

# **An Evaluation of The Effectiveness of Policy Implementation on Sustainable Informal Trading in the City of Gweru, Zimbabwe**

By Lawrence Dumisani Nyathi<sup>1</sup>

## **Abstract**

Since the implementation of the ESAP policy in 1991 formal employment shrank as the economy contracted. This was further intensified by the Fast Track Land Reform Program (FTLRP) where capacity utilisation nose-dived resulting in enormous retrenchments in both the private and public sector. As a result, the majority of the people have turned to informal trading activities for survival. It has been realized that both skilled and unskilled labour in underperforming economies survive on informal sector activities. The city of Gweru has been not spared of deindustrialisation that has affected other parts of the country. The mushrooming of informal enterprise has revived economy activity in the city despite the numerous challenges they face. Therefore, the paper investigated the benefits and challenges of informal trading towards economic development, a case study of Gweru, which has also been hit by massive deindustrialization. Descriptive design was employed to investigate the benefits and challenges of informal trading towards economic development, in the city of Gweru and it was supported by purposive sampling technique. The sample consisted of 500 stakeholders participating informal trading. A mixed method approach was adopted. Data was collected using questionnaires and analyzed using SPSS V16 using principal component extraction method with Varimax rotation. The study revealed that informal trading generated revenue, sustained livelihoods, provided cheap goods and services, created employment and contributed significantly to the development of the economy Gweru. Nevertheless, entrepreneurs are constrained in their manoeuvres because of lack of harassment by law enforcement agents, lack financial support and infrastructure among others. Given

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their significance to the economy of Gweru, the paper suggests that these businesses should be assisted by the relevant stakeholders with all possible policy options for promoting sustainable trading activities so that they to graduate from informal to formal sector. This will boost rapid economic growth.

**Key words:** informal trader, economic development, benefits, challenges

## 1.0 Introduction

Zimbabwe has since witnessed a rise in informal sector as the economy has been on free-fall since 1990 waning by over 40% from 1997 to 2006 (Techfin Research, 2007). The economy further plunged as government embarked on populist policies that led to retrenchments in farms and industries. Moreso, skilled labour migrated to greener pastures. Retrenched labour resorted to informal trading for sustaining livelihood. These small businesses have undoubtedly saved family livelihood, provided much needed income for survival and are also developing the industries in the City of Gweru. Coad (2009) also postulated that small organisations, including informal traders play critical roles in the development of industries and economies. In the developed countries, entrepreneurial small firms play an important role in introducing new products and new techniques into the market, through technological innovations Audretsch and Tamvada, (2008). In addition, the entry of new entrepreneurial ventures ensures market contestability, which is a source of competition that keeps markets functioning well.

There is acknowledgement the world over that small-scale business notably informal trading has become so very important in economic growth and wealth creation. There is a shared view that informal trading faces a variety of challenges, which challenges those in authority have had to grapple with. Emphasising the focus of his research in the area of informal trading, Cantens (2012) depicted that the challenge faced by governments and administrators is that of either negotiating with the informal sector on some basis (possibly policy framework) or brace-up to see informal trading tipping into total illegal practice. Chidoko *et al* (2011) points out that every activity that takes place in the informal sector also takes place in the formal sector. Although informal activities are found in both rural and urban areas such activities are more notable in cities and towns.

The informal sector is defined as economic activity not included in a nation's data on gross domestic product, and not subject to formal contracts, licensing and taxation. These businesses generally rely on indigenous resources, small-scale operations and unregulated and competitive markets Morris & Pitt (1995:78). Informal sector entrepreneurs are the biggest contributor to the economies of most African countries. Meanwhile, IFC (2012) postulates that Micro to Medium Enterprises (MSMEs), account for over 95% of all enterprises in developing countries of which over 80% of these are within the informal sector. Within the world organisation, SMEs contribute to over 95% of all enterprises and provide a hundred million jobs, representing 67% sector employments (International Monetary Accounting Committee, 2010). Cai and Wong (2010), also note that Taiwan is that the most flourishing developing country over the last fifty years, with full integrated and dynamic SME sector. SMEs have played a major role in Taiwan's economic development in increasing exports and providing jobs.

In Africa, the informal sector is a fast-growing segment of most economies Murphy, (2008). According to Oxfam (2008), the informal sector in African countries constitutes more than 72% of the working population but the tax contributions from the SMEs do not reflect this. In Kenya, for instance, the informal sector grew by 32.7% during the years 2006 to 2009 and employs over 6.5 million workers Larossi, (2009). However, the SME sector presents unique challenges for the developing countries and there is need to ensure that it contributes effectively towards the national economic growth.

More so, the rise of informal sector in Zimbabwe can be traced back from as early as 1991 after the government embarked on the ESAP program which drastically failed and set the economy on a free-fall path where GDP fell 40% from 1997 to 2006 (Techfin Research, 2007), while inflation soared from around 20% in December 1997 to a record peak of 7 635% in July 2007 (Central Statistical Office, 2007). While on the same note, in the year 2005 the government embarked on the infamous Murambatsvina where it destroyed stalls for informal traders as they were not designated by the law. This move received worldwide condemnation which saw the government backtracking and creating a whole ministry to cater for these traders. Further the government commenced initiatives to unlock funding business ideas and conducting workshops for these traders. The government had conceded that

informal trading was sustaining livelihoods amidst a weaker currency and underperforming formal sector. While on the same point, the International Monetary Fund (IMF, 2019) of 158 countries from 1991 to 2015, the findings state that informal sector grew by 31.9 %, with Zimbabwe being the second largest (60.6%) and second only to Bolivia (62.3%) of the GDP, while the lowest being Austria (8.9%) and Switzerland (7.2%).

The bulk of the informal economy in Zimbabwe consists of largely unregistered and unregulated tiny units engaged in the production and distribution of products and services with the first aim being that of generating financial gain and employment to their participants (UNDP/ILO, 2000). Zhou (2010) mentions that there are 1.2 million SMEs in the Republic of Zimbabwe. Over the past ten years, the informal sector exploded to become the leader and source of support to livelihoods. However, like in any developing country informal traders face unique challenges regardless of the fact that if nurtured well the informal sector will solely build the economy considerably if it's integrated into the formal economy. The growth in number of informal traders in the city of Gweru in recent years has triggered a new dispensation, which calls for a revisit to informal trading regulatory framework. It has been observed that there are policy challenges associated with the recognition of the informal sector. Current policies trends in the city of Gweru do not appear to favour the promotion of informal traders. Existing policies appear to promote the formal sector at the expense of the informal sector. The current economic environment is now dominated by the informal sector/traders hence the city of Gweru needs to formulate policies that incorporate the informal sector into the mainstream economy.

Therefore, the paper seeks to analysis the sustainability of informal trading towards the economic development of the city of Gweru, as well propose possible policy options for promoting sustainable trading activities so that they to graduate from informal to formal sector. The goal is not so much into the evaluation of these policies, but is focused on the distinct challenges and absurdities encountered by informal traders. Planning techniques that leave out informal trading result in what Roy (2001) referred to as, planning modalities that produce the unplannable informality, the basis on which strategic planning for the vulnerable urban poor. The intention is to advocate for city policy adherence to the needs of Gweru informal traders. Eventually, this will boost rapid economic growth.

## **2.0 Methodology**

### **2.1 Study location**

A survey was conducted amongst informal traders operating in the city of Gweru and they were targeted as the respondents of the investigation.

### **2.2 Sample size**

The sample consisted of 500 stakeholders in informal trading in Gweru, 20 city council officials, 15 government officials, 5 SMEDCO officials, 5 Informal Traders Association officials.

### **2.3 Sampling technique**

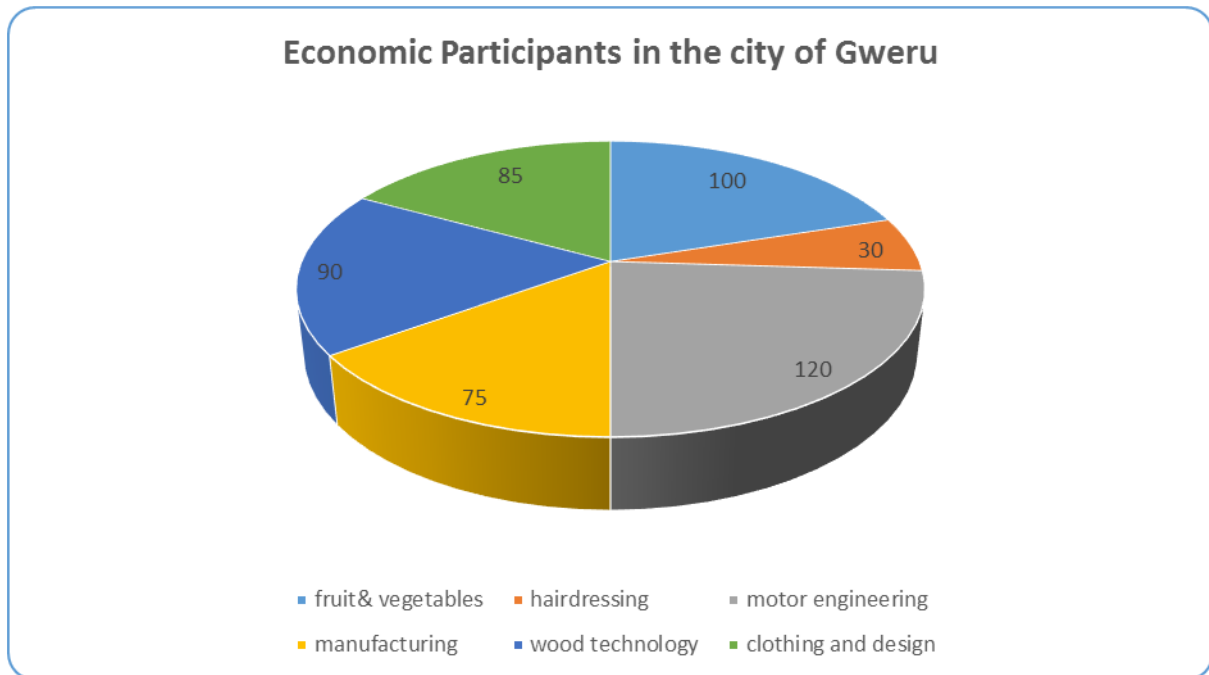
Judgmental and convenience sampling procedure was employed based on personal experience and judgment. Cohen & Marion (1994, p.89) argue that purposive sampling is when the researcher handpicks the cases to be included in the sample on the basis of their judgment.

### **2.4 Data collection**

The study adopted a mixed method approach involving triangulation of qualitative and quantitative designs. In this study the qualitative design depended on open ended questionnaires, interviews, focus group discussions and observations. The quantitative design focused on the factor analysis using the principal component extraction methods with Varimax rotation method analysing the variance of extracted factors. It therefore depended on closed ended questionnaires. Secondary data was obtained from the City of Gweru, Department of Housing and Community Services.

### 3.0 Results

**Figure 1: Economic Participants in Gweru**



**Source: Survey**

The study consisted of 500 entrepreneurs in city of Gweru participating in different economic activities such as (fruit & vegetables 100, motor engineering 120, manufacturing 75, hairdressing 30, wood technology 90 and clothing and design 85) as shown above in the pie-chart.

**Table 1: KMO & Bartlett's Test**

Kaiser-Meyer-Olkin-Measure of Sampling Adequacy		.731
Bartlett's Test of Sphericity	Approx. Chi-Square	721.110
	Df	91
	Sig.	.000

Table 1 shows that the KMO value is 0.731, reaching the standard feasibility, while the Bartlett Sphericity test value is 721.110, significance value of 0.00 is far less than the significance level of 0.05, therefore reject the null hypothesis, so that the original data is fit for factor analysis. The data was collected and analysed using the 16.0 versions of SPSS. Factors analysis was used for the data reduction and purification,

resulting into the deletion of some insignificant items with factor loading less than 0.5 and the Eigen Values less than 1. the research revealed that the first five factors include mainly information of all indicators. The factor analysis using principal component extraction method with Varimax rotation has extracted 5 factors which explained 83.74 % of the variance (Table 2). The table of Total Variance Explained shows that eigenvalues of the first five component are greater than 1 and the cumulative contribution rate has reached 83.742%. The total variance explained by factor 1 is 31.537 % for income for living, no huge capital investment had a variance of 18.339%. The third explained 13.194% while the fourth explained 11.072 and lastly the fifth which explained 9.601% of variance.

**Table 2: Total Variance Explained**

Component	Initial Eigenvalues			Extraction sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	5.215	31.537	31.537	5.215	31.537	31.537
2	3.107	18.339	49.876	3.107	18.339	49.876
3	2.567	13.194	63.070	2.567	13.194	63.070
4	1.270	11.072	74.142	1.270	11.072	74.142
5	1.064	9.601	83.743	1.064	9.601	83.743
6	.993	4.092	87.835			
7	.907	3.998	91.833			
8	.766	3.007	94.840			
9	.573	2.998	97.838			
10	.540	2.162	100.00			

**Table 3: Component Matrixa: Extraction Method: Principal Component Analysis**

Component Matrixa					
	Component				
	1	2	3	4	5
Income for living	.750	.096	.086	.183	-.120
No huge capital investment	.623	-.172	-.247	-.271	-.248
No hustles with formal registration procedures	.561	.256	-.457	-.169	.353
No formal qualifications	.554	.529	.153	.328	-.038
Poverty alleviation strategy	.539	-.239	.459	-.148	.073
Less underpinning laws	.537	-.298	-.127	.280	.091
Abnormal profits	.492	.261	.395	-.254	-.271
Difficulty in entering the market	.490	.099	-.672	-.129	.119
Low participating standards	.318	-.509	.289	.107	.425
Finding suitable location	.375	-.116	.192	.347	.436

The above table shows that there are 6 variables on the first factor of the load which is high. These 6 variables are namely income for living, no huge capital investment, no hustles with formal registration procedures, no formal qualifications, poverty alleviation strategy and less underpinning laws. With the factor analysis it can be conclude that there are 6 variables on the first factor of the load which is high. These 6 variables were namely income for living, no huge capital investment, no hustles with formal registration procedures, no formal qualifications, poverty alleviation strategy and less underpinning laws which have led to the uptake of informal trading in Gweru.

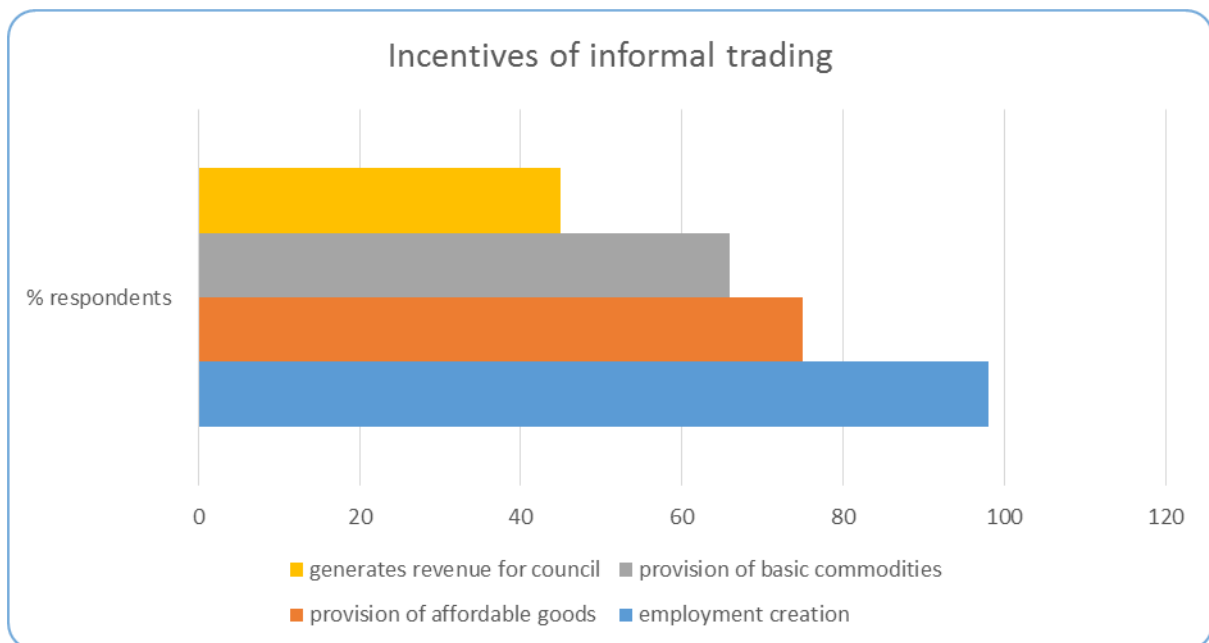


Furthermore, the study revealed that informal trading has benefits and challenges towards economic development of the city. Firstly, the study revealed that informal trading activities creates employment thus alleviating poverty levels amidst the deepening economic crisis in Zimbabwe. This result is similar to that of Grava (2013) who argued that informal traders generate income, which is essential for sustaining livelihoods. Informal trading provided benefits to the concerned families of the traders as it sustained lives by generating revenue to meet the daily necessities of life. Furthermore, it enabled them to produce of affordable goods as well as a source of revenue to the council. Furthermore, Newberry (2006) mentioned that small businesses are engines for economic growth in a country. The other reason is to attain financial independence and not to rely on income from an employer.

In addition, the World Bank has exposed that Zimbabwe has the largest informal economy in the world, second from Bolivia, and the informal sector was critical to the economy. This notion is supported by Skinner (2008) who postulates that collectively informal trading tends to contribute greatly to the GDP of developing countries (Most informal street-trading business are started with loans from social networks, which include family and friends, which emphasizes on informal financing).

While on the same note, (Fleetwood 2009; Never 2010) postulates that in many countries and in Africa, informal trading makes a significant economic contribution by providing employment and provision of good and services. Zimbabwe's unemployment level is slated at around 90 per cent and Gweru, one of its cities has lost industrial production due to closure of some of its economically potential industries such as Zimglass, Zimbabwe Alloys, and Bata Shoe Company. Informal trading has seen economic activities rebound again with both skilled and unskilled labour making goods and services that were once provided by these big companies. Consequently, informal trading remains somewhat a continuously debatable issue. Dewa (2005) notes that, some view it as backwardness and a symptom that requires attention. Other schools of thought postulates that informal trading is a worthy, positive and dynamic enabler to many who prospect to be gainfully employed or earn some income and earn a living.

**Figure 2: Incentives of Informal Trading in the City of Gweru**



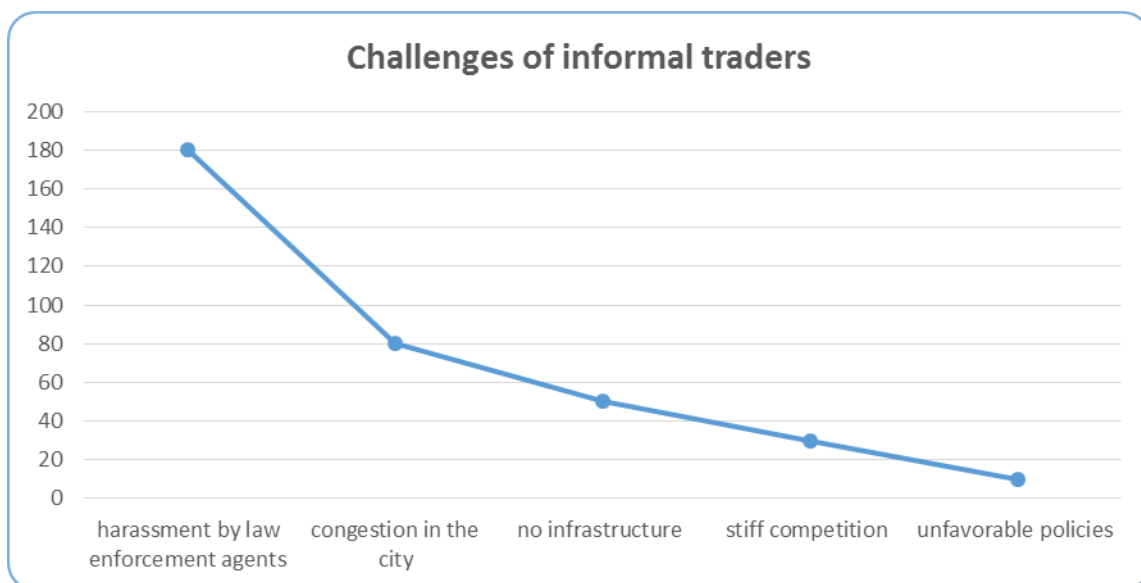
**Source: Survey (2021)**

This study reaffirmed the notion that the informal traders contribute towards economic growth. One of the interviewees from SMEDCO pointed out that informal trading is a livelihood option in Gweru. The interviewee said, “People do not go out into the streets for fun but it is because of the fact that they want to earn a living”. Henceforth, informal traders are not only critical for local economic development in Gweru or in Zimbabwe but moreso in other parts of the world. One of the reasons for establishing an SME could be the desire to meet social obligations through making sure that some products and services are available at convenient places. SMEs bring products closer to the market, break goods into small quantity that low-income earners can afford and can also provide credit facilities. Furthermore, SMEs can come up with innovations. In fact, most technological advancements were made possible through small businesses, which later grew into large corporations.

The study also revealed that informal trading like in any part of the country it has a myriad of challenges. As depicted below on the graph informal traders highlighted harassment from law enforcement agents (ZRP and Municipal Police) as the most challenge they face in the day-to-day activities. A major problem associated with informal, particularly vending in the CBD, is the conflict of land-use between these activities and the designated uses, resulting in running battles between the informal traders and the municipal police. The respondents cited congestion in the city as

another challenge as there is high demand. This is further worsened by the economy which is in free-fall situation. Most formal companies in and around city of Gweru have closed due to harsh economic environment henceforth the skilled and unskilled workforce retrenched from the industry turn to informal activities for survival. The city fathers have also been burdened to provide adequate infrastructure for the ever-increasing business traders and there is always a shortage of infrastructure to accommodate these traders are increasing on a daily basis due to economic hardships. Thus, has led to shortage of infrastructure to conduct their day-to-day business activities hence permitting rentals to be higher and unaffordable as well as they demanded in US dollars. Furthermore, other informal traders admitted that they face stiff competition from established formal traders. Especially in the situation where the economy is facing acute shortages of cash. Another source of competition was the influx of imported products from the neighbouring countries and Asia.

**Figure 3: Challenges of Informal traders**

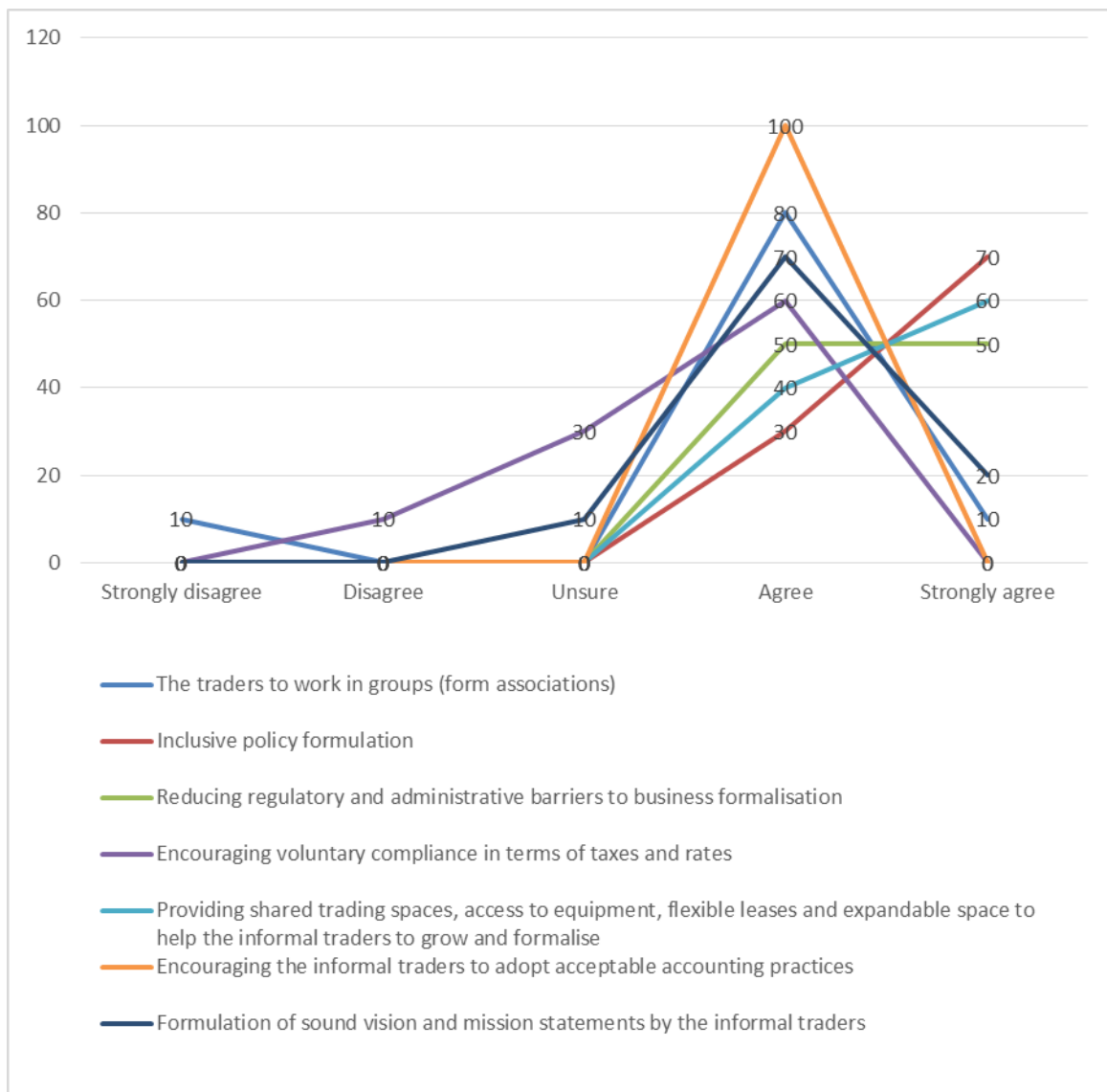


**Source: Survey(2021)**

While on the same note, the study revealed that polices enacted both by the local and central government were harsh and grossly unfavourable. An interviewee from the SMEDCO said, “The situation in Zimbabwe is therefore characterised by a local authority that is seemingly poised to clean the city of informal traders amid misunderstood, chaotic, and possibly irrelevant policies, a resemblance of The Operation Murambatsvina of 2005.” What comes out clearly is that the local

authorities and informal traders in Zimbabwe as well as in other countries have a score to settle as informal traders fight for socioeconomic rights, elimination of economic bondage and poverty reduction. Grava (2013) supports this notion and mentions that in developing countries they have ineffective policies pertaining to the SMEs. According to Zhou (2010), most of the laws in most developing countries were promulgated in the colonial era and seem to discourage the mushrooming of SMEs. As a result, most of the support, for example, tax incentives is rendered to large companies (Grava, 2013).

**Figure 4: Possible Options for Supporting Informal Traders in Gweru**



Source: Survey (2021)

The study revealed that stakeholders involved in informal trading quickly noted that there were positive and tangible actions being taken by relevant authorities are doing and trying to implement as well as promoting sustainable trading activities in the city. Encouraging traders to adopt acceptable accounting practices, forming of vision and mission statement for informal traders, reducing regulatory and administrative barriers to business formalisation, provision of shared infrastructure and equipment and inclusive policy formulation were some of the initiatives the city of Gweru was doing to promote sustainable trading activities.

The city council has noted that informal traders are the future of the city and hence meeting with them and share challenges and propose sustainable way to grow them as well as helping them to reach their potential is now necessary. This is further strengthened by the fact that the government has a whole ministry that ushers programmes to monitor and implements sustainable ways of growing informal trades to being formal enterprises. (National Budget, 2020). The government has set ZWL 500 million to fund SMEs and grow start-ups.

An official at SMEDCO (Small to Medium Enterprise Development Cooperation) said, 'that it is essential to notice that the informal traders and SMEs represent untapped revenue potential and they need to be formalised and captured by the tax net. There are a variety of ways of trying to reduce informality and growth of the SMEs. One of the ways is increasing services to business. This service-driven approach includes initiatives to provide micro-finance, better infrastructure, procurement opportunities, and other support to informal businesses. There may even be initiatives geared towards reducing regulatory and administrative barriers to formalisation. These are the 'pull' effects and reducing the costs of formality includes initiatives such as business registration reform and simplified tax administration.'

The study also revealed that authorities are agreeing that informal traders are need to incubate so that they will grow. Growth of the informal businesses could help to facilitate formalise thus ensuring tax compliance. If a firm grows in size and becomes visible in market, it would be difficult for that firm to avoid evading tax (Autio, 2008). Moreover, Tubualt (2010) argues that direct and indirect taxes would improve once there is growth due to increases in turnover. In addition, creating awareness of

formalising businesses is paramount Cai and Wong (2010). Sometimes, lack of adequate knowledge and ignorance prevent entrepreneurs from expanding their businesses. Yaobin (2007) argue that special tax regimes for SMEs may be applicable policy instruments for minimising the price of tax compliance. Pro-business (and pro-SME) tax regimes and enforcement should be simple, consistent, predictable and should lower compliance and administrative costs. The idea would be to reduce the uncertainty faced by taxpayers as well as improve the levels of voluntary compliance Kasipillai (2005).

### **3.1 Informal Trading Policy Formulation and Implementation in the City of Gweru**

A good policy is one that is inclusive and relevant to all stakeholders. Hence sustainable policies need all stakeholders to participate. Furthermore, the city fathers need to have controls to implement these policies, such as the accessibility of formal business premises in Gweru, affordability of formal business premises, licenses and rates in Gweru.

### **3.2 Stakeholder Participation**

The survey unlocked that participation was very low by informal traders in Gweru. It is essential to note that participation is vital in improving the empowerment of indigenous people. This is because it allows vulnerable groups to decide suitable interventions to their problems. The vulnerable groups will benefit from gaining increased representation. Increase in participation makes it possible for the people to organise themselves and work collectively, thus attaining greater control over matters that affect them. For effective participation, the people's ideas must be considered, so that they feel involved in the identification and ratification of decisions made. This also enables people to hold the authorities accountable in terms of implementing policies and how funds are being used in different schemes and projects. This effort to maintain informed participation requires the creation of space for people to hold debates and participate directly, or indirectly, in local or national settings.

In addition, an official from SMEDCO, who was interviewed said, "participation entails that stakeholder effectively perform their roles in policymaking. The leaders, for instance have a role to play in policymaking." This finding on role of leadership in

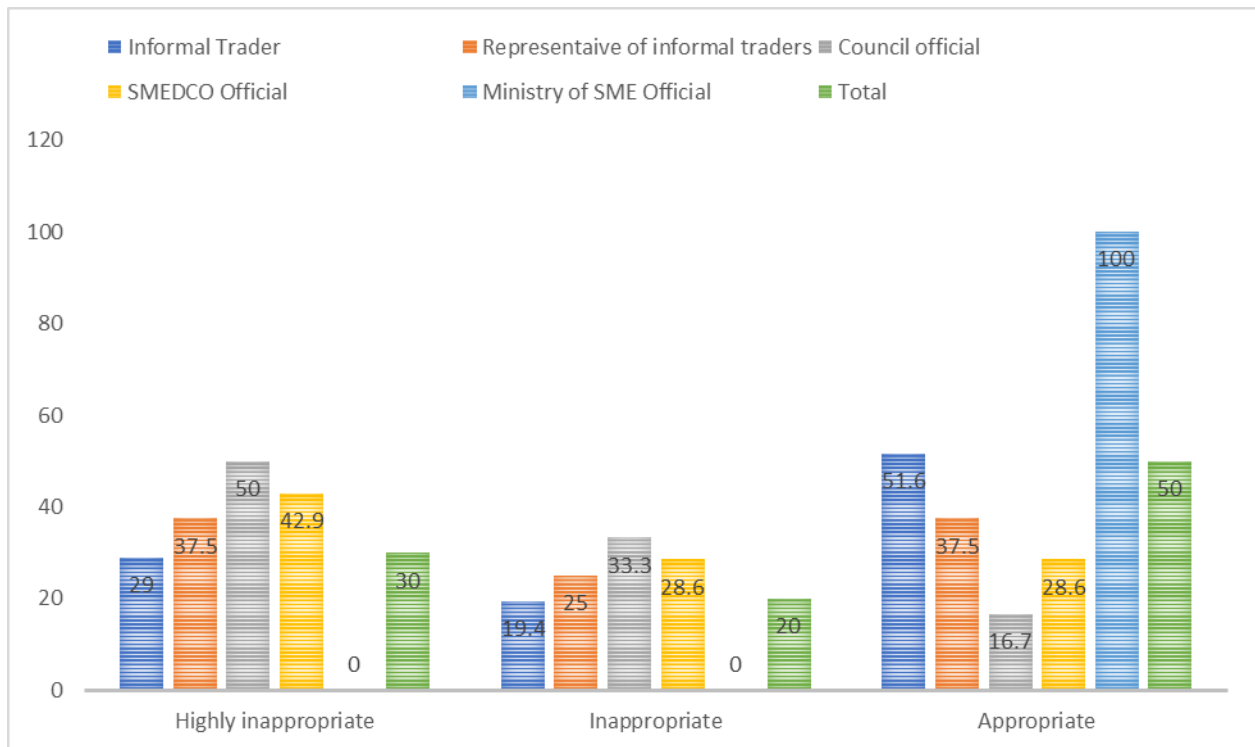
policymaking is supported by literature. According to Makinde (2005), leaders, elites, and coalitions are the key to overcoming the many collective actions, problems that plague weak states and frustrate development. By creating vision, direction, and collective purpose, leaders can secure an effective set of institutional arrangements and policies, which interact to mediate and organise relations between the private and public spheres of society in order to resolve these multiple collective action problems. Social development and economic growth require cooperation and synergy between the state and the rest of society and without the factor of human agency and effective leadership, even the most progressive of institutional forms will fail to achieve this.

Moreover, effective participation requires adequate interaction among stakeholders. Accordingly, one of the officials in the Ministry of SMEs who was interviewed said that it is critical to examine the role of policy networks. By definition, Howlet *et al* (2015) point out that a policy network denotes relationships among policy actors with common interests and cooperates with one another. In any policy sector, there are dominant actors who work together in the formulation of policies. In the informal trading sector in Zimbabwe, there are dominant and cooperating policy actors like the Ministry of Local Government, Urban Councils, representatives of informal, the informal traders, and international and local development partners who work together and consult one another when solutions to problems bedeviling informal trading are sought. The cooperation among actors shows that policymaking involves a variety of actors. Therefore, the concept of policy networks seeks to demonstrate that there are institutional relations among state and non-state actors in policymaking. The concept of policy networks shows that there is need for cooperation among policy actors. Lack of cooperation brings discord and it is difficult to come up with solutions to policy problems.

### **3.3 Appropriateness of Enforcement Actions by City of Gweru**

Part of implementation of policy towards informal traders is measured by the appropriateness of actions that have been taken by the City of Gweru in enforcing of informal trading policies.

**Figure 5: Appropriateness of Enforcement Actions**



**Source: Survey (2021)**

Figure 5 shows results of the appropriateness of actions in enforcing of informal trading policies according to occupation. The level of enforcement of informal trading policies is at 50%. However, there are variations are based on occupation. All Ministry of SMEs officials indicated that the laws were appropriately enforced and also the majority, 51.6% of the informal traders shared the same view as the SMEs officials. Council officials were pessimistic; half of them felt that the informal policies were highly inappropriate. Occupational differences in terms of perception existed in this regard. There is evidence from this study that there are challenges in terms of the implementation of informal trading policies in the City of Gweru. It is essential to note that the enforcement of policies is through policy instruments. One of the representatives of the informal traders argued that the City of Gweru use inappropriate policy instruments in their enforcement of by-laws. Examples of improper instruments include enforcement rules on operating hours for the vendors. In this regard, one of the representatives of the informal traders argued that, in 2010, the City of Gweru tried to imposed operating hours for the airtime vendors (8 am to 5pm), a move that was not successful because people want to trade without time restrictions. In addition to regulatory policy instruments (sticks), there is also a need



for appropriate economic instruments (carrots), which are incentives or rewards that must be given to the informal traders who abide with the by-laws. The economic instruments can also be in the form of support, for example facilitation of access to loans and business assets. Finally, there ought to be adequate informative policy instruments (sermons), which are knowledge tools. The sermons are aimed at providing information so as to change or encourage certain behaviour.

### 3.4 Affordability of Formal Business Premises in Gweru

Informal traders are also affected by pricing of business premises by the city council. Pricing ensures that informal traders are able to fully pay their preferred premises and continue trading their goods. Most of the times informal traders have abandoned business premises largely because of the unaffordability of such premises.

**Table 5: Age Analysis on Affordability of Business Premises**

Age (Years)			Highly Unaffordable	Unaffordable	Total
Less than 25 years	Count	0	32	32	
	%	0.0%	100.0%	100.0%	
25-35 years	Count	16	64	80	
	%	20.0%	80.0%	100.0%	
36-45 years	Count	0	16	16	
	%	0.0%	100.0%	100.0%	
46-55 years	Count	0	16	16	
	%	0.0%	100.0%	100.0%	
above 55 years	Count	16	0	16	
	%	100.0%	0.0%	100.0%	
<b>Total</b>	<b>Count</b>	<b>32</b>	<b>128</b>	<b>160</b>	
	<b>%</b>	<b>20.0%</b>	<b>80.0%</b>	<b>100.0%</b>	

Source: Survey

Age differences were noted in regarding to affordability of vending bays, the statistical tests support this argument with the Chi Square (4) = 80.000,  $p=0.000$ ,  $p<0.05$ . Results might suggest that formal business premises are unaffordable in the city of Gweru.

**Table 6: Chi-Square Tests on Affordability of Vending Bays**

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	80.000 <sup>a</sup>	4	.000

Source: Survey

The affordability of vending bays seems to be a major concern as most traders have arrears. The table above shows arrears for Gweru City Council registered women entrepreneurs trading in fruits & vegetables, clothing and footwear.

**Table 7: Vending Bays at Main Bus Terminus**

Zone	Number of Bays	Female Bays	Percentage women	Average Rental Arrears
A	38	18	47.3	US\$30
B	42	22	52.4	US\$30
C	83	56	67.4	US\$30
W	30	15	50	US\$30
Durawall	36	19	52.7	US\$30
ZUPCO	76	45	59.2	US\$30
TM	20	7	35	US\$30
Morah	158	99	62.6	US\$30
Old Post Office	310	112	63.8	US\$30

Source: City of Gweru: Housing and Community Services (2021)

The results showed the rentals for the bays are not manageable as shown by the level of arrears. In addition, Council is charging more for the size of a bay which is 2m\*2m=4 square metres with most of them at makeshift state of construction. More so, there is uncertainty by council and the community it serves as to whether the trading activities are a poverty reduction initiative or it is a 'cash cow' for council. According to participants from a focus group discussion, several notices issued by council to the traders demanding rental arrears is indicative of councils focus on its registered informal traders as a source of funding. Furthermore, the research exposed that informal trading in Gweru has more female players as compared to their male counterparts. This could be attributed to a number of factors such as the average income is not sustainable for continued normal business operations and chances are that many will drop-out of business. Female participation might be attributed to empowerment programmes being initiated by national government in partnership with empowerment groups.

### 3.5 Affordability of Business Licenses and Rates in Gweru

Affordable business licences and rates enable the traders to boost council revenue coffers. Moreso, payment of rates and licences will empower the local authority to build infrastructure, and deliver services. Furthermore, affordable rates ensured traders are make long term plans and aim to formalise their business activities.

**Table 8: Gender Cross-Tabular Analysis on the Affordability of Business Licences and Rates**

Gender		Unaffordable	Affordable	Total
Male	Count	64	16	80
	%	80.0%	20.0%	100.0%
Female	Count	48	32	80
		60.0%	40.0%	100.0%
Total	Count	112	48	160
	% of Total	70.0%	30.0%	100.0%

Source: Survey

Table 8 illustrates findings with regards to the affordability of business licences and rates in the city of Gweru based on gender perceptions. Results indicate that business licences are beyond the reach of many traders (70%). Gender differences were noted, more females (40%) compared to 20% felt that the rates and licences were affordable. One informal trader interviewed said generally the economy is hard for them to budget for rates & licences as the little income they make is for livelihood. While on the same note, Ministry of SME officials mentioned that, “informal trading in the city was for survival. Most informal traders are poor economically. As city council demand rates and licences fees it already adds to the burden they are experiencing”.

#### **4.0 Conclusions and Recommendations**

Informal trading is gaining traction as the economic prospects are becoming dire. Formal organisations are feeling the heat and labour is retrenched on a daily basis. Furthermore, universities are churning out graduates who are find it hard to get jobs and thus resort to informal trading for survival. Informal trading is creating employment, sustaining livelihoods, producing cheap goods and services. On the other hand, their operations are thwarted by a lot hindrances that range from the law enforcement agents operating in the city, stiff competition, lack of infrastructure and capital as well as bad perception by other established operators.

Considering the significance of free enterprise in economic development in the city of Gweru and Zimbabwe as a whole the study recommends that;

- There is need for the city to adopt international best practices on with dealing with informal trading. Moreover, as a country all urban areas in Zimbabwe to have sound twining arrangements with other cities in the world,
- There is need to adopt growth models such as incubator models which facilitates growth of informal trading. It has been observed that such models have been bearing fruits where they have been implemented,
- Provide incentives for formalised SME traders,
- Reducing administrative barriers for company registration.

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