

The Obstacles to the Use of Information and Communication Technologies by Female Informal Traders in South Africa

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ABSTRACT The primary objective of this study was to investigate the obstacles to the use of information and communication technologies (ICT) by female informal traders in South Africa. Also, the study examined the types of ICTs used by informal traders. Data was collected through the use of structured interview in a survey. Data analysis included descriptive statistics and thematic analysis. The findings of the study showed that the main ICTs used by female informal traders is the mobile telephone. Cost and lack of skills are the primary obstacles to the use of ICTs by female informal traders. The study suggested recommendations to improve the usage of ICTs by female informal traders.

INTRODUCTION

Ligthelm (2006) and Schraader et al. (2010) describe informal traders as primarily unregistered businesses that are involved in a wide variety of economic activities. Informal trading activities include selling of clothes and services such as hair cutting. Informal traders are primarily unregulated and not tax-registered (Bacchetta et al. 2009). Informal traders are involved in informal street trading on a small scale, mostly from street pavements (Willemse 2011). Davies and Thurlow (2009) point out that informal traders do not produce products but rather provide services to customers. South Africa has a high rate of unemployment, poverty and income inequality. The unemployment rate of South Africa is 25.6 percent (Statistics South Africa 2016). Informal traders make significant contribution to employment creation in South Africa (Jere et al. 2014). Informal trading is one of the solutions to the high level of poverty in South Africa. Informal traders are involving buying and selling and this contributes to economic growth. Informal traders form a part of the small business sector in South Africa (Ligthelm 2006). There were about 1517000 informal traders in South Africa in 2013 (Statistics South Africa 2013). The majority of informal traders are women (Mirand 2015). The Global Entrepreneurship Monitor (2012) women's report establishes that women

are now heavily involved in entrepreneurship. The gender gap which can be described as the ratio of women to men participating in entrepreneurship has narrowed in many countries (Global Entrepreneurship Monitor 2015).

However, despite the highlighted contribution of informal traders, these businesses often suffer from weak performance and have a high failure rate. It is estimated that between 70-80 percent of small businesses including informal traders fail within the first few years of operations (Jere et al. 2014). Problems encountered by informal traders are numerous and include internal and external factors. Internal factors include inadequate finance and lack of managerial skills. External factors includes high level of crime and onerous government regulations (Van Scheers 2010). One internal factor that can affect the performance of small businesses is the adoption of information and communication technologies (ICTs). Information and communication technologies (ICTs) can help to improve the performance of small businesses by enhancing their internal processes and communication with internal and external stakeholders (Agboh 2015).

Objectives of the Study

The objectives of the study were: (1) to examine the types of ICTs used by female informal traders and (2) to investigate the obstacles to the use of ICTs by female informal traders.

Literature Review

Female Entrepreneurship

According to Statistics South Africa (2011), the scales remain tilted in favour of men with regards to education and literacy, employment and financial standing. The average annual household expenditure is higher for male-led homes compared to women-led homes. Women experience far higher level of unemployment compared to men. The unemployment rate of women is 2.9 percent higher than the national average. Grant and Hallman (2006) point out that young women in South Africa face specific challenges and particular difficulties. Young women are more likely to be unemployed than males, since they tend to have fewer occupational opportunities in a patriarchal society. The poverty rate of women is higher than that of men in South Africa (Shisana et al. 2010). Entrepreneurship is one of the solutions to female unemployment and poverty (Kamberidou 2013). Buttner and Moore (1997) define a female entrepreneur as “*a woman who has initiated a business, is actively involved in managing it, owns at least 50 percent of the firm, and that the business has been in operation one year or longer*”. Kamberidou (2013) points out that women-owned businesses make an increasingly important contribution to economies. Women entrepreneurs have a significant impact on the economy not only in their ability to create jobs for themselves, but also in creating jobs for others.

Information and Communication Technology

Definition of ICTs

ICTs refer to the wide range of computerised information and communication technologies (Agboh 2015). ICTs include any communication device or application, including radio, television, mobile phones, computer and network hardware and software, satellite systems and so on, as well as other associated various services and applications, such as videoconferencing and e-learning (Ashrafi and Murtaza 2008). Lucchetti and Sterlacchini (2004) categorise ICTs into the following groups. These are (1) general-user: ICTs basic technologies such as telephone, e-mail and Internet are used in order to carry out administrative functions of the firm, (2) production-integration: ICTs are tightly coupled with production of goods and functionality of the

business and (3) market-oriented groups: ICTs are used to market or communicate with the outside world.

Agboh (2015) remarks that the adoption of ICT as the application of ICT tools by a person or an organisation. Theoretical background of ICT adoption can help to explain and advance the understanding of ICT adoption in SMEs. Prominent among the theories is the technology acceptance model (TAM). Davis (1989) explains that the TAM model relates ICT adoption to ease of use and usefulness. TAM aims at predicting the attitude of potential users. Another theory on ICT adoption is the Unified theory of acceptance and use of Technology (UTAUT) developed by Venkatesh et al. (2003).

Obstacles to the Adoption of ICTs

Agbor (2015) points out that the obstacles to ICT adoption by small businesses are lack of skill and high costs of ICT equipment. In addition, small business owners are ignorance on the worth of ICT investment. Modimogale and Kroeze (2011) find that the obstacles to the adoption of ICTs by small businesses lack of knowledge about the potential benefits of ICTs, high setup cost and the changing ICT environment is ever changing, Akomea-Bonsu and Sampong (2012) find that that financial constraints and high costs of ICT the primary obstacles to ICT adoption by small businesses.

RESEARCH METHODOLOGY

The survey focused on female informal traders in Polokwane and Mankweng in the Limpopo province of South Africa. Data was collected through the use of structured interview in a survey. Purposive sampling and the snowball sampling methods were used to identify the study participants. The participants in the study were assured of confidentiality with regard to the data collected. The interview questions were divided into three parts (1) biographical information (2) ICTs used (3) obstacles to the use of ICTs. Descriptive statistics and thematic survey were used for data analysis.

RESULTS AND DISCUSSION

Seventy female informal traders participated in the survey. Forty five respondents are in retail sector and twenty five respondents are in the service sector.

Table 1 shows that the ICT tool mainly used by informal traders is the mobile telephone. Some of the responses are summarised in Table 1.

Table 1: Use of ICTs by informal traders

<i>Information and communication technology</i>	<i>Yes Frequency</i>	<i>No Frequency</i>
Computer	3	67
Internet	1	69
Fixed telephone	3	67
Mobile phone	69	1
Fax	1	69
Email	3	63
Website	0	70
Facebook	2	68
Twitter	0	70
Linkedin	0	70

Participant: *“I use of mainly my cell phone to relate to my customers and suppliers”*

Participant: *“I do not have access to the internet and I do not have an Email”*

Esselaar et al. (2007) find that for SMEs mobile phones have overtaken computers as tools in supporting the running of SMEs, given their prevalence and accessibility. Small businesses operating have huge possibilities to lower their costs by using mobile telephones (Rufai 2014). Most of the participants in the study do not use computer in running their businesses. The findings of this study also revealed a low usage of email, the internet, fixed telephone, radio, faxes but a high usage of mobile telephones by informal traders. These findings are consistent with the literature on the use of computers by small businesses. The study also finds a very low usage of social media by informal traders (Ashrafi and Murtaza 2008; McCann and Barlow 2015).

Table 2 shows that the two most important obstacles to the adoption of ICTs by female informal traders are cost and limited ICT skills. Some of the responses are summarised in Table 2.

Table 2: obstacles to the use of ICTs by informal traders

<i>Statement</i>	<i>Frequency</i>
Limited ICT skill	66
ICT unsuitable for my type of business	42
The cost of developing and maintaining ICT systems	69
Lack of time to implement ICT	18
Uncertainty about the benefits of ICT adoption	32

Participant: *“I do not have the funds to develop an ICT system for my business”*

Participant: *“I do not know how to use ICT”*

Studies by Harindranath et al. (2008) and Agbor (2015) found that lack of skill and high cost are the most important obstacles to the adoption of ICTs by small businesses. This is further supported by the lack of finance exhibited by small business owners.

CONCLUSION

The study examined the use of ICTs and obstacles to the use of ICT by female informal traders. Informal traders make significant contribution to employment creation in South Africa. In addition, the gender gap which can be described as the ratio of women to men participating in entrepreneurship has narrowed in many countries. The failure rate of informal traders is very high. One internal factor that can affect the performance of female informal traders is the adoption of ICTs. The findings of the study showed that the main ICTs used by female informal traders is the mobile telephone. Other ICTs such as the internet are not used. Cost and lack of skills are the primary obstacles to the use of ICTs by female informal traders.

RECOMMENDATIONS

Two of the primary barriers to the adoption of ICTs by female informal traders are cost and lack of skill. Government can make the cost of buying, operating and training on ICTs tax-deductible from the incomes of informal traders. This will encourage many informal traders to equip themselves with ICT. In addition, government agencies that support small businesses such as the Department of Small Business Development and the Small Enterprise Development Agency can help to subsidise the cost of ICTs for informal traders. These agencies should create awareness about the benefits of using ICTs by informal traders. There is also the need to develop computer literacy amongst informal traders. It is incumbent on informal traders to attend courses and seminars on computer literacy. There is the need through an effective media campaign to create awareness of the ICT support programmes for informal traders.

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