

**UNIVERSITY OF ZIMBABWE**



**PERCEPTIONS OF POLICY MAKERS AND BUREAUCRATS ON THE  
INFORMAL SECTOR IN ZIMBABWE. A CASE OF THE INFORMAL  
METAL MANUFACTURING IN HARARE.**

**By**

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## ***Abstract***

*The informal sector in Zimbabwe has become the largest employer in the country and the major source of livelihoods for most of the people. The study focused on policy makers' and bureaucrats' perceptions on the informal sector together with what is actually happening on the ground in the sector. Evidence from a survey, key informant interviews, participant observation and secondary data showed that policy makers and bureaucrats appreciate and acknowledge the role and contributions from the sector though they think it is not organised and unsustainable. Some pointed that the country cannot operate under such a sector because it does not contribute to corporate tax.*

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## ***Dedication***

*To Simbarashe Kahuni, for your encouragement and support.*

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## **Acronyms**

CSO	Central Statistics Office
CASS	Centre for Applied Social Studies
CZI	Confederation of Zimbabwe Industries
DO	District Officer
ESAP	Economic Structural Adjustment Programme
IDRC	International Development Research Centre
ILO	International Labour Organization
ISO	Informal Sector Operations
MSMECD	Ministry of Small and Medium Enterprises and Cooperative Development
MDC	Movement for Democratic Change
SMMEs	Small, Micro and Medium Enterprises
MSMEs	Micro, Small and Medium Enterprises
SMEs	Small and Medium Enterprises
SEDCO	Small Enterprises Development Corporation
NGOs	Non-Governmental Organisations
ZIMPREST	Zimbabwe Programme for Economic and Social Transformation
ZNCC	Zimbabwe National Chamber Of Commerce
ZNCM	Zimbabwe National Chamber of Mine
ZANU PF	Zimbabwe African National Union Patriotic Front

# CHAPTER ONE

## 1.0 INTRODUCTION

The way the informal sector is handled by governments has impacts on the equity and growth of countries (Sparks and Barnett, 2010) because about two thirds of all employees in the world work in this sector (World Bank, 2009). The attitude of government towards the informal sector, in a way also reflects the feelings and perceptions of policy makers towards that sector. Despite its contribution to the economy and livelihoods in a de-industrialising state, the informal sector remains peripheral in terms of industrial policy. The factors leading to such non-prioritisation of the informal sector by policy makers and bureaucrats remain unclear. This study investigates policy makers' and bureaucrats' perceptions on the informal sector with evidence drawn from a specific group, the informal metal manufacturers in Harare.

The informal metal manufacturing sector is one of the cornerstones of Zimbabwe's micro, small and medium enterprises. This sector is dominated by light manufacturing of household furniture, construction materials, industrial tools and machinery. According to Kamete (2004), the informal sector in Zimbabwe, has established itself as a viable industry. The sector attracts all sorts of clients such as households, private companies, NGOs, and the government from their respective urban centres and the rural hinterland. Most scholars purport that, although there has been a positive change on government attitudes towards the sector, the informal sector has not been treated well. Sparks and Barnett (2010: pp. 2) argue that,

*“...in many instances the authorities are outright hostile to the informal sector, closing down operations without warning. Such hostility is in large part prompted by the fear of competition by those in the formal sector...”*

In this case Sparks and Barnett (2010) are arguing the authorities mistreat the sector so as to protect formal sector industries and this shows that the informal sector has risen to be a threat to the formal sector.

They also purport that,

*“The formal sector generally is where the political clout resides. Informal enterprises are therefore forced to remain “in the shadows.”* (Sparks and Barnett, 2010: pp. 2).

The formal sector is, according to Sparks and Barnett (2010) protected by authorities because it houses the political figures and the ruling elite which are oppressive to the sector such that it cannot grow and realize its full potential.

The attitudes of government and private institutions are of great importance to the informal sector. Gurtoo (2009) also argues that initial non-recognition of this economy has followed a rise in recognition and specific regulatory interventions but, although the sector has been recognised Gurtoo (2009) purports that the uncertainty and indecisiveness and opposing attitudes in the approach is evident, namely control, facilitation or non-recognition.

In Zimbabwe, like many other Sub Saharan African countries, the informal ‘sector’ has been identified as an important vehicle for economic participation by the poor and low income households (Dongala, 1993). Zimbabwe experienced a sharp decline in formal sector employment as a result of industry wide shut downs and scaling down of operations during the decade of economic meltdown that lasted until 2008.

While openly acknowledging that the informal sector helped Zimbabwe weather the economic turbulence of the last decade, the government and other stakeholders have not given the sector due recognition and support. The little support such as capacity building workshops that is made available by stakeholders is largely uncoordinated and usually inadequate. As the economy slowly emerges from the deep waters, observers have noted that the informal sector has been left by the wayside, with economic recovery hopes pinned solely on large-scale enterprises (Mambo, 2010).

### **1.1 HISTORICAL BACKGROUND OF THE INFORMAL SECTOR**

The informal sector was recognised in the early 1970s (Sparks and Burnett, 2010). In Zimbabwe, the informal sector has existed well before the 1970s. Mhone (1996: pp. 4) argues that the sector was suppressed as the colonial government controlled all African activities.

Mhone (1996) implies that it was not that the Africans chose to operate outside the law but that the law did not recognize their activities. After colonial capital was established in Zimbabwe, the informal sector activities were thoroughly regulated by the police, thus the autonomous African market oriented activities was consequently established as a sub sector and was made illegal (read: informal) before being suppressed and displaced (Dhemba 2008).

Brand *et al* (1993) asserts that the colonial regime made a deliberate attempt to control the spread of the informal sector in urban areas. This had the effect of making it a "hidden" feature of the economy. Brand *et al* points out that the Town and Country Planning Act (1946), the Vagrancy Act (1960), the Urban Councils Act and the Vendors and Hawkers By-

laws (1973) are some of the pieces of legislation that were enacted to frustrate the growth of informal sector activities. Local authorities had the unenviable task of enforcing this network of regulations and by-laws.

The famous Siyaso Magaba Home Industry was opened as far back as the 1950s as a way of promoting self-help employment for those excess African populations who could not be absorbed in the formal system (Chirisa, 2009). At the country's independence in 1980, such home industries had increased in number, and located within African suburban areas, for instance, Gazaland in Highfield in Harare.

The potential role of the informal sector in job creation and poverty alleviation was noticed by the 1981 Riddell Commission which recommended that the new Zimbabwe needed to recognise and promote this sector in order to raise the standard of living of the majority of the people (Dhemba, 1999). The informal sector boom however occurred during the Economic Structural Adjustment Programme (ESAP) era where many of the formal sector employees were retrenched and had to join the informal sector.

The institutional structure providing support to Small and Medium Enterprises( SMEs) and Cooperatives includes the Ministry of Small and Medium Enterprises and Cooperatives Development (MSMECD), Small Enterprise Development Corporation (SEDCO), Small and Medium Enterprises Association and other related supportive institutions (GoZ, 2011). Through SEDCO, the MSMECD administers an SME revolving fund which avails funds of up to US\$5,000 at 15 percent interest per annum for working capital to SMEs upon submission of a comprehensive business plan/proposal and proof of collateral. The MSMECD/SEDCO facility has been criticized for segregating against unregistered informal

business operators in a bid to compel them to register and formalize their businesses. Ncube (2013) argues that the informal sector is now the biggest employer and now caters for the 90% of the people who are said to be unemployed (formally).

## **1.2 STATEMENT OF THE PROBLEM**

Although the informal sector presents opportunities for the most vulnerable populations such as the poor in generating reasonable incomes. Little attention has been paid to the perceptions of policy makers and bureaucrats in respect of the sector.

## **1.3 AIM**

This study aims to establish policy makers' and bureaucrats' view of the informal sector on one hand and that of the informal sector operators regarding the policies, on the other.

## **1.4 OBJECTIVES**

- To establish the policy makers' and bureaucrats' perceptions towards the informal sector
- To determine the contribution/input from informal metal manufacturers to current policies.
- To determine the factors influencing policy decisions of Harare Municipality and the Ministry of Micro Small and Medium Enterprises and Cooperatives Development

## **1.5 RESEARCH QUESTIONS**

- Are policy makers and bureaucrats homogenous and do they have common perceptions about the sector?

- Does the informal sector participate and contribute to current policies affecting their sector
- What influences policy decisions made by Harare Municipality and the Ministry of Micro Small and Medium Enterprises and Cooperatives Development

## **1.6 JUSTIFICATION OF THE STUDY**

The study is important because the informal sector is has become Zimbabwe's biggest employer such that there is need for positive change interns of attitude towards and treatment of the sector. The study is important because it may inform existing perceptions towards the informal sector and influence policy decisions which in turn will see it contribute more to economic development, improve the capacity of informal workers to meet their basic needs and strengthening their legal status. The study will also contribute to research on how policy makers view and regard the grassroots

## **1.7 ORGANISATION OF THE STUDY**

The thesis is organised into five chapters. Chapter one outlines the introduction and background to the study, statement of the problem, objectives, research questions, hypothesis, justification, definition of terms used in the study and organization of the study. The second chapter focuses on a review literature with arguments for and against the study. Chapter Three describes the methodology of the research together with a research design matrix which shows how data for each objective was collected. Chapter Four presents major results of the research and chapter Five presents the discussion and analysis of the findings. Chapter Six summarizes and concludes on major findings presented in Chapter Five.





## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

This chapter reviews literatures on this subject covering a wide range of arguments relevant to this study. It covers scholars' ideas of defining the sector, characterisations of the sector and actions towards the sector by government and local authorities.

#### **2.1 DEFINING THE INFORMAL SECTOR**

There has been a lot of debate by scholars and policy makers alike on the term informal sector, which has resulted in the sector receiving various names such as the informal economy (Chen, 2007), the underground economy (Simon and Witte, 1982), the black economy (Dilton and Morris, 1981), the shadow economy (Frey et al., 1982) and according to Losby et al (2010), the common factor is that these activities are neither recorded nor perfectly reflected in the official national accounting systems.

#### **2.2 THEORETICAL APPROACHES TO THE STUDY OF THE SECTOR**

Matsebula (1996) provides three approaches to the informal sector which are the evolutionary approach, the involuntary approach and the residuary approach. Matsebula (1996) says that the evolutionary approach maintains that the sector is a 'hot bed' for expansion of the industry, with embryonic business units that grow into larger units overtime and become formal entities and the involuntary approach views the sector as too fragmented and independent to the extent that growing into larger business units is a nightmare whilst the residuary approach asserts that the formal sector dominates space in the urban areas and the informal sector becomes adaptive or responsive and conditioned by the fortunes of the formal sector and the sector has to survive on the 'left overs' from the formal sector. Matsebula's

work highly contributes to the theoretical approach of this thesis. However, the thesis goes further to by introducing the concept of infant industry. This approach to the study of the sector views it (the sector) as the virtual industry capable of forming the future of Zimbabwe's industrialisation. The approach assumes the flexibility of assessing historical contexts as well as neoliberal policies advanced by contemporary scholars. The approach is based on Chang (2002) who studied European industrialisation policies and compared them with those prescribed by the same European powers to developing nations

Brand (1986) carried out a study on informal sector activities at Magaba in Mbare and concluded that while the informal sector can be seen as an 'employer of last resort' for some, a significant number of operators are committed to their informal sector enterprises and would continue in them even if other options were open. The author highlights the importance of this sector to people's livelihoods that it could no longer be seen as a cushion for poverty but as a real life option.

### **2.3 CHARACTERISATION OF THE INFORMAL SECTOR**

In their study of workers in the informal economy and the policy framework, Chen et al (2001) argue that there is a widespread perception that those who work in the informal sector are avoiding regulation and taxation and, therefore, are operating illegally. This characterisation is useful as it might be a basis for influencing policy decisions under these stressed fiscal conditions.

Dhemba (1999) also argues that the sector is clouded by many view points and it has also not been spared the controversy associated with the causes of poverty and the resultant

interventions. Hansenne (1991: 1) summarises the different possible characterisations of the informal sector that can provide theoretical and analytical guidance.

*"There are many different viewpoints from which one can observe the informal sector. It can be viewed in a positive way as a provider of employment and incomes to millions of people who would otherwise lack the means of survival. It can be viewed more negatively as a whole segment of society that escaped regulation and protection. It can be romanticised as a breeding ground of entrepreneurship which could flourish if only it were not encumbered with a network of unnecessary regulation and bureaucracy. It can be condemned as a vast sea of backwardness, poverty, crime and unsanitary conditions. Or it can simply be ignored."*

The viewpoints that Hansenne observes can basically be categorised into two broad areas of positive or negative consideration of this industry. The thesis shall be cautious of policy makers' and bureaucrats' characterisation and shall consider how this reveals their perceptions about the sector and influences policy making.

Kamete (2004) studied Zimbabwe's informal city and local authorities concluding that although the sector's contribution was appreciated, the sector was stigmatised and associated with theft and corruption.

Kamete's studies, undertaken in the crucible of the war veterans led revolution, contribute to this study as they highlight perceptions held over the sector by local authorities then. Has the characterisation of this sector by policy makers changed or not in the aftermath of this revolution? This thesis seeks to establish current perceptions of policy makers and bureaucrats.

Chen et al (2001) summarises the perceptions which are, the neo-liberal, the legalist and the structuralist perspectives. According to Chen et al (2001 pp. 12)

*“The standard neo-liberal perspective is that informal entrepreneurs deliberately avoid compliance with the law and the regulatory environment. The legalist perspective, popularised by Hernando de Soto, is that informal entrepreneurs find it impossible to comply with the unreasonable bureaucratic procedures associated with registration. The structuralist perspective is that there are structural barriers – not just bureaucratic barriers - to formalization and that vested interests in the formal economy promote informal arrangements.”*

### **2.3.1 The legalist theory**

According to De Soto (1992), legalists view the informal economy as “a rational response by micro-entrepreneurs to over-regulation by government bureaucracies.” They turn to illegal methods, not against society or by choice, but for survival. Decision to enter the legal system is based on a broad assessment of what it could cost to comply with legal requirements and the benefits associated. De Soto (1992) also argues that access to the formal economy is essentially barred because of high entry costs and entry barriers such that acting outside of the law becomes the only option available to the poor because it is more beneficial for them to break the law since the cost of following it is greater than the benefits (ibid).

### **2.3.2 The dualist theory**

The dualists sees the informal sector as comprised of marginal and survivalist activities – distinct from and not related to the formal sector – that provide income for the poor and a safety net in times of crisis. The persistence of informal activities, and thus a dualistic labour

market, is due largely to the fact that not enough modern employment opportunities have been created to absorb surplus labour in developing countries, due to slow rates of economic growth and/or faster rates of population growth (ILO 1972).

### **2.3.3 The structuralist theory**

According to Castells and Portes (1989), the structuralists see informal enterprises and informal wage workers as subordinated to the interests of large capitalist firms, supplying cheap goods and services. Formal and informal modes of production are inextricably connected and interdependent. Also, the nature of capitalist development (rather than a lack of growth) accounts for the persistence and growth of the informal economy).

Gumbo and Geyer (2011) argue that the above mentioned theories influence government attitudes and responses towards the informal sector. Chen (2007) summarises old and new views in the informal sector. Table 1 below is a summary of the views

**Table 1. Old and new views of the informal sector**

<b>Old view</b>	<b>New view</b>
The sector will wither away due to modernisation	The sector will grow with modernisation
It does not contribute much and just creates employment	contributes largely to Gross Domestic Product
It is unrelated to the formal economy	It has linkages with the formal economy
It represents a reserve pool of surplus labour.	Increase in informal employment is attributed to decrease in formal employment
comprised mostly of street traders and very small-scale producers	Has various informal occupations from casual labour to fulltime skilled labour

Chen (2007)

## **2.4 GOVERNMENT AND LOCAL AUTHORITIES' ACTIONS TOWARDS THE INFORMAL SECTOR**

Potts (2007) on her studies of the state and the informal sector (IS) in Sub-Saharan African urban economies argued that when African economies are performing well and the formal sector expanding, the attitude of the state towards the informal sector is discouraging. Potts (2007 pp.11) asserts that,

*“...when...African economies were generally performing well and formal sector employment was expanding, the IS was generally seen as a rather inconvenient reality which would, no doubt, disappear as modernization spread through the economy. Policies tended to be discouraging, and street traders and small-scale artisans were often harassed by the police. In addition, ‘planning’ was highly fashionable – from national development plans to regional planning to city zoning. Whatever the perceptions of the role of the IS at any particular time, urban planners are rarely in favour for it contravenes almost everything, almost by definition. Health and safety regulations, zoning by-laws, traffic laws – all are broken daily by informal sector workers...”*

The argument posed by Potts (2007) is valuable as it explains how and why the sector is treated at different phases of the economy. This research study seeks to establish if policy makers' perceptions also change according to the economic situation of the country.

Mkandawire (1985) gives an insight of how the colonial government treated the informal sector as she argues that activities not practised by whites were prohibited so as to force the Africans into wage labour for the whites. Ndoro (1996) also adds to this insight as he gives examples of economic activities long practised by Africans which were then prohibited by

the colonial settlers. These studies are very informative to the research which however investigates whether the policy makers under the 'black economy' are any different. In Ndoro's study the policy makers intentionally thwarted the informal sector through restrictive laws, and the research will draw from this to determine the motive of today's laws in restricting the informal sector.

Luebker (2008) in his study of employment, unemployment and informality in Zimbabwe, notes that local authorities licence, rather than register the informal sector and this makes trading a privilege rather than a right. The question which arises from his argument is that why are policy makers not willing to fully recognise the informal sector? The research attempts to establish if this is linked to their perceptions.

Kamete (2004) carried out a study on home industries and the formal city in Harare and he found out that operators in the home industries perceived the authorities as ineffective and inadequate. The operators said they were never consulted in policy making and that they only take decisions made already instead of making them.

From this he concluded that business units in the sector are self-made in terms of establishment and financing and have no help from the local authority, financial sector, government and non-governmental organisations. Although this work is crucial for the research as it paints a picture of the past relationship between the sector and policy makers. It was focused mainly on the perceptions of the operators towards the local authorities whilst this research focuses mainly on the perceptions of the policy makers and bureaucrats towards the sector given the present scenario and contributions of the informal sector to the economy and livelihoods.

The Gemini (2009) study researched on Magaba industries. The scholars studied the growth, production and marketing of the hardware industry covering and comparing informal and



formal industry. Their conclusion was that by nipping Zimbabwe's informal industry in the bud, Murambatsvina was a folly. They argued that the sector had potential to drive Zimbabwe's industry forward with a genuine bottom up democratized indigenous initiative but for government warped policies. Sadomba (2011) advances this argument further by exposing the foundational philosophy that explains the gap between policy pronouncements and implementation. He analyses the political and ideological context of Murambatsvina, concluding in that the attack on the informal sector in contradistinction to policies reflects ongoing class struggle in the context of a war veteran led revolution. The elite in ZANU PF and the state attacked the working classes in protection of a neocolonial capitalist alliance comprising settlers, international capital and political stalwarts of the liberation movement. This conflict between the elite and the working classes is rooted in the liberation struggle and perpetuates itself to this post-independence period. This thesis borrows Sadomba's class analysis as it transcends party alignment theories by neoliberal scholars.

## **2.5 CHAPTER SUMMARY**

There are a lot of names which have been given to the sector, such as the black economy and underground economy. There are also various approaches to the sector, which are the evolutionary, residuary and the involuntary approach. Perceptions recorded in literature have shown that the sector is seen as a sector escaping regulation, a zone of crime, corruption and exploitation, and survivalist activities by and for the poor. Government and local authority actions towards the poor are recorded by literature as hostile and prohibitive, especially if the economy is performing well.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 INTRODUCTION**

The chapter outlines the research methodology. It provides the research design and gives a brief explanation of the methods and instruments used in data collection, how data will be analysed, the limitations faced by the researcher and ethical considerations taken by the researcher.

This research was part of a larger regional survey carried out by the International Research and Development Centre on four countries studying the informal sector under the theme “Sharing Growth through informal Employment in East and Southern Africa . Zimbabwe studied the metal manufacturing informal sector and the researcher was part of the team that carried out the national surveys, key informant interviews, focus group discussions and participant observation. For the thesis, the researcher chose one of the objective areas of the project and went on to collect more data for this research.

#### **3.1 RESEARCH METHODS**

##### **3.1.1 Qualitative research**

According to Bazeley (2005) aims at discovering the underlying motives and desires and is a suitable method to find out how people feel or what they think about a particular subject or institution. Qualitative research is especially important in the behavioural sciences where the aim is to discover the underlying motives of human behavior (Goddard and Melville, 2001).

### 3.1.2 Quantitative research

Goddard and Melville, (2001) argue that quantitative research is based on the measurement of quantity or amount and is applicable to phenomena that can be expressed in terms of quantity (ibid). This type of research is usually highly detailed and structured and results can be easily presented statistically (Bradford School of Management, 2013)

## 3.2 RESEARCH DESIGN

The research is a case study which used both qualitative and quantitative methods in data collection. Table 2 below is a research design matrix summarising the research methodology

**Table 2 Research design matrix**

<b>Objective</b>	<b>Data collection method</b>	<b>Respondents</b>	<b>Sample Design</b>	<b>Data Analysis</b>
To establish policy makers' perceptions towards the informal sector	<ul style="list-style-type: none"><li>• Interviews,</li><li>• secondary data</li></ul>	<ul style="list-style-type: none"><li>• Ministry of SMEs</li><li>• Councillo rs in Mbare,</li><li>• City of Harare</li></ul>	<ul style="list-style-type: none"><li>• Purposive sampling</li></ul>	<ul style="list-style-type: none"><li>• Content analysis</li></ul>
Asses input from metal informal manufacturers to current policies.	<ul style="list-style-type: none"><li>• Questionnaires</li><li>• Secondary data</li><li>• Follow up interviews</li></ul>	<ul style="list-style-type: none"><li>• Informal metal manufact urers</li></ul>	<ul style="list-style-type: none"><li>• Simple random sampling</li><li>• Purposive sampling</li></ul>	<ul style="list-style-type: none"><li>• Use of Statistica l Package for Social Studies (SPSS)</li><li>• Content analysis</li></ul>
To determine the factors influencing policy decisions.	<ul style="list-style-type: none"><li>• Interviews</li><li>• Secondary data</li></ul>	<ul style="list-style-type: none"><li>• Ministry of SMEs</li><li>• Councillo rs in Mbare,</li><li>• City of Harare</li></ul>	<ul style="list-style-type: none"><li>• Purposive sampling</li></ul>	<ul style="list-style-type: none"><li>• Content analysis</li></ul>

### **3.3 POPULATION AND SAMPLING**

The target population for the quantitative research comprised of all metal fabricators operating at Magaba, including all those who were involving in marketing products made at Magaba. The Qualitative research targeted the SMEs ministry, the City of Harare, Departments of Housing and Community Services and Urban Planning Services and councilors in Mbare. The sample population was however not known but estimated at about 250 metal fabricators so the researcher sought to interview as many operators as possible. The research used evidence from 190 operators

#### **3.3.1 Sampling Design**

Purposive sampling was used for the both the qualitative and quantitative research. The researcher deliberately selected respondents who were in policy making positions from the MSMEs Ministry, the City of Harare and Councilors in Mbare. There was also deliberate selection of informal sector respondents who had large enterprises for follow up interviews. This sampling method according to Bazeley (2005) involves purposive or deliberate selection of particular units of the universe for constituting a sample which represents the universe. Simple random sampling was used to collect quantitative data such that every manufacturer had a chance of being selected.

### **3.4 METHODS FOR DATA COLLECTION**

Several methods were used to collect data as shown in the research design matrix.

#### **3.4.1 Survey**

A survey was carried out in Mbare Magaba using a structured and coded questionnaire for the purpose of easy data entry and analysis from August 2012 to February 2013) The survey aimed to cover almost all metal manufacturers at Magaba because the sample population was not known as this would help future research in establishing the population size. Then

questionnaire covered many aspects of the informal sector but the researcher will only present data which will be relevant for areas in this research. The survey was part of the International Development Research Centre (IDRC) – Sharing Growth through Informal Employment in East and Southern Africa Project and was conducted in all major cities and towns of Zimbabwe. The researcher was part of the enumerators who conducted questionnaires in Mbare Magaba.

### **3.4.2 Interviews**

20 face to face structured interviews were used to collect most of the qualitative data for the research. The interviews were structured according to the respondents' areas of expertise and department, and an interview guide was used for all the interviews, though the interviews were not limited to the guide only. According to McNamara (1999) an interview is a one on one directed conversation using a series of questions designed to elicit extended responses. Driscoll (2011) says they are an excellent way to learn in-depth information from a person allows probing for more insight and facilitate observation of non-verbal language.

### **3.4.3 Observation**

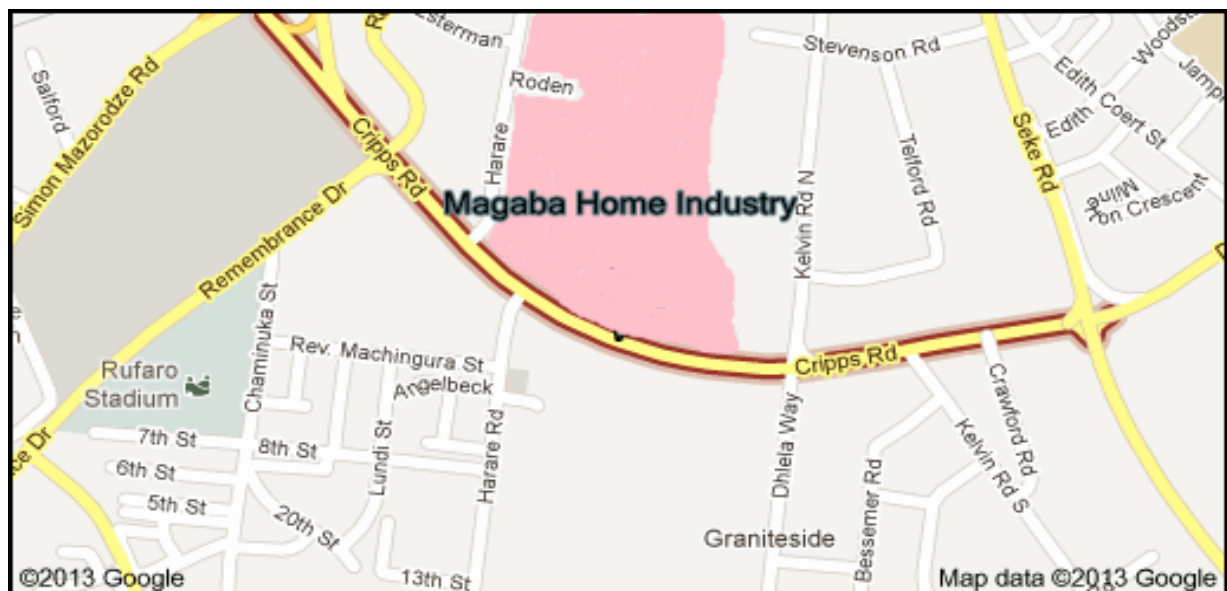
The researcher used both participant and non-participant observation methods. Participant observation was used when the researcher attended, a workshop held by the ministry in Mabvuku, training on running cooperatives held by the Ministry of MSMECD and a budget consultative meeting held by the City of Harare for Ward 4 in Mbare which houses Magaba home industries. The researcher was fortunate because these meetings were open to the public such that both the officials and manufacturers were not aware or affected by the presence of the researcher. Non-participant observation was used to observe the manufacturers at work together with their working environment so as to find out whether policy makers' and bureaucrats' perceptions on the sector's organization were on point.

### 3.4.4 Secondary sources

The researcher also collected secondary data in the form of survey reports and policy documents from the MSMEs ministry and City of Harare. Secondary data is, according to Boslaugh (2007) data collected and analysed by someone else. Secondary data according to Koziol and Aurthur (2010) saves time and money as some of the data may requires years to gather and may be of higher quality especially government funded researches usually have higher samples. They also argue that sometimes information pertaining study design and methodology may not be provided (Koziol and Aurthur (2010)).

### 3.5 CHARACTERISTICS OF THE STUDY SITE

The study site is Harare and evidence will be drawn from informal metal manufacturers in Mbare Siyaso Magaba as it is the largest informal industrial cluster in Zimbabwe. Map1 below is a Google map of Magaba Home Industries (2013)



Siyaso Magaba is situated in Mbare, a high density southern suburb in Harare. Magaba is loosely translated to tins, a name which is related to high metal activity, and the area is

full of metal fabricators, wood works, hardware vendors and other ancillary activities. The area attracts customers from all over Zimbabwe as it is strategically located near the main and largest bus terminus in the country which links buses to all major destinations in the country.

### **3.6 DATA ANALYSIS**

Quantitative data was analysed using the Statistical Package for Social Sciences (SPSS), whereby it was entered for production of graphs and tables for analysis. Content analysis was used to analyse qualitative data. The researcher selected themes which were used for data presentation, then classified and grouped data into the themes for analysis.

### **3.7 ETHICAL CONSIDERATIONS**

The researcher was aware of the need to seek an informed consent from all respondents, including the Ministry and Local authorities. A stakeholder workshop was held before the survey commenced. Present in this workshop were informal metal manufacturers, local authority officials, ministry officials and other interested stakeholders. The purpose of this workshop was to introduce stakeholders to the project, make them part of it and setting various research agendas. The researcher further went on to apply for permission to undertake research to the relevant officials. Questionnaires were conducted to those who agreed and the researcher made it clear it was for academic purposes. The researcher also asked for permission to record during interviews and would do so only if respondent agreed. Feedback will be provided to all respondents who requested to receive a copy of the thesis when it is complete.

### **3.8 LIMITATIONS OF THE STUDY**

The researcher faced more challenges during the survey due to the nature of activities at Magaba. The welding machines produce a lot of noise and the researcher and respondent had to shout in order to be audible, which attracted attention from neighboring manufacturers who would then surround and ask questions during the questionnaire interview. There is not much space for sitting down in the shades which are used by the manufacturers hence the researcher and respondent would do research standing on the pathway such that there were many obstructions as people and goods (such as push carts full of doorframes, furniture and scrap metal). Many electric wires are not properly covered hence the researcher had to wear protective shoes so as not to risk harm.

### **3.9 CHAPTER SUMMARY**

The researcher used both qualitative and quantitative means to gather data. Interviews, observation and secondary data were used for qualitative methods whilst a survey was carried out to gather quantitative data. The respondents were selected using both random and purposive sampling techniques. Data was analysed through content analysis and use of the Social Science Statistical Package. Ethical considerations were taken and the researcher sought an informed response before interviews or questionnaires.



## **CHAPTER 4**

### **PRESENTATION OF FINDINGS**

#### **4.0 INTRODUCTION**

This chapter centres on research findings on policy makers' and bureaucrats' perceptions on the informal sector, in terms of the following areas;

- Economic contribution
- Livelihoods contribution
- Organisation
- Sustainability
- Its use of workspace

Most respondents on perceptions mentioned the need for formalization hence there is a theme which dwelled on formalization perceptions.

The basic argument on the perceptions is that policy makers' and bureaucrats' perceptions on the sector are negative. Policy makers in this study were comprised of councillors whilst bureaucrats comprised of the MMSMECD officials and Harare City council's Department of Housing and Community Services and Urban Planning Services Department officials.

#### **4.0.1 POLICY MAKERS' AND BUREAUCRATS' PERCEPTIONS ON THE INFORMAL SECTOR**

From the study, two interesting but contrasting perceptions have emerged namely the perception that the informal sector that the sector is vital in terms of economic and livelihoods

contribution and that which states that the sector is disorganised and the country cannot operate under an informal economy because it does not contribute to corporate taxes.

#### **4.1 ECONOMIC CONTRIBUTION**

From four interviews held, two from the City of Harare and the other from the Ministry of MSMECD, the informal sector was described as very vital in terms of its contribution to the economy. The Assistant Director (Housing Department and Community Services, City of Harare), said,

*“...the informal sector is the only panacea to the problem Zimbabwe is going through in terms of employment.”;*

The other policy officer (research and policy MMSMECD) used a mixture of English and Shona slang as he said,

*“They drive the economy; they set the centre stage of the economy, ana Musiyamwa ndovarikufambisa zvinhu (Loosely translated as the English statement above).*

Probed for the reason why he said they are setting the centre stage of the economy the young officer said it is contributing more to the economy compared to the formal sector in terms of employment and Gross Domestic Product.

Another incoming Councillor, who had just been elected into office for the first time and full of energy, who also runs his own small enterprise in pneumatics said that

*The sector is important and that even though they don't directly pay corporate tax, they contribute indirectly because through value added tax when they buy raw*

*materials from formal industries and also spend most of their money in the formal sector.*

Director of Research and Policy in the Ministry was even more emphatic about the position of the sector in relation to contribution towards national economic stability, saying

*The sector is very vital, it is the reason Zimbabwe did not crumble to its knees during the economic meltdown*

City of Harare's Housing Department and Community Services Director, who is situated in final policy formulation of the city, however was of a contrary view that,

*Even though it is integral and contributing to the economy, the country cannot operate under informal economy as it does not contribute to taxes which may financially cripple the government if that was the case.*

He therefore sees the sector's contribution as insignificant in terms of economy building.

#### **4.1.1 Evidence from the informal sector**

According to the FinScope survey (2012), carried out by the Ministry of MSMECD, the informal sector has an estimated turnover of US\$7.4 billion, a figure underestimated by 35% as only 65% reported turnover, meaning that the figure could be higher. Table 3 below shows the estimated turnover of the informal sector.

**Table 3. Estimated turnover for 2012**

sector	Turnover (US\$)
Manufacturing	564 million
Retail	3.3 billion
Agriculture	1.9 billion

Mining	234 million
Other businesses	811 million
Services	539 million
total	7.4 billion

Finscope survey (2012)

The manufacturing sector had a high estimated turnover of US \$564 million but however these people do not use formal banking institutions according to the Director, policy and research in the ministry, such that accounting is difficult.

#### **4.1.2 Resultant policy action**

The Ministry of MSMECD does not have a working policy as the old document expired in 2007 and the new draft policy is yet to be approved; the Ministry has in its draft policy plans to improve the financing of the sector. According to the draft policy

*“The Ministry shall facilitate access to funding and creation of financial intermediaries to cater for the needs of MSMEs. Measures will be taken to increase the capacity of identified financial institutions participating in the development of MSMEs. Issues of gender mainstreaming and flexible collateral instruments will be imbedded in the lending programmes.”*

The incoming councillor believed that the sector should be financed because currently the sector is contributing more to the economy and employment compared to the formal sector.

#### **4.2 ORGANISATION**

The informal sector according to a Research and Policy officer, who was very emphatic, said,

*The people in the sector (operators) are not organised themselves, they are not coordinated hence cannot put across their issues properly”*

He explained that they do as they like, when they like and do not have or conform to set standards of operation and they generally don't have order. He went on to explain that whatever government efforts put in place to address challenges for the sector will be difficult to implement because of their lack of organisation and coordination. They are also difficult to control because some of them are not recorded, registered or licenced.

An incoming councillor, who seemed to believe in the sector, showed disappointment as he said,

*“Individual enterprises are not organised, the sector as a whole is not organised.”*

According to the councillor,

*most of them do not join MSMEs Associations, and there is a lot of ‘illegal’ subleasing, for instance, owner of a workspace usually subleases his/her workspace to two or three more people who are not know or recognized by the local authority. Sometimes they operate as a family on a workspace yet each individual on that workspace is an independent business entity, thus 5 workspaces may actually be holding 10-15 business units such that maintaining order is such a scenario is difficult, which makes the Local authority’s records inaccurate and such that it ends up planning for less than the actual numbers.*

#### **4.2.1 Evidence from the informal sector**

Despite these views by on organization of the sector, the researcher observed that the manufacturers are organised in their own unique way, a way different from the policy

makers' and bureaucrats' idea of organisation, which the policy makers find difficulty in understanding. They are organised in line with social capital ties such as religious ties, friendships and other kinship relations. They have informal micro finance institutions which are well administered, benevolent funds meant for funerals and other problems which maybe faced by members and even sports teams such as soccer teams, all based on trust.

Firms in the informal sector also conform to set standards of remuneration, training and apprenticeship and record keeping. From the follow up interviews operators were asked how they remunerate their employees. Most of the informal sector enterprises offer salaried wages per week/ two weeks or a month. Some of them divide profits amongst employees such that the owner may get 40% of the profits whilst the employees share the remaining, given their numbers. These operators also conduct training and apprenticeship and table 4 below shows how the informal sector operators acquired their skills

***Table 4 Enhancement of Skills in the Informal Sector***

Ways of Enhancing Skills	Frequency	Percentage
On the job training	171	93.95
Going to College	11	6.04
Total	182	100

Most of the operators as shown above were taught and trained in the sector. From the informal discussions, most of them pointed that they even trained students from formal institutions and claim that their training is even better than that from formal companies because, there is a lot of specialization in formal companies such that one may spend his/her

working career procuring raw materials, whereas in the informal sector they train from design, procurement, cutting, welding up to marketing of the finished product. Informal sector operators also have invoices and keep financial and procurement records

#### **4.2.2 Resultant policy action**

Policy makers have in the past sought to restore order in the sector. In 2005 they embarked on an operation called Restore order/ Murambatsvina. This operation saw the demolition of property and destruction of equipment. . Due to the economic meltdown, policy makers and bureaucrats are recognising the role of the sector in livelihoods and economic contributions and therefore intend to encourage the sector to organise itself and join informal sector associations. According to the new draft MSMEs policy

*“The Ministry will encourage MSMEs to form organised business and to adhere to the laws and regulations that govern the labour market in Zimbabwe. The Ministry will facilitate, support and encourage MSMEs to adhere to corporate governance and business ethics principles and guidelines. Good governance and standards of excellence will be critical for all sectors of the economy. Individual MSMEs will be encouraged to develop their codes of conduct and ethics to guide their operations.*

*“Entrepreneurs will be encouraged to establish sector focused Associations and/or affiliate to Zimbabwe Chamber of SMEs, Zimbabwe National Chamber of Commerce (ZNCC), Confederation of Zimbabwe Industries (CZI) and Zimbabwe National Chamber of Mines (ZNCM) among others to facilitate networking and access support packages targeted to the sector.”*

### 4.3 LIVELIHOODS CONTRIBUTION

A municipal councillor said,

*The people are affording a decent life, and providing basic needs for their families.*

And another councillor also said

*It makes Zimbabweans' lives meaningful and we cannot run away from it.*

The new draft policy also acknowledges the sector's contribution to livelihoods as it also says, “

*The sector has in recent years, assumed greater prominence as a source of livelihoods through the absorption of retrenchees from closing companies, school leavers, youth, women and those with disabilities.”*

A female research and policy officer who impatiently interrupted her colleague's interview said, in English and Shona,

*Generally yakabata upenyu hwevanhu...” (Loosely translating to it is holding people's lives)*

She explained that the informal sector is where most of the poor people go as they can negotiate prices and even get custom made goods and that the sector has provided employment to most of the people in the country.

This implies without this sector most of Zimbabweans lives would be in a state of emergency in terms of poverty and hunger. They see the sector as being the source of livelihoods for most Zimbabweans and right now as the only way for most of the people who could not afford to provide basic needs for their families. The bureaucrats called the businesses ‘necessity and needs driven therefore becoming livelihood sustenance businesses.



### 4.3.1 Evidence from the informal sector

According to the informal sector FinScope survey (2012), 2.8 million Small businesses employ 2.9 million people hence 5.7 million people, excluding their families and dependencies are directly benefiting from the informal sector.

The sector also largely supports households and from the survey carried out, the operators indicated that households were their main customers as shown in table 5 below.

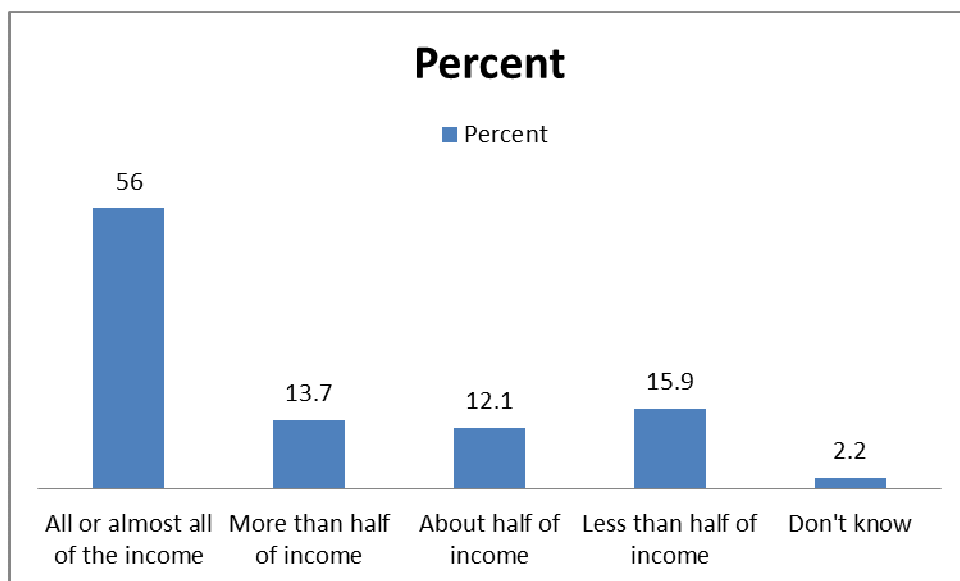
**Table5 Rank of households as customers**

Rank/position	Frequency	Percent
1	138	75.8
2	30	16.5
3	10	5.5
4	3	1.6
5	1	0.5

75.8% of the operators ranked households as customers on first position, 16.5 on second position, 5.5 on third position and 1.6 on fourth position.

Operators (metal fabricators) were also asked the proportion of their household income which came from their current trades and most indicated that that almost all of it as shown in figure1below.

**Figure 1 proportion of household income from business**



56% claimed all of their income came from the informal sector businesses, whilst 13.7 said more than half of the income is from the sector and the rest claimed about half or less.

#### 4.3.2 Resultant policy action

In respect of the above perceptions, the Ministry was set up for supporting the sector and the draft policy plans to support informal sector growth which will in turn enhance people's livelihoods.

According to the policy

*“The main thrust of this policy is the development and growth of MSMEs in all sectors of the economy. Emphasis will be on the sustainability and growth of existing and the creation of new and sustainable micro, small and medium enterprises...”*

#### 4.4 SUSTAINABILITY

The sector is viewed as very fragile in terms of growth mainly because the businesses are not growing or maturing into larger entities. According to the Director, research and policy,

*The sector is very fragile such that sustainability cannot be guaranteed.*

He gave two main reasons; firstly, it was because,

*most of them joined the sector because they could not find formal employment and once that opportunity comes up, most of them will abandon the sector and secondly because the businesses are not growing or maturing into larger entities due to the horizontal growth evident in the sector, that is, profits realised in a business are not used to expand that business but it is however used to start a new business, or injected somewhere else.*

The following illustration was given by the Director, research and policy in the MMSMECD

*The operator makes profits as a metal fabricator and instead of buying more machinery and equipment to expand the business; he gives the money to his wife to start cross-border trading.”*

In this case the sector is viewed as one that does not last, a temporary sector which will collapse if the formal sector rises.

#### **4.4.1 Evidence from the informal sector**

Evidence from the survey however shows that a number of operators' families have been in business for more than 10 years and have been fully dependent on the sector. Some even joined the sector because they saw a profitable opportunity in the sector, not necessarily that they had no choice and this implies that these people are willing to stay in the sector, even if the formal sector rises. Figure 2 shows % levels of the reasons why operators joined the sector.

#### **Figure 2. Choice of trade**



14% of the manufacturers joined because their parents were in business, 19% were also taken up by a relative in business, 8% joined because there were too few wage opportunities, 46% saw a profitable opportunity and decided to act on it whilst 13% had no better option than to join the informal sector.

#### 4.4.2 Resultant policy action

The policy makers according to the draft policy from the MMSMECD, intends to address this by

- Strengthening the already existing development momentum and zeal in the sector towards poverty reduction, economic growth, empowerment and employment creation; and
- Ensuring socio-economic and environmental sustainability.

#### 4.5 USE OF WORKSPACE

The Assistant Director, (Housing and Community Services Department), argued that some of the operators abuse their workspaces. These are owners who have been in the sector for more than 10 years, but still own workspaces though they are no longer operating on them and don't surrender them to the city council, instead they rent them out and owners who are working on their workspaces and at the same time are sub-renting them at exorbitant prices. The Assistant Director said,

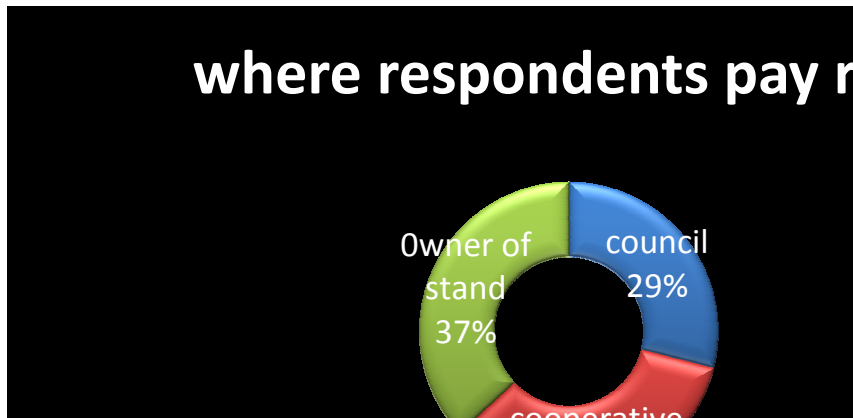
*the hurdle is that they don't grow big because they want zvemahara (things for free), they are mean, they don't want to spend, they are selfish, they don't want to let go whilst others are in need, they milk others.*

These informal sector operators are viewed in contempt by authorities as they are seen as abusing their workspaces and disadvantaging others.

#### **4.5.1 Evidence from the informal sector**

Figure 3 below shows the recipients of rent money paid by informal metal manufacturers at Magaba Mbare.

#### **Figure 3 where respondents pay rent**



From the survey carried out, the operators where asked to whom they paid rent to and the results showed that most of the operators are not the ones paying rents to the local authority as should be the case.

37% of the operators pay to the owner of stand, 34 %pay to a cooperative and 29% pay to the council. The operators where not willing divulge the identity of the rent recipients and some of the manufacturers did not even know but only paid rent to a middle-man. It seemed however as if these owners were not informal sector operators but individuals owning stands for subleasing and even subdivide to those who wanted to operate on them

#### **4.5.2 Resultant policy action**

According to the deputy director, Urban planning services, the City finds itself in a tricky position regarding land for the informal sector, because a lot of formal sector industries hold title to land which is currently not being utilized as most of them shut down. These are the same industrial areas suitable for the informal sector but however inaccessible because they are already owned.

In the draft policy however, the Ministry intends,

*to facilitate the provision of serviced land, business premises and continue to improve and expand the physical infrastructure and utilities in collaboration with local authorities, private sector, MSMEs and development partners.*

#### **4.6 FORMALIZATION**

The sector is also perceived as a stepping stone towards formalization. According to the Assistant Director Housing and Community Services, the informal sector,

*should not be the ultimate goal but a stepping stone to the goal, you get into it, you operate and move out and be big then become formal, within 5years move out of Magaba.....start in Mbare for instance, producing building materials, then years later be like Turnall, out of Mbare and give room for others”*

This means that the sector should be an engine for promoting economic development and should graduate into formal industries. The sector is, according to the Director Housing and Community Services, the engine for promoting local economic development.

The City of Harare, Department of Housing and Community Services has this view embedded into policy. According to the Harare Markets and Home Industries Policy,

*“Home Industry beneficiaries shall be placed on a three-year Incubation Period after which they shall graduate into bigger business ventures in the industrial site, meanwhile a one-year renewable Lease Agreement shall be in force.”*

Policy makers are viewing the sector as a pathway to the formal sector but however there is need for financial and institutional support if this is possible.

## **4.7 CONSULTATIONS FOR INPUT INTO POLICY**

This theme presents findings for the second objective which inquires on the informal sectors' input and participation in policy making .

### **4.7.1 Consultation process**

There are several starting points for policy making in the Ministry of MSMEs which are, evaluation of old policies whereby policy makers evaluate and review an old policy and input changing them to produce a new policies; research by Research and Policy officers and finally policy proposals from rate payers or inhabitants coming through the councillors

Consultations by the Ministry takes place in three stages. The consultations at district level are open to the public and concerned organisations in the district. The informal sector is represented by organisations such as the Informal Traders Association, Zimbabwe Chamber of Small and Medium Enterprises and Zimbabwe Association of Microfinance. Views and comments for each district are recorded and compiled to account as the respective districts' viewpoints. At provincial level consultations are open to district representatives, informal sector groups and associations and interest groups. Comments and contributions will be compiled for presentation at national level, which is the last stage for consultations. Input from the consultations is deliberated and considered for input into policy. Despite the three consultation workshops there are no major participatory platforms set aside for consultations and dialogue between the policy makers and the informal sector.

The consultations are one of the most important stages in the policy making process. The Director of policy and research said that, the ministry mainly consults the informal sector operators via their Associations which represent them. Informal sector organisations such as the Small and Medium Enterprises Association, had the 2013 goal of increasing membership up to 10 000 out of an estimated 5 7 000 000 people (Finscope survey, (2012) in the informal



sector. If they manage to get a 10 000 membership, they will only be able to represent 1/5700 of the operators, a number which is far from presenting a true picture of the whole.

Political issues however hinder policy consultations. The researcher attended the Ward 4 budget consultative meeting in Mbare. The District Officer (DO) and the people at the budget consultative meeting, made it clear that councillors were there but they (the people and local authority) had either denounced /refused to work with them (councillors) because they belonged to the opposition party or the councillors did not perform their duties

One of the councillors in Mbare was not aware of their role in policy making as they insisted that their main duty is to monitor service delivery by the local authority. He maintained their main duty was to move around and check if refuse is being collected, and if residents are satisfied with services being delivered, if not then they liaise with the local authority.

From covert participant observation done during the budget consultation forums, it was gathered that, in Mbare ward 4 the outgoing councillor who belonged to the country's opposition party Movement for Democratic Change Tsvangirai (MDC T), faced opposition at Magaba area (which is mainly ward 4) which is safe guarded by a popular group Chipangano, made up of Zanu PF youths. At the budget consultative meeting the District Officer (DO) mentioned that the previous councillor had said that he was being harassed by this group such that he could not work with the people in the ward. In the meeting they (DO, Members present) kept on repeating these words,

*We didn't have councillors but now we have them/ now that we have a councillor we are going to make sure that we put things in order*

The DO implied that the local authority had not been working with the outgoing councillor, and the councillor was also not working with the people and this hinders effective policy consultations.

A report is then compiled, made into policy and sent to cabinet for approval. The Ministry implements the approved policy together with the City of Harare but however, there is lack of coordination and resources to implement these policies which end up being wish lists.

According to a policy and research officer in MMSMECD,

*“The sector is crosscutting and there are so many pieces of legislations which are coordinated from different organisations and points of view and implementers...”*

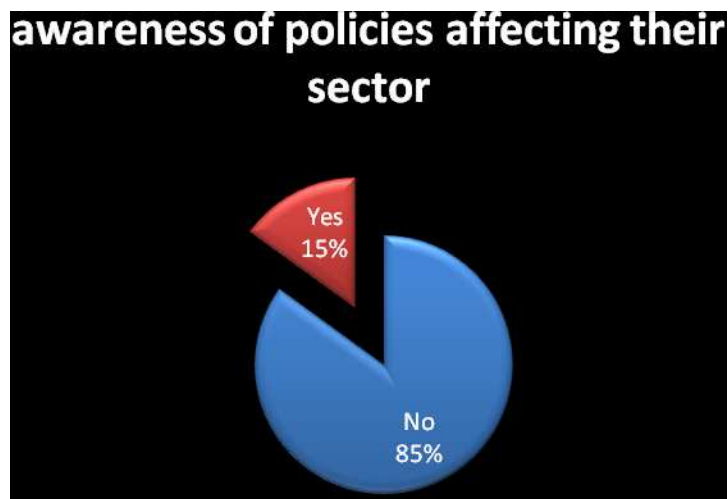
The Ministry is therefore responsible for compiling such pieces and harmonise them into one document. Policy decisions in such a scenario are left mainly to the policy makers.

#### **4.7.2 Evidence from the informal sector**

Manufacturers were asked several questions which sought to gather whether they participated in policy making.

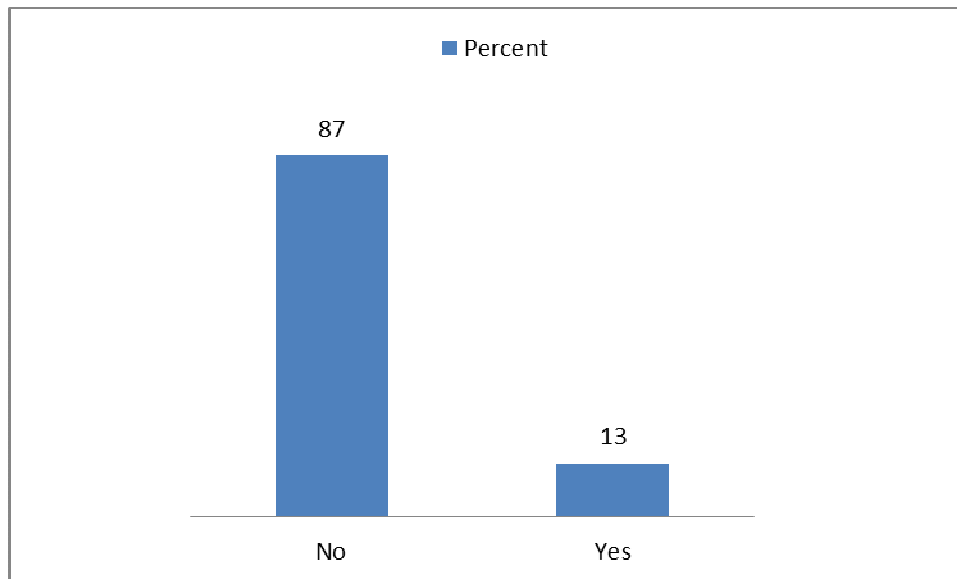
Asked whether they were aware of any policy governing the sector 85% of the manufacturers did not know of any policy and the 15 % who knew talked of regulations such as prohibition of constructing permanent structures, paying rents on time and not littering the area. A few talked of wearing protective clothing as policy and there was no mention of the MSMEs Policy and Strategic Framework. Figure 5 below shows percentage of operators who know of any policy governing their sector.

**Figure 4. Knowledge of policies**



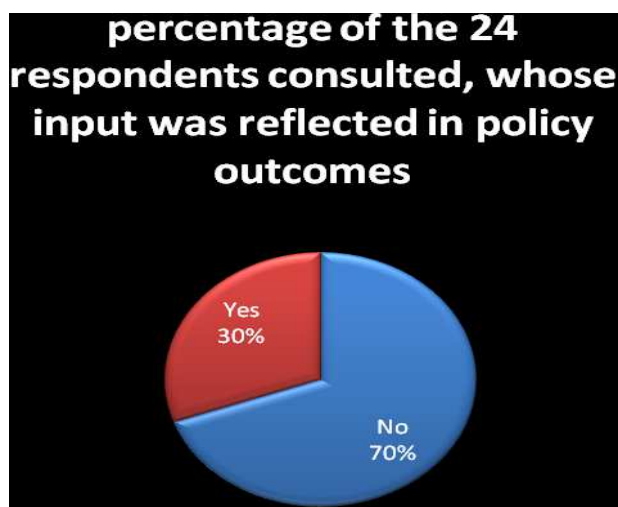
The manufacturers were asked whether they have ever been consulted in policy formulation and figure 6 shows that 87% said they have never been consulted whilst 13% said they had been consulted. Most of them were consulted on rates issues.

**Figure 5. Manufacturers consulted**



The following pie chart (figure 7) shows percentage of the Manufacturers’ whose contributions were reflected in “policy” outcomes.

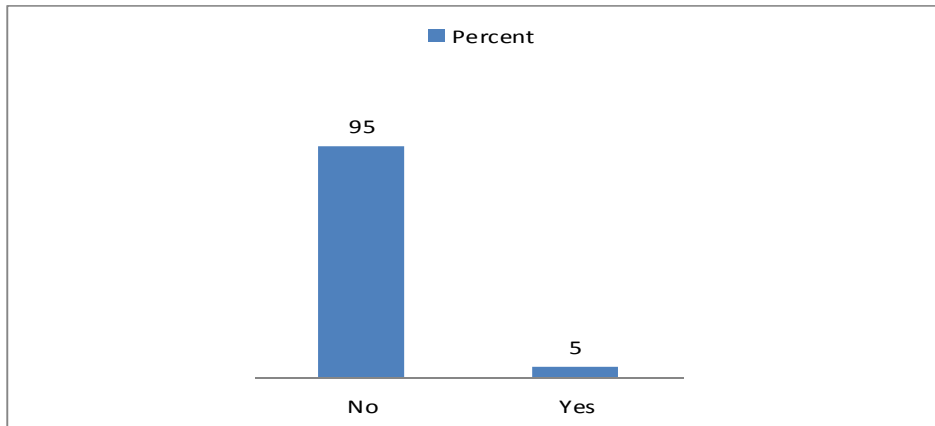
**Figure 6. Reflections in final policy**



30 % have maintained that their input has been reflected in policy outcomes and 70% said that their input has not been reflected into policy.

Manufacturers were also asked if they were a member of any organisation.

**Figure 7 Manufacturers affiliated to an organisation**



95 % of the respondents said they were not affiliated to any organisation, whilst 5% were affiliated to an organisation. From the informal discussions it was gathered that the informal sector operators no longer trust organisations which come to them because previous experiences with such organisations have not been fruitful such that they no longer want their time to be wasted.

#### **4.8 CHAPTER SUMMARY**

Policy makers and bureaucrats perceive the informal sector as a major contributor in the survival of the people and economy of the country but is however unorganised such that government efforts will not work if the sector remains so. They also view the sector as a pathway to formalisation. There are several policy plans to improve the sector's performance such as supporting finance institutions for the sector and encouraging them to be organised. Evidence from the informal sector has confirmed that the sector is vital in terms of its contributions and however shown that the sector is organised.

## **CHAPTER 5**

### **DISCUSSION OF FINDINGS**

#### **5.0 INTRODUCTION**

The chapter centres on a discussion of findings presented in the previous chapter.

#### **5.1 THE CONTESTATION OF POLICY MAKING**

Zimbabwe's policy problematic seems not to be inappropriate policy formulation and pronouncements but contradictory implementation. As this thesis is being written (December 2013), a blitz on the poor and homeless is going on in peri-urban Harare. Informal businesses are also destroyed. In view of the indigenization and youth empowerment policies it is difficult to understand why. Why do state apparatuses take draconian measures against these people in contradistinction to their pro-poor policy pronouncements? Current scenario negates the partisan explanation that has been advanced by scholars so far. If it was retributive violence against MDC opposition supporters as argued by researchers and NGOs in 2005 Murambatsvina, how can this theory hold under overwhelming ZANU PF win in the July 2013 polls? It does not withstand sustained interrogation. Sadomba's (2008, 2011, and 2013) argument of class politics seems logical and congruous to practice.

The fact that policy is a contested terrain is clear from the contradictions of policy makers who determine informal sector manufacturing. There is division amongst the policy makers who include local authority staff, the city fathers and civil servants. For example some consider the sector to be the virtual economy, pulling Zimbabwe through difficult period of sanctions, flight of settler capital and hyperinflation. But others see it as a weak and vulnerable sector which can only function in the absence of the formal economy. These

contradictions in perception are difficult to judge until one examines what actually happens on the ground.

Protagonists and antagonists of the sector are not easily distinguishable because there appears to be general consensus on the importance of the sector and the need to sustain it. From the interviews held with policy makers more seemed to support the sector than those who opposed it. However informal sector players themselves see policy to be against them. There are a number of reasons for this.

One reason for the gap between what policy makers say and claim to perceive and what the sector experiences could be poor communication between the two sides. Policy makers reach the sector through recognised associations which do not seem to disseminate information or to well represent the bottom of the pyramid. Structures used by the informal sector effectively are not associations which policy makers try to force on them. Political structures, family and traditional structures are used more than the modern structures of social and labour organisation. As such communication break-down results from use of modern structures.

Another reason is that policies are lacking sincerity on the part of the makers. If they were sincere in supporting their perception of the sector why then do they use draconian measures in dealing with the struggling sector? Another explanation could be that policies are mere rhetoric. Policy makers talk left and walk right and the question which arises is that do they mean well?

It is a paradox that more policy makers seemed to perceive the sector as important and resultant policies are positive yet still the policy implementation is the opposite. Official policy is successfully negated by a few with opposing views. How is this undemocratic

decision making possible in the local and central government? The answer seems to lie in the dynamics of power. Where power is concentrated at the centre decision making process is not democratised. The centre sets the pace and dictates the outcome. This could be the logical explanation of Murambatsvina and the deafening call for foreign direct investment to resuscitate formal industry with no plans to empower local informal industry.

## **5.2 SOCIAL ORGANISATION OF THE INDUSTRY**

From the findings, it is evident that there is a difference, in understanding of the term organisation between the informal sector and bureaucrats and policy makers. They see a disorganised sector and the reasons could be that for the policy makers, to be organised may be to, follow certain preconditioned procedures, probably western defined organisation procedures. Procedures which sets up from the type of dressing for all activities, time for lunch, time for breaking, working hours, arrangement of firms into associations, how they express themselves to how the industry as a whole should function. For the informal sector, to be organised is to configure itself in a way that does not complicate procedures , to build support mechanisms and relationships amongst itself based on trust, that ensure protection against outside elements.

Their own self-made associations and organisations are organised in such a way that there are those responsible for benevolence purposes, micro finance, security and other social issues, all binded by close interactions and trust between members. There are no laid down procedures but they are embedded morally and socially as they interact just as in the Shona culture, it is not written anywhere that a child must respect and greet their elders but every child knows that they should greet their elders. This reflects the social structure and patterns of relationships in the Shona culture which are binded by social capital.



Policy makers and bureaucrats view the sector as not only disorganised but difficult to organise and control yet most of the people in the sector are educated up to secondary level, with a few who have attended tertiary education. Such education levels imply that these people know how to organise themselves, however in ways that suit their functions. As presented in the findings, the sector is organised in its own unique social way, and also recognise formal ways of financial record keeping and remuneration. This then implies that the policy makers and bureaucrats do not have a full understanding of informal sector organisation.

The informal sector presents opportunities for industrial reconfiguration, a configuration defined by local parameters as opposed to western parameters which have been used to characterise and define the informal sector enterprises, for instance, the sector is defined as a micro, small or medium enterprise by the ministry because it has less than 5 employees (for micro), less than 15 (for small) and up to 40 (for medium), yet most of the local, formal and 'large companies are employing less than 30 people.

This definition does not suit Zimbabwe's industry and the informal sector presents an opportunity to reconfigure the industry according to local situations as it is still in its infant stages. The country's industry has transformed into smaller fragments as opposed to huge industrial hubs, and these fragments are the informal sector such that instead of viewing the sector as a stepping stone towards formalization, but the sector could be viewed as a learning ground and opportunity for Zimbabwe's industrial configuration.

### **5.3 ROLE PLAYED BY THE INFORMAL SECTOR**

The policy makers and bureaucrats acknowledged the informal sector's role in terms of economic and livelihoods contributions. It is now the major employer, not only in the country but in most developing countries, and in turn being relied on by most of the poor households

in such countries. Not only does the informal sector support operators and their families, they also support low-income earning groups as they provide affordable goods and services. As indicated in findings, households dominate the informal sectors' customer base and this is because of the quality and type of service provision in the sector. The sector offers custom designs, negotiation on prices and cheap repair services.

It is evident from the findings that the informal sector has now become Zimbabwe's industry and this should be reason enough for policy makers to put in place infant industry protection policies, to indigenize the economy and stir local economic development and ensure sustainability of the sector, as well argued by Chang (2002) in Kicking away the ladder. Most of the developed countries such as Britain and USA used protective policies to achieve industrial growth but on the contrary they prescribe neo-liberal policies of opening up economies, to the detriment of developing countries. Zimbabwean policies ironically fall into this trap. They banned imports of finished products and exports of raw materials and ensured that the infant industries made all the productions needed. Policy makers and bureaucrats however maintain that the sector cannot be protected as this introduces retaliatory measures. They perceive the sector as an economy which does not contribute to tax hence they need these informal sector enterprises to formalize so they contribute to taxes. By formalizing the informal sector players are tied to the rules of business prescribed by international capital.

## **5.5 VULNERABILITY OF THE INFORMAL INDUSTRY**

The policy makers and bureaucrats alluded to the unsustainability of the informal sector because they do not inject profits into their enterprises for the growth of the business but

however move to start another informal sector business which also does not grow. It is however the risks associated with operating in the informal sector which influences such behaviour. The informal sector operators are operating in a risky environment; hence they have adopted several survival tactics in order to dodge the threats to their survival. Informal sector operations are vulnerable and not protected by the law but usually found on the opposite side of the law.

Spreading the risk therefore becomes a survival strategy such that if one of the operations is closed down, another will remain as these are different businesses. The City of Harare has a vision of being a world-class city by 2015, and in such a vision the future of the informal sector is bleak. The sustainability of the informal sector, from this angle however cannot be guaranteed, and there is no guarantee that 'clean up' campaigns such as Operation Restore Order will not happen again. Such 'clean up campaigns' have been carried out against the informal sector by other African cities, for instance the Lusaka City Council, according to Potts (2007) embarked on a mass clearance of the informal sector in the city which then spread to the Copper belt and other towns. In April 2006, the Malawian government, according to Potts (2007) also imposed a 'clean-up' campaign in its towns, which targeted the informal sector. This attack of the sector by authorities is a common habit such that the informal sector operators will keep on spreading the risk so as to minimise losses if the law strikes again.

## **5.6 POLICY MAKING FOR THE INFORMAL SECTOR**

Policy input from informal traders is determined by their level of participation in the policy making process. There were two contradicting responses in terms of consultations, as policy

makers and bureaucrats argued that they consult the informal sector, whilst the majority of the informal sector is said it is not consulted.

Several reasons can be given for the two very contradicting responses

1. the manufacturers were not being honest
2. the policy makers and bureaucrats were not being honest
3. the message or call for policy consultations was not being communicated effectively, which questions the methods of communication used
4. The Ministry said it communicates via Associations which represents the informal sector hence these associations may not be reaching out to the manufacturers effectively.
5. Informal sector organisations such as the Small And Medium Enterprises Association, with the 2013 goal of increasing membership up to 10 000 out of 5.7 000 000 people in the informal sector ; are responsible for representing the sector yet membership is very low hence only a few get to contribute to policy or be represented in policy making.

If reason 1 is correct then there are no good relations between the Ministry and the people it represents as they are not satisfied with the consultations such that they disregard them and if reason 2 is correct, one can say the Ministry is using top –down approaches in policy making. The most probable reason however may be reasons 3, 4 and 5.

The current draft policy was crafted when the previous councillors were still in power and with the above mentioned situation, participation and representation of the people by key personal in policy making was minimal.

As presented in findings, informal sector operators had no knowledge of policies governing their sector and this points to lack of interaction between the ministry and the sector as it should inform and educate the sector on such issues. It seems that the operators however interact more with the local authority as displayed by the awareness of local authority rules and regulations.

Input is therefore minimal or non-existent as most operators are not aware of the policies, and claim they have never been consulted in policy making.

Several factors usually influence policy outcomes, for instance

- pressure and interest groups demanding certain outcomes;
- a solution to an existing challenge such as lack of infrastructure and a restrictive legal environment;
- needing to be in line with other vision and objectives of the country, city or ministry;
- perceptions of the policy makers and bureaucrats on the sector
- Political issues and agendas at play

Given the absence of the voice of interest groups making noise for policy outcomes, perceptions of policy makers and existing challenges, have the most impact on policy decisions.

## **CHAPTER 6**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **6.0 INTRODUCTION**

This chapter concludes the thesis. To recap the chapter begins with the summary of the main findings before making recommendations and winding up with conclusions.

#### **6.1 SUMMARY OF FINDINGS**

Policy makers and bureaucrats acknowledge and recognise the contributions of the sector to the people's livelihoods and the economy of the country but they however feel that the sector is not organised and is difficult to control. They also perceive the sector as unsustainable and do not see most of the operators remaining in the sector if they are given an opportunity elsewhere; they call it needs/necessity driven. Policy makers also view the sector as a temporary sector, which is meant to usher an enterprise into a formal firm, the operating time in the sector being 5 years and below. In terms of the sector's input into policy decisions, very few informal sector operators have been consulted in policy making and most of them were not aware of any policy governing their sector. The operators are encouraged to join associations as these will represent them in policy making issues but however most of them do not join hence are skipped of important policy issues. Associations which represent the sector have a very low membership hence are not able to represent the voice of the sector. The policy makers have maintained that they consult the informal sector operators who are also maintaining that they have never been consulted. Political issues are at play in informal sector locations and greatly affect policy making processes. Informal sector operators do not have much influence on policy decisions; together with their organisations hence policy makers have much of the influence in policy outcomes.

## 6.2 CONCLUSIONS

From the research and experiences gained during the research process, the researcher has made the following conclusions; the informal sector is perceived as a cushion against poverty such that when the economy is 'good,' government towards the sector is unsupportive but when the economy is 'bad' the attitude changes to supportive such that; the country's economic situation influences policy makers' perception on the sector. Implementing the new draft policy will be difficult given the lack of resources and financial support for both the sector and Ministry and the challenges of relevant organisations in coordinating and implementing policies. The informal sector associations such as the Informal Traders Association, Zimbabwe Chamber of Small and Medium Enterprises and Zimbabwe Association of Microfinance currently have a low membership which is not significant in representing the sector. Informal sector operators do not have much influence on policy decisions, together with their organisations hence policy makers have much of the influence in policy outcomes such that policy initiatives in terms of MSME policy in Zimbabwe are mainly coming from the Ministry departments, which do not fully interact with the sector.

It is important to remember that policy formulation is but an ideological expression of the ruling class. Policies are instruments fashioned by the state for purposes of governance. In Zimbabwe, the ruling class is an elite led by nationalists who pursue the neoliberal and ideology. This class is therefore pro-capitalist and pro-international capital. In contrast it is also anti-working people and anti-domestic capital.

This dominant ideology shapes perceptions of political leaders and the officials. As a result, in spite of the rhetoric, bottom up initiatives undertaken by the small producers are not

favoured by the state - the bureaucracy and politicians. The sector is therefore trapped in insoluble class contradictions where it is repressed and large-scale capital is promoted.

Zimbabwe's policy making regarding the position of the informal sector is however complicated. The policy itself is far from being clear except rhetorical pronouncements that are, at best not backed by practice and at worst policies are contradicted by draconian measures against the sector. When policy making is divided between the bureaucracy and the policy makers and within the two groups internally, confusion, uncertainty, speculation, corrupt practices and marginalization, reign. These are typical characteristics of Zimbabwe's informal sector as depicted by metal manufacturing.

Even if there are some policy makers and officials who support the informal producers, as this thesis has demonstrated, these are powerless in the face of a neoliberal state. Their perceptions are submerged by the dominant elite views of structuring a capitalist economy. The pro-sector officials and politicians are however left to harp their useless policy tunes only to be silenced by the might of the uniformed forces like what happened in Murambatsvina.

Unless and until unison is established among different players in policy formulation, this sector will continue to be marginalized and economically stifled.

This thesis also demonstrates that policy analysis is shallow if pronouncements are studied without a much deeper examination of ideological linings and resultant perceptions of the



state. Policy pronouncements can just be used a decoy to hide the true perceptions and intentions of the state, as in the case of the informal sector in Zimbabwe. Unless the thin veil of rhetoric is removed the talk left and walk right behavior is difficult to theorize.

### **6.3 RECOMMENDATIONS**

The Ministry, working with relevant stakeholders, may

- Facilitate sectoral changes which are necessary to compliment policy changes such as good management and institutional changes
- Produce all documents especially policy documents, and training modules in vernacular language, especially Shona and Ndebele. Information should also be disseminated in local languages, including during seminars and workshops
- Separate the micro enterprises sector into subsectors, for instance metal manufacturing, wood manufacturing and cross boarder clothing businesses and come up with policies for each of the subsectors, because their concerns are different and put in place field officers responsible for each of the subsectors mentioned above
- Policy makers should frequently visit the informal sector operators and conduct face to face discussions rather than solely rely on reports from district officers and so that they have a better understanding of the sector.
- Monitor activities between associations and informal sector operators, in terms of capacity, information dissemination and member composition

- Avert financial constraints of MSME enterprises (collateral issues) by directing city councils to provide common facilities such as warehouses for bonded-storage of their wares to be used as collateral against borrowing (Financing and marketing development through venture capitalisation) and prioritise the sector and compel procurement from the sector for instance 25% of all Government purchases should be from the sector and encouraging subcontracting in the sector.
- Promote proper record and information keeping for evaluation of performance of businesses in the sector and educate the informal sector on policy, rules and regulations affecting their sector
- Promote industrial hubs for purposes of strengthening small businesses. Government needs to facilitate partnerships of MSMEs with private sector players to allow for mentorship and support of small businesses.

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## APPENDICES

### Appendix 1

#### Operator/Manufacturer and/or Raw Material Supplier Questionnaire 2012

Qsnr No.
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Salutation: \_\_\_\_\_ My \_\_\_\_\_ Name \_\_\_\_\_ is \_\_\_\_\_

I am a student at the University of Zimbabwe. We are carrying out research on the SME metal manufacturing industry in Zimbabwe. Our goal is to influence policy making with a view to develop capacity and promote industrialization from the grassroots. I thank you for your cooperation. For further information, please contact **Dr. W. Z. Sadomba** on **0772 996 372**

#### SECTION A: ADMINISTRATIVE DATA (To be completed AFTER the interview)

<b>A1</b>	Enumerator's Full Name	
<b>A2</b>	Team	
<b>A3</b>	Enumeration Area	
<b>A4</b>	Date of Interview	
<b>A5</b>	Time of Interview	Start: _____ End: _____

#### SECTION B: BIOGRAPHICAL DATA

	Question	Response
B1:	Gender of Respondent	1. <i>Male</i> 0. <i>Female</i>
B2:	Age of respondent	_____ years
B3:	Race of Respondent	1. <i>Black Zimbabwean</i> 2. <i>White Zimbabwean</i> 3. <i>Asian</i> 4. <i>Other African</i> 5. <i>Other (specify).....</i>
B4:	Marital Status of Respondent	1. <i>Single (Never Married)</i> 2. <i>Married</i> 3. <i>Divorced</i> 4. <i>Widowed</i>
B5:	What is your level of education/training?	1. <i>Never Been to School</i> 2. <i>Primary School Dropout</i> 3. <i>Primary</i> 4. <i>Secondary School Dropout</i> 5. <i>Secondary School</i> 6. <i>Academic College</i> 7. <i>Technical College</i>

		8. Undergraduate Dropout 9. Undergraduate 10. Postgraduate
B6	Number of years of formal education	

### SECTION C: LIVELIHOODS

Question	Responses (CIRCLE AS MANY)
C1. What business are you into?	1. Manufacturing 2. Supply of raw materials 3. Assembling 4. Marketing of finished products 5. Other (specify).....
C1.1 When did you start engaging in this trade(s)?	

C2: Have you changed your trade?	1. Yes 0. No
----------------------------------	-----------------

### IF NO, GO TO C3

C2.1 If you changed what were you doing before entering the metal business?	
C2.2 Why did you make the change?	

C3.	Why did you choose your current trade?	1. Parents in Business 2. Relatives in Business 3. Too few wage opportunities 4. Saw profitable opportunity 5. Had no better options 6. Other (Explain).....
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C4. Are there any other income-earning businesses besides this one that you are involved in?	1. Yes 0. No
--	-----------------

C5. If yes, list them	

### (Ask only if respondent has additional trades/businesses, otherwise Go To C7)

C6	How do these additional trades/businesses support the metal business?	1. Contribute operating costs 2. Used to buy raw materials 3. Supplements cashbook deficit 4. Other (specify).....
----	---	---

C7	Are you affiliated to any organizations that are related to your trade?	1. Yes 0. No
----	---	-----------------

C8	a. If yes, which organisations?	b. In what way do they help you? <i>1=facilitate marketing 2= securing credit 3= legal advice 4=sourcing inputs.....5=policy advocacy 6=other.....</i>
	<b>Organization</b>	<b>Help received</b>

#### SECTION D: SKILLS AND TRAINING

	Question	Responses
D1	For how long have you been in this metal manufacturing industry as (a) Employed and/or (b) Owner?	a. Employed..... b. Owner..... c. Both.....

D2	How many people work in the following categories within your firm?	a. Temporary	
		b. Full Time	
		c. Other (specify).....	

#### IF NO WORKERS, GO TO D4

D3. Indicate level of training of workforce	
<b>Workforce Occupation</b>	<b>Training</b> <i>1=Vocational training 2=On job training 3=Other(specify).....</i>

D4	To operate at full capacity, how many workers in each category are required for the business?	1. Temporary ..... 2. Full Time ..... 3. Other (specify).....
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D5	What is the Source of your skills acquisition?	1. Govt Vocational Training Centres 2. Private Vocational Training Centres 3. NGOs 4. Other informal operators 5. Other, (Specify).....
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D6	In what ways do you enhance and improve on your skills?		
	1. Learning by doing	2. Learning from others	3. Going to a

	college 4. Hiring trainers                      5. Other (specify).....
--	--

D7	To what extent would you say formal education contributed to skills acquisition?	1. Lesser extent 2. Average 3. Greater extent
----	--	---

D8	What challenges are you facing in skills acquisition for your business?	1. Access to manpower dvpt opportunities 2. Limited financial resources 3. Tight work schedule 4. Other (Specify).....
----	---	---

D9	Suggest possible solutions to the challenges above	
----	--	--

D10	Given the economic meltdown of the past decade and collapse of the formal industry, in what ways was your business affected by the collapse of the formal industry?	1=Yes 0=No
	1. Got new tools	
	2. Got skilled artisans	
	3. Increased competition	
	4. Increased market	
	5. Other (specify).....	

D11. List any institutions you know that offer training programs related to your industry	
Institution	Programme

D12. How do you view role played by vocational training centres (VTCs) in providing knowledge and skills to people who are in the metal manufacturing business?
1. Very effective      2. Effective      3. Average      4. Ineffective      5. Useless

## SECTION E: TECHNOLOGY, INFRASTRUCTURE AND ORGANIZATION

E1. Do you design?	1. Yes      0. No
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E2. If yes, where did you learn to design from? ( <b>CIRCLE AS MANY</b> )
1. Training Institution                      2. Relatives/friends                      3. Experience 4. Other (specify).....

E3. Where do you get your current designs from? <b>(CIRCLE AS MANY)</b>
1. Inventions.....2. Copying.....3. Modification.....4. Research councils/institutions 5. Other (specify).....

E4. Indicate ownership status and age of machinery and equipment				
	Ownership			Age
<b>Machinery/Equipment</b>	<b>Own</b>	<b>Rent</b>	<b>Other (share)</b>	
Lathe machine				
Drilling machine				
Welding machine				
Bending machine				
Cutting Machine				
Workbench				
Generator				
Grinding machine				
Painting machine				
Other.....				

**Go to E7 if respondent doesn't own any machinery and/or equipment**

E5. If owner, how did you get the machinery and equipment? <b>(CIRCLE AS MANY)</b>
1. Bought      2. Inheritance.....3. Donation.....4. Other (specify).....

E6. Do you share this machinery with other operators?	1=Yes      0=No
---	-----------------

E7. Since you started business have you changed the machinery that you are using?	1=Yes      0=No
---	-----------------

E8. If yes, why did you change? <b>(CIRCLE AS MANY)</b>
1. Broken down      2. Technological change      3. Product Demand      4. Availability of raw materials      5. Other (specify).....

E9. How do you service your machines?	1. Hiring experts      2. Own service 3. Other (specify).....
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E10. After how long do you service your machinery?	
--	--

E11. What challenges do you face in operating the machinery? <b>(CIRCLE AS MANY)</b>
1. Inadequate skills      2. Accidents      3. Power cuts 4. Other (specify).....

E12. What is the position of the person in the firm who assigns operational duties?
<i>1=Owner      2=Manager      3=Other (specify).....</i>

E13. What is your level of compliance with the following safety, health and environmental (SHE) requirements?	
<i>0=None</i>	<i>1=Partial</i>
Provision of protective clothing	
Adherence to health regulations	
Adherence to environmental regulations	
Other (specify).....	

E14. How big is your work area?	Current Space Area (m <sup>2</sup> )	Required Area (m <sup>2</sup> )	Level of Adequacy
			<i>1. Very adequate 2. Adequate 3. Satisfactory 4. Inadequate 5. Very inadequate</i>

E15. Indicate and rank the sources of energy for your operations?	<i>1=Yes    0=No</i>	Ranking
<i>Fire wood</i>		
<i>Solar</i>		
<i>Gas</i>		
<i>Electricity</i>		
<i>Coal</i>		
<i>Fuel(Petrol/Diesel/Paraffin)</i>		
<i>Other (specify).....</i>		

## SECTION F: RAW MATERIAL SOURCING

F1. Do you get your raw materials through the following channels/sources?	<i>1=Yes    0=No</i>
<i>Import directly</i>	
<i>Wholesalers</i>	
<i>Scrap yard</i>	
<i>Hardware retailers</i>	
<i>Cross border traders</i>	
<i>Specialized supplier</i>	
<i>Other (Specify).....</i>	

F2. Since you started business have you been getting your	<i>1=Yes 0=No</i>
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materials from the same source(s)?	
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F3. If no, why did you change?	
--------------------------------	--

F4. Which suppliers do you prefer to buy from?	<i>1. Suppliers in the formal sector</i> <i>2. Suppliers in the informal sector</i> <i>3. Indifferent</i>
--	---

F5. Do you consider the following factors when buying raw materials?	<i>1=Yes 0=No</i>
<i>1. Quality of goods</i>	
<i>2. Convenience</i>	
<i>3. Well stocked (one stop shop)</i>	
<i>4. Customer care</i>	
<i>5. Other (specify).....</i>	

F6. Do you prefer local or imported raw materials?	
<i>1. Local</i> <i>2. Imported</i> ..... <i>3. Indifferent</i>	

## SECTION G: MARKETING

G1. Do you employ the following marketing strategies?	<i>1=Yes 0=No</i>
<i>Branding</i>	
<i>Packaging</i>	
<i>Advertising</i>	
<i>Pricing</i>	
<i>Salesperson</i>	
<i>Displaying</i>	
<i>Promotions</i>	
<i>After sales service</i>	
<i>Others (specify).....</i>	

G2. Identify and rank your customers according to the revenue that they bring			G3. How often do they buy?
<b>Type of customer</b>	<i>1=Yes, 0=No</i>	<b>Rank (with 1 as biggest customer)</b>	<i>1=Daily 2=Weekly</i> <i>3=Monthly 4=Annually</i> <i>5=Other (specify).....</i>
Individual/households			
Corporates (private sector)			
Government			
Other informal businesses			
NGOs			
Co-operatives			

Other(specify)			
----------------	--	--	--

G4. Identify and rank categories of your products according to the revenue that they bring?	<i>I=Yes, 0=No</i>	<b>Rank (with 1 as greatest earner)</b>
Building materials (e.g. door frames)		
Agricultural Implements (e.g. ploughs)		
Agricultural machinery and equipment (e.g. grinding mills, irrigation accessories)		
Industrial machinery and equipment		
Metal-based furniture (e.g. desks, chairs, etc)		
Tools		
Other (specify).....		

G5. What is the level of competition within your industry?
<i>1. Very stiff      2. Stiff      3. Moderate      4. Fair      5. No competition at all</i>

G6. How do imports compete with local products?
<i>1. Extremely competitive      2. Fairly competitive      3. Competitive      4. Poorly competitive      5. not competitive</i>

G7. How do you view competition posed by the formal sector?
<i>1. Very stiff      2. Stiff      3. Moderate      4. Fair      5. No competition at all</i>

G8. Which period was your metal business most thriving?
<i>1. 1997-2002      2. 2003-2005      3. 2006-2008      4. 2009 onwards</i>

G9. How often do you avail your products to the market?
<i>1. Always      2. Sometimes      3. On request      4. Other (specify).....</i>

G10. Which of the following ICTs do you use for your marketing?
<i>1. Computers      2. Internet      3. Mobile phones      4. None      5. Other (specify).....</i>

## SECTION H: POLICY, PLANNING AND INSTITUTIONAL FRAMEWORKS

H1. In what ways have the following policies and programmes affected your business?				
Policy	Impact on business			
	Increased	Decreased	No change	Don't know



Land Reform (FTLRP)				
Farm Mechanization				
Operation Murambatsvina				
Operation Garikayi/ Hlalani Kuhle				
Indigenization and Empowerment				
Multi-currency System				

H2. For Operation Murambatsvina, in what ways were you affected?

- |                              |  |                                      |
|------------------------------|--|--------------------------------------|
| <i>1. Premise demolished</i> | <i>2. Equipment destroyed in process .....</i> | <i>3. Equipment looted</i>           |
| <i>4. Forced to relocate</i> | <i>5. Not affected</i>                         | <i>6. Order restored in industry</i> |
| <i>7. Business increased</i> | <i>8. Prices reduced</i>                       |                                      |

H3. Have you ever been threatened with relocation from this place?

*1=Yes 0=No*

**[IF NO, PROCEED TO H10]**

H4. If yes, why were you threatened and by who?

*Reason.....*  
*....*  
*By*  
*who?.....*

H5. In the past, how many times have you been relocated/displaced from your place of work?

H6. If yes, why were you evicted and by who?

*Reason.....*  
*.*  
*By*  
*who?.....*

H7. How have the relocations affected your business?

- |                                  |                                 |                            |
|----------------------------------|---------------------------------|----------------------------|
| <i>1. Increase in production</i> | <i>2. Decline in production</i> | <i>3. Income reduction</i> |
| <i>4. Income increase</i>        | <i>5. Reduction in market</i>   | <i>6. Market growth</i>    |
| <i>7. Other (specify).....</i>   |                                 |                            |

H8. Did you receive support in your relocation process?

*1. Yes 0. No*

H9. If yes, from who?

H10. How did you acquire the land/property you are using as your business premise?
1. Allocated by Govt      2. Allocated by political party      3. Leasing/renting 4. Inherited      5. Purchased      7. Self-allocation.....8. Other (specify).....

H11. How suitable are these premises for your business?
1. Very suitable    2. Suitable    3. Reasonably suitable    4. Unsuitable    5. Very unsuitable

H12. Before you came here would you have chosen or preferred some other location besides this one?	1=Yes      0=No
--	-----------------

H13. If yes, where would that be?	
-----------------------------------	--

H14. What problems did you face in securing your workplace? ( <b>CIRCLE AS MANY</b> )
1. Limited places      2. Inadequate finances.....3. Stringent land/stand acquisition policy 4. None      5. Other (specify).....

H15. What is your level of satisfaction with the positioning of your stand?
1. Very satisfactory    2. Satisfactory    3. Indifferent    4. Unsatisfactory 5. Very unsatisfactory

H16. To whom do you pay charges/rent for utilizing this premise?

H17. When you came here, were there others already operating in this place?	1=Yes      0=No
---	-----------------

H18. How do you interact with other informal traders at this location? ( <b>CIRCLE AS MANY</b> )
1. Skills and knowledge sharing      2. Tools and equipment sharing 3. Buying and selling among each other      4. Other (specify).....

H19. What is the level of business interaction between your trade and the formal sector?
1. High      2. Average      3. Low      4. None

H20. What type of structures are you allowed to put up in this workplace?
1. Permanent structures      2. Temporary structures      3. Any      4. None

H21. What type of structures has been put up?
1. <i>Permanent structures</i> 2. <i>Temporary structures</i> 3. <i>None</i>

H22. Which of the following is applicable to the structures and work site?	0= <i>None</i> 1= <i>inadequate</i> 2= <i>adequate</i>
The structure has capacity to store goods and equipment/machinery	
The structure has adequate protection against weather elements	
The premises have running water	
The premises have toilets	
Electricity is installed on the premises	
Waste management (refuse collection) system is in place	
Secure parking space for customers available	

H23. Are you aware of the laws regulating the informal industry?	1= <i>Yes</i> 0= <i>No</i>
--	----------------------------

H24. If yes, which laws are you aware of?
1. <i>Licensing</i> 2. <i>Waste disposal</i> 3. <i>Raw material acquisition</i> 4. <i>Material used</i> 5. <i>Other (specify).....</i>

H25. Of these laws, which ones affect your business?

H26. Have you ever been consulted in policy formulation process for the informal sector?	1= <i>Yes</i> 0= <i>No</i>
--	----------------------------

H27. If yes, were your views reflected in the policy outcome?	1= <i>Yes</i> 0= <i>No</i>
---	----------------------------

H28. If you have not been consulted, who do you think formulates policies?
1. <i>Politicians/government</i> 2. <i>Elites</i> 3. <i>Academics/Policy think tanks</i> 4. <i>Local authorities</i> 5. <i>Foreign Experts</i> 6. <i>Other (specify).....</i>

H29. Who in your opinion benefits from the process of policy formulation?
1. <i>Politicians</i> 2. <i>Elites</i> 3. <i>Informal traders</i> 4. <i>Local authorities</i> 5. <i>Other (specify</i>

H30. Is the policy on importing raw materials favourable to your business operations?	1. <i>Yes</i> 2. <i>No</i> 3. <i>Don't know</i>
---	---

H31. What percentage of your raw materials or inputs are i) domestic and ii) imported?
Source of supplies/raw                      Domestic                      imports

materials/inputs		
Percentage (%)		

H32. If you import, where do you import from?

1. SADC Region      2. Asia      3. Europe      4. Other African Countries outside SADC  
5. Other  
(specify).....

H33. What major constraints do you face in sourcing raw materials? (**CIRCLE AS MANY**)

1. High customs duty      2. Other import restrictions      3. High transport costs  
4. Storage      5. Other  
(specify).....

H34 Has your firm received any financial assistance in the past 5 years?

1=Yes      0=No

H35. If yes, from whom did you receive the funds?

1. Government      2. NGOs      3. Local co-operatives      4. Relatives  
5. Private Sector institution      6. Other (specify).....

H36. Are there any incentives from any institutions available for your sector, if any?

<b>Institutions</b>	1. Yes      0. No	<b>Specific incentives</b>
Government		
Donor		
Individuals		
Local authorities		
Financial		
Others specify		

H37. Which of the following services do you get from the local authorities?

1=Yes      2=No

1. Toilets  
2. Water  
3. Refuse collection  
4. Other (specify).....

## SECTION I: EMPLOYMENT AND INCOME QUESTIONS

I1: What is your employment status in the business?

1. Owner      2. Full Time Worker      3. Part Time Worker      4. Casual Worker

I2. What has been the trend of your employment?

1. Employed before in the formal sector now self employed in the informal sector
2. Employed before in the formal now owner (non-working)
3. Employed before in the informal sector now running the business
4. Employed in the informal sector ever since
5. Employed before in the formal sector and still employed in the formal
6. Unemployed but now employed in the informal sector
7. Unemployed but now running own business
8. Other (specify).....

13. If you changed your occupation, when was that?

14. If you changed from formal employment, what were the reasons for leaving?

1. Retrenchment
2. Retirement
3. Poor working conditions
4. Low income/ salaries
5. Other (specify) .....

15. What was the principal source of funds to start the business? (**CIRCLE AS MANY**)

0. None- did not need any
1. Moneylender (chimbado).....
2. Own savings
3. Inherited business
4. Microfinance (e.g. MicroKing)
5. Bank loan
6. Microloan program (e.g. SEDCO)
7. Given free by relatives/friends
8. Other (specify).....

16. Tally of total workforce:

Category	Working owners	Paid Workers	Unpaid Workers	Apprentice/ Trainees	TOTAL
Total 7-15 years					
Male 16-25 years					
Males 26-35 years					
Males above 35 years					
Female 16-25 years					
Female 26-35 years					
Female above 35 years					
Total workers when business first started					

17. How many workers did you add or subtract

**Added**

**Subtracted**

a. during 2009 - 2012

b. during 2006 - 2008

c. during 2003 – 2005

d. before 2003

18. Have you owned any other business(es) that are no longer in operation, having closed in the last four years

1=Yes

0=No

19. If yes, state type of

**Business**

**Reason(s) for closure**

business and give reason(s) for closure		

I10. How have cheap imported products affected the following variables of your business?

(a) Income	<i>0=No change    1=Increased    2=Decreased</i>
(b) Employment levels	<i>0=No change    1=Increased    2=Decreased</i>

**(IF HAS PAID WORKERS NOW)**

I11. Wage paid to highest and lowest -paid worker (US\$)

Interval	Highest Paid worker	Lowest paid worker
1. per day		
2. per week		
3. per month		
4. per year		
5. other		

I12. Out of all your income sources, what proportion of your household's income comes from this particular metal business?	1. All or almost all of income 2. More than half of income 3. About half of income 4. Less than half of income 5. Don't know
--	--

I13. Which months during the year do you have sales that you would consider "high", "average" or "low"?

(FOR EACH ROW, check If appropriate, leave blank otherwise, and code "don't know" as Average)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
High													
Average													
Low													

I14. For "high" months, how much do you get on average

\$

I15. For "average" months, how much do you get on average

\$

I16. For "low" months, how much do you get on average

\$

I17. During the past month, what was the value of your total sales

\$

I18. Was last month a high, average or low month for sales

I19. During the past week, what was the value of your total sales

\$

I20. During the past month, how much money did you spend on business expenses, including these categories

**Item**

**\$**

Purchased inputs



## **Appendix 2**

### **Interview Guide**

**Describe the sector/overview of the sector**

**Perceptions on**

- **organisation**
- **economic contribution**
- **livelihoods contribution**
- **sustainability**
- **use of workspace**

**Policy making process**

**Consultations in the informal sector**

**Thank You**



