

## Challenges, Constraints and Complexities Facing Cross-Border Small-Scale Informal Entrepreneurs amongst Zambia-South Africa Traders

Mavhungu Abel Mafukata

Vhuthali Management and Leadership Institute, PO Box 331, Louis Trichardt, 0920, RSA

\*Corresponding Author

Mavhungu Abel Mafukata

Email: [drmafukata@gmail.com](mailto:drmafukata@gmail.com)

**Abstract:** The main objective of this mixed methodology paper is to investigate the challenges, complexities, red-tapes and constraints affecting small-scale cross-border traders. The focus is on traders doing business between Zambia and South Africa. The paper is encouraged by the current increase of this market between Zambia and South Africa. The majority of the traders are informal based, and conduct unregistered activities. The majority were from Lusaka (75%), Kitwe (8.3%), Ndola (5.5%), while others came from the rest of Zambia (11.1%). Traders are faced with anxiety, fear and other psychological challenges because of anticipation of Xenophobic violence against foreigners in South Africa. In addition, long distances on the road from Zambia to Johannesburg, and back are strenuous. Traders also are confronted with extended period of time on business away from home and unfriendly customs and police officials at the border and on the roads. Border officials should be re-educated with regard improvement of relations with immigrants. Officers must comply with international migration regulatory frameworks to promote regional economic growth.

**Keywords:** Bribes, cross-border, entrepreneurship, feminisation economy, micro-finance.

### INTRODUCTION

Individuals and communities who are poor seek for coping strategies for household livelihood provision – no matter how hard and challenging the coping strategies might prove. As a result of political crises and stressed economies with collapsed national economic systems characterised by huge foreign debts which lack capacity to create and provide formal employment opportunities for the poor in most developing regions such as Sub-Saharan Africa, individual small-scale informal entrepreneurship dominates economic activities in those regions [3]. However, it is not that emerging entrepreneurs would not want to engage in mainstream formal economic trade, but insurmountable complexities and sophisticated institutional red-tapes associated with entry of emerging entrepreneurs in the mainstream formal economy sideline the majority of the emerging entrepreneurs from entering mainstream formal market – thereby keeping potential and aspiring entrepreneurs in the informal market.

In other words, the informal trade space is not necessarily the preferred market by emerging entrepreneurs but an easier option for the resource poor new market entrants who more often than not lack adequate start-up and maintenance capital for their venturing enterprises [4]. In other words, out of desperation to put food on the table for their

households, informal trading becomes the best option for the small-scale informal entrepreneur. On the one hand, the informal trading space has not provided a free-flowing operational systems as the space is also bedevilled with insurmountable challenges of its own. Critically though is undated lack of financial capacity of emerging entrepreneurs – especially women to provide start-up capital resorting therefore to informal micro-finance sources to access the needed capital [5, 11, 17]. Lack of start-up capital amongst small-scale informal entrepreneurs is also exacerbated by the fact that traditional mainstream formal financial institutions are not interested in doing business with small-scale informal entrepreneurs let alone the cross-border group [4]. The traditional reason of mainstream formal financial institutions apparent lack of interest for funding small-scale informal traders is that these traders are mostly “unbankable” and therefore posed serious market and profit risk for the institutions [2, 5, 11, 15]. As a result of the negative attitude of mainstream formal financial institutions towards informal trading in general over the years in the developing regions, the informal entrepreneur has therefore found it very difficult to survive and do business [4, 5, 11, 17]. The emerging entrepreneur is therefore placed within two hard rocks which impede the entrepreneur to do business and engage in sustainable livelihood options. In fact, the cross-border informal economic activities have been by and large widely ignored even at policy

level in most African states for decades – especially post-independence despite the sector's immense potential to improve and fast-track regional economic integration. Despite the daunting challenges and constraints, the emerging entrepreneurs who survive the hardships and challenges of livelihood strategies of the informal sector in the economy manage to provide for their households. Informal small-scale business practices such as street vending and cross-border trading have been widely employed by the poor as strategies to provide for their households in the developing regions for decades [9, 11, 19] despite the sectors' devious constraints, challenges and constraints.

This paper traces such operational constraints, challenges, bottlenecks and red-tapes in the cross-border small-scale informal entrepreneurship between Zambia and South Africa. From the plethora of reviewed literature, it is evident that cross-border entrepreneurship is not meant for the faint-hearted but nevertheless, entrepreneurs persist – especially women [4, 8, 19]. A plethora of constraints and challenges have been identified and profiled especially in social and economic science research [4, 9, 19] in Sub-Saharan Africa for over three decades to date. This goes as far back as the 1980s when there had been dire economic constraints affecting most economies South of the Sahara – with the fall of commodity prices such as copper in Zambia for example in the international trade market, also exacerbated by draconian poor governance of public service administration and government in the region by the authoritarian and greedy political elites.

Women struggles in the cross-border informal business have been debated and profiled for decades South of the Sahara in general, and in the Southern Africa Development Community (SADC) sub-region in particular. Despite a few notable positive changes such as creation of one-stop border posts in some borders such as Chirundu between Zambia and Zimbabwe in the north for example, there have been however little policy impact of such studies in other border operational factors. The policy and research interest of informal cross-border studies has been intensified in the region – especially with the growth of this economic option as a livelihood survival strategy for the majority of the poor of the region. The quest of these studies and policy proposals is to provoke the authorities to intensify policy reforms to make informal cross-border business more viable and sustainable for the sake of improving livelihood options for the resource poor, and in addition, creation of a better trade environment in the sub-region in general.

Cross-border informal entrepreneurship is fundamental for the economy South of the Sahara considering its massive contribution to Gross Domestic

Product (GDP) to the value of from which approximately 43% of the total population in the region relies on it for household income generation [2]. Cross-border informal trading is a viable income role player in the developing regions – especially based on the sub-sector's potential tax and customs duty contribution [4]. Paradoxically, the activities of cross-border informal entrepreneurship feed both the entrepreneur and “those others” operating outside “formal” cross-border entrepreneurship.

This paper postulates that the informal cross-border activities have two forms of entrepreneurs; the formal entrepreneur who crosses the borders to do business and “the other informal” entrepreneurs such as border officials, thieves who rob the traders their goods and money, middle-men and even the state who depend on the “formal” entrepreneur for benefits. As an example, the “formal” entrepreneur survives from the income generated from the activities while the “other informal entrepreneurs” such as corrupt border customs official for example holds indirect trade shares in the form of bribes from the entrepreneurs in this small-scale informal cross-border “company” where the other “informal” beneficiaries contribute nothing. The thugs and robbers who operate between borders and place of destiny for the entrepreneurs benefits by robbing – at some point at gun point the vulnerable entrepreneur [8]. In some borders such as Beitbridge between Zimbabwe and South Africa – and Nigeria-Republic of Benin for example, there are “middle-men” who assist and negotiate “fair” charges through extortion between the customs officials and the informal cross-border trader to allow the trader to have a smooth crossing with goods who must also get a slice of the cake [19]. In fact, it has been widely reported that the majority of cross-border traders paid their way through the border on daily basis without following due processes. Some in fact crossed borders without proper documentations having had bribed border officials to allow them to pass. Those who do not have the money to bribe the officers crossed through border jumping.

On the one hand, the state with its draconian customs duty and related taxes also feeds – sometimes unjustifiably from the same pie [19]. The state benefits immensely from the informal cross-border entrepreneur tax payer without fulfilling its moral and legal expectations on the improvement of service to the tax payer. Commentators such as [4] therefore argue that there should be some policy changes on how cross-border entrepreneurship is conducted in order to effect facilitation of behavioural change at the border – especially on state agencies such as border officials who continue to abuse and harass the entrepreneur – sometimes through draconian state regulatory policy measures and/or mere mischief on how service should

be dispensed. [4] Further advocated for the formalisation of cross-border entrepreneurship and the subsequent systems governing and regulating trade activities. As matters are, cross-border informal entrepreneurship is an interwoven system of conniving beneficiaries who must all illegally benefit from one vulnerable woman who wants to provide for her household, but who continues to be cheated and robbed off her hard earned cash and livelihood in-front of those who should be protecting her – the law enforcement agencies. The “other informal entrepreneurs” such as border customs officials have this adage “*Ri la rothe kana ra shela mavu*” in *Tshivenda* language of northern Limpopo Province, South Africa – loosely translated meaning “*We eat together or we spoil your business*” The one who pays and provides for everyone is the trader vulnerable woman – who must do the business anyway, and anyhow. In other words, there are so many households apart from those of the cross-border traders who benefit and survive from the cross-border activities. The bread winner is the vulnerable cross-border small-scale informal trader who fights to maintain the activities to the benefit of so many visible and invisible households by providing food security, household income creation and more broadly growing the regional macroeconomic and social ramifications by alleviating poverty of a plethora of beneficiaries [2]. The other beneficiaries wait at the border.

The main objective of this paper is to investigate the challenges, red-tapes and constraints affecting informal small-scale cross-border traders who do business through travelling between Zambia and South Africa. The specific objective(s) of this paper are to:

- characterise the socio-demographic nature of the Zambian traders
- profile the opportunities of cross-border trading between Zambia and South Africa
- profile entrepreneurship adopted by Zambians – particularly between Zambia and South Africa
- determine the contribution cross-border entrepreneurship makes for households in Zambia
- look at means and ways to improve cross-border business between Zambia and South Africa

This paper is guided by the following research questions:

- What are the socio-demographic characteristics of the adopters of cross-border trading as economic coping strategy between Zambia and South Africa?
- What is the nature of cross-border

entrepreneurship between Zambia and South Africa?

- What are the main contributions of cross-border entrepreneurship in a Zambian household?
- What is it that needs to be done to improve cross-border entrepreneurship between Zambia and South Africa?

The choice of Zambia-South Africa cross-border entrepreneurship is based on the sudden increase of Zambian interest on the South African market – especially with regard its cheaper prices on goods, easier travel logistics compared to elsewhere in the region and the cordial political relations between the two countries bearing Zambia's role in the political struggle of the African National Congress (ANC) against apartheid of the former White minority regime of the National Party in South Africa.

## LITERATURE REVIEW

This section reviews the literature relevant to issues of cross-border trading in Sub-Saharan Africa with reference to the problem under investigation in this regard.

### A brief synopsis of cross-border trading in sub-Saharan Africa

Contrary to the assertion and belief expressed by [8] that informal cross-border trade (ICBT) had only emerged after the aftermath of the African economic crisis of the 1980s, cross-border entrepreneurship has instead been a common practice of Africans as far back as the pre-colonial era in most regions of the African continent [3, 14, 18, 20]. According to [20], Africa has had stable and thriving cross-border economy well into modern trade. To date since, informal small-scale cross-border trade has been a major provider of household livelihood of hundreds of thousands households in the entire African continent [4]. It is noted in African economic history that Africans were active traders in Botswana in Botswana, Mapungubwe in northern Limpopo, South Africa, Great Zimbabwe, Ghana and Mali for example trading with countries such as China in the east [3, 14, 18, 20]. Africans had traded amongst themselves and even across the borders long before the introduction of international trading systems brought about by colonialism and imperialism on Africa which confined trade inside respective countries through restrictive regulatory laws which viewed such trading as being illegal [14, 7, 20] chronicled African cross-regional trade in Botswana and Nqoma in Botswana, Mapungubwe, Great Zimbabwe with regions such as Arabian-Chinese block, some parts of Europe, Indo-Asia, Iran-Pakistan and Middle East with valuables such as ceramics, mining products such as gold and tin, clothing made of hides and other luxuries such as metal

glass and Zhizo beads, jewellery and Indian cotton cloth amongst others. The so-called *Vhashavhi* – a sub-group of the *Vhavenda* tribe of northern Limpopo Province, South Africa are known to have been one of the oldest trading Africans south of the Sahara – long before colonialism and imperialism in Africa. *Vhashavhi* had traded on their beautiful pottery for decades across the continent – especially with the Portuguese. Early Indians such as Komati from whom the name Komatiland is derived and Malay-Indonesian traders frequented and interacted with African traders for gold in the Eastern part of South Africa in current day Mpumalanga as far back as the first and early second Millennium AD in an Indo-African cooperation which lasted many decades [7]. From the resultant trade, Africans were able to build wealth reserves from which they made crucial infrastructural investments developing influential and competent modern cities such as Mapungubwe, Bosutswe and Nqoma in Botswana and Great Zimbabwe amongst others with significant economic powers characterised by highly developed trade routes such as Pumbe through the Lebombo mountains to Delagoa Bay for the international market [7, 20] to name but a few.

#### **Benefits and spill-over of cross-border trading in livelihood improvement**

In the current dispensation, cross-border trading amongst informal small-scale businesses is growing into a viable economic practice assisting thousands of households cope with domestic economic challenges and stress – especially cash-earning and poverty reduction [8]. [8] further opined that women have been in the majority in the cross-border entrepreneurship – especially in Sub-Saharan Africa for decades. Small-scale cross-border trading has had some significant effect on the reduction of household poverty in most countries in Sub-Saharan Africa at large for example. On the one hand, in Zambia, cross-border informal small-scale trading has become the mainstay of several households livelihood provision – especially amongst those individuals from resource poor backgrounds who lack resources to do formal business inside Zambia.

In the early 1980s, Zambia experienced massive economic melt-down during the collapse of the copper-cobalt mining sector in the country which led to the economy shedding massive employment opportunities – especially in the country's major mining areas such as Kabwe and the Copperbelt cities of Kitwe, Mufulira and Ndola for example [17]. The inability of the Zambian economy to create formal employment opportunities for millions of unemployed adults – especially women and youths thereafter compelled the poor to engage in informal business practices both inside Zambia and the neighbouring countries such as

Angola, Botswana, Congo DRC, Malawi, Mozambique, Namibia and Zimbabwe for example. Some Zambians also travel as far as South Africa and Dubai for business. Women entrepreneurs buy goods from these countries which they re-sell back home for profit.

#### **Cross-border trade and empirical research and policy interests in the developing regions**

Of late, cross-border economic activities have been receiving considerable interest at research and policy levels. Most of the existing studies on cross-border informal entrepreneurship are mainly on the economy's lack of participation in the taxation of trade and lack of state intervention through regulatory policies on informal cross-border trading. There has been however some growing empirical interest [8] on cross-border economic activities with regard challenges and constraints faced by traders – especially women traders in Sub-Saharan Africa in general. However, cross-border entrepreneurship studies on longer distances such as that between Zambia and South Africa are rare and/or non-existent. These entrepreneurs experience aggressive conditions of trade on daily basis. For example, considering the daunting trade challenges and constraints with regard foreign nationals involved in small informal business in South Africa, it is imperative that a study of this nature be undertaken to investigate ways and strategies to improve how small-scale informal business could be improved in the region – especially between Zambia and South Africa.

#### **Nature of cross-border trade between Zambia and South Africa**

There are two kinds of foreign nationals-South Africa business modes affecting small-scale informal entrepreneurs – especially for Zambia. First is the cross-border trading involving Zambians who travel from time to time between Zambia and South Africa. Secondly, there are Zambian small-scale informal entrepreneurs who do business inside South Africa. These groups have different environments and experiences in doing business in South Africa. For instance, those Zambians who do small-scale retail informal business inside South Africa are exposed to challenges such as violence against foreign shop owners and Xenophobic attacks by South Africans as reported in various studies [15, 16] on Xenophobia in South Africa. The majority of small-scale informal trading activities in Zambia are for subsistence reasons [17], and are therefore mainly women dominated activities. The issue of women dominating subsistence livelihood practices is common in Sub-Saharan Africa – amongst women cross-border entrepreneurs [8].

The dominance of women in this sector could be ascribed to lack of productive resources amongst women to engage in large scale commercial businesses.

First, women are unable to access loans and credit from mainstream formal banking institutions to establish their businesses; a practice which excludes women from active economic participation because of gender biased practices in most developing regions such as Zambia. This explains the reason behind the majority of women informal traders having to obtain their business funding from personal savings and loans from friends, family and women small-scale informal money lenders [13, 17]. In countries such as Zambia and Zimbabwe for example, small-scale micro-finance institutions such as Kufusa Mari micro-finance assist women in informal business with capital [5, 11, 17]. However, these institutions could only provide short-term loans which might not be adequate to expand business. Informal traders are therefore trapped in “*small-scale buy and sell*” approach without venturing into mainstream commercial activities.

In addition, low educational levels and lack of proper skills affecting the majority of the women in most developing regions means that the majority of the women fail to meet the increasingly high required minimum standards set for formal employment in most developing countries – both by government and private sector. Based on this formal employment exclusive standards which disregard the limitations of women, the majority of women who would not find any formal employment seek for alternative livelihood options in the informal small-scale business sector – and hence the dominance of women of small-scale informal trading in most communities in Sub-Saharan Africa – Zambia included [9]. It is clear that gender imbalances and feminisation of economic practices also are skewed against women in Sub-Saharan Africa leaving women in lesser productive activities such as informal trading [6, 9, 14]. Women comprised approximately 90.6% of informal business trading in Zambia [9]. Women mostly trade in small items such as beans, maize, rice, clothes and traditional printed textile and shoes amongst others.

#### **THE CHALLENGES TRAVELLING LOGISTICS – ESPECIALLY BEING ALLOWED ENTRY INTO HOST COUNTRY**

According to [10], South Africa remains one of the most difficult countries to enter by Africans. Stringent travel document rules and regulations make entry very difficult. This issue has been historical since apartheid. In addition, obtaining South African Visa and permits is daunting for foreign nationals. Various reasons are advanced.

#### **Transportation of the (heavy) goods**

The goods are transported on buses, small vehicles, trucks and sometimes trains or carry over the head through borders [13, 19]. Cross-border trading is

tough business but something that provides crucial household livelihood for the women. Women must survive the torturous business nevertheless [8], carrying of heavy goods on heads across borders has never been an easy task even for the mightiest of men [19]. The fact that cross-border informal trade relies on transportation of goods from one geographical area to the other makes it an expensive activity since the traders have to pay for transportation services. In other words, traders are faced with high transaction costs resulting from high transport costs and other related activities. In fact, [4] concedes that cross-border small-scale informal entrepreneurship is costly.

#### **Anxiety, fear and other psychological challenges suffered by cross-border traders**

Whether imagined or real, the situation is that cross-border traders are intimidated of doing business in South Africa for various reasons. Amongst others, [19] reported anxiety on women Zimbabwean cross-border traders doing business in South Africa with regard bad attitude of South Africans over foreign nationals – especially Zimbabweans. Currently, emerging literature on cross-border trading of foreign nationals from elsewhere would mention increased anxiety and fear from entering South Africa.

#### **Attacks on foreign nationals**

Cross-border traders are exposed to fear – this fear is instigated by pre-suppositions of Xenophobia by South Africans against foreign nationals living and working in South Africa. The South African Xenophobia exaggeration is propagated by the media and commentators who lack understanding on issues of violence, attacks of foreigners and looting of shops in some areas of the country portraying South Africans as killers of foreign nationals on the one hand. A plethora of emerging thoughtful researchers and commentators [12, 16] opine however to the contrary that most violence – including those that target foreign nationals and their businesses were more often than not sparked by elements of criminality – especially during community protests in townships by rogue individuals and groups who capitalise on prevailing social unrest at the particular point in time – more than Xenophobia.

[12] for example cites the issues behind the May 2008 Alexandra township violence and attacks on foreign nationals as having had been sparked by the attack, beating and killing of a South African national by a group of Zimbabwean nationals who wanted to assist their compatriot in a street fight with the South African. South African nationals, after the killing of their own by the Zimbabweans mobilised and started to attack Zimbabwean nationals indiscriminately. However, in the mayhem, some members of the public who were not Zimbabweans were also caught in the

cross-fire. South Africans were also killed and displaced in the violence. These issues were blown out of proportion and termed “Xenophobic attacks” of foreign nationals in what [12] calls “*narrowing the realities involved*” approach in Xenophobia speculations each time there were attacks on foreign nationals. In fact, it is on record also that the January 2015 attacks on foreign nationals and looting of shops in Dobsonville, Soweto on the one hand were also sparked by the killing of a young man aged 14 years by a Somali national after the boy had broken into the Somali’s shop to steal an item. In retaliation, the Dobsonville community started to attack the foreign nationals – and the violence spread to other parts of the Gauteng Province. It not like the residents of Dobsonville were Xenophobic. Criminal elements such as gangsters seize the opportunity presented by chaos and anarchy to loot shops belonging to foreign nationals [12]. The issue of the criminals not looting those shops belonging to fellow South Africans could be explained by the fact that it is easier to be identified by the local shop owners when you are a South African, but chances are that foreign nationals would not identify the looter. Foreign nationals become easier targets of convenience – not necessarily hatred.

#### **Lack of protection by law enforcement agencies of vulnerable traders**

It has been widely reported that foreign nationals received inadequate protection whilst in South Africa, and therefore remain easy targets of criminals.

### **METHODOLOGY**

#### **Theoretical Framework(s)**

This paper adopted the framework developed by [2] which focused on the six determinants of informal cross-border trade to analyse its problem. [2] further opined that cross-border informal entrepreneurship is determined by amongst others:

- Limited market information
- Lack of trade facilities
- Inadequate border infrastructure
- Limited access to finance
- Corruption and insecurity
- Knowledge, education and management skills

In addition to the [2] theoretical framework, this paper also employed the principles of analysis based on institutional and social factors respectively. The institutional factors look at issues of policy and regulatory frameworks at government level. On the one hand, the social factors look at community and societal imperatives such as human relations – including issues of Xenophobia.

#### **Study methods and processes**

The study was undertaken in June 2014. The researcher, together with the two assistants decided to observe the proceedings from the journey to the border. We intercepted the trip at Makhado, a town situated approximately 500Km away from the Johannesburg Park City station where the trip had started. The team was offered some refreshments in the form of tea, a bottle of water, soft drink and lunch immediately into the bus. The other travellers had already had theirs. In an hour or so, the bus arrived at the Beitbridge border post which is the northern gateway of South Africa into Zimbabwe in the South. Custom processes took approximately two hours on both the South African and Zimbabwe border sides.

The bus started off from Beitbridge for Chirundu border post at 20:40 and travelled through the towns of Gweru, Kwekwe, Chegutu and Chinoi to Chirundu. The bus did not have ablution facilities, and the travellers had to be given some 10-15 minutes refreshment stops in between distances of approximately 250Km throughout the night to stretch or relieve themselves in the bushes near the road. It was dangerous because the bushes were not fenced off from the road. During the early morning, the research team noticed that there were some wild animals; mostly elephants loitering in the bushes near the road. Though no incidence of attack by the wild animals on the travellers has ever been reported before, wild animals are known to be easily provoked for attack unexpectedly. The bus drivers cautioned the travellers each time they stopped of such possibilities advising them not to get deeper into the bushes.

At 9:35 of the following day, the bus arrived at the Chirundu One-stop border post. Given the time the bus left Johannesburg the previous day, the travellers had been in the bus for 24 hours on minimum by the time they arrived at Chirundu. The bus had a huge trailer carrying luggage for the travellers. The trailer was offloaded at the Chirundu border post for custom procedures. The passports were checked at customs and in approximately 20 minutes the passport process was completed. It took approximately 45 minutes to offload the luggage from the trailer. Checking by custom officials and goods clearing for tax purposes started after an hour or so, and the process continued for another five hours. Just after 15:00, the luggage was reloaded in a process that took approximately two more hours.

It was during the border processes that the researcher and the two assistants began the data collection for this paper. The participant traders were approached and requested to participate in the study whilst entering Zambia at the Chirundu border post. Thirty Six (n=36) traders were selected for

questionnaire-based interviews. The selection was based on a snowball technique. A semi-structured questionnaire was employed to conduct the interviews. The researcher and two assistants collected the data. As a result of the pressure of time, the questionnaires and the interactions with the respondents were to be brief and to the point as the majority of the respondents were either busy with customs, taking care of their goods to avoid the loitering thieves, tired from the over-night long journey or getting ready to board their buses for departures. Qualitative data were recorded as field notes.

The bus left Chirundu approximately 16:35 for Lusaka. The data collection process continued throughout the trip to Lusaka; off course through observations as the team could not conduct further interviews in the bus to avoid disturbing the travellers. The bus arrived at Lusaka Bus Station approximately 19:40. The delay was caused by road constructions going on the Chirundu-Kafue and Lusaka road. At the Lusaka Bus terminus, the drivers informed the travellers that luggage would have to be collected the following day morning at 6am. It was standard practice of safety to avoid travellers taking other people's luggage. In other words, those who were still to board other buses to places such as Kitwe and Ndola had to sleep over at overnight accommodation lodges in the city to pick up their luggage the following day. The implication is that the travellers would have taken at least two days to complete the trip from Johannesburg to Lusaka. However, the research team was given the luggage after much deliberations between the bus drivers and the hosts in Zambia. After a week in Zambia, the research team took another journey back to South Africa. This time through the Livingstone border post. This trip was not part of the research venture. Its details are therefore not included in this report.

Eight Key Informant Interviews (KII) selected randomly through snow ball techniques were enlisted to provide some information. It was difficult to persuade border officials to participate in the study because of some suspicions. However, at the Beitbridge border post, the South African side, at least two officers participated. In Chirundu, two other officers accepted invitation to participate on condition it did not take long questioning them. Finally, four workers from a sector related to refugee matters also participated. Data from these sources were recorded as filed notes and some data were indicated in the report *verbatim*. Descriptive data recorded during the Makhado-Lusaka trip were entered into an excel spreadsheet and exported to SAS 2008 for analysis. Qualitative data on the one hand were also coded and analysed.

## THE FINDINGS

The findings of this study are reported in four sub-topics:

### Socio-demographic factors of respondent cross-border entrepreneurs

#### The Nature of the informal cross-border trading activities

As indicated in table 1, the results of this paper revealed that the majority of the traders were from the major cities of Zambia; Lusaka (75%), Kitwe (8.3%), Ndola (5.5%) with a few others from the rest of Zambia (11.1%). The majority of the traders were females (91.7%) while others were males (8.3%) who were married (50%), widowed (22.2%), divorced (16.6%) or other undisclosed statuses (11%). The age distribution of the traders were 18-21 (2.7%), 22-35 (33.3%), 36-46 (27.7%), 47-57 (22.2%) and from 58 years and above (13.8%). The majority of the traders had attained secondary (63.8%), primary (19.4%) or tertiary education (16.6%) feeding households with more than five (75%) or less than five (25%) members per household. Inability of the economy in Zambia to create formal employment for the educated group could be the motivating factor to draw more educated cross-border traders into the activities. This could be explained by the increased number of traders who have attained tertiary level education who still have to find alternative livelihood means in the cross-border informal business activities.

The majority of the cross-border informal traders commute between Zambia and Johannesburg (97.3%). The advanced reasons for Johannesburg were that it was easier to find the goods the traders would want, and also the prices were said to be negotiable and fair – especially in Chinese and Indian retailers. It emerged that prior to the South African liberation from apartheid in 1994, the majority of the traders commuted between Zambia and Tanzania – especially Dar Es Salaam and Democratic Republic of the Congo. However, Congo's political instability at that time made business risky and therefore most of the traders preferred Tanzania more than DR Congo. Also, Dar Es Salaam had a huge used clothes market. With the emergence of the new political dispensation in South Africa which is a bigger economy to those of the other countries in the region post-apartheid, the majority of the traders preferred Johannesburg more than Dar Es Salaam, Tanzania and Lubumbashi in the DR Congo.

However, 2.7% of the cross-border informal traders did business between Zambia and Cape Town. It was observed that at least one woman aged 45 years was based in Cape Town but would travel between Cape Town and Lusaka at least once a month for business. This woman bought *Zambian kapenta* – *small*

*dried fish* in bulk to resell in Cape Town – especially to foreign nationals such as Zambians, Congolese, Nigerians and Ugandans who were used to the consumption of *kapenta* from their countries. There were few South Africans who were also learning to consume *kapenta* who also bought from her. When this woman travels to Lusaka, she also carries groceries and other household wares to resell in Zambia. In other words, she sold in both countries. She had become a naturalised South African who owned property in Cape Town. She had rented out her old property she owned in Lusaka to some tenants and that brought her some crucial income as well.

Results of the nature of the informal cross-border trading activities between Zambia and South Africa. Respondents were asked to indicate their main business activity. This is because it was anticipated that

there was a possibility of the traders to be trading in a variety of activities. The results of this paper revealed that the dominant business activity amongst the traders involved household appliances (30.6%), construction – especially plumbing accessories (22.2%), clothing (16.7%), groceries (8.3%), beauty products (5.6%), electronics such as Television sets and computers (5.6%), jewellery such as watches (5.6%), pharmaceuticals (2.8%) and other undisclosed stuff (2.8%). Perishables are avoided because of the long distances travelled and the long waiting hours at the border. What emerged from the interviews is that the business activities were not registered with business authorities in Zambia. Traders buy as if they were buying for domestic use. Traders were avoiding complicated business processes involved in formal business activities such as taxation and customs duties amongst others.

**Table 1: Socio-demographic characterisation of the respondents**

Measured Variable	Frequency	Percentage
<b>Gender</b>		
Female	33	91.7
Male	3	8.3
<b>Age</b>		
18-21 Years	1	2.7
22-35 Years	12	33.3
36-46 Years	10	27.7
47-57 Years	8	22.2
58 and Above	5	13.8
<b>Educational Level</b>		
No Formal Education		
Primary	7	19.4
Secondary	23	63.8
Tertiary	6	16.6
<b>Marital Status</b>		
Married	18	50
Never Married	1	2.7
Divorced	6	16.6
Widow	8	22.2
Other	3	8.3
<b>Household Size</b>		
< Five	9	25
Six and Above	27	75
<b>Home Base</b>		
Lusaka	27	75
Kitwe	3	8.3
Ndola	2	5.5
Other	4	11.1
<b>Target City in South Africa</b>		
Johannesburg	35	97.3
Other (Name)	1	2.7

### Challenges and complexities affecting Zambia-South Africa informal cross-border traders

As revealed in Table 2, respondents were asked to identify the main factors they considered as

major challenges, constraints or complexities affecting Zambia-South Africa's informal cross-border traders.

**Table 2: Major challenges, constraints and complexities affecting the Zambia-South Africa traders**

Variable	Frequency	Percentage
Anxiety and fear of the unknown – especially Xenophobia and criminality	10	27.8
Long distances on the road from Zambia to Johannesburg, and back	4	11.1
Extended period of time on business away from home	2	5.6
Harassment by border officials – especially when entering South Africa	2	5.6
Delay by road traffic police seeking bribes from bus drivers for non-existing offences	3	8.3
Unregulated border fees on goods	3	8.3
Stealing of goods at the border	2	5.6
Transport complications	3	8.3
Language barriers	2	5.6
Long waiting periods at the borders – especially Chirundu	3	8.3
Bribes by border personnel back home	2	5.6
<b>Total</b>	<b>n=36</b>	<b>100</b>

The results of this paper revealed that anxiety and fear of the unknown – especially Xenophobia and criminality against foreigners in general by South Africans (27.8%), long distances on the road from Zambia to Johannesburg, and back (11.1%), delays caused by road traffic police seeking bribes from bus drivers for non-existing offences (8.3%), unregulated border fees on goods (8.3%), transport complications (8.3%), Long waiting periods at the borders – especially Chirundu (8.3%), theft of luggage at the border (5.6%), language barriers in South Africa (5.6%) and bribes paid to border officials (5.6%) emerged as crucial challenges, constraints and complexities affecting informal cross-border traders who do business between Zambia and South Africa.

First to deal with – even before the traders could leave Lusaka to Johannesburg is anxiety and fear of the unknown – especially Xenophobia and criminality against foreigners in general. South Africans are known and perceived to have negative attitude towards other Africans, and in addition unkind, unwelcoming [19] and therefore criminally Xenophobic [15;16]. This assertion is held by many would-be travellers from elsewhere in Africa into South Africa considering that most of this bad attitude of South Africans to foreign nationals is said to be directed mostly to peoples of Africa than elsewhere [15]. These perceptions increase anxiety and fear amongst potential travellers to South Africa – and the trip to South Africa

becomes torturous to think of. The anticipated trip to South Africa is sickening and depressing. While in Johannesburg, business transactions are conducted on cash basis because of the stringent exchange policies and regulations of countries – especially South Africa. Traders would not use the *Zambian Kwacha* for business, and frustratingly the majority of businesses in South Africa would not accept US Dollars also. Transactions have to be strictly in South African Rands. The trader has therefore better exchange the *Zambian Kwacha* whilst still at home because it becomes increasingly difficult to do the same transaction in Johannesburg. Traders are often frustrated when doing Currency exchange in the Banks in South Africa because of the many difficult conditions and requirements for exchanges. In addition, traders wait for far too long to complete a simple transaction. There are very few “*Black*” market for Currency exchange in Johannesburg unlike in Lusaka. As a result, traders have to carry huge amounts of cash around the city. This is always a risk in a city where mugging and robberies have been so common. Some of the respondents also indicated that the fact that inner city Johannesburg is currently a place of loitering foreign nationals who are mostly unemployed, these loiterers try to source for a living from the visiting traders by stealing valuables from them. The foreign national loiterers pretend to be South African to take advantage over travelling traders. Traders operate under fear for so many possibilities. Critically is the issue of Xenophobia which most

visiting traders fear might also happen on them. On further probing though, this paper established that none of the visiting cross-border traders have ever experienced Xenophobia while in South Africa – especially in Johannesburg on business.

In addition, cross-border traders clock approximately 4000 Kilometres round about trip from Zambia to Johannesburg, and back. In buses with small space and luggage, travelling is tiresome. From Lusaka, Zambia to Johannesburg, South Africa would take one and a half day of travelling in a bus. This is on condition the bus did not experience any breakdowns on the way. Otherwise it could be longer than this. This result is however different from the experiences of cross-border traders who used train from Zimbabwe to Johannesburg, South Africa. In the study conducted in Masvingo, Zimbabwe in the late 1990s, [19] reported that cross-border traders from Zimbabwe travelled on train to Johannesburg. The trip excluding period to spend in South Africa doing business would take approximately five days. Though the distance from Lusaka to Johannesburg is longer than the distance from Masvingo, Zimbabwe to Johannesburg, Zambians who travel by bus arrive three days before the Zimbabwean train travellers. On average, it took approximately one full week for the Zambian cross-border traders to do business in South Africa. This means that such traders would have extended period of time on business away from home which might lead to various household social challenges – especially with women.

The respondents revealed that harassment by border officials – especially when entering South Africa at Beitbridge was a nemesis. Entering South Africa from elsewhere in Africa has been a challenge. From getting cleared at the border to enter is indeed a difficult task even-though one's papers were legally fine. Custom officials would do their best to find a fault even if it means a mere scratch on one's passport. They do this in order to solicit for bribes. The physical body satching could also be so inhumane that male police threaten at times to body satch even women. The border officials harass cross-border traders by threatening to confiscate their goods if the demanded bribe is not made available. In addition, there are delays caused by road traffic police seeking bribes from bus drivers for non-existing offences. On the roads, foreign buses are stopped by road traffic police almost every town or city the buses enter. Non-existent offences are levied on the bus drivers from town to town until Johannesburg or Beitbridge – and the drivers must pay a bribe to pass. What should be a journey of approximately eight hours from Beitbridge to Johannesburg would therefore unnecessarily take from anything of 10 to 12 hours. Whilst in Johannesburg, transport complications are inevitable. Most transport in inner city Johannesburg is

minibuses. Such minibuses have to be found at some points in order to travel inside the city. One might find that there are no minibuses going to the area where one wants to buy goods. In this regard, traders resort to hiring private vehicles or maxi taxis which makes trips very expensive. This might increase transaction costs therefore reducing potential profit as opined by [4]. To carry heavy goods to where minibuses are found is a huge challenge - especially when the trader would not carry the luggage personally. Inevitably, language barriers hamper effective communication. The majority of people in central Johannesburg speak *Isi-Zulu*, English and some also speak languages such as *Isi-Xhosa*, *Sesotho* and *Afrikaans* in the main. However, to solve language problems some traders preferred to enlist the assistance of their Zambian relatives or friends living in Johannesburg and are conversant in some languages to assist them. This result is different from [19] who reported that the majority of Zimbabwean cross-border informal traders could speak no fewer than six to 12 languages including most of the indigenous languages in South Africa. Traders are also faced with long waiting periods at the borders – especially Chirundu coupled with other related challenges such as poor infrastructure characterised by immense health challenges on washing, toilets in travel, food and sleeping amongst others, it becomes a huge challenge. Women have to also carry heavy loads of luggage – especially at the border in Chirundu where the goods have to be inspected – and possibly during reloading of the luggage into the bus.

### **Opportunities in cross-border trade**

Respondent traders were also asked to identify some opportunities of doing business in South Africa. The results revealed that cross-border informal traders thought they had increased *opportunity to avoid Xenophobic attacks and related social challenges while in South Africa*. The respondents thought that cross-border traders were preferred by South Africans because they only enter the country to buy and go, and they caused little trouble as supposed by some South Africans. One respondent retorted “*Those foreigners who come buy and go must be allowed because they leave the money with us. It increased our economy, and prospects of creating formal employment for our people. But those who come and want to live here longer and build shops must go. They are criminals. Why bring guns from Somalia and Ethiopia to South Africa. Do you want to kill Somalians or Ethiopians? No! You want to kill South Africans.. They must buy and go all!*” Another South African respondent also remarked “*they pointed a gun on the face of my daughter in Germiston Zimbabweans. They are speak that Shona funny language of theirs, my daughter hear them. They must buy and go quick. Only two days in South Africa government must give them. If you give*

*them six days they will kill six people for cellphone, watch and earrings, Zimbabweans*” Another respondent barked *“Five men caught at 2am in the morning loading Television sets and refrigerator in a village at Maila here near us where I come from. Police are called and arrest them, they are Zimbabweans. Housebreaking at night in the house of a sickly old lady alone in the house? The public is expected to do nothing because of this Xenophobia nonsense? We are defending our mothers from these criminals from Zimbabwe. These people bring nothing to this country – only work in the mealie fields for R50 a week. They must go home and solve their problems with Mugabe there”* There is a guaranteed availability of goods at the markets – especially at the Chinese and Indian retail stores. Furthermore, the respondents revealed that there is plenty decent accommodation in the city centre of Johannesburg at reasonable price.

### CONCLUSION AND RECOMMENDATIONS

Informal business trading contributes massively in the livelihoods of the poor in Zambia. The sector removes feminisation of the market in Zambia where men had been in the majority for long time in trade while women had been relegated into the periphery of obscure and squealer poverty. The majority of the traders practised unregistered and non-tax compliant activities except that they paid border custom duties on the imported goods as required by law. By not registering as formal businesses, the state loses enormous amounts of tax revenue. In addition, incidences of bribes and unethical conducts by border officials makes the business difficult and at times less-profitable. The business is taxing and tiresome because the majority of the traders were to be away from home for some days while buying stock in different parts of the cities in South Africa. The majority of the traders were from Lusaka (75%), Kitwe (8.3%), Ndola (5.5%) with others from the rest of Zambia (11.1%). The traders also suffer fatigue as a result of the long distances travelled, and in buses which travel mostly over night from Lusaka, Kitwe and Ndola to Johannesburg respectively. The trips were however still affordable as the fares were mostly reasonable considering the long distances the bus companies have to endure with. In addition, the traders spend long hours waiting while clearing the goods with custom at the border. Traders are faced with anxiety, fear and other psychological challenges because of anticipation of violence against foreign nationals in South Africa. However, at the end of the day it is evident that cross-border traders unlike those foreign nationals who do business staying in the country experienced no violence. Border officials should be re-educated with regard international migration and globalization for them to understand that the world has had emergence of an increasingly integrated and border-less society with

greater unrestricted movement of people; information; travel and currency between countries – and that the same were huge investment for the well-being of all; visitors and hosts. Officers must comply with international migration regulatory frameworks to promote regional economic growth.

### REFERENCES

1. Adeyinka AM; Trans-Border Movement and Trading Activities across Nigeria– Benin Republic Border. *Mediterranean Journal of Social Sciences*, 2014; 5(1): 415-423.
2. Afrika JK, Ajumbo G; Informal cross-border trade in Africa: Implications and policy recommendations. *Africa Economic Brief*, 2012; 3(10): 1-13.
3. Bond P, Manyanya M; Zimbabwe’s plunge: Exhausted nationalism, neo-liberalism and the search for social justice. University of Natal, Pietermaritzburg, 2002.
4. Brenton P, Dihel N, Hoppe M, Soprano C; Improving behaviour at borders to promote trade formalisation: The charter for cross-border traders. Policy Note No. 41: 1-11. World Bank, 2014.
5. Dhlandhlara W; The impact of micro-finance on social capital: The case of women participants of the Kufusa Mari Internal Savings and Lending project in Nyanga District, Zimbabwe. Unpublished Masters Dissertation. University of the Free State, Bloemfontein, 2014.
6. Francis-Chizororo M; The formation, constitution and social dynamics of orphaned child headed households in rural Zimbabwe in the era of HIV/AIDS pandemic. PhD Thesis, University of St Andrews, 2008.
7. Hromnik CA; Gitlane: Where the moon sickle strikes – on the edge of time at Elandsdoorn. *Nordic Journal of African Studies*, 1999; 8(2): 1-17.
8. Jawando JO, Adeyemi EO, Oguntola-Laguda B; Survival strategies of women in informal cross border trade along Lagos-Seme Border Axis. *Global Journal of Human Social Science, Sociology, Economics and Political Science*, 2012; 12(9): 28-38.
9. Jimu IM; An exploration of street vending's contribution towards Botswana's vision of prosperity for all by 2016. Pula: *Botswana Journal of African Studies*, 2004; 18(1): 19-30.
10. Kalitanyi V, Visser K; African immigrants in South Africa; Job takers or job creators? *SAJEMS*, 2010; 13(4): 376-390.
11. Kancheya G; The impact of micro-finance in poverty alleviation in Zambia: the case of Makululu Compound, Kabwe, Zambia. Unpublished Masters Dissertation, University of the Free State, Bloemfontein, 2014.

12. Lekaba FG; An analysis of the stubborn spectre of violent service delivery protests and its link to xenophobia In South Africa: the case Of Alexandra and Bekkersdal townships. *International Journal of Sustainable Development*, 2014; 7(7): 29-38.
13. Lesser C, Moise-Leeman E; Informal cross-border trade and trade facilitation reforms in Sub-Saharan Africa. *OECD Trade Policy Working Paper No. 86*, 2009.
14. Mafukata MA; Commercialisation of communal cattle farming systems in the Musekwa Valley. Unpublished Ph.D Thesis, University of the Free State, Bloemfontein, 2012.
15. Mafukata MA; Tracing evidence of Xenophobic tensions and conflicts amongst informal trader nationals and informal village-based entrepreneur South Africans. *The International Journal of Business and Management*, 2015; 3(1): 52-66.
16. Mafukata MA; Xenophobicisation of “makwerekwere” as used against foreign nationals in South Africa. *The International Journal of Humanities and Social Studies*, 2015; 3(1): 1-21.
17. Mafukata MA, Kancheya G, Dhlandhlara W; Factors Influencing Poverty Alleviation amongst Microfinance Adopting Households in Zambia. *International Journal of Research in Business and Social Sciences*, 2014; 3(2): 1-19.
18. Mbeki M editor; *Advocates for change: How to overcome Africa’s challenges*. Johannesburg: Picador Africa, 2011.
19. Muzvidziwa NC; Cross-border trade: strategy for climbing out of poverty in Masvingo, Zimbabwe. *Zambezia*, 1998; XXV (I): 29-58.
20. Wilmsen EN; Hills and the brilliance of beads: myths and interpretation of Iron age sites in Southern Africa. *Southern African Humanities*, 2009; 21: 263-274.