

## **Unregulated Informal Sector Growth: A Threat To Sound Business Practices And Employment Relations**

**Dr Dominic Uzhenyu:** Senior Lecturer, Graduate School of Business, Faculty of Commerce, Zimbabwe Open University, National Centre. **E-Mail:** [uzhenyud@zou.ac.zw](mailto:uzhenyud@zou.ac.zw) or [dominicuzhenyu@gmail.com](mailto:dominicuzhenyu@gmail.com)

**Mrs Nomalanga Dhende:** Lecturer, Business Management department, Faculty of Commerce, Zimbabwe Open University based at Harare/Chitungwiza Regional Campus.  
**E-Mail:** [dhenden@zou.ac.zw](mailto:dhenden@zou.ac.zw) or [nomalangadee@gmail.com](mailto:nomalangadee@gmail.com)

---

### **ABSTRACT**

The study focused on how the informal sector could be of significance to the socio-economic development of Zimbabwe, as well as, enhancing sustainable development, given the fact that this sector has become Zimbabwe's largest employer. At least 85% are employed by this sector, earning their living together with their families. Around \$7 billion is alleged to be circulating within the sector but "outside" the best practice of involving the banking sector, as well as, contributing towards the fiscus. This sector is largely characterized by illegal dealings and stagnation despite lots of potential to develop into commercial small medium enterprises. Its phenomenal growth is attributable to the demise of the formal sector whose big industries have downsized resulting in massive retrenchments since the economic reforms in the 1990s. The study adopted the pragmatism philosophy, mixed methods paradigm and concurrent triangulation design. The participants were drawn from the informal sector players, City of Harare and officials in the Ministry of Labour, Public service and social welfare. The major findings of the study were; non-formal business registration by the sector, non-compliance with labour laws, non-remittance of taxes, long working hours, lack of sound entrepreneurship skills, prevalence of unethical conduct, poor technology, inadequate infrastructure and operating under health hazardous conditions. There is need for key stakeholders such as local authorities and the government to ensure that the sector complies with statutory obligations and city by-laws. That should enhance sustainable development of the sector and subsequent positive contribution to the economy.

### **KEY TERMS**

Employment relations, Employment relations, Informal sector, Sound business practices,

### **BACKGROUND TO THE STUDY**

Unemployment is probably one of the most widely talked issues particularly in developing nations most of which are in Africa (Burger and Fourie, 2019). High unemployment levels have seen an unexpected growth of the Informal sector in Africa and even beyond. This sector is perceived as a catalyst of the ever increasing crime rates and social decadence. The growth of the Informal sector has a lot of implications on labour issues and has been viewed as counter attractive to national goals and policies. Zimbabwe's informal economy has been an important source of resilience over the past decades, as successive financial crises, the collapse of commercial agriculture, and deindustrialisation have forced workers out of formal employment. It is estimated that between 80 to 90 percent of Zimbabweans are engaged in informal economic activities, and that the sector, which is also linked into supply chains for the formal economy, accounts for 40 percent of Zimbabwe's GDP (Ndiweni, Dhewa and Sebele-Mpofu, 2021). However, informality is also a factor of vulnerability, with many people at high risk of food insecurity, with fewer employment rights or jobs protection, and a weak social contract between workers and the government. The COVID-19 pandemic has highlighted this vulnerability. According to the report on Zimbabwe by the World Bank (2022), trade integration has declined, and foreign direct investment remains low, limiting the transfer of new technologies and investment in modernizing the economy. Unsustainable debt levels and longstanding arrears to international financial institutions (IFIs) limit the country's potential for growth.

At times the blame has been shifted to economic saboteurs, for example in Zimbabwe, the ruling government puts the blame squarely on western countries, namely Britain, United States of America and their allies. From 1999 to 2009, the country experienced a sharp drop in food production and in all other sectors. The banking sector also collapsed, with farmers unable to obtain loans for capital development. Food output fell 45%, and manufacturing output fell by 29% in 2005, 26% in 2006 and 28% in 2007 and unemployment rose to over 80% (Munangangwa, 2009). In 2007 and 2008, Zimbabwe set one of the ever highest inflation records in the world of around three hundred percent. Most formal businesses struggled. The majority were liquidated and others downsized their operations (Reserve bank of Zimbabwe quarterly report, June 2009). There was economic meltdown which culminated in the dollarization of the Zimbabwean economy in February 2009 under the Government of National Unity (GNU) as the Zimbabwean dollar had been constantly depreciating. A lot of small businesses mushroomed all over the country particularly in the capital city of Harare but majority of these were in the informal sector and they have not been properly registered even up to today (Njaya, 2015).

According to the Financial Gazette, a weekly newspaper of 6 October 2013 edition, Zimbabwe had one of the highest informal sectors in the world constituting about 85% employment in the country. According to the Zimstat 2015 report, 94.5% of the 6.3million people defined as employed were working in the informal economy. The largest number (4.16million) was made up of smallholder farmers in communal agriculture, followed by 615,000 in trade and commerce. Some 210,000 were said to have informal jobs in manufacturing, 70,000 in mining, 118,000 in education and 92,000 in transport. The collapse of the local industry which for time immemorial has been struggling to resuscitate itself, has worsened unemployment rate in the country. There is a serious problem of stagnation in the informal sector but it has lots of potential to grow into commercial SMEs (Small and Medium enterprises). The informal sector has been found wanting also in other areas as it evades tax payments/remittals to government, a

lot of enterprises are not formally registered and there is also non compliance with regard to health, safety and welfare concerns of workers. The operators do not insure their properties and even workers (Chigwenya and Mudzengerere, 2013).

Before the COVID-19 pandemic, Zimbabwe's economy was already in recession, contracting by 6.0% in 2019. Output fell because of economic instability and the removal of subsidies on maize meal, fuel, and electricity prices; suppressed foreign exchange earnings; and excessive money creation. The onset of the COVID-19 pandemic and continued drought led to 10% contraction in real GDP in 2020. Inflation soared, averaging 622.8% in 2020, up from 226.9% in 2019. Foreign exchange reforms were instituted in June 2020, which dampened an inflation that raged an annual rate of 838% in July. High levels of corruption and central bank quasi-fiscal activities have both contributed to Zimbabwe's macroeconomic instability. De-risking by international banks has resulted in very few international correspondent banking relationships (International Trade Administration, 2022).

The growth in vendors openly engaging in this informal trade has been worrying and it is a symptom of an underlying problem with the economy (Bhila and Chiwenga, 2022). At the same time, informal vendors are linking their activities to different policy frameworks, such as indigenization and the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimASSET). This is mainly in line with the way they interpret these policies. After 2017, when the new government known as the Second republic came into power, the indigenization and ZimASSET policies were abandoned and replaced by the National Development Strategy (NDS1 2021-2025). The NDS1 neglected the vendors and other informal traders outright, noting only that the focus would be on growing the formal economy, which would only be done through formally registering the informal sector (Bhila and Chiwenga, 2022).

It is also worrying to note that the Centre for International Private Enterprise (CIPE) and US Chamber of Commerce in 2018 rated Zimbabwe as the leading country with informal sector activity but concluded that such a large informal sector inhibits economic growth. While offering the advantage of employment flexibility in some economies, a large informal sector is associated with low productivity, reduced tax revenues, poor governance, excessive regulations, and poverty and income inequality (Shu Yu and Ohnsorge, (2019). Based on existing literature, the informal sector is not making any much economic significance to Zimbabwe at the moment especially in Harare which has the highest number of cases.

It is against this background that the researchers got motivated to conduct this study to find out why this promising informal sector remains stagnant and to then suggest what should be done to streamline its operations for improvement and sustainable development.

## **STATEMENT OF THE PROBLEM**

The Zimbabwe economy has been characterised by turbulence since the 1990s when the government adopted macro-economic reform under the Economic structural adjustment programme (ESAP). Since then industry has been the major casualty with even many large companies having been liquidated, some downsized their operations and a number to date face an uncertain future. The demise of the formal sector has culminated in the growth of the informal sector which has become the largest employer constituting about 85 % of the national

employment statistics (CZI 2014 report). Despite such phenomenal growth, the informal sector has failed to contribute much to the national economy due to a combination of factors such as resistance to transform into a formal sector and non-compliance with statutory requirements. There is no effective framework in place to ensure that the Informal sector makes contribution to the fiscus through payment of taxes or registration fees to legitimise their operations. The sector has not done much on social security for improving workers welfare and there seems to be almost total disregard of labour laws thereby violating sound employment practices. Despite the Zimbabwean government and development agents' persistent focus on utilizing the informal sector for poverty reduction, a gap has remained between vending and policy surrounding it for sustainable development.

### **RESEARCH QUESTIONS**

1. What are the business skills inherent in the informal sector?
2. Which challenges are contributing to business stagnation in the informal sector?
3. What is the degree of compliance of the informal sector to statutory requirements?
4. How can the informal sector operate using best practices for growth?

### **LITERATURE REVIEW**

#### **Theoretical framework**

The **Institutionalist theory** by Helmke and Levitsky (2004) has emerged to be one of the major theories that explain the prevalence of informal sector entrepreneurship. The theory explains the participation in the informal economy as resulting from the asymmetry between the codified laws and regulations of a society's formal institutions (government morality- laws and regulations) and the norms, values and beliefs of the population that constitute its informal institutions (societal morality). The proposition is that the greater the asymmetry between government morality and societal morality, the greater is the propensity to participate in the informal economy evidenced by the prevalence of informal entrepreneurship. The informal institutions are defined as the 'socially shared rules, usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels' or what can be seen as the norms, values and beliefs that shape what is socially acceptable (North 1990, Webb et al. 2009). For these institutional theorists, when the codified laws and regulations of the formal institutions of a society are incongruent with the norms, values and beliefs of its informal institutions, one finds the emergence of economic endeavour not aligned with the laws and regulations of formal institutions but within the boundaries of what informal institutions deem acceptable. Entrepreneurs in the informal sector operate outside formal institutional boundaries. As Webb et al. (2009) assert, such informal entrepreneurs are 'illegal' in the eyes of formal institutions but often seen as 'legitimate' from the viewpoint of the norms, values and beliefs comprising a society's informal institutions.

#### **Characteristics of the Informal Sector**

According to (ILO, 2006) the distinguishing characteristics of the informal sector are given and categorized under employment, enterprise, habitat and credit as shown and detailed as follows:

##### **Characteristics of the people engaged in the informal sector**

- Absence of official protection and recognition
- Non coverage by minimum wage legislation and social security system
- Predominance of own-account and self-employment work
- Absence of trade union organization

- Low income and wages
- Little job security
- No fringe benefits from institutional sources

### **Enterprise**

Characteristics of the activities in the informal sector:

- Unregulated and competitive markets
- Small scale operations
- Ease of entry
- Reliance on locally available resources
- Family ownership of enterprises
- Labour intensive and adapted technology
- Absence of access to institutional credit or other support and protection.

### **Habitat**

Characteristics of the informal sector land and housing:

- Unauthorized use of vacant public or private land
- Illegal subdivision and/or rental of land
- Unauthorized construction of structures and buildings
- Reliance on low cost and locally available scrap construction materials
- Absence of restrictive standards and regulations
- Reliance on family labour and artisanal techniques for construction
- Non-availability of mortgage or any other subsidized finance

### **Credit**

Characteristics of informal credit markets:

- Unregulated and non-subsidized
- Easy accessibility
- Availability in very small size and for short terms
- Low administrative and procedural costs
- Little or no collateral requirements
- Flexible interest rates (from very high to no interest at all)
- Highly flexible transactions and repayments tailored to individual needs

Drawing from the above ILO listed characteristics, the informal sector activities seem to embrace all facets of economic activity albeit with a high propensity for a high level of non compliance with the business best practices. The size, non-regulation, low cost, low capital requirements and easy accessibility makes the informal sector a more favoured choice for those who are out of formal employment or who after completing some form of training or equipping themselves with some skill, fail to be absorbed into the formal sector. This is most likely propelled by the survival instinct more than anything else.

### **Characteristics of Harare's Informal Sector**

The characteristics given by the ILO (2006) seem to be generally prevalent in the whole of Zimbabwe's local informal sector, as well as, evidenced and supported by a study done by Briscoe (1999) on selected areas of Harare's informal sector such as Mbare, Machipisa and Gazaland in Highfield. The informal sector in Harare manifest in the form of flea markets, social markets, home industries and guarded car parks (Kubatana, 2018). Contemporarily, there is serious contestation for space between the ever-increasing informal traders and human traffic, a development that has triggered several conflicts between the former and the municipality. While the informal sector contributes immensely to the urban economy of Harare, if not regulated and properly planned for, it can as well immensely affect the sustainable set-up of the city (Kubatana, 2018). It is therefore of paramount importance to foster an integration of the informal sector into a sustainable urban set-up.

Of major exception, is that most of the informal sector traders operate on designated and allocated stalls for which they pay a fee to the local authority, City of Harare which shows that they are authorised by the city fathers despite wide condemnation of their operations by other stakeholders like the department of company registration, the Zimbabwe Revenue Authority (ZIMRA) and other registered retailing shops. However some owners of stalls seem to sub-let their stalls to non-licensed vendors for a fee which is paid monthly. Briscoe (1999) concluded that the informal sector in Zimbabwe comprises those enterprises which are not registered under the Companies or Co-operatives Acts, irrespective of whether or not they are licensed by the local authorities; the enterprises are family owned, the sector is easy to enter and exit, operators rent space from individuals with property, or local authorities, operators undertake small scale operations, the sector is labour intensive, the enterprises are staffed by the owner, or relatives or a small number of employees, operators use their own financial resources, and the sector operates outside the fiscal framework of the economy.

The above observations seem to point to a fragmented sector without any form of conformity with regulation and lacking control, organization and orderliness. Illegal activities such as dealing in drugs, prostitution, smuggling etc. usually find their way into such an unregulated sector according to Mpofu (2012). According to a ZIMSTAT survey, 2012, the total employed population in Zimbabwe aged 15 years and above was estimated to be 5.4 million and of that 4.6 million (84%) were considered to be in informal employment, 606 thousand (11%) were in formal employment and 252 thousand were in employment not classifiable (5 %). Females constituted 53% of those in informal employment and 29 % of the formally employed.

### **Possible reasons for the growth of the informal sector and its characteristics in Zimbabwe**

- **Closure of a number of firms in the formal sector**

According to the Confederation of Zimbabwe Industries (CZI, 2012), it is likely that the growth in the informal sector in Zimbabwe was fuelled by the closure of factories, due to a number of factors which include; lack of foreign aid and foreign investment largely because of imposed economic sanctions by western countries created by irreconcilable differences with the Zimbabwe government's ruling party, ZANU PF, high levels of corruption particularly in state enterprises (parastatals) which has seen majority facing bankruptcy, retrogressive policies based on empowering a few powerful politicians at the expense of the majority and even foreigners etc. This has resulted in most companies struggling, downsizing or closing; thus rendering some skilled and unskilled workers redundant.

- **Operating below capacity by a number of firms**

In Zimbabwe, those companies that have not closed are operating below their capacity levels. According to the same CZI (2012) report, capacity utilization in the manufacturing sector has declined from 57.2% to 44.2%. This means that the character of the Zimbabwe's informal sector is likely to be inclusive of skilled, semi-skilled and less educated individuals. The composition of the characteristics creates a window of opportunity to harnessing the vast potential that arises from the available skills that are possessed by those in this informal sector born out of redundancy and downsizing. Those who could not find their way into the Diaspora or join the brain drain bandwagon, were possibly lured to the informal sector in order to irk a living. Unlike in the past, the characteristic composition of the persons in the informal sector employment is therefore at the present multi skilled. Zimbabwe is said to have a high level of literacy of 90.9% (African Globe, 2013) as per the Africa Literacy Ranking 2013 and as such it would be highly unlikely that the informal sector would be dominated by uneducated and unproductive people. An assessment of one of the informal sector markets at Siyaso in Harare seemed to point to a high level of education as most people there indicated that they had at least four 'O' Levels according to Mpofu (2012).

### **Costs of informal sector**

A study by Sakuhuni (2014) showed the following the disadvantages of having a sprouting informal sector.

- **Loss in state revenue**

Most of the informal sector players do not comply with the government and local authorities 'obligations. As a result of not being registered, informal traders do not pay tax to the government and majority do not have licenses from the respective authorities, as such the state loses revenue.

- **Unfair competition**

Informal sector participants have very low overheads. They also do not contribute to taxes, social security and at times, do not even pay rent. Evidence from labour force survey (2011) shows that 30% of the informal economy enterprises operated in their own homes and 11% on footpaths (streets). In addition there are not much overheads with wage bills being very low due to underpayment. Consequently that gives an unfair competition to the entities in the formal sector which usually pay the required tax and meet a lot of other expenses.

- **Collapsed formal sector**

The growth of the informal sector accelerated the collapse of the formal economy in that ready-made products flood the market. Very few players in the informal sector are into manufacturing and much of the time they produce substandard items. The disintegration of the formal sector has created shortage of goods and services, which are now being supplied informally through importing. The majority of those in informal sector are in the retail sector where they are, in a way, assisting the destruction of locally manufactured products through re-selling of ready-made imports at relatively cheaper prices.

- **Technological gap**

Informal sector usually use simple and cheaper technology that do not use complicated equipment owing to low skills level of the workers and lack of funds to acquire high cost technology. Looking at the Zimbabwean textile industry for example, there are a lot of informal activities such that the existing technology in the formal firms is now obsolete and produces at a relatively higher cost.

- **Poor working conditions**

Working conditions in the informal sector are comparatively poor. They normally work over time which is not usually paid and in terms of benefits, they are excluded from social and protection security.

- **Incorrect information**

Informal sector statistics are not officially recorded, such that information is distorted and policy makers are misled. In most cases national accounts income are understated, and as such it becomes very difficult to make comparisons with other countries. Incorrect and incomplete business information undermine the effective management of the economy.

- **Corruption**

As noted above informal operators do not have enough documents required to operate such that they become vulnerable to corruption, harassment and even confiscation of property. In Zimbabwe corruption is not only among the informal traders but also among those who give services to them due to their defencelessness. Informal traders are usually chased away from their workplaces usually by law enforcement agents from the local authorities and it is mostly common to street vendors who end up paying those corrupt agents to avoid litigation.

## **METHODOLOGY**

The planning and collection and analysis of data was premised on the following;

**Research philosophy:** The pragmatism philosophy was used since it applies to studies that deal with problems or situations that focus on practical approaches and solutions (Shusterman, 2016)

**Research paradigm:** The mixed methods paradigm was used because the study embrace both quantitative and qualitative methods (Leedy and Omrod, 2016; Morse, 2016).

**Research design:** The concurrent triangulation design was used so that both quantitative and qualitative data were collected during the same period (Gliner, Morgan and Leech, 2016; Pardede, 2019).

**Population:** The nature of informal business types largely characterising this study consisted of furniture making, motor vehicle mechanics, welding, dress making, block/brick moulding, fabrication, glazing, refrigeration, panel beating, shoe making/repairs, leather bag making, vegetable vending, flea markets, food catering and street vending. The population of informal traders at Mbare Musika, Siyaso, Magaba, Gazaland, Machipisa, Makomva, Area 8 and Mupedzanhamo was about 1 200. Each trader/operator employed on average 3 workers. Also 2 municipal officials dealing directly with the informal sector and 2 officers from the Ministry of Public Service, Labour and Social welfare also constituted the sampling frame.

### **Sampling techniques and research instruments**

Convenience sampling was used to identify those who completed the questionnaire who were 105 (76% response rate). For those interviewed, the data saturation technique was adopted (Kelle, 2022)

### **Research ethics**

These were upheld during the entire process of data collection up to analysis. No attempt was made to influence responses or to manipulate results as these were solely based on actual responses, as well as, observing anonymity on the part of respondents who completed the questionnaire (Creswell, 2014; Greenwood, 2016)

## **Data presentation and analysis**



Quantitative data was presented and analysed using simple descriptive statistics and for qualitative data, thematic analysis including narrative statements were used (Ott and Longnecker, 2015; Wickham, 2016).

## RESULTS/ FINDINGS

**Table 1** showing responses to the major constraints/challenges facing the Informal sector

Major Constraint or challenge	Agree (Yes) %
Lack of tertiary education	45
Lack of government support	67
low pay/earnings	75
Poor marketing skills	57
Fighting with law enforcement agents	78
Lack of funding	82
Long working hours	84
Stiff competition	78
Lack of business acumen	59
Difficult working conditions	76
Lack of professionalism	54
Low job security	75
Economic meltdown/hardships	80
High turnover	52
Lack of technology	64
Inadequate social security regulation	76
Prevalence of theft , shoddy deals and other criminal activities	68
Lack of decent premises to operate from	74
low job satisfaction	48
Poor sanitation	58
Lack of protective clothing	64
Difficulty in exercising rights	68
Non-adherence to labour laws	80
Lack of involvement	72

The above Table shows that most of the listed constraints were affecting the smooth and effective operations of the informal sector. The **most common constraints/challenges** were:

- Long working hours (84%),
- Lack of funding (82%),
- Economic meltdown (80%),
- Non-adherence to labour laws (80%),
- Lack of funding (78%),
- Stiff competition (78%),
- Fighting with law enforcement agents (78%),
- Inadequate social security regulation (76%),
- Lack of decent premises to operate from (74%)

### **Interview findings:**

In terms of the interview findings, the trend was almost the similar with the questionnaire results. The following are some of the verbal responses by key informants (KIs) to buttress that:

- **Long working hours**

*'I am a vegetable vendor and I start by going to Mbare Musika market around 0400hrs to buy vegetables and then I then start selling from 0800hrs. On some days I can knock off around 2100hrs'* KI 8.

This was also supported by a motor mechanic (KI 12) who said that;

*"We are very busy during weekends and holidays such that at times you hardly find time to rest or sleep because those are the occasions to make up for low business experienced, for example during mid-month or soon after schools open because clients will not be liquid having paid school fees etc."*

- **Economic meltdown/hardships**

A welder (KI 6) said;

*"The current economic hardships in the country makes it very difficult to expand as most raw materials are being sold in USD which you can hardly access yet our clients like civil servants are largely paid in local real time gross settlement (rtgs) component. Also, majority are struggling to earn a living and their priority are bread and butter issues for survival thereby affecting our line of trade"*

- **Non-adherence to labour laws**

A female employee (KI 3) working in a food outlet said;

*"There is hardly any compliance with labour laws and if you want to complain or raise issues to do with working conditions and remuneration, you will likely to be dismissed without any disciplinary hearing having been done"*

An official in the Ministry of public service, Labour and Social welfare (KI 2) had this to say;

*"There is almost total disregard to observing the country's Labour Laws particularly the Labour Act 28:01, the Factories and Works Act, the NSSA Act, Pensions Act etc. As a result of non-compliance, workers employed in this sector are exposed to health risks e.g. accidents, exposed to heat and poor ventilation, no medical aid assistance, as well as, no compensation in the event of an accident. Workers do not have freedom of association e.g. to form a workers committee or join a trade union of their own neither enjoying their fundamentals rights such as , right to remuneration, fair labour standards, equal treatment (no discrimination), health and safety, right to bargain etc. Majority are underpaid and there are cases of abuse such as sexual harassment, bullying and even child labour in some instances"*.

- **Lack of funding**

*"Because of lack of collateral security, our sector is shunned by most banks. We cannot access bank loans. There is hardly any business saving since we live from hand to mouth and this explains why there is no business growth but stagnation despite a lot of potential to excel"* said a dress maker (KI 10).

- **Fighting law enforcement agents**

*"We have regular battles with municipal and the Zimbabwe republic police usually during Fridays and Saturdays as they want to evict us from the streets or our vending stalls and sometimes we do not give up easily. More often they have to call for reinforcement or back up manpower as we fight back with stones. At times these battles may force some shop owners to close, it is really a war and at times very tense. Even if one is caught, he/she should not bother much payment of a bribe to these officers as little as \$5usd, one would be released. We know we*

*are vending illegally but we have families to look after and rentals to pay since there is hardly any formal employment opportunities at the moment'' said a street vendor (KI 7).*

## **CONCLUSION**

The Informal sector has potential to grow but currently experiencing a litany or plethora of challenges which require the intervention of multi-key stakeholders such as government, local authority, banks and the donor community to put their heads together for its sustainability and economic significance.

## **RECOMMENDATIONS**

### **• Registration of Informal Sector traders**

Government in liaison with the local authority (City of Harare) and the donor community, should register informal traders so that their operations can be regulated and monitored especially on compliance issues. The registration being suggested should be under the Companies Act and not the current set up of being registered by the local authority or Ministry of Women Affairs, Community, Small and Medium Enterprises.

### **• Mobilisation of financial resources**

Government should put in place policies that should allow informal sector traders to access soft loans e.g. from government agency, SEDCO (Small Enterprises Development Company) or working on accessing harmonised financial packages from financial institutions' (banks). If stringent measures like "collateral security" are removed or harmonised, that will enhance the informal sector to recapitalise its businesses. This should culminate in business expansion and growth. Ultimately this should lead to meaningful employment creation with strong chances of transforming it to a formal sector.

### **• Enforcement and monitoring of sound employment relations**

Government should put in place mechanisms or systems that should promote workplace democracy and ensuring that those employed by the informal sector enjoy their fundamental labour rights in line with the provisions of the Labour Act 28: 01 or otherwise which include;

- Forming workers committee or affiliating to a relevant trade union of their choice.
- Provision to negotiate with their employers on grievances or matters of concern.
- Provision to discuss with employers their working conditions freely (conditions of service).
- Involvement and participation on matters of concern such as health and safety.
- Right to enjoy fair labour standards e.g. hours of work, time off duty, etc.

### **• Capacitation (empowering) through business training**

A paradigm shift is needed to change the business culture of the informal sector. Training workshops should be facilitated by government, notably through the Ministry of Women Affairs, Community, Small and Medium Enterprises with the aid of the donor community, financial institutions and the local authority (City of Harare). Training could equip them with;

- Business skills covering planning, effective systems, structures and controls etc.
- Leadership skills.
- Knowledge on compliance issues e.g. labour laws and statutory requirements.
- Team building.

- Information technology centred on records management.
- Marketing and distribution strategies including efficient value chains.
- **Provision of business stands to construct better premises**

The local authority should provide business stands to this sector so that better infrastructure can be provided. This will in turn improve environmental concerns notably on health and safety that could improve the working tempo. Also there will be customer confidence since there would be a sense of physical evidence (permanent location/premises).

- **Inclusivity (involvement and participation)**

Key stakeholders such as government, local authority, banks and the donor community, should resort to a more inclusive approach that incorporates the informal sector. Inclusiveness, which should preferably make use of technology (e-inclusion), can facilitate the participation of the target population in design and decision making. Through the local authority structures, these should make use of meetings, suggestion boxes, newspapers, notices and consultations to form a platform of communication with the (informal traders).

## References

- [1] African Development Bank. 2020. Zimbabwe Economic Outlook: Recent macroeconomic and financial developments
- [2] African Globe., 2013. African countries rating based on Literacy levels
- [3] Band, V., 1986. A study of informal sector activities in Harare, *Journal of Social Development Africa*.
- [4] Bhila, I. and Chiwenga, E., 2022. Informal Street Vending in Harare: How Postcolonial Policies Have Confined the Vendor in a Precarious Subaltern State. *Interventions*, pp.1-19.
- [5] Briscoe., 1999. Features of informal sector.
- [6] Burger, P. and Fourie, F., 2019. The unemployed and the formal and informal sectors in South Africa: A macroeconomic analysis. *South African Journal of Economic and Management Sciences*, 22(1), pp.1-12.
- [7] Chigwenya, A. and Mudzengerere, F.H., 2013. The small and medium enterprises policy in Zimbabwe: A narrative of strides taken to mainstream the informal sector activities in urban local authorities in Zimbabwe. *International Journal of Politics and Good Governance*, 4(4), pp.1-18.
- [8] Confederation of Zimbabwe Industries (CZI)., 2012. Business operating below capacity.
- [9] Confederation of Zimbabwe industries report (CZI)., 2014. State of levels of production in Industry.
- [10] Cresswell, J.W., 2014. *Research design, qualitative, quantitative and mixed methods approaches* Second edition, Sage publications.
- [11] Creswell, J.W., 2014. *A concise introduction to mixed methods research*. SAGE publications.
- [12] Davies, R., 1978. *The informal sector: a solution to unemployment*. Mambo Press, Gweru.
- [13] Financial gazette., 2013. *Informal sector growth*, 6 October edition.
- [14] Gliner, J.A., Morgan, G.A. and Leech, N.L., 2016. *Research methods in applied*

- settings: An integrated approach to design and analysis.* Routledge.
- [15] Greenwood, M., 2016. Approving or improving research ethics in management journals. *Journal of Business Ethics*, 137(3), pp.507-520.
- [16] Helmke, G., and Levitsky, S. 2004. Informal institutions and comparative politics: A research agenda. *Perspectives on Politics*, 2 (4): 725–740.
- [17] ILO., 2006. Classification of Informal sector characteristics.
- [18] Kubatana., 2018. The Informal City: Rethinking the Urban Informal Sector in Harare. [https://kubatana.net/wp-content/uploads/2018/03/harareyangu\\_informal\\_city](https://kubatana.net/wp-content/uploads/2018/03/harareyangu_informal_city).
- [19] Kelle, U., 2022. Mixed methods. In *Handbuch Methoden der empirischen Sozialforschung* (pp. 163-177). Springer VS, Wiesbaden.
- [20] Leedy, P.D. and Omrod, J.E. (2015) *Practical research, planning and design*, 11<sup>th</sup> Edition, Pearson Publications.
- [21] Mpfu, B., 2012. Informal sector a threat to Zimbabwe economy, *The Standard*, 26/08/12.
- [22] Morse, J.M., 2016. *Mixed method design: Principles and procedures.* Routledge.
- [23] Munangagwa, C.L., 2009. The economic decline of Zimbabwe. *Gettysburg Economic Review*, 3(1), p.9.
- [24] Ndiweni, M. Dhewa, C and Sebele-Mpfu, Y., 2021. Innovation and inclusion: Policy priorities for Zimbabwe's informal economy
- [25] Njaya, T., 2015. Informal sector, Panacea to the high unemployment in Zimbabwe? Case of informal sector enterprises of Harare Metropolitan. *International Journal of Research in Humanities and social studies*, 2(2).
- [26] North, D.C., 1990. *Institutions, Institutional Change and Economic Performance.* Cambridge: Cambridge University Press.
- [27] Ott, R.L. and Longnecker, M.T., 2015. *An introduction to statistical methods and data analysis.* Cengage Learning.
- [28] Pardede, P., 2019. Mixed methods research designs in EFL.
- [29] Sakuhuni, R.C., 2014. Causes, Benefits And Costs Of Informal Economy: Evidence From Zimbabwe. *Researchjournali's Journal of Commerce*, 2(4), pp.1-9.
- [30] Sharit, K (2001) *Hawkers and the urban informal sector: A study of street vending in seven cities*, NASVI.
- [31] Shinder, L (1998) Zimbabwe's Informal Sector, *Journal Article, Labour Review Volume* 125, 1998.
- [32] Shusterman, R., 2016. *Practicing philosophy: Pragmatism and the philosophical life.* Routledge.
- [33] [Shu Yu](#) and [Ohnsorge](#), F., 2019. The challenges of informality  
<https://blogs.worldbank.org/developmenttalk/challenges-informality>
- [34] Sinclair, S (1978) *Urbanisation and the Labour Markets in Developing Countries* ELBS, London.
- [35] Webb, J.W., G.D. Bruton, L. Tihanyi and R.D. Ireland., 2013. "Research on entrepreneurship in the informal economy: framing a research agenda." *Journal of Business Venturing* 28: 598-614.
- [36] Wickham, H., 2016. Data analysis. In *ggplot2* (pp. 189-201). Springer, Cham.

- [37] William, S, Colin & Horodnic, Ioana., 2016. An institutional theory of the informal economy: Some lessons from the United Kingdom. *International Journal of Social Economics*. 43. 722-738
- [38] World Bank., 2022. An overview of the economy performance in Zimbabwe, <https://www.worldbank.org/en/country/zimbabwe/overview>
- [39] ZIMSTAT., 2012. Zimstat population census statistics. <https://www.zimstat.co.zw/wp-content/uploads/publications/Population/pdf>.