state debt, and anti-inflation measures in order to attract investment and attain sustainable growth (Nattrass, 2003). To address equity issues, government reached consensus with capital and took a narrow, race-defined redistribution path (Southall, 2006), which according to Seekings and Matisonn (2006) did not consider how issues of poverty, power and class shape South African society. To some this was an essential and necessary move to stabilise the economy (Hirsch, 2005) and to others it was a betrayal of the freedom struggle (Marais, 1998; Edigheji, 2007). What this meant though for poverty alleviation, housing provision and equity issues was that the commitment to addressing urban poverty and housing shortage had to operate within the neo-liberal macro-economic policy framework, which some have considered unfortunate (Marais, 1998). Bond (2003) further argues that it was not just the

macroeconomic policies of the South African government that followed the mainstream neo-liberal frame, but also micro-development interventions. Cities were considered important drivers of economic growth, and therefore, had to first and foremost, be competitive in the global economy. This extended the reach of globalisation and market principles to everyday lives of South African urban dwellers.

The housing policy, as shown in the Housing White Paper of 1994, has presented the subsidy scheme as its central element in realizing the Constitutional right to housing. The subsidy system extends ownership of houses to the poor both in urban and rural areas, by giving them 'free houses', popularly known as 'RDP houses'. The policy also devolved the powers to construct housing for the poor to private developers, who were contracted by government. The housing mandate had to be achieved within government financial austerity and thus, state housing assistance was reserved only for those households who could not access housing within the open market (what Chau (1995) calls welfare residualism), and had to go through means-testing in order to qualify (Blake, 2000; Van Driel, 2001). Given the use of contractors within shrinking government budget, most houses built under the subsidy system (in the first decade of democracy) were of poor quality, small and, not suited for the target family structure (Gardner, 2003; Zack and Charlton, 2003).

Ten years after political liberation, the failures of the narrow growth focused approach to development were clear, with unemployment and poverty having increased (Frye, 2006; Bond, 2003; Cousins et al, 2007). As a result the ruling party sought out change, in its broader development trajectory, towards a more developmental government. Policy adjustments were also requested from the housing policy, to address the many challenges that had been experienced in the first decade of democracy. This brought about the Comprehensive Plan for Sustainable Human Settlements, or the Breaking New Ground (BNG), as it has come to be known.

2.2. Current policy trajectories: Breaking New Grounds and deepening neo-liberal ideals

The premise of the BNG was that the delivery mode pursued in the first decade of democracy had failed to address social and economic problems faced by poor people in benefiting communities. This strategy was adopted by the South African Cabinet of Ministers in 2004 as a five year plan of the NDoH. The BNG was in many ways seen as a strategy to trigger change and shift the thinking about housing in the sector at large. Most importantly, it was a plan of government, not just a plan of the NDoH. This plan had one main objective: it was a comprehensive plan to address poverty—urban poverty specifically—through state housing. It is important to note that the framework for providing housing in the country remains the Housing White Paper of 1994; hence the BNG did not propose much change in the dominant thinking about housing, but further entrenched the inherited neo-liberal thinking of the *White Paper*. It showed clearly that private ownership of houses was the means to get urban poor to participate in the broader economy and that the private sector remains the main driver of housing delivery.

The BNG, informed by De Soto's principles, insisted that "access to title is a fundamental principle of national housing policy" (National Department of Housing, 2004: 11). The policy further worried that "While security of tenure has been achieved in principle, a significant proportion of public housing stock has not yet been transferred into the names of the entitled individuals. The consequence of such titling backlogs is that residents are not able to participate in the residential property market, moreover it undermines the asset creation potential of the state's investment in their housing" (National Department of Housing, 2004: 11). Speaking during her visit to India, the South African Minister of Housing, Dr Lindiwe Sisulu, articulated this thinking. She stipulated that "the only way to lift people out of poverty is to give them the asset of a house" (Sharma, 2006:2). In order to achieve this, the BNG maintains that "the Department should establish a high priority focus to complete the registration of

transfer in respect of houses constructed under the existing housing programme" (National Department of Housing, 2004:11). Thus, according the housing policy, it is an absolute must that houses be transferred from the state and be registered with the Deeds Registry in the names of the poor households, the poor can then use these houses to transcend poverty.

There are two possible pathways through which a house can become an asset to the poor and help them to advance out of poverty: a household could use their house as a financial asset or as an economic asset. The financial asset aspect is well understood, mostly amongst the middle class. Most people, in this class, when acquiring a house foresee that the house will appreciate in value, and thus, over time it becomes not just shelter but an investment, and a commodity that can be traded for cash in the open market (Kanyi, Baharanyi, Ngandu and Zabawa, 2007). For a house to be a financial asset, it needs to be fungible, thus the owner needs to be able to trade it and in order to do this private ownership is paramount (Kanyi et al, 2007). This is the BNG's 'big idea' on how housing will get the poor out of poverty and this idea supported the move by the state to have houses formally registered in the names of the beneficiaries. The idea is that if the poor households are provided with housing and services, they would be able to accumulate an asset base for themselves and make urban life sustainable. Thus after a period of time beneficiaries would be able to, for example, sell their houses at a higher value and they themselves would be able to use that money to buy a bigger house or they could get a loan from the bank to fund their children's education, using a house as collateral (Cross et al 2007), or so it was assumed.

Many have argued that the above has not been the case: the extension of home ownership to about 2.6 million households has not necessarily translated to the socio-economic upliftment of households who received 'RDP houses'. Despite being home owners, these households have remained economically and socially disenfranchised (Cross, 2006; Cousins et al, 2007). The claim by Cousins et al (2007) is substantiated by Rust (2006) who argues that the houses given to the

poor by government have not been translated into fungible assets, and the 'new' home owners have not been absorbed into the residential property market for many different reasons, amongst others, poor location and poor quality. Following these criticisms, housing policy has been called to recognise and support what the poor themselves are doing with the houses they have accessed (Cousins et al, 2007; Royston, 2006; Huchzemeyer, 2006).

The second pathway or approach is that of an economic asset. This pathway was developed from the criticism levelled against the first pathway (which primarily aligns itself with the predominant thinking of the housing policy). In this sense a house is an asset to the poor not in its own right, but in that it can be used as a means to generate income. There are a number of ways that households can do this. They can sub-let a room or, the whole house and generate rentals, or operate a business in the premises. According to Cross (2006) in the context of high levels of urban poverty, unemployment and unstable incomes, the economic potential of a house can be significant to the households. This is the conceptualisation of a house (as an asset to the poor) that the livelihood approach would employ. Thus, unlike in market-oriented De Soto (2000) theories, a house is indirectly of value to the household. It is not sold in the open market but it is used to generate income as an alternative place for business (Finmark Trust, 2006).

Two things need to be noted from the above. (1) Though the second pathway has not yet been formally endorsed as a policy stance, the department, according to the research agenda of the NDoH of 2006, is actively considering the value of HBBs and other related activities to the livelihoods of the urban poor. (2) While people such as Huchzemeyer, Cross, Cousins et al, and Royston would criticise the first pathway and align their work with the second pathway, the work of Chau, Blake, Davis would challenge the viability of both pathways to address urban poverty within the neo-liberal macro-economic policies. Therefore, my research examined the potential of each of the pathways to address poverty,

using a case of Lotus Gardens and in so doing, adjudicated between the two sets of criticism of housing policy.

2.3. The urban poor: historical context and urbanisation of poverty

The BNG with its focus on the urban poor seems to have come just at the right time. According to global statistics, in 2005, for the first time in human history, more people were living in urban, than, in rural areas (UNFPA, 2007). This is set to increase to between 60% and 80% by 2030. It is further predicted that 90% of all future population growth will be in cities, and the bulk of this will be in the cities of the developing world (SACN, 2006: 28). In South Africa, the abolition of apartheid saw growth in rural-urban migration and immigration from other countries. As a result, in 2001 the country's urbanization level, defined as the proportion of the population living in urban areas at a particular point in time, was recorded at a proportion which the global level only reached in 2005; it was 56, 26%, with urbanisation rate of 5-6 per cent per year (Kok and Collinson, 2006: 19). More than half of this urban population live in South Africa's major cities (SACN, 2006), with Gauteng said to have 96% level of urbanisation (Kok and Collinson, 2006: 22). However, like many other developing countries, South Africa has been urbanising with limited job creation, resulting in the urbanisation of poverty. This trend, though only recently acknowledged, it has historical and political origins and has existed for some time (Parnell, 2004).

According to Parnell and Mosdel (2005), urban poverty amongst black South Africans (defined broadly to include Coloureds) is directly related to the policies of apartheid: the restrictions on free trading rights for all and racist employment codes coupled with inferior and segregated education. Job reservations not only meant that blacks were barred from skilled and semi-skilled work, but that there were differential wage rates applied to black and white workers for the same job. Even in the declining years of apartheid, once the skills shortage necessitated greater inclusion of people of colour into better paying jobs, poor educational

levels among blacks prevented their significant entry into high-paying professions. To make matter worse, Parnell and Mosdel (2005) and Kellett et al (2002), argue that the wave of boycotts and violence during apartheid, which were mostly concentrated in urban areas, affected or disrupted generations of pupils' learning and created a 'lost generation' of illiterate, uneducated and unemployable people. Parnell and Mosdel (2005) arguments reveal the nature of poverty in South African cities: it was created by social and political policies, built out over an extended period of time.

Against this challenging background, it was interesting that the ANC government adopted a growth strategy that focused on inflation targeting, attracting investment and reducing budget deficit. The growth strategy seemed to bear little consideration for the needs of the majority of urban dwellers who had been 'made' uneducated and poor by apartheid policies. With the adoption of GEAR, the ANC government, which already did not have muscle over the private sector (Hirsch, 2005), was weakened further. Government could not force the private sector to invest in industries that created employment, and in places where jobs were created these were mainly in 'flexible jobs' i.e. retail, which are unstable, have no benefits and pay minimal incomes, all which are associated with neo-liberal principle of 'freedom' of capital (Van Driel, 2001). As a result, unemployment and underemployment escalated. According to Frye (2006:1-2), in 2005 41% of the working age in South Africa were unemployed. The severity of the matter is revealed in that unemployment in South Africa is chronic: between 41 % men and 32% of women who are unemployed, have never worked (Altman, 2003:160). Not only is unemployment perverse and chronic, it is also a central marker of poverty in South Africa (Beall, Crankshaw and Parnell, 2000). In the same period of declining employment, the number of those living on less than a $1 per day increased from 9.4% in 1995 to 10.5% in 2002 and most of these were in urban areas (Manuel, 2004:6). This has happened despite the proportion of people living in poverty having declined from 51.1% in 1995 to 48.5% in 2002 (Manuel, 2004:6). Thus, despite the fact that the majority of the ruling party's constituency are poor (and their poverty was constructed by apartheid), the ruling

party adopted a policy stance that served the needs of the employed (educated/skilled) and capital (Natrass, 2003). Moreover, Parnell and Mosdell (2003) have argued that for an extended period of time, the democratic government did not acknowledge urban poverty, instead, they considered 'African' and 'rural' as proxies of poverty. As a result urban poverty has continued to increase post the political liberation.

2.4. Defining urban poverty

Urban poverty is different from rural poverty and manifests itself in a number of ways (Rakodi, 2002). This is not to say that urban poverty should be seen in contrast to rural poverty, as Parnell (2004) argues, this would be flawed. However, it is still imperative to acknowledge that urban poverty differs from rural poverty. Satterthwaite (2001:146) argues that urban poverty tends to exhibit eight major aspects. These are: (1) *Inadequate income* which gives rise to inadequate consumption of necessities, including food, safe and sufficient water, and often problems of indebtedness with debt repayments significantly reducing income available for necessities; (2) *inadequate, unstable or risky asset base* both material and non-material including educational attainment and housing for individuals, households or communities; (3) *inadequate shelter* which is typically of poor quality, overcrowded and insecure; (4) *inadequate provision of "public" infrastructure* comprising piped water, sanitation, drainage, roads, footpaths, and so on which increases health burden and often work burden; (5) *inadequate provision of basic services* such as day-care centres, schools, vocational training centres, health-care clinics, emergency services units, public transport, communications and law enforcement; (6) *limited or no safety net* to ensure that basic consumption can be maintained when income falls, and to ensure access to shelter and health care when these can no longer be paid for; (7) *inadequate protection of poorer groups' rights through the operation of the law* including laws and regulations regarding civil and political rights, occupational health and safety, pollution control, environmental health, protection from violence and other crimes, protection from discrimination and exploitation; (8) *poorer groups'*

voicelessness and powerlessness within political systems and bureaucratic structures, leading to little or no possibility of receiving entitlements; organising; making demands; and getting a fair response.

It is important to note that the urban economy is highly monetized; everything that is consumed or used has to be purchased. Cash is, therefore, needed for a wide range of needs including housing (cost of maintaining houses), transport, education (where people have to pay school fees, buy uniforms and other costs), access to services such as water and sanitation (in rural areas water can be fetched from rivers), and food (which can be expensive as urban dwellers cannot grow food or raise livestock) (Satterthwaite and Tacoli, 2003). This makes life in urban areas more costly than in rural areas, and consequently, access to cash incomes vital for the survival of poor urban dwellers (Meikle, 2002; Satterthwaite and Tacoli, 2003).

This research also argues that post 1994 housing delivery saw the creation of a new group of urban poor in South Africa, though the housing policy would not necessarily see them as being poor. This group does not necessarily possess all the eight characteristics that Satterthwaite, (2001) refers to, and it is different from its counterparts who live in informal settlements and in the inner cities. This group of urban poor live in formal houses and have access to some basic services. However, access to these services should not be perceived as the eradication of poverty. These households, owing to the South African neo-liberal consensus and the willing-buyer willing-seller approach to land redistribution, have been moved from often well-located informal settlements into the urban peripheries. The urban periphery is where government can access land cheaper and easier, as well-located land tends to be contested and very expensive for the state to purchase for low cost housing (Cross, 2006; Huchzemeyer 2006; Cousins et al, 2007). Moreover, the neo-liberal austerity of government means that this group of urban poor has an increased financial burden. They have individual titles to houses (and therefore they are solely responsible for the maintenance of the houses) (Melzer, 2005) and since pricing of municipal

services is market based and state assistance is insufficient (Bond, 2003), they need to pay for services to their ‘RDP houses’. What's more, due to their location relative to the city, they tend to pay more to commute to work, schools, health care services, shopping and so forth.

This structural nature, complexity and manifestation of urban poverty is often minimised or overlooked in policy-poverty nexus debates and within housing policy itself, even in the BNG, despite its claims to be an urban housing strategy. The housing policy simply defines urban poverty by two factors: the lack of a house and limited income. Hence its response to urban poverty has been to provide access to a house as a means/leverage out of poverty. Most of those who critique this approach, however, also tend to oversimplify urban poverty by reducing it to insecurity of tenure and lack of incomes. Those who live in informal settlements are immediately seen as the urban poor (Huchzemeyer and Karam, 2007). In addition, they often ignore the potential the policy itself has of reproducing a form of poverty and therefore do not see how the ideas of self-help can further entrap the poor.

I therefore argue, that the emphasis on private titles, and the arguments that support HBBs as a form of fighting poverty, seem to be in line with what Miekle (2002) considers the systematic devolution of state responsibilities to the poor and what Forrest and Murrie (1988), call the depoliticisation of the poverty debate. Regarding policy, after houses have been transferred to households, they seem to be left without guidance or support in engaging with the market using their house as leverage. Still, on the HBBs side, by emphasising the ability, the courage and the capacity for self-advancement of urban poor (who have been over time ‘made poor’ by government policies), as Davis (2006) argues, the way seems prepared for the withdrawal of state and local government intervention and support for the poor. This suggests that De Soto, BNG and proponents of HBBs, put forward solutions to urban poverty that are ‘comfortable’ with the status quo and devolve the responsibility of addressing poverty to the poor themselves.

2.5. Poverty: Working and operational definition considerations

The previous sections looked at the growing trend of urbanisation of poverty, tried to paint a theoretical picture of the complexities that characterise urban poverty, and exposed its structural nature which, this discussion has argued is heavily ignored by the housing policy and in much of the poverty-housing policy nexus debates that canvas for HBBs. However, this was done without actually defining what is meant by 'poverty': this section provides a working definition of poverty.

According to Kanbur and Squire (1999), poverty is a contested and highly political term. This is because the definition of poverty determines the strategies adopted to address it and, to some extent, the manner in which resources are distributed in society (Kanbur and Squire, 1999). Over the years the definition of poverty has expanded, as new dimensions have been added on the conventional measures of income and consumption.

Conventionally, a household is considered poor if the income they have command over is inadequate for the household to consume sufficient goods and services to achieve a minimum level of welfare (Kanbur & Squire, 2001; Townsend, 2006). This is the measure that the housing policy adopts, which sees households as being poor if their combined income is R3500 and less as stipulated in the Housing White Paper of 1994. Though widely used in analyses of large data sets, this measure has been criticised for being narrow and missing other aspects of poverty that cannot be defined in terms of money (Kanbur and Squire, 2001). Moreover, as Townsend (2006) states, human beings are not merely biological beings, but are social beings and they need resources for more than just physical survival. In this regard Townsend (2006) argues that if the resources that a household acquires are enough just for survival/subsistence then that household is poor. What is important to note is the distinction he makes between a household that chooses to subsist, and a household forced by circumstances to live at subsistence level. A household that chooses to get by

with minimum or primary needs while saving towards a holiday, or towards buying a new car or any other 'luxuries', would not necessarily be considered poor. However, there are households who simply subsist because of societal structures that deny them opportunities and means to acquire more resources. These households, according to Townsend (2006), should be considered poor.

Therefore, using Townsend's (2006) definition, to test whether a household is poor or not, one would need to know their income, have a sense of how much is spent on basic needs and if the household has (after spending on primary needs), any 'spare' money to spend on other social activities. This definition was useful: the current research looked at poverty in urban context, and as shown in the previous section, lack or minimal income is an important characteristic of urban poverty. However, it still had loop-holes as it could still be criticised for overemphasising income and consumption, over other non-monetary facets of poverty. Therefore it was important to expand it beyond the fixation with income to make it even more useful in the current research.

Kakwani (2006), unlike Townsend (2006), sees the state of being poor as going beyond material deprivation. She does not dismiss the importance of income and consumption, but adds other issues. She argues that to measure if a household is poor, researchers and practitioners need to consider concepts such as vulnerability, powerlessness, isolation, reduced life chances, social subordination and excessive work load, above and beyond the quantitative measures of income and consumption (Kakwani, 2006). By introducing concepts such as powerlessness, social subordination and isolation, Kakwani is arguing that the socio-economic standing position of the household within the broader society has a degree of importance, in addition to the belongings and consumptions of that particular household. Therefore one can argue that in fact Kakwani's (2006) definition locates poverty in a continuum; in using her conceptualisation researchers need to look at where the household is in the wealth-poverty continuum of its respective society. Kakwani's definition is comprehensive and

useful, as it includes most of the factors that Satterthwitte, (2001) argues define urban poverty. However, it introduced new sets of challenges for the research.

By embracing comprehensiveness and subjectivity (by placing households or individuals in the centre of defining poverty), Kakwani (2006) posed a challenge of measurability (Alkire, 2006). According to Alkire (2006) the issues that Kakwani (2006) argues for are important and they give a more complete picture of poverty, but they are very difficult to standardise and to measure. This is a valid criticism from the official point of view, concerned with and more interested in aggregates than the detailed experiences of units within society. However, these concepts should not be dismissed purely because of the inability of researchers and practitioners to standardise and measure them. The criticisms by Alkire (2006) towards Kakwani (2006), and perhaps criticisms levelled against subjective measures of poverty, are not centred on the meaning and usefulness of the concepts but on the technicality of quantifying the concepts. Therefore, as Blake (2000) argues, instead of dismissing subjectivity in studies of poverty, researchers need to embrace it and move towards the use of data collection instruments that lead them into the inter-subjectivity of the poor. Poverty should be seen as a lived experience and that experience should be far more important than standardisation and measurability.

This research, therefore, embraced the idea of urban poverty being a multifaceted, complex and lived experience of particular households which is best understood through the lenses of those households. Poverty was defined as a lived experience of a household, assessed by the household's inability to afford beyond their basic needs (food, clothes, rent, water and electricity), and the household's view of opportunities available to them; their perceived ability or power to change their circumstances, and, above all, whether they saw themselves as poor. It is important to note that, though the current research reflected on measures of poverty, it was not intended to be an exhaustive study of poverty and its different measures; it was a study aimed at testing whether HBBs help the urban poor advance out of poverty, and to carry out this 'test', the

research needed to be able to make some arguments about the experience of poverty.

In addition, the research used another concept, both in conjunction with and in opposition to the poverty concept. ‘Livelihood’ is a concept that has recently taken form in urban poverty studies (Rakodi, 2002). Livelihood refers to the capabilities, assets (including both material and social resources) and activities required for a means of living (Carney, 1998:4). It also explains how a poor household maneuvers, strategically, to cope with the state of poverty. Put simply, the concept explicates how the household lives in its social state of being poor. As a research tool, the livelihood strategy is an approach to studying how households take intentional actions using their assets and deploying their capabilities in order to live through the state of being poor (Soussan et al, 2003). Using the livelihood approach, therefore, a household is studied as an individual entity and its assets and capitals are delineated in relation to that particular household. This approach is less concerned with the broader debate around poverty measures but focuses on the different activities that households engage in to lessen their plight.

The current research made a distinction between poverty and livelihood. Poverty was seen as a state of being, a lived experience, conceptualized as a structural and social concept (the state of being of a segment of society). Livelihood was taken as a more household-specific concept (the intentional actions that a household takes to live whilst being poor). The two are, however, not mutually exclusive. In actual fact they tend to be complementary. The current research then used the livelihood approach (not in its fullness) to study the impact that HBBs have on the livelihood of individual households.

2.6. Home Based Business (HBB)

The discussion so far has defined poverty and its complexities and established two pathways in which a house can be used by households to transcend poverty. The pathways were either using the house in the capitalist economy (selling the house in the open market or taking a loan using the house as collateral, which is the officially recognised pathway) or using a house as a means to generate income. The HBBs fall in the second conceptualization. Before continuing this debate, it is important to detour slightly and address conceptual issues that have not yet been addressed. Therefore, this section looks at both the conceptual issues and technicalities of HBBs.

2.6.1. Conceptual issues

Two factors make up the concept of an HBB: the first one is 'business' (which refers to the activity) and the second one is 'home based' (which refers to location), with business being the central part of the concept. Therefore in order to arrive at a working definition of the broad concept of HBB, it is imperative to visit the meaning of the central term. According to the *Business Dictionary,* a business is an economic system in which goods and services are exchanged for one another or for money, on the basis of their perceived worth (Business Dictionary, 2008). Businesses are mostly privately owned and are formed to earn profits to increase the wealth of the owners. From this definition, two things stand out about businesses: (a) there is some form of an exchange through an agreed upon means of exchange, (b) they are commercial in that they are formed for the pupose of making profit.

There are different types of businesses which are differentiated by their size (returns and staff) and by location. HBBs are a type of business defined by their location. HBBs refer to any business where the primary office is the owner's home. This includes any business where the owner travels to provide their services but where the primary office is the owner's home (Ward, 2008). In this research HBBs were defined as any privately-owned economic unit wherein

goods and services are exchanged for money on the basis of their perceived worth, and wherein the primary location of the business is the owner's home. This excluded any businesses that operated on a bartering system or any other arrangements that did not involve monetary exchange.

2.6.2. The informal nature of HBBs: obstacle or opportunity?

According to Meikle (2002) and Forrest and Murrie (1988), democracy and the official emphasis on decentralization of state power to Non-Governmental Organisations (NGOs) and other Community Based Organisations (CBOs), brought with it the systematic devolution of responsibilities, which are traditionally state-centered, to community members. People were being made to take more responsibility over their circumstances. This meant that even the poor were seen as individuals who had something they could do to help themselves out of their circumstances. This discourse has brought with it the fascination with the informal economic activities of urban poor, seen in the work of people such as Hart (2006), Tipple (2002), Brown (2006), and international organisations such as the World Bank and International Labour Organisation (ILO).

The term 'informality' describes economic activities which lack a shared code of operation that requires conformity that is often adjudicated, administered and protected by an external force and, therefore, avoid liabilities like tax and labour laws (Hart, 2006). According to Hart (2006), the lack of visible referenceable code does not mean a lack of rules, just that the activities are self regulated and failure to conform is punished by social, not official sanctions (Hart, 2006). Hart (2006), therefore, claims that informal business activities are an effectively working 'sector' without state intervention and protection.

In their research, the Finmark Trust (2006) found that most HBBs in South Africa operated outside the bounds of the legal framework, as they were not registered with the South African Revenue Services (SARS) or the Department of Trade and Industry (DTI). Though Hart (2006) and other proponents of the informal economy might not see this as a problem, however, there are benefits of

businesses being protected by the legal framework. In a capitalist context, this serves to protect business owners' investments by controlling unlawful competition, price fixing and other business malpractices. I therefore, suggest that the informal nature of HBBs potentially exposes them to a number of difficulties which 'formal' businesses are protected against by the law. This discussion gives space for the stability and sustainability of HBBs to be examined.

2.6.3. HBBs: Survival strategy or profit making businesses?

Tipple (2006), in his work for the ILO argued for the viability of small scale businesses by the urban poor, particularly those which are home-based. He argues that, in most cases, a house is the one (if not the only) physical asset that the urban poor have access to, and the house gives the household space to carry out businesses. This, he claims, is happening at an increasing rate in developing countries and is the 'way forward' towards the eradication of poverty. He further asserts that HBBs are capable of generating substantial and important incomes for the entrepreneurs, which is vital in the context of unemployment in developing countries (Kellett and Tipple 2002). Tipple's stand in respect of HBBs is obvious. In his report to the ILO he concluded that "from a context of urban planning policy we have been able to gather support for the contention that Home Based Enterprises (HBEs) represent a better picture". Put simply in this conclusion "HBEs work and at very least has the potential to be decent work" (Tipple, 2006a:1, 9). This is a very interesting conclusion, which is made despite the fact that his primary research revealed the negativities (strain and injury, excessive work load and hours, health and safety issues) associated with HBBs. This raises one question: is it not contradictory to argue at one level that owners engaged in HBBs/HBEs work in unsafe conditions, but conclude that these very individuals have been provided with 'decent work'?

The idea of HBBs has, in recent years, also caught on in South Africa. There has been a push for government to recognise the economic contributions made by HBBs both to households' livelihoods and the broader economy (Finmark Trust,

2006; Cross, 2006, Cousins et al, 2007). Cross (2006), has argued that HBBs present a viable means of survival for the urban poor in context of high levels of unemployment. The Finmark Trust (2006) has argued that HBBs generate much needed incomes for the poor. On average about R476 million is said to be generated by HBBs (Finmark Trust, 2006). This idea, though not yet formally endorsed in housing policy, seems to be receiving a lot of attention from the Department of Housing. This can be seen in the incorporation of HBBs in the department's research agenda (National Department of Housing, 2006).

Those who promote HBBs see them as offering, to the housing policy, a second pathway which is a cost-effective and financial sustainable means of reducing urban poverty: households are given a house, and they use their own resources and capital to start their businesses, without much state assistance. Tipple (2002) supports this with the findings from his research in Indonesia, South African townships, India and Bolivia. He argued that the establishment of HBBs reduces the number of those who are dependent on state grants, whilst also creating jobs for other local people or family members who are unemployed. Moreover, he claims that HBBs have the potential to improve the quality of life for the settlement at large, as HBBs provide goods and service to dwellers at their convenience. According to Tipple (2002), HBBs have great potential, not only to support the livelihoods of the poor household, but to create employment and improve living conditions of many in a settlement.

Mutter (2006), also stresses the role that economic activities of the urban poor can play in shaping the broader society. In his foreword to the Urban Management Series, he argues that supporting urban livelihoods that are accessible to the poor (i.e. HBBs) has a key role to play in the global campaign to reduce poverty and fabricate more inclusive cities. By recognizing the activities that the poor engage in to survive poverty, and allowing these to continue or reducing the cost of doing business for these traders, their potential will be unlocked, allowing them to generate even greater revenues (Mutter, 2006;

Finmark Trust, 2006). In so doing, the poor will be incorporated into the urban space as both contributors and capital owners (Mutter, 2006).

One thing is clear though from the different arguments presented so far about HBBs and other informal trading: at a global macro-economic level there is a search for a solution to the problem of urban poverty, which according to Davis (2006) has been created and perpetuated by individualistic capital accumulation since the 1970s. However, it seems that the tendency is to not upset capitalists or the dominant class, and thus many are settling for a compromise: promoting livelihoods that the poor draw out on their own. Many governments and development agencies have put forward the 'informal economy' (rather than government intervention) as the key means of addressing poverty (Davis, 2006; Brown, 2006; Hart, 2006). This compromise is reached at a price though. The arguments posed by Tipple (2002; 2006), Mutter (2006), the Finmark Trust (2006) and De Soto(2000), and perhaps most other proponents of HBBs, fail to place HBBs within the broader societal context, and tend to draw conclusions focused on the contributions HBBs make to households, rather than from examining the structural causes of poverty.

Interestingly, though many South African researchers have seriously criticised De Soto and argued against the incorporation of his ideas in the BNG, they tend to agree with him on merits of HBBs. He argues that when individuals have proper ownership of their properties they will use these to form capital, and this capital can be used to start off home businesses (Davis, 2006). What the HBBs need to flourish is a functioning neo-liberal system of free trade, with less state regularisation (Brown, 2006). The same case has been presented by the Finmark Trust (2006), who have urged the South African government not to interfere with the HBB market, as it would stifle the sector. This is not to say that the two arguments are one and the same, because they do have some divergence: Whereas De Soto clearly argues that the poor will trade their houses in the open market or get a loan using their house as collateral, his critics do not necessarily see the market as the place where the starter capital originates for the poor.

However, this suggests that the two arguments might have the same assertion: the supremacy of market mechanisms and the individualisation of poverty.

In this regard the work of people such as Davis (2006), Blake (2000), and Chau (1995) provided space for a critical look at HBBs and housing policy's role in the poverty debate. They have cautioned against the over emphasis on what poor households themselves can do to get out of poverty and the potential depoliticisation of poverty that the message subtly carries, and exposed the character of social services provided by government with neo-liberal ideologies.

Chau (1995:89-90) claims that social services provided within the neo-liberal context have two conflicting ends. On the one hand, they carry out an important function for capitalism "assisting capital accumulation, promoting reproduction of labour, securing legitimacy and enhancing individualism". On the other hand, there is a fear that they can lead to "ideologically adverse effects - individuals and families could maintain a socially acceptable standard of living without selling their labour". Neo-liberal governments, therefore, try to ensure that their provision of social services does not have adverse effect on the primacy of markets mechanism and the family. They do this by reserving social services for those who qualify, and often the aim is to enable the poor to engage with the market rather than to make them maintain a 'good' living standard without working for capitalists, what Chau (1995) calls residualism. Chau (1995), therefore claims, that social services, specifically housing, in their current conceptualization within the neo-liberal states, are not designed to address poverty, but to enable capitalism to flourish.

The South African housing policy seems to be in line with Chau's (1995) residualism theory: though government gives the poor subsidies, the private sector is the main driver of housing construction. Households access subsidies through means testing (limiting the number of those who are 'dependent' on state instead of the market), the family is the channel to access government services (prejudicing against other poor individuals) and housing is meant to draw the

household off welfare to ‘individual prosperity’. This then raises the question of whether housing policy can really be defined as a poverty alleviation strategy? Could it be that housing policy is used by government to protect capitalism; that by focusing on the provision of non-productive assets (houses), which can be provided for fairly easily and without major social changes, government avoids serious redistribution of resources?

Chau’s (1995) claims are substantiated by Blake (2000) who argues that with governments more focused on protecting capital accumulation, poor urban dwellers are often left to rely on their own labour and resources to develop their communities. In line with Ward (1989), he further argues that, the urban poor actually subsidise the economy: they keep the demands of wages at a minimal level by producing a proportion of the urban infrastructure and services on largely self-help terms. Unlike De Soto, Tipple and other self-help proponents, Blake (2000) does not see self-help as a positive development. Petras (quoted in Blake 2000), has also criticised the idea of self-help and actually calls these activities ‘self-exploitation’. In addition to paying taxes (VAT or even income tax) to the state, the poor have to work extra hours with marginal resources and expend their scarce energies, to provide for needs which the state should be providing for. Therefore, to Blake (2000), supporting self-help initiatives entrenches the neo-liberal notion of people taking individual responsibility for social problems.

Moreover, as Blake (2000) and Davis (2006) have both observed, households usually turn to self-help activities out of necessity - in a context of minimal opportunities - not as a preferred option. Capitalist governments, like South Africa, are more focused on economic growth. Specifically, cities are made to compete in the global economy, as if they were privately owned entities. In this quest for global competitiveness, socio-economic rights of the poor in the City are either ignored or not given enough attention (Parnell and Pietersen, 2008; Bond, 2000), while free trade policies thrust them into global consumerism. As a result, the urban poor have to rely on their own resources to avoid starvation in a context of rising food prices and state neglect (Davis, 2006).

Blake (2000) and Davis' (2006) concerns about self-help activities are echoed by Evans, Syrret and Williams (2006). In their study of HBBs, Evans et al (2006), though supporting the idea of development approaches that support the livelihoods of the poor, cautioned that HBBs might not be as promising as practitioners who are searching for alternatives to addressing poverty, have emphasized. Evans et al (2006) have claimed that most of HBBs which the poor engage in are in informal and unpaid (or under-paying) activities. Owners of HBBs therefore could be seen as being deprived, poor and socially subordinated, rather than as budding capitalists. Davis (2006) further argues that informal activities of the urban poor tend to generate incomes that are minimal, only affording the basics for the households. Since Townsend (2006) has argued that households who are subsisting should be considered poor, Davis (2006) arguments seem to confirm those made by Evans et al (2006).

Moreover, as Davis (2006) observed in incremental housing initiatives of the urban poor, self-help activities are an 'illusion'. He calls them an 'illusion' because in his observation of incremental housing, the grand talks about self-help initiatives did not give due consideration to market forces that determine prices of building material and the lack of employment amongst the urban poor (Davis, 2006). By focusing on what poor people are doing for themselves, practitioners elude the real issue: policies and practices that continuously fail the poor. Could the promotion of HBB be achieving the same end as that of incremental housing, as observed by Davis (2006)?

Blake's (2000) argument might seem extreme in the South African case where government has given 'free houses'. However, his argument is of value to this research as he cautions against the romanticisation of self-help initiatives, and urges policy makers and academics to be careful in taking what emanates out of necessity, and positioning this as a strategy at a macro-economic level.

The arguments of Chau (1995), Blake (2000), and Davis (2006) therefore provide space for more macro economic-focused analyses of HBBs and the contribution they make to a household's livelihood. Their arguments raised the following questions: Could HBBs fall within what Blake (2000) and Davis (2006) call self-help initiatives that are a result of desperation and vulnerability? Can the urban poor who engage in HBBs also be households who, for a lack of better options have entered into business to avoid starvation, as Davis (2006) argues? Could it be that HBBs are another way that, as Meikle (2002) argues the state is devolving its powers of creating jobs within the larger economy to the poor themselves? Moreover, can HBBs really address the eight factors that characterise urban poverty? What about class and power issues that Seekings and Matisonn (2006) talk about?

2.6.4. HBBs and gender

What is also of interest in both the work of Tipple (2002) and the Finmark Trust (2006) is the gender difference with regard to engagement in HBBs. Women in general and female-headed households specifically, are most likely to enter into the informal market. This could be attributed to the fact that there is a very strong link between poverty and informal economic activities (Hart, 2006), and female-headed households tend to be more prone to excessive poverty (IFAD, 1999). In his work Tipple (2002) found that women were most likely to use their houses as a place of business. This has been supported by the findings of the Finmark Trust (2006): they established that women are more likely than men to become involved in HBBs as a source of income. Brown (2006) also indicated that though a substantial number of men trade informally, the majority of informal traders are women. To the proponents of HBBs, this is a positive thing as it counteracts the feminization of poverty (Tipple, 2006a, Tipple 2002; Brown, 2006; Finmark Trust, 2006).

Women's HBBs, however, need to be looked at more closely. In the same report where Brown (2006) argues for the significance of women's participation in the informal economy, she also notes that women tend to be sole breadwinners, less

educated and without any real opportunities outside the informal market. The Finmark Trust (2006) also noted that women tended to be in businesses that generated lesser incomes. Moreover, studies have shown that women (mostly those who are married and have children) who take up any employment outside the home tend to work double shifts everyday: women retain both their employment and their role as primary care-givers in their families (Hochschild, 1989; Lee, Rowe and Hong, 2006). Lee et al (2006) also found that women who work in family businesses are even more disadvantaged as their role tends to be unrecognized and unremunerated. What does this mean for women who are in HBBs? Are they as Lee et al (2006) and Hochschild (1989) suggest? Are they also double-burdened by the responsibilities of managing their families and the HBBs? Are they sole breadwinners? If so can HBBs really be seen as providing poor women a route to escape from poverty?

2.7. Summary and positioning the current research

South African housing policy has as its main intention the reduction of poverty by giving the poor access to private property, to form the basis of wealth accumulation. This intention has to be carried out within the neo-liberal macro-economic policies which have been instituted by the post apartheid government since 1996. The provision of housing is, therefore, supposed to bridge the gap between the poor and the rich by incorporating the poor into the capitalist economy. This approach to housing and poverty reduction has been criticised as narrow and lacking in sophistication. Arising from this criticism, arguments have been put forward for a wider recognition of what the poor are able to do with the houses that they have accessed (Cross, 2006; Finmark Trust, 2006; Cousins et al, 2007), something that the NDoH has also begun to embrace. HBBs have recently been seen as a light shining in the dark gloomy failure of the NDoH's housing policy to address urban poverty. Though the proponents of HBBs criticise the BNG and its De Sotian influence, their posing of HBBs as an alternative make their arguments not that different - in principle - from that of the

housing policy and De Soto. De Soto, BNG and proponents of HBBS seem to perpetuate the neo-liberal depoliticisation and individualisation of poverty.

In this regard, the literature review showed that there is another dimension to the debate, one which tends to be minimal, if not missing, in South African housing-poverty nexus debate. Aligned with the arguments for social justice and social equity, and premised on the recognition of the complexity and structural nature of poverty, Davis (2006) and Blake (2000) have cautioned against the damaging effect of seeing what arises out of dire necessity, as a solution to the social problem of poverty. Their different arguments claim that the romanticisation of any self-help initiatives that the poor engage in to survive has the danger of deepening the neo-liberal principles of individualism and self-determination. This ultimately reduces the social problem of poverty to a problem that can be solved by individual households' efforts and does not challenge issues such as inequality in society. In addition, Chau (1995) revealed the double-edged nature of social services such as housing in neo-liberal governments. This raises the question: in view of the complexity of urban poverty and the neo-liberal macro-economic policies of the country, what difference can HBBs really make in the lives of the urban poor and can housing policy really address poverty, looking at the case of HBBs?

Blake (2000) and Davis (2006), raise interesting arguments, which potentially challenge both the housing policy and HBBs. As mentioned already, their opinions were not directly aimed at HBBs; therefore there is space to test their criticisms and skepticism, leveled against other self help activities, in HBBs. Since most research on HBBs has placed heavy emphasis on the financial contributions they make to both the household livelihoods and the economy at large; there is room to test, from the perspective of the owners of HBBs, the impact that HBBs have on the lives of the urban poor, and therefore optimistic BNG views about the role of housing in poverty alleviation.

Chapter 3: Methodology

3.1. The research design

Since the rationale of the research was the need to understand, from the perspective of HBB owners, the value that HBBs add to their livelihoods the research adopted a qualitative approach. The research took place in Lotus Gardens, in the western region of the City of Tshwane.

3.2. The area: the city and the settlement

Located in the north-western corner of Gauteng Province (see attached map, annexure C), Pretoria (and the larger City of Tshwane) covers approximately 13% of the Province's surface. Pretoria is home to about 2, 193, 596 people. The City has in recent years been enjoying an increase in its Gross Value Added (GVA), i.e. in 2005 it was of 6, 7%, this increased to 7, 8% in 2006, although it tipped back slightly to 6% in 2007 (Malegwale, 2008: 3). Similar to the patterns shown at national level, the City's economic growth has failed to produce or create jobs in sectors that absorb the surplus labour force. Most jobs created in Pretoria have been in government, followed by manufacturing while the primary sector has seen very little growth in the City. Unemployment in the City has therefore persisted and poverty has been on the increase; this has manifested itself in that 15.5% of households in Tshwane do not have incomes (City of Tshwane, 2007: 17), the growth of households living in informal settlements (33% of households) and a Human Development Index (HDI) of 0.75 (City of Tshwane, 2007:56-57).

In addition, Tshwane's settlement pattern has followed the national trend. It is characterised by the inequitable placement of low-income residential areas away from economic opportunities and vital social amenities. Government's low-income housing developments, which dominate the North and the West regions, have occurred in the peripheries. This research focused on one such fairly new

settlement in the North Western side of Pretoria, in the township of Lotus Gardens.

Lotus Gardens is located about 10 km away from the central City of Pretoria (see attached map, annexure D) and a road away from the two traditional black townships, Atteridgeville and Saulsville, which mark the apartheid legacy of the City. This settlement was established through the Department of Housing's Informal Settlement Upgrading Programme (ISUP) and the housing subsidy scheme. Therefore the settlement is made up of an amalgamation of households from different informal settlements, in and around Atteridgeville and Saulsville (City of Tshwane, 2007). Central Pretoria is the main shopping area for the residents of Lotus Gardens, with frequent taxis commuting between the City and the settlement, at a fee of R10.00 per one way trip.

3.3. The sample

3.3.1. Size

Lotus Gardens was thought to be ideal to help answer the current research questions for two reasons. Firstly, according to the Housing White Paper of 1994 and the BNG, beneficiaries of the Housing Subsidy Scheme are considered urban poor (earning incomes between R0 and R3500 per month, with those earning between R0 and R1500 as poorest of the poor). In addition the literature debate showed that despite having access to formal houses, beneficiaries of housing subsidies can still be considered poor. Secondly, from prior observations, the area was found to have a fair number of HBBs. Therefore the area presented an opportune space to learn about the value of HBBs to the livelihoods of the urban poor, within the context of the housing policy.

To ensure that sampling was reasonably systematic and representative, before commencing data collection, I embarked on a process were I identified (all visible) businesses in the area which operated from the house. The house was defined broadly to include the stand within which the house is located. Therefore,

for a business to be registered in the ‘database’ or sampling frame, the business had to be visible (i.e. there had to be clear indication that there is a HBB through some form of advertisement as shown in *figure 1*) and had to be operating within the owner’s yard, either in the main house or in a separate room within the same yard. Through this process 50 businesses were identified and registered in the sampling framework (Annexure A).



Figure 1: Advertising board posted outside the house

After identifying the area and the target population ‘size’, it was important to determine the number of households sufficient to give detailed, meaningful and valuable answers to the research question. Unlike the quantitative research approach, qualitative researchers do not have a rule of thumb regarding the accepted sample size, or even how the sample should be assembled. What is considered vital in qualitative research is that the participants can answer the research questions adequately and meaningfully (Marshall, 1996).What Marshall (1996) is implying is not that size does not matter as such, but that it is not as critical: qualitative research is concerned with understanding the subjectivity of participants and gathering rich or ‘thick’ experiential data; the aim is to go in-depth rather than aim at broad coverage. This, of course, provides both a challenge and an opportunity. It can be difficult, mostly for novice qualitative researchers, to determine and justify their sample size. However, it can also be

an opportunity in that it gives the researcher a degree of autonomy in deciding the suitable sample size, based on the target population and the research question.

Griffin and Hauser (1993), understanding the challenges associated with determining a sample size within the qualitative approach and in an attempt to put those who prefer numbers and who want simple justifications at ease, have developed a statistically tested qualitative research sample size for improved precision. They argue that where in-depth individual interviews are used to collect data, 20-30 individual in-depth interviews are adequate to cover between 90-95% of existing views on the subject being studied, respectively. This means that with a sample of 20, a research can claim to have 90% precision in uncovering existing experiences and views of the target population on the subject under study. Increasing the sample by 10 more interviews only increase the precision level by 5%, which is indicative of the low saturation threshold that characterises qualitative research, mostly where the target population is small and in-depth interviews are being used.

Using Griffin and Hauser's (1993) estimation method and also noting Marshall's (1996) stress on the researcher's discretion, I resolved that a sample of 20 HBB owners was adequate to effectively uncover the experiences of HBB owners in the area of Lotus Gardens. Two reasons supported this choice. The first reason was that the costs of increasing the sample size were believed to outweigh the benefits of such an increase. Griffin and Hauser (1993) show that adding 10 more interviews would only push the precision level by 5%, yet 10 more interviews meant 15 or so more hours in the field (and even more hours of transcription) making the costs outweigh the benefits. The second reason was that with 50 businesses identified to make the target population, I used my discretion that 20 interviews were sufficient to answer the research question without exceeding what Griffin and Hauser (1993) refer to as a point of saturation. This is a point in the data collection process wherein additional interviews start having diminishing returns, and given that extra 10 interviews will

only add 5% on the accuracy scale of the research, it suggested that the saturation point would be very close to the minimum 20 interviews. Hence, there were no reasons to believe that extra interviews would yield new information to that which was attained in the first 20 interviews. This was confirmed during the data collection process; the 20th interview did not yield significant 'new' information.

3.3.2. Defining and determining quotas

The sample was drawn purposively, guided by the sampling frame and categorised into quotas using business categories; the categories were adapted from the Finmark Trust (2006) research. The Finmark Trust research categorised HBBs by the industry within which the business operated.

According to the Finmark Trust (2006), HBBs can be differentiated into three distinct groupings: service-oriented, retail-oriented, and production-oriented businesses. The first group, service-oriented, entails all businesses that render services in exchange for money. The second group, retail-oriented, is made up of all businesses that exchange goods for money, i.e. selling groceries etc. The last category is the production-oriented HBBs, which is made up of businesses whose primary function is production (Finmark Trust, 2006). The three types of business are distinct and were hence expected to contribute differently to the household's livelihoods. Therefore the current research used these categories to create quotas in testing its hypotheses, which are that HBBs are not a viable strategy to address urban poverty and that in actual fact they are poverty repackaged; and that the housing policy in its current conceptualisation cannot address urban poverty, across the three business types. This research used quotas to enhance the quality and precision of the data collected by ensuring that different business groups that might hold different perception and experiences are included. I preferred business types to other means of sample stratification. This was because it was both straightforward and practical. For example, if I had used incomes generated or profits made, I would have had to engage in an

intensive, time consuming and intricate process of establishing the profit levels of different businesses prior to data collection.

My sampling frame had identified 50 businesses, taking the above mentioned categories into account, these could be divided as follows: 20 were in the services-oriented category, 26 were in the retail-oriented category and 4 were in the production-oriented category. To determine the percentage of each quota for each group, I used Hunt and Tyrell's (2001) sample stratification formula. They argue that the percentage allocated in each quota should be in proportion to the size of that sub-group relative to the entire population. In this regard, the following calculations where arrived at: for service oriented businesses, 20/50X100=40%; retail oriented businesses 26/50X100=52%; and for production oriented businesses 8/50X100=8%. These percentages were used to determine the size of each quota relevant to the sample size, which yielded the following numbers: 8 in the service oriented group, 10 in retail oriented and 2 in production oriented businesses. However discretion was used to include 3 production oriented businesses and reduce the retail group to 9 interviewees.

3.4. Data collected from interviewees

- Biographical data
- Data about motivations for starting businesses
- Data about the functioning of HBBs (labour and working hours), finances (household sources of income, vulnerability of the sources of income, levels of incomes generated from home businesses)
- Data about the experiences and perceptions of home businesses owners/households about their economic conditions.

3.5. Data gathering

3.5.1. Instruments

As mentioned before, this research embraced the idea of subjectivity, and according to Weiss (1995) individual in-depth interviews are the best data

collection tools for this kind of research. Individual in-depth interviews allow the researcher to understand the world from the viewpoint of the participant, for they unfold the meaning people ascribe to their experiences by allowing them to recount their lived experiences (Weiss, 1995). Therefore in order to achieve the purpose of the current research, individual in-depth interviews were thought to be the best data collection instrument or tool.

3.5.2. Data gathering process

According to Weiss (1995), in-depth interviews are a form of conversation; the interviewee and the interviewer converse on a particular topic of interest to the researcher. However, unlike other forms of interviews/conversations, data collection interviews are conducted with a specific goal, which is known only by the researcher. Therefore the researcher ought to guide the interview. To achieve this, and avoid "getting lost in the conversation", an interview schedule (Annexure B) was developed and used during the interview process.

The selection of households was systematic. In each street, not more than two businesses of the same kind (for businesses in the retail- and service-oriented business categories), were selected. This was done in order to ensure good spread and to avoid bias, because several businesses operated within the two categories in Lotus Gardens. For the production-oriented businesses, all 3 businesses that could be accessed during the data collection period were invited to be part of the study. Upon gaining access to a particular household, the potential interviewee was clearly informed of the aims of the research, and was invited to participate in the research. Where permission was granted, the interview was recorded and pictures of the business were taken. Because of the nature of HBBs (most of them being informal) I assumed that the interviewees might need to be protected (for example, that there might be legal consequences) and therefore anonymity was provided across the board and only waived in cases where the interviewee indicated so.

I also employed the services of an interpreter who was fluent in English, Sepedi, and Setswana, during the interview process. The interpreter was used because the home language profile of the City of Tshwane indicated that Sepedi (Northern Sotho) followed by Afrikaans, Setswana, Xitsonga, IsiZulu and English were Pretoria's most widely used home languages: these six languages account for 84, 68% of the population (City of Tshwane, 2007a). It was reasonable to assume that most of those who live in the target area would speak either Sepedi (Northern Sotho) or Setswana as this area is a predominantly black (African) township. Since I, being of the Venda tribe, am not conversant in either Setswana or Sepedi, I thought it vital that I use an interpreter. I provided training for the interpreter prior to the data collection process.

3.6. Ethical considerations

According to the housing policy, only South African citizens aged 21 and above can qualify for a fully subsidised house from the government. The research targeted the head- or acting head of households and in all the households interviewed the participants were above 21. Participants were informed of the purpose of the study, and their rights to choose not to participate. For reasons mentioned already, they were also guaranteed confidentiality: they were informed that their names and any other identifying information would not be recorded anywhere in the final report. During the analysis of data, which is reflected in detail in chapter 4, pseudonyms were used to conceal the identity of the participants. Lastly, informed consent (in writing or audio recorded) and recording permission were requested from the participants before commencing with the interviews.

3.7. Limitations

There were two foreseeable limitations with the design of the research. The first one related to the selection of the sample. Research participants were recruited on the basis that their HBB could be seen or identified from surveillance. This meant that all the households whose businesses were not advertised in one form

or another, were not able to participate in the research. The second limitation related to generalisations. One of the values of conducting research is that a particular case can help us to make arguments about similar cases. In order to make such arguments certain conditions need to be observed, among which is a large sample and a sampling strategy that ensures, within reasonable measures, a representative sample. The current research used a small sample, and purposive sampling. Though this allowed for in-depth understanding of the subject, it compromised the confidence to generalise beyond the households studied, and the community in which they are based. The research does however have a broader relevance, and allows certain larger conclusions to be drawn, but it cannot claim to be conclusively representative. This research therefore consciously traded off generalisability for in-depth understanding of the subject.

Chapter 4: Data analysis and findings

This research investigated the use of government fully subsidised houses as a place of business by the urban poor. The research drew information from the perspectives of HBB owners, about the contributions that HBBs make to the households' livelihood with the intention of forming an opinion about the impact HBBs make in the broader poverty challenge. This was done so that the research could be able to test and adjudicate between the two 'camps' of criticism of the housing policy. The supposition was that, if HBBs address poverty then De Soto (2000), Tipple (2002), The Finmark Trust (2006), Royston (2006) et al, would be correct in suggesting that housing policy can address urban poverty if it recognises and supports the use of the 'RDP houses' as place of business. However, if HBBs are not addressing poverty, Davis (2006), Blake (2000), Chau (1995) et al, would be correct in claiming that housing as a social service provided within neo-liberal environment; cannot address poverty, and looking at HBBs further entrenches neo-liberal principles of self reliance. In this regard, 20 households who own a business located within their home that exchanges goods and/or services for money were interviewed. This section presents the findings from the primary empirical research.

4.1. The nature of HBBs

4.1.1. Prevalence and competition

The most prevalent HBBs were tuck shops or grocers: a single street in this small part of Pretoria West could easily have about 4 tuck shops. These were followed by hair salons, while the least prevalent were the production-based businesses. This observation was substantiated in that most interviewees who owned tuck shops and hair salons mentioned that their businesses faced many challenges, as there are no regulations or controls with regard to business establishment and the resultant unregulated competition.

4.1.2. The multiple uses of a house: understanding the organisation of space

Most of the tuck shops operated from inside the house. Some of the households had built a room, adjacent to the main house, with a window (often a small window) that opens to the public. This window is used as an access point for exchange between the seller and the buyers. Others used their houses as they were. In these instances the kitchen door served as the access point between the customers and the seller. The kitchen served two purposes (a) the conventional; a place to cook for the family and (b) as the center of business, where stock is stored. Most tuck shops stocked and sold household groceries, for example, cooking oil, canned fish, vegetables, soaps, and the like. The print/copy/video business was also operated from inside the house, using the house without any modifications.



Figure 2: Household goods (on sale) displayed in a tuck shop



Figure 3: Photocopy/copy/video business inside the RDP house

Hair salons and the production-oriented HBBs (shack making, welders, and refurbishing businesses excluding the food-making business) tended to operate outside of the house, utilizing the yard space. Most hair salon owners constructed a room (either with corrugated zinc material or with brick and mortar), separate from the main house, allowing for easy access for the customers.



Figure 4: Shacks for sale displayed outside the RDP house.

4.1.3. Registration/formalisation

In line with previous research (Evans et al, 2006; Finmark Trust, 2006), few HBBs in this area were registered with SARS, though some of the interviewees indicated that they had wanted to register but found the process to be cumbersome and expensive. The more specialised HBBs, taverns in particular, tended to be registered. All taverns interviewed were registered, which could be attributed to their relation with the South African Breweries (SAB), which is dependent on liquor license registration and can only work with legally recognized businesses. The findings about registrations appear to partially validate De Soto's claims that informality in business arises not simply as a result of poverty but of over (or improper) regulation, making it impossible for business owners to comply with the bureaucracy (Brown, 2006).

4.1.4. Size of businesses and customer base

Most businesses in the area operated on a small scale, with most of them not having grown much since the time they were opened. This could be attributed to the fact that the area is a fairly new settlement; most of the people who were interviewed had lived in Lotus Gardens for about 8 years at most and ran the business (in Lotus Gardens) for an average of 2 years. In addition, most of the businesses, especially tuck shops, had their customers in and around Lotus Gardens. Businesses that had a wider reach were the welding, panel beaters, fax/copy and refurbishing businesses. The research established that these four businesses had been established in other areas i.e. Mhlongo and Atteridgeville, which are informal settlements where most dwellers of Lotus Gardens had relocated from. These businesses retained their customers from those areas and also found new ones in Lotus Gardens. Some of the interviewees felt that since the settlement is new, it provided them with many opportunities to grow their business, in that there was less competition and high demand for their goods and/or services. This was particularly true for the owners of production-oriented businesses.

The above findings seem to indicate that the settlement characteristics, substance and prosperity contribute greatly to the growth of HBBs. As Davis (2006) argues, the informal business man/woman relies on the wage sector (wage earning man/woman) to buy his/her products for his/her activities to succeed. The high demand referred to by some of the interviewees can only be sustained if enough people within the settlement earn an income which gives them adequate buying power. As Needham (1977) has suggested, small businesses need dense population of mixed income levels to grow. However, government housing projects concentrate poor households in remote areas on their own. These findings suggest that HBBs within a low-cost housing settlement are less likely to grow to the level which De Soto, Tipple and other proponents of HBBs envision.

4.2. Is access to government subsidised housing of financial value to HBB owners?

De Soto, and partially the BNG, posit that the reason poor people are poor is because they lack access to privately owned properties. In this argument, when people are given access to properties they would use these to form or borrow capital from financial institutions. This is the first pathway referred to in the literature. The research established that none of the interviewees had used their houses as leverage for credit to start their businesses. On the contrary, they tended to rely on personal savings, pension money or financial help from family members. Mr Tshivhase's[1] story is illustrative: Mr Tshivhase is a married man with two children, whose wife works as a contract cleaner at the University of South Africa and who owns a retail-oriented business (tuck/spaza shop). He sells basic groceries in a room adjacent to his 'RDP house'. He built the room for the purposes of his business. Before starting his business Mr Tshivhase worked for an Indian shop in Central Pretoria. His employment in the shop was brought to halt when his employer left for Pakistan about four years ago. Mr Tshivhase indicated how he used a combination of the money his employer had given him

[1] All names have been changed to protect the identity of the interviewees.

(income for the month and Unemployment Income Fund - UIF moneys), his other savings, some of his wife's money and also money borrowed from his siblings to start off his business:

> "Before I started my business I worked a bit (pause) I had few temporary jobs. I worked a lot of temps, working under an agent the Transmed recruitment agent (pause), ja, until I realised that I am not really going anywhere with these temporary jobs. I mean you work and then today you have a job and tomorrow you do not have a job. You work for a week and they stop you. Then I saw that I was playing, so I stopped… So you see I had money from my previous employer, when he left for Pakistan he gave me my UIF, my salary for that month and some money I had saved up. The other money I got, I, (pause), well I borrowed it from my older brothers, ja, some of it. I was also helped by my wife, she added there and there until I could build this room and buy the stock for the shop. You can see it is not a lot of things; it is not a huge variety of stock here, as you can see. That is how I started the business…". Mr Tshivhase, 38 years old owner of a tuck shop, translated from Tshivenda

The story of Mr Tshivhase is similar to that told by other interviewees who also did not use credit from financial institutions in starting their businesses. Joyce Qaba[2], a 29 year old married woman with one child who owns a tuck shop/tavern, echoed Mr Tshivhase's story. Joyce indicated that after she and her husband got married they moved out of his parents' house to stay on their own, in their 'RDP' house. Since they both did not have jobs they decided to start a business. However, with both of them coming from relatively poor families and not having income-earning jobs, they did not have the necessary capital. Realising this, they decided to start small and her husband went and became a

[2] First name used in later stages to indicate that the interviewee is a younger person

street vendor, selling sweets and other small items at the robots. While doing this they saved money, planning to start their own business:

> Joyce: Well my husband started small; he used to sell standing at the robots. He was selling sweets at the robots (she emphasised) he used to stand there by robots, and that is where he started.
> Interviewer: And you were saving from there?
> Joyce: Yes, we were saving and then when we moved here and we had our own business.
> Interviewer: When your husband was selling at the robots was it his idea to start a business?
> Joyce: Yes! He wanted to save so that he can actually open his own business one day. Joyce, 29 year old owner of a tuck shop, translated from Setswana.

Another interviewee, Mrs Khumalo, an older woman who is married with three older children and was employed as a domestic worker but now owns a tuck shop, indicated how she was helped by her husband to start her business. Her husband works in the mines and when she had quit her job as a domestic worker, she approached him for starter capital:

> "…My husband helped me; he gave a bit of money from his own. Then I used a bit of my money also. It was the time I got fed up and left my job, I had a bit of money from there. (Pause) you know that I left without even telling them I was leaving (Laughter). My husband helped a lot with money and then I went to buy few things and started the business…". Mrs Khumalo, 51 years old owner of a tuck shop, translated from Setswana.

Mr Magubane, a married man with two children and a wife who was not working at the time of the interview, and who owns a refurbishing business, also echoed this. He pointed out that he used his savings from the income he earned while

still working. Mr Magubane saved until he had enough for the asking rent at the workshop he rented, (before he moved his business to his 'RDP house'), and to buy tools as his business required specialised machinery:

> "No, I saved the money up. I never borrowed money. No. Remember I was working? Then I would save up and buy tools, then I saved up and it was enough to pay the rent for the workshop I used then. I stayed at the job knowing that I should work towards my own company. I knew I might work for a while to get money for the tools but not work for someone the whole time…". Mr Magubane, 35 years old owner of refurbishing business, translated from Tshivenda.

The above quotes seem to cast doubt on De Soto's argument that privately-owned houses have a life of their own along their material worth and that poor households, if given ownership, can use their houses as collateral for credit or mortgages to finance the start of a business. The research established that access to a privately owned house did not condition households towards starting a business. To substantiate this, the research established that most of the interviewees had moved from an informal settlement and despite not having access to a house or secured tenure, some of them had businesses before relocation. An interesting case was also observed with one of the interviewee who had started his business while living in a rented flat. Thus a privately owned house was not the motivation for starting a business as inclined in the housing policy and some of De Soto's arguments, nor was a title key to launching a business.

What the house did for the interviewees, however, is that it provided affordable and accessible space for a business, as shown in the interview with Mr Magubane. Mr Magubane moved his business from a workshop in town because the rent he was paying at the workshop was unaffordable. He decided to move

his business to his house because he felt that he could save the rent money and use that money towards supporting his family, as his wife is not working:

> "…Well when I looked at the rent that I pay here, well I pay water and electricity and this is all inclusive of even the business rent. Like now that I have left the workshop in town and came here at home (pause), I left running away from paying R6000 per month of which when I am here I do not pay that much, and I have accommodation together with business space that is why I am saying it helps me". Mr Magubane, 35 years old owner of a refurbishing business, translated from Tshivenda.

The findings confirmed the hypothesis that poor households, even when holding a title deed, do not use their subsidy houses as collateral to access loans to start their businesses. Poor households, therefore, are relying on their own very limited resources to start off HBBs. They risk often the only money they have access to and without guarantees of returns, in order to earn a living. Another thing worth noting is that banks are risk averse, they lend where their profit is assured, they do not lend out of the 'goodness of the heart'. With most of the HBB owners being unemployed, and without any other dependable sources of incomes, even if they had gone to the banks chances of them being granted credit are remote. These findings expose the narrowness and shallowness of the housing policy and its De Sotian foundation, which relies on housing alone to incorporate the poor into the market. Moreover, just like the self-help housing schemes of the Thatcher and apartheid governments, which dismantled the urban poor as a class, HBBs seem to have similar effect. Only the poor who have access to some money (UIF, savings, spouse income, etc) are able to start a business while those who are the poorest of the poor (without access to any money) cannot benefit from HBBs. By dismantling this 'class', it is easy to praise those who are doing something to help themselves and blame those who are not, for remaining poor, ignoring the larger social structures that continue to produce poverty such as jobless growth and bank discrimination.

The above arguments highlight two things. Firstly, interviewees did not seem to have the same understanding of a house as the housing policy. Secondly, HBB owners are left to their own devices to source the capital to start their businesses. None of the interviewees had received, direct or indirect, assistance from government (including the NDoH) in forming capital. This seems to confirm the hypothesis that self-help initiatives depoliticise and individualise poverty, and relegates the role of government in helping the poor out of poverty.

4.3. Reasons for starting and keeping businesses

The previous section established that urban poor households relied on their own financial resources (savings, pensions, UIF, and family members' contributions) when starting their businesses and that a house did not condition households towards becoming business owners. This section endeavored to develop the latter by asking why the households started HBBs, therefore, testing further and in more detail the idea (which permeates some of the housing literature and finds its premise in the liberal economics discourse) that a household with private property ownership will desire its own business. Humans, which include the poor, within the neo-liberal model are seen to be self-determined and self-driven, which means that they choose what they want to do, and most importantly, how they want to earn their incomes. Economically, humans are seen to be profit-chasers by nature, and market-oriented as well and therefore all they need is liberalization and private property ownership and they would be set for prosperity within the market. The South African housing policy operates within this intellectual framework, and as argued in the preceding discussion, proponents of HBBs do not challenge the neo-liberal hegemony. My research, in line with Davis (2006) and Blake (2000), hypothesized that HBB owning households have limited options to earn income, and so circumstances rather than choice force them to start business. In order to test these arguments, the research thought it was important to establish whether HBB owners had made knowledgeable and free decisions in choosing to be business owners, or they had been forced- because

of failures of the state and others, to address the structural causes of poverty- to fend for themselves, as Blake (2000) and Davis (2006) suggested?

The findings showed a mixture of responses. There were households who due to lack of sources of income, decided to start their business. For example, when I asked why she started her business, Mrs Lekota, an unemployed, married 42 years old woman, with 2 children, and owner of a tuck shop, told me that she did not have a job and had never worked for a wage before. Prior to her starting the business, her husband, who is a taxi driver, was the sole breadwinner and earned very little income. In actual fact his salary was unpredictable as it varied depending on his performance in the particular month. For Mrs Lekota, starting a business was imperative so as to feed her two children:

> " … I was not working, so sitting when my kids are hungry is not possible. When they come back from school they want bread (Pause and folds her hands). Where am I going to get the bread from? (Pause) But if I am making even if it is R50, I am able to say 'here my child (she raises her voice as if she is calling the child at that moment) come with bread and eggs', he comes we sit and eat. It's fine. You see? Then I do not have to go next door and ask; I do not have to ask/beg from neighbours. Then when they see me they will go 'yoh! she has started. She tires us'. Mrs Lekota, 42 year old owner of tuck shop, translated from Sepedi.

The feeling of having to do something in the absence of formal employment was also shared by other interviewees:

> "…I was not working anywhere and then I thought that to have something in my mouth. I must start something. (Looks away and then back at me) just those two slices are better than nothing, I mean a long time had passed without me working. I was sitting doing nothing. Then I decided that I have to try something. You

> see? I had nothing; no job and no money…". Mr Sibanda 53 year old owner of a tuck shop, translated from a both Setswana and Thivenda.
>
> "I was not working. I used to walk around selling things like cosmetics from door to door… there was no work". Mr Mukhari, 36 years old owner of a tuck shop, translated from Sepedi.

Another interviewee went further than just the lack of a job, contributing his reasons of starting a business to his lack of education. Mr Tshivhase mentioned that he was not able to finish his education: his family did not have money to further his education so he managed to go as far as Grade 12 and then had to look for a job. He started his business because with his kind of qualifications it was difficult to get a stable, well-paying job. Having a business was not therefore his first choice:

> "…I myself had wanted to be educated you know. Like I had wanted to go to further with my education but by my time there were not these many opportunities. I grew up in a time that was not nice, you know? I actually never ran away from school. I worked hard at school, I passed my matric and I did not have anyone to take me to school. (pause) It breaks my heart when I look and I see my peers, you know people that I went to school who are working better than me. So that is what I dream for my kids, and it is what I am always preaching to them…". Mr Tshivhase, 38 year old tuck shop owner, translated from Tshivenda.

The above findings seem to challenge the neo-liberal view of HBB owners as entrepreneurs, who are self-determined and free to pursue opportunities that best maximize their potential. The findings seem to be in line with Davis's (2006:11) argument that the urban poor who are informally trading or employed "are not a frenzied beehive of ambitious entrepreneurs yearning for formal

property rights and unregulated competitive space". Upon receiving their houses, some of the interviewees did not freely and enthusiastically start their businesses. They, as Davis (2006) would argue, acted out of necessity and inability to find employment or other sufficient sources of income. Recalling that Altmas (2003) indicated that the proportion of urban dwellers who have never worked is high, Davis's (2006) consideration seems to better explain the reasons why these households started their businesses, and this was supported by the fact that most of them had initially looked for work but could not find any and then started businesses.

Even so, there were, significantly, also interviewees who had started their businesses out of choice. Amongst these, some were influenced by their educational background and others were influenced by their personal preferences. For example, Mr Magubane, the owner of a refurbishment business, told me how he had, while still studying, planned to have his own business. He said that having a technical educational background, he knew that the only way to make some money was through self-employment. Hence after completing his diploma in refurbishing from Finyazwanda Technical College (a technical college in Venda), he worked for a few years with the intention of gaining experience and acquiring starter capital for his own business.

This was similar to the story told by two other interviewees who felt that they had passion for business since they were young and therefore grew up to pursue their goals. For example Reggie Silima[3], a 29 year old hair salon owner who lives with his girlfriend and their child, said:

> "…No actually from a young age you see I had love for business; (pause) like you see, in primary school I used to sell sweets and in secondary school I used to shoot photos, its just that by the time I passed matric I left it. I came to town to look for a job, I just closed

[3] First name used in later stages to indicate that the interviewee is a younger person

> the business. Then I worked at the hotel business, I made money. Then I went and I worked as a security and I made money also. That is when I started or how and why I started this business…". Reggie 29 years old, owner of a hair salon, this interview was conducted in English.

There were also interesting observations of interviewees who had started their businesses because they had no interest in working for wages. Julius Tshivhenga,[4] a single 28 year old man who owns a copy/scan/print/video shop spoke of his own deliberate choice in starting his business. He said he hated waking up early in the morning and felt he would not survive in an environment where, 'come rain or shine', he had to wake up in the morning and catch transport to go to work:

> "…It is being lazy to wake up in the morning (laughter). To be honest with you; I really do not like to wake up in the morning. Like I can work until late but not waking up early in the morning…". Julius, 28 year old owner of a print/copy/video business, translated from Setswana with some parts done in English.

Just like Julius, Themba Sibone[5], a single man who co-owns a shack making business with his older brother, indicated that he too made a conscious decision to be a business man. Themba mentioned that he always had ambitions to be a businessman; he even went to school to study the accounting and economics of having one's own business. However, his motivation differed from that of Julius and other interviewees. Themba started his own business because he could not see himself under someone's authority and having to report on all that he does:

> "Uh, I have that ambition for business. Each and every time I think of work, eish, I know work is a good thing. But I do not think, or

[4] First name used in later stages to indicate that the interviewee is a younger person
[5] First name used in later stages to indicate that the interviewee is a younger person

> when I think of going to go to work and being like 'yes sir, yes boss'. Ja, no. Here there is no problem, it is just that it is hard labour but we have fun working here. You know if you want to do something you can do it; if you want to go and phone you can go and phone, like that". Themba, 26 year old co-owner of a shack making business, translated from Setswana.

Themba's views were also shared by Mr Amisi (a married migrant 40 year old man with two children who currently live in Zimbabwe), who and owns a production-oriented welding HBB, making window and door frames, and cupboards. Mr Amisi expressed himself strongly in favour of self-employment. He was of the view that employment was a sort of imprisonment: employers pay employees money that entraps them; not so little that they would complain and leave, but not so much that they would be independent. Mr Amisi is well trained and qualified, and once worked as a teacher in a technical/agricultural school. He soon realised, however, that he was never going to make enough being employed by the government, so he left his job and wanted to have his own business:

> "…In engineering we were trained this (Points at some of the things he built) we were trained welding, we were trained carpentry and you see those tractors when they have a problem then I can solve it. I was trained to make yokes, beehives, ey, a lot of things it was a lot of stuff. Amongst those, when I was a teacher now, I learned that the government of course maybe wanting to give money to the civil servant but it will not be enough. Looking at how other people were performing, other people who were not employed; those were doing as per their talent, they were earning much. So I decided to leave the teaching, the government can not create employment for everyone and give everyone enough money. So the best way was to create employment, on my own. Then it is you who decides whether to get more or less, so it is better to be independent

(laughs)". Mr Amisi, 40 year old owner of a welding business, this interview was conducted in English.

It was clear from the above that different reasons prevail as to why households started their businesses, these can be categorised into two: economic necessity and personal preference. For the first group, HBB activities were dictated by invariable societal or economic pressures and are a necessary response to pressing or urgent household needs. Therefore, as already indicated, Blake (2000) and Davis' (2006) arguments can be considered accurate for these households. According to Blake (2000), the urban poor opt for self help initiatives because government fails to deliver on services and meaningfully cater for their immediate needs. Davis (2006) further argues that cities have become the dump for surplus labour, with not enough employment being generated within the cities -this is supported by Altman, (2003) - and the marginalised urban poor opt to engage in activities that can earn them money, not because they desire to, but so that they avoid starvation and utter dissolution. Therefore, it is a combination of inequality (especially within cities), and the neo-liberal principles of self-reliance that are widely preached by NGOs and practiced by governments, that have lead this group of urban poor to start their HBBs.

For the second group, however, there are a variety of reasons for running HBBs, mostly personal ambitions or personal penchant. For this group starting a business was driven by desire for personal growth that they felt could not be reached through other means of earning an income (especially formal employment). An interesting observation from the findings was that the people who belonged in this group (who had desired to achieve a certain end by starting a business) also tended to be more educated and operated in more specialised businesses as compared to the ones who had reverted to HBB because of inability to meet their pressing households needs.

This, I took, to be indicative of the importance of education within the capitalist economy. Households who have better education appear to have the freedom to

make informed choice to be HBB owners or to work for wages when they are educated. For the uneducated, HBBs are probably the only solution to address the material deficiencies within the household.

4.4. Are HBB repackaged poverty: assessing the operations of HBBs

The research has so far established the kinds of HBBs that the urban poor engaged in, and the reasons why the households started these. What is needed now is to test whether HBBs are self-exploitation as Blake (2000) suggested or present 'decent work' as Tipple (2002) and other proponents of HBBs have suggested. The research had hypothesized that most of the HBBs are in informal activities and require longer working hours with minimal incomes, issues which Kakwani (2006) considers elements of poverty. To test the hypothesis four things were investigated: (1) the time spent in the business; (2) how the interviewees felt about the time they spent in business matters; (3) the employment and remuneration of labour; (4) the challenges experienced by HBB owners.

4.4.1. Time spent in businesses

Most interviewees estimated that they spent an average of 10 hours a day, working 7 days a week, in their businesses. For most, the earliest opening time was 05:00 for Day Care Centres and 05:30 for tuck shops working through to about 22:00 at night. Most interviewees did not really have a system in place to determine the hours that they spent in their businesses; it seemed that the time depended on business or clients:

> "… I do not have a proper schedule; my policy is that I should work hard, but I have no time frame, I do not have time. (Abruptly stops). It depends on the number of customers for that month, you see like now. I have the window frame and then the rug so then the customers will tell me to wake up, because if I do not wake up then they will be here looking for their stuff. Like now the other guy

was here looking for his zinc, it is a zinc on top here (Points at it) he says ‘hey! I want my zinc because the woman is busy putting the dishes on the floor, everywhere’. So I have to work harder; you can’t just sit , sleep and enjoy the bed when the money is at the door. Have to work. Sometimes I work until late you see? Until like 22:00 and I am working. Then sometime in the morning I feel tired and I rest the body. That is the interesting thing of doing your own business…” Mr Amisi 40 year old owner of a welding company, this interview was conducted in English.

Mr Tshivhase also shared how he has to stay open in order for his business to be viable:

“…That is why I was telling you that working for yourself is very hard. Most people think that it is freedom, but it is a lot more hard work. So I open at 6 in the morning, actually this 6 is just something in theory, because in practice I usually open around 5:30 and only when I am late I open at 6:00, then I go and I close at 21:00. (Pause) So you can calculate those hours, and tell me how many hours I work. And I have to do like this because if I do not do like that then it will not work for me, because I have to make sure that even these boys as they are going to school, when they are preparing for school they need bread. Then also someone comes from work late and they need something to use at their homes, so I have to stay open and it does not mean that between 8 and 9 I am busy but that I have to hang in here. Sometime in that one hour I could have served like 6 people or even one person. You see? So it needs patience, because some days it happens that people come in the morning or late and the other days they do not come and you can’t say that since they did not come yesterday today I am not opening. The day that you do not open it is the day that they are going to come, then they come and go…”. Mr Tshivhase, 38 years old owner of a tuck shop, translated from Tshivenda.

Mrs Moloto, a co-owner (her step-son is the main owner) in a tavern business said*:*

> "There is no specific time for opening. I do not want to tell you lies. There is no time for opening. If you open late then you lose money and so you have to open in the time you are able to make money; we go as there are customers. We do not have rules; so when the person comes we can not chase them away, we open. It is like when the people are still sitting and drinking we cannot chase them away. They sit and drink here (she points at the floor as to emphasise or identify the space she is referring to) and we can not chase them away (she holds her chin). We have to wait for them to finish drinking and then they will go. You cannot chase customers away (laughs)". Translated from Sepedi.

4.4.2. *Perceptions on working hours*

As the research concerned itself with the lived experiences of HBB owners, every variable in the research had to be measured as experienced and expressed by the interviewees. In order to establish whether the interviewees were overworked (in relation to the hours they spend in the business), I asked them how they felt about the amount of time they spent in the businesses: the findings varied. Some expressed unhappiness with the hours, while others said they did not have a problem with the hours they worked. An interesting observation was made: though some indicated not having a problem with the hours they worked, they still expressed a sense of having no choice but to work those hours if they wanted to earn viable incomes.

Some of the women stated that they had to balance two roles simultaneously: they run businesses and manage their households (cook and clean, take care of their children, etc). For example, Sally Denoka[6], a married 27 year old mother of

[6] First name used in later stages to indicate that the interviewee is a younger person

two and owner of a production-oriented business. She owns a fast food shop; she makes and sells *Sephathlo* (African burger), chips and sells other family groceries. Sally told me about the challenges of having to manage the business and the family:

> Sally: Well I start a bit late; usually I start around 13:00. I wake up and I have to first start with cleaning at the house and then when I am done there I come and open here. I am working on my own without any help; weekend is when I open a bit early.
> Interviewer: That sounds like a lot of work?
> Sally: Yes it is a lot of work (she laughs). I am serious; it is too much.
> Interviewer: So how do you create the balance between the family duties and this side the business?
> Sally: No, I just make sure that I start that side (in the house) and only when I am done that side then I come here and start this side. I do not do much in the house after that until I am done or I knock off this side around 21:00 and then I go back to the house. Sally, 27 year old owner of a fast food business, translated from Setswana.

Mrs Lekota was also not happy with the hours she worked**:**

> "Well I open early, like 07:00 in the morning and I close at 20:00. I have to bear it. You know even if or when I am tired I have to push because I want the money. Do you know how tiring it is to pack things up in the fridge? I will be packing things there and I have to go and get stock from town…". Mrs Lekota, 42 years old owner of a tuck shop, translated from Sepedi.

However, other interviewees indicated that they did not have a problem with the hours they worked, for example Reggie. He usually worked between 08:00 and 21:00 depending on customers and the season. Reggie said that his business was challenging, as there were times when people were not having their hair

done, and so, when the people did come he needed to work a harder to make up for the ‘time lost’. He was happy because people, and long hours, meant a bit more money. I asked him how the other members of his household felt about the amount of time he spent in the business and whether it impacted on his relationship with his girlfriend, who he lives with, and his son. He said that he tried to get her to understand because some of the times she had problems with it. He also indicated that he did not have a choice: if he did not put as many hours as possible in his business it would not grow:

> Reggie: Well my hours depends; in winter I open between 09:00 and 18:00 but in summer I open between 08:00 and maybe 18:00 or 19:00. But well I am happy.
> Interviewer**:** How does your girlfriend feel about you spending all this time in the business?
> Reggie: Ha, sometimes she is complaining, mostly when I am busy. You see like weekend or month end, I come in the house late and she is complaining. I get to the house like around about 21:00 then she is complaining. I try and I explain to her because I am not working for someone, you see? I am working for myself; the business is mine. Sometimes I have few customers, so when I have many customers I have to be happy and attend customers; just to replace the time that you do not have customers. So I think she is getting used to it. Reggie, 29 year old salon owner, interview conducted in English.

Julius also indicated that because he loved what he did, the amount of time he worked was not a problem. However, he also indicated a sense of being driven by other factors than his personal choice, in determining the times that he stayed open:

> “You can find someone coming and knocking at your door at around 6 in the morning; I mean for example yesterday I had

> someone coming to my house around 6 and I had to wake up and help them because if I do not do that then they can go to someone else and the worse part is that once you turn the person back then they can spread the word. They will tell people that 'that person is like this and that' and you will find that they are telling your potential customers, you see? I do not mind to be honest with you, like I really do not mind. I know that there will be a time when I would be making enough money and then I will start being strict. Like I can then be able to say 'if I open at 7, I open at 7' then I would not open at a minute before but at that time I say I want to open but I think another thing that controls my time or that makes me not feel bad about the time I spend here is that I enjoy what I am doing or what I do". Julius 28 year old owner of print/copy/video business, translated from Setswana with some parts done in English.

Julius' comments clarified some issues: he stipulated two factors that determined and controlled his opening and closing times. The first factor is the customer: whenever and whatever time the customer came he had to wake up and attend to their requests. This was something shared by other interviewees. For example, Mr Amisi mentioned that there were times when customers wanted their door frames or cupboards at a specific time and he had to work extra long hours in order to meet his customers' demands, to keep their business. The second factor was that his business had not yet been established. Since he is still establishing clientele in Lotus Gardens, it would be destructive if he were to turn customers back.

The research had hypothesised that HBB owners would work long hours and that they would, in a sense, be overworked and as in Blake's (2000) terms be double-burdened and self-exploited. What the research found however is that women tended to experience Blake's (2000) 'double burden' more so than men. This may be attributed to the different social and familial roles that men and women play. Traditionally women organize their lives around their responsibilities as

caretakers of their families, so that their work responsibilities would come secondary to their obligations to manage and organize the domestic, emotional and social life of their family (Lee et al, 2006). Women would (despite any other external activities) still have to take care of their households; this is something that Hochschild (1989) calls the 'second shift'. Therefore, above and beyond the duties in their HBBs, women have to shop for the family, clean the house, pay bills, do the laundry, and take care of the children. This is not true for most men, who tend to organize their lives around the demands of their work. Hochschild's (1989) second shift argument (though developed in the studies of women who are formally employed) can be used to explain why men were found to be less likely to have problems with the long hours as compared to women. Men might work long hours but then have time to sleep or rest when they get to the house, while women upon returning to the house, start another shift of taking care of their family. Women could, therefore, be experiencing an overload of work due to the fact that they perform many other duties in other capacities than men.

Although men were less likely to have problems with the hours they spent in the businesses, they were still (similarly to the female headed HBBs) fairly powerless to determine their operational times. They operated within a small area, with a limited clientele and therefore had to work extra hours in order to generate 'meaningful' incomes. Their working hours were not of their making, but were dictated by the nature of their businesses and the community within which they operated. No one is physically coercing HBB owners to work 10 hours a day (and to proponents of HBBs this may appear to be 'freedom'), as the owners themselves 'choose' how long they work. However, this is not, if HBB owners do not work those long hours they would destroy their source of income. They are in a sense exploiting themselves: they start their businesses using their limited financial resources and have to do everything possible to protect this investment.

4.4.3. Employment of labour and compensation thereof

The nature of labour, its employment and its remuneration did not vary much within the interviewed HBBs. Most HBBs relied on family members, or had the

owner working alone in the business - what Portes and Hoffman (2003) call ‘own-account labour’ and very few hired non-family members as labour. Family members who worked in the businesses tended not to be financially compensated, for example, Lizzy who worked in Mr Sibisi’s tuck shop. The elderly Mr Sibisi employed the assistance of his niece, Lizzy Sibisi, to assist in the business. She ran the tuck shop from opening, and selling during the day to getting the stock. When I asked whether Lizzy gets paid, Mr Sibisi actually laughed:

> “Well she does not get paid (Laughs) she works for the house. She is a family member and been asked to come and help, when you work for the family you do not work for money; the money goes to the family”. Mr Sibisi, (refused to tell me how old he was), owner of a tuck shop, translated from Setswana

This was confirmed by Lizzy, who sat in through the interview.

Mrs Moloto indicated similarly. She worked for her stepson who took over her business when she and her husband felt that they did not have the financial and technical capacity to grow it. The stepson holds a full-time paid job, elsewhere in town, and so Mrs Moloto helps with selling and maintenance of the business during the day. She mentioned that she did not get paid for her services in the business and that she would not ‘dare’ ask her stepson, as he is paying for most of the things in the house. When I asked if she got paid (just like Mr Sibisi) she also laughed, indicating that it was something not to even think about:

> “(Laughs). We cannot make him pay us for working here in the business. I mean he pays for everything in the house how can we still ask for more”. Mrs Moloto, 47 year old co-owner of a tavern, translated from Sepedi.

Mrs Moloto further mentioned about how she did not have UIF, which according to her she wanted to have, and could have it, if her stepson was willing to register her with the UIF. She continuously stated that he was the one who carried most of the operational costs of the house and that it would upset him if she asked for UIF and/or a wage:

> "It's just that you can not ask, because he can say: 'Why do you want UIF? This side I am paying rent, here I am paying food and all sorts of things and you still want UIF?' (Pause) 'If you do not have shoes I get you shoes, if you do not have dress I get you a dress', so that is my UIF. (Pause). I mean even the money to take part in societies [saving/burial schemes] he is the one who gives us the money". Mrs Moloto, 47 years old co-owner of tavern, translated from Sepedi.

The above conversations opened up the dynamics of HBBs; how work is organised within the household and remunerated. Despite not being paid financially, family members who worked in HBBs did enjoy the benefit from the revenues derived, which provided for the family's needs. Therefore at an individual level, the employees may appear to be disadvantaged as they do not have a source of income, but, at a household level, the whole household benefits from the money made from the business. From the perspective of the housing policy this need not be objectionable as government policies target households and not necessarily the individual. However, it is incongruous for the government and the proponents of HBBs, not to challenge neo-liberal views (which are pro-individual freedom to earn incomes), and still be comfortable with HBBs that disallow the individual to earn income from their labour. What is more, these findings are contrary to arguments by Tipple (2006a): most HBBs studied did not have the capability to create viable, stable and decent employment, certainly not for non-family members.

4.4.4. The challenges experienced by HBB owners

As already mentioned, most HBBs were not registered businesses, notably hair salons and tuck shops. They are, therefore, not recognised by other formal businesses and by government. Consequently, when government makes its decisions, it may impact on them negatively, as they would not have been consulted. For example, Mr Sibanda indicated that government had approved the construction of a big supermarket in Lotus Gardens, which according to him, would kill their businesses, but there was nothing that he or other business owners could do to stop it:

> "…It can happen that people do not come and buy here any more, it can happen. They are busy opening up a super market here. So we do not know. If people do not come and buy then I will be broke; how will I be able to send my kids to further their education?" Mr Sibanda, a 53 year old owner of a tuck shop, translated from a both Setswana and Thivenda.

Lucas Marimba[7] also gave insight into the challenges of unregulated competition amongst salon owners that characterises the area of Lotus Gardens:

> "You see we don't work together in the area. In this business we make money based on how many customers we take in. You find that you have a salon and you charge certain prices, then someone opens their own salons. Then when they do that they drop the prices so that they can attract more customers. Its like if you have a spaza shop and then someone goes and opens a new one and you were selling sweets at 25c and they come sell them at 20c, they kill your business because they attract more people. (Stop to think). Also you see the chemicals we use are also getting very expensive. You see that bucket? (Points to a 'Soft and Free' 5lt bucket of relaxer crème). I used to buy it for like R150 or something. Now it is

[7] First name used in later stages to indicate that the interviewee is a younger person

> R200 and something". Lucas, a 29 year old hair salon owner, translated mostly from Setswana with some parts done in English

Mr Sekhwela explained a different type of insecurity he faced in his panel beating business. He indicated that the insurance industry did not want to give him contracts, because he operated from his home without sufficient security. Because of that he had to rely on cash customers and more often than not, people did not pay him on time, or just did not pay for their cars at all, making his business very unstable:

> "Business is very unstable. I have to wait for the owner to have money. I have been doing this car here, you see the blue Chevy here (he points at the car parked in his workshop). I have been working on it for a little while now, it is about to be finished now, but now the owner does not have money. Then I have to stop and I wait for the owner to have money, otherwise I have to use my own money to go and get the spare parts for the car and sometimes I can finish and the owner does not come to fetch the car. Just like this maroon car also (Points at the maroon Opel Cadet parked next to the blue Chevy) it has been here for a long time, I worked on it and he has not been able to afford to pay me for the work that I did, (pause) so now I ask those guys they come they work and then they have to stop because there is no money…". Mr Sekhwela, 48 year old owner of a panel beating shop, translated from Setswana.

The findings therefore confirmed the hypothesis that most HBBs are informal, but unlike the Finmark Trust (2006), Hart (2006) et al who did not see this as a problem, I argue that informality created two challenges for HBBs in this area. Firstly, 'informal' and legally unrecognized HBBs are not necessarily a sector and therefore owners are unable to form a 'union' and have a voice against government's decisions that may impact on them negatively. Secondly, not having a code of good practice to protect them against bad business practices

(unfair competition, price fixing, etc), which formal businesses are protected against by institutions such as the Competition Commission, makes HBBs vulnerable. As a result, their incomes tend to be unpredictable and volatile.

4.5. Incomes earned from HBBs

As indicated in previous chapters, this research did not attempt to measure poverty directly or precisely. The intention of the research was to develop an understanding of the contributions HBBs make to the livelihoods of the urban poor and also in addressing poverty, based on how the owners actually feel. In order to achieve this, interviewees were asked a series of questions. Firstly, they were questioned on how much money (roughly) they made and how they spent it. Secondly, they were asked if they thought that the money they made was enough to provide for their families. Thirdly and lastly, they were asked whether they considered themselves poor before they opened their businesses, and if they thought that their businesses had helped them advance out of poverty. These different sets of questions yielded very consistent responses:

4.5.1. Incomes earned and where they are spent

Though most of the interviewees were not comfortable sharing details about their exact earnings, they indicated a general sense of dissatisfaction with the money generated from their HBBs. I asked them to discuss where and how they spent their money, so that I could assess whether the money was enough for them to afford beyond their basics. Most of them indicated that they spent their incomes mainly on stock (material/machinery), food, water and electricity:

> "…I pay rent, I buy food for the crèche then I still have to buy food for the house/myself. I mean they eat different things every day and you find that they say that this one does not eat this and this one does not eat that, and their food is very expensive. I have just started and I do not have a sponsor as yet, so all that money for the food needs to come from the tuition that they pay and they do not

pay that much. I mean I charge about R150 a child, it differs for the little ones who are months old, they pay a bit more. But even with that parents complain that it is too expensive for them. With that R150 from all these kids I have to buy their food and everything needed for the crèche and take care of my family and I still have to pay electricity. I mean there are times when I pay something like R200 for electricity and I still have to pay the water bill, it is a lot of things from very little that I need to pay for…". Mrs Khathi, 42 year old owner of a day care centre, translated from Setswana.

I spend it to buy material and also to get some stuff for the house, also I have to save for the business; to make sure that if just in case one machine gets broken, or the car that I use for the business, if it gets broken, then what ever I need to buy to fix them then I will get it out from the money I save for the business. Then I have to pay the stuff in the house, I have to pay for my kids education, paying electricity and water. My wife is not working…". Mr Magubane, 35 year old owner of a refurbishing business, translated from Tshivenda.

Some interviewees indicated that they were paying municipal rates, which they consider to be rent:

"… I buy food and then the stock. I buy food for the house, even the stock. See even when my child wants something I buy it for them. Oh even rent I pay rent. I mean where did you see an RDP house that you pay R4000? They send me a letter and say I need to pay R4000. Where am I going to get it from? I mean selling these things where am I going to get R4000? R4000 in a month? I paid R2500 to get my house you will not believe me. Now they want us to pay rent". *Mrs Lekota, 42 year old owner of a tuck shop, translated from Setswana.*

Interviewees also indicated that they had clothing accounts to service:

> "…I support my family. There is the child who is going to school so I have to pay for his school stuff; school fees and other things there at school. I have to buy food, my wife works part time so sometimes you find that she also does not have work so then I have to support them fully, (pause) we also have accounts with Jet for clothes. We have to pay rent and electricity and water, a lot of things. I mean I can pay something like R500 to R600 for the water and electricity". *Mr Sekhwela, 48 year old owner of a panel beating business, translated from Setswana.*

Only one interviewee indicated that he was able to save at a rate of about R200 per month:

> "So what I do with the money I get from the business? (paraphrases the question) I spend R600 on food, R100 on electricity, I spend R150 on water, every month. Then I make sure that I take R200 and I invest it; I put it and it adds on to that R500 *(had earlier mentioned having R500 saved in the bank). The other thing is that I make sure that I have about R500, every month in the house for emergencies those things that you just can't know, the emergencies…". Julius, 28 year old owner of a print/copy/video business, translated from Sepedi with some parts done in English.*

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Most of the interviewees indicated that they were not able to save any money, even though they stated that they would love to, as indicated by Mr Sekhwela and Mrs Lekota:

> "I would love to bank but, eish, the money is not there. So maybe if I was making a bit more then I would be in the position to save some of the money. But hai not now. I really do not have enough to

bank". Mr Sekhwela 48 years old owner of panel beater, translated from Setswana.

"…If the money I made was enough, (pause) if it was enough, I would be able to save but now I can't, (Pause) I mean if I was able to put something away then I would say it is enough. But now I can not, but as long as my kids have something, what would I say. As long as my kids get bread then ja…". Mrs Lekota, 42 year old owner of a tuck shop.

4.5.2. Have HBB owners moved out of poverty?

I asked interviewees if they thought they were poor before starting an HBB and whether they had been able to get out of poverty since having an HBB. The responses were as follows:

"… I am still suffering and I am still poor. But it's just that I have the basics covered. I have food and clothes on my body". Lucas a 29 year old salon owner, translated from Setswana with some parts done in English.

"…We are just suffering only. Hai! It is not enough. There are times I do not get money at all and in those times you probably borrow or something. So then by the time you get money then I go and I pay my debts then I am left with nothing…" . Mr Sekhwela, 48 year old owner of a panel beating business, translated from Setswana.

"... No not really. I do not make a lot of money here; I make just enough to keep the place running, like on food for the crèche and other things". Mrs Dina, 40 year old owner of day care centre, translated from Setswana.

There were only three interviewees who felt that the HBBs generated enough money for their households' needs. These tended to be households who had other sources of income and who did not think they were poor before starting their business. For example there was Mrs Moeketsi, a 53 year old woman, whose husband had a job in town and she owned a tuck shop. Her business is not the main source of income, but is a supplement to her husband's income:

> "We were not poor at all. My husband was working, so no. Just that I just wanted to work. For me the money is fine. It is not the only money I am reliant on. I can patch certain gaps with the money that I make from the business. I can add there and there were my husband falls short, I mean with the money I make here. I can do few things in the house, I can renovate the house and I can work on my yard. My yard is so big that I am sure I can even renovate or extend my house…". Mrs Moeketsi, 53 years old owner of a tuck shop, translated from Setswana.

Another lady, Mrs Khumalo, also used the money she earned from her business to supplement both her (she went back to work as a domestic worker but kept her business running) and her husbands' salaries. The position of the two women's households differed from those of other households which had limited incomes and relied on HBB money as their only source of income.

The research had hypothesised that HBBs would be earning minimal incomes and, thus, as not be making much of a difference to the livelihoods and poverty status of the households. The responses seemed to yield contradictory findings.

Financially, it was clear from the interviews that HBBs earned households incomes that they did not have access to, particularly for those who were unemployed and had no prospect of formal employment. They appeared to contribute something to the livelihoods of the urban poor, because for most of the households HBBs were their only source of income. This was their only hope to

feed their families, take their children to school and maintain their homes. Interviewees expressed a sense of happiness that they were able to do something positive and afford some things that they were not able to afford before they started their businesses.

Notwithstanding this, the research also established that the incomes HBBs earned were very low. This was shown by three things (1) interviewees' own expressed dissatisfaction with the money earned; (2) their inability to save any money; and (3) they could only afford their basic needs i.e. food, clothes (with some having to rely on credit for them to afford clothes) and education. These findings seem to confirm Rogerson's (as quoted in Davis 2006) concerns that informal businesses are survivalist and the incomes they generate are minimal. At times they are not able to even meet the household's basic needs. Using Townsend's (2006) definition of poverty, which equates subsistence with poverty, one can argue that since these households were not able to afford beyond their basic necessities they are still poor. Therefore, though the livelihoods of the urban poor might seem enhanced because they have access to some money from HBB activities, as a means of escaping poverty, HBBs are clearly inadequate.

Based on these findings I argue that, no government or development agency should be comfortable with the majority of the population merely surviving poverty, barely affording basics and possibly not being able pay for their children' further education. Some of the interviewees actually mentioned that they saw themselves as still being poor, which further indicates that HBBs have not provided these households with an escape route out of poverty. Therefore, giving poor households a house and seeing this as an opportunity for them to engage in HBBs to move out of poverty is supercilious, HBBs are far from being a 'way forward' in the global fight against poverty, as Tipple (2006) has claimed.

4.6. Summary of the findings

The current research established that contrary to the housing policy's intent and De Soto's arguments for giving the urban poor private ownership of houses, the urban poor households in this study, who have accessed fully subsidised government houses, did not approach financial institutions for credit in starting their businesses. Most of the households interviewed used their own financial resources (savings, UIF, incomes, spouse incomes and/or financial assistance from family members) to start their businesses. This means that the first pathway does not seem to reflect much what is really happening on the ground. Access to a house was also not found to be the main motivation when starting a business.

The research also ascertained that a number of HBB owners started their businesses out of necessity, but that there was also a group that started HBBs following their personal ambitions and goals. The research further observed that those who started HBBs out of necessity tended to be less educated and operated in less specialised HBBs, while those who started HBBs following their ambitions tended to be more educated, operated in production-oriented businesses (and were more likely to be men). The research established that the informal nature of HBBs posed challenges to their stability, viability and sustainability as they are not protected by the legal framework against unfair competition, and other business malpractices.

With regard to operational issues, the research established that HBB owners work long hours, an average of 10 or more hours a day, working 7 days a week. Men were less likely to have a problem with the hours they spent in the business whereas women tended to feel burdened by their responsibilities. This divergence was explained by the 'second shift' theory of Hochschild (1989), and attributed to the different societal and familial roles that men and women play. Despite this, the research established that for most interviewees (both men and women) the time they spent in their businesses was not a matter of choice, but because of customers and the nature of their businesses. On the issue of labour,

most HBBs were found to rely on unpaid labour by family members: this could either be the owner him/herself or another family member. The family members were not compensated monetarily, but seemed to benefit from the income generated for the household from the HBB.

Moreover, the research established that the incomes earned from HBB activities are very important to the survival of the urban poor households. However, the incomes remain very minimal, shown in households' inability to save or afford much beyond their basics and that interviewees expressed unhappiness with the incomes earned. This was taken to indicate that though there are definite positive contributions that HBBs are making in the livelihoods of the urban poor who have accessed government subsidised houses, the incomes generated are not sufficient for these households to advance out of poverty: in actual fact they remain poor. This was supported by the fact that most interviewees saw themselves as still being poor, despite having HBBs.

Chapter 5: Conclusions

This research tested whether HBBs contribute positively to the livelihoods of the urban poor who have accessed government subsidised houses, intending to examine two things. The first one was the adequacy of the current housing policy trajectory - of stressing private ownership - to alleviate poverty. The second issue was to examine the consequences of HBBs in poverty alleviation. In so doing make adjudication between two different sets of criticism levelled against the housing policy.

The current research had considered that in recent years researchers and practitioners have turned their attention to economic activities that poor households are doing for themselves. There is a debate on the value of these activities in addressing poverty (although often with minimal reference to the macroeconomic context within which they function). This is evident in South Africa, where the housing policy has been called to recognise and support HBBs within 'RDP houses'.

This research then investigated HBB activities amongst housing subsidy beneficiaries. According to the housing policy, these households are considered the urban poor (with households' income ranging from R0-R3500), which made them an ideal 'population' to test whether HBB activities could address poverty. If these urban poor households are able to use these houses as business premises and earn incomes that edify their livelihoods, helping them advance out of poverty, then HBBs would be worth investing in as viable strategy for other urban poor households. By focusing on subsidy beneficiaries, this research was able to analyse HBBs within the framework of housing policy intents and the country's macro economic policies.

The research examined the complexities of poverty, HBB activities, the contribution they make to urban poor households' livelihoods and the function of

government-provided privately owned housing in the whole debate. This was done by conducting 20 interviews with selected HBB owners. Specifically the following conclusions could be drawn from the current research, bearing in mind the limitations posed by its research design:

5.1. The least educated and poorest households start HBBs out of necessity

Two theories prevail with regard to the motivations why poor households start their businesses. Backed by neo-liberal thinking, De Soto (2000), the Finmark Trust (2006), Tipple (2002), et al put forward arguments that ownership of a house is important for the alleviation of urban poverty. De Soto (1989; 2000) argues that private property rights and the abolition of state intervention are paramount in addressing urban poverty. It gives the poor assets, which they can use to engage with the market, and with less regulation, and be able to strive in a 'profit rich economy'. Thus, when people own properties they would, by choice, start businesses to earn themselves incomes. However, Blake (2000) and Davis (2006) disagree with such thinking and argue that the self-help activities of the urban poor arise out of necessity, revealing the failures of the state to address the structural causes of poverty and effectively render services to the poor.

The current research tested these arguments and established that two groups of HBB owners exist. The first group is those who, contrary to the neo-liberal literature, were forced by circumstances to start their businesses. For this group, their primary motivation was to earn income and support their families. Therefore, as Davis (2006) states, they were not necessarily free individuals choosing to be entrepreneurs. This was supported by the findings that indicated that most of them had started by looking for jobs, and when they could not get 'decent' work, they turned to HBB activities. The second group consist of households who started HBBs by choice. These households, though also driven by wanting to make more money, had consciously and relatively willingly, made decisions to

start their businesses. Most of them were educated and tended to operate in more specialised production-oriented businesses.

In the light of these findings, the research concluded that Blake (2000) and Davis, (2006) and De Soto (2000) and Tipple (2006), were partly right. Blake's (2000) and Davis's (2006) arguments remain true for the poorest of the poor who are not educated, and to whom HBBs were the only way out, since they were not able to find formal employment. This group of HBB owners is made up of households with very limited and vulnerable sources of income; these are the urban poor that government has failed completely. De Soto's (2000), Tipple's (2006) and the Finmark Trust's (2006) arguments partly apply to urban poor households who tend to be educated and thus are in a better position to make choices about their pursuits and their livelihoods. For this group, their education had liberated them somewhat by giving them some options of employment in the formal sector.

In view of this, the research further concluded that education and not private ownership of a house expanded their opportunities. Since within the capitalist economy, labour is commodified and sold to the best 'bidder', the educated would be better positioned to flourish within it. Hence educated HBB owners were found to be in more specialised production businesses, and had made informed decisions about where they wanted to use their formally acquired skills.

5.2. HBBs are a manifestation of poverty

According to Davis (2006) HBBs should not be seen as 'entrepreneurial' but as 'self-exploitive' or poverty repackaged. From the research, there can be no doubt that HBB activities generated incomes that were greatly needed and appreciated by urban poor households; more often than not, HBBs were the only source of income for the household. They do, therefore, contribute some financial support for the poor households, but at what costs to these households?

The research found three things that were of great concern regarding HBBs. Firstly, the incomes generated were typically low. Most respondents were dissatisfied with the money earned and the inability to afford goods and services beyond the basics or save any of the money. Secondly, the amount of time owners spent in their businesses was found to be very high. Women were more affected by the long hours; they experienced a 'second shift'. They carried both house work and HBB responsibilities. This meant that they worked two 'jobs', both unpaid: they take care of the needs of their families and still run the business. Thirdly, HBB owners remain disenfranchised, powerless, and unprotected against business malpractice and powerful classes in society.

Based on these findings, I suggest that the magnitude of the financial contribution HBBs make to household livelihoods, is probably over-rated by the HBB owners themselves, because they often were unemployed or employed in low-paying jobs. Therefore, any analysis that focuses on the incomes that the individual household earns (enhanced livelihoods) risks ignoring HBBs' relatively marginalised position, their lack of productive technology, accumulated capital (both physical and human) and information, which are fundamental for any business to thrive and expand. Moreover, the different definitions of poverty considered in this research revealed the multifaceted, complex and structural nature of poverty: poor people are not just people without access to money, but they are people who are powerless, voiceless, generally over-worked but under-paid, excluded, and have limited sources of income. The findings of this research indicated that HBB owning households tend to have all these characteristics. Despite the fact that HBBs earn poor households' incomes, the costs of HBBs to the owners are high, as compared to the benefits, most so that the incomes derived are minimal.

Therefore, I support the argument that Blake (2000) made: HBBs cannot be seen as a viable strategy to address poverty. If anything, HBBs are poverty that is 'repackaged': a self-exploitation that is encouraged and often praised as showing the resilience, courage and resourcefulness of the urban poor. This paves the

way for the minimisation of government's role in ensuring equitable distribution of resource. Thus, even when resources are being transferred, as in housing through the BNG, within (and influenced by) a larger neo-liberal context characterised by massive, and growing unemployment and poverty, at best, households reproduce but cannot transcend poverty.

5.3. Recognising livelihoods is not addressing poverty

Furthermore, the research had made a distinction between poverty and livelihoods, defining poverty as a lived experience, and understanding livelihoods as a concept that enlightens us on how poor households survive in their social state of being poor. This distinction was important, and the findings of the research indicated that there is value in seeing households as individual entities within society, and identifying how they survive poverty. However, concentrating on an individual household can take attention away from where the problem originates i.e. society, and has the potential of ignoring equity issues. Therefore, identifying, establishing and recognising activities that the urban poor households employ in order to survive poverty, such as HBBs, cannot be equated with finding means that change the structures that cause poverty, even when government policy recognizes and supports them.

5.4. Overall conclusion

Notwithstanding the limitations of the research, I concluded that the findings of the research supported arguments made by Davis (2006), Chau (1995), Forrest and Murrie (1988), Meikle (2002) and Blake (2000). The extension of home ownership to more than 2.6 million households did not structurally transform society nor alter the deeper structures responsible for producing, and reproducing, poverty. This is not because the housing policy lacks sophistication (as would be suggested by proponents of HBBs), but because of its current conceptualisation (as an infrastructure driven programme that transfers a non-productive asset on a once-off basis) and the broader context within which the policy operates. This failure, therefore, is not of the housing policy alone, but

should be attributed to the broader macro-economic policies of the South African government. Access to houses is important; however, it can not address the plight of the urban poor, even when HBBs are factored in. In actual fact, focusing on HBBs rationalises and substantiates the individualisation of poverty and neo-liberal fundamentals.

What South Africa needs, to effectively address poverty, are more structural and transformative solutions that challenge the dominant values and the interests of the dominant class in society: a growth strategy that is people-centred and not centred only on ensuring capital accumulation. This research showed how urban poverty was deliberately created by the apartheid government, and then perpetuated by the policies of the ANC government during the first decade of democracy. It will, therefore, take deliberate action from the current government to meaningfully and justly address poverty. Government needs to channel its spending towards activities that ensure social justice, equity and improved standards of living for all. Access to housing is fine and HBBs do earn poor households some incomes; however this does not achieve the level of transformation required in South Africa. In addition, extensive efforts need to be made to roll-out education (stop the transfer of poverty to next generations) and employment (with decent pay), both of which remains fundamental to the upliftment of poor households. Moreover government needs to improve the quality, and reduce the costs, of public services such as health and transport, and municipal services. By doing this, government would reduce the cost of living for South Africans in general and give both the poor and the rich access to similar standard of services. This would be a positive step in addressing some of the equity issues that are obstinate in the current neo-liberal South African, if, democratic society.

Therefore, I propose that looking at HBBs (within the context of housing policy - subsidy beneficiaries) to claim success for the official housing policy in addressing poverty, even in partiality, is a bit flawed. It has the tendency to deepen the principles of neo-liberalism that devolve government's responsibilities

of building a better life for all and creating jobs, to the poor themselves; and takes focus away from class inequality issues that are prevalent in South Africa. HBBs are, and should be looked at, to a large extent, as a manifestation of urban poverty, and a reflection of the state's inability (or lack of commitment) to undertake serious transformation and redistribution.

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Annexes

Annexure A: Sampling Frame

Name	**Street**	**Business type**	**How to get there…**
Lotus garden panel beaters	Citroen street Lotus garden	Panel beater and scrap yard	
Sentation panel beaters	Citroen street Lotus garden	Panel beater and scrap yard	3642 Main street
scan an print camera	Main street Lotus garden	Printing Service	117 Moswangan street
Jotact tuck shop	Main street Lotus garden	Grocer	Main street
Cel C phone booth	Main street Lotus garden	Public phones	3677 main street
Tuck Shop	Main street Lotus garden	Grocer	Main street
Ice blocks	Ruth first	Refrigiration	Cnr Ruth first and Citroen stree.
Butchery and fast food	Ruth first	Selling meat and food	Cnr Ruth first and Citroen stree.
Big lover Hair salon	ruth first	Hair salon	92 Ruth first
Cell c phone booth	Walter sisulu	Public phones	264 Walter sisulu
Tuck Shop (didn't have a name)	Walter sisulu	Grocer	265 Walter sisul
Motlokwana Tuck shop	walter sisulu		4238 walter sisulu
scrap battery for sale	Walter sisulu	Buy batteris from people	
Machipisane tuck shop	walter sisulu	Grocer/tuck shop	165 Walter sisulu
Kulani day care	Walter sisulu	Day care	Walter sisulu
Mboweni tuck shop	Walter sisulu	Tuck shop	72 walter sisulku
Mosese se le	Walter sisulu	Tuck shop	
Joezar tuck shop	Ruth first	Tuck shop	
Mandima spaza shop	Ruth first	Tuck shop	
Refubrishing Business		Refubrishing/service oriented	
Siya khula day care	M. Rolihlahla	Day care	
Lucia Tuck shop	M. Rolihlahla	Tuck shop	2933 R. M. Mandela
Boma boma tuck shop	M. Rolihlahla	Tuck shop	
Welding Business	M. Rolihlahla	Welding/production	

Tuck shop	Modutlare cress		
Charlse tuck shop	3518 M. Rolihlahla		
Jerry's Hair salon	M Rolihlahla	Hair salon	3456 Rolihlahla
Mastaken	M Rolihlahla Street	Copy/print/video business	3156 Rolihlahla
Kondo driving school	M Rolihlahla Street		3386 Rolihlahla
Mikes tuck shop	M Rolihlahla Street	Trarven	99 rolihlahla
Tendani's tuck shop	Jabulani streert	Tuck shop	Jabulani street turn cnr Rolihlahla and Jabulani and the house is there
Litlte star day care	Mookswane	Day care	64 Mookwsanw cresent street
Cell c phone booth	M. Rolihlahla	Public phones	
Trisano Funeral parlor	Rholisizwe	Funeral parlor	32 Rholisizwe street
Mbalika Tuck shop	Rholisizwe	Tuck shop	33 Rholisizwe
Bra Phil Hair salon	Rholisizwe	Hair salon	
Dina Day care	Rholisizwe street		64 Rholisizwe
Mujahid Tuck Shop	Rholisizwe	Tuck shop	3622 Rholisizwe
Bra Phil Hair salon	Govan Mbeki	Hair salon	Govan Mbeki street
Jazz blazer	Govan Mbeki	Tuck shop	Govan Mbeki street
Chicken something	Govan Mbeki	Selling cooked food	2663 Govan Mbeki
Ditlou Tuck shop	Govan Mbeki		
Tailor	Govan Mbeki	Tailor services	1267 Govan Mbeki
Tuck Shop	Govan Mbeki	Tuck shop	
Phumza Tuck shop	Govan Mbeki	Tarven	Cnr Govan mbeki
Tuck Shop	Govan Mbeki	Tuck shop	Curve of govan Mbeki
Ice products	Morobe street		2299 Morobe
Roses tuck shop	Morobe street	Tuck shop	
Vhamusanda Tuck shop	Mohlathswa street,	Tarven	
Tuck Shop		Tuck shop	
Nzama tuck shop	Rholisizwe street	Tuck shop	Rholiszwe street

Annexure B: Interview schedule

INTERVIEW SCHEDULE

1. Race
2. Gender
3. Age
4. Are you head of household or assistant head of household?[8]
5. How many people live in the house?
6. What are the ages of the people who live in the house?
7. How long have you lived in this house?

- Where did you live before?

8. Did you have your business when you were living in the area you moved from?
9. What are your sources of income? (

- Is there someone your household who is employed?
- Do you receive any child grants?
- DO you receive any pension grants?
- Do you receive any disability grant?

10. When did you start your business?
11. Where did you get the capital/money to start off the business

- Did you save?
- Did you get a loan?
- Did you borrow from friends?
- Did you or someone in the family had a job so used their income?

12. What made you start your business?
13. If you did not have the house from government would you still have started your home business?

[8] Head of household is defined as the main decision maker or the person who owns or rents the dwelling or the person who is the main breadwinner as chosen by the household. Acting head is the person who assumes the responsibility of making decisions in the absence of the head of the household

14. Has your business grown since you started?
- Do you make more money now that you did when you started?
- Who are your customers? Do they come from around Lotus Gardens?

15. What are your operating times for your business?
- What do you think about the hours put in the business?

16. Who works in the business?
17. Would you kindly tell me roughly how much your business makes per month?
18. How sustainable are the earnings from the business?
- Do you make this kind of money all the time?

19. Where is the money spent?
- Do you spend any of the money on the children?
- Do you spend any money for household goods (food, clothes, paying bills)

20. Do you think that the money made from the business is enough to provide for your household's needs?
- Are there things you were not able to provide that now you are able to since you have the business?
- Do you supplement this income?
- How do you supplement it?

21. Do you think that having your business has helped your household? In what ways?
22. Do you think you where poor before you started your business?
23. Do you think that having a business has helped you to not be poor anymore?
24. Do you think that there are opportunities in having a home business?
25. Where do you see your business in the near future or in the future generally?

Annexure C: The map of Gauteng province



Annexure D: The map of City of Tshwane
(Central Western Region, lotus gardens in Red Square)

