

Development, Informal Sector and Policy Making: An Assessment of the Role of Policy Formulation in the Operationalization of Informal Groups in Harare Urban

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Abstract:- The major thrust of this paper is to understand an interaction between development and its major irreducible determinants; that is public participation and policy formulation. Development is a term that has a multifaceted forms and definitions (Rodney 1982; Saul 2006). It is a process of bringing about desirable change and citizenry participation is critical in such processes that bring positive changes in the socio-economic lives. From an Interactionist perspective, it can be argued that, human relations from a micro-view point are characterized by multidimensional interactions imbedded in various symbiosis. Such explains the interaction between citizens and institutions of power and ideology. Conventionally, disparities in terms of development are due to natural distribution of resources (Weiss 2007; Okupu et al 2018), but this paper conceptualizes it largely as a neglect on the part of institutions, dearth of unity among the citizens and also limited interaction between the development agencies and the people. Development remains a peculiarity within boundaries of the propulsive growth poles while some parts are lagging behind due to lack of positive symbiosis between citizens and institutions. Contemporary researches demonstrate largely that policy formulation and implementation lack correlation and the intended development is jeopardized to the detriment of the welfare of the people. Saliently, there is need for the prioritization of the citizen participation in policy making so that implementation would be feasible and easier. The reciprocity between the infrastructure, (physical enablers and population) and the superstructure (decision makers, intellectuals and researches) must be explored with much consistence and coordination. In Zimbabwe, particularly in the Harare's informal sector and in deed in many African countries such is missing, thus, making poverty levels cyclical, structural and endemic.

Keywords:- *Development, Poverty, Operationalization, Informal Sector, Policy formulation, Harare.*

I. BACKGROUND AND INTRODUCTION OF THE STUDY

Development refers to any activity that can transform people's living conditions and community's potential resources for the benefits of the inhabitants (Crisci, 2006; Cawthra, 2010; Prebisch, 1984). This definition is rudimentary and accurate but it hides the complexity of the term and other critical issues that surround development. Todaro (2003); Mhango (2018); Bracking (2009); Sandberg (2018) are among a host of scholars who hold a perspective which demonstrates development as a term which has a contestable meaning among scholars since it appears to have many facets. Some associate it to the politics of natural resources of the countries while others link it to international affairs and capital flows (Todaro, 2003; Smith, 2005; Manyanya & Bond, 2003). Rodney (1972); Wallenstein (1982) concur that, development is a process that brings positive change in the society at both individual level and macro-society. Neoliberal researchers such as Dugan (2003); Winston (2006) demonstrate that, development has to be understood in terms of human rights and freedom to participate in the issues that govern people's daily economic affairs where the government suspends its seemingly inherent regulatory functions. Sibanda (2021); Okupu (2018); Mlambo (2009) argue that, development is a multisectoral process that requires a lot of interaction among institutions of power and the population. Policy making is key in the development of communities because the human behavior and activities are regulated by policies (Mundende 2023). Since development is the prime aim of governments with a full coverage on their blueprints and election manifestos (Smith, 2007; Ranger, 2004), many people participate in its (development) processes largely unaware on the part of the general populations. And the general population is classified by the Neo-Marxist scholars as a fraction of infrastructure and not superstructure, Bates (1980) postulates that the public is among physical factors since they are not decision makers.

Thus, this article has an argument which suggests that the importance of the people in development is noticed when they participate and their participation is determined by the feasibility of the policies and regulations. Therefore, there is need for a systematic interaction among institutions and the

public for a meaningful development to be achieved. Issues of development are common and supranational (Ekeke, 2008; Gunn, 2018; Mawere, 2016; Todaro, 2005). Some contemporary scholars such as Wright (2012); Weber (2017); Taylor (2008); Nhemachena (2020); Mhango, 2018; Bracking (2009) would want to digress from such view and argue that, since the general masses are classified as part of physical infrastructure in the same manner as land, roads, energy and raw materials needed for development, there is no need for them to be consulted or at least informed. To Neo-Marxist historians such as Gramsci (1988); Adorno (1975) whose perspectives subsist overtime hold that, labor input is a critical and cognitive infrastructural requirement for sustainability of the economy. However, informal sector growth is part of development in any country since it creates employment, availing goods and services, contributing to the national income accumulation among others. It is a sector of the economy that is inclusive and non-discriminatory as common men and women are both workers and are also decision makers from a microcosm to macrocosm. In the Less Economically Developed Countries (LEDCs) and in the emerging economies which include blocs such as BRICS (Brazil, Russia, India, China and South Africa) and Asian Tigers, many young people are venturing into the informal sector activities contributing immensely to the national Gross Domestic Product (GDP) (Chang, 2003; Okupu, 2018; Sandberg, 2010; Harrison, 2015; Moyo, 2007). Literature demonstrates that, despite a number of challenges which include the lack of adequate funding, the informal sector has been on an upward spiral since the beginning of the 21st century courtesy of the furtherance of globalization of formal economies, a shift from orthodoxy education systems and international migration (Mhango, 2018; Ruhanya, 2020; Mlambo, 2009). This article argues that interventions by the government into the informal sector are viewed as an institutional interaction with both complications and advantages on both sides. The success of developmental processes is imbedded in the nature of the interaction among key participatory agents, institutions and individuals. Sociologists and other contemporary development practitioners hold the perception that, interaction among institutions or individuals with symbiosis underpinned by reciprocity is key to a meaningful development (Giddens, 2007; Song, 2003; Bates, 1981). Entrepreneurial activity in Africa and other third world countries increasingly grew soon after the attainment of independence from 1960s because a modicum of democratization processes was given more priority by leaders who were pro-nation building (Fanon, 1961; Bates, 1981; Momoh, 2003; Lewin, 2019). Another notable reason behind informal sector growth by then at an exponential rate is that the once colonized structures did not decolonize in terms of the fundamentals of their economics (Fanon, 1961; Mhango, 2017; Rodney, 1982; Smith, 1990; Nyakudya, 2015; Ndlovu-Gatcheni, 2010). Colonial structures and their economic ideology subsist (Lumumba, 2019; Nhemachena, 2019; Mlambo, 2008), therefore some quarters of thought describe African liberation in euphemistic term as

the flag independence. Informal sector expansion came as a result of tough economic conditions that were associated with post-independence policies which were underpinned by pro-Marxist-Socialism in the case of Tanzania, Mozambique, Zimbabwe, Ghana among others. In Zimbabwe such policies were informed by the internal realities including random infrastructural devastations by years of war and also the Cold War struggles (Sibanda, 2021). Upon adoption of Economic Structural Adjustment Program (ESAP) in 1991, such Bretton-Woods remedies did not help the ailing economy drained by ‘Welfarist’ social policies (Moyo, 2010; Mlambo, 2009; Mundende, 2023), instead more challenges were witnessed resulted in turning more urban dwellers into informal activities while others opted to migrate to South Africa, Botswana and overseas to earn a living.

From then and currently in Harare urban, over 50% of the working population belongs to the informal sector as formal unemployment is reported to have reached to 95% according to 2022 National Population and Housing Census (Newsday, 2022). Recent studies suggest that economies in the third world countries have morphed into unrecorded market systems (World Bank Report, 2022), and the same report speaks more on the Zimbabwe’s economy post Covid-19. The informalized economy is subjected to a myriad of external factors which of late include Covid-19 pandemic, global recession, stagflation among others (ibid). Policy inconsistency and lack of policy clarity have been noted as major obstacles that affect many entrepreneurs in Harare particularly vendors and informal businesses at Siyaso area in Mbare which are into craft industry. The livelihoods of the people who are conducting business at Siyaso working area and Harare Central Business District (CBD) are underpinned by such informal activities. Ekeke (2008); Pattillo (2006) note that, the operations of business depend on the nature of policy making, and this appears to be a valid argument considering the situation obtaining on the ground in Harare’s informal sector. The rise of informal economy is a supranational issue but there are variations in its quantitative and qualitative contributions to the mainstream economy such as job creation, inflationary controls and infrastructural growth (Okupu, 2018; Sandberg, 2018; Global Entrepreneurship Monitor Report, 2017; Lan & Gunn, 2005; Sen & Velde, 2012). Policy makers, the line ministries and the City Council, have been for long time found it cumbersome to bring sanity and order in the informal sector since it is difficult to get them registered and regularly collect tax revenues from such untraceable activities in which some of them are described as ‘flight-by night entities’ denoting their fluidity in nature of operations. Classical researchers demonstrate that informal sector business is an underground economy since it is difficult to determine the value of cash-flows, wage rates and labor mobility. Writing about the underground business operations in Zaire during Mobutu’s era, MacGaffey (1987) outlines in his publication entitled, *Entrepreneurs and Parasite*, that lack of experience on the part of entrepreneurs and negative influence of the political agents limit the possible expansion of

informal business in Africa and beyond. And as a result, there are a lot of complexities encountered in an attempt to conceptualize it, that is how it functions, where it derives its motives and how operational issues are dealt with. This paper agrees with such perspectives from classical school of thought because a rigorous observation of the informal activities in Harare CBD and Siyaso illustrates that, the value output in terms of money and physical goods, wage rate, pricing, exchange rate and compliance to taxation are all difficult to establish rather figures available in the literature are highly based on assumptions and estimations. The government of Zimbabwe and the city of Harare have made some deliberate overtures to bring sanity and to stir growth in the economy through employment creation and revenue collection from these small firms and individual traders, though tax evasion is common according to the Auditor general's report. Such efforts were executed through policy formulation and implementation and they have with some detrimental impacts on the operationalization of the informal business (Okupu, 2018; Sandberg, 2018). It is against this background that this study was undertaken to understand the relationship between policy formulation and informal sector operationalization. The researcher undertook a fieldwork in Harare CBD and Mbare (Siyaso) to gather data for the analysis of the imbedded issues in the informal sector businesses and development. The paper also discusses the influence of the policy formulation and implementation on the informal sector operations in the targeted areas in Harare.

➤ *Description of the Study Sites*

The study areas comprise of Harare Central Business District (CBD) and Mbare- Magaba commonly known as Siyaso which is on the Southern part of the Harare's CBD. The CBD has a characterization of vertical expansion of buildings, a reflection of high land value in any urban structure (Todaro, 2004). The streets are infested by people during the day who are always doing various businesses but mainly informal. The researcher collected data from people within the bounds of the major roads in the CBD. From North to South, the study's starting point was Herbert Chitepo street to Kenneth Kaunda while from East to West, the starting point was Fourth street (now Simon Muzenda road) to Kaguvi. In the CBD, the study focused on a total of 23 streets, 10 from North to South and 13 from the East to West. On the other hand, at Siyaso, there is another heterogeneous group of traders who are into different business ventures to raise incomes for survival and it was another study site. Siyaso is a hub of activities such as fence knitting, welding, tool making, furniture making, candle making, sewing among others. None of these people operates with proper documentation according to the line ministries and government procedures. From an observational based estimation done by the researcher, Siyaso area accommodates more than 1000 enterprises with an estimation of more than 5000 workers. These figures are not fixed since the informal sector is too micro and 'grey economy' whose market structure reflects some form of perfect competition where there is free entry and free exit of

enterprises, labor and capital (Bracking, 2009; Berg, 2002; Manyanya & Bond, 2003; Mlambo, 2009). This area is one of the cores, growth poles of informal activities in Harare where a host of activities are undertaken by people of average academics (Herald, 2010), contrary to the claim, this article argues that even the degreed people are among the people who own small to medium businesses following the shrinkage of the formalized economy.

II. METHODOLOGY

This study was undertaken under the guidance of two research philosophies or paradigms; positivism and constructivism. Positivism is the philosophy which in substance argues that reality is known and fixed and the purpose of research is to check the level of compliance or deviance of human or non-human activities from the known reality (Amaitya, 2000). While interpretivism/social constructivism is of the contrary perspective which seem to understand research as a continuous process that seeks to establish reality since it varies from person to person, time to time and from place to place (Webster, 1990). The influence of these two made the researcher to adopt the mixed method approach where qualitative and quantitative data collection instruments were used to gather data from the target populations. Madondo (2020) avers that mixed methodology is an integrated approach and it is also undergirded by pragmatism research paradigm. The methods utilized include questionnaires, observation, interviews and focus groups. In terms of sampling, the study used a multi-stage random method. Streets were chosen randomly from north to south and from east to west. A total of 15 participants were from Robert Mugabe, Nelson Mandela and Kwame Nkrumah on the eastern quadrant of the CBD. On the Western segment, a total of 25 respondents was randomly chosen from Rezende, Joseph Msika commonly known as Cameroon street and Mbuya Nehanda.

Furthermore, and in order to compliment data from the field, the researcher used document analysis as a qualitative research method to understand an insidious interplay between informal sector operations, development and policy making. The analysis of the data in qualitative research enables researchers to delve into and understand the behaviors, experiences, and meanings that people attach to the phenomenon under study (Sutton et al, 2015). Notable researchers such as Patton (2015); Thomas et al (2015) concur that the major sources of data in qualitative research include interviews, observations, documents, and audiovisuals. Documents are a source of data that a researcher can use to support a study. Necessary and relevant documents are either in form of electronic or physically printed (Bowen, 2009). The information in documents is not normally produced by the researcher but may be a compilation of images and texts that record issues, experiences, regulations (Bowen 2009). Document analysis is a process of examining and interpreting documents (electronic or printed) systematically to gain

understanding and knowledge (Bowen 2009; Altheide & Schneider 2013). Analyzing documents involves coding information to develop themes in order to draw realistic conclusions or meanings (Bowen, 2009), document analysis is often used to corroborate findings from other data sources such as interviews in deemed triangulation. My sources of data, as such, were different documents. In keeping with document analysis, I examined the themes that emerge from the literature, from the documents.

Secondary sources were also reviewed regularly from the beginning of the one-month fieldwork in Harare. In terms of sampling, the researcher used random systematic method when collecting data from the informal sector activities in the CBD following the street patterns. At Siyaso-Magaba area, the researcher used random sampling since the target population had been deemed uniform and the area has no proper pattern to follow in terms of structural arrangement as people are just clustering disorderly. And a total of 30 people was interviewed from various activities. Lastly, purposive sampling was used when official data was collected from the Harare city council, Ministry, Reserve Bank of Zimbabwe (RBZ), Civic organizations among other key institutions.

III. RESULTS AND DISCUSSIONS

➤ *Benefits of Informal Sector to People's Livelihoods*

This paper found that the informal sector is growing rapidly and young people are relying on it as well as the government. Jobs are created for the people and household incomes have risen over the past 5 years though there was a deep slump owing to Covid-19 disruptions, that was 2020 to 2021 era. The participants interviewed concurred that their lives are buttressed by informal activities and 75% of the participants own houses while others are still tenants but living in decent housing units around Harare residential areas. However, those who own houses reside in newly established residential areas notably, Ushewokunze, Granary, Ziko-Dema, Domboshava, Hopely, Nyatsime, Nyabira among others, all of these are peri-urban areas. Such areas are without title deeds and other housing ownership procedures have not been followed. Hence such house ownership is questionable but the worth-noting argument to pick is that these citizens are on the development trajectory since they are now leading a cost-reduction lives because accommodation costs have been removed from their slippery monthly budgets thereby creating the income effect on other itemized budget components such as food, school fees, energy among others. The point in the foregoing is that such reflects development because decent accommodation is one of the determinants of indices of individual development according to Human Development Index (HDI).

This study has learnt that informal sector provides jobs to people which helps in poverty reduction since household incomes have been on the rise from the past 5 years according to the vendors, welders, commuter omnibus operators among

others. Another vendor, 38 years of age, who operates at corner Mbuya Nehanda and Robert Mugabe streets, held the view that it is better to be informal as compared to joining the bandwagon of the unemployed people. She remarked,

'basa chairo handichatoritsvage kana risingandipi \$500 zvichikwira, ini ndinokwanisa kubata mari inopfuura \$50 pazuva' I am no longer looking for a formal job unless that job gives me a salary of at least \$500 USD, I can manage to get a profit of over \$50 each day.

This shows that people in the informal sector are seeing themselves as better off than those in the formal sector whom some of them bluntly described as 'poverty-trapped people'. Comparatively, the salaries of the civil servants are ranging far below that of the informal sectors. Teachers, nurses, soldiers among others are getting salaries below \$300 USD (NewsHawks, 2022). In the informal sector where one is an entrepreneur, the income varies and is tax-free for there is no direct taxation that the customs authority can impose, even if it is imposed, the supposed tax-payers would easily evade for they are belonging to what is termed as 'grey economy', unrecorded systems of trade.

➤ *Availability of Goods and Services.*

It has been established that the informal activities in Harare CBD provide goods and services to the people which is with double benefits, that is to the public and to the business ventures themselves. The informal activities are a resemblance of perfect competition where business players have no power over price setting but this study gathered that prices are not fixed and negotiable. Vegetable vendors on the Eastern part sell their wares at a higher price than those in the western quadrant of the CBD. It is important to note that the Harare CBD's market has two segments which this study put them as two parts divided by Julius Nyerere street. Vendors noted that they set prices based on the assumption that vending sites beyond Julius Nyerere street eastwards are surrounded by people of consistent buying behavior and stable buying power. Such assumption is among the colonial continuities present in the Harare urban since the same area of the CBD was commonly regarded as Whiteman's island during the colonial era. Even the land values are also high in that area as compared to the downtown zone, western quadrant.

➤ *Government Benefits from Informal Sector*

It is the duty of the government to create jobs for its citizens as enunciated by the social contract which is a critical underpinning of democracy therefore the growth of the informal activities in Harare lessens burden from the government. The possibility of witnessing demonstrations is averted since people who could have been mounting pressure on government for jobs have managed to create their own jobs to improve household incomes. Another group of key informants from civic organizations concur that, allowing informal trade to grow is an internal pawn to justify government failure to provide employment. But a society

devoid of demonstrations has high chances of propelling the processes of development. In addition, the informal sector improves the national income accumulation through indirect taxes as the citizens' expenditure remains constantly high. In the light of the foregoing, this article argues that, the government's reluctance to resolve critical issues and concerns of the informal sector is informed by the reality that it benefits from it in so many ways. Some accuse the government and city council of being 'bystanders' who are under the illusion of diffusion of responsibility effect whilst the traders are on the receiving end. This has been argued to be the highest level of ambivalence on the part of the authorities for such undermines the operational efficiency of these informal groups.

IV. MAJOR CHALLENGES IN THE INFORMAL TRADE

➤ *Financial Constrains and Illiteracy*

Financial challenge was ranked among the top problems affecting the informal sector businesses in Harare since the banks and other financial institutions are not willing to provide loans or any other financial assistance citing that informal activities are not credit-worthy. Banks that have been interviewed concurred that they only provide loans to people who are formerly employed in government and renown firms to avoid risk of default payments. Except the few, the great bulk of the informal traders are too small to provide basic requirements for loan acquisition, some are not yet registered while others are registered but without any tangible asset to use as collateral. The argument to hold is that informal traders have no business acumen but they are into business due to poverty. This article understands such scenario as that some informal traders are doing an activity resembling business and it is a misnomer to classify them as business people. If the business cannot borrow funds due to failure to meet prescribed conditions for bank loans then that so-called business ceases to be a business entity because literature demonstrates that borrowing is among the features of business operations. The only collateral security they are said to have are their names, confidence and the passion which are all intangibles to attract trust from the banks. Another microfinancing company manager interviewed remarked,

'We don't give loans to small business that have no track record, here we mainly cater for civil servants and other formal workers. The main reason is that we as an organization want to avoid losses since informal business is uncertain and very unpredictable given the volatile situations we are experiencing'

From the above remarks, this article can argue that informal activities have no credit lines from the local banks and their own source of capital which is a factor considered as a stumbling block ahead of a possible expansionary drive. The informal activities in Harare CBD and Siyaso area are self-funded except the few who indicated that at some point got

government support through initiatives such as Women Empowerment Bank and Post Covid-19 funding schemes. These two are some of the interventions by the government to boost productivity in the informal sector but this study has learnt that such are done as political gimmicks during elections cycles to hoodwink the electorate. In a scheduled focus group discussion with Sayaso group of people, it emerged that benefits from government are distributed on partisanship not on equity as purported.

'Hapana chatinowana kubva kuhurumende, tinozvitsvagira tega dzimari dzekuti tishande kune vanhu vanokweretesa, asi kune vanopiwa dzimari idzi zvichienderana nebato raunotsigira' (We get nothing from the government, we self-fund our businesses from money-launderers, but there are some who are given funds and it is based on one's political affiliations or alignments).

That was the remarks from one the participants, arguing that whenever there is government support, there are some who are not getting it and they are relying on the borrowed funds from those who are in microfinancing and money laundering businesses. These sources of capital are unfavorable since they are characterized by high interests. Apart from funding, the informal sector is facing managerial deficiency and when asked some conventional benchmarks of running business such as bookkeeping and utilization of profitability and liquidity ratios, the traders in Harare showed no knowledge of such common fundamentals. The argument in the foregoing and to be noted is that, there is no proper mechanism for the formality of operation; no vending site in Harare CBD or Siyaso.

This article argues that, the perception that informal sector is less significant is in itself a misguided because the history of economies proffers that, it is the cottage industry that Indian economy among others had found its foundational growth. It is therefore necessary and instructive that banks and other investors to consider informal traders as serious and genuine business entities in order to spur dynamic efficiency (economic growth) in all sectors of the economy.

➤ *Poor Management; Lack of Financial Planning and Overtrading*

Informal sector is characterized by poor management of resources leading to financial bankruptcy and fall in the quantity and quality output. Street vendors interviewed operating in the CBD have no prescribed management principles they follow due to the nature of their business. It has been said that vending in Harare has never been an easy task as the police and municipal officials constantly raid them so there is no time to properly do the recording, preparing invoices. Lack of financial literacy and chaotic situations by law enforcement agents have been pointed as main causes of poor business management in the informal sector. Individuals who are into informal business have little knowledge on how

to do the planning, accounting, stock valuation and control, carrying out market analysis and to enter into growth mechanisms such as acquisition and merging among others. All these require certain intellectual skills on the part of the traders who agreed that they are driven and undergirded by the profit maximization as a fundamental motive behind their operations. Due to such inadequacy, they all agreed that they are in many occasions subjected to the problem of overtrading which is an unnecessary expansion that is growth rate that exceeds necessity. It can only be a result of poor planning and this study has noted that the problem of overtrading is among the characterizations of the informal trading in Zimbabwe, Harare traders in particular.

Conventionally, informal sector activity was a business regarded as dirty which belong to people who have not been to school but courtesy of the shifts that characterizes the economy, even the degreed people are into informal sector running various forms of enterprises. This article concurs with the conventional perspective which understands informal sector as an underground economy for people with little skill and knowledge of how business should be conducted besides them being collectively blanketed as risk takers, perseverant, hard-workers among others descriptions. The response from the micro-finance companies depicts that there is dearth of good management skills in the informal sector businesses in the CBD as one of the managers noted that, as an organization they are not willing to finance the informal sector ventures through loan facility because there is no good capital management which he put as, '*lack of financial and managerial intelligence*'. So, that lack of trust in their operations by the banks is the reason for them not getting loans.

➤ *Energy Crisis*

Energy is among key economic enablers and this is according to the very ancient literature in which the dogmas of economics are imbedded in (Okupu, 2018; Sandberg, 2020; Mugano, 2017). And energy crisis is the most talked about challenge that is crippling productivity at Siyaso since power cuts are frequent in the post Covid-19 lockdowns and in the last quarter of 2022 to 2023, an 18-hour long load shedding was rolled out owing to a decline in the water level in Kariba dam and routinely mechanical upgrading at Hwange thermal generators. The utility company has announced that the current energy demand is over 3000 megawatts and the generation at full capacity produces 600 megawatts leaving a deficit of 2400 megawatts (Newshawks, 2022). This article through the application of statistical estimations and mathematical calculations established that the energy consumption per capita is around at 0.0001875 megawatts (current demand per an individual). Furniture making, welding, glue manufacturing, sewing, wire mesh knitting among other activities require electricity supply and the current power cuts are hindering work at the site leading to loss of production time. People have resorted to the use of diesel-powered generators which is an expensive option that

has an impact on pricing of their products, thus, a fall in revenue. The major point in the foregoing is that, shortage of electricity has a multiplier effect on the informal sector operations leading to poor customer retention resulting in the decline of income revenue. In the last quarter of 2022 and the better part of 2023, the country has plunged into a serious power outage and the informal traders at Siyaso area recorded a sharp decline in terms of operations which increases the costs of production. Such had a negative impact on the operational capacity and profitability.

➤ *Competition from Big Firms*

Informal activities face a challenge from the big firms that are always have all forms of economies of scale which is a fall in average cost of production due to a rise in the scale of output. Informal sector groups, being of smaller scale and largely run by individual family members, have no such benefits associated with large scale operations. These include purchasing economies of scale (discount following bulk purchasing of raw materials), managerial economies (ability to hire experts in managing resources), technical economies (ability to purchase, install and maintain advanced technologies and machinery) among others. There a general consensus among the interviewed entrepreneurs that their ventures suffer an intense competition from large retailers who have enough capacity to wage even price wars against them. Large firms have a host of economies of scale as highlighted, therefore they have an ability to finance what is orthodoxy literature calls product positioning and visibility through systematic and regular promotion financing. Vendors and the traders at Siyaso have no capacity to offer credit sale to customers which is another tool used by the well-established businesses as a customer retention strategy which seem to be working for them, large retailers. In contrary, small scale businesses have small volumes of stock therefore they are compelled resort to cash sale by the conditions such as; they have no fixed location for identification purposes in the event that a customer wants to pay, they are not registered and without bank accounts, lack of managerial skills to assess customer's creditworthy and to do debt administration. Despite such fact, they are still operational and profits that are realized translating to improved standards of living, small businesses in Harare are battling with competition from large corporations that have among other advantages, financial, managerial and technical economies of scale.

IV. POLICY FORMULATION AND OPERATIONALIZATION OF THE INFORMAL ACTIVITIES IN HARARE

The operation of the informal trading in Harare is characterized by many challenges emanating from policy inconsistencies on the part of the government and city council; incapacitation and negligence on the other side of the traders. As already demonstrated herein, in the introduction, the interaction between policy formulation and informal trading is negative and asymbiotic which is contrary to the conventional

conceptualization of development. Development is achievable when there is a positive interaction among the concerned agents, government, policies, firms and people. This article observed that such interaction is missing and both parties are enduring the burden of such inconsistency and uncoordinated conduct. On one end the government is losing revenue through various leakages as there is no solidity in the policy implementation to plug gaps in the informal economy. In theory, the informal is assumed to have a complimentary effect on the mainstream economy which if actualized would turn country's fortunes and pull it out from the gnawing shocks of stagflation. Similarly, the informal trading itself is left vulnerable to such maladministration leading to uncertain and unstable operations which results in the traders evading taxation, operating without proper documents, becoming violent towards law enforcement agents, non-compliance to

environmental and labor laws among others. The workers who belong to the informal sector are subjected to a number of infringements such as unfair wage rate, absence of social security, unfair dismissal among others. The argument to pick here is that, informal sector is understood as unrecorded or underground economy which suggests that its operations are very much asymmetrical and there is a lot of imperfections. Therefore, since such type of economy is known for unorthodox operations with unnoticeable records, traders wantonly abuse general regulations, labor laws and authorities are intransigent as it is reflected on high order level of policy inconsistency.

However, the following table presents the policy regulations identified as critical in the operations of the informal sector in Harare and Zimbabwe as well.

Table 1 An Assessment of the Impacts Policy Regulations on the Informalized Economy

Policy Regulations	Strength(s)	Weaknesses
<ul style="list-style-type: none"> Acquisition of Operating License 	<ul style="list-style-type: none"> Regularization of the operations 	<ul style="list-style-type: none"> Some informal traders have no licenses. There is no mechanism to ensure compliance
<ul style="list-style-type: none"> Taxation 	<ul style="list-style-type: none"> Generation of national income through revenue collection. 	<ul style="list-style-type: none"> Tax evasion by over 75% of small-scale traders.
<ul style="list-style-type: none"> Proposed Vending Sites 	<ul style="list-style-type: none"> Bring order in the city 	<ul style="list-style-type: none"> No ablution facilities at the designated sites For vendors, CBD is their niche market site
<ul style="list-style-type: none"> Environmental Management Act of 2002 and Environmental Impact Assessment 	<ul style="list-style-type: none"> Raising of environmental consciousness and awareness 	<ul style="list-style-type: none"> Environmental negligence behind prioritization of socio-economic issues by both policy makers and the public

This table was created by the researcher as an illustration of the policy regulations cited by the participants that govern operations of the informal sector economy in Harare

As demonstrated, it has emerged that the small-scale traders mostly vendors are required by the law to acquire operating license for them to be legal and to operate properly without interruptions from irregular and unforeseen municipal raids. With a license it would be easier for revenue collectors to identify operators easily and even to accurately calculate estimated value in liquidity which is circulation in that micro-economy. Such calculations are of importance since they assist policy makers in ascertainment of the contribution to the tax revenue and GDP, national income. Contrary to the issue of licensing, vendors who participated in the study noted that it is costly to get that vending license from the city council which is pegged at \$600 - \$1200 United States Dollars and it expires after 12 months. There is also another unspecified amount of money to be paid to those in offices of authority for quick acquisition of the license; it is now an invisible business expense which cannot be found even in the books of accounts. The major problem cited on that one is lack of working capital hence many of them operate without licenses which is compromising their possible functions since the municipal police routinely conduct raids on the vendors' wares which disrupts revenue generations. In some instances, the municipal police engage the Zimbabwe Republic Police (ZRP) officers

to strengthen their efforts to decongest the CBD but informal vending has increased in Harare after the crushing of the local currency in November 1997 (Mlambo, 2008; Bond & Manyanya, 2003), and the situation has been worsened post-Covid-19 era. The city council has set its sub-organ called Small-Medium Enterprises Committee (SMEC) responsible for the allocation of trading sites in the CBD but recently the Ward 16 councilor who is the chairperson of the committee noted that politics has overtaken the mandates of the committee leading to sprouting of more vendors along the streets in Harare. According to him, the Zimbabwe African National Union Patriotic Front (ZANU PF), the ruling party, linked people have ganged up against his committee and started parceling out vending sites to their supporters.

In that scenario, the revenue authority has no mechanism to collect taxes from informal traders who are not registered and always in transit. Unregistered operations in an informal economy is difficult to control or even to estimate its market value, wage rates, pricing systems. 2022 World Bank Report as cited in some sections of this article outlines that Zimbabwe's economy is 65% informal therefore it is set to contract given the situation that its growth rate is vacillating between 3.5 to 4.5% for the past two years. It is the lack of positive interaction between revenue collection authority, Zimbabwe Revenue Authority (ZIMRA) and the direct tax payers in this context (Informal traders) that has compromised

the possibilities for smooth operationalization and development. ZIMRA issues garnish orders to non-compliant tax payers by instructing the banks to debit money from client's account but informal traders largely have no bank accounts and are not in the systems so it is very easier for the traders to evade taxation without a trace. Therefore, there is limited contribution from the informal traders in terms of taxation since the revenue collector seem to have no proper alignment that enhances tax compliance.

Apart from the issue of taxation and licensing, the enforcement of the Environmental Management Act by Environmental Management Agency (EMA) has been described by informal traders as a blockade to their expansionary drive which characterizes entrepreneurship. However, it helps to develop ecological consciousness and awareness among the traders and the public largely and it is a positive step towards sustainability and effective response to climate change. At Siyaso area, there is serious degradation and pollution of the environment as well as water poisoning due to constant disposal of chemicals by the informal manufacturers. The area is noisy (noise pollution), smelly (air pollution) and dirty (land and visual pollution) due to uncontrollable waste management; some respondents cited lack of bins as the source of pollution at their workplaces. Such is a reflection that EMA is not consistent in enforcing its regulations and on the other hand people are negligent to comply at the same time. Hence the blame is shared between the policy makers and the informal operators at Siyaso. This article notes that over 75% of the informal traders in Harare are not conscious and are unaware of the environmental ethics as their key priorities emanate from profit maximization, expansion and survival. In terms of operations of the informal sector, EMA was named among the challenges that impact business in this 'grey economy', the traders are regarding EMA as business expense. Some traders were fined for polluting the water and land and such inflates costs of production and it has a multiplier effects including the decline in the quantity of goods produced, an increase in market pricing of goods and services, factory closure among others. All these are impacts of the dearth of coordination between key institutions involved in development, in this context, the informal traders and EMA policies which have been deemed incompatible.

Lastly, it is noteworthy that, the City of Harare has earmarked some areas as vending sites outside the CBD as a method to decongest the city. There are also some vending sites that are now housed in the shopping malls dotted across city such as the Kwame Mall along Kwame Nkrumah street, Galaxy Mall, Home gate Mall, Central Mall, J-Way Mall among others. Vendors with licenses are entitled to rent some areal space of 1m by 60cm in the malls with a cost range of a minimum of \$200 and a maximum of \$400 per month. There is some semblance of order in the city but these malls are not enough to accommodate all vendors in Harare given the fact that the economy is said to be 65% informal (World Bank

Report, 2022). Further, there are vendors who are selling perishable foodstuffs such as fruits and vegetables and they cannot be put into any of these malls which are looking suitable for goods such as mobile phones, laptops, television sets, clothes and groceries. The vendors are still in every street to an extent of blocking road users and their number increases from 3 pm as they want to access market when many people finish work.

On the same note, the City Council has set a large vending site close to a km from the city Centre along Seke road but the structure is still under construction. But even if it is complete, vendors and customers are not willing to leave the city Centre for these new sites. Informal traders who participated in this study, have noted with concern that, it is better for them to risk continue operating in the CBD than going to any of these new proposed vending sites which they disregarded as inconvenient. An argument from their responses is that, CBD is convenient for business and it has people (customers) from all residential areas in Harare including affluent suburbs such as Glen Lorne, Borrowdale, Mt Pleasant, Chisipite among others. At the proposed site outside the CBD, vendors will have a limited market since it is accessible to those traveling to Chitungwiza, Hatfield, Epworth, Sanningdale only. It is a valid argument because there is no logic for shoppers who reside in Dzivarasekwa, Kuwadzana, Westgate, Mabvuku, Greendale, Ruwa, Tafara to go to Granite-side area to buy fruits and vegetables then come back to CBD to enroute to their places of residence. Such is cost-ineffective on the part of shoppers who are subjected to the impacts of stagflation which has led to loss of value of the local currency.

V. COLLATIVE ANALYSIS AND CONCLUSIONS OF THE FINDINGS

Development is a systematic process that brings positive change which has multiplier effects on the lives of the people in a sustainable way that upholds principles of environmental beneficence. In the economy, basically, there is an interaction between the institutions of power, ideology and citizens. As World Bank (2022) proffers, the Zimbabwean economy has tilted towards informal trading with an index of 65% and such economy is understood as an underground or unrecorded for there is no mechanism to accurately measure and regulate its performance. This article lucubrates and demonstrates that in Harare, the informal traders which constitute, vendors, carpenters, distributors, runners, welders are benefiting from such activity since employment has been created and household incomes have risen in the past 5 years. Some have managed to purchase residential stands and have built houses in the newly sprouting areas on the Harare's margins such as Ushewokunze, Hopely, Southlea Park, Churu farm among others. This according to this article can be hailed as development since people have now in possession of accommodation which made them reduce monthly expenditures as accommodation is regarded as the top budget

item that consumes close to 50% of urban dwellers' income who belong to the category of lower to middle income earners. In terms of the operations of the informal sector in Harare, there is no coordination between policy makers and the entrepreneurs and such inadequacy is understood from what has been indicated herein in the introduction. The superstructure which in this context means policy formulation and regulations, must be in accordance with the infrastructure that is the physical factors that are pro-production and, in this case, infrastructure refers to entrepreneurs themselves and their tools of trade. There is no superstructure-infrastructure interplay which is put in this paper as positive interaction. Policy regulations parceled out by the City Council and the government have affected the operations of informal activities in the CBD and Siyaso area. The law enforcement agents, municipal police conduct systematic raids on traders in the undesignated vending sites. The business is hampered largely because the vendors are always in a defensive mode and are situationally set in transit. Some resort to violence against the law enforcement agents which turns the CBD to be a threatening environment, while others opt for corrupt routes which makes corruption a 21st century business expense. It has emerged that some vendors in the CBD bribe the police and municipal officers for protection during mass raids and an argument is that since corruption is thriving, the efficacy of policies remains elusive.

The net-effect of lack of positive interaction between the institutions of authority and the public in this informal sector is that poverty and living conditions are soaring up. The majority of the people since are the victims in this intricate web of institutional interaction as the authorities are suffering from what social psychologists proffer as, bystander effect and diffusion of responsibility effect (Piliavin et al, 1969), where those in need for support (the informal sector) usually suffer despite the presence of the helpers (authorities, government and city council). And in this context, the institutions of authority, power and ideology seemed reluctant to proffer a lasting solution to the problems faced by the informal traders resulting in the suffering of their enterprises and subsequently their lives in general.

VI. RECOMMENDATIONS

This article after condensing the outcomes from the field recommends that the authorities should come up with policies that are user-friendly when it comes to the operations of Harare's informal groups and poverty alleviation. There is need for having a coordination between policy makers and the public so that development is prioritized and becomes achievable through informal economics. For development to be realized, there is need for establishing and upholding symbiotic interaction between superstructure (institutions of ideology, policies and control and capital) and infrastructure (land, raw materials, physical labor, entrepreneurial passion among others). Borrowing insights from the State Theory, this article argues that, the government's role in development is

irreducible and such role is imbedded in territoriality, sovereignty, nationality and law. The informal traders must be compliant to the laws and they must be regularized so that they can get funding from financial institutions. Regularization of the informal activities means that the government would be getting taxes which improves the national income and GDP, therefore it is key for government to put efforts that ensure proper operations in the informal sector. A regularized sector is good for government's revenue authority to monitor operations with clarity and efficacy; garnish orders would be issued easily if happens that there are delays on the payment of taxes or evasion. On the issue of taxation, tax education must be prioritized by the relevant stakeholders to make the public aware of their role in the economic performance of the city and ultimately of the country.

The traders must embrace new technologies for the analysis of business conditions and other components of the external environment. The other aspects which merit mentioning herein is the issue of record keeping and financial intelligence. This study discovered that most of the informal traders are not circumspect when it comes to financial matters which makes their enterprises to grapple with liquidity constrains always. There is need to improve on that aspect in order to achieve systematic development in the informal economy. The government and other authorities of interests should come up with some interventions to regulate the price mechanism used in the informal economy since there is no control, a situation that jeopardizes the general populace which has to be protected against profiteering. Profiteering often characterizes the informal sector simply because the private sector is motivated by profit maximization without considering the financial ability of the community. Besides the issue of pricing, there is another aspect which has been identified as an anomaly in the informal sector. It is the issue of quality of goods and services provided in the informal sector; poor quality is common and there is need for authorities to come up with policy mechanisms or to adjust the existing ones in order to monitor and ensure that the community is provided with quality goods. Wage rate is also a problem which the informal groups are grappling with since there is no prescribed minimum wage and even if there is, in an underground economy there is no compliance and the government itself has no effective systems to ascertain the extent of alignment to labor laws.

On the issue of vending sites, the city council and the government must find a common point of convergence for people's social development through informalized economy by equipping the proposed sites with ablution facilities so that they become attractive to traders and consumers as well. That would decongest the CBD where the traders cited as profitable zone in the city. This article is optimistic as it argues that, since the year 2000 when the urban councils had fallen into the control of the Opposition Parties, there has been what some prefer to call, diffusion of responsibility between the

ruling party and its ardent critiques, the opposition. It is imperative that the two must find their differences and locate a point convergence in the principle of human beneficence and environmental harmony.

VII. CONCLUSION

In summary, as proffered hereabove, there is an inherent interrelationship that exists among development, policy formulation and the operations of Harare's informal groups (informalized economy). In the city of Harare, there is a plethora of informal traders that are into various sectors of the economy; in the CBD it is largely buying and selling businesses and beyond centrality of the city, contextually, Siyaso, there are numerous activities notably welding, carpentry, candle making, car breaking, vending among others. Policy formulation, its implementation and policy direction seem to be stumbling blockades lying ahead of the supposed economic growth and community development. In the CBD of Harare, literally, every street is infested with vendors and informal retail shops selling different goods and services and their work is with operational hurdles, chief among them is policy inconsistency. Such inadequacy or dearth of policy consistency and clarity manifests itself in the random municipal and police raids and confiscation of goods, violent retaliatory acts by traders among other skirmishes.

However, in spite of the continuance of an imbalance between policy making and the operations of informal groups, the informal sector has contributed to the growth of the economy and this article has gathered that many of these individuals have regular incomes and they own houses, notwithstanding the fact that their (those who participated) houses are located in poorly developed and newly established residential areas which some of them are earmarked for demolition as they are deemed illegal structures. Nevertheless, having a decent accommodation mirrors community development because it increases household's disposable incomes since it has been noted that close to 50% of urban expenditures is consumed by rentals. Arguably, the superstructure or the authorities particularly the government and the municipality are having a cumbersome and torrid times in trying to bring sanity in the informal economy which is argued as to be a grey and unrecorded economy by scholars such as Mhango (2018); Rodney (1972); Bond et al (2003) among others. In terms of the direct contribution to the national income, informal sector is doing very little as many of these traders are unregistered and they easily evade taxation as they are taking advantage of their lack of traceable records. In such scenario, all methods of revenue collection become futile and elusive. This article concludes that, for development to be realized it is necessary that the policy-makers should adopt an integrated method which can also be described as 'all stakeholders approach'. Meaning that the interests and concerns of the government, Harare city council, informal groups/traders, other interested parties (banks, investors, researchers, writers etc.), consumers and natural environment

should be considered when policies and decisions are formulated for the purposes of feasibility and uninterrupted applicability.

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