

MIDLANDS STATE UNIVERSITY



FACULTY OF ARTS

DEPARTMENT OF DEVELOPMENT STUDIES

NAME	MHONDIWA DOUGLAS TAURAI
REG NUMBER	R0536676
PROGRAMME	MADS
SUPERVISOR	DR J. MATUNHU

TOPIC: Contribution of the informal sector to urban livelihoods: the case of Home industries in Glen-View, Harare.

ABSTRACT

Informal sector has become the main source of urban livelihoods through employment creation due to shrinking formal sector. The government of Zimbabwe has embarked on major socio – economic transformation through supporting the informal sector in an endeavor to improve urban livelihoods. In this context, this research sought to examine the contribution of the informal sector to urban livelihoods. Specific focus was on the home industries in Glen – View. The study mainly used the qualitative research methods in order to get a deeper understanding of how the informal sector is contributing to livelihoods. Interviews were conducted with twenty key informants drawn from the local council, Ministry of Small and Medium Enterprises, Academics, Informal Traders, Home Industry Management Committee and other suitable stake holders who had intimate knowledge about the informal sector operations. Ninety questionnaires were administered to the community of informal traders in Glen – View Home Industries in wards 30 and 32. Data that emerged from the findings was analyzed and presented using the descriptive thematic approach which was analyzed using the statistical package for social sciences (SPSS). The findings of the study reveal that informal sector has a lot of potential to contribute to improved livelihoods through employment creation, supplementing incomes, upward mobility, enhancing the standard of living and fighting poverty. However, the findings of the study reveal that a number of challenges militate against operations of the informal sector such as funding, poor working environments and lack of social services. This means there is a serious need for concerted efforts by all stakeholders to ensure that the informal sector activities are fully supported to ensure that full benefits in terms of the contribution of the informal sector in sustaining urban livelihoods is not interrupted.

KEY TERMS: Informal sector, Urban Livelihoods, Home industries and Glen-view.

DECLARATION

I, Mhondiwa Douglas Taurai, do hereby declare that the work contained in this dissertation is entirely a product of my own work besides the quotations or references which have been attributed to their sources. It is submitted in partial fulfillment of the requirements for the degree: **MASTER OF ARTS IN DEVELOPMENT STUDIES AT THE MIDLANDS STATE UNIVERSITY**. It has not been submitted before for any degree or examination at any other University. I further declare that I have obtained the necessary authorization and consent to carry out this research.

Signature.....

Date...../...../.....

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DEDICATION

To my father Mr.Cosmas Mhondiwa and mother Mrs. Evangelista Mhondiwa who made it possible for me to go this far.

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ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
BAZ	Bankers Association of Zimbabwe
BEAM	Basic Education Assistance Module
BOOT	Built Own Operate and Transfer
BOT	Built Operate and Transfer
ESAP	Economic Structural Adjustment Programme
GDP	Gross Domestic Product
GNP	Gross National Product
HIV	Human Immune Deficiency Virus
ICLS	International Conference of Labor Statisticians
IMF	International Monetary Fund
INDO-ZIM	India – Zimbabwe
LPG	Liquefied Petroleum Gas
MDC – T	Movement for Democratic Change – Tsvangirai
MSMES	Ministry of Small and Medium Enterprises
MP	Member of Parliament
NSSA	National Social Security Authority
SACOS	Saving and Credit Cooperatives
SAPS	Structural Adjustment Programs
SEDCO	Small Enterprises Development Corporation
SI	Statutory Instrument
SMES	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
US	United States
ZANU PF	Zimbabwe African People’s Union Patriotic Front
ZEPARU	Zimbabwe Economic Policy Analysis and Research Unit
ZIMASSET	Zimbabwe Agenda for Sustainable Socio – Economic Transformation
ZIMRA	Zimbabwe Revenue Authority
ZIMSTATS	Zimbabwe National Statistics Agency

CHAPTER 1

PROBLEM AND ITS SETTING

1.1 Introduction

Zimbabwe continues to experience a substantial growth of its informal sector. Resultantly the informal sector has surpassed the growth of the formal sector as collaborated by Parliament of Zimbabwe (2014). The emergence of the informal sector in the country can be traced to socio – economic problems which the country has undergone during the turbulent times that stretched from 1990 to late 2000s. The negative consequences of the economic reform manifested in the form of low economic activities , company closures and retrenchments leading to high unemployment levels among other economic challenges bedeviling the country. Therefore this chapter will cover the background to the study giving an overview of African countries and revert to Zimbabwe to suit this study. The same chapter will also give the problem statement of this study; later on give the significance of the study followed by the research objectives, research questions, delimitations and limitations.

The informal sector has become a cornerstone in improving livelihoods in both developed and less developed countries. According to Schneider and Enste (2000) irrespective of the obstacles faced by players in the informal sector its existence is contributing tremendously to the Gross Domestic Product (GDP) in many African countries. As a result many developing countries have realized the importance of the informal sector to their national economies. The Government of Zimbabwe since 1980s was forced to adopt a series of measures to stimulate its growth even though many hurdles continue to be faced.

1.2 Background to the study

Since independence the informal sector in Zimbabwe has taken many shapes as the informal sector players have been forced to adjust in order to circumvent the restrictions, evictions, and by laws imposed on their operations. Ndiweni and Verhoeven (2013) estimates that at independence only a paltry 10% of the workers in Zimbabwe were employed in the informal sector but the number doubled to 20% in 1986-87 and 27 % in 1991, reaching 40% in 2004. They went on further to say by June 2005 roughly 3 million people out of a population of 11 million were depended on the informal economy for their livelihood. The above sources attribute informal sector growth in Zimbabwe to post independence populist government economic policies which resulted in rising unemployment and inflation.

After 1980, the country inherited a society characterized by political, economic and social inequalities due to colonial injustices. This forced the government to adopt a socialist mode of production in an attempt to correct colonial imbalances and equalize opportunities among the different races. According to Murisa (2010) among the earliest economic policies adopted by government from 1980 include Growth with Equity of 1981, Transitional Development Plans and the First Five Year National Development Plans. These new policies are alleged to have further speeded up declining economic trajectory pushing the government into a huge deficit by pumping money to finance infrastructural development in rural areas to even out the colonial imbalances. In 1990 the government adopted the Economic Structural Adjustment Program (ESAP). The new economic policy was necessitated by the government's need for economic bail out against a background of increasing budget deficit. This forced the government to make a somersault on its economic approach from state controlled socialist mode towards a market driven approach driven by International lending institutions.

The aims of ESAP were meant to meet set targets of the International Monetary Fund (IMF) including devaluation of currency, cutting public sector expenditure, promotion of export led growth, trade liberalization and creation of a favorable climate for economic growth and the target was a five percent per annum (Sachikonye, 2003). Unfortunately this resulted in negative impacts whose shockwaves are still felt even today. According to Saunders (1996), ESAP

resulted in widespread unemployment, rising cost of living, plummeting in standards of living, increase in price of basic commodities, declining social services delivery and massive school drop outs. The unfortunate victims of ESAP who borne brunt of this economic reform were the ordinary working class based in the cities and countryside, as it eroded the safety nets and gains realized in the first decade of our independence. After ESAP the economic outlook continued to deteriorate such that by 2004 unemployment rate stood at 80% due to company closures (Sachikonye, 2003). Due to worsening economic climate the Zimbabwean government was jolted into action in 1994 to support the informal sector. Some of the earliest pro-informal sector policies include statutory instrument SI (216) of 1994 to incorporate the informal sector activities like flea markets, stalls, and home industries by special consent after noticing poor economic performance.

In 2004 the government went a step further to craft the 2002 Small –Medium Enterprise Policy framework whose main aim was to promote and support the small- medium enterprises. In 2005 a follow up was made by setting up a Special Ministry of Small and Medium Enterprises with offices throughout the country starting at district level, provincial level and the national level. In addition the Small and Medium Enterprise Act was also later passed Chapter 24:12 by Parliament. This Act provided for the creation of a financial institution in the name of Small Enterprise Development Corporation (SEDCO) responsible for funding and helping to source funds for the informal sector operations. Chirisa (2007) noted that the government had realized that the informal sector had become a reserve army and a seedbed of the unemployed. The Finance Minister Patrick Chinamasa in his 2014 National Budget concurred with Chirisa pointing out that the old formal economy was dead and the new one spurred by the informal sector was emerging. Therefore Zimbabwe’ 2014 Fiscal policy recognized the death of the old formal economy and the rise of a new economic order spearheaded by the growth of small business sector and indigenization (Parliament of Zimbabwe 2014).

1.3 Problem statement

Despite the dominance of the informal sector in most urban centers in Zimbabwe, there seems to be a failure to realize their significant participation in national economy and extent of their contributions to households’ livelihoods. The failure by the government and local authorities to

fully appreciate the importance of this key sector will mean that attainment of the sustainable development and increased standards of living for people of Harare high density suburbs and other cities will remain a pipedream. This is so due to high poverty levels against a background of restrictive policies that deters informal trading activities. Cities in Zimbabwe have a high incidence of poverty with the percentage poor and very poor estimated to be 35, 37 and 50 for Harare, Bulawayo and Mutare (Ministry of Public Service, Labor and Social Welfare, 1997). This was acknowledged Mutangadura (1998) who pointed that the increase in urban agriculture, mushrooming shanty towns and squatter settlements in urban areas is a manifestation of poverty and housing shortage. In 2005 the government introduced Operation Restore Order to regulate the informal sector activities (Tibaijuka, 2005). In this clean-up campaign, the government destroyed all the formerly permitted structures for informal traders there by affecting the livelihoods of most people in the urban areas. Other challenges bedeviling the informal sector besides legal harassment by government and the local authorities include limited funding mainly due to negative perception as financial institutions view them as high risk. According to Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU) and Bankers Association of Zimbabwe (BAZ) (2014) the notion that informal sector activities are illegal and that the players in the sector have criminal tendencies discourages the banking sector from advancing loans. The informal sector in Zimbabwe continues to face insurmountable challenges that constrain its viability as a vehicle to improve and sustain livelihoods in the urban centers. This study therefore examines the contribution of the informal sector to urban livelihoods with a particular focus on Harare's Glen-View suburb.

1.4 Significance of the study

The informal sector provides a safety net for school drop outs, school leavers and retrenched workers in developing countries faced with shrinking formal employment. The informal sector has grown rapidly in Zimbabwe and there is need to ascertain its contribution to urban livelihoods. This study is being carried to close this gap. The study hopes to serve as a toolkit for home industry players and other informal traders to re-orient their informal activities to sustainable development rather than hand to mouth scenario. On the part of the government, the outcome of this study will, to some extent, inform policy makers to craft policies that better

harness the informal sector activities so that they promote urban livelihoods and national development.

1.5 Research objectives

1. The study seeks to examine the link between the informal sector and improved livelihoods.
2. To determine whether the informal sector is contributing to improved livelihoods in the urban areas.
3. To investigate problems facing informal businesses in Glen-view and suggest measures which can be used to assist this sector and its dependents.
4. To examine the feasibility and benefits of harnessing the informal sector to the official economy.

1.6 Research Questions

1. Is there a link between the informal sector and improved livelihoods in Glen- View?
2. How has the informal sector contributed to improved livelihoods to the people of Glen-View?
3. What are the challenges faced by informal sector operations in Glen-View?
4. What measures are taken by the government in supporting the informal sector operations in Glen-View so that they contribute to the official economy?

1.7 Delimitations

This study focuses on the importance of the informal sector improving livelihoods of the urban people in two wards 30 and 32 of Glen-View North and South. The specific informal sector activities covered are carpentry, metal fabrication, transport services, automobile repairs, hardware, grinding mills, automobile shops for spare parts, making of shining cobra, hair salons, barber shops, car breaking and food vending mainly at the Area 8 complex, Mataure home industry and Glen-View 1 Makomva shops, Harare.

1.8 Limitations of the study

The study encountered problems of limited disclosure of information by informal traders pertaining to their levels of revenues. Misrepresentations by local council officials and Ministry officials could also have been faced pertaining to registration and support for political expediency. Pinning down some people for interviews and questionnaires was also problematic. To circumvent this hurdle the researcher paid numerous visits to the informal traders operating sites and assured concerned stakeholders that he is apolitical and the study is solely for academic purpose.

1.9 Assumptions

- The informal sector is critical in improving livelihoods among most urbanites.
- Informal sector players are encountering challenges impeding their full growth or potential.
- Respondents will supply honest responses to the questions and interviews.
- Informal sector is helping in reducing unemployment in the country.

1.10 Definition of terms

Informal sector: refers to the unorganized sector that consists of all unregistered private business entities owned by individuals or households engaged in the sale and production of goods and services usually operated on a small scale and with few workers. In most cases the activities of the informal economy are not included in the GDP and Gross National Product (GNP) of a country.

Formal sector: refers to that sector of the economy which encompassed all jobs with normal hours and regular wages, and is recognized as income sources on which income taxes must be paid.

Unemployment: is when people are without work but actively seeking work.

Livelihoods are a means of making a living. It encompasses people's capabilities, assets, income and activities required to secure the necessities of life or in short a way of earning money in order to live.

Formalization: it is the act of organizing something according to a system of formal rules.

1.11 Organization of the Study.

Chapter 1: provides the contextual background of the study and outlines the statement of the problem. The research questions and objectives as well as justification of the study are stated. Delimitations and limitations of the study are also discussed in this chapter. This chapter also gives an outline of the whole study.

Chapter 2: deals with the literature review where important concepts are clarified. The theoretical framework under which the study's argument rests is considered in the same chapter. The same chapter will give a more detailed overview of the informal sector; the drivers of informal sector activities, problems faced by the sector, link between the informal sector and livelihoods as well as consequences of an expanding unregulated informal sector to the wider economy.

Chapter 3: presents the methodology employed to gather data for the study. The study made extensive use of in-depth interviews, documentary and questionnaires to collect the pertinent data and information.

Chapter 4: presents the findings and their analysis. The data for this study was analyzed mainly qualitatively. The presentation of data followed a thematic approach in its description and interpretation.

Chapter 5: presents the conclusions and recommendations regarding the problem under investigation. The same chapter outlines some areas that need further study.

1.12 Chapter summary

This chapter set the ball rolling by highlighting the problem that the research is centered upon. It further explored the contextual background of the study, stated the problem, and went on to highlight the research objectives, research questions, significance of the study, assumptions, limitations, delimitation and the definition of terms. This chapter also gave an outline of the organization of the whole study.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter review existing literature on the informal sector and exposes knowledge gaps as further justification for the present study. The study is embedded in the theory of De Soto examining the contribution of the Home industry to urban live hoods using the case of Glen-view suburb in Harare. In relating the literature, an attempt would be made to look at subsections that encompass an understanding of the informal sector, drivers of informal activities, problems faced by the sector, link between the informal sector and livelihoods and consequences of an expanding unregulated informal sector to the wider economy. Literature review enables the researcher to understand better the research problem in terms of historical background and the current research trends

2.1 De Soto Theory.

It was propounded by a Peruvian economist who pointed out that the concept of informal sector is strongly related to specific legal and social backgrounds. Ghersi (1997) further noted that informal activities are necessarily illegal but not criminal because they are generating income without taxing while at the same time their activities are rarely included in a country' Gross National Product like the case in Zimbabwe. De Soto (2000) in his work the Other Path defines the informal sector as the refuge of individuals who find that the costs of compliance with existing laws in the pursuit of legitimate economic objectives exceed the benefits. Coincidentally complex registration procedures under the Companies Act are one of the drivers of informal sector growth in the country.

In his theory De Soto insisted that the main obstacle that keeps other countries from fully benefitting from capitalism is the failure to produce capital. As a result many continents like Asia, Africa and Latin America remain poor and are hard hit by poverty. De Soto carried out a research in Lima and found that it takes 289 days to open a business spending six hours daily

whilst the cost of legal registration is about 31 times the monthly minimum wage. He concluded that in these countries it is much as complicated to stay legal as it is to become legal forcing some groups not to do so much to break the law since the law breaks them (De Soto, 2000). Right now Zimbabwe government is promoting the one-shop stop Investment Centre concept to simplify investment protocols for both internal and external investment. At the same time efforts are ongoing to amend the Co-operative Societies Act to provide an over-arching framework to promote SMEs (Sunday Mail Business, 2015). Therefore lack of information according to De Soto's theory is one major reason that forces people to stay in the illegal undervalued parallel market of informal economy. The other pillar of De Soto's theory is mystery of capital which postulates that the essential meaning of capital has been lost to history. De Soto (1989) argues that financial institutions could benefit from the informal sector through recognition of property titles as a mechanism to have access to credit.

In Zimbabwe financial institutions require collateral for them to be able to finance activities of the informal sector so that they can recover their funds in case of default. According to ZEPARU and BAZ (2014) collateral security is a sure way of countering risk of loss since it provides the bank with safety net which provides a cushion against losses in the event of repayment hurdles. De Soto (2000) noted that the existence of such massive exclusion generates two parallel economies, legal and extra-legal where a privileged minority enjoys the economic benefits of the law and globalization whilst the majority of people remain rooted in poverty with their assets of vast sums languish as dead capital in the shadows of the law. The theory asserted that the real enemy to poverty is the unfair legal systems common in many developing nations that make it difficult if not impossible for the majority of their people and their assets to gain a share in the market since many people have raw talent, drive and an astonishing ability to make a profit out of practically nothing. This was collaborated by Swaminathan (1991) who noted that efficient laws are necessary in order to free and increase the vendors' entrepreneur visions, and to allow them within the competitive regulated process in which they operate, to use their talents to the full. De Soto (2000) acknowledged that low prices are often a big advantage for informal sellers, and as a result they will try to keep it as long as possible.

De Soto's theory came under heavy criticism from some sections especially his assumption that to allow informal activities to develop to the full potential there is need for greater private property rights and less state intervention. According to Swaminathan (1991) though there are genuine problems of excessive government control and badly designed laws may retard development, it does not follow that remedying the system is sufficient to promote economic development. The other criticism to De Soto's theory was down playing the positive role of public intervention in the development of small scale production. Furthermore his proposal was criticized for not championing transferring wealth from the few rich to others but only meant to enhance wealth legalization by a minority few.

2.2 Towards an Understanding of the Informal Sector

There is no precise meaning of informal sector as it has remained a subject of controversy with many different meanings. This is because the concept informal sector has been defined to suit different contexts with different meanings (Hussman, 2004). The term informal sector was first coined by Keith Hart in his study of the economic activities of the urban economy of Accra Ghana in 1973. Hart used the term to refer to activities of the low income people that coincidentally form the majority of the urban poor who could not find meaningful wage employment, (Rupani, 2014). This has forced many countries to adopt the definition which is appropriate to their needs and the system of data collection. For comparing purposes of statistics the International Conference of Labor Statisticians (ICLS) quoted by CUTS International (2009) defined informal economy as comprising of all forms of employment without social protection both inside and outside informal enterprises, including both self-employment in small unregistered enterprises and wage employment in unprotected jobs.

According to Ijaiya et al (2011) the informal sector covers a wide range of labor market activities either coping strategies or multiple job holding and unofficial earning strategies. The coping strategies identified include casual jobs, temporary jobs, unpaid jobs, subsistence agriculture as well as multiple job holding and the unofficial earning strategies that take form of business like tax evasion, avoidance of labor regulation, no registration of the company or underground activities like crime and corruption. Other terms more often used to describe the informal sector

include shadow economy, underground economy, black market, micro-enterprises, subterranean economy and non-corporate enterprises among others.

Chen (2012) advanced that the debate on the informal economy boils into four dominant schools of thought depending on its nature and composition. The four schools of thought are dualists, structuralism, legalist and voluntarism school. The dualist school of thought sees the informal sector of the economy as made up of special peripheral activities not related to the formal sector but provide income for the poor as safety net in times of crisis (Hart, 1973). This school of thought maintains that informal operators are excluded from modern economy due to the unmatched growth rates of the population in relation to modern industrial employment. The outcome will be a mismatch between people's skills and the structure of modern economic requirements. To the dualists informal sector activities have limited connections to the formal economy.

The second school of thought is the structuralism school that sees the informal sector as small economic units or micro enterprises that aims to have few workers so as to reduce input and labor costs (Portes and Walton, 1989). Structuralisms also view nature of capitalism as being responsible for promoting informal activities mainly the attempts by formal sector players to reduce operating costs of labor and other overhead expenses so as to remain viable. Chen (2012) advanced that the structuralisms see both the informal and formal economies as closely connected.

The legalist school according to De Soto (2000) sees the informal sector as made up of small unproductive players who operate informally in order to avoid the costs, time, and effort of formal registration. Their main argument is that the hostile legal requirements of compliance lead the self-employed to operate informally with their own informal rules. Legalists encourage governments should introduce simplified and straightforward procedures to encourage informal sector players to register and operate formally (Chen, 2012).

The voluntarism school of thought sees the informal sector players as victims of complex registration process who deliberately try to avoid regulations and taxation. Voluntarism insist

that that informal sector operators choose to operate informally after weighing the disadvantages and advantages of remaining informal relative to becoming formal (Chen, 2012). The generally agreed features of the informal sector include ease of entry, convenience on the part of workers' time, finance and working parameters, reliance on indigenous resources, high degree of independence, labor intensive methods of production as well as unregulated and competitive markets among others.

2.3 Drivers of Informal Activities

There are many underlying reasons why many citizens venture into informal sector activities. Onwe (2013) identified many overlapping reasons which explain the growth of informal sector among them impediments to join the formal economy, weak institutions, retrenchments, uncommitted governments, economic hardship and poverty. In the case of Zimbabwe Sakuhuni (2014) identified some of the causes of informal economy as unemployment, ESAP, poverty, internal migration, economic meltdown, famine and a desire to have an alternative means of survival and bid to enjoy tax freedom.

2.3.1 Unemployment

The limited capacity of the shrinking formal economy to absorb surplus labor, in addition to increasing number of job seekers has boosted the size of the informal sector. According to Rupani (2014) the failure of industrial development in many developing countries to create adequate employment and income earning opportunities in the urban sector against a background of rising job seekers forced surplus labor to generate its own means of employment and survival in the informal sector. The increasing rates of population growth and urbanization result in the informal sector absorbing most of the surplus labor mainly in urban areas. The industrialization in many cities has forced many people into the informal sector since it is characterized by two evils of unemployment and retrenchment. According to Masvora (2013) almost everyone in Bulawayo is trying to eke a living and generate extra dollar by setting up some small business to fill the gap that was created by folding of industries in the city. Unfortunately the proper figures of unemployment rate in Zimbabwe are problematic due to different interpretations and politicization of the issue. Robertson (2013) estimates Zimbabwe's unemployment rate to be more than 70% a figure disputed by the government that claim that unemployment rate has

been grossly overstated for political expediency to tarnish the country's image rather putting it a modest 7.7%. ZIMSTATS pegs the unemployment rate at 10.7%.

According to Onwe (2013), the lack of appropriate mechanisms to create formal employment has resulted in the growth of the informal sector especially in developing countries. In addition the high entry impediments to formal employment such as high educational qualification requirement or inflexible working hours often prevent many poor people, especially women from obtaining formal employment. Informal activities like home business or petty trading therefore become the only source of livelihood for them and their families. Thus inadequate provision of formal sector jobs of the economy as well as poor skills in the majority of people are responsible for perpetuating the growth of the informal sector among which most workers are in the low paid employment.

2.3.2 Structural Adjustment Programs (SAPS)

The downsizing of the public sector, poor retrenchment packages and lack of policy consistency to address the negative outcomes of adjustment prior to SAPS contributed to the ballooning of the informal sector. According to Obwona and Nambwaayo (2007) in Uganda many of the retrenched or retired workers had no opportunity and business diligence to profitably invest their resources in the formal sector and at the same time were afraid of being taxed their meagre packages opting to join the informal sector. In the case of Zimbabwe economic quagmire intensified in 1998 and reached its zenith towards the end of 2007 as a result the adoption of ESAP under the guidance of IMF resulting in many thousands of formal sector workers like civil servants and others being retrenched and rendered unemployed. On the same note Kanyenze et al (2003) stated that the failure of ESAP to transform the economy onto a superior and sustainable growth trajectory, from its perceived subdued underperforming status especially in terms of job creation left a trail of poverty and marginalization.

Furthermore the SAPS that were introduced in developing countries in the 1980s and 1990s appear to have spurred the growth of the informal sector in those countries. According to Tamukamoyo (2011) the free market economic recommendations of ESAP largely emphasized less state economic intervention in favor of market driven economic liberalization implying

heavy downsizing of the public sector workforce which caused massive unemployment forcing the retrenched personnel to seek solace in the informal activities in order to cope with the crisis.

The SAPS as a by-product of capitalist driven machinations is closely related to the structuralisms who propound that capitalism drives informality, specifically the attempts by formal firms to reduce operating costs and increase competitiveness causing loss of job opportunities, (Chen,2012).On the same note BAZ and ZEPARU (2014) observed that ESAP became synonymous with the growth of the informal sector in Zimbabwe in the period 1990 to 2000 as economic liberalization and deregulation created individual entrepreneurship.

2.3.3 Internal migration

Rural to urban drift and the accompanying demand for low cost commodities produced by formal and informal enterprises have also helped to promote the growth of the informal sector. According to Sakuhuni (2014) the gaining of independence in Zimbabwe increased free internal migration strengthened by high population figures of school leavers attracted to urban trappings against a background of slow economic development. Resultantly job opportunities were inadequate to absorb new entrants in the labor market. This increased unemployment fuelled the informal sector activities. According to Rupani (2014) the opening of industries and resulting economic attractions in urban areas activated rural-urban drift and urbanization but unfortunately this industrial development failed to translate into adequate employment and income opportunities in the urban areas forcing the surplus labor pool to generate its own means of survival and employment in the informal sector

In addition Stark (1991) advanced that there is a strong correlation between the migration of labor and the growth of informal sector in that decisions to migrate to urban areas are usually motivated by family needs for a better economic status. Therefore the urban development bias has resulted in people migrating to urban centers sometimes failing to secure formal jobs then venturing into informal sector activities for survival. This implies that some of the migrants end up as victims of expectations in their endeavor to secure the much needed employment in urban areas ending up engaging in the informal sector activities as a default survival strategy.

2.3.4 Economic Slide

The political discord and economic crisis contribute to the development of a poor business culture and petty business mentality among the people. As a result of economic and political uncertainty some people may become reluctant to invest in long term businesses and in addition to multitude of constraints faced. For example in Zimbabwe the Gemini study of 1991 revealed that the rate of informal sector employment grew from below 10% of the labor force in 1982 doubling by 1986/87 and hitting a high of 27% by 1991 (Kanyenze et al, 2003). Zimbabwe's investment climate was poisoned by political bickering; economic meltdown coupled with targeted sanctions due the fast track land reform program me which witnessed the mushroom of the informal sector in many different shades and sizes.

Thus after the post 2000 crisis period the informal sector continued to exist mainly because of the need by households to supplement meagre incomes from the formal sector. This was supported by the voluntarism school of thought that advances that the informal operators choose to operate informally after weighing the costs-benefits of the informality among other issues (Chen, 2012). On the other hand Hamadziripi (2007) posits that whilst IMF economic prescribed policies triggered poor economic performance, patronage system, cronyism, economic mismanagement, corruption and the political impasse, among other issues, worsened the trajectory of the Zimbabwean economy discordancy in subsequent years forcing some people to choose the route of informal economy which has symbolized the resilience and innovation of the local populace in adjusting to the tide of the economic collapse.

2.3.5 Difficult Government Regulatory Framework for Business.

The formal sector in many developing countries are so saturated that new players find it difficult to find opportunities. Barriers to enter the formal sector usually manifest in the form of oligopolistic and monopolistic tendencies of already established players in the formal sector. The informal sector most often thrives in countries with tight government restrictions, where due to overly rigid inflexible or corrupt government regulatory protocols drive people to conduct their business activities underground or without following laid down procedures in the formal sector. According to Sakuhuni (2014) one reason of the informal sector not registering is to avoid tax and other government requirements. Argote (2005) also pointed out that high tax rates and

poorly pronounced taxation systems threaten profit margins, which encourages tax evasion and push people into the informal sector. In addition setting up a business is often problematic and a tiring process in terms of acquiring legal entity status, property titles for assets like land and this lack of well-defined smooth parameters, stringent and secure property rights lowers the incentive to join the formal sector.

2.3.6 Poverty

Ngundu (2010) pointed out that participation in the informal sector is not by design for many but a survivalist strategy in order to escape poverty. Some of the households in urban areas have fallen into poverty due to job losses through de-industrialization, privatization, and closure of firms as well as loss of loved ones increasing their vulnerability to poverty. The lack of public support schemes contributes significantly to the growth of the informal sector. More so, poor people in these areas tend to be more vulnerable to the limited capacity constraints and the high entry qualifications preventing them from obtaining the few jobs that exist in the formal sector. Brand (1986) in a survey carried out in Mbare argued that the prevailing poverty and the need to support families through provision of supplementary income was the main reason why people opted to join the informal sector.

2.3.7 HIV/AIDS

The negative impact of the HIV/AIDS can partly explain the growth of informal sector establishments in both rural and urban areas. The loss of loved ones mainly bread winners who are the active population deprive many families on means of survival. According to Obwona and Nambwaayo (2007) the active labor force who happen to be breadwinners continues to be most vulnerable group to the deadly pandemic yet at the same, these are the future with the responsibility to support the young generation and the elderly. Therefore their death result in orphans, widows and elderly being left vulnerable to poverty with no one to support them whilst in worst scenarios the result is the disposal of accumulated assets for the day to day survival. Thus households will ultimately look for alternative coping mechanisms most likely the informal sector as the first port of call since the startup capital outlay may not be high and at the same time skills needed are easily acquired through learning by doing.

2.3.8 Globalization

Global integration, encouraging foreign investments to move across borders has not helped matters in reducing unemployment. According to Onwe (2013) globalization has often favored use of machinery than human labor especially among lower skilled workers that find it difficult to secure jobs forcing them to find alternative source of employment in the formal economy. The mechanization efforts will therefore substitute human labor in many industries. Another side effect of globalization was pointed by Kasanzu and Chiutsi (2013) that at least twenty-two milling companies in Bulawayo have closed shop as they cannot withstand the influx of cheap imports that are flooding the country from neighboring South Africa and Botswana impacting on employment levels in the country

2.3.9 Drought

According to Saungweme et al (2014) consecutive unfavorable successive calamities of drought of 1992, 2002 and 2007/8 led to massive retrenchments, folding and downsizing by most firms in the country. Considering that Zimbabwe's economy is mainly agro – based the country was hard hit by droughts necessitating the rural to urban migration especially for those dependent on the land. Against a background of shrinking economy the productive sector could not absorb the new migrants especially the less qualified creating an opportunity for informal activities.

2.4 Link between Informal Sector and Livelihoods

Sakuhuni (2014) posits that numerous benefits are derived from the informal sector among them employment, social and lower prices of commodities. According to Chigwenya and Mudzengerere (2013) the informal sector is no longer a preserve for the urban poor and survivalist, but highly skilled and well educated people who join this sector as they try to supplement their dwindling incomes mainly exacerbated by the huge unemployment rates in the developing countries. In countries like Kenya the informal sector has surpassed the formal sector in both employment creation potential and their contribution to the national economy (Ikiara and Ndungu, 1997). Therefore the role played by the informal sector can no longer be underestimated as this sector has developed to be the major source of livelihood for semi-skilled and unskilled workers who could have been otherwise redundant.

Due to their labor intensive nature, informal businesses have a high labor concentration rate which makes them capable of creating many new jobs at low cost. Dhemba (1999) pointed that informal sector employment includes the self – employed, own businesses operators, paid workers, unpaid workers in family businesses, casual workers, etc. According to the FINSCOPE MSMEs survey Zimbabwe 2012, a total of 5.7million jobs were created within the informal sector and that there are 2.8million small business, 800 000 of the small business owners employ 2.9 million people excluding business owner, (Parliament of Zimbabwe, 2014). According to Ijaiya et al (2014) informal sector employment is a necessary survival strategy in countries that lack social and public safety nets like unemployment benefits or insurance schemes especially where wages mainly in public sector and pensions are low.

In addition the informal sector activities have become an important source of earning livelihood for poor in the urban areas, considering that not only poor are getting lifeline opportunities in the informal sector, it has also been providing goods at cheaper price to another section of urban poor that neither urban authorities nor government can provide. According to Brown (2005) the informal sector offer, the best opportunity for the upward mobility in life for the poor by availing better opportunities to earn a decent living and supporting their families. Furthermore it widens earning opportunity and livelihoods to the dependent family members. There is no question that the informal sector is large and that it provides a sustenance that keeps families alive and thriving (Nelson and Smith, 1999).

In addition the informal sector is also very important in promoting economic development. This position was collaborated by Morgan (1989) who asserted that though comprehensive statistics on the enterprises are elusive to get hold of owing to lack of extensive data bases it is clear that in many countries their role is significant as contributors to the nation's wealth. This is true in that in many developing countries characterized by high rates of population growth and urbanization, the informal sector tends to absorb most of the youth and idle growing labor force in the urban areas. According to Ijaiya et al (2011) a study conducted in 1992 by the economic commission for Africa indicates that the informal sector's contribution to GDP in the African countries is approximately about 20% and its windfall to the GDP of the non -agricultural sector estimated at 34%. Ijaiya et al went on to say the cordial relationship among the operators in the

informal sector and the formal sector operators have helped to the growth of the informal sector and to its contribution to economic development as well as poverty reduction.

There is no consensus about the role of informal sector in stimulating broader economic development as some view it as dynamic with the potential to create jobs and actively contribute to economic growth. In contrast others relegate informal activities to low productivity employment or a threat to formal sector survival which does not deserve special support. Mbiriri (2010) support the former stance saying in Zimbabwe the activities of the informal economy have become strategic because they enabled the country to survive the worst economic crisis in history through providing livelihoods to the majority of the population.

Furthermore informal economy plays a useful role in alleviating poverty through job creation for the less educated and unskilled. According to Olajoke et al (2013) its significance was collaborated by President Babangida in 1991 that Nigeria's economy had succeeded in defying all economic logic and prescriptions, but still stands firm the reason being the sustaining power of the informal sector. On the same note Dhemba (1999) observed that with the informal sector proving capable to create jobs at such lightning pace, then it should follow that poverty should be alleviated too as the previously unemployed can engage in this sector and earn some income that can afford them at least some of the basic necessities if not all. This made Tshuma and Jari (2013) to conclude that informal sector development is a fundamental strategy for reducing poverty as it promotes and empowers even the poor, marginalized and the differently abled so that they can escape malnutrition, hunger and diseases by working in this industry.

Lastly informal sector is a potential seedbed for future business class and represents practical methods of promoting economic growth. Anderson (1998) viewed the informal sector as the "ultimate refuge" in beneficial economic activities and a source of income without which abject poverty, increased crime rate and social unrest would have been the inevitable outcomes. Onwe (2013) reported that the informal sector plays a vital role in improving people's welfare mitigating economic hardships as incomes for groups like women goes towards meeting other household responsibilities complementing the breadwinners. This implies that informal sector represents a revolutionary movement from below where the poor work out ways and means of

surviving in a harsh urban environment characterized by lack of employment (De Soto, 2000). It therefore affords the poor and disadvantaged to help themselves, through provision of goods and services at reasonable prices especially in urban centers. According to Chigwenya and Mudzengerere (2013) the upward mobility through informal sector activities of the poor and marginalized is a very critical tenet of city sustainability as ignoring them will result in slum settlements, poor service delivery and decay of the city.

2.5 Problems Faced by the Informal Sector

The day to day operations of the informal sector are besieged by a plethora of challenges that hamper their operations ranging from limited financing, high administrative costs, low productivity, harassment by legal authorities, legal and organizational constraints, trade restrictions, lack of insurance schemes, shortage of social services or unclean environment as well. According to Mupedziswa (1991) most of these problems emanate from their small size which restricts them from benefiting in a number of ways such as enjoying economies of scale and even getting collateral security for them to borrow loans.

2.5.1 Financing

The biggest and probably the most critical handicap faced by the informal business sector is lack of finance which militates on their ability to bear possible losses. It is difficult to obtain credit from the formal financial sector such as commercial banks, merchant banks, finance houses, development banks or other financial institutions due to the lack of enough collateral and traceable banking history. Resultantly the informal traders are forced to resort to costly informal sources of credit such as money lenders or loan sharks who charge them prohibitive interest rates that they cannot easily repay or cannot afford to repay at all (Adisu, 2006). Informal sector rarely get financial support as they are not officially recognized making it difficult for willing financial institutions to partner them. The lack of finance compounds lack of raw materials, tools and other equipment thus militating against the technological advance of small businesses. Players in the informal sector are considered as high flight risk and some of their activities are perceived as illegal in nature. According to ZEPARU and BAZ (2014) the notion that informal sector activities are illegal and that the players are of dubious character with criminal tendencies discourages the banking sector from availing financial support to the sector as the banking

sector is not allowed by law to deal with clients of questionable integrity or deemed to be involved in criminal activities. At the same time players in the informal sector enterprises lack marketable assets that could be used as worthwhile collateral security. Furthermore, policies governing the financial sector are also not friendly to the informal sector. For example to open bank accounts, the banks require too much documentation in the form of proof of residence or pay slips which informal sector players may fail to produce, even if they might have the money to bank.

2.5.2 Harassment by Government and Local Authorities

The informal sector usually encounter relentless opposition and frustration from the intolerant town planning system that does not want to see it grow. According to Chigwenya and Mudzengerere (2013) town planners are still rooted on very old and archaic planning practices driven by city order at the expense of dealing with more substantive and pressing issues such as economic development that addresses the bread and butter issues and sustainability of the city. Therefore operations of the informal sector are viewed with suspicion and an eyesore hence are treated with disdain no wonder attempts to always suppress it through demolition of structures and chasing them away from their sites of operation. For example in May 2005 the Zimbabwe government embarked on a clean-up exercise dubbed Operation Restore Order or Operation Murambatsvina which bulldozed and razed to the ground all the formerly permitted structures for informal activities (Tibaijuka, 2005). This demonstrates that urban planning systems are heavily biased against the players that throng the informal sector, hence are not providing for them. The neglect of the informal sector by most local authorities, planning systems in towns has forced the informal sector practitioners to do their business in very hostile, unclean and dangerous conditions like footpath, pavements and sometimes on the street.

2.5.3 Lack of Adequate Amenities

Informal sector workers usually face the environmental problems due to their working conditions caused by the lack of adequate shelter. In most cases they are vulnerable to rain, sun, wind and dust as they often toil on unsheltered work places (Brand, 1986). Therefore lack of proper shelter culminates in storage shortages as a matter of security risk for their products and tools. This partly suggests that theft maybe a frequent issue. For example in a study carried out by Brand

(1986) at Mupedzanhamo the majority of stallholders blamed the municipal authorities who collect rentals for not doing enough in providing them with lockers or security guards to improve the security of the wares. On a sad note the same informal sector traders are blamed for doing more harm than good to the environment as their products deface the streets and clog the water drains.

In addition the informal sector workers are also badly affected by occupational hazards in the form of poor environmental health. According to Diko (2014) inadequate access to running water and toilet facilities in their working areas present negative health effects on workers including susceptibility to many diseases. At the same time lack of protective clothing exposes workers to serious work related injuries and deaths due to chemicals, dust and heat that are harmful to their health whilst women are prone to sexual abuse. Diko (2014) advanced that informal workers are often ignorant and not concerned of a need to demand protection because of illiteracy, poverty and the fear of losing their source of livelihoods.

2.5.4 Trade and Marketing Restrictions

Informal sector traders endure many trade restrictions when trying to export their products or even when taking them to the local markets for sale. These trade restrictions manifest in the form of clearance certificates, quality requirements, packaging and labeling designs. According to Luiz (2000) the lack of refined and marketing skills is an obstacle towards informal sector traders' bid to access proper lucrative markets since it requires them to pay through the nose in order to access these markets. The marketing aspect of small businesses is affected by the lack of adequate finance and information which makes it very difficult for them to take their products to the most viable market places (Tshuma and Jari, 2013). The high transport cost also inhibits growth for the informal businesses located either too far from their sources of raw materials or the markets to dispose their finished products.

2.5.5 Legal and Organizational Constraints

The informal sector players also encounter legal and institutional constraints in their endeavor to join the formal sector. The transition from informal to formal sector is not that smooth as it is complicated and expensive. According to Tshuma and Jari (2013) in most countries, South

Africa included, the legal steps for registration involve very long strenuous procedures and paper work plus also licenses that cannot be obtained easily or cheaply. At the same time application for licenses may take long to process since small business owners lack the influence or bargaining power enjoyed by large organizational entities. McGee (1996) posits that this may force informal entrepreneurs to resort to short cuts or “rent-seeking” as they try to make government officials to speed up the processing of their applications.

2.5.6 Lack of Social Insurance and Protection

According to Diko (2014) supporting schemes that provide some form of social and economic valve for informal workers are critical for fulfilling the rights of urban informal workers to a decent standard of living. In addition it also goes a long way in poverty mitigation and protecting informal sector players from economic and social impact of economic downturns thereby improving on their coping abilities. Sadly these insurance schemes do not exist in the informal sector to cover business activities and assets making these businesses vulnerable to adversities such as fire. On the wee hours of July 29 2015 the Glen-view home industry famous for making household furniture was razed by a fire and hundreds of dollars were lost in that inferno destroying livelihoods. This was the third time following similar events in September 2011 and 2012. The Herald of 30 July 2015 reported that many informal sector workers were left grounded on ground zero of the Furniture Complex as they had no insurance cover openly admitting that the situation could have been better with insurance cover. In the country it is mainly those who are or have been formally employed at one point in their lives and have contributed to the schemes like NSSA for a specified period of time that enjoy the benefits of social insurance. According to Chikova (2013) Zimbabwe like most developing nations especially in Africa faces an uphill task in providing universal access to social security schemes for all its citizens especially those in the informal sector as the country does not have the financial capacity to roll out public social protection.

2.6 Consequences of an Expanding Unregulated Informal Sector

The growth of unregulated informal sector has its own problems among them loss in state revenue, unfair competition, collapsed formal sector, technological gap, poor working conditions and rising corruption. Ndiweni and Verhoeven (2013) classified the consequences of an

expanding informal sector as falling under social, economic political and environmental. A large informal sector limits fiscal space, which can impact on government spending in infrastructure and social services delivery thereby hampering economic growth. According to Chibisa and Sigauke (2008) informal traders rarely pay taxes that commensurate with their income, because they simply have no incentives to do so. This then curtails government from accessing much needed revenue since at the same time they discourages even more entrepreneurs from paying taxes and other business related fees. To make matters worse money generated through informal activities circulates more outside the banking system since a sizeable number do not have bank accounts.

The unregulated informal sector can also retard the growth of local industries in many ways. The excursions to buy second hand clothes in large quantities led to the demise of a once thriving textile industry (Chibisa and Sigauke, 2008). This resulted in massive retrenchment of employees by companies like Merlin and David Whitehead. In addition informal sector participants have low overhead costs in the form of taxes, rentals, wage bills and social security levies which gives them an unfair competition to the businesses that operate in the formal sector besieged by high tax obligations and burdens of licenses as well as operation costs from operation sites paying rentals. The growth of the informal sector accelerated the collapse of the formal economy in that cheap ready products flood the market and very few of the informal players are into manufacturing and much of the times they produce substandard products (Sakuhuni, 2014).

Informal sector is also blamed for doing more harm than good by promoting corruption since informal sector activities are illegal and do not benefit from law enforcement services. This may tempt informal traders to resort to bribery in order to avoid costly punishment or to obtain preferential treatment As for corruption Sakuhuni (2014) noted that it is not only prevalent among the informal traders but also among those who give services to them due to their defenseless.

Environmental consequences are also a critical by product of the informal sector especially in terms of pollution. Onyechere (2010) pointed out that wayward informal sector activities stimulate health hazards, littering, flooding, noise pollution, traffic jams, and nuisances as their

activities make municipal waste disposal problematic in many cities. Without strict by laws the expansion of the informal sector compound the problems of urban solid and liquid waste disposal. Ndiweni and Verhoeven (2014) noted that since the informal sector does not always adhere to environmental friendly laws and regulations which are applicable to the formal sector, they might bypass the precautions which law has endangering the environment.

Another consequence of a growing unregulated informal sector pertains to spread of diseases like HIV/AIDS which becomes prevalent due to high mobility patterns of informal traders. Regular trips to procure merchandise may result in some extra-marital affairs and breakdown of marriages, (Ireland et al 2004). At the same time some people may take risks crossing borders using unofficial exist or entry points to avoid paying duties increasing their vulnerability to insecurity.

2.7 Chapter summary

This section of study reviewed literature on the theoretical and conceptual framework underpinning this study. Literature review showed that informal sector is a byproduct of strict government regulations and rules which prevent individuals to enter the formal economy. From the literature reviewed it was established that informal sector is a result of many hardships that push people to join it but there is no consensus on its meaning. A number of problems are faced by informal sector players regardless of its significance in improving urban livelihoods though if unregulated it can also be an eye sore.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the data collection procedures, analysis and presentation plan for the research study in an attempt to find out the contribution of the informal sector to livelihoods in urban areas. The chapter focuses on the method of enquiry, research design, population, sample, sampling techniques, data collection techniques, instruments used for data collection the analysis used in the study.

3.1 Research methodology

According to Gray (2009) research methodology refers to a procedure for data collection. This study was predominantly qualitative. A qualitative research is an umbrella term covering a wide range of interpretive techniques which seek to describe, transform, translate and otherwise come to terms with the meaning of naturally occurring phenomena in the social world (Wellman et al, 2005). Qualitative research describes and analyses people's individual and collective social actions, beliefs, thoughts and perceptions.

Qualitative research was chosen as it seeks to understand human experiences and their behaviors according to their own understanding. The strengths of the qualitative research method are that it gives a detailed description and explanation of difficult situations so as to give guidance for the future research. It also allows the researcher to interpret phenomenon in terms of the meaning people bring to them as it shows relationship between events and meanings as perceived by the participants. According to Wellman et al (2005) the aims of qualitative research are to unlock the socially constructed nature of reality, to stress the links between the researcher and the object of the study, as well as to emphasis the value laden nature of the inquiry. In addition Best and Khan (1993) further assert that qualitative study is critical as it gives an in depth, detailed descriptions of events and interviews. They went on further to say qualitative research is not rigid but flexible as it allows for adjustment of direction of the inquiry based on ongoing experience of collecting data. This affords the researcher an opportunity to find and deal with issues as they arise in their

research endeavor. This methodology was adopted because this research is exploratory and inductive in nature hence its findings are beyond anticipation of the researcher. It also afforded the researcher an opportunity to interact and identify with people in order to understand how they perceive the contribution of informal sector to improved livelihoods in urban settings.

3.2 Research Design

The purpose of this study was to find out the contribution of the informal sector mainly the home industry to improved livelihoods in urban areas in Zimbabwe. Huysumen (1994) defines a research design as a plan or blue-print used for data collection in the most economical way for carrying out a research. Maree (2007) defines a research design as a plan or strategy which moves from the underlying philosophical assumptions to specifying the selection of respondents, the data gathering techniques to be used and the data analysis to be done. In short it illustrates a plan on how one intends to conduct research from start to finish that is the formulation stages of the research program me to the writing of the final narrative. This study adopted the explanatory research design since this study seeks to go deeper into people's attitudes, feelings and views about the contribution of the informal sector to improved livelihoods. The researcher used the case study research design for this study which used Glen-view home industry as the unit of analysis.

3.3 Case Study

The case study used Glen-view wards 30 and 32 as the unit of analysis considering that the area is home to the famous Glen-view furniture complex that play host to thousands of people a day. According to the Glen -View Council register for the home industry, the furniture complex has 483 stalls but currently has more than 2000 people operating there. The case study tries to give an in depth understanding of an issue within a given context. This case study focused on two wards in order to have outcome comparison and getting a deeper view of informal sector contribution. Another reason for selecting two wards in Glen-View was to come out with accurate results since effort and financial resource were concentrated on small area. At the same time, studying all the wards in Harare or Glen-view was an expensive undertaking considering time and financial constraints. According to Merriam (2009) the boundaries of a case study may be defined in terms of time, space or participants involved. Creswell (1994) notes that a case

study is a type of qualitative research in which the researcher collects detailed information by using a variety of data collection procedures during a sustained period of time. Case study was most relevant in this case to help study a specific situation in detail. The case study also allowed the researcher for the use of a variety of data types and data collection methods. It also allowed for great flexibility on how to design the research. The numerous data collection methods possible to use include interviews, observations, focus group discussions and collection of archival methods. In addition case studies can also be conducted on either a single case or across multiple cases in order to obtain a broader view of the phenomenon.

3.4 Sample Frame

According to Turner (1987) a sample frame is the set of subjects from which the sample is selected. A research population refers to the total set from which individuals or units of the study are chosen (de Vos et al, 2005). The research population sets boundaries on the study units and refers to individuals who possess certain characteristics under study. Wellman et al (2005) defined population as a group of possible participants to whom one want to generalize the results of the study from which a sample is taken. Three key questions that need to be addressed in defining the population for study or sample are which group or sub population is of key to the subject matter of the study, are there subsets of focus population that should be excluded and are there additional groups or sub populations that should be included because their views, experiences and so on would bring different or supporting insights to the enquiry (Ritchie and Lewis, 2003).

Nevertheless, the study was unable to study the total population with respect to this attribute as it is too large, or simply unavailable for study. The study consequently used a sample a relatively small section from within the population of Glen-View based on the sampling procedure to be discussed below. According to Ritchie and Lewis (2003) as a general rule of thumb the sample frame will comprise a group of eligible potential participants which is around three to four times the size of the required study sample to allow scope for selection. This research study targeted twenty key informants purposively selected who had intimate knowledge of the contribution of the informal sector to improved livelihoods in urban areas. Key informants of this study included, the Harare City Council Officer A for Glen-view, Glen –View Council Officer B,

Zimbabwe Revenue Authority (ZIMRA) officer, SEDCO official, four members of the Glen-view home industry Management Committee, one Councilor, one House of Assembly member, member of Confederation of Zimbabwe Retailers and one member of the Greater Harare combined Resident Association. Two academics who specialize in the community development selected through convenience sampling were interviewed and two officials from the Ministry of Small to Medium Enterprises officials A and B as well as four traders operating at Glen-view furniture complex.

3.5 Sampling Procedure.

Tichapondwa (2013) defined a sample as a small target population, earmarked for study in order to produce information that could be applied to the target population from which it is drawn. In other words a sample is a representation of the population which reflects characteristics of the population that are important to a researcher. The most key considerations when selecting a sample are its size and its representativeness. The selection of a sample is a very crucial stage. Results found from a sample can be generalized to the entire population. This means that the results that were obtained from this sample can be generalized to the greater Harare.

In qualitative research there are no rules for sample size. Sample size depends on what the researcher wants to know, reasons for carrying out the inquiry, what is the significance, what will be useful, what will have credibility and what can be done with the remaining resources (Patton, 2000). Qualitative samples are usually small in size for three main reasons among them that if the data are properly analyzed, there will be little room for new evidence emerging from carrying out further fieldwork. In addition statements about recurrence of issues or content are a bother since qualitative studies yield is rich in detail (Ritchie and Lewis, 2003). Saunders et al (2003) affirmed the importance of a sample by stating that it would be impossible for the researcher to survey the entire population. Time and budget constraints limit the researcher from studying the entire population. The researcher is afforded a chance to assess the results quickly from all the collected data. According to Ritchie and Lewis (2003) as a general rule of thumb, qualitative samples for a single study involving individual interviews should not exceed 50 as it will become problematic to manage in terms of data collection or its subsequent analysis.

The non-probability sampling methods were used for selecting the population for studying this research. In a non-probability sample, units are deliberately selected to reflect particular features of or groups within the sampled population. Ritchie and Lewis (2003) advanced that the sample is not intended to be statistically representative because the chances of selection for each element are unknown. Instead, the non-probability sampling places emphasis on the characteristics of the population which are used as the basis of selection. In addition this technique was convenient in light of financial constraints and time limitations. This was collaborated by Merriam (1998) who pointed out that purposeful sampling applies when a certain sample is selected because researchers believe that the most important information can be gathered by interviewing or observing the particular group. According to Ritchie and Lewis (2003) members of a sample are chosen with a purpose to represent given location or type in relation to intended criterion. Therefore it was against this background that the researcher selected twenty key informants who participated in this study in order to get an understanding of the contribution of the informal sector in terms of home industries in Glen-view wards 30 and 32 to improved livelihoods.

The researcher mainly employed two types of purpose sampling for interviews that is critical case sampling is one in which researchers chooses cases that they believe to be especially important because of the position they hold like their particular place within an organization or attribute of acting as a spokesperson (Ritchie and Lewis, 2003). Therefore selection of the Home Industry Management Committee and SMES officials was based on critical case sampling. On the other hand convenience sampling occurs when researchers select a specific sample for the ease at which it is available like other interested parties in the form of council officials.

Extreme case and stratified purposive sampling were used to select 90 respondents to questionnaires. According to Robson (2005) extreme cases are chosen because they are unusual or special and therefore potentially enlightening. Some respondents operating hardwares and auto spare parts shops were selected using the above strategy. The remainder of questionnaire respondents was selected using the stratified purposive sampling. Patton, (2002) postulated that this is a hybrid approach in which the aim is to select groups that display variation on a particular phenomenon but each of which is fairly homogeneous, so that different subgroups can

be compared to select both male and female members involved in different trades operating in the home industry. For example these included those involved in hardware, welding, selling timber, making wooden furniture, iron steel furniture, catering services, transport services for hire and middlemen especially at the furniture complex.

3.6 Data collection methods.

In this study the researcher mainly employed interviews, questionnaires and documentary analysis as data collection methods.

3.6.1 Key informant Interviews

According to Creswell (2007) an interview is a two way process or an oral questionnaire initiated by the interviewer for the specific purpose to get research-related information and to learn about the ideas, beliefs, views, perceptions and opinions of the interviewees. The main strength of interviews is their ability to provide original data that is undiluted by focusing on the individuals as supported by Ritchie and Lewis (2003) that they give an opportunity for detailed investigation of people's personal perspectives, for in depth understanding of the personal settings within which the research phenomena are located. The twenty key informants who participated in this study include the Glen-view Council official A, Glen-view Council official B, SMES official A, SMES official B, four members of the home industry management committee at the furniture complex two male members C and D plus two women members E and F, ZIMRA officer, SEDCO official, house of assembly member, councilor, Zimbabwe Retailers Association member, and one member of the combined Harare Resident Association. A total of four informal traders, two based at Glen View Furniture Complex were also interviewed as well two academics that specialize in the community development were also interviewed.

According to Huberman (2002) an interview is a planned undertaking guided in which the interviewer draws information out of respondents but never discloses his or her views by direct or indirect statement or challenge. In other words an interview involves a personal exchange of information between an interviewer and one or more interviewees in which the interviewer seeks to obtain specific information on a topic under discussion with the co-operation of the interviewees. The researcher employed semi – structured interviews which involved a number of

open – ended questions based on the topic areas that the researcher wanted to cover. Hancock, Ockleford and Windridge (2009) maintained that the open – ended nature of the questions posed defines the topic under investigation but provides opportunities for both interviewer and interviewee to interact on many related issues in detail. The semi – structured interview allowed the interviewer freedom to probe further the interviewee to elaborate on original responses as well as to make a follow up to get more clarifications. In addition the researcher was afforded the opportunity to rephrase the questions to meet the different intellectual and literacy levels of the participants. Tichapondwa (2009) asserted that semi structured interviews are flexible, adaptable and provide direct human interaction between the interviewer and interviewee that enable the researcher to probe and clarify answers with respondents, follow up leads, elaborate on the original response and obtain more data with great detail and clarity. During the course of interviews, the researcher relied on either taking of brief notes or video recording using a smart phone on those interviewees who were comfortable with arrangement.

3.6.2 Questionnaire

A questionnaire is defined by Best and Khan (1993) as a tool which comprises of a series of questions designed to solicit appropriate information for analysis. Questionnaires are used to gather the opinions of a sizeable group of people than would be reached by interviews. Open ended questions, responses to which are to be analyzed qualitatively, may be included in questionnaires even though the majority of the questionnaire will generate quantitative data (Hancock, Ockleford and Windridge, 2009). According to Cohen and Manion (1994) open ended questions enable the researcher to get what respondents believe, perceive as important or not, know, like, dislike, and think about the problem under investigation. Open ended questions usually require that responses which reflect the opinions of the respondents be written in blank spaces. According to Tichapondwa (2009) open ended questions enable the researcher to access data which is sometimes hidden deep in the minds, attitudes and feelings of respondents. This method was selected because of its cost effectiveness. In addition open ended questions are also flexible and do not limit the possible answers and tend to allow respondents to give their real responses based on personal experiences on issues under investigation hence may bring out situations or issues that were not anticipated when the questionnaires was designed (Chivore, 1991). The researcher personally administered the questionnaires hand delivered and collected

them at Mataure home industry, Makomva home industry and Glen View 8 furniture complex to ensure a high percentage return. Simple, clear and unambiguous language was used to frame the questions in order to avoid confusion or misunderstanding the questionnaire. Unfortunately the outcome of questionnaire itself maybe a source of frustration as there is no room to probe further or seek more clarification of any point made (Hancock, Ockleford and Windridge, 2009).

3.6.3 Document Analysis

Maree (2007) document analysis means focusing on all types of written communication that may shed light on the phenomenon under study. They can be public documents like media reports, government papers, publicity materials, procedural document, formal letters or financial accounts as well as personal documents or photographs. This study also relied on document research to gather detailed information about the history of the informal sector in the country and compare notes with other countries. According to Tichapondwa (2009) analysis of documents complements interviews and questionnaires in the data collection process and may help answer questions that interviews, focus group discussions and questionnaires may not address. The aim of document research was to familiarize the researcher with existing works and current discourse on informal sector and the growth of home industry in urban areas and their contribution to livelihoods. To this end the researcher reviewed policy documents by the Ministry of SMEs, SMEs Act, Council resolutions in respect of informal traders, city council by – laws on vendors and other informal traders and journal articles on the growth of the informal sector. These documents provided valuable insights on the operations of the informal sector and their contribution to the country.

3.7 Validity and Reliability

Validity and reliability guides the acquisition of data and the skillfulness with which the researcher designs the research structure and create the tools of measurement and as an intergral part of it. Leedy (1997) points out that the authenticity of a research hinges on the validity or reliability as it may stand or fall on the basis of how well one understands the meaning of two and how carefully one obey their demands. Ritchie and Lewis (2003) posists that validity of findings or details is traditionally understood to refer to the correctness or precision of a research reading. In qualitative research validity is measured in terms of truthfulness of findings, degree

of comparability and to some extent ability to be translatable (Tichapondwa, 2009). Reliability is generally understood to concern the recreation or reproduction of research findings and whether or not they would be repeated in another study, using the same or similar methods previously used. In other words reliability is the degree of consistency that the instruments demonstrate over the same data, if given to different people the instrument will extract information approximating to or identical to that already in possession. However the extent of replication in qualitative research has been questioned on a number of counts as there is no single reality.

According to Tichapondwa (2009) in qualitative research, reliability is measured in terms of being dependable, degree of neutrality or objectivity and observer agreement. Achieving both internal and external validity as well as transferability were observed by Lincoln and Guba (1985) as an essential criterion for reliability. Inquiry audit is also encouraged as a measure of dependability of qualitative research as this can be used to examine both the process and the product of the research for conformity (Berg, 2001). The consistency of data was realised when the steps of research were verified through examination of such items as raw data, data reduction and process notes.

In line with Chisaka and Vakalisa's (2000) views, reliability and internal and external validity is ensured through member checking principles. After consulting a number of informants, the researcher cross examined their views so as to check consistency in the manner they responded. Similarly the key to ensuring validity in content analysis is through ascertaining the authenticity of documents that would have been vigorously subjected to both academic and scholarly analysis. In this regard the research made use of official documents from the Ministry of Medium to Small Scale Enterprises.

In addition triangulation using different sources of gathering data was applied to confirm and to improve the clarity or precision of a research finding (Ritchie and Lewis, 2003). Triangulation helps to eliminate research problems by relying on any one method and helps to enhance validity. According to Patton (2000) it is in data analysis that strategy of triangulation really pays off, not only in providing diverse ways looking at the same phenomenon but in adding to

credibility by strengthening confidence in whatever conclusions are drawn. He went on further to suggest different forms of triangulation among them triangulation of sources, triangulation through multiple analysis and theory triangulation. Lincoln (1995) noted that triangulation allows the advantages of a different methods to be fused and complement each other so that research findings will be more valid and reliable. Therefore this researcher used three different methods namely interviews questionnaires and document analysis.

3.8 Obtaining Permission

The researcher before going in the field arranged with the officials from the parent Ministry of SMEs and the Glen -view council for meetings. The main purpose of the meetings was to request for permission to do a research in Glen View focusing on informal sector that happen to fall in the purview of the two. Permission from the SMEs Ministry was given from Liquenda House and Cecil House in the city centre of Harare where offices of the SMES are located. Council authority was granted at the local Glen View 1 Council offices. Prior notice and arrangements were then agreed upon with relevant stakeholders like Glen-view council officials, Councilor, House of Assembly member, Management Committee members of the Glen View Home Industry among others.

At first when the researcher approached participants for either interviews or with questionnaires they wanted to know the reasons for the research, time required and benefits to be reaped. However cooperation was easier as the researcher had letters of authority from the SMEs parent Ministry, introductory letter from the college and assurances given to stakeholders. The researcher assured people involved that the research was purely academic and this went a long way in allaying fears of many especially at the politically volatile Glen View Furniture complex.

3.9 Ethical Considerations

According to Tichapondwa (2009) the indepth, unstructured nature of qualitative research and the fact that it raises issues that are not always anticipated mean that ethical considerations have special relevance in qualitative research studies. Ethical aspects were considered by informing the participants about the research before commencement of data collection began by conducting meetings with officials from the parent ministry of SMEs and Glen View Home Industry

Management Committee. The researcher also used Glen View home industry management committee to inform their members about the research. Use of pseudo names and job titles or descriptions to avoid violation of privacy, anonymity and confidentiality will be maintained at the highest level possible through out the study. The letters of permission to carry out the research were granted by concerned organisations and these are attached in the appendix.

3.10 Limitations of the Study.

This study was limited by its focus on two wards;the results obtained may not be applicable to other wards or or urban areas of Zimbabwe.Again the researcher could not manage to conduct an interview with another house of assembly member as he was committed to party business. During the exercise of data collection the researcher encountered some problems pertaining to the lack of transparency as some of the respondents were not open and ready to provide data pertaining to their activities especially on sensitive issues like finances about the amount of income earned by individual at particular period of time.This situation was caused by lack of proper recording.However this was countered by asking the respondents to estimate the average monthly income instead of the actual amount earned per month.The other problem was suspicion by some respondents especially at the complex as they feared political backlash.To deal with this problem ,the researcher explained his presence at the furniture complex and purpose of the study.

3.11 Data presentation and analysis

Since the study was conducted using qualitative research methods, it followed that data analysis techniques had to be qualitative. Data analysis is a process of gathering, modelling, and changing data with the goal of highlighting useful information, suggesting conclusions and supporting decision making (Wellman, etal 2005). Against this background, qualitative data from interviews and questionnaires were analysed through identifying emerging themes or recurring themes (Chisaka and Vakalisa, 2000). According to Fossey et al (2002:728) “thematic analysis is a category of qualitative data analysis whereby the researcher carries out the processes of reviewing, sythesizing and interpreting data or social worlds being studied”. It was from the emerging themes, that other substantiating data from both primary and secondary documents was given as reinforcement. The information was coded by use of abbreviations of key words. Coding involved the use of dummy variables that are punched into the computer for

interpretation by the Statistical Package for Social Science (SPSS) software. The Statistical Package for Social Sciences (SPSS, 1998) was used for entry and analysis of qualitative survey data to generate descriptive statistics such as challenges affecting informal traders and mechanisms to harness informal sector for the benefit of the national economy.

3.12 Chapter Summary

In summary this chapter mainly concerned with methods that were used to collect data in the field, the research design, population sampling techniques and the sample size. The research was covering two wards 30 and 32 of Glen View purposively selected. This chapter made an attempt to describe the methods used in the collection of data in studying the contribution of the informal sector to improved livelihoods using the case of Glen View home industries. The issues of validity and reliability were looked into as well as procedures. The next chapter deals with data presentation, data analysis and discussion of research findings.

CHAPTER 4

RESEARCH FINDINGS AND ANALYSIS

4.0 Introduction

This section of the study is a presentation of research findings and their analysis. The presentation of data followed a thematic approach in its description and interpretation. Presentation of data combines both qualitative data generated from interviews with key informants and data derived from the questionnaires.

4.1 Data Presentation and Analysis

This section of the study presents the list of key informants who participated in the study drawn from various institutions in Harare.

4.1.1 List of Respondents.

In this study twenty key informants were interviewed. The respondents are as follows the Glen-view Council official A, Glen-view Council official B, four members of the Home Industry Management Committee who include the committee member C, female committee member E, one youth member D, and female committee member F. Four informal sector traders were also interviewed who included a carpenter, motor mechanic and grinding mill owner. Two academics that specialize in the community development including an economist and social worker were interviewed plus two officials from the Ministry of the Small to Medium Enterprises who are involved with working with the informal sector players. Among other respondents interviewed were the ZIMRA officer, SEDCO official, Confederation of Zimbabwe Retailers member, one Councilor, one house of assembly member and a member of the Harare Resident Association.

4.3 Findings from Interviews with key informants.

The findings that emerged from interviews with the key informants are grouped under the following sub themes:

4.3.1 Understanding of the informal sector in the Zimbabwean context by respondents.

The general consensus from the findings on the understanding of the informal sector was an all-encompassing activity which people engage on their own for their survival with no government control. Council officials in Glen-view including both the official A and official B viewed informal sector as involving a wide range of activities like carpentry, metal fabrication, mending of wheels, garaging, car parks, shoe and bicycle repairs, flea markets as well as fruits and vegetable vendors. Their understanding of the informal sector was based on activities that are common in Glen-view in which either the government or council has no or limited control.

Officials from the Ministry of SMES who included officer A defined informal sector as: *‘Any business not registered dominated by workers whose contract of employment is not tied. Alternatively it is that type of business not registered as either a private or and form of legal entity registered with the Registrar of Companies’.*

A Research officer with ZIMRA interviewed asserted that *‘Informal sector are those sectors which are not duly registered and are not paying tax to the government.’* On the other hand members of the Glen-View Home Industry Committee including informal traders viewed informal sector as *‘Own account work or business which is a source of livelihoods for many citizens especially in Glen-View’.*

It is clear from the interviews with key informants that the informal sector is a form of business operation run by people mostly on their own as means of survival though in many respects they are not legally registered and are not remitting any revenue to the government in the form of tax for their operations. The common examples of informal sector were given by Glen-View council official. So for the government to derive maximum benefit from informal sector operations there is need for an enabling environment that will result in their formal registration to translate into payment of stipulated or prescribed taxes.

4.4 Contributions to the Growth of Informal Sector in Harare's Suburb of Glen-view

The study assessed the growth of the informal in Harare's suburb of Glen- View under the following themes, unemployment, high costs of compliance, poverty, alternative source of income, economic hardships, and economic reforms among others.

4.4.1 Unemployment.

This was identified as the main driver of rising informal sector activities not only in the country but most urban areas. However there was no consensus among respondents interviewed on the causes of unemployment. The Glen-view Council Official B attributed rising informal sector activities in Glen-view to lack of formal jobs in the country and harsh economic climate in the country which has forced many businesses to scale down their operations or close shop altogether.

The House of assembly member interviewed pointed out that: *'The whole problem lies with politics dogging the country for long. The pariah status of Zimbabwe does not augur well for investment as long as we do not respect property rights, individual rights and democracy'*. The House of assembly member interviewed attributed unemployment to bad governance, corruption and mismanagement of the country by the ruling ZANU-PF pointing out that the only way forward was regime change. Official A in the Ministry of SMES mainly blamed the high unemployment in the country to the growth of informal sector claiming that:

For a long time Zimbabwe has suffered from bad publicity which has driven away potential investors at a time our education system has been churning out a high rate of graduates. In addition our education system is irrelevant as it does not answer directly the industrial trends. We should strive to create job creators and not job seekers.

The ZIMRA official, Confederation of Zimbabwe Retailers member and an academic who is a Business Economist expressed the same sentiments echoed by SMES official A. Confederation of Zimbabwe Retailers member clearly stated that: *'High unemployment due to low capacity utilization in industries and the illiquid environment in the economy has resulted in many*

businesses scaling down operations pushing many formal workers into the wilderness. Resultantly the retrenched workers will have no recourse other than joining the informal sector’.

The informal traders themselves and Home Industry Management Committee for Glen-View Furniture Complex highlighted that: *‘The closure of formal industries because of sanctions was the main problem. The United States of America and Britain are behind our suffering to promote regime change agenda forcing many companies to close down. This has now pushed many school leavers to join the informal sector’.* The above position was not surprising as the majority of informal traders at the complex and Mataure shops were allocated stalls along partisan lines way back in 2006 in a bid to neutralize the increasing popularity of the opposition in towns. Aside from political rhetoric the majority of players interviewed testified that soaring unemployment rates in the country were worrying as they were driving many people into the informal sector. The findings underline the need for employment, which requires concerted efforts of both the public and private to turn the unfortunate tide. Employment is a critical issue in Zimbabwe considering the high levels of over 80% unemployment that the country is facing. Therefore the informal sector is a practical way aimed at solving the unemployment problem.

4.4.2 High Costs of Compliance

The strenuous registration procedures of operating businesses in the country were blamed to the growth of the informal sector. Confederation of Zimbabwe Retailers member concurred with the above saying: *‘In Zimbabwe it is time consuming and costly. One needs about US\$280 000 to register even a shelf company whilst a shop license costs about US\$530 000 thereby scaring away potential businesses that may be eager to operate legally’.*

Officials of the SMES interviewed alluded to the same position saying this is contrary to the informal sector where startup costs are very low. However the ZIMRA Officer and SMES officer B for though bemoaning many legal hurdles involved in company registration they pointed that lack of information on the part of informal sector players was more to blame since:

One can form a Private Business Corporation which cost about US\$25 to register and is cheap than a company. Instead fear of registration to avoid ZIMRA taxes is a concern as presumptive tax is paid quarterly with or without sales records’. The ZIMRA official went on further to say

that: *'Fear of taxation is mostly a result of lack of knowledge about tax processes, given that the low levels of income that the majority of informal sector players enjoy would not earn prohibitive levels of tax.'*

The two academics interviewed including the Economist concurred with the above saying many of the businesses in the country especially those in the informal sector hardly keep any formal records beyond cash receipt books. On the same issue of high costs informal traders interviewed opened up saying: *'Strict requirements like tax returns, long procedures and too much paper work deter many of us from becoming formal as we fear being taxed the little revenue which we generate. More so there is no basis for government demanding taxes without improving our working environments'*. The study noted that stringent requirements and lack of information interact to keep many people informal therefore registration procedures in the country need to be tailor made to suit different players like informal traders to attract them to conform. This is true since many people choose informal sector as an occupation because of its simplicity as entry into the sector is relatively easy considering little capital outlay and skill requirements needed.

4.4.3 Poverty

The study reveals that poverty in both rural and urban settings has contributed to the growth of the informal sector in Glen-view. The Councilor attributed worsening economic outlook in the country to rising informal sector. He even mentioned rural to urban migration as a menace that need to be nipped in the bud. The position of the Councilor was that: *'Government must quickly act to contain rising figures of informal traders and treat them with honor otherwise we will have another Tunisian Arab spring revolution style one day'*.

The Management Committee of the Glen-view furniture Complex interviewed agreed on the impact of poverty to the growth of the informal sector in Glen-view saying: *'The furniture complex opened on 16 June 2006 meant to accommodate traders operating in undesignated areas as a source of livelihood following Operation Murambatsvina which had dislocated many people'*. The above position was also supported by officials from the ministry of SMES who also agreed that considering the physical location of home industries in Harare, the issue of poverty levels cannot be discounted especially in high density areas like Glen-view, Gazaland in

Highfield and Siyaso in Mbare home industry. Thus dealing with poverty eradication especially under the Millennium Development Goals is a critical issue if the ascendancy of informal sector in urban areas is to be checked.

4.4.4 Source of Incomes

The dwindling income levels of many households are driving many into the informal sector. This is mainly true in situation where some people are formally employed and have dual or triple sources of income. According to the ZIMRA official interviewed many members of the household are pushed into vending or other informal activities out of need to supplement the incomes of main breadwinners. The same position was supported by the Academics interviewed including an Economist who postulated that: *'More often formal workers including civil servants are involved in informal sector activities of different shades and sizes like operating tuck shops, market stalls and airtime vending at their homes especially in urban areas'*. However, to the contrary most of the traders interviewed were full time informal traders with no any other source of income besides the home industry. An informal trader involved in selling spare parts highlighted that he was graduate from the local University who used to work as Branch Manager for one of the leading retailers in the country but quit his job in 2008 owing to hyperinflation in the country. Rather than staying at home with his qualifications he opted to be a cross border trader until he opened his shop. From this analysis of reasons given for engaging in informal sector activities, it is apparent that the lack of meaningful alternative employment options coupled with inability by most respondents to meet their basic needs has led to the drift into informal sector activities.

4.4.5 Other contributions to the growth of informal sector.

A number of people interviewed also pointed out other causative agents to rising rates of informal sector in Glen-view among them are desire to start own businesses, the unprecedented levels of 2008 inflation which collapsed many formal companies, the structural adjustment programs by government from 1990s which pushed many people out of employment and the proximity of home industries to high density suburbs. The member C of the Glen-view furniture complex committee interviewed noted that: *'Most home industries are found nearer to people's area of residence usually a stone throw making it attractive to work from or near home. At the*

same time children upon completion of their secondary education often join their parents since they grew up in environments of informal sector which depend largely on family labor’.

There was general consensus among the respondents interviewed that no-one factor can adequately explain the growth of informal sector in Glen-view. Therefore a multi-casual approach of political and socio-economic factors can better explain the trend including unemployment, poverty, rural-urban migration, complex registration procedure, lack of information, structural adjustments programs and many others.

4.5 Link between the Informal sector and improved livelihoods

The study explored the link between the informal and improved livelihoods under the following themes, employment creation, and source of income, forward and backward linkage and the extended family.

4.5.1 Employment Creation

Most of the key informants interviewed stated that there was a link between the informal sector and improved livelihoods. The study reveals that the people of Glen-view community have benefited from the informal sector in the home industry through increased employment opportunities. Local youth in particular and the retrenched have secured employment in different home industries. One representative of youth member D at Glen-view Furniture Complex stated that:

As the youth we are happy to note that the indigenization and ZIMASSET programs through the informal sector are now bearing fruits as they have allowed us to be our own bosses in our right through self-employment. However, we want the government to support us in many ways to improve our productivity levels in order to improve the quality of our products.

Other members of the Glen-view Furniture Complex Committee interviewed confirmed that the home industry in Glen-view was helping mainly the school leavers who join their parents who are now veterans in the informal sector.

An Economist interviewed also lent his support to the fact one of the benefits of the home industry was the provision of employment opportunities for the people of Glen-view and other Zimbabweans. The economist asserted that:

Informal sector should not be viewed as a sector that offers jobs only but as one that offers income opportunities. More importantly, it acts as a safety valve to many negative effects of the shrinking economy by accommodating the retrenched, retired, uneducated and unskilled workers in different trades.

The officials from the Ministry of SMES expressed their happiness about the potential of SMEs in creating employment saying results are there for all to see. The SMEs officer A pointed out that: *'Considering the ongoing economic and financial crisis bedeviling many African economies, the informal sector has the potential to be a game changer in providing impetus to employment generation as the formal economy is fast disappearing'*. SMEs officer B collaborated the above saying: *'The home industry in Glen – view has done wonders as initially 483 people were allocated stalls at the furniture complex but currently the figure now ranges between 3000 to 5000 people operating there offering many services from legal dealings to illegal activities'*.

Another informal trader in the home industry based near Makomva shops who was interviewed had this to say about employment opportunities in the sector: *'As a university graduate with a Bachelor in Business Studies I tried to find some jobs, but failed to find a job. With the help of my sister staying abroad I opened this hardware shop and right now I employ two other assistants providing us with a lifeline'*. The local politicians Councilor for Ward 30 and house of assembly member interviewed agreed that the formal sector in the country was fast disappearing therefore informal sector was the only option left but bemoaned the repercussions of an in formalized economy in the long run.

The study revealed that many people had secured employment in the home industry in different fields like carpentry, metal fabrication, saloons, motor maintenance, hardware and cobra manufacturing. A large section of the informal traders have been in the informal employment for some time and many of them learned the trade from friends and relatives and most of their

operations are of individualistic mode, partnerships or family modes and some of them have employed employees at least a maximum of five.

4.5.2 Source of Income

There was general consensus among all respondents interviewed that the informal sector is contributing to improved livelihoods as a source of income. However respondents also openly admitted that details of informal sector worker's income are not very reliable and fixed but fluctuates depending on many variables. This can be attributed to lack of written records of incomes and expenditure. The level of earnings of informal sector operators in the Glen – view home industry was found to vary significantly according to a number of background variables like line of business, season and time of year. The informal sector players engaged in productive activities generally reported higher monthly earnings for motor spare parts, hardware, grinding mill owners, carpenters and welders than those involved in repair and petty trading categories. A Committee member of the Glen – view Furniture complex involved in making household furniture and was interviewed maintained that:

Our business is booming especially during the festive and tobacco selling seasons to an extent that some of the informal traders here have acquired assets like residential stands and vehicles through informal sector proceeds. As you can see most of those parked trucks belong to informal traders operating here and are now generating extra revenue through hiring.

If the words of youth member D were anything to go by then some traders are enjoying a purple patch in their operations considering a wide range of vehicles usually parked at the Furniture Complex. Most of the vehicles are pick-up trucks and a few luxury cars probably for customers. However the researcher could not verify the authenticity of the claims especially regarding vehicle ownership. At the same time the youth also pointed out that not all of them are doing well as some squander their hard earned cash at nearby illegal drinking holes mainly and lodges. Other members of the Furniture Complex Management concurred with youth saying: *'Informal sector has helped in livelihood strategies as money or revenue earned here is used for various purposes like fees for education, groceries, accessing health care and more importantly rentals'*.

The findings showed that on average the majority of home industry traders who work on their own got not less than \$300 per month depending on the line of business. Thus informal sector activities are playing a very important role in reducing income poverty among urban residents. During the in depth interviews, with stakeholders it was noted that the money was mainly for payment of school fees for children, health care, clothing, buying of household assets and acquiring residential stands through housing co-operatives. On the same note of income generation the interviewed official B from the Ministry of SMES supported previous assertions above saying: *Informal traders can be differentiated into three main income categories namely low, medium and high income on the basis of their average monthly income. Even the low income earners have the ability to meet at least minimum requirements of having clothes compared to a situation of idleness.*

From the afore-going discussion, it can be concluded that income accrued from home industry operations in Glen-view had positive contribution to poverty reduction in ensuring households' food accessibility, ability to carter the need of clothing as well as ability of the households to meet the cost of basic education and health services.

Furthermore one of the academics interviewed and Confederation of Zimbabwe Retailers member though admitting contribution of home industry operations as a source of income, they disputed the approximate figures thrown around per month. They both argued that: *'The problem associated with the use of income data gathered from informal traders relates to the failure by most of them to distinguish between net profits and total takings'*. They therefore maintained that all things being equal more than three quarters of home industry operators excluding owners of fixed assets of home industrial stands live below the poverty datum line which is approximately above US\$500 for a family of six per month in the country. Therefore it is not surprising that many of informal traders survive on the hand to mouth modus operandi managing to pay rentals, living as teams occupying substandard houses whilst wives and children stay in the rural areas. This position was affirmed by the Glen-view Council official B. She maintained that failure by informal traders to pay council rentals may be a sign of limited revenue showing that all is not well out there as their incomes are not fixed monthly.

4.5.3 Forward and Backward Linkages as Means of Livelihoods.

The informal sector has both backward and forward linkages which benefit many players. The backward linkages involve the flow of raw materials, subcontracting and rentals paid for by the home industry players. The forward linkage benefits involve the use of informal sector products, incomes and services derived from the informal sector. More importantly the study found out that home industry produce low priced goods for both the rural and urban poor. A member of the Greater Harare Residents Association collaborated the above saying:

Since the opening of the complex in 2006 I have never entered the shops because I cannot afford the household furniture being sold in the stores. Most of my household furniture was acquired from informal traders as they provide goods at affordable prices and reasonable terms. After all leading furniture shops procure most of their assortments from the furniture complex in the middle of the night.

This implies that by providing cheaper products informal traders are in effect providing a subsidy to the urban and rural poor, something that the government should have done. As a result furniture like sofas, wardrobes, sleeping beds and kitchen units are no longer a preserve of the affluent alone considering that flexible terms are offered by informal traders in the home industry. The study also found out there may be a degree of truth that some retail shops acquire their goods at furniture complex at reasonable prices before adding higher mark-ups. A member of Confederation of Zimbabwe Retailers interviewed could not deny or confirm the allegations. Hence though informal traders are viewed as a problem for urban governance, they are in fact the solution to some of the problems of urban poor.

The Management Committee of the Home Industry based at Glen-view Furniture Complex in ward 30 interviewed expressed their satisfaction about the sector contribution to improved livelihoods saying:

Many downstream and upstream beneficiaries are involved like people who supply raw materials like timber, steel, cloth, cotton and others used to manufacture furniture products here. Most of the traders live near the vicinity of their workplaces paying rentals, contributing to high occupation rates of houses located around.

Therefore from the above testimonies the contributions of the informal sector were acknowledged by many people taking the form of either forward or backward linkages. This implies that some people will benefit by supplying raw materials to the informal sector while others will benefit through supply of finished products or services rendered.

4.5.4 Livelihoods to Dependent Family

Informal trading in the home industry provides earning opportunity and livelihoods to the dependent family members. Due to rural-urban migration and the HIV /AIDS pandemic many people look after members of the extended family like old parents, orphans and siblings. Providing basic necessities to members of the vulnerable extended family becomes the responsibility of the working or active youth or adults. Day and night some informal traders toil to support surviving members of the dependent family members. One informal trader a motor mechanic who comes from Buhera interviewed said that:

I have been working from this place since 2006 with the help of my two young brothers. After the passing away of our father who taught me this trade I have to continue and bear all the responsibilities of my family in terms of fees, food and clothing. I have three children and I have to look after them plus two other children of my late sister. I once approached school authorities about BEAM facility but to no avail though my earnings are not adequate I have to soldier on with their fees for a better tomorrow.

The telling account above though depicting a desperate and sorry state of affairs in some households it paints a positive contribution of the informal sector operations in sustaining lives of many dependents. The above examples and explanations explore that informal sector in Glen-view has become a livelihood opportunity to most of the poor and some better off people have also been surviving on home industry operations.

4.6 Challenges and Proposed Solutions to Problems of Informal Sector Players

4.6.1 Poor Working Environments

The main challenge that hinder full growth and operations of home industry well-functioning pertains to nature of the unsuitable working environments like at the Glen-view furniture complex, Mataure home industry and Makomva shops except for hardwares, grinding mills and others operating on council designated places. The Glen-view Home Industry Management

Committee and some traders interviewed lamented the problems experienced at their work places associated with bad weather due to lack of proper shelter. The lack of proper shelter was blamed for disrupting their trade and causing heavy losses because of vulnerability to rain, sun, wind, dust and the inadequacy of operating open-air unsheltered workplaces. The Glen-view Home Industry Committee member F bemoaned lack of proper infrastructure saying:

This creates warehousing problems as many informal traders do not have permanent stalls from which to carry out their businesses. Therefore they are forced to pack and carry their goods every morning to their chosen selling spots and do the same again after business hours resulting in many breakages and theft.

Other traders involved in provision of services like a motor mechanic interviewed at Mataure shops pointed that: *'Lack of proper environments disrupts our work as we cannot offer services like spray-painting our clients' cars when it is raining as we have no shade to protect the wet paint on the cars'*. The issue of poor infrastructure for the Home Industry was also acknowledged by the SMEs official B who advanced that:

The erected shades at most home industry sites like Glen-View Furniture Complex and Makomva shops are not ideal as there are no showrooms and are just too small. There is need for proper surfacing at all home industry sites to reduce water logging during the rainy season which makes most of their workplaces inaccessible to customers.

SMEs official B went on further to single out examples of informal traders currently operating in conducive environments as those of hardware, grinding mills and a few providing catering services. He pointed out that these erected their own infrastructure some after acquiring land from the council or are just renting spaces. The academic interviewed involved in social work also acknowledged the issue of unsuitable working environments saying:

Some of the traders use hazardous substances like Liquefied Petroleum Gas (LPG) which needs proper premises for safety of humankind. This is true in light of the fact that notices of LPG retailers were scattered in many home industry sites in Glen-view mainly at Mataure Home Industry and Glen-view furniture complex.

The above tales from interviewed respondents bemoaned the lack of proper infrastructure especially the prevalent poor working environments on open areas affected by bad weather

conditions. These can take the form of wind, rain, dust and sun which require shades or well surfaces grounds.

4.6.2 Lack of Funding

A second category of problems faced by home industry players is limited funding. The respondents interviewed conceded that this problem was hampering efforts to grow the informal sector in their endeavor to acquire more raw materials and capital equipment. The member D who happens to be a member of the Home Industry Committee had this to say about finances:

There is no financial assistance to talk about from either government or banks as members rely on their savings, borrowing from friends and relatives. At one point Jewel Bank tried to assist through the Youth Fund sometime in 2009 but were asking us to open accounts first. Resultantly the quality of products by most informal sector players is substandard destroying the goodwill of the customers driving them away.

The above account was also affirmed by other informal sector players who stated that: *'Banks were not reliable partners to support us as they demand many things like collateral security, business plans and even pay slips knowing fully well that we are not formally employed'*. As can be noted, such funding requirements excludes most borrowers from the informal sectors who may not have pay slips, collateral or elaborate business plans. The Official A in the Ministry of SMES concurred with the above statements saying:

Though SEDCO should play a central role in financing informal sector operations at present it is facing financial challenges so cannot lend. Its current status was worsened by default repayments and patronage system as previous beneficiaries were insisting that the money disbursed was government funds.

The researcher was able to read in between the lines from the interviews held with most informal traders who were of the opinion that as party cadres they should benefit freely in terms of funding just like rural farmers who are annually given seed packs and other inputs for free. On the other hand a member of the Confederation of Zimbabwe Retailers Association, ZIMRA

Officer as well as another academic interviewed all agreed on the need for funding for the informal sector but had this to say:

Limited finance has made it difficult for the small businesses to advance technologically, hire expert labor, buy inputs in bulk to enjoy economies of scale and grow in size. But at the same time banks cannot dish them money like confetti, they require collateral for them to be able to finance activities of the informal sector so that they can recover their resources in case of default and remain afloat.

There was consensus among the respondents interviewed that lack of finance hamper informal sector operations, many reasons were advanced to explain the limited funding mainly reluctance by financial institutions to avail credit lines whilst SEDCO alone is incapacitated to tackle the problem.

4.6.3 Poor Social Services

Most of the interviewed respondents bemoaned the lack of adequate social services in most home industry sites in the form water facilities, toilets and dumping sites. This was corroborated by the Glen-View Council Official B who stated that: *'Most home industry sites have no running water and proper waste disposal mechanisms. Where toilets are found they have been overwhelmed by numbers and many people resort to the bush making it a health time bomb'*.

Another member of Harare Resident Association blamed the local council for its ineptitude in falling to provide essential services. However the Council officials interviewed insisted that as long as local council is not deriving revenue through collections from such areas as Mataure home industry and Glen-View furniture complex, morally it has no basis to provide the services. The Glen-View Council official B went on further to say: *'Most of these home industry sites are cash cows of certain high ranking government officials and party stalwarts who should just do the honorable thing of investing back into service delivery rather than burdening ordinary residents who have no direct benefit'*.

The academic who is a social worker at the same time who was interviewed insisted that there was need by informal sector players to use environmental friendly raw materials or products, regular collection of garbage and provision of safe drinking water if we are to avoid a catastrophe like 2008 cholera menace. Furthermore one of the informal traders who were also interviewed at Mataure home industry highlighted that: *'Toilets are few and usually blocked*

because of low literacy levels among informal traders who use materials in toilets like newsprints and foam rubber instead of tissues'. He attributed shortage of toilets to rising figures of new players since few available are not adequate. Besides shortage of toilets other amenities that were found to be lacking at most informal sector sites include clean running water, electricity and spacious store rooms and enough parking spaces.

4.6.4 Congestion or Overcrowding

The views of the Home Industries Management Committee for Glen-view interviewed were that their workplaces were now overcrowded resulting in many other problems such as theft, social ills of prostitution, peddling of drugs and pollution of city environment. According to one member F of the Glen -View Home Industry Committee interviewed:

Informal traders have been increasing day by day and since space is limited each trader does not have enough space to display their wares and they often quarrel sometimes fighting each other .Crimes related to pickpocketing, harassing of customers by agents so called "magombiro" and sprouting of lodges are on the rise.

The foregoing view by the member F shows that overcrowding at places like the furniture complex is associated with many vices that can discourage some customers visiting as they are deterred by such activities, fearing to lose their valuables and hard earned cash. The issue of so called agents was criticized too by Home Industry Committee member D who stated that: *'Too many agents nicknamed "magombiro" are destroying our business by overcharging and ripping customers scaring them away. It seems the police details are powerless to deal with them because of their political connections. Efforts to have them moved away have so far failed'*. Further examination of the problem unearthed that many political players or officials were behind the menace of these so called agents. They are youths who are trying to eke out a living and happen to support the ruling party making them untouchables.

The issue of overcrowding at most home industry sites was acknowledged by both local council officials and Ministry officials of the SMES who pointed out that limited funds were militating against efforts to decongest these places. The Glen-view Council Official A further pointed that: *'In 2006 only 483 people were allocated stalls at the furniture complex but space barons who*

were given the stalls resorted to subletting spaces to make a killing. Resultantly thousands of people now operate from the complex’.

The sentiments of the Council official A suggest that Council has limited role in the operations of home industry as other forces succeeded in subletting spaces without their full knowledge. Further interrogation of authorities from the Ministry of SMES concluded that stalls were allocated on partisan lines to dilute the influence of growing support for the opposition in urban areas then. This was succinctly articulated by the SMEs Officer B who stated that: *‘Ownership of most home industry sites still rages on and the so called agents are overcharging products such that furniture makers have no say in determining prices. At one time police details engaged to restore order were chased away and accused of sabotaging empowerment and ZIMASSET’.*

The view of the SMEs officer B clearly demonstrates the level of lawlessness prevalent in home industry due to the existence of powerful political forces that are benefiting in one way or the other. Pressed to comment during the interview both the House of Assembly member and Councilor interviewed openly admitted that there was too much politics regarding informal sector operations on the part of their political rivals of the ruling party. The MDC-T councilor opened up saying:

Up to now the council is not even getting a cent from informal sector players as they have resisted efforts for proper registration insisting that the places were given to them by their political party. The so-called Management Board of Home Industry in Glen-view is full of ruling party functionaries and more often home industries are closed on certain days in solidarity with ruling party functions like burial of heroes and independence days.

The interviewer was fascinated by such claims and observed posters at the furniture complex reading “No to Sanctions”, “ZIMASSET”, Down with Gamatox, “Mazoe Orange Crush” and many more. The researcher even visited the complex the very day of Comrade Sikhanyiso Ndlovu’ burial on 19 September 2015 and for sure most home industry sites was closed till after midday burial. The informal sector traders had been provided with free transport to the National Heroes Acre. The findings tallies with explanations of most parties interviewed that the informal sector in Glen-View is highly poisoned by political interference.

4.6.7 Other Challenges facing informal sector in Glen-View

From the interview conducted the researcher was also told of other problems affecting operations of informal traders like high rentals which are levied by the Management Committee on the pretext of hiring security details and maintenance of the operating environments though these monies do not find their way into council coffers. The informal traders interviewed maintained that varying amounts are demanded monthly for different reasons but service provision is not improving.

The two academics interviewed bemoaned the poor risk management of informal sector players in the home industry as they have no insurance. Reference was made to the annual fires that always broke at the Glen-view furniture complex resulting in losses. The other challenge that was also mentioned in passing by Confederation of Zimbabwe Retailers Association member and SMES officials was lack of access to international markets by most informal traders. According to the officer in the Ministry of SMEs official A stated that: *'The quality of their products is sometimes suspected due to lack of appropriate machinery. At the same time their products and services suffer from negative perception especially among affluent social circles'*. Therefore from the foregoing it is clear that access to expanded markets will remain a pipe dream and only the lower classes more often will frequent the home industry for goods and services. Well up families usually buy their items from leading shops and get services like car maintenance from reputable companies.

4.7 Overcoming Challenges

Different stakeholders interviewed came up with varying proposals and measures that can be taken to mitigate some of the challenges bedeviling the informal sector and how best the sector can be viably harnessed to the national formal economy benefit. A keen interest was in varying proposals stated by members of the Council, Management Committee, Informal traders, ZIMRA official, SMEs Ministry officials, House of Assembly member and a Councilor, member of the Confederation Zimbabwe Retailers Association and Academics.

4.7.1 Views of Glen-view Council Officials.

The views of the Glen-view Council officials on overcoming problem of informal sector players were summarized by the Official A who stated that: *'There is need for re-registering by the council to have a data base of all informal traders and line of business engaged in the suburb so that we can start decongesting efforts and reallocation depending on land availability'*. The foregoing view by the Glen-view Council Official A shows that the Council is yet to realize any positive benefits on the operations of home industry players in the area through revenue collections. That partly explains the neglecting of many home industry sites by council to upgrade them. It also reveals the wrangle of control of the sector between the Ministry of SMEs and the Local Government Ministry. In the case of Glen-view it further demonstrates why the Council was sidelined in the allocation and registration of informal traders in the home industry.

4.7.2 Views of Informal Traders

The sentiments of informal sector players in Glen-view home industry were that more can be done by both private and public sector to help overcome their multiple problems. One of the players' interviewed advanced that:

There is need for proper infrastructure in the form of roofed stalls and surfaced grounds, technical colleges offering weekend and evening classes, decongestion and heavy police presence at our work environments to chase away agents. We are not against paying taxes to government or local council but we need proper infrastructure first.

The views expressed by the informal traders calls upon the government or council to provide high quality, efficient, cost effective and well maintained infrastructure with improved social services which can attract informal sector players to formalize. At the same time the government should adopt a persuasive approach to have informal sector players register with the relevant authorities or organizations. More so informal sector players should be educated or informed of the likely benefits of going formal and assured that bureaucracy will be minimized in the process. The government need to avail retraining opportunities for informal sector entrepreneurs emphasizing basic bookkeeping and managerial skills.

4.7.3 Views of the Home Industry Management Committee

The views of the Glen-view Home Industry Management Committee on solutions to deal with informal sector challenges and harnessing it to formal economy were that: *'Council should provide us with clean piped water points or alternatively boreholes, toilets even pit latrines as well as decongesting our work places. Banks should be encouraged to loosen requirements for us to access capital so that we will be in better position to generate enough revenue even for tax purposes'*. This view seems to suggest that most operations of the informal sector are of survivalist nature as they can hardly spare money for tax purposes. Even though they are prepaid to pay something to government as tax, they are reluctant to meet council rates. Besides that the government should step in to create an enabling environment for the informal sector to thrive with schemes designed to promote access to capital and minimize default on loans as well as availing credit for sustained growth of the informal sector businesses. As it stands there is stand off or no hope that the informal sector with limited support can be expected to contribute meaningfully to the mainstream economy.

4.7.4 Views of the SEDCO Official

The SEDCO official interviewed expressed the view that more need to be done by a number of stakeholders to support the work of informal sector in the country. He pointed out that:

There is no one size fits all panaceas to address the concerns associated with the informal sector since a range of interventions need to be considered and implemented. Further, these interventions need to be tailored and targeted to meet specific constraints, needs and risks of different groups of informal sector players. More importantly there is need to strengthen organizations in the informal sector to promote the representation of these organizations in policy making processes. As SEDCO we annually look forward to financial capacitation and sustainable budget allocation from the Minister of Finance to play our part. The financial sector should be persuaded to financially support the informal sector and if all the initiatives by the government are to come to fruition, the informal sector is poised for tremendous growth.

From the above interview it was apparent that SEDCO needs a financial boost from the treasury and multiple challenges of the informal sector require extensive consultations. Other myriad of policies that can be taken suggested by SEDCO official were provision of micro – finance, skills development, providing and upgrading of infrastructure and decentralization of well-resourced SEDCO branches.

4.7.5 Views of the ZIMRA Official

The ZIMRA Officer interviewed recommended a paradigm shift in tax administration in the country. He pointed out that:

The taxation systems should be reformed to be flexible by lowering the overall tax rate, by targeting corporate and income taxes, and by making tax codes simple and straight forward. Complex procedures of fiscal reporting should be eliminated whilst the government and ZIMRA should adopt a consistent enforcement of taxation laws in order to increase revenues through broadening the tax base in the long run.

The above reforms if fully implemented have the potential to entice informal sector players to formalize their operations and contribute meaningfully to the economic fortunes of the country

4.7.7 Views of the Councilor and House of Assembly member

The representatives of people interviewed expressed the need to revisit operations of SMEs in the country giving more autonomy to local councils where the informal sector operates. They pointed out that:

With more autonomy local authorities and urban planners can do exceptionally well with less Central government interference. That will allow urban planners and city fathers an opportunity to develop an approach tailor made to suit different operating environments and set ups to that include, rather than exclude – urban informal sector.

This requires the need to depoliticize informal sector by allowing local councils to discharge their mandate without fear or favor. This will translate to proper registration by councils and making them responsible in service provision such that they will have no excuse for failure. Hopefully less political interference will bring to an end blame game that currently rages on between local council and the ruling party.

4.8 Views of the Academics

An analytical view was sought from the academics on what they thought about overcoming challenges of the informal sector in the country and efforts so far taken in harnessing the informal sector. An Economist summarized what can be the general representative view that came from the academics. He stated that:

The informal sector should be depoliticized and ZIMRA should devise friendly policies as well as reasonable tax regimes that incentivize informal traders to formalize. Informal sector contributions can be enhanced through provision of microfinance support, skills

development and provision of proper infrastructure. Furthermore, the government will have to maintain macroeconomic and political stability as well as continue implementing policies to improve the business regulatory framework. City planning systems can no longer afford to ignore the informal sector as it has emerged as an important feature of the urban system.

The private sector is encouraged to participate in the provision of infrastructure through established schemes such as the Built Operate and Transfer (BOT) schemes or the Built Own Operate and Transfer (BOOT) Scheme. At the same the government through its revenue arm ZIMRA can come up with viable policies that do not undermine informal sector activities

4.7.9 Views of SMEs Officials

The views of the government on the challenges and way forward on informal sector operations came from the official A in the Ministry of Small to Medium Enterprises who stated that:

On our part as a Ministry we have established a National Steering Committee comprising of all relevant ministries and agencies that have to do with licensing, taxation, collection of levies, social security and the regulation of SMEs. We are currently working closely with ZIMRA, Registrar of Companies and the Ministry of Industry and Commerce to minimize constraints that hinder SMEs from formalization. In addition efforts are underway to set up an SME bank to financially support informal sector players who are currently being organized into SACOS (Saving and Credit Groups or Cooperatives).

The SMEs Officer B also alluded to their attempts to rope in cooperating partners, like International Labor Organizations to assist. He mentioned one of the arrangements put in place called Common Facility Center, equipped with state of the art machinery found at Harare Institute of Technology under the INDO – ZIM project and currently benefiting small enterprises. From the interviews by SMEs official one gets the impression that government is doing its best to support SMEs though it was not clear where they will get the funding, considering the country' limited fiscal space.

4.7.10 Views of the Confederation of Zimbabwe Retailers Association

The views of Association member who was interviewed on overcoming challenges of informal sector as well as harnessing it took a contrary stance that informal sector should not be promoted to the detriment of formal sector. He underscored the need to encourage formalization saying that: *'There is need to simplify business permits and licenses and make them affordable so that*

becoming part of formal economy is within reach for informal sector players. Requirements to get a permit have to be simple, straight forward, well publicized and accessible to everyone interested'. The envisaged recommendations if adopted will go a long way in promoting informal sector as a stepping stone to join the formal sector.

4.8 Questionnaire Findings on the Contribution of the Informal Sector to Urban Livelihoods

The main purpose of the questionnaire was to complement the views that came out from the key informant interviews and documentary study. A total of 90 questionnaires out of 100 administered were returned and their responses were analyzed using SPSS. The questionnaire covered aspects such as activities and income earned by informal sector players, challenges faced and suggestions to government and local authorities to harness the contribution of the informal sector to the broader formal economy.

4.9 Demographic Details of the Respondents.

The majority of the operators, about 72% are young adults of between (20-50 years) while the remaining 28percent are either teenagers 15-19 years or older. The distribution shows that the informal sector is made up of the able – bodied people who can actually work productively in the formal sector, given an opportunity. At the same time results of the findings show that informal sector activities were carried out by different age groups though the dominant group was between 20 to 50 years. Regarding the sex distribution about 77.8 percent are males and the remainder is females. Of the total sample 60% stay in ward 30 and 35percent in ward 32 and the rest in other wards of Harare. Concerning levels of education the majority about 75 percent of respondents had secondary education, 20 percent attained vocational education and 5 percent reached University level. This was particularly the case because most of the school leavers and non-formal school leavers could not get jobs in the formal sector forcing them to join the informal sector for survival. Pertaining to marital status the findings showed that 70% of the respondents in the different sectors were married people. This could be attributed to the fact that married people needed more income to support their families. However, there were also widows constituting 2 percent and twenty percent single who were involved in the informal sector activities. Regarding the household responsibility 65 percent were main breadwinners, thirty

percent provide financial contribution to households and the remainder are dependent upon someone else. Concerning the length of stay in the activity, about eighty percent of the informal sector operators had stayed more than two years and the remainder 20 percent had stayed for a year or less. Table 1 below summarizes the socio-economic characteristics of all respondents who completed the questionnaire showing remarkable variations on many issues like age ranges, marital status and the level of education reached.

Table 1: Socio-economic characteristics of the respondents

Age of respondents		
Age range	Number	Percent
1-19	9	10
20-50	65	72.2
50 and above	16	17.8
Total	90	100
Sex of respondents		
Male	70	77.8
Female	20	22.2
Total	90	100
Educational level of respondents		
Secondary	68	75.6
Non-formal	17	18.9
University	5	5.5
Total	90	100
Marital status of respondents		
Married	63	70
Single	20	22
Widow/widower	7	8
Total	90	100

Source: Field Data, 2015

4.10 Reasons Different Informal Sectors for Entering

To understand the factors that drove the respondents to join the informal sector, each respondent was asked to state the reason(s) why they actually joined the sector. In response, ten reasons were identified as responsible for the growth of this sector and these are failure to get formal jobs, closure of industries, retrenchment, dropping out of school, poverty, personal choice, economic hardships, shortage of employment and need to supplement incomes. About half 50% of the respondents involved in informal sector are between the age 20 to 50 years and indicated that they joined sector due to the failure to get formal employment whilst 25% were forced by retrenchments and the rest other reasons. This is consistent with what was said by the key informants who felt that closure of industries, lack of formal jobs, school dropouts and poverty among other things are the main drivers of informal sector growth. The findings also noted that approximately 50% of male respondents' first port of call in the informal sector is carpentry followed by metal fabrication, whilst females' first preferences are hairdressing and catering services

4.11 Income Distribution within the Informal Sector

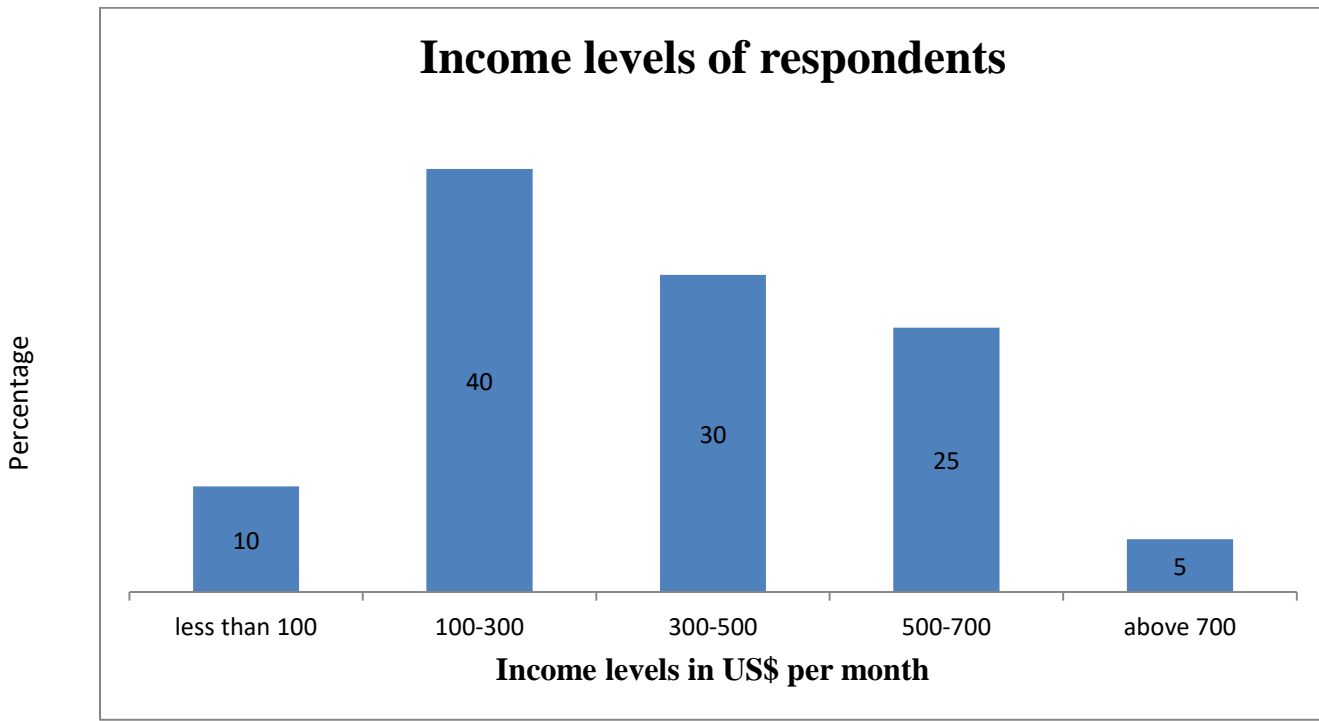


Figure 1: Income levels of respondents

Graph 1 above shows the ranges of income generated by the businesses operating in the informal sector. According to this graph, there are a few 5% operators earning profit of more than US \$700 per month, 15 percent earning US \$ 400 to US\$ 600, 30 percent 300 to 500, 40 percent us \$ 100 to us \$ 300 and 10 percent less than US \$100. This shows that the majority of informal sector players earn an average monthly income of between US \$ 100 to \$ 300. If further divided into sectors according to professions, then the concentrations of better earning were observed among welders, carpenters, owners of hardware and dealers of spare parts.

Further examination observed that 30 percent of respondents admitted that their activities were meeting their personal and family needs especially those who are young may be as they have small families. Probed on whether their activities provide a sustainable source of income 60% of respondents were skeptical and not sure pointing out that, this was dependent upon many variables like overall economic performance, political dynamics in the country, government support as well as position of the local authority pertaining to their operations. The far cry by many informal sector players was about financial support and lack of business stands.

4.12 Challenges of Informal Sector

Table 1: Specific challenges facing the informal sector

Challenges	carpenters	Welders	Catering	Hardware	Mechanics	Hair dressers	Timber suppliers	Auto spares suppliers	Transport operators
Limited capital	✓	✓	✓	✓	✓	✓	✓	✓	✓
Poor working areas	✓	✓	✓	✓	✓	✓	✓	✓	✓
High rentals	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stiff competition	✓	✓	✓	✓	✓	✓	✓	✓	✓
Congestion	-	-	-	-	✓	-	✓	✓	✓
Theft	✓	✓	✓	-	✓	-	✓	✓	-
Lack of Equipment	✓	✓	-	-	✓	✓	-	-	-
Lack of Insurance cover	✓	✓	✓	✓	-	-	✓	✓	✓
Poor amenities	✓	✓	✓	-	✓	-	✓	-	✓

Source: Field Data 2015

All the businesses in the informal sector in Glen-view suburb face a number of constraints to their operations as shown by the table 2 above. However, of all these challenges, the most dominant ones faced by most of the types of businesses focuses on was that of limited capital, stiff competition and expensive rentals. Inappropriate working environments was also a cause for concern resulting in poor infrastructure for warehousing as most informal traders did not have proper spacious stalls to carry out their businesses. The problem of congestion was also growing giving rise to cases of theft and overstretching of social amenities. As a result 70 percent of respondents attributed low profits to increasing or stiff competition from other players whilst cases of defaulting customers were also a concern. Other specific challenges that were mentioned by informal sector players were high rentals, lack of technology lack of security, menace of so-called agents mainly at the furniture complex and lack of insurance cover.

In the case of vehicles for hire they were mainly bothered by limited parking space and high parking charges at the furniture complex which sometimes results in their vehicles being towed away by council officials' attracting higher penalties. The specific challenges faces by informal sector players are summarized above in Table 2. Thus concerted efforts should be taken to bail out the informal sector players and cushion them against some the above challenges

4.13 Contribution of Informal Sector to Livelihoods

The study identified the different ways in which the informal sector activities have improved livelihoods in Glen-view area. These numerous ways include securing employment in many fields as welders, carpenters, mechanics, tailors; hairdressers spray painters, cooks and many more. In addition besides getting employment, the income generated is going a long way in supporting informal traders, their immediate families and members of the extended family. Nearly 100 percent of the informal sector players were in agreement that their revenues in putting food on the table, health care rentals and clothing. About 40 percent of respondents pointed out that the income earned allows them to have extra cash for other things like entertainment. Though majority 80 percent revealed that the amount earned from their activities were insufficient to cater for their basic household needs, 15 percent conceded their income were enough allowing them to acquire fixed assets like residential stands through numerous housing co-operatives. The other 5 percent of informal traders pointed out that they had acquired vehicles through proceeds from informal sector activities. From the study all respondents revealed that they had no alternate sources of income apart from informal activities. From the foregoing response the people of Glen-view especially the informal sector players seemed to be benefiting immensely from informal sector activities through a source of incoming and employment generation.

4.14 Harnessing the Formal Sector to the Broader Formal Economy

There was general consensus among respondents that the informal sector can be harnessed to the broader formal economy for the good of everyone through proper registration processes, reasonable levying of taxes and rentals on condition that proper infrastructure and other support mechanisms are put in place. This resonates well with recommendations of academics, council

officials and the ZIMRA officer who advanced that formalization of the informal sector will reduce a number of challenges which they currently face like limited finance.

4.15 Discussion of the Findings

4.15.1 Understanding of the Informal Sector.

The findings show that both the key informants and other respondents were in total agreement on the meaning of informal sector. They both viewed it as any business that people could start on their own without official registration processes to earn a living. This is in tandem with De Soto's theory which asserts that informal sector encompasses activities that are necessarily illegal but not criminal as they are generating income which is not taxed and are rarely part of Gross National Product. Though not officially registered informal sector activities are the refuge of individuals who usually find the costs of registration far outweighing the benefits (Anderson, 1998). The informal activities common in Glen-View suburb identified by both categories of respondents include carpentry, welding, street vending, hair salons, vegetable vendors, flea markets and vehicle repairs which are usually unregulated and produce goods and services for sale or other forms of remuneration (Onwe, 2013).

4.15.2 Reasons for entering Informal Sector

There is evidence from the findings that a number of reasons are behind the sprouting of informal sector. It was invariably stated that these include lack of formal employment, poverty, declining real incomes, economic hardships, and poverty among others. This reinforces Onwe (2013) observation that multiple reasons such as weak institutions, retrenchments, economic hardships, and poverty are the main drivers behind growth of the informal sector. Lack of formal employment was singled out by both groups of respondents as the main driver confirming the views of Rupani (2014) that failure by the formal sector to absorb high numbers of the unemployed push people to look for alternative means of survival. Therefore if the growth of the informal sector is to be checked there is need for concerted efforts by governments to come up with a concoction of measures to solve this scourge considering high rates of unemployment in many developing countries like Zimbabwe's 70% (Robertson, 2013). Other than unemployment, poverty, economic reforms, rural to urban migration Obwona and Nambaayo (2007) also

identified HIV/AIDS and globalization as other drivers of informal sector growth two issues which escaped the attention of both key informants and other respondents.

4.15.3 Link between Informal Sector and Livelihoods.

The findings show that the people of Glen-View suburb stands to benefit in multiple ways from the informal sector activities carried out in the area. According to Mugisha (2000) the informal sector is a livelihood strategy which enables people to make a living .This relates well to views of respondents who maintained that benefits of informal sector operations take the form of either economic or social nature. This reinforces the position of Sakuhuni (2014) who postulated that numerous benefits are derived from the in informal sector in the form of employment, income earnings, upward mobility and improved standards of living through lower prices. Thus informal sector if well supported can be a game changer for many players not only those directly engaged in the informal activities but others too considering opportunities of forward and backward linkages mentioned by many respondents. Anderson (1998) advanced that the informal sector is the ultimate refuge which is a source of income for the underprivileged and marginalized groups as it goes a long way in mitigating poverty, crime rate and social unrest. This support the position of key informants that informal sector activities are a necessary evil that is helping people to cope with economic hardships at the same time improving their standards of living through various products or services. The country also benefit through economic growth as collaborated by Ndiweni et al (2014) that the informal sector contributes around 19.5%of Zimbabwe's Gross Domestic Product.

4.15.4 Challenges of Informal Sector

The study identified a number of challenges that affect smooth functioning of informal sector activities in general and Glen-View in particular .One of the major obstacle facing informal sector players in Glen-View pertains to lack of credit. The lack of limited finance is exacerbated by lack of government funding as well as reluctance by the financial sector to avail funding to informal sector mainly due to lack of collateral security and negative perception that its operations are illegal. Consequently the findings resonates with ZEPARU and BAZ (2014) findings that the assumption that informal sector activities are illegal and criminal in nature deter the banking sector from availing loans to them. The lack of funding implies that informal

sectors will remain small with no room for growth due limited technology and other requirements.

It also emerged from the study that poor working environments and lack of proper amenities were also interacting to frustrate informal sector activities in Glen-View .This is because informal sector players often operate at sites with inadequate toilets, running water and other essential services. According to Diko (2014) the lack of essential amenities can spell doom to the informal sector due outbreak and spread of diseases.

The other challenges noted impacting negatively on informal sector operations in Glen-View are stiff competition, neglect by local council, congestion and high rentals. According to Chigwenya and Mudzengerere (2013) the urban planning systems are biased against informal sector and ignore them during planning processes thus pushing many to operate under unclean environments or dangerous places like along the roads or sometimes on the streets. This has adversely affected people of Glen-View from fully benefiting from the informal sector activities.

4.15.5 Addressing Challenges of Informal Sector

There is evidence from the findings that the operations of the informal sector players in Glen-View have not been all that smooth due to many obstacles. It was invariably stated by the respondents that both government and local authorities can do more to mitigate some of the problems faced. According to Onwe (2013) three types of policies for addressing issues on informal sector growth have been proposed including productivity-enhancing policies, policies that improve on legal environment of the informal sector, and welfare type policies. This resonates well with recommendations of respondents which touched on good infrastructure, lines of credit, tolerant policies and reasonable council rates to facilitate informal sector growth. The legal and institutional reforms recommended by Onwe include trade policies, tax policy, infrastructure development and licensing requirements among others. On the other hand the envisaged welfare policies are centered on credit delivery, technical assistance and education.

4.15.6 Harnessing the Informal Sector to the Broader Formal Economy

Conflicting positions emerged from the research findings as most key informants felt that informal sector players deliberately avoid registration to escape government taxes and other

regulations. According to De Soto (2000) informal traders find the costs of registration too high in comparison to benefits to be realized. On the other hand other respondents made it clear that they were more than ready to formalize as long as the government and local council play their part in supporting them through different ways. This view was also articulated by Tesfachew (1992) who advanced that, governments serious with promoting the informal sector will need to consider orienting the macro-economic environment to become more favorable to the informal sector and move away from rhetoric.

4.16 Chapter Summary

This chapter presented the research findings and discussed their implications of the growth of informal sector in urban areas like Glen-view. Irrespective of the challenges faced, the informal sector remains critical to unlock growth potential, improved livelihoods and increased Gross Domestic Product in many developing countries through different ways mainly through employment creation. The resultant employment creation has its own benefits like improved living standards and acquisition of assets. The findings also came with response measures from both key informants and respondents who completed the questionnaire on how best the informal sector can fully be harnessed for the benefit of the broader economy mainly through reasonable tax regime.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter draws conclusions from the research findings and makes recommendations on how best the informal sector can contribute to urban livelihoods in Glen-view so that informal sector players can realize sustainable livelihoods. The main objective of this study was to examine the contribution of the informal sector to urban livelihoods. Apart from the overarching foregoing objective the study sought to understand how the informal activities have improved livelihoods of the informal sector players and challenges being faced by the informal sector in the area under study.

The research questions were formulated as follows:

1. Is there a link between the informal sector and improved livelihoods in Glen View?
2. How has the informal sector contributed to improved livelihoods to the people of Glen-View?
3. What are the challenges faced by informal sector operations in Glen-View?
4. What measures are taken by the government in supporting the informal sector operations in Glen-view so that they contribute to the official economy?

5.1 Conclusions

On the basis of the findings this study concludes that informal sector operations in Glen-View are heterogeneous. They display significant differences which require differentiated treatment. Differences among informal sector players were found in a number of pertinent background variables like age, level of education, marital status, and reasons for joining the informal sector, mode of operation and levels of income. Irrespective of the differences a lot still needs to be done if the informal sector is to be fully improving livelihoods in urban areas like Glen-View suburb by providing a sustainable means.

This study established that the informal sector plays a crucial role in poverty alleviation in urban areas through creating jobs and reducing unemployment. The informal sector has been a major

driver of most urban economies against the dwindling formal sector employment and cannot be ignored. The research also confirmed the important role played by the informal sector activities' contribution to urban livelihoods by enhancing income earning capacity, uplifting standards of living among the urban poor, allowing acquisition of household property by the less privileged and reduction of crime through absorbing the unemployed. Resultantly government expenditure on security and legal services would be drastically reduced as more people would be earning income rather than depend on crime. Despite this critical role the informal sector is still looked down upon by both government and local authorities who view them as a source of problem in terms of litter and other underground shady dealings. Informal sector in Glen- View has a great potential to alleviate urban unemployment, increase household disposable incomes and generate business independence if only the government and local authorities play their part in supporting their different lines of business.

The study also found out that creating and supporting the informal sector in Glen-View suburb is a promising and sure means of promoting a new class of indigenous businesses that can be an engine for both black empowerment and meeting the goals of ZIMASSET. Given all the stated economic and social contributions that the informal sector brings to countries the study concluded that any developing country even developed countries need the informal sector to enhance economic growth through job creation as it has become a destination for the workers excluded from the formal sector. With the right support and favorable operating environment some of these informal sector businesses can become large entities hence they need a helping hand.

The study also revealed that all the challenges of informal sector discussed in the literature do exist even in Glen-View suburb. Some of the challenges include lack of credit, poor working environment, and lack of proper social amenities, storage problems, theft, and congestion among others. If the informal sector is to expand and become a major player in the economies of Third World countries like Zimbabwe then a number of steps and policies should be recommended and implemented by both government and local authorities to embolden the informal sector operations. More importantly the study observed that as a heterogeneous sector policy instruments aimed at the development of the sector cannot be one size fits all as needs of informal sector players are context specific.

5.2 Recommendations

- The government and co-operating partners should design imperative and inclusive measures like providing access to micro-credit or special credit services to alleviate the shortage of working capital that continue to paralyze operations of the informal sector. The financial sector should be persuaded to financially support the informal sector. Local authority should be tasked with providing business stands, suitable infrastructure, and social amenities for electricity, water and sewage reticulation as well as serviced stands for informal sector players' in order to give them security of tenure on land allocated to them giving title deeds to help decongest overcrowded working environments like Glen-View Furniture complex. The title deeds will go a long way in giving them security of tenure and will enable them to use it as collateral in other business transactions like accessing loans from banks.
- The informal sector operators should formalize their businesses which means registration and licensing of an economic activity under the laws and regulations of the land that a business is operating from. This will involve registering the form of business, with tax authorities, obtaining local authorities licenses and registering with NSSA and Manpower Development Fund so that they can enjoy many advantages like reduced rate of corruption, harassment accessing funding and broadening of the tax base. However formalization process should be voluntary as some informal sector participants may prefer to remain informal.
- Need for integration of Ministries involved with informal sector and avoid fragmentation approach at government level as is the case in the country. About three ministries namely Local Authorities and Urban Planning, Ministry of Small and Medium Enterprises as well as that of Industry and Commerce are in one way or the other closely linked with the informal sector in Zimbabwe.
- Simplification of business permits and licenses making them affordable so that becoming part of the formal economy is within reach for many informal sector players. ZIMRA should reform tax systems in order to encourage profitable economic activity encourage and promote widespread compliance.

5.3 Areas for Further Research

There is need to study how best to promote smooth and quick transition from informal sector to the formal sector.

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Appendix 1: Interview guide for key informants

MIDLANDS STATE UNIVERSITY FACULTY OF ARTS DEPARTMENT OF DEVELOPMENT STUDIES

Dear Sir/Madam

My name is Douglas Mhondiwa, studying for the Master of Arts degree in Development Studies at the Midlands State University' Faculty of Arts, Department of Development Studies. In partial fulfillment of the Master degree program me in Development Studies., I am conducting a study entitled: Contribution of the informal sector to urban livelihoods: The Case of Home industries in Glen-View Ward 30 and 32 in Harare. You have been selected to participate in this study as a key informant. The information generated in the interview will be helpful in assessing the contribution of the informal sector to urban livelihoods. All information gathered is for academic purposes only and will be treated in the strictest confidence. Your identity will remain anonymous.

1. What is your understanding of the informal sector within the Zimbabwean context?
2. What can you attribute to the growth of the informal sector in Harare's suburb of Glen – View?
3. How is the informal sector contributing to improved livelihoods in Harare's Glen – View suburb?
4. What are some of the challenges facing the informal sector particularly the home industries in Harare's Glen View suburb?
5. How can the challenges you stated be overcome?
6. How can the informal sector be viably harnessed to the national formal economy?

Appendix 2: Questionnaire

**MIDLANDS STATE UNIVERSITY
FACULTY OF ARTS
DEPARTMENT OF DEVELOPMENT STUDIES**

Dear Sir/Madam

My name is Douglas Mhondiwa, studying for the Master of Arts degree in Development Studies at the Midlands State University' Faculty of Arts, Department of Development Studies. In partial fulfillment of the Master degree program me in Development Studies., I am conducting a study entitled: *Contribution of the informal sector to urban livelihoods: The Case of Home industries in Glen-View Ward 31 and 32 in Harare.* You have been selected to participate this study as a questionnaire respondent. The information generated by the questionnaire will be helpful in assessing the contribution of the informal sector to urban livelihoods. All information gathered is for academic purposes only and will be treated in the strictest confidence. Your identity will remain anonymous.

Questionnaires

Instructions: Please respond to the following questions

Section A: Demographic details of the respondent

1. What is your place of birth?
.....
2. What is your marital status?
.....
3. Where do you stay in Harare?
.....
4. What is your highest level of education?
.....
5. What is your household responsibility?
.....
.....
.....

Section B: Activities and income earned by participation in the informal economy

6. When did you join the informal sector?
.....

7. What would you say were the main reasons that pushed you to join the informal sector?

8. What can you say is the main trade that you involved in the informal sector?

9. Roughly how much do you earn on average per month from the activities you are engaged in?

10. Is the income from your activities adequate to meet your personal and family needs?

.....
.....

11. Do you think the activities that you are engaged in provide a sustainable source of income?

12. Briefly state how the activities that you are engaged in are contributing to an improvement in the quality of your life?

13. What are some of the challenges you are facing in the informal sector?

14. Briefly state any suggestions that can be made by government and local authorities to harness the contribution of the informal sector to the broader formal economy.

