



**Daily news and daily bread: precarious employment in the newspaper
distribution sector in Durban South Africa**

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Abstract

The outsourcing of newspaper distribution seems to be a source of precarious employment for newspaper contractors and their employees. The labour market experiences of workers in precarious employment due to labour outsourcing have been a source of debate in the literature on the relationship between informal and formal work since the early 1970s. The three main theoretical schools that contribute to the debate include: dualism, structuralism and legalism. In an attempt to contribute to the debate, the research explored the effects of outsourcing newspaper distribution on the labour market experiences of newspaper distribution contractors and their employees in Durban. Structuralism and value chain analysis were used as theoretical frameworks since both give extensive attention to concepts such as labour outsourcing. The major finding from the research was that the interview respondents are exposed to precarious employment conditions irrespective of whether respondents were contracted or not due to outsourcing distribution in Durban. This is because the contractors and their employees experience the same degree of lack of employment benefits, employment security and severe working conditions.

Declaration on Plagiarism

1. Nnaeme Chibuikem Charles knows that plagiarism is to use another's work and present it as my own, and that this is a criminal offence.
2. Each significant contribution to and quotation in this research from the work(s) of other people has been attributed and has been cited as such.
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Dedication

This research for masters in Development Studies is dedicated to Chiamaka Anaekwe for your sacrifice and support towards making this a reality.

Acronyms and Abbreviations

ANC	.....	African National Congress
CBD	.....	Central Business District
ILO	.....	International Labour Organization
IN	.....	Independent Newspapers
KZN	.....	KwaZulu-Natal
NC	.....	Newspaper Carriers
ND	.....	Non-Delivery
NW	.....	Natal Witness
SAPs	.....	Structural Adjustment Programmes
SDI	.....	Special Delivery Instruction
SS	.....	Street Sellers
TMG	.....	Times Media Group
UIF	.....	Unemployment Insurance Fund
UKZN	.....	University of KwaZulu-Natal
US	.....	United States
USSR	.....	Union of Soviet Socialist Republics

Chapter 1: Introduction

Since the “informal economy” was “discovered” in the early 1970s social scientists have been debating its place in the broader economy. While some scholars argue that compliance to labour market regulation should be the defining factor, others scholars insist that there is no commonality between the informal and formal strands of the economy because each has a diverse role and objective in society. Labour flexibility, which has given rise to outsourcing of production and distribution processes, is salient to the debate. Labour outsourcing seems to be within labour regulation, but there is a need to study the effects of outsourcing labour on the lower chains of production and distribution. The research specifically narrows down the debate by exploring the effects of outsourcing newspaper distribution on the labour market experiences of both newspaper distribution contractors and their employees in Durban because the sector arguably epitomizes the linkage between formal and informal strands of economy. The research will explore the impact of outsourcing newspaper distribution on contractors, both home delivery and street selling, and their employees. The study is interesting because both contractors and their employees play active roles in the distribution of newspapers in Durban. The major argument is that labour outsourcing often results in precarious employment conditions. Precarious employment refers to a more flexible form of employment where employees are not directly linked to employer on long-term basis, and as such are denied employment benefits (Barker 2003:32).

The objective of the research evolved during the research process. Initially, I planned to compare the labour market experiences of the informal and formal newspaper distributors; the informal being the distributors that do not have contract with newspaper companies, and formal distributors represent those who do have a contract with the newspaper publishers. Hence, the initial topic was: “a study of the relationship between informal and formal work: the case of newspaper distributors in Durban, South Africa”. In the initial objective the unpacking of the debates on the relationship between informal and formal employment was pivotal that is why some aspects of the debates were retained in the literature review despite the change in the research objective. However, during the data collection I realized that the presence of a contract with newspaper publishers is of little or no difference. This is because both the contracted and their employees are exposed to the same precarious employment conditions. This is what re-

directed the research to explore the impacts of outsourcing newspaper distribution on both contractors and their employees in different distribution channels in Durban.

Two different newspaper distribution channels and their respective distributors of three major newspaper companies were studied in an attempt to explore the impact of outsourcing newspaper distribution in Durban. The newspaper companies involved were Independent Newspapers, Times Media Group, and Natal Witness. Independent Newspapers has been KZN's leading newspaper house for over 150 years, and has other regional branches all over South Africa. It has eight titles of newspapers, that target different population groups in the KZN, which are printed at its Durban location and employs different distribution strategies to maintain high number of readers (Respondent 1, manager, 2nd October 2014). The next newspaper company is Times Media Group which has several national titles and readership in Durban. The third newspaper publisher is Natal Witness, which was widely seen as a Pietermaritzburg newspaper. All these newspaper companies use similar distribution methods that basically included contracting certain individuals to be responsible for home deliveries and street selling on their behalf. The contractor, in turn, engages individuals who do the actual home delivery (newspaper carriers) and street selling. While newspaper distribution contractors have a contract with the newspaper companies, they (contractors) do not have a contract with their employees. For instance, Independent Newspapers, a newspaper company with the highest readership in Durban, has a contract with its home delivery contractors while newspaper carriers who are actually involved with deliveries of papers to subscribers do not have a contract with the contractors for whom he/she works.

1.2 Background and Rationale

Globally, human beings, through street newspaper vending and home delivery, remain crucial in the distribution of newspapers despite innovations in newspaper circulation. Social justice issues such as employment conditions have been sources of concern. For instance, in the US, there was contestation on whether newspaper distributors, both children and adults, covered under the Fair Labour Standard Act (FLSA) had the right to unionize in the 1980s (Linder 1990: 829). This form of exclusion and denial of rights seem to continue with high level of outsourcing newspaper distribution in Durban.

Labour outsourcing is one of the linkages between informal and formal strands of the economy. Outsourcing of labour to the informal economy is often the major linkage because of the drive to profitability through reduced input cost (Barker 2003:32-33; Castells and Portes 1989:12; Moser 1978:1062). Three main newspaper companies in Durban outsource newspaper distribution to contractors in order to increase profitability and competitiveness through reduced labour cost. The employment that emerged due to labour outsourcing seems to lack all kinds of employment security and benefits (Stats SA 2004: xxvii cited in Devey *et al* 2006:4; Chen 2007:2).

The changing nature of employment that seems to manifest among newspaper distributors, both contractors and their employees, might be due to outsourcing of distribution in a quest for competitiveness, profitability and reduced labour cost. In the post-World War II period, employment was characterized by secure labour conditions. However, over the recent decades, work has increasingly taken the form of part time, contract, seasonal among others (Cranford *et al* 2003:7; ILO 2013:5-6). The common feature of evolving employment conditions is the precarious labour status – compromised job security and stability – experienced by many categories of workers especially in the Global South (Hadden *et al* 2007:7; Benach *et al* 2007:14; Gregory 1980:673). The evolving employment conditions have been identified with different terms: informalization of formal employment (Barchiesi 2008:54); non-standard work (Rodgers 1989 cited in Tompa *et al* 2007:209; Cranford *et al* 2003:6); precarious employment (Hadden *et al* 2007; Rodgers 1989 cited in Tompa *et al* 2007:209; Benach *et al* 2000; Bielenski 1999); wageless life (Denning 2010); contingent work (Barker and Christensen 1998:1); and “flexibilization”, “atypical”, “alternative work” or “peripheral” or “marginal” work (Rodgers 1989 cited in Tompa *et al* 2007:209). The effects of outsourcing of labour could aid in the understanding of labour market experiences of both contractors and their employees as newspaper distributors in Durban.

Existing literature has focused on the impact of internet on processes of creation, production, and distribution in the newspaper industry value chain (Stenberg 1997:11; Graham and Hill 2009:165); and the newspaper production and distribution problem, with special emphasis on timely and reduced distribution cost for home delivery (Hurter and Van Buer 1996:85). As Hurter and Van Buer indicate, one of the main problems of newspaper production and

distribution is the fact that newspapers are perishable goods¹. Their research focuses on how to “... develop a production and distribution system so as to minimize total cost” (Hurter and Van Buer 1996:86). Marc Linder (1990:829) researched on the rights of children who distribute newspapers in the 1980s in the US to unionize. Some Kenyan scholars studied the expansion of distribution of newspapers to the rural areas in Kenya (Owino and Oyug 2014; Muraya 2011); and distribution route planning (Owino and Oyug 2014). Onsoti (2012) studied the impact of social media on newspaper readership among internet users in Nairobi. Thompson focused on the readership and advertisement in newspaper industry (Thompson 1989:260). Kwamboka (2011) investigated perceptions of branding of the daily newspapers by media buying agencies. None of the literature except Linder’s was concerned with the labour market plight of the newspaper distributors at the lower chain of distribution, as the below picture demonstrates.



Figure 1.1 Newspaper selling

There are different forms of newspaper distribution including shops, home distribution, street vending, vending machines and, more recently, digital distribution. However, this study aims to explore the impact of the outsourcing of distribution of printed newspapers on both newspaper contractors and their employees who are involved in home delivery and street selling in Durban.

¹ Perishable goods refer to products which have declined value if stored or cause economic loss if not delivered in time to consumers. Hurter and Van Buer categorized perishability into three classes: firstly, goods that are perishable only when considered by the customer, e.g. late supply of an aspect of production such as car seat to a car manufacturer causes economic loss. Secondly, goods that are only perishable only to the manufacturer, e.g. chemical manufacturer. Thirdly, products that are perishable to both manufacturer and customer, e.g. newspapers. Newspapers are timely products which benefits neither the producer nor the buyers when delivery is late (Hurter and Van Buer 1996:85).

1.3 Research Objectives

The objectives are as follows:

1. To explore the impacts of outsourcing newspaper distribution on newspaper distribution contractors and their employees in Durban, South Africa.
2. To study the reason behind outsourcing newspaper distribution in Durban.
3. To explore the advantages and disadvantages of outsourcing newspaper distribution for newspaper companies, and distribution contractors and their employees.

1.4 Structure of the Dissertation

The dissertation has four further chapters. Chapter two is the research methodology. The chapter presents how the sample was selected, the modes of data collection, and procedures of data analysis. The research methodology chapter also explicates measures taken to ensure validity, reliability and rigour in the research findings.

Chapter three presents the literature review. This chapter attempts to present the ongoing debate among different theoretical frameworks, namely dualism, structuralism and legalism, in reference to precarious employment conditions, labour outsourcing, and how work in the informal and formal strands of economy relate to one another. In joining the debate, the paper specifically aims to contribute to the academic debate by exploring the effects of outsourcing newspaper distribution on the labour market experiences of newspaper contractors and their employees in Durban. Chapter three also has the theoretical framework. From the three major theories that dominate informal and formal strands of economic debate, the study employed structuralism as the theoretical framework since it captures the rationale behind outsourcing of newspaper distribution in Durban. Value chain analysis is also used to complement structuralist theory by identifying the distribution chains as well as role players in each chain. Through the aid of newspaper distribution chain, the study would be able to identify the labour experiences of each chain based on their position in the network.

Chapter four presents the empirical report from primary data collection from in-depth interviews, participatory and observation research methods. The chapter reports the impacts of outsourcing printed newspaper distribution on the labour market experiences on both distribution contractors and their employees in Durban. Chapter five presents the discussion and conclusion which

systematically respond to the research objectives. The chapter also contains a recommendation for the improvement of labour market experiences of the newspaper distributors in Durban. The recommendation also contains suggested areas of research that might widen the conception of the labour market experiences of newspaper distributors.

Chapter 2: Research Methodology

This chapter discusses the research methodology by focusing on sampling, data collection, interview processes, analysis as well as measures taken to enhance trustworthiness of the research findings.

2.1 Data Collection

In an attempt to respond to the research objectives set out in chapter one, primary and secondary data were collected. Primary data include in-depth interview responses from newspaper contractors and their employees, as well as distribution managers in major newspaper industries, namely Independent Newspapers, Times Media Group and Natal Witness, in Durban were conducted within four months. The interviews with the distribution managers aimed at the provision of necessary background information on the changes in the company's newspaper circulation methods and other related information. Primary data also includes pictures of the sites for newspaper selling and delivery, and documents such as the contract and the pay slip before outsourcing of distribution.

From July to November 2014 in-depth interviews were carried out in Durban with seven street sellers of newspapers, three newspaper carriers, three newspaper distribution contractors and three circulation managers from three newspaper companies. The findings also shed light into the effects of outsourcing newspaper distribution on the exploited echelon in the newspaper distribution chain.

2.1.1 Participatory and Observation Methods

I complemented in-depth interviews with participatory and observation data collection methods in order to understand the workings of newspapers distribution and the effects of outsourcing newspaper distribution on the labour market experiences of contractors and employees. Participatory and observation data collection methods have been associated with “the systematic description of events, behaviors, and artifacts in the social setting chosen for study” (Marshall and Rossman 1989:79 cited in Kawulich 2005:1). Through active participation and observation, which are research tools for exploration, I was able “to learn about the activities of the people under study in the natural setting through observing and participating in those activities” (Kawulich 2005:1). I participated in street selling twice, both on major streets in Durban and

suburbs. It was through these methods that I came to witness the precarious labour conditions in which contractors and their employees distribute newspapers. For instance, through involvement, I realized how exhausting selling newspapers on Dr Pixley KaSeme Street (formerly known as West Street) from 6am to 4pm could be while standing. I was exhausted at the end of those days of participation and observation. I experienced the same level of exhaustion the day I joined newspaper carriers to deliver newspapers to subscribers. We covered several kilometers on foot while carrying over half a bundle of newspapers each on our heads. Through the participation in the work of my respondents I confirmed the challenges such as weather, income, and harsh working conditions, which were emphatically mentioned throughout the interviews.

2.2 Sampling

Initially I planned to ask the newspaper companies to select their home delivery employees to be part of the research as interview respondents. However, the plan changed when I realized that the companies do not have direct link with either street sellers or newspaper carriers. I adjusted the intended mode of selecting interview respondents. Firstly, I approached street sellers directly. From some of them I got leads to seek others whose names or sites were mentioned during the interview. In other words, both purposive and snowballing methods were used in order to interview street sellers. For instance, I purposefully met a street seller who granted interview after a couple of meetings, and during the interview revealed that she thinks that Market² is the best site for newspaper selling on the street because of high quantity of newspapers sold there. Based on this lead information I interviewed the street seller who sells the highest number of copies of newspapers in Market.

As this was exploratory research, purposive and snowballing sampling methods, which are non-probability sampling techniques, were appropriate in identifying contractors and their employees. Most potential respondents who were approached acceded to participate whereas some declined despite assurance to handle their responses with utmost confidentiality. Through the sampling methods data saturation was reached as no new information was emerging from the respondents. While purposive sampling method is the selection of sample based on prior knowledge of sampling frame, availability of respondents and the nature of the research, snowball “refers to the process of accumulation as each located subject suggests other subjects” (Babbie and Mouton

² Market is an area in Durban city often known for a high intensity of informal trading. It is a very busy area.

2001:166). Through purposive sampling I selected information-rich respondents whose experiences as newspaper distributors illuminated the research objectives (Patton 1990:169). Snowballing is “used primarily for exploratory purposes” (Babbie and Mouton 2001:166) especially when the study units are difficult to locate. Table 2.1 below presents general information on those who participated in the research as respondents.

Table 2.1, General information on research respondents

Name	Company	Position	Education	Gender	Race & lang group	Age Started	Work Duration	Resp. No
Pilly	IN	Manager	Not asked	Female	Indian	Not asked	15 years	1
Roland	TMG	Manager	Not asked	Male	Indian	Not asked	Not stated	2
Benard	TMG	Ass Manger	Not asked	Male	Indian	Not asked	Not stated	3
Beatrice	IN	Contractor	Not asked	Female	White	Not asked	25 years	4
Raph	TMG & NW	Contractor	Not asked	Male	Indian	Not asked	13years	5
Patrick	TMG & NW	Contractor	Not asked	Male	Indian	Not asked	20 years	6
Nomsa	IN	SS	Grade 7	Female	Zulu	27	19 years	7
Nickel	IN	SS	Grade 8	Male	Indian	12	35 years	8
Nondu	IN & NW	SS	Grade 8	Female	Xhosa	16	1yr & ½	9
Zee	IN & NW	SS	Grade 8	Female	Xhosa	12	9	10
Sanele	NW	SS	Matric	Female	Zulu	30	8 months	11
Philani	NW	SS	Grade 7	Male	Zulu	27	7 Months	12
Owen	IN	SS	Grade 7	Male	Indian	40	2yrs & 1/2	13
Spha	IN	NC	Matric	Male	Zulu	12	18 years	14
Bisile	IN	NC	In Grade 11	Male	Zulu	16	1yr&5mns	15
Thobani	IN	NC	Matric class	Male	Zulu	17	1yr&2mns	16

2.3 Interview Settings

I conducted interviews in diverse settings. The first kind of setting was on the street corners, road interceptions in major streets in Durban, namely, Dr Pixley KaSeme Street (formerly known as West Street) and Anton Lembede Street (formerly known as Smith Street), among others. I interviewed street sellers at their sites which represent the reality of their employment and working conditions. Besides, it was a good way to investigate the working conditions of the street sellers. The level of cordiality I enjoyed among my respondents on the street is among the things that stood out for me throughout the research. Their willingness to participate in the research helped me in my exploration of the impacts of outsourcing newspaper distribution on contractors and their employees. The sound of traffic, the ever-present pedestrians, the awareness of being on the road, conducting the interview while standing, kneeling or squatting, as there was no seat nor table for even the interview respondents, contributed to an informal form of gathering data.

However, the setting affected the interviews in diverse ways. The occasional disruption by traffic and intense staring of some pedestrians and interruptions to sell papers might have affected the interview. In this regard, I had prior meetings with respondents to find out the quieter times they would grant the interview without interrupting sales. So I availed myself on the days and times they chose. I also made it clear at the beginning of each interview that the interview will be paused once a customer comes. And once the respondent finishes attending to a customer, I repeat the question the respondent was responding to, or the respondent's last statement before the interruption. As to the stare from pedestrians and traffic sounds, most of my respondents were not swayed as they have been working on the street for a long time.

The second setting was also along streets in suburbs with newspaper carriers while they deliver papers to subscribers. The rush of wind, rain, and sound of traffic interrupted at times. However, the setting gave a better conception of the environment in which these employees work. The third setting was interviews with contractors at their shops and garages. The scene was mostly uninterrupted, except call tones and text message alerts.

The fourth setting is in offices with three newspaper circulation managers. The scene was formal, conducted in interview rooms in the companies. I will later explain the challenges in accessing the circulation managers especially in one of the major companies, as I was constantly referred from one person to another until I was categorically told that the information I was seeking for is classified. Generally, I enjoyed high degree of cordiality with respondents in all the interview settings.

2.3.1 Availability of Respondents

The availability of respondents also follows the sequence of the scene as stipulated above. It was very easy to access street sellers during the fieldwork. On three occasions I was asked to provide an interpreter, which I did by asking a second year student at UKZN to assist me. In the same vein, the newspaper carriers were also easy to approach, one of them granted interview without seeking for their boss' approval, whereas others wanted me to speak to their boss first.

Access to different newspaper companies' distribution contractors was a challenge. For example, it took three months of frequent communication, visits, and submission of interview guides, informed consent form to Independent Newspapers and I was refused the permission to interview their contractors. Due to this challenge, I relied on my alternative sampling method which was to approach contractors individually. However, for a specific instance, a contractor who initially agreed to grant interview said that he had been asked not to grant such interview when he demanded for permission from the newspaper company. He later granted the interview conditionally. Another difficulty was experienced in an attempt to interview street selling contractors for the Independent Newspapers, Time Media Group, and Natal Witness. For instance, several calls and visits stretching within a period of three months were made in an effort to interview Independent Newspapers street selling contractor, who is in-charge of Durban CBD.

The major challenge was obtaining on interview distribution managers at the Independent Newspapers, Times Media Group and Natal Witness. For instance, I began to visit the Independent Newspapers circulation manager towards the end of July, and a brief interview was granted in early October after several calls, visits, and rescheduling of appointments. Table 3.2 tabulates the difficulties by showing the number of calls, visits and the duration before interview

was granted by each respondent. Importantly, I took some measures to protect the respondents. Among the measures include the use of pseudonyms, change of gender in an instance and area coverage of some respondents. Hence, the names in this research are not real names of the respondents.

2.3.2 Interview Process

As this was exploratory research, though I followed the interview guide, several questions were asked as a follow up from responses. For instance, tips were not covered in the interview guide, but after the first interview I realized how crucial tips could be in the sustenance of actual newspaper distributors. The ability to probe concerns raised was optimal with every new interview. During the interviews flexibility was blended with structure in order to ensure that respondents focus on the research objectives in as much as respondents were freely allowed to express their experiences as newspaper distributors in Durban.

2.4 Analysis

Five themes were identified from the interview responses through the use of “thematic analysis”. Thematic analysis is a method of identifying, analysing and reporting themes within data (Braun and Clarke 2006:79). Thematic analysis was done through qualitative data analysis software programme, NVIVO. The themes emerged from identification of issues concerning the impact outsourcing newspaper distribution has on the labour market experiences of newspaper distribution contractors and their employees, the lower chain in newspaper distribution. The first theme analyzed the newspapers’ distribution chain and role players in Durban, while the second theme reported on the contract, employment security, working conditions and income of the role players positioned lower in the distribution chain. The third theme analyzed different livelihood strategies adopted by role players in the lower part of distribution chain in an attempt to enhance their income. The fourth theme reported the impacts of outsourcing newspaper distribution on the role players lower down the value chain. The theme also analyzed the responses to the effects of outsourcing on actual role players from circulation managers. The final theme focused on customer service and their perception of newspaper distribution.

2.5 Research Trustworthiness: Validity, Reliability and Rigour

Validity

Several measures were taken in order to ensure the validity³ of the research findings. Firstly, I used a digital recorder, which was made known to the respondents before the interview; this has to ensure better capturing of the responses. Before each interview I made sure that the recorder was in good condition. Secondly, I enhanced validity by maintaining the respondents' wording in the transcription of the responses. Furthermore, the audio-recordings were re-checked, for an average of three times, to ensure accuracy and originality of transcription. The reason for this measure is to retain originality of the responses. Thirdly, self-reflection after every interview also helped to check personal bias to which qualitative method is susceptible, and thus promote reliability and validity of the research's eventual findings through identification of my strengths and weaknesses in each interview. Fourthly, I ensured consistency in the wordings of the questions to make sure that all the respondents responded to their respective questions. There were three categories of interview guides: street sellers and newspaper carriers, for contractors, and lastly for circulation managers at newspaper industries.

Fifthly, the duration of the interview was appropriate and dependent on the respondents' willingness and my probing tactics. Also after most interviews with most respondents there were discussions that mostly related to the research that naturally continued. The high level of cordiality with the respondents resulted in trust and freedom to seek for clarification at any point during and after the interview. The level of cordiality enhanced the research validity since it eased possible tensions that accompany interviews. Importantly, the findings from this research is the effects of outsourcing newspaper distribution on the labour market experiences of those interviewed, and does not claim to be a true representation of all involved in newspaper distribution in Durban.

³ Validity simply refers to "whether a researcher is observing, identifying, or 'measuring' what he/she is studying" (Le Compte and Goetz cited in Bryman 2004:273). There are two kinds of validity, namely internal and external. Internal validity concerns "whether there is a good match between researcher's observations and the theoretical ideas they develop" (Bryman 2004:273). LeCompte and Goetz "argue that internal validity tends to be the strength of qualitative research" (Le Compte and Goetz cited in Bryman 2004:273). External validity is concerned with the degree to which findings can be generalized across social settings". LeCompte and Goetz also contend that "external validity represents a problem for qualitative researchers because of their tendency to employ case studies and small samples" (Le Compte and Goetz cited in Bryman 2004:273).

Reliability

I enhanced the reliability⁴ of the research findings through five procedures. Firstly, 16 people in different newspaper distribution positions and responsibilities were interviewed within a period of four months. Upon completion of fieldwork, I maintained communication with most of the respondents in order to be updated on the latest incidents as regarding their experiences as newspaper distributors in Durban. The number of the respondents was adequate as I reached data saturation with their responses. Secondly, the reliability of research findings were improved because most distribution contractors and street sellers with greatest areas of coverage and sales, respectively, were among my respondents. The fact that the research focused mostly on major newspaper industries in Durban, Independent Newspapers and Times Media Group and partly Natal Witness also supported the reliability of the research findings.

Thirdly, research familiarization meetings were held with each respondent before interviews were conducted. In those meetings I explained the aim of the research to them individually. Fourthly, necessary details of the respondents such as their name, location, company/employer, area of coverage were noted and documented through filled informed consent forms which were available to the research team. Fifthly, in the empirical analysis, I enhanced reliability through the use of both short and long direct quotes from the respondents. In other words, the chapter is an expression of concerns across different strata of newspaper distributors in Durban.

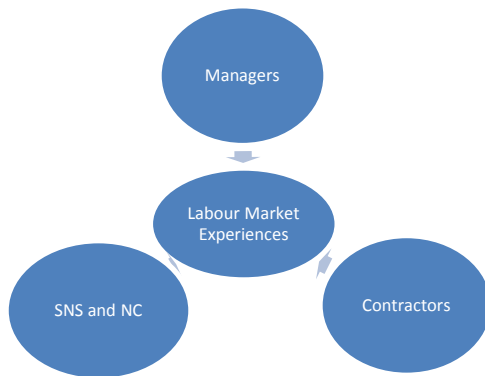
Rigour

In an attempt to improve rigour and thorough research findings, I added participatory and observation methods to in-depth interviews. As mentioned above participatory and observation methods provided me with a better opportunity to be part of the respondents' work, and to better understand their difficulties. Secondly, the interviews were intentionally done concurrently to improve the rigour of the research. Through the sequence of interviews I was able to follow up and verify most responses. For instance, a street seller said that his employer, a contractor, pays

⁴ Reliability is defined as "the extent to which studies can be replicated" (Le Compte and Goetz 1982:35 cited in Spencer et al 2003:64). According to Spencer et al (Le Compte and Goetz 1982 cited in 2003:64), there are external and internal reliability. The former refers to concerns of "whether independent researchers would discover the same phenomena or generate the same constructs in the same or similar settings" (Le Compte and Goetz 1982 cited in Spencer et al 2003:64). The latter "refers to the degree to which other researcher, given a set of previously generated constructs, would match them with the data in the same way as did the original researcher" (Le Compte and Goetz 1982 cited Spencer et al 2003:64).

rent to the municipality for the street corner where he sells newspapers, but further enquiry revealed the contrary. Also, a distribution manager told me that he provided raincoats and jackets to both street sellers and newspaper carriers but a follow up investigation revealed that nothing was provided as claimed. In other words, the responses were not taken without verification. Through the interview sequence and other data collection methods, data triangulation⁵ as portrayed in the figure 2.1 below was reached.

Figure 2.1, Labour market experiences from different perspectives



Thirdly, I used digital recorder, camera, daily interview journal and reflections to capture detailed and rich-information during fieldwork because detailed information is seen as “a hallmark of qualitative research” according to some scholars (Spencer et al 2003:74).

2.6 Research Limitation

There are some limitations of the research. Firstly the research focuses only on the distribution of printed newspapers in Durban, and does not deal with other modes of newspaper circulation such as digital or vending machine distribution. This is a qualitative research project which selected 16 respondents who are involved in newspaper distribution in Durban. The research would not generalize the research findings across newspaper distributors in Durban. In other words, the 16 respondents are not representatives of all who are involved in newspaper distribution in Durban. Hence, the research findings are the effect of outsourcing newspaper distribution on the labour market experiences of distributors who were interviewed.

⁵ Triangulation describes the combination of different qualitative methods and sampling as well as viewing the research question from multiple perspectives (Patton 1990: 188).

Chapter 3: Literature Review

3.1 Introduction

The linkages and the roles of informal and formal employment in an economy have been a subject of contestation in the literature since the acclaimed “discovery” of informal economy in Ghana by Keith Hart in the early 1970s. The linkages take diverse forms namely, production, distribution and employment conditions. The employment conditions will be the focus in this literature review. Importantly, the employment conditions will be studied from the vantage point of the three dominant theoretical frameworks, namely Dualism, structuralism and legalism (La Porta and Shleifer 2008:i; Chen 2007; Devey et al 2006a:5; Moser 2006:5; Chen et al 2004:27; Carr and Chen 2002:5). The linkages will be explored through the lens of labour outsourcing, which has given rise to increasingly precarious employment. The major argument in this literature review is that precarious employment among newspaper contractors and their employees is as a result of labour outsourcing.

From the aforementioned research background in section 1.2 on the newspaper industry, it is obvious that there is a research lacuna on the labour market experiences of those tasked with the distribution of printed newspapers. The goal of this research is to contribute towards this theme by exploring the impacts of outsourcing printed newspaper distribution on distribution contractors and their employees in Durban. The labour market experiences of the newspaper distributors will be studied from the context of theoretical frameworks on informal and formal economic strands in general, and the effects of outsourcing newspaper distribution, which is precarious employment in the labour market, in particular.

This chapter will focus on the clarification⁶ of major terms used, namely “informal economy” and “formal economy” in the first section. The second section concerns the three dominant theoretical frameworks for the linkages between informal and formal employment. Structuralism is chosen as the research framework and is supported by value chain analysis. The third section will deal with three modes of labour market regulations, while the fourth section will focus on the South African labour market. The South African labour market would be delineated with special emphasis on labour flexibility through labour outsourcing. The fifth section presents the

⁶ There is no explicit attempt to engage in the debate on the definition of informal and formal economies in this paper.

increasingly precarious employment in the current labour market as effects of labour outsourcing. The sixth section presents value chain analysis as a complementary analytic tool in identification of role players and impacts of labour outsourcing on the labour market experiences of newspaper distribution contractors and their employees.

3.2 Clarification of Major Terms

In most literature under study the “informal economy” constitutes both unregistered businesses as well as all kinds of informal employment, which refers to employment characterized by absence of labour protection, a signed contract, and employment benefits (Chen 2007:2; Hadden et al 2007:6; Skinner 2006:127; Devey et al 2006a:305; Chen et al 2004:13; Devey et al 2003:22; ILO 2002a:2-3; ILO 2002b:11-12; Portes 1983:157). Numerous people who engage in informal economic activities are seen to be engaged in insecure, dangerous, poorly remunerated work that lacks benefits and avenues for organizing. Despite the decent work deficit, the informal enterprises are the employers of last resort in most developing countries (Palmer 2008:1; ILO 2002a; Chandra et al 2002:36). Informal employment is often seen as unsatisfactory and there are incidences of exploitation of cheap labour (Palmer 2008:1). The employees of distribution contractors arguably belong to this category for the fact that they do not have contracts and other employment securities.

Specifically, informal employment includes owners of informal enterprises, employers, the self-employed, employees of informal enterprises, wage workers, unregistered workers, temporary employees⁷ and part time workers, domestic workers, workers without contract, industrial outworkers and casual workers without a fixed employer (Chen 2007:3, ILO 2002a). The above classification of employment in the informal enterprises highlights the heterogeneity of the labour force in informal employment relations (Devey et al 2006a:310; Devey et al 2003:7; Chen et al 2001, Portes 1983:156; ILO 1972).

By contrast, the formal economy consists of government activities and private enterprises which are officially recognized, regulated by the state, and have protected employees (Chen 2007:6; Devey et al 2006a:309-310; Devey et al 2003:22; ILO 2002b:12; Portes 1983:157; Weeks

⁷ Temporary employment is of limited duration and often includes a fixed termination date (De Cuyper et al 2007:2-3).

1975:2). The cooperation between the big formal enterprises and the government is one of the core features of modern capitalism. The labour market regulations in some states are tailored to the advantage of the multinationals, and to the disadvantage of both informal enterprises and their employees (Chen 2007:6; Hart 2005:11; Portes 1983:164). The newspaper distribution contractors arguably belong to this group for the mere fact that they have a signed contract with newspaper companies.

Initially it was assumed that the quality and security of employment is related to whether an employee is in informal or formal labour force (Kalleberg 2009:6; Chen et al 2004:36). However, more recently, since labour outsourcing increasingly significant, some informal employees participate in what is perceived as formal employment and numerous workers in formal employment display features associated with informal employment (Devey et al 2003:45). In other words, the clear distinction between informal and formal is giving way to a blurring of categories due to labour outsourcing that is widely practiced by formal enterprises. For instance, the contracted newspaper distributors are seemingly exposed to the same precarious employment conditions the way as their employees despite their contract with newspaper companies. This shift is being driven by the drive towards employment flexibility through outsourcing. This is because precarious employment has spread to both informal and formal work environments (Kalleberg 2009:6; Barchiesi 2008:54; Chen et al 2004:49-50). Could such precarious employment, which is arguably an offshoot of labour outsourcing, explain the labour market experiences, and eventually, the effect of outsourcing on distribution contractors and their employees in Durban? The clarification of the usage of these major terms is vital because most literature under review sees both the enterprise and the workers within it as having the same characteristics. The following section delves into the theories on employment in informal and formal strands of the economy.

3.3 Theoretical Frameworks

3.3.1 Dualism

Dualists perceive the economic environment as a dual structure consisting of informal and formal activities, especially employment. The theory is traced back to sociologists and anthropologists in the 1940s. Dutch anthropologist, Boeke, in 1942 articulated the dual nature of

developing economies. The two parts include the market economy and the part outside the market economy. Arthur Lewis, in 1954, popularized Boeke's idea by proposing a two-sector model of economy in the developing economies; is a capitalist economy and peasant household economy, each with its unique economic rules (Lewis 1954 cited in Guha-Khasnobis et al 2006:2; Gërkhani 2004:267; ILO 2002a:3).

The earlier dualists hold that employment in informal and formal economies are distinct from each other. They argue that informal employment consists of less advantaged workers in a dualistic labour market. Work in the informal economy was seen as employment in a separate marginal sector – not directly linked to the formal sector – that provides income or a safety net for the poor (ILO 2002a:10; Tokman 1978:1066; Sethuraman 1976; Hart 1973; ILO 1972:5). In informal employment is described as being traditional, simplistic, labour-intensive, backward, lacking employment securities⁸, low wage, local employer, lacking regulation⁹ and government support. By contrast the formal employment is associated with modernity, technology, high skill, bureaucracy, capital-intensive, employment securities, regulated and supported by the government, foreign employer, and high wages, (La Porta, and Shleifer 2008:i; Heintz and Posel 2008:28; Chen 2007:6; Devey et al 2006a:2; Skinner 2006:145; Moser 2006:5-7; Gërkhani 2004:284; ANC 2004; Bromley 1978: 1033; Tokman 1978; Moser 1978:1052-1054; ILO 1972:503-504; Hart 1973;). In other words, the early dualists have a pessimistic conception of the informal employment and did not foresee that labour outsourcing from formal enterprises to informal labour could be a major labour strategy as it is today.

The above features of informal employment led the earlier dualists to forecast the extinction of the informal employment in favour of employment in modern capitalist institutions (Lewis 1954 cited in Chen et al 2001:4). This claim was based on the assumption that with higher growth and continuous job creation, informal employment would disappear and give way to modern capitalist activities (ILO 2002a:9; Tokman 1978:1065). The earlier dualists associated informal employment with poverty because the income level is lower in informal work than formal work

⁸ According to ILO (2002a:3-4), employment securities include representation security, income security, skill reproduction security, work security, job security, employment security and labour market security.

⁹ Regulation refers to public control over private sector behaviour (Vogel 1996 cited in Moser 2006:14).

(Chen 2007:4; Skinner 2006:127; Chen et al 2004:14; ANC 2004; Carr and Chen 2002:2; ILO 1972:5, 505; Hart 1973;).

The dualist notion has continued to date, manifesting itself in some government policies and documents. For instance, the comment below from ANC (2004) depicts an earlier dualistic conception of employment at work:

One of the major consequences of the change in the structure of the [South African] economy is that “two economies” persist in one country. The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalized, unskilled economy, populated by the unemployed and those unemployable in the formal sector.

Transition of the second economy to first economy is the decisive government intervention that the ANC policy is advancing (ANC 2004). The existence of the “two economies”, according to ANC, detracts from economic growth. The distinction between the “two economies” is seen as a structural fault fostered and sustained through economic restrictions during colonialism and apartheid which forced black South Africans to engage in the second economy. The first economy depends on the second economy for cheap and unskilled labour (ANC 2004). One of the sections below will delve deeper into South African labour market.

Recent Dualists and Critiques of Dualism

The high rate of population growth and urbanization as well as continuous increase in unemployment and poverty cast doubt on the confidence in formal capitalist economic development to respond to the need of the labour force for employment. In other words, the earlier dualists’ prediction of the disappearance of the informal employment is yet to be a reality. In fact, informal work has been growing and continues to be the major source of livelihood to many, in both developing and industrialized countries (ILO 2002b:11).

Some scholars have called for a renewal of dualism because of the persistence of informal employment and the role such employment plays in the eradication of poverty. The renewal was led by scholars who not only reluctantly recognized the existence of informal employment, but also appreciated its impact in the combat against poverty and unemployment, and in economic growth. The explanation for the persistence of the informal employment is lack of inclusive economic growth and the failure of industrial development to absorb those who work in the

informal economy (Hart 2005:10; Moser 2006: 7; Skinner 2006:127; Chen et al 2004:12, 27; Gërzhani 2004:12; ILO 2002a:1; Chen, et al 2001:4; ILO 1972). Chen (2007:2), a recent dualist, states:

...that the informal economy is growing; is a permanent, not a short-term, phenomenon; and is a feature of modern capitalist development, not just traditional economies, associated with both growth and global integration. For these reasons, the informal economy should be viewed not as a marginal or peripheral sector but as a basic component – the base ... of the total economy.

The proponents of recent dualism such as ILO, Hart, Chen, Carr, Dicks among others, recognise the possibility of livelihood through informal employment. They commonly argue for decent work through inclusion of the informal employment in the regulatory environment of formal economy; in other words, for the formalization of the informal employments (Dicks 2007:48; Chen 2007:6; Chen et al 2004:16; ILO 2002a:5). The decent work strategy is to ensure employment security, better job conditions for both employees in both informal and formal work (Chen 2007:10). This sub-school of dualism perceives the informal workforce as comprising unprotected workers who need labour market regulatory coverage (Chen 2007:10).

The ILO in its recent report *The Informal Economy and Decent Work¹⁰: A policy resource guide supporting transitions to formality*, advocates for formalization of informal employment (ILO 2014). The ILO insists that such formalization would reduce decent work deficits in the informal economy and promote the transition of workers and enterprises out of the informal economy upwards along the continuum into formal, protected and decent work (ILO 2002a:7-8).

The ILO (2002a:3-4) outlined what it termed seven essential securities which informal and some formal employment are likely to lack. These include: *labour market security* (employment ensured by macroeconomic policies); *employment security* (safeguarding against arbitrary hiring and firing); *job security* (enhancing competence through training); *work security* (protection against occupational hazards); *skill reproduction security* (widespread opportunities to gain and retain skills, through innovative means); *income security* (protection from income risks); and *representation security* (a voice in the labour market). However, one can also argue that increasing informalization of formal employment often exposes formal employment to these

¹⁰ The ILO defines 'decent work' as employment opportunities accompanied by rights, protection and voice (ILO 2002a).

decent work deficits (Devey *et al* 2006b: 314). The ILO observes that the absence of these seven securities is not only noticeable in the informal employment but also amongst formal employees. For instance, the “working poor¹¹” can be found in both informal and formal employment. The ILO argues that there is no clear distinction between employment in the informal economy and the formal economy since what happens in one affects the other. This concession casts into doubt the move for formalization of informal workers through labour market regulations because the latter do not guarantee conformity.

According to recent dualists, informal and formal workers are dynamically linked since they belong to the same economic continuum. Many formal enterprises hire wage workers under informal employment conditions. For example, many part time workers, temporary workers and home workers work for formal enterprises through contracting or subcontracting arrangements (Chen *et al* 2004:2). It is within this employment continuum that one locates, at one pole, the informal employment as unregulated and unprotected, and at the other pole, the formal employment as regulated and protected (Chen 2007:7; Chen *et al* 2001:34).

The increasing casualization, outsourcing and informalization of previously formal employment casts doubt on the major objective of the recent dualists which is formalization of informal employment. Numerous scholars, as would be discussed later, have identified the ever growing labour outsourcing and casualization of formal employment as current key challenges in the labour market.

The recent dualists believe in the influence of government in the economy through the labour market regulations would not only safeguard workers from labour market uncertainty, irrespective of the enterprise, but would also shield workers from capitalism exploitative nature. The market, they would argue, is prompted by profit, and not workers’ protection. In other words, recent dualists prioritize workers over economic growth, and view the state power through regulation as necessary. But this belief needs to be investigated for the simple fact that employers mostly seek avenues to maximize profit through reduced input cost by bypassing the labour market regulations through labour outsourcing.

¹¹ Employees who earn less than enough to generate a family income of US\$1 per day (ILO 2002a:4).

Most critiques of dualism come from the structuralists. They accuse dualists of a simplistic categorization of the economy which does not account for intermediate economic activities. They hold that the economic activities should be viewed as a continuum with two extremes instead of dualistic classification (Portes 1983:156, Bromley 1978:1034-1035, Moser 1978:1051). They insist that the informal enterprises and employment is not as homogeneous as dualists would argue. Rather it is heterogeneous and requires diverse economic policies. They contend that informal employment could not be easily associated with urban poverty as articulated by dualists. This is because the recent increasing informalization of previously formal kinds of work can be argued to have exposed formal employees to greater vulnerability (Portes 1983:156, Bromley 1978:1034-1035, Moser 1978:1051). Bromley (1978:1035) vividly expressed the exposure of both informal and formal employees to poverty as he states that:

Many wage workers receive low incomes and have little or no job security. In most countries, there are substantial numbers of low-paid formal sector workers with little or no job security and there are even a substantial number who work in the formal sector simply to build up the capital to start an informal sector enterprises

Bromley (1978:1034-1035) noted that government support and recognition through regulations does not grant formality. According to him, there are other determinants such as monopolistic competition of big firms with small firms, subordinate relationships between big and small firms, the control of media and capital by the big firms. The structuralists affirm the role of the state in the institutionalization of the proletariat demands, for protecting the proletariat from arbitrary hiring and firing, income and occupational risks (Portes 1983:160-161).

3.3.2 Structuralism

In the late 1970s and 1980s scholars began to question the association of informal employment with underdevelopment due to recognition of such economic operation in developed countries; they started to doubt the incompatibility of informal economic activities with modern capitalism (Moser 2006:7; Moser 1978:1061). Population growth, urbanization, increases in poverty, and unemployment of unskilled illiterate workers showed that the capitalist economic model could not absorb the whole labour force. The situation suggested informal employment as a possible solution to the problem of unemployment and poverty (Moser 1978:1042).

The structuralists argue that informal work is an integral part of advanced capitalism, not a marginal appendix to it, because informal work supplies the formal enterprise with reduced labour and other input costs, and increases profitability and competitiveness (Arvin-Rad et al 2010:1; Dell’Anno 2008:3; La Porta and Shleifer 2008:i; Moser 2006:9; Castells and Portes 1989:12). Portes and Sassen-Koob (1987:41) argue that the identification of developing countries as the abode of informal economic activities and advanced countries with non-existence of informal economic activities is incorrect. This is because varying degrees of development between developing and advanced countries do not constitute non-existence of informal economic activities in the latter. The continuous increase in informal employment during economic growth is an indication that the capitalist economy recognizes the importance of the informal work arrangement (Heinz and Pollin 2003:4).

The structuralists view informal employment as a different form of employment that is outside the “well-defined wage sector of large-scale enterprises” (Moser 1978:1056). Different forms of informal employment, according to Moser, include: wage and salaried labourers for small scale operators, self-employed owners and unpaid family labourers, as well as casual workers (Moser 1978:1056). The structuralists contend that there are many dynamic, dependent and subordinated linkages between informal and formal employment.

The linkages suggest that informal and formal employment could be conceived in terms of dominant and subordinate, independent and dependent relationships respectively. The connection between the informal economy and formal economy, according to structuralists, explains the persistence and the preservation of the former (Sassen 1994:2289; Portes 1983:163-164; 1978:1035; Moser 1978:1042,1060). It is crucial to understand the economic power relations which serve the needs of formal enterprises, and as a spill over to informal economy.

The linkages between employment in informal and formal strands of the economy, according to structuralists, is based on the function the former performs for the latter. The informal economy is seen as incapable of not only generating enough employment in isolation but also independent economic growth (Moser 1978:1056). The formal economy, in an attempt to enhance profitability, subordinates the informal economy in the drive for profit; and it is not concerned with provision of secure employment. The formal enterprises benefit from the subordination and

dependency of informal economy through low cost of labour and other production and distribution input costs as well as capital transfer (Castells and Portes 1989:12; Moser 1978:1062). In return, the informal economy gets an increased revenue, exposure and employment through labour outsourcing.

The structuralists identify labour market regulations as the outcomes of class struggles. Apart from wage improvements class struggles have also led to two other consequences. Firstly, it has initiated a proliferation of indirect payments that aim to secure employees against ill health, occupational and income uncertainties, unemployment and old age. Portes argues that these employment benefits discourage employees from engaging in other income generating activities. Secondly, class struggles have continuously reduced the employers' freedom to hire and fire at will (Portes 1983:160). These two consequences, according to Portes, gave birth to what is today termed informal employment. In other words, organized labour resistance forces employers to seek an alternative and cheaper labour force through outsourcing.

Portes argues that informal economy is labelled so not because it is structurally similar to formal modern capitalist economy, but due to the common functional inter-linkages to the formal economy. The effect is to eradicate the proletariat's gains from class struggles. These subordinated functional connections have been re-invented in recent times as a mechanism to re-institute the exploitative nature of capitalism and "to help retard or bypass wage gains and state-enforced labour legislation" (Portes 1983:163). In Portes' view, "[t]he large-scale offensive against the organized working class through recourse to backward modes of production is what gives the contemporary informal economy its true significance" (Portes 1983:163). As cited in Skinner and Valodia (2002:72-73), "the growth in independent contract type arrangements...are aimed primarily at bypassing aspects of the labour legislation". Structuralists view outsourcing and subcontracting arrangements as mechanisms through which employers directly have access to a pool of unprotected workers, and partly undo the gains of proletariat struggles through restoration of elasticity of labour supply (Portes 1983:163-164; Moser 1978:1056).

According to some structuralists, informalization of employment is happening because of falling profit rate due to increase in labour cost and unfair competition with cheaper foreign goods (Portes and Sassen-Koob 1987:54). Other structuralists contend that abrupt shift from production

to service-dominated economic operations has contributed to the informalization of employment conditions in the Post-Second World War era (Moser 2006: 3; Sassen 1997:5; Sassen 1994:2290; Standing 1989:286). The dominance of service industries that became the major economic driver from 1980s remained characterized by greater profitability, high competition, as well as occupational and insecure employment, a decline in trade union bargaining power and employment flexibility and mobility (Kalleberg 2009:3; Sassen 1997:5).

Some scholars, mostly structuralists, argue against the history of the discovery of the informal economy in the twentieth century (Portes 1983; Bromley 1978; Moser 1978). The over-rated dichotomy between formal and informal economies did not exist in nineteenth-century capitalism. This does not mean the non-existence of the latter, as it is known today, but due to unavailability of an adequate opposite (Skinner and Valodia 2002:72; Portes 1983:159). For instance, Skinner and Valodia (2002:72) argue against the perception that the informal economy is a recent economic phenomenon by citing that informalization and flexibilisation have been among the major features of the labour market in South Africa during the apartheid era.

Critique of Structuralism

Both recent dualists and structuralists recognize the functions, the importance and the connection of informal work to formal work for different reasons. While the former recognizes informal work as an instrument in the alleviation of poverty and stresses the need to ensure social justice for those involved, the latter see informal employment as a subordinated and dependent tool for the actualization of the intentions of employers who use informal employment to reduce labour cost through outsourcing labour. The social justice issues of employment securities do not necessarily concern the structuralists. The structuralists accuse the state for upholding the proletariat demands for employment securities (Moser 2006:10; Portes 1983:160-161; Castells and Portes 1989:12). They describe labour market regulations as the mechanisms through which governments protect organized workers at the expense of employers. They see their preference of informalization of employment as a response to labour market regulations since such lead to cheap input cost. Hence, while the recent dualists promote formalization of informal employment through regulations, the structuralists argue for the informalization of formal employment.

3.3.3 The Legalist Position

The legalist theoretical perspective on the relation of informal and formal works came into light in the late 1980s. Legalists view informal work arrangements – or, more specifically, unregistered business – as a rational response to over-regulation by government bureaucracies (De Soto 1990). Legalists explicitly articulated the relationship between the state, through regulations, and informal activities (De Soto 1990 cited in Chen 2007:7; cited in Moser 2006:11). In this school of thought the choice to participate in either formality or informality is portrayed as decisions that economic actors make after assessing the pros and cons of each economic strand. In other words, economic accounts often describe informalization as a rational response to the state regulations (cited in Moser 2006:11). The legalists recognized the union between capitalist and government interests. And identified regulations as medium through which such interest is realized.

The legalist approach prioritizes the possibility that the informal employments can contribute to economic growth in the same way as formal employments if the informal employment is set free from regulations. Deregulation of informal and formal work is crucial to this school of thought. In other words, response to regulation is the common ground for informal and formal work according to legalists (Heintz and Posel 2008:32; Chen 2007:7; Devey et al 2006: 5). De Soto (1989: XVII), one of the main supporters of legalism, states that “deregulation would eliminate the cost of operating within the legal system and hence decrease the informality level of the overall economy”.

In contrast, Moser (2006:1), who represents the structuralist’s position, contends that informality is not removed through deregulation, but through efficient enforcement of regulations. The regulatory environments within which economic activities operate vary across nations in terms of the degree of state regulation (high versus low), and the quality of law enforcement (effective versus ineffective) in the economic sphere (Moser 2006:4). Similarly, Bromley (1978:1034-1035) notes that government support and recognition does not grant formality. According to him, there are other determinants such as monopoly, subordination, and control of media and capital. The structuralists argue against the autonomy of the informal enterprises from capitalist enterprises because the former lacks the ability to generate economic growth and enough employment on its own (Bromley 1978:1034-1035; Moser 1978:1061).

Government policies often tolerate or even promote informal economy for various reasons (Moser 2006:10). Chen et al (2004:28) explain that Structural Adjustment Programmes (SAPs) expanded the informal economy in many developing countries because cuts in public expenditure forced some formal workers to engage in informal economic activities. Furthermore, Grossman (1989:164) states how Brezhnev's rule in U.S.S.R. tolerated informal economic activities to increase the population of the middle class. Also, Standing (1989:285) mentions how the reversal of the British state's full employment policy under Thatcher's rule led to increase in unemployment and eventual expansion of the informal economy in the labour market.

In short, the earlier dualists regarded the informal economy as a mark of underdevelopment that provides livelihood to the poor, and would eventually disappear due to economic development. The recent dualists see the connection between the informal and formal economy, and note the persistence of informal employment as a vital mechanism in the fight against poverty. They rely on the state intervention for promotion of decent work for both informal and formal employees. The legalists push for autonomy from state regulations. They seek freedom from the state, but for diverse reasons from the structuralists. The legalists seek deregulation because they assume that this grants formality. The structuralists insist that informal economy is subordinate and dependent on the formal economy in order to lower input cost in the latter; and not for creation of secure employment. They dislike the state role in employment protection through regulations. The structuralist espoused the clearest conception of labour outsourcing and the rationales behind the popularity of the labour strategy among employers. For structuralists, better delineation of labour outsourcing through articulation of the aim is among the major reasons why the theoretical framework would be used to explicate the effects of outsourcing newspaper distribution on the labour market experiences of newspaper distributors in Durban. The next section pays particular attention to labour market in South Africa.

3.4 Labour Market Changes in South Africa

The South African Labour market has experienced several transitions since apartheid was dismantled. Standing et al (1996:13) articulated five major labour regulations which were promulgated to regulate labour rigidity towards control during the apartheid era. The regulations include "...Labour Relations Act of 1956 and 1981, the Mines and Works Act 27 of 1956, the

Wage Act of 1957, the Manpower Training Act 56 of 1981, and the Basic Conditions of Employment Act of 1983” (Standing et al 1996:13). The South African Labour Market under apartheid was perceived as complex, schizophrenic and dualistic due to its ability to uphold two distinct rules and conditions for whites and black workers respectively (Kenny and Webster 1998:216; Standing et al 1996:13).

Major changes started in 1979 when the Riekert Commission recommendations led to the recognition of black trade unions. Due to this recognition, trade union membership increased from 700,000 in 1979 to 3 million in the 1990s (Kenny and Webster 1998:217). After the emergence of democratically elected government, the 1995 Labour Relations Act was promulgated to consolidate “sectoral collective bargaining and sectoral forms of tripartism”¹² (Standing et al 1996:15-16). Standing et al view the 1995 Labour Relation Act, which came into effect in mid-1996, as an attempt to promote Labour market that is flexibly regulated. Kenny and Webster (1998:216) argue that labour flexibility¹³ is being initiated simultaneously as the new government is attempting to broaden and consolidate core basic rights of workers who were formally racially marginalized and excluded. The move towards labour flexibility by employers amidst combination of high unemployment rate and the racially segmented labour market under and after apartheid is viewed by Kenny and Webster (1998:216) as “re-segmenting a dual labour market”. Some scholars argue that labour flexibility through outsourcing is a move by employers to reduce labour costs and undermine the core rights gained by trade unions through class struggles for couple of decades in the South African labour market (Bezuidenhout and Fakier 2006:463; Nadvi and Thoburn 2004a; Barker 2003:31; Standing 1999:105; Kenny and Webster 1998:217).

Labour market regulations exists for different reasons; while some aim to promote efficiency and productivity others intend to curtail exploitation and vulnerability of workers (Standing 1999:39). While labour market regulations that promote efficiency and productivity often compromises employees’ entitlements, wages and fundamental rights, the regulations that

¹² Tripartism refers to the union of employers, workers and government in dealing with labour market challenges.

¹³ Labour flexibility refers to “re-segmenting the South African labour market and creating greater insecurity and unemployment for both core and flexiworkers” (Kenny and Webster 1998:217). And such labour strategy which aimed at “Flexibility” increasingly erodes the hard-won rights of core workers” (Kenny and Webster 1998:222). According to Standing (1999:81), labour flexibility is about control and subjectivity as both employers and employees want each to be flexible on their favourable and subjective terms (Standing 1999:81).

restrains exploitation seems to favour the protection of worker's interests (Standing 1999:105). Some of the major labour market regulations that support efficiency, productivity and profitability are those that allow casualization and outsourcing of labour from formal enterprises to informal employment (Standing et al 1996:12).

South African labour broking¹⁴ was a key factor in the labour market flexibility which many see as an attempt to emulate the rampant international labour market trend (Bezuidenhout and Fakier 2006:470; Nadvi 2004:28; Standing et al 1996:96). The trend has been a move away from standardized, secured, full-time employment towards flexible and indirect forms of labour engagement. The trend has been identified with different names such as outsourcing, subcontracting, casualization, externalization, labour letting among others. But what all these concepts have in common is declining employment security and benefits. These concepts have been extensively discussed in the South African Labour Market arena for decades now (Bezuidenhout and Fakier 2006:463; Kenny and Webster 1998:216; Standing et al 1996:95). The continuous mutation in the South African labour market is seen as sustaining the re-segmentation of the labour market which was initiated along racial lines during apartheid era (Kenny and Webster 1999 cited in Bezuidenhout and Fakier 2006:468; Bezuidenhout et al 2004). Labour outsourcing and casualization, which characterized labour market flexibility, are evidence that precarious employment is on the increase. From a source, it was estimated that, "there were over 3000 labour broking agencies in South Africa in 1995, supplying over 100,000 temporary workers at any time; and the number of agencies has been growing" (cited in Standing et al 1996:95). The increase in the number of labour brokers indicates that labour broking is lucrative and escalation of labour market flexibility.

There are different forms of labour market flexibility. The first form is "functional flexibility" which aims to eliminate secure employment and expose workers to perform different tasks at different shifts and works. The second form is numerical flexibility which creates groups of workers who have no job security (Kenny and Webster 1998:221). Labour flexibility gives employers greater control over employees (Kenny and Webster 1998:221; Standing 1999:81).

¹⁴ This refers to mechanism through which labour market flexibility occurs since it aids in employers undermining of workers core right through its assistance in informalization of formal employment (Bezuidenhout and Fakier 2006:470).

Apart from the 1983 Labour Relation Act's recognition of labour brokers as employers, it is pertinent to identify its importance to employers as well as its impact on workers. The recognition makes it possible for enterprises which outsource labour to labour brokers to avoid responsibility as employers. Labour brokers avoid the provision of minimum labour obligations to their employees, and as such makes it possible for client companies to have access to cheap labour supply (Standing et al 1996:95-96).

Kenny and Webster (1998:222) argue, for instance, that labour casualization of the retail sector has re-segmented the sector into core workers and flexi-workers. The labour market of service, mining and retail sectors are the representation of two common flexible forms of labour in South Africa, namely labour outsourcing and casualization. While the latter concerns reduction of statutory employment benefits and protection for workers in direct employment, the former concerns commercialization of employment through externalization of labour to brokers (Kenny and Webster 1998:222). For example, Rees (1998:2-3) observed that while standardized employment in retail industry declined by about 1% between 1987 and 1997, casual employment escalated by 44.7% between 1987 and 1997 in South Africa (cited in Kenny and Webster 1998).

The life of Maria Dlamini¹⁵ was used to study the South African labour market during and after apartheid (Bezuidenhout and Fakier 2006:463). In the light of Maria's daily experience, some scholars contend that current labour outsourcing is a replication of major features of the South African labour market during apartheid epoch, when the burden of social reproduction was intentionally transferred to households and communities instead of being managed by employers and the state (Lee and McCann 2011:11-12; Bezuidenhout and Fakier 2006:471). The effect of outsourcing its cleaning service to Supercare by Wits University had several effects on Maria and other cleaners. The effects include change of employment status, increased workload, intensification of workload and supervision, reduction in wages, and other employment benefits such as provident fund, medical aid and a scholarship for their children to study at the university (Bezuidenhout and Fakier 2006: 472, 475). The next section discusses labour outsourcing as the source of precarious employment.

¹⁵ Maria Dlamini is a contract cleaner at the University of the Witwatersrand. She is an employee of Supercare, a cleaning company to which the university outsources the cleaning of the university.

3.5 Precarious Employment

The increase in “precarious employment”¹⁶ is an effect of labour market flexibility through deregulation of the economy for a freer market that began during the reign of Margaret Thatcher and Ronald Reagan from early the 1980s in Britain and the US respectively (Standing 2011:5-6; Hart 2010:12; Kalleberg 2009:6; Dicks 2007:39; ILO 2002a:12; Carr and Chen 2002:1). The recent changes in the nature of employment and the emergence of diverse employment conditions from standard legislated and secure labour conditions that emerged after World War II (ILO 2013:5-6; Hadden et al 2007:7; Chen et al 2004:13-14,15; Cranford et al 2003:7; ILO 2002b:26; Skinner and Valodia 2002:57) is pivotal in the exploration of labour outsourcing on newspaper distribution contractors and their employees. Chen (et al 2004:23) states that precarious employment conditions have a connection to poverty. This is because precarious employment is likely to lack the four pillars of decent work: opportunities, rights, protection and voice (ILO 2002a cited in Chen et al 2004:25).

Precarious employment has become a major theme in the study of labour market in recent decades globally (Standing 2011; Barchiesi 2008:54; Benach et al 2007:14; Skinner and Valodia 2002:57; Chandra et al 2002:37; Gregory 1980:673). Precarious employment is not homogenous, nor does it have a single conception across countries. However, common features exist, namely temporality, powerlessness, employment insecurities, lack of benefits and low income (Standing 2011:13; Hadden et al 2007:7). For instance, there is an increase of workers in the formal enterprises without job benefits. According to Cunniah (2013:5), “[t]emporary contracts are becoming the norm, agency work is spreading, casual or day labour as well as forms of ‘dependent’ self-employment are thriving and are even cannibalizing the core of the ‘formal’ economy”. Peter Rossman and Janet Holdcroft describe precarious employment conditions as the outcome of deliberate strategies by big formal firms to evade their social responsibility and deprive workers the right to collective bargaining (cited in Cunniah 2013:5).

According to Standing (2011:24), the common description that cuts across all forms of precarious employment is:

¹⁶ Precarious employment refers to work with high uncertainty, unpredictability, and risky from the point of view of the worker (Kalleberg 2009:2)

insecure employment, of being in jobs for limited duration and with minimal labour protection, although all this is widespread. It is being in a status that offers no sense of career, no sense of secure occupational identity and few, if any, entitlements to the state and enterprise benefits that several generations of those who saw themselves as belonging to the industrial proletariat¹⁷ or the salariat had come to expect as their due.

There are four main reasons that have been identified by the literature as the chief causes of the deteriorating employment status but labour outsourcing due to employers drive for profit, efficiency and competitiveness is the overarching reason behind the four identified reasons in the literature. Firstly, globalization¹⁸ is mostly identified as having the highest impact on the employment conditions around the world (Lee and McCann 2011:11; Standing 2011:26; Kalleberg 2009: 2; ILO 2002a:33-34; Carr and Chen 2002:2-3; Rodrik 1997; Chen et al 2001:4; Standing 1999). Globalization has favoured capital mobility at the expense of labour, especially low-skilled workers, and has also encouraged migration (Standing 2011:6; Kalleberg 2009:2; Rodrik 1997; Carr and Chen 2002:1). According to ILO (2002a:33), the impact of globalization can be both negative and positive, and depends on the industry, trade and job mobility. Globalization, through capital mobility, has been sustaining and expanding informal employment. It has had a negative effect on low-skilled workers in formal and small enterprises as it makes them the first victims of labour outsourcing and usurps their collective bargaining power as exemplified in the example of University of Witswatersrand outsourcing its cleaning services as noted above.

Skinner and Valodia (2002:72-73) state that trade liberalization, which is an effect of globalization, is eroding the proletariat's collective bargaining power. Multinationals are utilizing the environment created by trade liberalization to dampen the bargaining power of trade unions through outsourcing and subcontracting to the informal economy.

The second reason for dwindling employment conditions is the global economic crisis in the 1970s which led to international price competition which is seen as one of the factors that

¹⁷ Proletariat refers to workers in a temporal employment, with no employment security.

¹⁸ Globalization defies consensus definition is understood as a phenomenon that promotes integration, interconnectedness and openness of states' economies to each other. The increased integration and interconnectedness of economies renders each economy susceptible to external shocks, increases the risk and uncertainties in labour market by giving greater advantage to capital over labour (cited in Lee and McCann 2011:11; Rodrik 1997). Kaplinsky and Morris (2001:15) defines globalization as "the pervasive decline in barriers to the global flow of information, ideas, factors (especially capital and skilled labour), technology and goods." In a similar vein, Nadvi (2004:20) describes globalization as a phenomenon that lowers the transaction cost of movement of goods, capital information, culture and to a minimal extent supports labour mobility.

triggered serious reconsideration of employment conditions in recent times. This reconsideration led to a decline in standardized employment and a simultaneous increase in precarious employment (Lee and McCann 2011:3; Gërxfhani 2004:287; Carr and Chen 2002:1; Chen et al 2001:1).

The third reason is changes in technology and employability. The changes often suggest that the era of secure forms of employment conditions are under threat. The changes also point to the quest for employees upgrade through further training in an attempt to enhance employability and flexibility. Achievement of jobless economic growth and high-tech jobs means that those rationed out of formal employment might engage in informal employment. The major argument from these changes, according to structuralists, is that workers should be urged to take more risk in the labour market by accepting labour flexibility (Lee and McCann 2011:12; Standing 2011:1; Kalleberg 2009:2-3; Carr and Chen 2002:1-2).

The fourth factor is the declining collective bargaining power of trade unions¹⁹. As stressed above, the outcome of class struggles limited the exploitative nature of capitalists, and trade unions were saddled with the responsibility to ensure that the gains of class struggles are not only maintained, but also enhanced. However, the continuous flexibility of standardized employment detracts from the unions' collective bargaining power. Apart from the employees who suffer decline in wages, and have to grapple with job and occupational risks, precarious employment challenges the essence and the existence of trade unions (Cunniah 2013:5-6; Kalleberg 2009:2-3; Hadden 2007:7). Since the emergence of modern capitalism, trade unions have exacted much effort to ensure improved employment conditions for workers. They achieved better employment conditions, safety nets, benefits and security (Cunniah 2013: 1, 2, 5).

Standing (2011:6) differentiates between the precariat, created through precarious employment conditions, from the "proletariat". According to him, proletariat refers to "workers in long-term, stable, fixed-hour jobs with established routes of advancement, subject to unionisation and collective agreements, with job titles". The latter are clearly understandable by all irrespective of age differences, known employers. The precariat lacks most of the aforementioned characteristics. He argues that the precariat are not part of the "working class" or middle class

¹⁹ Trade unions refer institutions that represent the interest of worker (Hadden et al 2007:7).

since they do not have predictable income, benefit or status possessed by the middle class in the society.

Michael Denning (2010) offers a deeper insight into the labour market and how labour became commodified by the capitalist economic system. Commodification means wageless life for those who are not included in the capitalist economic cycle, which Marxists termed Lumpenproletariat²⁰. Michael Denning notes that the emergence of employment in the informal economy in the Third World countries became the main mechanism through which capitalists improve competitiveness, profitability, and reduced input cost since twentieth century. Hence, the informal sector became the only means of livelihood in the city for the wageless life. In Denning's view, the emergence of paid employment was the normalization of unemployment as way of controlling the labour market (Denning 2010: 82). Such normalization of this social ill structure was the origin, according to Denning (2010:82), of social welfare packages employed to calm the "reserve army of the unemployed". The vital point noted is how wageless life has increased the vulnerability of the "reserve army of the unemployed" in a manner that people accept employment without minimum job securities.

3.6 Value Chain Analysis

Value chain analysis together with structuralism serve as the theoretical frameworks for this research. Value chain analysis refers to production, distribution and recycling processes, though it is more complex in reality than it is described above (Kaplinsky and Morris 2001: 4). It is often associated with globalization and production, but the framework is equally applicable to specific locality and distribution. Value chain analysis captures the dynamism in income distribution and employment benefits, according the positions of role players (Nadvi 2004:28; Kaplinsky and Morris 2001:2,49).

Value chain analysis is a useful investigative tool to examine the different role players in a chain of production and distribution, and to reflect on how each group of role players are positioning themselves strategically. It can help show how some players are in a weak position while others

²⁰ Lumpenproletariat represents the "unproductive", "parasitic" strata of the community. Reinvented by Franz Fanon to mean: "entirely new urban population of the Third World who are dispossessed of lands and migrants to the cities (Denning 2010: 88).

hold the power in the value chain. The power relation is well captured through value chain analysis. For instance, the three newspaper industries under study wield a lot of power over their respective contractors. The same level of power play can be identified between contractors and their employees.

Graham and Hill (2009:169) argue that the value chain of newspapers industry is distinct from other conventional chain networks. This assertion is due to the supposition that newspapers industry “operate as both a business and societal watchdog”. According to Graham and Hill (2009:173), the emergence and increased use of internet newspaper industries are confronted with declining revenue as a result of decreasing readership for printed newspapers. The quest to reduced distribution cost explains the outsourcing street and home newspaper circulation to subcontractors who in turn employ workers without employment securities (Graham and Hill 2009:179).

3.7 Conclusion

The literature review has attempted to argue that precarious employment is an effect of labour outsourcing. Before arriving at this conclusion terms were clarified was made and dominant theoretical positions were discussed. From the three main theories on informal and formal economic strands relationship, structuralist theory was chosen as an appropriate theory for the research since it articulated better than the other competing theories the concepts such as outsourcing of labour as well as reasons behind such move by employers. As a complement to the structuralists theoretical framework, value chain analysis was chosen to aid in mapping out of printed newspaper distribution chains as well as the labour market experiences of the role players in the chains, especially in lower chains. As shown in section 1.2, there is scarcity of literature on the newspaper distributors, and newspaper distributors in Durban are not exception. Thus, there is a need for this research. The chapter that follows is an empirical report on the study of the effects of outsourcing newspaper distribution on the labour market experiences of contractors and their employees in Durban.

Chapter 4: Findings

4.1 Introduction

This chapter presents the empirical report from the fieldwork. The chapter is divided into five themes. The first theme deals with printed newspaper distribution and role players in Durban. The second theme focuses on contracts, employment securities, working conditions and income of the role players. The third theme concerns livelihood strategies initiated by some role players in an attempt to improve their income. The fourth theme reports the effects of outsourcing newspaper distribution on role players and responses from circulation managers on working conditions. The fifth theme analyses customer service and perceptions of newspaper distribution role players. The crux of every section of this empirical report is the precariousness of the lower echelons in the newspaper distribution chain in Durban. The lower strata in newspaper distribution in Durban saw their participation as interview respondents as an outlet to share their precarious labour market experiences. This chapter presents how newspaper distribution works, the role players, the labour market experiences of role players due to newspaper companies' attempts to reduce cost.

4.2 Newspapers Distribution Chain and Role Players in Durban

Newspaper publishers depend on a complex set of actors and distribution systems to get their products to their readership. This section provides a basic orientation to the way in which printed newspaper distribution works in Durban, who the different role players are, and what kinds of relationships they have with one another. In this study I am mainly focusing on the distribution systems of the major newspaper publishers, namely Independent Newspapers and Times Media Group (Times Newspapers). Natal Witness was also included but in less depth, a newspaper company which is based in Pietermaritzburg and has also been recently bought by Media 24 was partly studied. Natal Witness is studied because some of the Times Media Group contractors also distribute for Natal Witness. Natal Witness is also studied because it is gradually attempting to break into Durban newspaper market (Respondent 3, assistant manager, 1st October 2014). The distribution chains of Independent Newspapers and Times Media Group were, until recently, an overlapping system since the former use to print and distribute on behalf of the latter. However, from the 1st August 2014 (shortly before the fieldwork) the latter initiated its own distribution network due to "some administrative issues" (Respondent 2, manager, 1st October 2014).

Independent Newspapers has been KZN leading newspaper house for over 150 years. It has eight titles of newspapers, that target different population groups in the KZN, which are printed at its Durban location and employs different distribution strategies to ensure continued high readership (Respondent 1, manager, 2nd October 2014). Figures 4.2 and 4.3 below are representations of the distribution networks employed by these companies. They include: The Mercury, Isolezwe (eyewitness), and Daily News, from Monday to Friday, morning and afternoon editions respectively, and the Post on Wednesday which targets an Indian readership. On Saturdays, Isolezwe Mqgibelo (eyewitness on Saturday) and the Independent on Saturday are produced. And on Sundays, Isolezwe NgeSonto (eyewitness on Sunday) and the Sunday Tribune are produced. The pictures of all the titles and a table of the daily average quantities of these titles distributed in October 2014 according to channels are presented below:

Figure 4.1, The picture of Independent Newspapers Titles



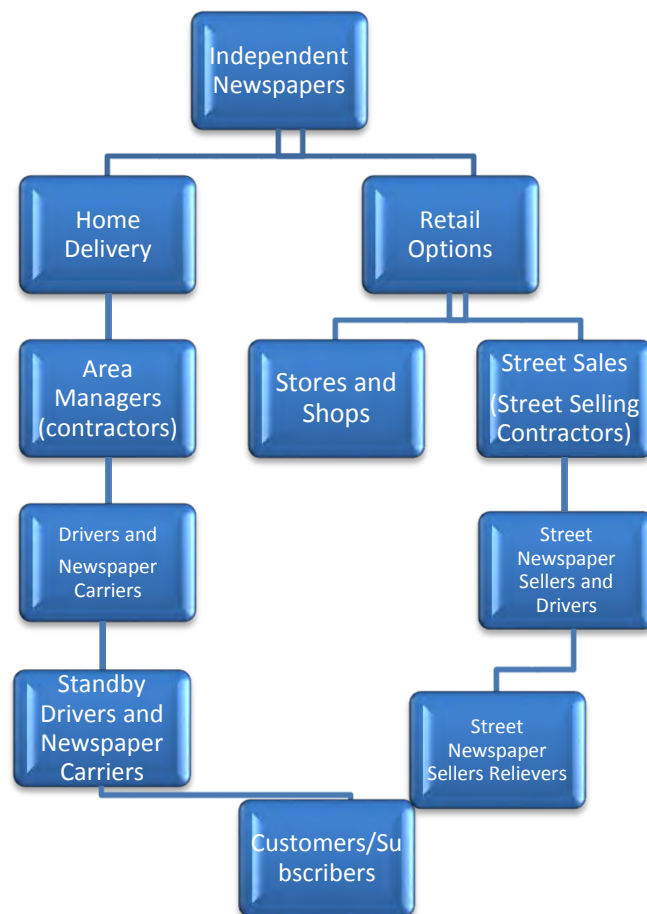
Table 4.1: The Daily Average Quantities of Independent Newspapers Sold in October 2014

Newspaper	Home Delivery	Street Sell	Stores/Shop	Total
The Mercury	14500	5000	27000	46,500
Daily News	13000	3000	30000	46,000
Isolezwe	1200	20000	90000	111,200
Isolezwe Mqgibelo	535	15000	67000	63,035
Isolezwe NgeSonto	730	17000	80000	97,730
Independent on Saturday	600	1300	39000	40,900
Post	13500	7000	43000	63,500

Figures and picture from Independent Newspapers on 31st October 2014 (through personal correspondence)

Figure 4.2 depicts the distribution networks and role players that participate in distributing Independent Newspapers titles. I am aware of other modes of newspaper distribution such as digital modes, but it is outside the ambit of this research. According to Independent Newspaper circulation manager (Respondent 1, Manager, 2nd October 2014), there are two channels through which papers are circulated to the public. The first channel, is the retail option, which has two categories. The first category in the first channel is the supply to big retail stores such as Pick n Pay, Checkers, Shoprite, and small shops. The second category in the first channel is street selling, where the company sells its papers on the corners of streets. The second channel is direct delivery. In this channel the company delivers newspapers to homes or workplaces of its subscribers who have paid for the newspapers in advance. Retail and home delivery forms are located under the main role players. Independent Newspapers, for example has the distribution chain that follows.

Figure 4.2, Independent Newspaper Distribution Chain and Role Players for Printed Newspapers



The next group of role players is people who are contracted to Independent Newspapers to be responsible for street sales, store and shop, and home delivery. They are allocated specific areas to cover. For instance, one contractor is contracted to street selling in Durban CBD. In covering the allocated areas, the contractors employ another stage of role players who make the deliveries, namely: street sellers, drivers and newspaper carriers. Below the street seller and newspaper carrier strata, there are back-up workers who do not have regular work with the contractor but who are called upon by street sellers, drivers and newspaper carriers²¹, or even by the contractor in case of emergency or absence of an employee. In the distribution of Independent Newspapers, distribution contractors and their employees, especially street sellers and newspaper carriers, have vital roles to play. The result of this chain of outsourcing and contracting is that the newspaper publisher does not have direct relationships with those who get their products to their customers. The Independent Newspapers circulation manager states:

We do not employ the man that stands on the street. What we do is that we have contractors. So these contractors have a contract with Independent Newspapers. We supply them, using a hypothetical figure, a thousand newspapers of each title. We give it to them to deliver. Whoever they decide to employ in order to get the paper out there to sell is up to them. So those people that are standing at street corners, we do not know them. There are quite a few contractors that do come here, pick up their newspapers, and supply to their workers who end up selling (Respondent 1, Manager, 2nd of October 2014).

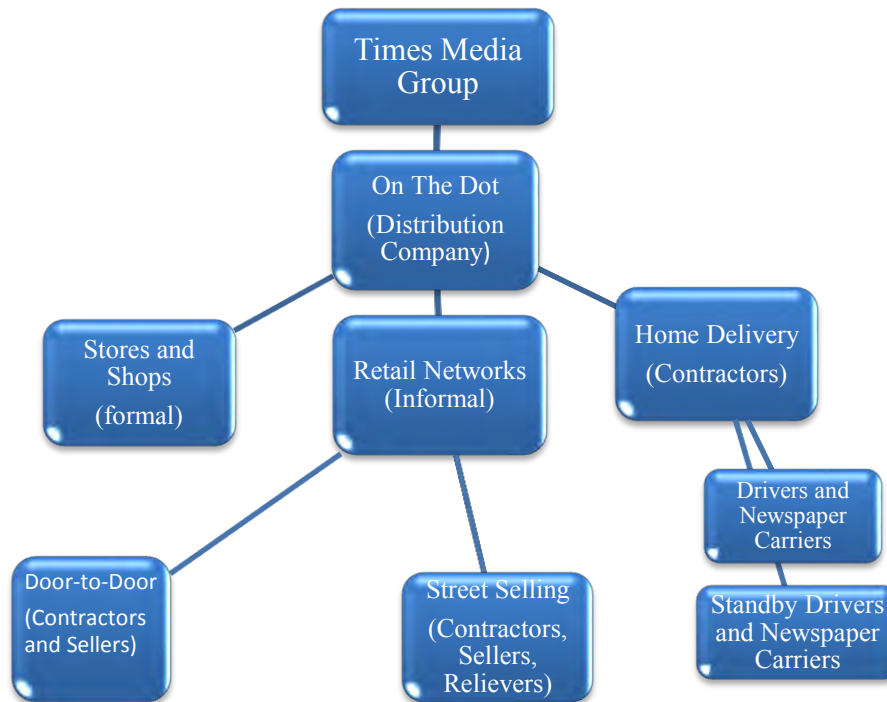
Times Media Group (TMG) is another major newspaper publisher in Durban. Figure 4.3 presents Time Media Group's distribution chain for circulating their printed newspapers after the restructuring that took effect in August 2014. The chain is similar to Independent Newspapers, but there are additional channels such as door-to-door selling and the use of a distribution company called 'On the Dot'. TMG has also been in existence for over 150 years (Respondent 3. Assistant manager, 1st October 2014). The business models of both Independent Newspaper and Times Media Group are different. Most Independent Newspapers titles are regional publications reporting on provincial news and occurrences. For instance, Independent Newspapers has the Cape Argus in Cape Town, the Star in Johannesburg, and the Mercury, Isolezwe and the Daily News in Durban. By contrast Times Media Group publications are national. For example, the Sunday Times, which is the prime product of Times Media Group, is circulated nationally with

²¹ Newspaper carriers are those who deliver newspaper to subscribers, at times they are regarded as driver assistants.

specific regional reports. Times Media Group collects reports through its local reporters, edits the reports in its Headquarters in Johannesburg, and sends the edited report to various printing companies. For instance, Media 24 regional branch in Pietermaritzburg prints all Times Media Group titles for KZN province. TMG has a number of newspaper titles, namely the Sunday Times and the Sunday World, which are produced for distribution on a Sunday, and the Times, Sowetan, Financial Times and the Business Day which are dailies publications (Respondent 3, assistant manager, 1st October 2014). The company declined to disclose the quantities and the channels through which these titles are distributed. According to circulation manager, “the information on the quantities of the titles distributed according to channels is classified information which we cannot disclose to you [the researcher]” (Respondent 2, Manager, 3rd November 2014). The circulation manager noted that these six titles are printed for TMG in KZN by a publication/newspaper company known as Media 24 at its regional headquarters in Pietermaritzburg. The distribution company that delivers the papers to stores, shops and to different contractors is known as On the Dot, which is next in TMG’s chain of distribution and role players. He explained how On the Dot handles TMG’s publications to stores/shops:

We have contract with the company [On the Dot]. We gave them the list of all the stores we supply newspapers to, and we control how many copies we give to each store. For instance, let’s say that we want to send 1000 copies to the stores. We give the distribution company the 1000 copies together with the list of the stores and the number of papers to be given to them. They manage that for us, to make sure that the copies are delivered to the stores, ensure that returns are collected and that the balancing is done properly. We pay them for all the services. Otherwise we have to have five thousand trucks, five thousand drivers. So it is much cheaper and cost effective to give to a company to manage it for us (Respondent 2, Manager, 1st October 2014).

Figure 4.3, Times Media Group Distribution Chain and Role Players for Printed Newspapers



While On the Dot is contracted by Times Media Group to directly supply to stores and shops, they also supply to contractors who are contracted to be responsible for informal retail networks, namely door-to-door and street selling, and home delivery. Some of the contractors also distribute for other newspaper publishers. These networks and respective role players are similar to those of Independent Newspapers. The only difference is the addition of door-to-door distribution, which has contractors and sellers as role players. The TMG circulation manager explains the specific role players in their distribution chain:

In the retail networks there are formal and informal networks, formal being the stores and informal being the streets selling and door-to-door. Door-to-door selling is when a person takes a lot of papers to sell for an exchange of money in order to make profit by getting the papers at a cheaper price from us and selling it at a higher price. But newspaper prices are the same in streets as in stores and shops, prices are fixed. In all these channels we only deal with contractors, not the ordinary sellers or newspaper carriers.

The home delivery network is purely deliveries. There is no immediate exchange of money in newspaper deliveries. What happens is that people pay for subscription in advance and I get a contractor who will do the actual delivery to them based on their specific instruction. They report directly to us because we have a contract with them. Before, if we had a complaint concerning home delivery, we would phone Independent Newspapers to attend to the complaint (Respondent 2, manager, 1st October 2014).

The final set of role players, those for whom other role players exist are the customers. The consumers wield a lot of power since the primary aim of the newspaper companies, contractors and actual street sellers and newspaper carriers is the satisfaction of customers. However some of those in the distribution chain were concerned that their market was declining. Beatrice, a home delivery contractor strongly believes that:

... print media is definitely dropping. When I started 25 years ago, I had about 500 copies delivery of Daily News. But today I have got only about 170 copies of Daily News delivery every day in the same area of coverage. People can subscribe and read Daily News online, they do not have to have the papers delivered to them anymore to their houses. And of course TV, the news you get on TV is up to date, it is more up to date than the newspapers. So, print media is dying (Respondent 4, contractor, 30th September 2014).

However, another contractor who doubles as home delivery and store/shop delivery for TMG and Natal Witness respectively opposes the above perception that print media, newspaper, is going down:

In terms of newspaper industry and for the years I have been in it there is always constant concern about whether technology, internet, is going to take over the printing of newspapers. And I have come to 20 years down the line, and I am still doing newspaper distribution. There would be a percentage that has changed because of technology and how widely available technology is. But in saying that people still want to hold newspaper in their hands and read the information. Someone can go open his/her laptop and scan through something, but the screen can only hold that much. So, yeah, there would be variation, as I said. I have been doing this job for twenty years and I am still doing it so that will tell you that it is still a lucrative business (Respondent 6, contractor 8th October 2014).

An important issue to note in relation to these various role players is that some newspaper publishers place restrictions to prevent their distributors from selling or delivering their competitor's newspapers. For instance, the Independent Newspapers has a policy that forbids their contractors or contractors' employees from selling or delivering other newspapers publications during agreed working hours due to readership competition. Commenting on the policy, Beatrice, Independent Newspaper contractor, revealed that "after the pull out of Time Media Group, we, the contractors of Independent Newspapers, were clearly told by the company not to distribute for Time Media Group if they approach any of us" (Respondent 4, contractor, 14th November 2014). A street seller, Nomsa, expressed her perspective on the policy as follows:

They will not allow me. This is because Illanga, which is produced in Pietermaritzburg

by Natal Witness, and Isolezwe, which is produced in Durban by Independent Newspapers, are both Zulu newspapers. I am allowed to only sell one of them, not both. If Independent newspapers finds out that I also selling Illanga they will take their papers. I can only work for one company at a time (Respondent 7, street seller, 4th September 2014).

Another street seller echoes his colleague's view and also explicates the consequence for any breach of the policy in the below quotation:

The Independent newspapers do not allow us to sell other newspaper company's products. You must only sell what they print. It would be very hard to sell both Independent Newspapers products and other company's papers because there are inspectors from Independent newspapers that come to check. The vendor would be fired if found selling other newspaper company's products. There are a lot of newspaper vendors who were fired because they were selling other newspapers instead of only Independent products (Respondent 8, street seller, 3rd September 2014).

By contrast, Times Media Group deliberately allows their contractors to work for other newspaper companies on the grounds that this can reduce cost of circulating their products. For instance, I interviewed newspaper contractor, Raph, a home delivery contractor with the widest area of coverage for TMG and who also covers 115 news agents, stores and garages, for Natal Witness CBD. In his words:

Currently the contract I have with Natal Witness is to deliver newspapers to agents. Newspaper agents are the garages, the Checkers, the Spars, the Pick n Pays, and stuff like that, the tea rooms in the CBD. For TMG, I do only home deliveries to the entire Westville, the whole of Pinetown, entire New Germany, Gienashly, Kloof, Hillcrest, Waterfall, Shongweni. For Natal Witness it is about 115 agents but the quantity is much more. It is about 3000 copies every day (Respondent 5, contractor, 11th October 2014).

Importantly, how do these role players in newspaper distribution in Durban emerge? There are four basic ways of becoming a newspaper distributor. Firstly, some role players emerged through ownership of newspaper industries. For example, the Times Media Group circulation manager repeatedly mentioned that it is the responsibility of the management to ensure profitability which is the main aim of the owners. Secondly, in recruiting contractors, TMG considers possible contractors' knowledge in newspaper distribution by emphasizing the importance of previous knowledge of newspaper distribution as well as the recommendation of their previous employees. Thirdly, Independent Newspapers used a distribution contract as compensation to its staff who were laid off due to change in ownership in 1995 when the company was bought by an

Irish, Tony O'Reilly. The name changed from Natal Newspapers to Independent Newspapers. The change in ownership also led to outsourcing of newspaper distribution to contractors. So when distribution was outsourced, the company no longer needed distribution employees, but used some of them as contractors to sustain the distribution of printed newspapers. In the words of Independent Newspapers home circulation manager:

Years ago because they knew people that were in newspapers, those people were first considered. You know when the outsourcing started most people lost their jobs. They were paid out. So when the need for contractors came up preferences were given to those that had lost their jobs in the company. For instance, we may know that former employee is living around Chatsworth; we can ask that former employee to be responsible for delivery of the newspapers in his area so that he can still earn a living from that. That was how most of the contractors came about. However, now, if it comes to contractors we advertise. We say that if the area is Chatsworth, a person that will have the contract to deliver our paper there must come to the area because of the cost involved (Respondent 1, manager, 2nd October 2014).

Fourthly, all the employees of both retail networks and delivery contractors became role players in newspaper distribution through social networks, such as friends, family members, and people already selling or delivering newspapers. Among all the street sellers and newspaper carriers interviewed, all got the job through friends or neighbours that do the same job. It is only in one instance that a newspaper carrier got the job through newspaper advert. Besides, some home delivery contractors also have qualification they look for in potential employees. The major qualities include a sense of responsibility, reliability and the knowledge of the route. In an attempt to employ those who are qualified, these home delivery contractors verify the driving license and previous work history of their potential employees (Respondent 5, contractor 11th October 2014; Respondent 6, contractor, 8th October 2014).

It is important to note that there is a clear distinction between area of coverage among contractors supplying to stores and garages, street newspaper selling and home delivery. None is allowed to encroach onto another's area. According to Raph, a Natal Witness store/shop contractor, states that "I am not allowed to send my workers to the street to sell newspapers, that street belongs to another contractor, just as he is not allowed to approach any stores or shops or garages in CBD because those belong to me" (Respondent 5, contractor, 11th October 2014).

4.3 The Contract, Employment Security, Working Conditions and Income

A theme of the contract, employment security, working conditions and income was derived from the responses of the respondents on these employment concerns. The responses are in the form of either complaints, or comment on the contract, lack of employment securities, working conditions and income. Each respondent spoke according to his/her position in the chains of distribution presented above. While contractors and their employees expressed the precariousness of their jobs, the distribution managers insist that the working conditions and lack of employment securities is none of their concern since the company did not directly employ anyone. Even the contract with distribution contractors has no benefit and employment security, it is really a guideline on how to distribute newspapers.

The Contract

In the above sections mention was made on how role players emerge. For instance, street selling, store/shop and home delivery contractors have a contract²² with the newspaper publisher. Neither of the two contracts that Independent Newspapers has issued (1995 and 2005) contained any form of benefits or entitlements or claim in case of any eventuality of any kind. It is just a stipulation, or rather, a guideline on what is expected of a contractor and the time frames for distribution of papers. The contract has nine sections is only between the principle, the Independent Newspapers, and a contractor, who may either street sells, or home delivery. There was no difference between the 1995 and 2005 contracts. The latter was just a reprint of the former. It implies that the contract of Independent Newspapers contractors have not been reviewed. One of contractors stated that she did not have contract at the moment. The second section said that “[a] delivery fee payable by the Principal to the Contractor is an amount equivalent to TWENTY ONE PER CENTUM (21%)” of the retail price of the paper.

The third section talked about notice of termination which can be done by either of the parties after a 30-day written notice. Another interesting section was the seventh section. The seventh section exonerates the Independent Newspapers from any responsibility pertaining to any eventuality or damages suffered by third parties (customers). A copy of the 2005 Independent Newspapers’ contract with their distribution contractors has been attached in appendix.

²² A copy of the contract has been attached as one of the appendixes.

None of the sections had anything such as entitlement, employment security, benefit or any form of insurance. Since it was not in the form of an employer-employee contract, it is devoid of employment security, although these role players were employees of the newspaper publishers before the 1995 change of ownership and restructuring. According to Raph, home delivery contractor,

The contract does not have such securities like unemployment insurance. It is a standard contract. Emm, it is basically to say I am employed to do a particular job for a duration of time. There is no benefit because it is a contract. If anything happens to any of my delivery van the company is not responsible for that, I am (Respondent 5, contractor, 11th October 2014).

So even without a signed contract, some newspaper distributors seemed to have a sense of job security that come as a result of job duration. Most of them thought that they could do nothing if their employers fire them. However, two of the street sellers insisted that though they had not signed any contract with their employer, they cannot not be fired without a clear reason. Below are their comments individually:

No one will take it [this job] away from me. I will fight. I will take him to Labour court. I will tell the court that I have been selling newspapers here for so many years and now that my boss wants to fire me. I know what to do (Respondent 10, street seller, 3rd September 2014).

I cannot work for nine years and leave without a word. I would be quiet just like that after all these years? No (Respondent 9, street seller, 2nd September 2014).

By contrast, Raph and Patrick, TMG home delivery contractors said that they provide UIF for their workers. These contractors reported that they signed contract with their employee, contract that cover UIF. According to Leon, “[i]f my contract is finished with the company, in turn my informal onto contract with them ends as well. So for the duration of six months they would collect an income from Unemployment Insurance Fund which I contribute to every month” (Respondent 5, contractor, 11th October 2014). All attempts to verify the authenticity of these contractors’ claims were unsuccessful as they would not allow me to contact their employees.

Employment Security and Benefits

The lack of employment security and benefits such as UIF, sick leave, benefit in case of hijacking and death among other benefits are a major source of concern for all the contractors

and their employees. For instance, Beatrice, Independent Newspapers' home delivery contractor narrated the change in benefits and entitlements²³ from when she started till date:

...around 1995, Independent Newspapers saw the writing on the wall. And they saw that they would have to start paying more. So what did they do? They got rid of us. They put us unto contract, where we cannot claim anything. They give us the contract and say: "sign it or don't sign it" What can we do? But we got nothing, no leave, no sick leave, we got nothing. The day you stop working, the day you stop earning.

Nobody cares. It is so cold. It really is. I mean sellers take their lives into their hands every morning. One of the guys was shot down at Checkers a year or so ago. He was selling newspapers early in the morning. We are distributing their newspapers but we cannot claim from them. We are doing the job, we take the risk. The same with me, I was hijacked here in the garage two years ago, my car was taken, my hand bag was taken, my pay was taken. Everything was taken from here, and I was left here standing in the garage. They (Independent Newspapers) did not come to help me. They did not even say: ok your pay has been stolen, we will at least give you such amount. No. I am the one that is losing out. They do not take responsibility. Plus you have to have a motor car to do the job. And they will not care about the car. It is a vicious circle (Respondent 4, contractor, 30th September 2014).

Pointing at newspaper carriers nearby, Beatrice continues:

[t]hese little boys that come on Sunday morning, they also risk their lives. They come from informal settlement. There are crooks in every single corner, they robbed them of their shoes. So these little boys sometimes are on the run for their lives on Sunday morning in endeavor to get to deliver newspapers on Sunday morning. And then we have a cut off time to get the papers delivered. So it is all in their (Independent Newspapers) favour, nothing for us. They use to give these boys raincoat, they use to give them tracksuit for winter, they use to give them a little Christmas gift, they use to give them a little voucher to go to shops to buy something for themselves, but not anymore. I have been to labour court; I have tried to fight but their big lawyers shot down anybody that tries to challenge them.

If they had shot me or stabbed me when they took my motor car, I would not get anything. My family would have gotten nothing. The same as for these guys (pointing to her newspaper carriers) if they get stabbed while doing their routes on Sunday morning, they get nothing (Respondent 4, contractor, 30th September 2014).

However, Raph, TMG contractor reported that he ensured that his employees enjoyed certain employment benefits. He explained what these could be especially in the case of emergency or sickness.

²³ A copy of payslip from the time when Independent Newspapers contractor are entitled employment benefits such as UIF has been attached as one of appendixes.

Their (my employees) absence due to emergencies or sickness does not influence their salary. It is only during the December period which actually affects their wage because there is a lengthy gap within which we do not work. But all these holidays in between does not affect their wage. For an example, there was a holiday last month (Heritage day in September 2014) which they all got wage without working for that day. There was no distribution, but I did not deduct money from their wages (Respondent 5, contractor, 11th October 2014).

Meanwhile lack of any form of employment security and benefits contributes to high turnover of street sellers and newspaper carriers. The majority of those interviewed in this category are seeking another job because of the fact that they are currently in a precarious job with dire working condition, no employment benefit and menial income. Nomsa, a street seller, thinks that the reason that people have left the jobs is because “they (her former colleagues) thought the money they earn is small, and they do not have tables and a seat for selling newspapers”. Also the awareness that they are entitled to nothing, no matter how long they have been working as newspaper sellers and deliverers, is a mantra that was resoundingly repeated by almost all interviewed.

Some also noted that families of the deceased colleagues got nothing from neither the contractor nor the newspaper company. The three quotes below from three street sellers portrayed what was continuously mentioned from most respondents:

My friend who was also in this job died long time ago, about 10 years ago. He died in an accident in Phoenix. Yea, the van went under a bridge he [my friend] died. Last week another colleague of mine died of cancer. He was selling papers for 20 years. And his family got nothing. Before we use to work directly for the company, but now everything is on contract. So those former colleagues that died did not get anything (Respondent 7, street seller, 3rd September 2014).

The negative side of this job is that there is no money, you cannot depend on it because if you are hit by a car now everything gonna lay down. Nothing from the company. There is not security, you are securing yourself (Respondent 12, street seller, 27th August 2014).

I do not have any contract with my boss and I am not covered by any insurance. If I am injured or sick nothing happens. Even someone who was working for 35 years died and nothing was given to his family. You can't get nothing [sic]. I like this job because I cannot get another job. But I am looking for another job because, as I told you, that even if I have worked for 35 years, I can't get nothing if I died [sic]. For this job, I can't get anything. If I am sick I am sick. Nothing can I get (Respondent 9, street seller, 2nd September 2014).

While commenting on her deceased colleagues, another street seller mentioned that “[t]hey got nothing because when you are working you are working for yourself. And when you die, you die” (Respondent 7, street seller, 4th September 2014). The lack of benefits and security was commonly reported by contractors, street sellers and newspaper carriers as follows: “if I do not work I will not get paid even if I am very sick”. All the street sellers and newspaper carriers who worked for Independent Newspapers contractors clearly mentioned that they did not have any form of benefit, UIF, sick leave with pay, or any other form of employment security. A copy of pay slip before Independent Newspapers outsourcing newspaper distribution is one of the attachments in the appendix.

Working Conditions

One major condition of the job was the working hours, or what Patrick (Respondent 6, contractor, 8th October 2014), described as “ungodly hours”. All the street sellers interviewed stated that they leave home for work on average of 5:00 am every morning from Monday to Saturday. An Independent Newspapers contractor has this to say about the working hours on Sundays and the risk involved for her:

I cannot go to bed on Sunday till I get the papers delivered by the company, this is because they cannot tell me exactly when the paper will arrive. They tell me that they can come anytime from 1 o’clock in the morning. So why go to bed only to wake up at 1 o’clock? I just sit on a chair waiting for them. That is how it has been for 25 years now. I must wait and wait. Last Sunday the paper came around 2:30 in the morning, before last they came at 3:15. So no sleep till they come. And then, when I finish, I have to do complaints, non-deliveries, all the area managers have to do that, and the cut off time for all that is 11 every Sunday morning. So I am on duty from 1 o’clock, when the paper should be delivered, up until 11 o’clock, and there is no double pay (Respondent 4, contractor, 30th September 2014).

The second major working condition concern for street sellers and newspaper carriers was the weather. The respondents complained of not being provided with shade, umbrellas, or raincoat that will protect them and newspaper from rain and windy conditions. When these concerns were related to TMG circulation manager, he said:

You know thing like raincoats and things like that we supply to contractors. But if a contractor tells me that he got 50 guys working for him on the street, I give him 50 rain coats. But what does the contractor do? He does not give every guy selling newspaper for him a raincoat. I cannot manage the employees of the contractors, they have to manage their staff. There is always something that happens, people do not work for years and years. Some of them work for a very short time and move on. Then if you are to give

some guys who would only work for few weeks or month raincoat and other things, it is not cost effective. The turnaround of staff is very high because it is a menial job, selling newspapers on a corner is a boring job, even for the most boring person it is a boring job. Imagine being there every day (Respondent 2, manager, 1st October 2014).

But from a follow up enquiry into the above claim, the researcher discovered that a raincoat had not been provided to many street sellers and newspaper carriers. In fact the researcher noticed that TMG contractors mainly narrate how newspapers are protected from rain when asked to talk about the measures taken to protect their employees from adverse weather conditions. Raph reported:

When it is raining for example we have plastics. We put them [newspapers] in nice plastics, we rap them up, emm. In certain places we put them into the post box. With regards to whether we have our on and off days, we do. But the company provides us with plastics to protect the papers.

When the question on what measure he had taken to protect his workers from rain was repeated, revealed:

I cannot lie to you, they (newspaper carriers) come with their own stuff (raincoats, jackets). Some of them prefer not to wear jackets or raincoats when they are working, it is much easier and faster because they continuously jump in and out of the vehicle. It is uncomfortable to work with a lot of clothing on. And during summer time the guys are using shorts and sandals because it is hot and they prefer working freely (Respondent 5, contractor, 11th October 2014).

A related aspect of working condition was the working environment. It was reported and observed during the research that none of the street sellers was provided with newspaper stands, table, or chair. Most of them spread the papers on the ground while standing from morning till the end of the day's work. Some use crates as table and sit, others use nothing, just standing as depicted in figures 4.4 and 4.5. The scenarios have been properly captured in the pictures below. Figures 4.6 and 4.7 were taken on 13th October 2014 at 1:59 and 1:58pm respectively, on a windy day, and figure 4.6 was taken on 17th of October 2014 at 1:32pm, on a rainy day. The pictures depicted the difficult working environment of newspaper distributors. In the second picture, the two black crates covered in white papers served as table, and the other crate beside was used as a chair few minutes before the rain started. It was also noted that the day the second picture was taken newspaper carriers around, Davenport and Imbilo were seen delivering newspapers without wearing raincoats but the newspapers being delivered were properly covered in plastic bags. A newspaper carrier in one of the areas mentioned says that “[w]e deliver

newspapers even if it is raining, sometimes the papers get wet due to rain” (Respondent 15, newspaper carrier, 29 September 2014). According to Nickel, a street seller along Dr Pixley KaSeme Street (formerly known as West Street), “when it is raining or windy and all that I cannot sell because I got no shelter here. When there is heavy rain or wind I must move away from here because I got no shelter here” (Respondent 8, street seller, 3rd September 2014).



Figure 4.4 Working Environment



Figure 4.5 Working Environment

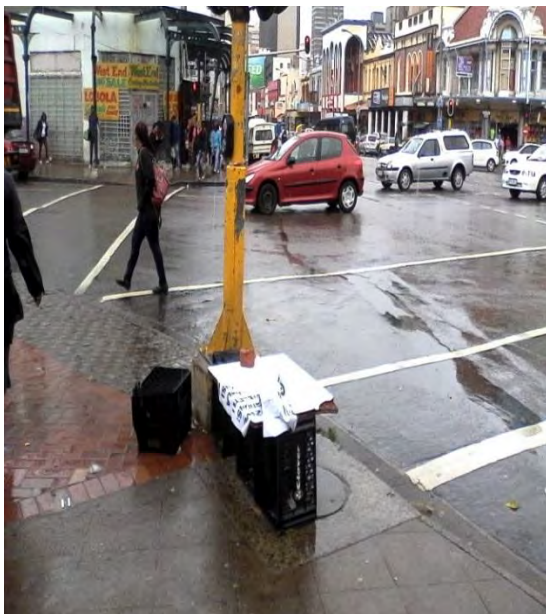


Figure 4.6 Newspaper selling site on a rainy day.



Figure 4.7 Newspaper selling site on a windy day

One of the street sellers whose site was captured in the picture noted:

The problem is when it is raining, I don't have an umbrella, I don't have a tent. My boss promised me that he was gonna get the tent, next month, next month, until now. Every one of my colleagues that I know tells our boss that we need umbrella. But he keeps telling us next month, next month" (Respondent 9, street seller, 2nd September 2014).

In responding to difficulties posed by rain, the TMG circulation manager reported the following:

If you are delivering post even when it is raining you deliver post. If you selling newspapers on a street, if it is raining you will still be selling newspapers on a street. It is your job. Nothing is going to change about that, not even weather (Respondent 2, manager, 1st October 2014).

Income

Another source of concern from contractors to street sellers and newspaper carriers was the income they received. Most respondents complained and reported about low income. Both home delivery contractors and street selling contractors for TMG and Independent Newspapers were paid based on percentage, while street sellers for the Natal Witness and TMG are paid "commission"²⁴. According to the TMG circulation manager, we pay contractors a fixed percentage of the price of newspapers. Street sellers and newspaper carriers who work for Independent Newspapers contractors were paid salary in cash on a weekly basis, but those who had been long in newspaper selling get both salary and commission. So the position in the newspaper distribution chains was an income determinant and the duration contractors had worked has an effect on income. However, all the respondents from contractors down were very much concerned that they get nothing if they do not work, even for a day, irrespective of the reason, such as sickness. For instance, one of the newspaper carriers said that "the boss decreases my wage by R30 if I fail to come to work for any reason in a day" (Respondent 16, newspaper carrier, 1st October 2014). It apparently became a mantra "if I do not come to work in a day I do not get paid even if I were sick". The following comment is from a home delivery contractor regarding income changes:

...our pay is used to be joined with the price of the papers. We know that when the price of papers goes up we get an increased in pay. Now they do not do that anymore. They increase the prices of the papers, but we are still paid the same amount. Now we get an increase once in a year, if we are lucky, in April, and it has got nothing to do with the

²⁴ Commission refers to the percentage of the price of the newspaper sold that accrue to the newspaper distributor. It is dependent the quantity distributed.

price of the paper, it got something to do with the number of papers you deliver. So if the papers delivered in my area drops, it is too bad. The more papers delivered the more pay. I am earning less now than what I earned two years ago because of the drop in the number of papers delivered. I have thrown it at the office (Independent Newspapers) they just snubbed it. I have the same area to cover, but less pay. The petrol goes up, maintenance of car goes up, but they are not interested (Respondent 4, contractor, 30th September 2014).

Owen, a street seller echoes the above concern by saying that:

The major difficulty is that I am earning peanuts. The money is not much, it is like peanuts. There is no benefit at all. The other difficulty is the rain, when it is raining I cannot make money because you cannot sell (Respondent 13, street seller, 7th September 2014).

It was also noted from the responses that the senior group in the distribution chain networks solely determines when to increase the salary, or commission. The newspaper company decides for contractors, while contractors decide when to increase their employees' wages. The quote below from Nomsa, a street seller, exposed the irregular increment pattern in weekly income for lower distribution chains role players lower in the distribution chain:

I started with R80 in 1995, he increased it to R150, from that to R210, then to R270 to R350, to R500 per week. It was later increased to R700 and now to R820. The increase in wage is not every year. Sometime five years can pass without any increment. My boss decides when to increase, even if I complain. He started paying me R820 since four years ago. I do not complain to him anymore because I am selling my own things. I also get 15% commission on all the papers I sell. In a good week I make between R420 and R480 from commission. So R820 plus the commission is what you get in a week from newspapers. While I make around R4000 from selling my own things. I make up to R5000 or more from everything in a week (Respondent 7, street seller, 4th September 2014).

Table 4.2 below presents sources of income for street seller and newspaper carriers. The table is indicative, and not statistically representative, of the lower echelons of ten newspaper distributors in Durban. The average length of time spent by the ten newspaper distributors is nine years and seven months. The average length of time spent in the job by five distributors who have been working for three years and above is 18 years and two months, while the average length of the remaining five distributors is one year and two months. Eight out of ten distributors in this echelon disclosed their weekly salaries. The average is R468.75. From the table, only

three respondents disclosed the amount they realize through tips and commission. While only two respondents disclosed other sources of income.

Table 4.2 Sources of Income for street sellers and newspaper carriers

Respondent No	Years Spent in Distribution	Number of times Salary increased	Income (per wk)	Tips (per week)	Commission (per week)	Income from other sources
7	19 years	7	R820	Not disclosed	R420– R450	Around R4000
8	35 years	Several times	R900	R 400	R200	None
9	10 years	Yes but not disclosed	Yes but not disclosed	None	Yes but not disclosed	None
10	9 years	4	R420	Yes but not disclosed	Yes but not disclosed	Around R80
11	8 months	None	R210	Yes but not disclosed	R60- R80	None
12	7 months	None	R300	Yes but not disclosed	None	None
13	2yrs& a half yr	None	R720	Yes but not disclosed	None	None
14	18 yrs	Yes but not disclosed	R200	No	None	Yes but not disclosed
15	1yr & a half yr	None	R200	Yes but not disclosed	None	None
16	1yr & 2mnths	None	R200	Around R50	None	None

4.4 Livelihood strategies

Apart from livelihood opportunities created through the chains mentioned above, there are additional livelihood strategies fostered by street sellers and newspaper carriers in order to enhance their income. The first on the list of livelihood strategies is the creativity of street sellers and newspaper carriers. A street seller selling around market area, Owen, recounted how he walked around selling Isolezwe. According to him, “[i]f I sit in a corner I will not make money. The only way to sell up to 120 copies is if I walk around” (Respondent 13, street seller, 7th

September 2014). Nickel, a street newspaper seller, explained how he initiated delivery of newspapers to firms around his selling site in West Street. According to him:

People that work in those firms came here and asked me if I could be delivering newspapers to them every day and I agreed. I deliver newspapers to firms that are in 320 (a build along West Street), Workshop every morning from Monday to Friday on credit. On Fridays I go and collect the money. For instance, if the cost of the paper I delivered to a firm in a week is R27, the firm at times gives me R100 and asks me to keep the change (Respondent 8, street seller, 3rd September 2014).

Also a street seller disclosed how he defied his employer's rule not to sell publications from another company in order to improve her income:

If Independent Newspapers' contractor finds out that I also sell for the Witness he will take his newspapers. But I am always watchful, if I see him coming I take the Natal Witness newspapers and I hide them somewhere.

Tips from customers were generally mentioned by most street sellers and newspaper carriers as another source of income. Almost half of the respondents in this categories reported that customer often give them tips, which is at times higher than the price of the paper bought. Some noted that the generosity is often in cash or in kind. A specific respondent insisted that he will not allow his employer to transfer him out of his present site because he might not get tips, clothing, food, drinks that he is accustomed to receiving from his current customers (Respondent 12, street seller, 27th August 2014). From the report on tips as a source of income, race was central to the concept of tips and generosity. Most respondents reported that they got their tips mostly from selling newspapers to whites in the suburbs. For instance, Owen who sells newspapers on Sundays around Glenwood says "this place is a good site because most people that buy here are whites and they give me tips. They look after me by giving me money separate after they have paid for the papers. Sometime they bring me cold drinks." From the responses, tips could be one of the factors that helped the lower echelon of newspaper distributor to endure their precarious working conditions.

The second category of livelihood strategies was initiated by street sellers and newspaper carriers who have different skills or training that helps them to increase their income. For instance, Spha combined newspaper delivery with construction and painting jobs in an attempt to enhance his income (Respondent 14, newspaper carrier, 9th September 2014). Also, another respondent, a street seller, stated that he is involved in newspaper selling in order to make money to start a

maintenance business in which he was trained (Respondent 13, street seller, 7th September 2014). In one instance Nomsa, a street seller narrated how she gradually began to sell other things:

Apart from newspapers, I also sell sweets, cigarettes, matches and lighters, toilet paper, dish and toilet wash, toilet soap and ama what what...I started with sweets in 2001, then cigarettes, toilet papers and other things follow. I started selling other things because the money I got from newspapers is too small. So I decided to add something else. People did not ask me for these other things I am selling, but I just thought I have to try. My boss was the one who said that I can put anything else if I like, other than newspapers. Apart from newspapers I make up to R4000 a week from selling my own things (Respondent 7, street seller, 4th September 2014).

4.5 Outsourcing and Responses from Circulation managers on Working Conditions

As clearly indicated in the above discussion, outsourcing of distribution has become a basic characteristic of newspaper circulation in Durban. The TMG circulation manager stated that they (the company) are in the business of news, not in the business of newspaper circulation. Hence, TMG outsources newspaper distribution to companies and agents, whom the company (TMG) pays for the services they provided. According to TMG circulation manager, “we cannot have contracts with street sellers because there will be too many relationships to manage. If I got five hundred street sellers, then I have five hundred contractual relationships to manage. I will rather have a relationship with a contractor who would then employ the five hundred street sellers.” The TMG circulation manager was of the view that such outsourcing enabled the company to avoid having “five thousand trucks, five thousand drivers. So it is much cheaper and cost effective to give to a company to manage it for us” (Respondent 2, manager, 1st October 2014). From a similar framework, Independent Newspapers home delivery manager stated that outsourcing of distribution has been a norm even before she joined Independent Newspapers. According to her,

There were a lot of people who were retrenched obviously due to privatization, which, in turn, resulted into outsourcing of distribution. So it does affect people. The outsourcing is basically to save cost. That is the only reason why the company uses the strategy, because the company saves from a lot of provident fund it would have paid if it directly employs everyone in the distribution segment. Like when workers were retrenched all of them lost their providence fund. It was basically to save cost, avoid paying providence and all that. You see now with current contractors, if they were to be hijacked there is no compensation or benefit from the company to them. For instance, two of my contractors for home delivery experienced car hijack just recently. Last Saturday (27/09/2014), a home contractor, who has been working for the company longer than me lost his bakkie to car hijack. He just packed his 1400 bakkie outside his residence in Newlands to get

something, only to come back and find that his bakkie is gone. The other contractor is a lady, she was doing home delivery together with another lady around Power Drive. They were attacked on Monday (29/09/2014) around 5 to 6 in the morning in by three guys who shot at them. The attackers were just about to come out of their vehicle when Mzansi security company which was around the scene intervened (Respondent 1, manager, 2nd October 2014).

Among several consequences of outsourcing newspaper distribution was exploitation of workers especially those in the lower chain of distribution networks. According to Nickel, a street newspaper seller for 35 years:

The contractors we are working for now do not cover us. Then, we were registered directly with the company. Now we are not registered, it is only through contractors. It is so different now because if I do not sell newspapers I would not be paid. Then the Independent Newspapers was paying UIF, sick leave, medical aid everything, now everything is stopped (Respondent 8, street seller, 3rd September 2014).

In responding to the precarious working conditions of lower echelons in newspaper distribution in Durban that arise as a result of outsourcing of newspaper distribution, Independent Newspapers and TMG circulation managers used the words terms such as cost reduction, avoidance of providence funds, manageable size of employees, cost effectiveness.

Outsourcing of newspaper distribution exacts a negative effect on trade unions and collective bargaining. Outsourcing restores the absolute powers of employers to fire and hire and retards the gains workers earned through class struggles (Portes 1983:163). It was stressed by both contractors and their employees separately that there is no union. According to a street seller, “there is no union of newspaper sellers. If any newspaper seller has a problem, it is their own problem” (Respondent 7, street seller, 4th September 2014). The weakening of trade union unity and collective bargaining power is one of the outcome of labour outsourcing. An Independent Newspapers home delivery contractor relived how they, contractors, attempted to form a union to voice their concerns. According to her,

[t]here was a time when we, the contractors, started forming a committee in order to voice our concerns. When they [Independent Newspapers] noticed that we were becoming too powerful they shot us down. They said no committee or union, no more. They said no more chairman, because we use to discuss our concerns and the chairman of the committee use to take it to the management (Respondent 4, contractor, 30th September 2014).

4.6 Customer Service and Perception of Newspaper Distribution

Customer service and perception of newspaper distribution was discussed in 13 of the interviews. The theme broadly reported perception of newspaper distribution role players. For instance, Beatrice, Independent Newspaper contractor, stated that both the publishing company and subscribers “think this is an easy job, but it is not.”

Two street sellers thought that their employers or the newspaper company registers and paid rent for the street corners where they sell papers (Respondent 7, street seller, 4th September 2014; Respondent 8, street seller, 3rd September). In a follow up to this perception, TMG circulation manager clarified that newspaper companies pay for advertising their news headline around the city, but do not pay for street corners where papers are sold. He noted that no formal permission or payment is required for any newspaper company to sell on the street. Rather a courtesy call may be required to the municipality, during which the company will inform the City management of the company’s intention to place newspaper sellers on the street corners. The contradiction in understanding between street sellers and newspaper companies would be interesting to investigate further.

Distribution Managers’ Perceptions

Newspaper companies’ distribution managers interviewed expressed diverse views on contractors, street sellers and newspaper carriers. For example, the TMG circulation manager stated that the turnover of street sellers and newspaper carriers is so high. And his reason why people temporarily stay in the job was because of the following:

Selling a newspaper on a street you will only make certain amount of money, nothing will change about that. A millionaire became a millionaire not because he continued selling newspapers on the street, but because he used that as a starting point and he move on and he built himself up. Ambitious people are not gonna stand there selling newspapers for too long. Even non-ambitious people who get bored cannot remain in the job for a long time. That is why the level of turnaround is high, and the big contractors do not want to invest so much in these people selling newspapers for them.

But when they, the street sellers walk into a job, they know what the conditions are. They cannot say that they want street newspaper selling but that they want to be in an air-conditioned office. Conditions come with a job, if someone does not like the conditions such person should find another job. They cannot complain about the condition because that is the condition that comes with the job. It is up to them, they can use it a stepping

stone and make sure you gets into a job that gives them the condition that they want. But they cannot stay in a job, not being ambitious, but complaining about the work conditions (Respondent 2, manager, 1st October 2014).

The above quote was expressed in a strong tone of voice which shows almost total lack of concern for social justice for employees. The drive for reduced input cost, efficiency, profitability and competitiveness make capitalists to respond the social justice issues of workers in manner in which the above quote was expressed. In the above quote, street sellers were labelled “unambitious” for remaining in the job. But the manager forgets the indispensable roles played in the distribution of newspapers by the workers he labelled “unambitious”.

Customer service

Customer service to subscribers is often treated with importance as the newspaper companies prioritize consumer satisfaction. Customer service is mainly in response to subscribers’ complaints. The first recipient of subscription complaints is appropriate newspapers companies or contractor. After which the contractor is asked to investigate the complaint if need be. Raph, the biggest TMG home delivery contractor explained different forms of complaints from subscribers:

We have to attend to complaints. So that is why we have something called SDI, Special Delivery Instruction, most of our complaints we receive are all SDI. There are different kinds of complaints. The first is called Non-Delivery (ND), meaning that the customer did not receive the papers. The second complaint is SDI, whereby the customer complains because a special instruction of where exactly to drop the paper in the compound was not obeyed. When some customers complain of non-delivery we most times find out, when we get there, that the paper was delivered but to a different spot other than the instructed spot in the same compound (Respondent 5, contractor, 11th October 2014).

According to Independent Newspapers home delivery manager, “the subscribers are the primary focus. Some of complaints are quite ridiculous. But we still attend to them. We take the subscribers words that they are the only residents on the property. We first send the contractor to enquire how many households live in the property” (Respondent 1, manager, 2nd October 2014). If the complaint is genuine the contractor bears the cost of replacement of the newspaper, if not, the company refunds the contractor. The blame of non-delivery is often passed to newspaper carriers, from company to the contract. A newspaper carrier expressed his difficulty with such accusations in these terms:

I hate when paper that I delivered get missing; where the subscriber cannot find it; when a paper is stolen. I hate that because I am being accused of not delivering the paper, but I did deliver it. I do not like to be accused for something I did not do (Respondent 16, newspaper carrier, 1st October 2014).

The same misunderstanding and distrust was echoed by a home delivery contractor as noted:

If there is a damaged paper, I have to buy a paper to replace the damaged one, I only get my money for the paper I replaced back after presenting a receipt of the purchased paper(s). If somebody does not get their paper, they (Independent Newspapers) won't give you papers for the person, they won't listen to you and say to the subscriber that his/her that the paper was delivered. You have to prove it. How can you prove you delivered a paper? I have to go and buy the paper for the person. And in this case they will not repay me because it is a complaint. If it is a genuine complaint, I will not get reimbursed (as stated in section 7.1 in the contract). Not unless I prove that I have delivered the paper. Like where there is a gap or where there is a single post box for everybody in the compound of the subscriber, and everybody helps themselves with the paper delivered, then they (Independent Newspapers) will repay me. But if you say you threw it into a person's yard, then they (Independent Newspapers) would say to you: "you threw it into a person's yard, why didn't they get it?" But half of the times, there is somebody else living on the property, but you cannot stand and argue with the subscribers. I cannot do that (Respondent 4, contractor, 30th September 2014).

The level of tension and distrust between newspaper companies, contractors and their employees is evident in the last two quotes. This showed that Newspaper Publishers transferred responsibilities and difficulties away from themselves down the lower distribution chain.

4.7 Conclusion

In summary, this chapter has offered in-depth description consequences of outsourcing newspaper distribution on contractors and their employees. It was clearly noted that possession of a contract does not guarantee employment security and other benefits. This is because with or without contract actual newspaper distributors in Durban remain highly exploited, and are in a precarious working condition. Some of them have initiated strategies to enhance their conditions, but their concerns still need to be paid attention to if high turnaround of newspaper distributors is to be reduced. It is true that the newspaper companies have outsourced both the distribution and the risks to contractors and their employees, but social justice concerns of these contractors and their employees could not be continuously overlooked.

Chapter 5: Discussion and Conclusion

The major research findings will be discussed in this chapter. The exploration of the impacts of outsourcing newspaper distribution on the labour market experiences of newspaper distribution contractors and their employees in Durban showed high degree of precarious employment, vulnerability, exploitation, lack of employment benefits and employment security among others effects of outsourcing newspaper distribution.

This finding is appropriately linked to the structuralist theoretical framework conception on the rationale behind labour outsourcing. Structuralists conceive the labour market regulations and workers benefits, such as employment benefits, wage increase among others, as the outcomes of class struggles. The workers' gains from class struggle that are highly detested by capitalists and employers include several indirect payments that are intended to shield employees against any form of eventualities and risks from health, occupation, income uncertainties, job security, unemployment and old age. Portes, as a structuralist, contends that the mentioned gains of class struggles restrained employers from hiring and firing at will and also increased the cost of labour (Portes 1983:160).

Labour outsourcing is a strategy employed by firms in order to neutralize workers' benefits from class struggles. And the first research findings, noted above, are the effects of such labour market strategy on newspaper distribution contractors and their employees in Durban. Labour outsourcing is aimed at re-institutionalization of exploitative powers of employers since it aids them to reverse and evade the workers' gains, which has been institutionalized through state-enforced labour regulations (Bezuidenhout and Fakier 2006:463; Nadvi and Thoburn 2004a; Barker 2003:31; Skinner and Valodia 2002:72-73; Standing 1999:105; Kenny and Webster 1998:217; Portes 1983:163).

The lack of a newspaper distributors' union is one of the major achievements of newspaper industries through outsourcing newspaper distribution. Through labour outsourcing employers usurp trade unions' collective bargaining powers, for instance, there is no union of newspaper distributors, for contractors nor for their employees. As evident in chapter four, the major attempt made by Independent Newspapers' contractors to form a forum which will communicate their grievances to the management was thwarted. As a result of lack of trade union among

newspaper distributors in Durban most of the labour market experiences presented in chapter four are highly similar individual experiences which lack the collective power to influence employers' decisions. As detailed in the literature review, structuralists view outsourcing and subcontracting arrangements as mechanisms through which employers directly have access to a pool of unprotected workers, and partly undo the gains of proletariats struggles through restoration of elasticity of labour supply (Portes 1983:163-164; Moser 1978:1056).

The second research finding was the identification of the victims and beneficiaries of labour outsourcing of printed newspaper distribution in Durban through the use of value chain analysis, as a complementary theoretical framework. Through value chain analysis of printed newspaper distribution chains and role players, it is found that the role players in the lower chain of newspaper distribution are most vulnerable, exploited newspaper distributors in Durban because they bear the heaviest burden due to outsourcing of newspaper distribution, irrespective of whether they have a contract or not (Nadvi 2004:28; Kaplinsky and Morris 2001:2,49). The research discovered that the newspaper companies outsourced not only newspaper distribution but also the risks to distribution contractors and their employees. In other words, the lower networks in the newspaper distribution chains in Durban bear the responsibility for any eventualities that might arise in carrying out their task.

The findings clearly identified newspaper companies as the beneficiaries of outsourcing newspaper distribution since they enjoy reduced distribution costs and other employment benefits that should accrue to newspaper distributors. They are the beneficiaries because distribution outsourcing allows them to evade costs. The newspaper distributors in Durban are disadvantaged by the distribution strategies since it denies them employment benefits and security. However, according to most street sellers and newspaper carriers the high level of unemployment in South Africa seemed to be among the reason why these newspaper distributors put up with precarious employment conditions of their jobs.

The tendency of the employers to avoid their responsibility to worker's welfare was noted in the literature review by some scholars who emphasized that labour outsourcing transfers the burden of social reproduction from employers and the state to individual workers' households and communities (Lee and McCann 2011:11-12; Bezuidenhout and Fakier 2006:471). This is self-

evident from most interview extracts as sickness, hijack, death which may be due to working conditions are squarely bore by newspaper distribution contractors and their employees.

The newspaper companies studied acknowledged that the rationale behind outsourcing newspaper distribution is to reduce cost, avoid paying provident fund, enhance profitability and competitiveness. Section 4:5 in chapter four presented direct rationale behind outsourcing printed newspaper distribution from newspaper companies' distribution managers.

The rationale behind outsourcing newspaper distribution directly follows from the newspaper companies' intention to maintain their benefits at the expense of labour. In order to sustain profit, newspaper industries directly created a category of newspaper distributors through contracts. The directly created newspaper distributors, contractors, in turn, employ another set of newspaper distributors, namely street sellers and newspaper carriers. This distribution was vividly captured in some direct quotes from respondent 1 and 2, who stated that outsourcing of newspaper distribution to contractors is aimed at reducing labour cost.

5.1 Conclusion

The research has attempted to argue that newspaper distribution workers in Durban are exposed to precarious labour market experiences due to newspaper publishers' drive for profit, reduced labour cost, competitiveness, through outsourcing newspaper distribution. The precarious employment conditions of newspaper distribution contractors and their employees are the major effects of outsourcing newspaper distribution in Durban. The research also showed that the presence of contractual engagement of formal newspaper distribution contractors does not make much difference since the contract contains only guidelines on what is expected of newspaper distribution contractors, and devoid of any form of employment benefits. It was demonstrated in the research that the precarious labour market experiences that arises due to outsourcing which is geared towards regression of gains won through class struggles by workers.

It was also discovered that the labour flexibility through outsourcing of newspaper distribution for higher profit was the reason why newspaper distribution contractors and their employees were exposed to precarious employment conditions. The research also exposed the newspaper industries as the beneficiaries of outsourcing newspaper distribution in Durban, and the

distribution contractors and their employees as the labour market victims. This is because newspaper companies escape their core responsibility in an attempt for profit maximization.

5.2 Recommendation

There are two categories of recommendations from the research. The first is geared towards provision of better working condition and environment for those in the lower chain of the distribution of printed newspapers in Durban. The street sellers and newspaper carriers should be provided with the necessary materials to protect themselves from adverse weather conditions. It behoves the newspaper industries to devise effective ways toward ameliorating the labour market experiences of the newspaper distributors in Durban. The call is necessary since this group of people actively participate in the maintenance of readerships of newspaper titles, which are often the bases for revenue and advertisement.

The second category involves research opportunities that have been created through findings in this paper. Firstly it is crucial to study the source and impact of tips for street sellers and newspaper carriers as a job sustenance factor against major effects of labour outsourcing such as lack of employment benefits and security. The second area for investigation is the perception of newspaper distributors by newspaper companies' managers and other role players such as customers.

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Appendix 1

Interview guide 1 (for street sellers and newspaper carriers)

1. If you do not mind I would like to know these facts about you (age; gender; education; race)
2. What time do you leave for work?
3. What time do you come home from work?
4. How long have you been selling/distributing newspapers?
5. Do you like your job? (get discussion)
6. Why are you in this job?
7. What is your employment seeking experience before you found this job?
8. Do you know of any former colleague(s) who have left this job?
9. If so, why did they leave?
10. What newspapers do you currently distribute?
11. Where do you sell/distribute them?
12. How many newspapers do you normally sell/distribute in a day/shift?
13. How do you collect the newspapers before working?
14. How do you get to your route/trading site?
15. Do you ever have newspapers left over? If so, what happens to them?
16. What happens if you can't go to work (for example if you are sick)?
17. What are the major difficulties or problems of your job?
18. Is this a good site (if street vendor)/route (home distributor) (Have a discussion here. Maybe they had a worse route/site before and now they have a better one. How did they get it? Or maybe they would like a better one. How do they intend to get a better site/route? What makes it a better site/route – more money. Easier to get to?)
19. Is it possible that someone else might want this site/route? (have a discussion about how they manage attempts by others to take their livelihoods)
20. Who do you work for?
21. Are you covered by unemployment insurance fund?
22. Do you have a contract? (Try to get a copy of at least one contract for one of your interviewees).

- 23.** Do you have any concerns about losing this livelihood? What are they?
- 24.** You do not have to answer this but if you would like to tell me I would be interested to hear how much you get paid (clarify, whether daily, weekly, monthly. Or how much per newspaper).
- 25.** Do you have any other sources of income (e.g. other jobs).

Appendix 2

Interview guide 2 (for distribution managers)

1. How many brands of newspaper do independent newspapers produce?
2. What are distribution/retail options (number of newspapers distributed through each)?
3. How has ownership influenced distribution of newspapers?
4. What are the reasons for diversification of distribution channels?
5. How does the publishing company feel about the diversification of the distribution channels?
6. How does the newspaper contract home distributors and subcontractors?

Appendix 3

Interview guide 3 (for newspaper distribution contractors)

1. How did you become a newspaper subcontractor?
2. How many newspaper publisher(s) do you distribute for?
3. How many locations do you cover?
4. How many newspapers do you distribute daily on average?
5. How do you recruit your street distributors?
6. Do your street distributors have a contract with you?
7. If so, what are the conditions of such a contract?
8. Do you assign the location or do they choose?
9. How would you describe the performance of your street distributors?

Appendix 4: Pay Slip

Natali Newspapers (pty) Ltd Wages

NAME: Natali Newspapers (pty) Ltd Wages PERIOD ENDING: 17/01/94 PAYSLIP No: 173 LOCK No: WNT

DATE ENDED: 15/07/89 COST CENTRE: 180 23/01/94 MOTHER HENS RATE: PER 0020957

SEX: F TAX STAT: M M CHILDREN: 0 180 T: 1 WNT 0020957 WNT 0020957

EARNINGS

Commission 263.09 **P A Y E**

Carriers Commission 464.11 UIF - Temps 31.72

DEDUCTIONS

31.72

2.63

TOTAL 727.20 **TOTAL** 34.35 **NET PAY** 692.85

YTD TAX EARN 14238.91 YTD REMBURSE 0.00 YTD BONUS 0.00 YTD PROVIDENT 0.00 YTD PENSION 0.00 YTD MEDICAL AID 0.00 YTD INSURANCE 132.75

YTD TAX PAID 1920.12 LOAN 1 BALANCE 0.00 LOAN 2 BALANCE SAVINGS BALANCE GARNISHEE BALANCE I.C. NUMBER MISCELLANEOUS

692.85

Appendix 5: Independent Newspapers' Contract

2005

CONTRACT FOR SERVICES

entered into between

INDEPENDENT NEWSPAPERS
KWAZULU NATAL

18 Osborne Street
GREYVILLE 4023

("the Principal")

and

Address: -
("the Contractor")

WHEREAS the Principal has offered to appoint the Contractor to perform services on the terms and conditions set out hereunder;

AND WHEREAS the Contractor accepts the appointment on the terms and conditions set out hereunder;

IT IS AGREED THAT:

1. PERIOD OF APPOINTMENT

Subject to clauses 3 and 9, this agreement shall commence on2005..... and continue in force for an initial period of ONE YEAR, unless, at least 30 days before the end of the initial or any further period, either party gives written notice of termination of the agreement to the other in which event it will terminate at the end of that period.

2. SERVICE FEE AND DELIVERY FEE

2.1 Subject to the provisions of 2.2, the service fee payable by the Principal to the Contractor is the discount of TWENTY ONE PER CENTUM (21%) or any other percentage, which may be agreed from, time to time, excluding VAT, afforded by the Principal to the Contractor on the cover price of all copies of the Principals own publications sold by retailers or delivered to subscribers by the Contractor.

2.2 A delivery fee payable by the Principal to the Contractor is an amount equivalent to TWENTY ONE PER CENTUM (21%) or any other percentage which may be agreed from time to time, excluding VAT, of the cover price of the copies of all the Principals own publications delivered by the Contractor to advance-paid subscribers and agents.

- 2.3 Publications which do not fall under the ownership of the Principal, which nevertheless, the Principal is mandated to deliver, the Contractor will execute these deliveries at a service fee as determined in Annexure A.

3. NOTICE OF TERMINATION

Notwithstanding anything to the contrary contained in this agreement, either party shall be entitled to terminate this agreement on THIRTY (30) DAYS' written notice.

4. CONTRACTOR'S OBLIGATIONS

In consideration of the payment by the Principal to the Contractor of the service fee, the Contractor shall, during the currency of this agreement:

- 4.1 Perform the job function of a Newsagent.
- 4.2 Actively canvass and contract with new subscribers on his/her own account in accordance with the Principal's requirements.
- 4.3 Ensure that newspapers and magazines are delivered timeously to subscribers and retailers.
- 4.4 Render services, which shall include:
- 4.4.1 providing daily delivery services of the Principal's publication to advance paid subscribers in the area designated by the Principal and in accordance with the delivery lists supplied by the Principal to the Contractor from time to time;
 - 4.4.2 delivering to retailers the publications supplied by the Principal in accordance with documentation provided by the Principal to the Contractor;
 - 4.4.3 providing a customer service facility to enable subscribers and retailers to report problems and / or lodge complaints during business hours and the Principal's stipulated guaranteed service times;
 - 4.4.4 complying with the Code of Standards (Annexure "A") formulated by the Principal and any amendments, which may be made from time to time by the Principal entirely in its sole discretion;
 - 4.4.5 remitting monies owed, including subscriptions, by the Contractor to the Principal promptly and without unauthorised deduction or set-off and within five days of receipt.

5. **PRINCIPAL'S OBLIGATIONS**

The Principal agrees:

- 5.1 to deliver an **appropriate** number of publications to an agreed address;
- 5.2 to advise the Contractor on the most effective means of distribution and sales of the publications;
- 5.4 to provide the contractor with a weekly statement of account recording supplies, sales and amounts due by or to the Contractor in respect of the week's deliveries by the Tuesday of the week following such deliveries;
- 5.3 to attempt to promptly resolve any queries raised by the Contractor in respect of complaints raised by advance subscribers and retailers and matters pertaining to accounts;

6. **HOURS FOR SERVICES**

- 6.1 The Contractor shall devote such time between business hours and the guaranteed service hours set out in **Annexure "A"** as may be required to enable the services to be performed satisfactorily within the terms of this agreement.
- 6.2 The Contractor specifically agrees to work outside normal working hours as when required to do so by the Principal.
- 6.3 The Contractor shall be required to render services on Saturdays, Sundays and public holidays in accordance with the Principal's requirements as set out in this agreement.

7. **DAMAGES SUFFERED BY THIRD PARTIES**

- 7.1 It is agreed that the Principal shall not be responsible for any damages whatsoever which may be suffered by third parties in the course the Contractor's business and the Contractor hereby holds harmless and indemnifies the Principal by any person whatsoever arising out of or in any way whatsoever related to the carrying out of the Contractor's business.
- 7.2 The Contractor acknowledges that the Principal may settle or contest any claim brought against it in its sole discretion and without reference to the Contractor and that no actions by the Principal in settling or defending any claim shall form the basis of any defence by the Contractor to any claim by the Principal against the Contractor pursuant hereto.

CODE OF STANDARDS FOR CONTRACTORS

1. INTRODUCTION

This Code defines the minimum operating standards for the Contractor.
The Principal expects and encourages Contractors to strive towards the goal of service excellence and to surpass the standards contained in this Code.

2. CUSTOMER SERVICE

- 2.1 The Contractor is required to treat customers with courtesy and to accord them the best service of which the Contractor is capable.
- 2.2 The Contractor shall provide a guaranteed service for all subscription deliveries.
- 2.3 Subscribers who contact the Contractor to complain that they have not received a publication during the hours of operation stated hereunder shall receive a replacement newspaper within an hour of such call.

3. HOURS OF OPERATION

3.1 The contractor's hours of operation for the guaranteed service are:

Weekdays a.m. : 06h00 to 09h00

Weekdays p.m. : 17h30 to 19h00

Saturdays : 06h00 to 9h00

~~Sundays : 07h00 to 10h00~~

Arrive ± 1.30 -
"
↓
1,30am ±

3.2 Provided publications are delivered at the drop point timeously, deliveries of newspapers to subscribers shall be completed within the following time limits as from receipt by the responsible person appointed in terms of clause 5:

Daily News By 5.30pm

Mercury By 6.00am

The Saturday Paper By 6.00am

Sunday papers By 7.00am

3.3 The Contractor shall deliver the required publications to a retailer on the following basis:

Afternoon delivery: Within FORTY (40) MINUTES of receipt by the Contractor of such publications;

Morning delivery: By the time that the retailer commences business.

4. CUSTOMER COMPLAINTS

4.1 The Contractor shall ensure that at least one telephone line at the Contractor's business shall be available to take calls during business hours and guaranteed service times.

4.2 The Contractor undertakes not to use such telephone line for private calls during guaranteed service times.

4.3 The Contractor shall endeavour to resolve all queries or complaints which the Contractor receives from subscribers or retailers, failing which the Contractor is required to refer them to the relevant section in the Principal's Circulation Department.

4.4 The Contractor shall keep an accurate record of such telephone calls and provide a written report to the Principal setting out the statistics and analysis of the nature of the complaints received by the Contractor on a weekly basis.

4.5 Such records may be inspected by a representative of the Principal during business hours.

4.6 It is recorded that an acceptable figure for complaints is 0,5 complaints per 1 000 deliveries. Should this figure be exceeded, the Contractor shall take appropriate steps to ensure that the complaints decrease to the acceptable level within THREE (3) DAYS of receipt of a notice from the Principal recording such unacceptable level of complaints.

5. RECEIPT OF PUBLICATION

5.1 A responsible person appointed by the Contractor shall be present at the drop point to check and sign for the receipt of the publications.

5.2 Such responsible person shall check the number of publications against the delivery documents and note any discrepancy on the driver's delivery sheet.

5.3 It is agreed that the Contractor shall be responsible for any discrepancies, which have not been noted on the driver's delivery sheet.

5.4 The Contractor shall ensure that publications have been removed from the drop point within sufficient time to effect all deliveries within the stipulated deadlines or within THIRTY (30) MINUTES of receipt by such responsible person, whichever is the shorter period.

6. DELIVERIES TO SUBSCRIBERS

- 6.1 The Contractor shall ensure that newspapers are delivered according to a subscriber's requirements, i.e. to door, post-box, gate, etc.
- 6.2 Contractors shall enclose the newspaper in a bag if it may be damaged at the place of delivery on account of weather conditions, or at the request of the Principal.

7. DELIVERIES TO RETAILERS

- 7.1 The Contractor shall ensure that the retailer signs for the receipt of all publications, except for newspapers, when the retailer's business has not commenced at the time of delivery of such newspapers.
- 7.2 The Contractor shall take all possible steps to attempt to ensure that the retailer:
 - 7.2.1 puts the publication on sale immediately after delivery;
 - 7.2.2 prominently displays such publications to achieve maximum sales;
 - 7.2.3 displays the posters relating to the publication.
- 7.3 The Contractor shall endeavour at all times to foster a good relationship with all retailers to facilitate satisfactory business transactions relating to the Principal's publications.

Never happened

the case may be) within SEVEN (7) DAYS after receipt of such notice, failing which the Principal shall be entitled to cancel this agreement, whereupon save for claims in respect of accrued service and delivery fees due to the Contractor, he/she shall have no further claim of whatever nature against the Principal.

10. MISCELLANEOUS LEGAL PROVISIONS

- 10.1 This agreement contains all of the express provisions agreed to by the parties to the subject matter hereof and the parties waive the right to rely on any alleged express provision not contained herein.
- 10.2 No party may rely on any representation which allegedly induced that party to enter into this agreement unless the representation is recorded herein.
- 10.3 No agreement varying, adding to, deleting from or cancelling this agreement and no waiver of any right under this agreement shall be effective unless reduced to writing and signed by or on behalf of the parties.
- 10.4 No relaxation by a party of any of its rights in terms of this agreement at anytime shall prejudice or be a waiver of its rights (unless it is a written waiver) and it shall be entitled to exercise its rights thereafter as if such relaxation had not take place.
- 10.5 No party may cede any of its rights or delegate or assign any of the obligations in terms of this agreement without the prior written consent of the other party.

11. NOTICES AND DOMICILIA

- 11.1 All notices to be given in terms of this agreement shall be in writing and shall be delivered by hand or sent by prepaid registered post to:

The Principal at:

18 Osborne Street
GREYVILLE
4023

and

- 10.2 Each party shall be entitled at any time to change its *domicilium* to any other address within the Republic of South Africa, provided that such change shall take effect only upon delivery or deemed delivery of the notice thereof to the other party.
- 10.3 Any notice shall, if delivered by hand during normal business hours to the person apparently in charge of the premises selected for the delivery of notices, be deemed to have been received on the date of delivery and if sent by prepaid registered post be deemed to have been received SIX (6) DAYS after posting.
- 10.4 Notwithstanding the above, any notice actually received by the party to whom it is addressed shall be adequate notice to it.

THUS DONE AND SIGNED AT ON THIS DAY OF

For and on behalf of
INDEPENDENT NEWSPAPERS
KWAZULU NATAL

AS WITNESSES:

- 1.
- 2.

THUS DONE AND SIGNED AT ON THIS DAY OF

CONTRACTOR

AS WITNESSES:

- 1.
- 2.