Thesis By

TRYNOS GUMBO

Faculty of Science at Stellenbosch University

ON IDEOLOGY CHANGE AND SPATIAL AND STRUCTURAL LINKAGES BETWEEN FORMAL AND INFORMAL ECONOMIC SECTORS IN ZIMBABWEAN CITIES (1981-2010)

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Supervisor: Prof Hermanus Stephanus Geyer
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DECLARATION

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Date: March 2013

ABSTRACT

Zimbabwean cities have been experiencing wide-ranging economic restructuring since independence in 1980. The relationships between the declining formal economy and the growing informal economy concomitant with political and economic ideological shifts over the years have not been studied extensively and are not well understood. In this study the impact of political and economic ideological shifts on the growth, spatial and structural linkages between the two sectors over the three decades, from 1981-2010, in the country's two main cities, Harare and Bulawayo, is investigated.

Mixed-method approaches were applied to gather spatial, quantitative and qualitative data. Geospatial data were created using 1164 and 857 geographical positioning system locational points of informal economic enterprises in Harare and Bulawayo respectively. Maps of the two cities were scanned, georeferenced, projected and digitised. Longitudinal and cross-sectional data were gathered from archival sources and through 300 and 600 questionnaire surveys of formal and informal economic operators respectively. Qualitative data was generated from 30 interviews that were conducted with professionals that influence the operations of the two sectors. The data were analysed using GIS, SPSS and Statistica software to reveal the temporal growth of the two sectors, as well as their spatial and structural linkages.

It was found that the informal sector grew by 17% under the socialist policies of the 1980s. This increase was partly attributable to overurbanisation because the urban labour force increased at an average of 3% per annum compared to the formal economic sector that generated employment at an average of only 2.2% per annum throughout the 1980s. The shifts toward neo-liberal economic policies at the beginning of the 1990s resulted in immense retrenchments, forcing many workers to join the informal sector. As formal firms adjusted their operations to fight global competition, employment generation declined to an average of 1% per annum throughout the1990s. The informal sector responded by employing 61% of the labour force by 2001. The adoption of authoritarian policies at the beginning of the 2000s accelerated the decline of the formal economy which recorded negative growths for most of the first decade of the millennium. This led to the rapid rise of informal sector employment to an astronomic level of 87.8% in 2008.

The investigation revealed substantial locational transformations of both formal and informal economic enterprises. During the 30-year period, informal economic businesses spread in low-income suburbs, city centres and neighbourhood and district shopping centres. 16.3% of formal economic enterprises left the city centres preferring secure medium density suburbs close to the CBDs, shopping complexes, industrial, office and business parks on the edges of the cities. 83.7% remained in the city centres and industrial centres where informalisation of operations was one of the strategies employed to fight competition, whilst 86.3% and 22.8% informal economic enterprises licensed and registered their operations respectively over the 30 year period. These spatial and structural changes resulted in linkages being formed between the two sectors. The nature of the linkages is largely influenced by the position of the informal businesses on a continuum of informal enterprises ranging from traditional, through transitional to semi-formal. It was found that traditional and transitional enterprises had strong backward linkages with formal businesses where they purchase their goods and raw materials. Forward linkages exist where semi-formal businesses sell furniture, building materials and clothing to formal businesses. Thus, a symbiosis exists, but linkages are very exploitative as formal businesses tend to dictate the terms of business.

The reciprocal-supportive model was extended by adding four pillars that influence the operations of the two sectors to produce a differential complexity model of informalisation (DCMI). The reasons or causes of informalisation (RE); the subsectors that comprise the two sectors (SE); the various locations of the two sectors' businesses (L); and the levels of formality and informality (Ls) are integrated in the DCMI to aid comprehension of the linkages between the two sectors. The model can be adjusted and applied to various urban settings, allowing for the development of the two sectors spatially, structurally and temporally.

KEY WORDS AND PHRASES

Authoritarianism, capitalism, differential complexity model of informalisation, formal economic sector, ideological change, informal economic sector, geographic information system, spatial linkages, socialism, structural linkages

OPSOMMING

Zimbabwe se stede is sedert die land se onafhanklikheidswording in 1980 aan omvattende ekonomiese herstrukturering onderworpe. Samelopend met die kwynende formele ekonomie was daar groei en ruimtelike en strukturele veranderings in die informele sektor. Die reaksies van die twee ekonomiese sektore op die politieke en ekonomies-ideologiese verskuiwings gedurende die eerste drie dekades na onafhanklikheid, is nog nie omvattend bestudeer nie en word tot nog toe nie goed verstaan nie. In hierdie studie word hierdie verwantskappe in Zimbabwe se twee hoofstede, Harare en Bulawayo, bestudeer.

'n Gemengde-metode benadering word gevolg om ruimtelike, kwantitatiewe en kwalitatiewe data in te samel. Georuimtelike data is met behulp van 'n geografiese posisioneringsisteem, skandering, geoverwysing, projektering en versyfering van kaarte van die twee stede geskep. Kwantitatiewe longitudinale-en dwarsprofieldata is verkry uit argiefbronne en deur middel van vraelysopnames onder formele en informele handelaars. Onderhoude met professionele persone wat die werking van die twee sektore beïnvloed, het kwalitatiewe data gelewer. Die data is met GIS- en SPSS-sagteware ontleed om die groei van die twee sektore oor tyd, en hulle ruimtelike en strukturele skakels bloot te lê.

Daar is gevind dat die informele sektor met 17% gegroei het onder die sosialistiese beleid van die 1980s. Hierdie toename kan gedeeltelik aan oorverstedeliking toegeskryf word omdat die stedelike arbeidsmag met 'n gemiddelde van 3% jaarliks toegeneem het in vergelyking met die formele sektor wat werksgeleenthede slegs teen 2.2% jaarliks gedurende die 1980s gegenereer het. Verskuiwings na neoliberale ekonomiese beleid teen die begin van die 1990s het grootskaalse afdankings tot gevolg gehad, wat baie werkers gedwing het om by die informele sektor aan te sluit. Namate formele ondernemings aanpassings gemaak het om die stryd te voer teen globale kompetisie, het werkverskaffing gedaal tot 'n gemiddelde van 1% jaarliks gedurende die 1990s. Die informele sektor het gereageer deur om in 2001 61% van die arbeidsmag te huisves. Die aanvaarding van outoritêre beleid teen die begin van die 2000s het die kwyn van die formele ekonomie verhaas, met die gevolg dat negatiewe groeikoerse gedurende die meeste van die eerste dekade van die millennium ervaar is. Dít het aanleiding gegee tot 'n snelle toename in indiensneming in die informele sector, tot 'n astronomiese 87.8% in 2008.

Die ondersoek bring aansienlike liggingstransformasies van formele en informele besighede te vore. Gedurende die drie dekades *(1981 tot 2010)* het die informele ondernemings na lae-inkomste woonbuurte, middestede, en buurt- en distrikswinkelsentra versprei. Sommige formele ondernemings het weggetrek uit die middestede na fabrieks-, kantoor- en sakeparke in die randgebiede van die twee stede. Sommige formele ondernemings wat in die middestede aangebly het, het hulle sake geïnformaliseer om kompetisie te bestry en informele ondernemings het hulle sakestrukture deur lisensiëring en registrasie aangepas. Hierdie strukturele wysigings het wisselwerking tussen die twee sektore laat ontstaan. Die aard van die wisselwerking word beïnvloed deur die posisie wat die informele ondernemings beklee op ‘n kontinuum van ondernemings wat strek van tradisioneel deur oorgangstipes tot by semi-informeel.

Daar is gevind dat die meeste informele handelaars en produsente hulle verkoopsware en grondstowwe by leweransiers in die formele sektor verkry. Verkoopskakels bestaan waar informele vervaardigers meubels, boustowwe en klerasie aan formele ondernemings voorsien. Dus bestaan daar ‘n simbiose, maar die skakels neig om uitbuitend te wees want die formele ondernemings dikteer dikwels besigheidsvoorwaardes.

Die wederkerige-ondersteunende model is uitgebrei deur die byvoeging van vier pilare, wat die handelinge van die twee sektore beïnvloed, om ‘n differensiële kompleksiteitsmodel van informalisasie (DKmI) tot stand te bring. Die redes vir, of oorsake van informalisering (RE); die subsektore waaruit die twee sektore bestaan (SE); die verskeie liggings van die twee sektore se besighede (L); en die vlakke van formaliteit en informaliteit (Ls) is geïntegreer in die DKmI om begrip van die skakels tussen die twee sektore te bevorder. Die model is aanpasbaar en toepasbaar in verskeie stedelike omgewings om ontwikkeling van die twee ekonomiese sektore ruimtelik, struktureel en temporeel moontlik te maak.

SLEUTELWOORDE EN-FRASES

Differensiële kompleksiteitsmodel van informalisasie, formele ekonomiese sektor, geografiese inligtingstelsel, ideologiese verandering, informele ekonomiese sektor, kapitalisme, ruimtelike skakels, sosialisme, strukturele skakels

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May God Continue to Bless You All.

DEDICATION

This work is dedicated to my family, particularly my late brother Patrick. All glory to Jesus Christ, my Lord who always takes centre stage in my life.

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TABLES

FIGURES

ACRONYMS AND ABBREVIATIONS

AIDS	Acquired immune deficiency syndrome
AIPPA	Access to Information and Protection of Privacy Act
ANOVA	Analysis of variance
AOIC	American Opportunities Industrialisation Centres
BC	Before Christ
BIOP	Business, industrial and office parks
BP	Botswana Pula
BSAC	British South Africa Company
BUPRA	Bulawayo Progressive Residents Association
BURA	Bulawayo Residents Association
CBDs	Central business district
CHRA	Combined Harare residents association
CSI	Credit and Savings Institutions
CSO	Central Statistical Office
CZI	Confederation of Zimbabwe Industries
DCMI	Differential complexity model of informalisation
DHCS	Department of Housing and Community Services
DIMAF	Distressed Industries and Marginalised Areas Fund
DPP	Department of Physical Planning
DRC	Democratic Republic of Congo
EC	European Commission
ESAP	Economic structural adjustment programme
FC	Forestry Commission
FEEs	Formal economic enterprises
FELOCS	Foreign exchange licensed oil companies
FELOPADs	Foreign exchange licensed outlets for petrol and diesel
FEOs	Formal economic operators
FES	Formal economic sector
FFYNDP	First five year national development plan
FOLIWARs	Foreign exchange licensed warehouses and retail shops

GB	Grameen Bank
GDP	Gross domestic product
GEMINI	Growth and Equity through Microenterprises Investments and Institutions
GIT	Geographical information technology
GNP	Gross national programme
GNU	Government of National Unity
GPA	Global Political Agreement
GPS	Global positioning system
GTZ	German Technical Corporation (Gesellschaft für Technische Zusammenarbeit)
GWE	Growth with equity
GYBI	Generate your business idea
HB	Home based
HIV	Human immune virus
IC	Industrial centre
IDC	Inter-ministerial Deregulation Committee
IEEs	Informal economic enterprises
IEOs	Informal economic operators
IES	Informal economic sector
ILO	International Labour Organisation
IMF	International Monetary Fund
INSTARN	Informal sector training and resource network
IYB	Improve your business
JIT	Just in time
LFS	Labour force surveys
LIDAR	Light detection and ranging
MBDC	Micro Business Development Corporation
MDC	Movement for Democratic Change
MERP	Millennium economic recovery programme
MFI	Micro finance institution
MIPF	Mining Industry Pension Fund
MLGRUD	Ministry of Local Government, Rural and Urban

	Development
MSMEs	Ministry of Small and Medium Enterprises
MWGA	Ministry of Women and Gender Affairs
MYIE	Ministry of Youths, Indigenisation and Empowerment
NASME	National Association of Small and Medium Enterprises
NEDPP	National economic development priority programme
NERP	National economic revival programme
NGO	Non-governmental organisations
NPW	National Parks and Wildlife management authority
NRZ	National Railways of Zimbabwe
NSSA	National Social Security Authority
NUST	National University of Science and Technology
ODA	British Overseas Development Administration
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary least squares
OM/OR	Operation Murambatsvina/ Restore Order
POSA	Public Order and Security Act
PREALC	Programa Regional del Empleo para America Latina y el Caribe
RBZ	Reserve Bank of Zimbabwe
RTCPA	Regional Town and Country Planning Act
SANPAD	South African Netherlands Research Programme on Alternatives in Development
SAPs	Structural adjustment programmes
SAR	South African Rand
SATEP	Southern African Team for Employment Promotion
SDF	Social dimension fund
SEDCO	Small Enterprises Development Corporation
SEWA	Self Employed Women's Association
SI	Statutory instrument
SPSS	Statistical package for social sciences
SSA	Sub-Saharan Africa
SSC	Suburban shopping centre

SSIP	Small scale industrial policy
STEP	Skills training and employment programme
STERP1	Short term emergency recovery programme
SWW	Second World War
SYB	Start your business
TCs	Transport and communication centre
TNDP	Transitional national development plan
TOT	Train the train
UCA	Urban Councils Act
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNDP	United Nations Development Programme
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USSR	Union of Soviet Socialist Republics
UTM	Universal Transverse Mercator
VAT	Value added tax
WB	World Bank
ZANU PF	Zimbabwe African National Union Patriotic Front
ZCIEA	Zimbabwe Chamber of Informal Economy Association
ZCTU	Zimbabwe congress of Trade Union
ZD	Zimbabwean Dollar
ZDERA	Zimbabwe Democracy and Economic Recovery Act
ZEDP	Zimbabwe enterprise development programme
ZIMCORD	Zimbabwe conference on reconstruction and development
ZIMRA	Zimbabwe Revenue Authority
ZIMSTAT	Zimbabwe National Statistics Agency
ZISA	Zimbabwe IES Association
ZNCC	Zimbabwe National Chamber of Commerce
ZUPCO	Zimbabwe United Passenger Company

CHAPTER 1: SETTING THE SCENE FOR FORMAL AND INFORMAL ECONOMIC SECTORS LINKAGES

"... literature on the spatial distribution of the informal economic sector and the various linkages that exist is insufficient and sometimes misleading... to date there are no studies that rigorously demonstrate links ..." (Moreno-Monroy 2012:2020-2026).

Cities in less developed countries, particularly in the African, Asian and Latin American continents, have been experiencing high urbanisation rates since the end of the Second World War (SWW) (Todaro 1969; Harris & Todaro 1970; Gugler 1982; Geyer 1988; Kasarda & Crenshaw 1991; Dickenson et al. 1996; Myers & Owusu 2008; McEwan 2009). The rapid growth of the urban population coincided with the end of colonialism, giving rise to large scale economic, spatial and structural transformations of urban landscapes (Blunt & McEwan 2002; McEwan 2003; UN-Habitat 2003, 2010, 2012; De Noronha Vaz et al 2012; Taubenbock et al 2012). Similarly, the shaping and reshaping of the form and structure of cities and their patterns of economic spaces have largely been linked to political, social and economic forces (Mbembe 2001; Landman 2002).

The urban informal economic sector (IES)[1] has been one of the phenomena that have emerged in response to changing political and economic ideologies since the era of independences (Myers 2003; 2011). In Zimbabwe, the growth of the urban IES is attributable to the relaxation of previous segregative policies after independence in 1980 (Tibaijuka 2005; Luebker 2008a, 2008b; Gumbo & Geyer 2011). The same trend has also been observed in other countries such as South Africa where the occurrence of the phenomenon significantly increased from the transitional period of the 1980s and particularly after the end of apartheid in 1994, leading to extensive transformation of central business districts (CBDs) and urban economic restructuring (Rogerson & Beavon 1985; Rogerson 1988a, 1988b; Hart & Rogerson 1989; 2002; Geyer 1988, 1989, 2009a).

[1] The term IES was first coined and introduced in academic literature after empirical studies of economic activities in Ghana during the early 1970s by Keith Hart, a British anthropologist (Arimah 2001, Kabra 1995). According to Peattie (1987) the International Labour Organisation (ILO) quickly picked up and applied the term in their 1972 employment missions in Kenya. Since then, the term has been widely used by governments, private organisations and individual researchers (Holness, Nel & Binns 1999).

In this study the growth and spatial spread of informal economic enterprises (IEEs) in Zimbabwe's two major cities; Harare and Bulawayo, are investigated. In particular the focus is on the growth of the phenomenon and the spatial and structural linkages that were created with the formal economic enterprises (FES) counterpart over a period of 30 years, from 1981 to 2010. The investigation is done in the context of a series of political and economic ideological changes that took place since the country attained black majority independence in 1980.

The focus in this chapter is on the background of the study where the evolution of the IES and its relationships with the FES is presented. The problem statement to be investigated, research questions that need to be answered and the hypotheses to be tested are also outlined. Related to the problem statement is the study aim and objectives to be achieved that are clearly developed and spelt out in this chapter. Also presented is the scope of the study, the area of study and the sequence that is followed to operationalise the study. Lastly, the structure of the thesis and a chapter outline are presented.

1.1 REVISITING FORMAL AND INFORMAL ECONOMIC SECTORS LINKAGES

Sometime during the SWW attention became focussed on the concept of IES (Furnivall 1939, 1941). This coincided with the boom period of industrial production during the 1940s. However, the number of studies on the concept increased during the second half of the twentieth century as scholars struggled to explain the origin, and characteristics of IES and its linkages with the FES (Lewis 1954; Boeke 1961; Geertz 1963; Hart 1971; ILO 1972, 1993, 2002; Geyer 1989; Portes, Castells & Benton 1989; Chen 2005, 2007; Williams 2010). There still exist complex and conflicting explanations surrounding the emergence, growth and spread of IEEs. It is however very evident that informalisation of economies in Africa, Asia, Latin America and also East and Central Europe coincided with political and economic independence. The urban IES is therefore largely a feature of post-colonialism in former colonial states (Myers 2011).

1.1.1 Evolution of formal-informal linkages

The IES has always been judged by making comparisons with the FES. Since the term was coined, the IES has always been defined by referring to the extent to which its characteristics differ from those of the FES. It is worth noting that the IEEs have existed in their current form even before the advent of capitalism that formalised production systems (O'Conner 1983). Currently, there are four perspectives on the origin of the IES and its relationships with its FES counterpart. The perspectives are discussed in the following sections.

1.1.1.1 Dualism: Residual thesis

Early studies of the IES gave rise to dualistic perceptions about the phenomenon (Furnivall 1939, 1941; Geertz 1963). The IES was seen as traditional, backward, insignificant, and separate from the FES. It was felt that the informal sector would diminish and eventually cease to exist (Boeke 1953; Lewis 1954, 1959; Geertz 1963). Studies on the IES from the early 1970s also confirmed that the sector was separate but comprised of pertinent economic activities (Hart 1971, 1973; ILO 1972) for the survival of hundreds of thousands in developing countries and contributing to national growth and development (Leys 1973; McGee 1973, Santos 1973; Brown 1974; LeBrun & Gerry 1975; Moser 1978; Peattie 1987; Meagher 1995; Blunch, Canagarajah & Raju 2001; Gerxhani 2004; Chen 2005, 2007; Guha-Khasnobis, Kanbur & Ostrom 2006; Aksikas 2007; Williams 2010).

During the 1980s it was however discovered that, rather than being transitional and peripheral, the phenomenon had become permanent, had penetrated the modern industrial sector and had spread to industrialised nations (Portes, Castells & Benton 1989). It was also proved that, instead of it being considered distinct and separate from the FES, the two sectors had strong linkages (Blunch, Canagarajah & Raju 2001). It was also realised that industrialisation and the expansion of large modern enterprises had failed to generate wage employment and reduce poverty, particularly in developing countries. It was acknowledged that accepting and promoting the IES was one way of fighting poverty and inequality in cities of the developing world. This led to the emergence of other perspectives (Meagher 1995; Chen 2005).

1.1.1.2 Structuralism: By-product or exclusion thesis

The failure of the residual thesis to explain fully the origin of the IES and the linkages it has with the FES, led to the search for other perspectives. Structuralists identified sections of IEEs that have linkages with formal economic enterprises (FEEs). Subcontracting part of the work and employing lowly paid casual workers was found to be common during the periods of massive competition and recession in the late 1970s and early 1980s in most industrialised nations (Portes, Castells & Benton 1989; Meagher 1995; Williams 2010). Backward and forward linkages also exist between the two economic sectors as formal businesses buy intermediate inputs and final goods from informal businesses that also buy their materials and inputs from FES businesses (Gerry 1978; Tokman 1978; Peattie 1987; Arimah 2001; Aksikas 2007). Such relationships between the two economic sectors had grossly been missed by the dualist thesis.

The exclusion thesis also captures informal economic operators (IEOs) who are forced to join the sector to survive after being retrenched by the FES counterpart; hence either the growth or decline of the IES is directly linked to the performance of the FES (Portes, Castells & Benton 1989). It was however realised that the structuralist thesis was mostly applicable to heavily industrialised countries which had experienced widespread informalisation during the economic crisis but could not explain the presence of the IES in less industrialised countries that did not have widespread informalisation of formal businesses (Sassen 1988, 1989; Schneider 1997). Socialist countries with low industrial production also experienced a sharp increase in IEEs particularly due to rapid urbanisation and small economies that could not absorb migrant labour (Kim 2002, 2003, 2005; William & Round 2007a, 2007b). Studying the informal sector in South, Geyer (1989) demonstrated through the reciprocal-supportive model that the two sectors are linked and cannot be considered separate. The IES depend on the FES to secure goods and raw materials (Arimah 2001).

1.1.1.3 Legalism: Alternative or exit thesis

Both the residual and by-product theses missed out a section of the IES that existed as a result of stringent, cumbersome and stifling regulatory frameworks (De Soto 1989). This led to the formulation of the legalist perspective of the phenomenon (World Bank 1989; ILO 1993; Meagher 1995).

Reformists and radical neo-liberalists believe that IES operators choose to voluntarily exit the FES that has stringent regulations for registering and operating a business (Fiege 1989; Harding & Jenkins 1989; Gumbo &Geyer 2011). However, the alternative view has been found too narrow as it is only relevant to own-account informal operators with relatively high incomes, better education and skills, but is not applicable to informal waged employees and petty traders (Williams and Windebank 1998; Chen 2004).

Besides, its prescriptions for free markets and complete state withdrawal (ILO 1972; De Soto 1989; World Bank 1989; Bromley 1990; Gerxhani 2004) from dealing with the IES are retrogressive as the sector gets exposed to serious global competition and lack of resources or support from the state. It has repeatedly been proven that giving the IES autonomy, flexibility and freedom alone, without active support by the state and the FES counterpart is not enough (Gumbo 2010a; Gumbo & Geyer 2011).

1.1.1.4 Poststructuralist: Complementary or social relations thesis

According to Williams (2010), the three common views that have been discussed so far left out part of IEEs that are carried out to strengthen social relations, mostly in urban low income communities. He discovered that some activities are done outside the FES by kinsmen; friends and neighbours for reasons that not related to economic gain. This led to the formulation of the poststructuralist or postcapitalist or postcolonial perspective.

What emerged clearly from these four perspectives of the informal sector was a great deal of consensus on the significance of the informal economy in the creation of employment and the provision of livelihoods to large numbers of urban residents across continents (Castells & Portes 1989; de Soto 1989). This observation was also made by Fleming, Roman & Farrell (2000), who contend that the IES has grown to become the buzzword across disciplines and world economies. According to Potts (2008), the IES has become a common sight in all countries but what varies considerably are the levels, magnitude and composition of the phenomenon between and among developed, transitional and developing countries due to their differences in economic, social, political and legal characteristics. Given its importance in economies of developing countries, there have been clarion calls to conduct empirical and theoretical studies on the IES in order to gain a better understanding of amongst other things, the spatial distribution of IEEs (Kesteloot & Meert 1999; Moreno-Monroy 2012).

1.2 RATIONALE OF THE STUDY

In this section, the underlying principles followed when conducting the study are highlighted. The concept of the IES is difficult to pin down as (Chen 2005, 2007; Kanbur 2009). Various scholars, local, central and international governmental and non-governmental institutions have diverse views about what constitutes IEEs. Even at the 'birth' of the IES concept in the early 1970s, the phenomenon was defined by describing its characteristics as a variety of legal and illegal activities undertaken either by the urban poor who are unemployed in order to generate income for survival, or by the underemployed to supplement their low wages (Hart 1971; Peattie 1987). The trend of using characteristics[2] of the phenomenon to define the IES was also picked up and popularised by the ILO in its studies on IEEs in Kenya. The IES is often described as all the ways of surviving or generating income that is outside the FES (Bromley & Gerry 1979).

Realising the inadequacy of the definition of the IES, an enterprise characterisation of the sector was adopted in 1993 by the ILO; two decades after the 'discovery' of the term. It was defined as comprising all unregistered and unlicensed enterprises that are owned by either individuals or households that do not keep records of activities (ILO 1993; Kanbur 2009). Characterising IEEs using the criterion of registration and licensing, generated more debates and disagreements since laws on registration and licensing requirements differ across countries. This led to the adoption of a much looser and more expanded definition of the IEEs in 2002.

The new and current definition regards the phenomenon as an economy that includes unpaid family workers; those employed in formal businesses without formal contracts; benefits or social protection; and domestic workers, in addition to those that operate their own enterprises outside city regulations (ILO 2002).

This new perspective of the concept did not help to clarify contentious issues about the sector but instead made it more composite and complex. This view is supported by Kanbur (2009)

[2] The sector was defined as comprising small scale operations that depend on family and indigenous resources and operate in unregulated markets (ILO 1972; Moser 1978; Peattie 1987; Blunch, Canagarajah & Raju 2001).

who states that the extension of the enterprise definition of the IES to include the nature of employment has led to conceptual problems. However, efforts to fully conceptualise the phenomenon have yielded conflicting readings of the sector.

Illegal activities that are outside the regulatory system and also not allowed by the national laws, such as prostitution, foreign exchanges on the streets, and dealing in drugs are sometimes referred to as belonging within the IES. Other activities that take place for purposes other than monetary gains such as household work and tasks that are done as a result of feelings of social responsibility and in order to maintain networks are also lumped together with IEEs (Williams 2010). Some authorities still regard the sector negatively (Harris & Todaro 1970) whilst some have embraced and supported it as the conduit to the development of the urban poor and see it as a means of fighting unemployment and poverty in developing countries (ILO 1972; Hart 1973; Moser 1978; de Soto 1989; Harding & Jenkins 1989; World Bank 1989; Blunch, Canagarajah & Raju 2001; Chen 2005, 2007; Kanbur 2009; Gumbo & Geyer 2011; AAPS 2012; Dube & Chirisa 2012; Kamete 2012a, 2012b).

Nation states have also formulated their own definitions which in most cases are similar to the ILO definitions although with some differences that reflect the obtaining conditions or local contexts (Kanbur 2009). IEEs in Zimbabwe are composed of all economic activities that are legal but conducted or exchanged for monetary gain outside any of the regulatory frameworks that include registration, taxation and labour requirements (MLGRUD 1996; Gumbo 2005). The Zimbabwean government defines the IES using the size of the business in terms of asset base, which is stipulated from time to time; the number of people employed, which is fixed at less than five; and registration status with the registrar of companies (Gumbo 2005; 2010a; GoZ 2010). All enterprises that are not registered under the Companies Act or Co-operatives Act, employing less than five people and that are also not assessed for taxation purposes by the Zimbabwe Revenue Authority (ZIMRA), are considered informal (MLGRUD 1996; GoZ 2010). It is however common to find micro businesses that comply with only some of the above, hence the Zimbabwean definition is also very difficult to implement in practice.

1.2.1 Working definitions of the two economic sectors

To avoid falling into the trap of an inconclusive definition of the sector, IES is defined in this study as '*all economic activities that operate without observing labour, taxation, regulatory or licensing regulations, whether for survival or profit making purposes'*. Kesteloot & Meert (1999) define the IES as composed of activities that escape taxation and do not observe labour regulations. Only economic activities that are legal[3] in respect of national laws but only flout production and distribution regulations, and also have counterparts in the FES, are recognised as part of the IES.

This adopted definition is supported by the ILO (2002) that posits that all economic activities that are wholly or in part not covered by formal laws are considered informal. This clearly shows that a business can be registered under the Companies Act, but if it does not make tax payments directly to ZIMRA, the enterprise will be considered informal, a category under which many micro enterprises involved in manufacturing and processing fall (Kamete 2004). On the other hand, FEEs are defined '*as all economic units that are fully registered, licensed, observing all labour and taxation regulations'*. They include both locally- and internationally- owned productive business units, and publicly and privately owned and paid domestic and agricultural work and services.

1.2.2 Persistent growth of the urban informal economic sector

The Zimbabwean IES has been receiving mixed reactions from both central government and city authorities, over a long period of time. The sector has continued to grow against the backdrop of ambivalent treatment. It has sometimes been supported encouraged, particularly during the 1990s, the decade of neo-liberal economic reforms, but was at one stage almost decimated by the infamous Operation Murambatsvina/Operation Restore Order (OM/OR) of 2005 (Tibaijuka 2005; Gumbo & Geyer 2011; Potts 2011; Kamete 2012a, 2012b). The mismatches between job creation and the growth of the labour force following the attainment of political and economic independence in 1980 have triggered the growth of IEEs. Formal employment grew at an average of 2.2% per annum during the 1980s whilst demand for employment grew at an average of 3% per annum (Luebker 2008a; Kanyenze et al. 2011).

[3] These are all economic activities that produce or deal in end products or services that are not criminal in nature before the Zimbabwean laws and exclude dealings in drugs, music pirating and prostitution.

Equally, the contraction of the formal economy at an average of 1% per annum during the 1990s gave the IES the impetus to grow. FEEs resorted to massive retrenchments during the decade of neo-liberal economic reforms to adjust to the global competition that resulted from the adoption of neo-liberal economic reforms.

Authoritarian political and economic policies of the 2000s have also contributed to the high informalisation of the formerly vibrant FES. Workers continued to lose their formal jobs as FEEs folded up and some voluntarily left the FES due to low and unreliable wages. This led to an explosion of the IES as workers joined the sector to eke out a living (Chirisa, Dumba & Mukura 2012). As the formal economy has continued to collapse more and more people are joining the IES, and the country's urban centres are experiencing an explosion of extra-legal economic activities of various forms. Such developments over a long period have not been adequately researched and documented. In this study therefore both archival data and cross sectional surveys are employed to bridge the gaps in the current knowledge about the sector.

1.2.3 Spatial spread of the urban informal economic enterprises

In this study the focus is on the spatial spread of economic enterprises in Zimbabwean cities. The visual display of economic activities aid the understanding of their spatial mix and the linkages exist between the two economic sectors (Anselin 1995, 2012; Anselin, Sybari & Kho 2006; Hornby 2006; Wang & Vom Hofe 2007). In this study the spatial patterning is traced to reveal nature of the 'invasion[4]' of sites by the IEEs over the 30-year period. Before the adoption of neo-liberal reforms in the 1990s, some of the functional areas had been provided solely for the operations of FES businesses (Tibaijuka 2005; Kamete 2007; Potts 2008, 2011). The spread of the phenomenon has in turn led to panicking by formal enterprises, that have adopted either 'flight[5]' or 'fight[6]' mechanisms to survive the offensive from the widely spreading IEEs in CBDs, district shopping centres and industrial areas. Some businesses relocated to multi-purpose shopping complexes and office-and industrial parks in residential suburbs to safeguard their businesses, while others stayed put in the CBDs.

[4] In this dissertation 'invasion' means the movement of IES activities to places and sites formerly regarded as the preserve of the FES.
[5] Flight means relocation of formal businesses to faraway places and sites to avoid informal businesses in their vicinity.
[6] Fight means engagements in survival strategies by FES businesses to withstand competition that is caused by juxtapositioned informal businesses.

Those that remained in the city centres adapted by innovatively adjusting their activities to harness the new benefits or resist competition brought about by the informal businesses. These new spatial patterns of the FES and IES in Zimbabwean urban centres and their impacts on the performance of the overall economy have either not been studied or not been well documented.

1.2.4 Compositional changes of the urban informal economic enterprises

Informal activities have complex compositional structures (Guha-Khasnobis & Kanbur 2006). According to Hornby (2006) composition or structure refers to the different parts of objects and their organisation. In this study the focus will be on the components of the IES in Zimbabwean cities and their relationships to those of their FES counterparts. In particular the focus is on structural changes that have taken place within the two economic sectors and how these have influenced linkages[7] between the FES and the IES (Bohme & Thiele 2011). Zimbabwean IEEs have been changing their ways of doing business over the years (Mupedziswa & Gumbo 2001). Informal enterprises that have been operating mostly without licences have started to operate on designated sites after getting official approval to occupy the city council spaces. Informal economic entrepreneurs have also increasingly been employing people in their businesses to assist in the activities of their enterprises. These changes over the 30-year period have not been well understood and documented. This study represents an attempt to fill the gap.

1.2.5 Lack of relevant studies

There has been a general paucity of studies on the temporal growth of the IES, as well as on the spatial and structural linkages the sector enjoys with its FES counterpart. Although the IES creates employment opportunities for millions in most cities of the developing world and its impact on the entire economic system is evident, there is still a lack of understanding of how to integrate the sector with its formal counterpart (Moreno-Monroy 2012).

[7] In this study linkages refer to interactions between the formal and informal economic sectors, where backward linkages represent purchases of either raw materials of goods for sale made by the IEEs from the FEEs and forward linkages refer to sales that are made by the IEEs after selling either their finished goods or semi-finished raw materials to the FEEs. In most cases backward linkages between the two sectors lead to minimal vertical progression of the IEEs whilst forward linkages trigger vertical progression of the IEEs.

Where they exist, such studies on linkages between the two sectors are aspatial and highly descriptive (Dewar & Todeschini 1999). It can also be noted that studies on spatial relationships between formal and informal enterprises focus largely on developed countries whilst very few studies have been conducted in the developing world. Even in developed countries, studies on spatial relationships are very sketchy and fraught with generalisations (Kesteloot & Meert 1999). A number of studies have been conducted in other countries, for example in South Africa (Rogerson 2002; Geyer 2009a), a few about the flight of large corporate offices from CBDs due to massive invasions by the IES activities, but this unfortunately has not been the case in Zimbabwe. A few attempts have been made recently to study the geography of IES operations in Harare, the capital city of Zimbabwe, (Hlohla 2008; Chirisa 2009a; 2009b). However, the emphasis was only on describing the spread of trading sites along the city's streets, without demonstrating the spatial location of IEEs and highlighting the resultant spatial linkages with the FES.

Generally, most of the research studies that were conducted in Zimbabwe on IES during the last three decades, focused on the nature of the sector (McPherson 1991, 1993, 1998; Mhone 1993). The labour force surveys that were carried out during the 30 year period focused mostly on the performance of IEEs, changes in the characteristics of urban IES, and the participation of women in the IES (Mupedziswa & Gumbo 1998). The focus of these few detailed researches was mostly on the characteristics of the sector, for example one such study was conducted during the 1980s (Brand 1986) in Magaba, Mbare, a high-density residential suburb in Harare (Rakodi 1995). Less well understood are the temporal, spatial and structural linkages between the IEEs that have grown and spread in urban centres and their formal economic counterparts, and their impact on shaping and restructuring urban economies.

1.2.6 Contributing to existing knowledge on linkages between formal and informal economic sectors

The study is also conducted to generate new theoretical and developmental information on the linkages between the formal and informal economic sectors in urban centres of the developing world. It generates fundamental information in the fields of urban morphology, urban visual impact, economics, urbanisation and urban development.

It informs policies for planning and implanting programmes that create urban employment and reduce poverty. Research findings are integrated to put forward the differential complexity model of informalisation (DCMI). The theoretical model highlights the complex nature of the temporal, spatial and structural linkages between the two economic sectors and informs the ways that can be adopted to improve the operations of the IES. The model is useful in policy making, social and economic development as well as sustainable planning and development of urban centres, particularly in developing countries.

1.3 RESEARCH PROBLEM

Every research originates with a problem or question and the study is in turn guided by a specific research problem or hypothesis (Leedy & Ormrod 2010). In the following subsections the problem statement, research hypothesis and objectives of this study are presented.

1.3.1 Problem statement

The continuous expansion of the IES over the 30 year period as well as the current locational patterns and structure of IEEs in Zimbabwean cities suggest the manifestation of political and economic ideological transformations. Formalised socialist, capitalist and authoritarian political and economic structures have resulted in the proliferation of informal business enterprises, co-existing with the formal business enterprises, mostly within the country's CBDS, district shopping centres and low income residential areas. Such changes cannot be looked at in isolation. Social and economic transformations in cities have impacted on the formal and informal urban economies so severely that they are undeniably linked to the history of political-economic transformation in the country.

1.3.2 Research questions

The following overarching research questions are investigated; what are the temporal, spatial and structural linkages that have developed between FES and informal IES in Zimbabwean cities over the 30 year period from 1981 to 2010?

Specifically, the questions are,

(i)What has been the impact of political and economic transformations on the growth of the IES within Zimbabwean urban centres over the three decades?
(ii) What are the spatial linkages that developed between the formal and informal economic sectors in Zimbabwean urban centres during the three decades?
(iii) What are the structural linkages that were created between the formal and informal economic sectors in Zimbabwean urban centres during the three decades?
(iv) What are the spatial and structural challenges that are being faced by the two economic sectors as a result of the linkages that have developed between them?
(v) Are there ways to advance a theoretical framework that can increase the understanding of the relationships between formal and informal business sectors and its contributions to debates on business locational linkages?

1.3.3 Research hypotheses

Lourens (2007) defines a hypothesis as a scientifically informed guess which has to be tested before it is accepted as a concrete answer and incorporated into theory. In the study the political and economic ideological histories of Zimbabwe and their impact on linkages between FES and IES in Harare and Bulawayo are investigated mainly to prove the following hypotheses. These hypotheses were formulated on the basis of the knowledge gained from literature sources and observations of the operations of two economic sectors.

(i) The growth of urban IEEs was an upshot of political and economic ideological transformations during the three decades (1981-2010).
(ii) Spatial linkages emerged between FES and IES during the three decades.
(iii) Structural linkages emerged between the two sectors during the same period.

The study's three hypotheses are tested using statistical spatial and theoretical data from the research findings. The three hypotheses are of great importance as this study is a blend of both qualitative and quantitative research paradigms. They also contribute to the understanding of the impact levels of political and economic transformations on the temporal growth of the IES and its spatial and structural linkages with the FES. The results from the three hypotheses help to develop the differential complexity model of informalisation.

The model helps to shed light on the causes of informalisation; the sub-sectors that are mostly affected; the location of the economic activities and different levels of the two economic sectors.

1.4 RESEARCH AIM AND OBJECTIVES

Related to research questions are study aims and objectives. The impact of political and economic ideological transformations on urban economic restructuring over the 30 year period from 1981-2010 is investigated, focusing specifically on Harare and Bulawayo. In both cities there are formal and informal businesses that operate side-by-side, therefore the temporal growth of the IES and the spatial and structural linkages it has assumed with the FES are investigated. The following are the specific study objectives:

(i) The impact of political and economic ideological transformations on the performance of both the formal and IESs in Zimbabwean urban centres during the three decades.
(ii) A GIS analysis of the distribution of IEEs and FEEs within the two city centres to determine their spatial linkages.
(iii) The structural relationships and compositional changes the two economic sectors experienced during the three decades.
(iv) The spatial and structural challenges being experienced by the two urban sectors in the two CBDs.
(iv) A theoretical model that explains the temporal, spatial and structural linkages between the FES and IES within the broader debates of the two sectors.

1.5 SCOPE OF THE STUDY

To operationalise the study successfully the scope of the research was delimited at an early stage. The conceptual, spatial and temporal extent of the research was determined and the theoretical and empirical data collection focussed accordingly.

1.5.1 Conceptual scope

The study relies on theories and models that are relevant to studying and understanding linkages between the two economic sectors and the impact of ideology on their temporal changes, and spatial and structural linkages. The focus is on theories of urban form and structure. This is done in order to understand the spatial layering and patterning of both FIEs and IEEs within the two cities. The spatial triad or triplicite theory in particular helps in the understanding of the use of urban spaces by both urban professionals and residents (Lefebvre 1991). The three concepts of conceived, perceived and lived spaces help to shed light on political and economic processes that are embedded in matters of experiences, perceptions and imaginations to produce and reproduce urban spaces (Gottdiener 1993; Merrifield 1993; Stillerman 2004, 2006a, 2006b; Jenkins 2006; Knox & Pinch 2006; Pacione 2009). The concept of conceived spaces or abstract spaces is used to understand how urban planning and management officials represent and portray maps and documents about the use of space in urban centres for both FES and IESs.

The perceived space or the spatial practices are the perceptions of the governed that condition their daily reality (Lefebvre 1991; Gottdiener 1993; Merrifield 1993; Hubbard, Kitchin & Valentine 2004; Stillerman 2004, 2006a, 2006b; Jenkins 2006; Knox & Pinch 2006; Pacione 2009). This includes people's networks and patterns of interaction that structure their urban reality. The concept is applied in this study to understand the operations of both formal and informal enterprises, particularly their compositional characteristics.

The lived space or spaces of representation reflect the spaces of everyday life. This is used to understand the actual responses by both business enterprises to political and economic ideologies during the 30 year period. The urban economic restructuring that was brought about as a result of ideological changes is largely understood through the application of this segment of Lefebvre's urban theory. The spatial triad helps to shed light on the actual temporal, spatial and structural linkages between the two economic sectors in Zimbabwean urban centres. According to Kellett & Tipple (2005), space is socially constructed through processes such as social translations, transformations and experiences over abstract space that is designed by professionals.

The spatial triad was applied by Joel Stillerman to understand Chile's changing political and economic ideologies and the subsequent struggles and conflicts over access to land (Stillerman 2004, 2006a, 2006b). He demonstrates that space is not only a mental construct that is acted upon by professionals but also involves material and social dimensions making it inseparable from society. Migration theories were also applied to complement urban theory in understanding the movement and relocation of businesses through the application of push and pull factors on various functional areas of the city.

The study is also limited to five categories of formal and informal businesses which are common in Zimbabwe. These categories are (i) the trade and commerce sub-sector involving clothing, fruit and vegetables; (ii) the manufacturing and processing sub-sector with activities involving wood, metal and leather; (iii) personal services like hair dressing and financial services; (iv) the communication and transportation sub-sector that includes taxis and the internet; and lastly (v) the construction sub-sector that includes activities such as brick laying, plastering, painting and many others. This general classification has also been applied by the labour force surveys (LFS) and other nationwide surveys during the 30 year period under study.

1.5.2 Temporal scope

In this study use is made of cross-sectional surveys of both FES and IES that cover the 2010 - 2012 periods. Archival sources on the performance and changes that have been occurring in the two economic sectors help reveal the longitudinal aspects of the study. Sheskin (1985) believes that survey data that are collected by others for example; the central and local planning agencies as well as business associations amongst others can be used to complement data that are collected through sample surveys. In order to capture the processes and changes within the business sectors, longitudinal data on the growth and spread of IEEs is used to complement data from cross sectional surveys. The data from previous surveys is used to understand the impact of political and economic ideological transformations on the performance of the two economic sectors. Trend analysis of existing data helps to reveal how the IES has been growing and how its linkages with the FES have changed throughout the period under study.

1.5.3 Spatial scope

The study is limited to two cities; Harare the largest and capital city and Bulawayo, the second largest city in Zimbabwe. In both cities the focus is on the five main functional areas of the cities. These include (i) the central business districts (CBDs), (ii) the industrial centres (ICs), (iii) the suburban shopping centres (SSCs), (iv) the transportation and communication centres (TCs) and (v) home based (HBs) and open air markets. Places of location of the two economic sectors were selected for study based on prior knowledge and on information from the reconnaissance and pilot studies. The two case study cities have high urban populations. This is the result of natural increase, but there has also been massive-migration from rural areas since the country's 1980 political and economic independence from colonial rule. In addition foreign migrants from neighbouring countries such as Malawi and Mozambique have been arriving over several decades. More recently there have been foreign migrants from China, Pakistan, India, Nigeria and Ethiopia. Most of these people are without formal jobs and are forced to join the IES.

1.6 STUDY AREA

Zimbabwe is a land-locked country that is situated in Southern Africa. It is bordered by South Africa to the south, Zambia to the north, Mozambique to the east and Botswana to the west (Figure 1.1).The country derived its name from Great Zimbabwe, one of the pre-modern settlements that were built out of stone during the 13th century (Baxter 2010). Harare and Bulawayo are modern urban centres that were developed during the late 19th century. The country lies between 15^{0} and 23^{0} S as well as 25^{0} and 34^{0} E. It covers an area that is approximately 390 757 km^{2} in size (Palmer 1977, Blake 1977, Moyo, O' Keefe & Sill 1993).

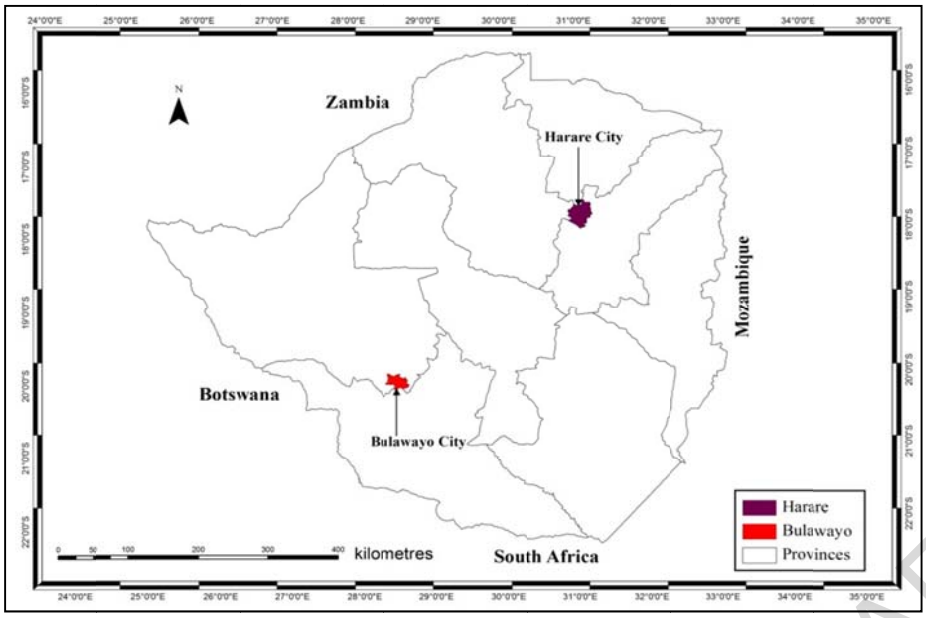


Figure 1.1: Harare and Bulawayo, Zimbabwe (Source: Adapted from www.gadm.org/download and modified)

The country's population has been increasing rapidly since the late 1960s. In 1969 the country had a population of 5 099 340 (Mutizwa-Mangiza 1986). The population rose to 7 546 071 in 1982 (Zinyama 1986).In 1992 the country had a population of 10 412 548 and this rose to 11 634 663 by 2002 (UN-Habitat 2003, 2010, 2012). The Zimbabwe Statistical Agency (ZIMSTAT) that is tasked with compiling national statistics has just completed its sixth national census, the fourth one after independence and the results are yet to be published.

The country has an urban hierarchy consisting of cities at the top among which Harare and Bulawayo are included, followed by municipalities such as Chitungwiza and Marondera. In the third position are towns like Norton, followed by local boards that, among others, include Ruwa and Epworth (Machingauta 2010; Mushamba 2010). Currently, Harare is the capital, the seat of government and the largest commercial and industrial city of Zimbabwe; whilst Bulawayo is the second largest commercial and industrial city in the country.

1.6.1 The history of Harare

Harare is located between latitude 17°49′45″S and 031 031′ 14″E. The city was established on an already existing traditional village on the 12th of September 1890 by British settlers (Feremenga 2005; Chirisa 2012).

At the time of its establishment, the city was named Salisbury, after a British Prime Minister Lord Salisbury who had given permission to Cecil John Rhodes to occupy the country (Vambe 1972). The name was changed to Harare on the 18th of April 1982 to honour a Shona chief who had lived on the site before British occupation and also because Mbare, the oldest black township in the city, was formerly known as Harari (Zinyama, Tevera & Cumming 1993). The site's abundant water from the Mukuvisi River; the availability of gold deposits in its surroundings; and the extensive fertile land for cropping made it preferable to Mt Hampden. There were also readily available cheap traditional building materials near the site, and security in the form of a nearby hill that is commonly referred to as "the kopje", a Dutch term.

The city's population has been increasing since the 1960s. In 1962 it had approximately 310 000 residents, whilst in 1969 it recorded 364 000 people. The first census that was conducted after the black majority independence in 1982 recorded about 656 000 residents. The population of the city grew to1 200 000 by 1992 and in 2002 the city had about 1 500 000 residents (Potts 2011, 2012). The city had a population of 1 606 000 during the mid-2000 and as a metropolitan province it accommodated 2 800 000 people by 2010 (*AllAfrica.com 2010*). The city used to cover an area of 570km^2 but has grown to 960.6km^2 after incorporating 28 neighbouring residential areas OR townships and extending its boundaries in the new millennium (*The Zimbabwe situation 2010*).

The city developed from a very simple village comprising scattered buildings of mud and thatch (Yoshikuni 2006). The settlement grew quickly and was connected to telegraph lines, railway lines, water and electricity within a space of 25 years, from 1892 to 1914. It developed into a glowing city (Musemwa 2010), and the grid iron design, and the large, wide and straight streets revealed its British identity. Administratively, the settlement grew from a mere sanitary board in 1892 to an elected municipal council in 1897 and was later elevated to city status in 1935. The city served as the capital of Southern and Northern Rhodesia and Nyasaland for a period of ten years from 1953 to 1963. The spatial patterns and process of urban development still exhibit the British planning style, perpetuating colonial inequalities although devoid of racial inclination as they have taken a different twist by segregating those in low income brackets.

1.6.2 The history of Bulawayo

Bulawayo is a multi-ethnic urban centre that accommodates people of various backgrounds (Kriel 1994). The city lies between Matshamhlophe (Whitestones) River and the Bulawayo Spruit (Ashton 1994). Its altitude and climate led to its developing into a modern metropolis with wide streets and well-designed architectural buildings. It is located between 20°10′12″S and 28°34′48″E.The city's population has been rising due to rapid urbanisation since independence in 1980. In 1982 the city had 413 814 people, the 1992 census recorded 621 680 residents whilst the 2002 census put the figure at 676 650 residents (CSO 2002). During the late 2000s the city's population rose to over 700 000.

Bulawayo is not only the second largest urban centre in Zimbabwe, but also a major industrial, commercial and cultural hub and capital for the south-western parts of the country (Dunjey 1994; Mugabe 1994). Its name was derived from the Ndebele word *KwaBulawayo*, that means 'a place of slaughter' or 'the place of he who kills' or 'a place where He is being killed' a name given by Prince Lobengula to symbolise the struggle and resistance he faced as he took over as the rightful heir after his father Mzilikazi KaMatshobane died in 1868. According to Malinga (1994), the former mayor of the city, Bulawayo developed from humble beginnings as an 1894 village full of thatched huts.

On the 1st of June 1894, the settlement was declared a town by Leander Starr Jameson (Pasteur 1994). The city was granted municipal status in 1897 and was conferred city status in 1943 (Hamilton & Ndubiwa 1994). The rail network was first developed in the city in 1897, thus making it the regional capital for southern region of Zimbabwe and also linking the city and the country to South Africa, Botswana, Mozambique, and through Zambia to Zaire, Angola and Tanzania (Dunjey 1994). The city is home to the headquarters of the National Railway of Zimbabwe (NRZ), the National Free Library, the animal museum and the National University of Science and Technology (NUST) which is the second largest state university after the University of Zimbabwe. There are also important heavy industries and food processing factories and a very handy thermal power station. The fact that the city is linked by efficient air, road and railway transport networks makes it one of the most accessible cities in Southern Africa (Hamilton & Ndubiwa 1994).

1.7 RESEARCH SEQUENCE

The study was conducted in different stages, as depicted in Figure 5.1. First and foremost, the relevant literature on the Zimbabwean experience of informal economic operations and the linkages that exist with their FES counterparts was reviewed. The regional and international experiences were reviewed. A reconnaissance was then conducted so that the researcher could become familiar with the locations of the economic sectors in the two cities. This involved the securing of important preliminary information and documents from the two city councils and other government departments and authorities, associations of both formal and informal industries and commercial enterprises. Such data included base maps, telephone directories, databases and registers of businesses.

Questionnaires and interview guides were then prepared taking into account the discourses and debates in literature and the general information gathered through observations during the reconnaissance phase. Two research assistants with basic and relevant qualifications and backgrounds in urban issues were then identified. They were briefly taken through the requirements and expectations of the study and were made to participate in the pilot surveys. A pilot test was then conducted to determine the suitability of the data collection instruments before the main sessions were conducted. Necessary adjustments of the research instruments were done to reflect the context of urban FES and IESs in the country.

A fully fledged data collection phase was then conducted using a hand-held global positioning system (GPS) to capture the locations of informal businesses in the two cities, targeting all places that were occupied by IEEs which included the CBDs, SSCs, ICs, transportation centres and informal markets and open spaces in residential areas. About 1200 waypoints were collected in Harare, while about 900 were captured in Bulawayo.

The questionnaire survey was then conducted, starting with 600 interviewer-administered questionnaires to informal economic operators (IEOs) in the two cities, 300 in each city. Participants were selected using random stratified sampling according to the five locational classes and five economic categories or sub-sectors. Next, 300 questionnaires were administered by the interviewers to formal economic operators (FEOs), 200 in Harare and 100 in Bulawayo.

Harare, the capital city had more formal businesses than Bulawayo, the second largest city. Bulawayo has been losing firms due to closure and relocation to the capital city, hence the different quantities of the formal economic participants in the questionnaire survey. All in all 900 questionnaires were completed in batches between September 2010 and May 2012, with the help of two research assistants. Later interviews were conducted in the two cities and key informants such as urban planners, government officials within the various ministries and departments, as well as representatives of formal and informal economic associations were identified. All in all, the field data collection was done over a period covering 10 months.

The last phase involved data analysis where the base maps were scanned and geo-referenced. Later, locations of FEEs were digitised from the shapefiles, to reveal the spatial distribution of formal businesses. Universal traverse Mercator (UTM) waypoints that represented the location of IEEs were exported to GIS maps of the two cities. The waypoints were further analysed to reveal the density and concentration of IEEs within the two cities, and so-doing highlighted the spatial linkages with FEEs. Quantitative data from questionnaires were analysed using statistical packages for social sciences (SPSS) to test the three hypotheses and reveal the relationships between political and economic ideologies and growth of the IES, and development of spatial and structural linkages. Cross tabulations, comparing of means, correlation and multiple regression analyses were done.

Data from the interview sessions were analysed using content analysis, where themes are established from categories and codes that are derived from responses of key informants. Later, a theoretical model that explains the informalisation of postcolonial cities was formulated. It informs the processes that take place in cities that were designed and built to formally serve a few former colonial elites, an island surrounded by massive poverty levels of the majority indigenous populations. The model is called the differential complexity model of informalisation (DCMI).

1.8 CHAPTER SUMMARY

This chapter presented the introductory aspects of this dissertation. The chapter starts by tracing the evolution of linkages between FES and IES. It goes on to delimit the scope of study by highlighting the conceptual, spatial and temporal aspects.

The chapter also presents the rationale namely the need to generate new knowledge about the linkages between the two economic sectors. The next critical section of the chapter is the research problem formulation, the research questions and hypotheses. Also outlined in the chapter are the aims and objectives of the study. The location of the study areas is also presented, particularly the position of the country within the Southern African region and the location of Harare and Bulawayo within the country itself. Also, the research sequence is presented, highlighting the methods of data collection and analysis in brief. The chapter concludes by presenting the outline of the dissertation in which the contents of all chapters are indicated.

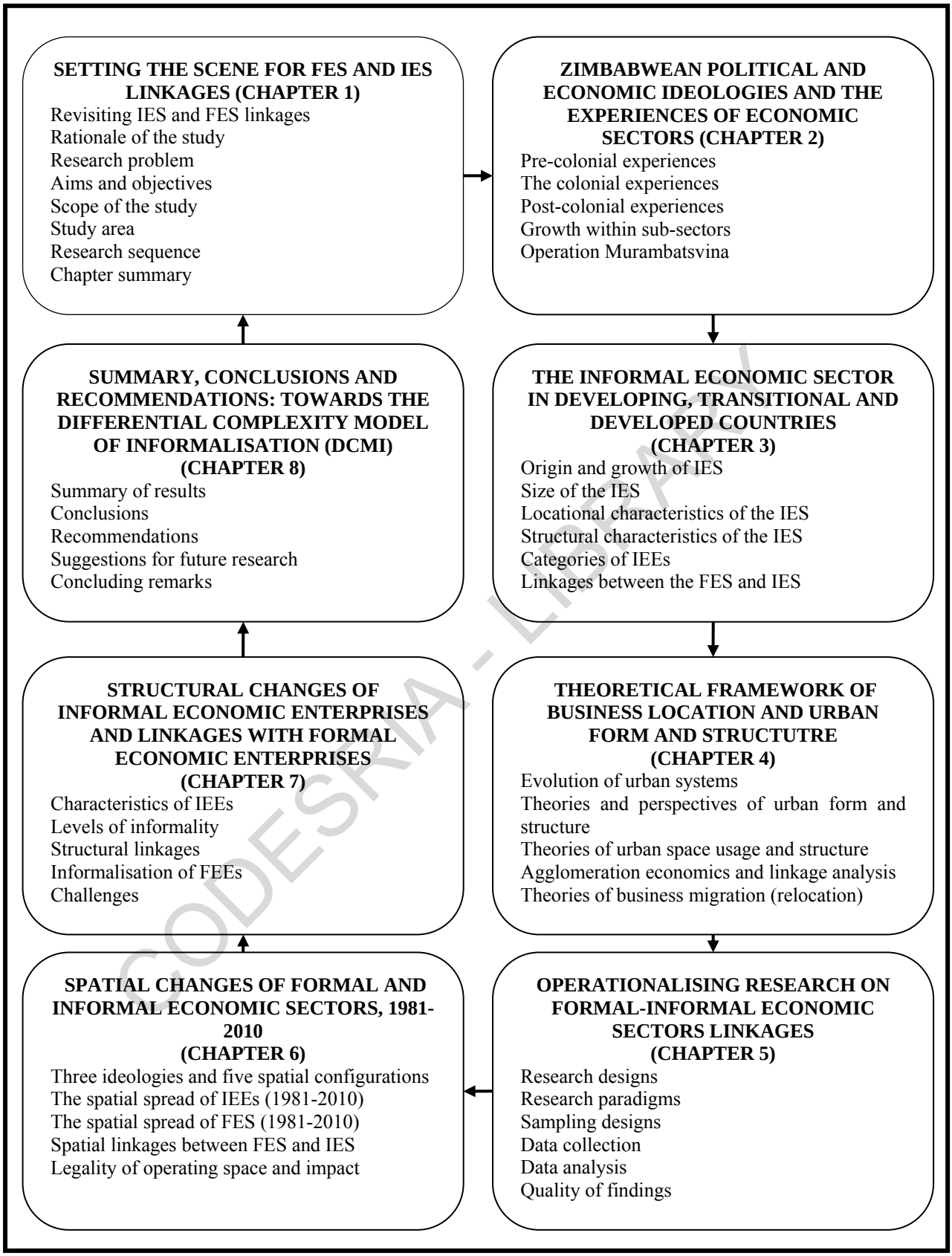


Figure 1.2: Dissertation layout

The remainder of the work consists of seven chapters in which various critical parts of the study are discussed. In Chapter 2 the evolution of the IES in Zimbabwe and the response of the FES are presented, starting with the period before colonialism; this is followed by a description of experiences during the colonial period. Use is made of the three political and economic ideologies which align almost perfectly with the three decades after independence 1980-2010.

In Chapter 3 the regional and international experiences of the IES are outlined. The focus in the chapter is on developed, transitional and also other developing countries found within the three continents of Asia, Latin America and Africa. The locational and structural characteristics of the IES in these regions are highlighted.

In Chapter 4 the theoretical frameworks that shaped the study is presented. Theories and models that inform the understanding of the form and structure of urban centres are presented. These range from the concentric models to the multiple nuclei models. Also theories of location and migration of businesses are reviewed. Perspectives on the right to the city and urban space usage are discussed in detail.

In Chapter 5 the focus is on the research methodology of the study. The research design paradigm and methodologies are presented. Both qualitative and quantitative designs are described. The sampling methods, data collection methods, data analyses techniques and the quality of results are presented.

In Chapter 6 the location changes of FES and IESs in the two cities over the 30 year period are explored. The evolution of the two economic sectors spatially is presented for the three different political and economic ideological decades. The spatial challenges that are faced by the two economic sectors are also presented in this chapter.

In Chapter 7 there is a detailed explanation, presentation and analysis of compositional changes of the IESs and the structural linkages that exist with the FES counterparts in the two cities. Factors such as registration, licensing of enterprises and payment of taxes and levies are presented.

Both backward and forward linkages between the two economic sectors as well as the various challenges being experienced by the two urban economic sectors are discussed. An evaluation of policy and planning responses that are being put in place by various stakeholders as they attempt to attend to the problems faced by the two economic sectors is also provided.

Lastly chapter 8 starts by summarising the findings. It then goes on to highlight the contribution to knowledge that has been made by this dissertation, also outlining the implications. At the end of the chapter the differential complexity model of informalisation (DCMI) that is applicable to most cities of the developing world is proposed. The model urges the integration of various factors and stakeholders that have strong bearing on the operations of both the FES and IESs and how their performance can be enhanced.

In the next chapter the responses of both FES and IEEs to political and economic ideological changes in Zimbabwe, are presented.

CHAPTER 2: ZIMBABWEAN POLITICAL AND ECONOMIC IDEOLOGIES AND THE EXPERIENCES OF ECONOMIC SECTORS

"With the collapse of the formal economy in Zimbabwe, it is the informal segment that has taken over as the mainstream economy" (Kanyenze et al. 2011:532).

The Zimbabwean informal economic sector (IES) has been growing relentlessly in all urban areas after the attainment of independence in 1980. In this chapter the emergence and growth of informal economic enterprises (IEEs) in the country's urban centres, is traced. Specifically the responses of the two economic sectors to the political and economic ideological changes that took place between 1981 and 2010 are mapped out. Although this is beyond the scope of this work, the economic activities of the pre-colonial and colonial periods are highlighted briefly at the beginning of the chapter. This helps to show that present day urban IEEs existed well before the emergence of contemporary urban centres. It reveals that although colonial governments suppressed and outlawed urban informality, it was nevertheless transplanted from the rural areas where it was entrenched. The emergence of these economic activities in urban centres during the colonial period is then highlighted and the gradual expansion of IEEs immediately after the country attained independence in 1980 is described. The factors behind the decline of the formal economic sector (FES) and the subsequent explosion of the IES counterpart during the three decades are also discussed. The responses of sub-sectors of the two economic sectors to ideological changes are presented.

The researcher relies to a large extent on archival data from labour force surveys (LFS) that were jointly undertaken by the international labour organisation (ILO) and the central statistical office (CSO) during the three decades. The data are used to construct a time-series analysis of the performance of the two sectors. Data from the LFSs were buttressed by information from other longitudinal studies such as the nationwide surveys and occasionally studies that are carried out by organisations that directly monitor the performance of the two economic sectors. Such surveys yielded very valuable statistics that reflect the growth trends of the two economic sectors.

2.1 PRE-COLONIAL EXPERIENCES

The modern Zimbabwean state can be traced back to powerful empires[8] that were established between the Limpopo and Zambezi Rivers almost a thousand years back (Hall 1987). One of the prominent empires was the Great Zimbabwe[9] state that was established during the 13th century. The development still represents the highest civilisation during the pre-modern era (Raftopoulos & Mlambo 2009). Similarly, the Mutapa state was established in Dande near the Zambezi River around the 15th century after natural resources could not continue to support the vast Great Zimbabwean state population in terms of food and wealth production as the empire became too large (Mazarire 2009). The vast Mutapa state crumpled as a result of frequent conflicts and succession disputes that degenerated into civil unrest. The Rozvi Empire was eventually founded in 1684 (Mudenge 1974).

Pre-modern states supported their inhabitants mainly from agricultural activities that included cultivation and livestock breeding (Mazarire 2009). According to Hall (1987), activities that included basketry, blacksmithing, carving; weaving and pottery were commonly practised to complement agricultural activities. Hunting for meat and ivory were also practised whilst mining activities were only a seasonal activity. Iron was used to produce weapons that were used for defence during attacks by enemies. Off-farm economic activities were conducted to produce goods for personal use but special products were mainly used for trading with the Chinese, Indians, Arabs, the Portuguese and fellow Africans from eastern and western regions.

The Ndebele state was established by Nguni groups that were fleeing Mfecane disturbances and Tshaka's rule during the early 19th century (Ndlovu 2009). The Ndebele practised subsistence agriculture and engaged in off-farm economic activities to complement agricultural production and engage in international trade. For the greater part of the 19th century the modern day Zimbabwean state was made up of the Rozvi and Ndebele states (Ndlovu 2009).

[8] According to Mazarire (2009) the states included Great Zimbabwe, the Mutapa, Rozvi and the Ndebele.
[9] The Great Zimbabwe state is located a few kilometres outside Masvingo city. It is currently a valuable cultural centre and tourist attraction.

2.2 THE COLONIAL EXPERIENCE

Cecil John Rhodes and his pioneer column invaded Zimbabwe in 1890 and for a period of ninety years, up to 1980, the country was under colonial[10] rule (Raftopoulos & Phimister 2004). Colonialism and land dispossession resulted in new capitalist political and economic ideologies in the country, leading to the modernisation and intensification of mining, farming and industrial manufacturing and processing activities. The economy performed very well, the contribution of manufacturing to the gross national product in particular kept on rising from 9% during the 19430s to 15% in the 1950s and to 18% during the 1960s (Arrighi 1967; Bond & Manyanya 2002; Moyo 2004). Various laws, such as the Land Apportionment Act of 1930, and the Land Husbandry Act of 1951 forced Africans to provide cheap wage labour and to migrate to urban areas (Moyo 2004; Mlambo 2009). The population of Africans in urban areas rose from 254 000 in 1936 to 377 000 in 1946 leading to the transplantation of traditional arts and crafts to urban areas to supplement incomes for some and generate income for those who could not secure formal employment. The Native Registration Act of 1936 permitted a productive IES but these enterprises were restricted to African locations. Other enterprises such as trading in chickens, eggs and butter were forbidden to protect the settlers' businesses. The phenomenon was therefore imported from the traditional political and economic systems to the modern urban centres and is therefore neither a product of colonialism nor of independence (Bromley 1978; Riddell 1978, 1981; Brand 1986; Mutizwa-Mangiza 1993; Gumbo 2005; Gumbo & Geyer 2011).

The unilateral declaration of independence (UDI) on 11 November, 1965, by the Rhodesian front (RF) led to worsened segregative political and economic ideologies (Mtisi, Nyakudya & Barnes 2009a; Mtisi, Nyakudya & Barnes 2009b). Informal manufacturing activities such as welding, carpentry and crafts became common in African locations during the 1950s which among others included the famous Siyaso in Harare (Brand 1986; Dhemba 1999; Gumbo & Geyer 2011). Similarly, private taxis that operated outside formal regulations emerged during the 1960s in response to the demand for public transport (Mutizwa-Mangiza 1993).

[10] The colonial settlers transformed the traditional political and economic system and made investments in infrastructure and urban centres which included Harare, Bulawayo, Mutare and Gweru (Ranger 2004; Raftopoulos 2006).

A plethora of statutes and instruments which included the Town and Planning Act of 1946 and the Vagrancy Act of 1960 were however put in place to control the spread and frustrate the growth of such informal economic enterprises (IEEs). Statutes such as the vendors and hawkers by-laws of 1973 were put in place to outlaw and vigilantly suppress these economic activities (Davies 1974; Brand 1986; Mhone 1993; Dhemba 1999; Chirisa 2009a; Gumbo 2010a). The segregative legislation led to strict control of urbanization rates by regarding blacks as temporary sojourners in urban areas, so that destitutes and redundant Africans who were frequently repatriated to the tribal trust lands (TTL) (Gumbo 2005; Chirisa 2009a; Kamete 2004).

The escalating war of liberation, low agricultural production and droughts in rural areas continued to force thousands to migrate to urban areas where jobs had dwindled and wages were precariously low forcing them to engage in their own economic activities mostly petty industrial activities and trade. The situation of Africans became worse as their needs were neglected and their participation in the economy was curtailed forcing them to devise survival mechanisms.

By the late 1970s, the sector had grown considerably and employed about 450 000 of the urban labour force (Davies 1978). The intensifying guerrilla war for independence, the economic depression of 1976-1979 that greatly reduced the vibrancy of the economy by 40%, and the shortage of foreign currency forced the white settler government and the fighting Africans to engage in the 1979 Lancaster negotiations for independence which ushered in the black majority government on 18 April 1980 (Bond & Manyanya 2002).

2.3 POST-COLONIAL EXPERIENCES

One of the hypotheses of this study is that the informal economic sector (IES) is the result of political and economic policies that were adopted by the new Zimbabwean government from 1981 to 2010. Post-colonial experiences and responses of both the formal economic sector (FES) and the IES to ideological changes make up the major discourse of this chapter.

During the 30 years, the government followed three broad political and economic ideologies[11] to deal with political and economic challenges both perceived and real (Table 2.1).

Table 2.1: Three decades and three ideologies

Decade/Years	Ideology	Ruling political party/ies
1981-1990	Socialism (Welfare state)	ZANU PF
1991-2000	Neo-liberalism (Capitalist state) (1991-1999) Authoritarian state (2000)	ZANU PF
2001-2010	Authoritarianism (2001-2008) (Authoritarian state). (Capitalist State 2009-2010).	ZANU PF (GNU with MDC 2009-2010)

The three ideologies cannot however be easily aligned to the three decades as some of the policies were abandoned before they were fully implemented, whilst some ideologies were disrupted by the implementation of alternative political and economic policies.

2.3.1 Socialism (1981-1990)

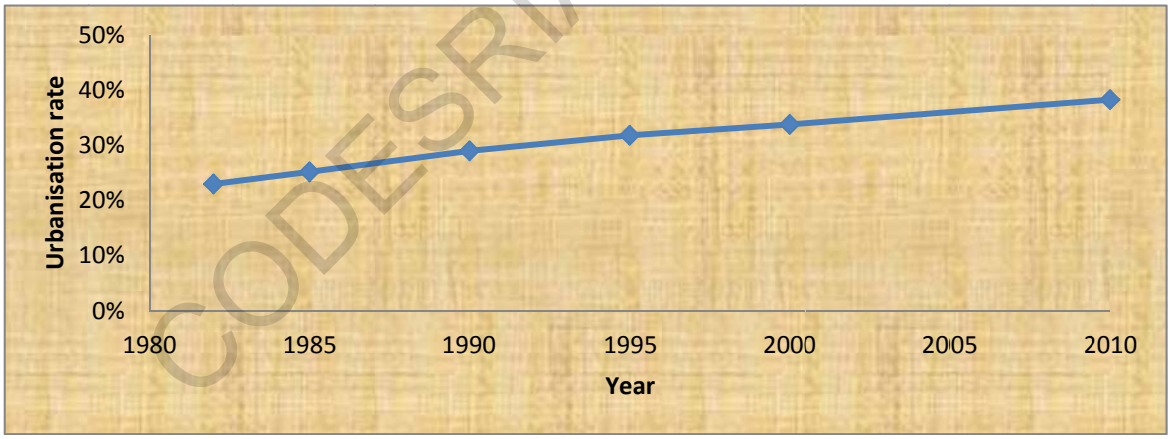
At independence the new government inherited a well-developed and widely diversified economy and maintained corporatist policies and a highly regulated political and economic system (Herbst 1989; Kovacic 1992; Carmody 1998; Bjurek & Durevall 2000; Brett 2005; Kamete 2006; Michael & Masunungure 2006; Potts 2007; Ranger 2007; Magure 2008). The inherited economy, though robust was characterised by serious economic, social, spatial and structural inequalities (Kanyenze et al. 2011). In pursuit of its Marxist-Leninist ideology that had informed the liberation struggle, the government adopted the growth with equity (GWE) economic policy in 1981 that paved way for the implementation of the transitional national development plan (TNDP) (GoZ 1982; Sylvester 1985).

[11] The ideological changes include the shift from centrally controlled capitalism of the 1970s to centrally controlled socialism of the 1980s. The adoption of the neo-liberal economic reforms during the 1990s is also closely related with the continuous growth of the informal economic system as the FES declined. The abrupt discarding of capitalist ideologies and the shift towards an authoritarian political and economic ideology in the 2000s that was autocratic and draconian, is attributable to the sharp rise of the IES in response to the FES that abruptly collapsed (Kanyenze et al. 2011).

2.3.1.1 Transitional National Development Plan (TNDP) 1982- 1985

The TNDP sought to achieve the twin objectives of economic growth and wealth redistribution in response to gross inequalities, hence the adoption of the socialist public expenditure programme by the new government (Chattopadhyay 2000; Grant & Palmiere 2003). According to Sachikonye (2003), the plan aimed at creating formal employment and economic opportunities for the previously marginalised black population.

In the quest to achieve an egalitarian society and improve the ownership as well as access to means of production and survival, the government removed all restrictive regulations that had discouraged blacks from moving into urban areas. The abolishment of segregative pass laws opened the flood-gates to rural migrants. The government also implemented the growth point policy that sought to avoid rapid urbanisation by investing heavily in rural town centres (GoZ 1982). Unfortunately, rural growth point centres failed to attract people from surrounding rural communities as they left their impoverished rural homes in large numbers to move to urban centres in search of better living standards. Figure 2.1 shows that the urban population increased from 23% during the early 1980s to 38.3% by 2010.



Source: Mutizwa-Mangiza (1986); Zinyama (1986), UN-Habitat (2003; 2010, 2012)

Figure 2.1: Urbanisation rates in Zimbabwe, between 1981-2010

Regrettably, the urban centres and their economies had been developed and designed to cater only for a few privileged whites and a few blacks in permanent formal employment (Colquhoun 1993; Gumbo & Geyer 2011). As a result, the high numbers of migrants put massive pressure on government resources, services and FES employment (Dhemba 1999).

The economy expanded during first five years after independence. Between 1980 and 1981 the economy recorded growth rates of between 10 and 11% gross domestic product (GDP) due to international financial aid and supportive economic conditions (Kanyenze et al.. 2011). During the TNDP the economy shrank recording a negative growth of -2% in 1982 and -3% in 1983 as a result of a series of droughts (GoZ 1986). Negligible improvements were recorded in 1984 when it grew by 1.3%, a rate that was still below expectations as the urban population was rising at a much faster rate (Kanyenze 2011).

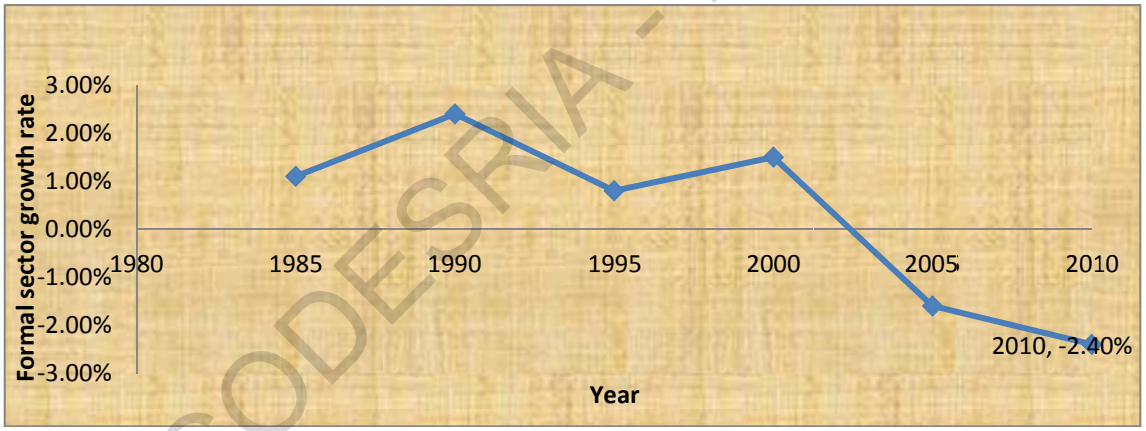
The only available solution to shortages of formal employment for thousands of migrants was to turn to employment opportunities that existed in the IES. Studies on economic activities that operated outside formal regulations had been conducted immediately after independence by a government appointed commission, but the authorities had remained ambivalent on their operations (Riddell 1981). It was revealed that the IES accounted for only 10% of the total employed labour force in the country (McPherson 1991; Mhone 1993). The government did not immediately seek to promote and support the operations of informal businesses actively during this period. Of particular note was the discouragement of informal transport businesses, commonly known as auxiliary taxis during the 1980s (Mutizwa-Mangiza 1993) in order to protect a national public transport company, the Zimbabwe united passenger company (ZUPCO).

The government however actively implemented policies on co-operative business formation which indirectly led to the growth of IEEs as most of the enterprises failed to observe formal regulations (Chirisa 2009a). Urban residents that could not be absorbed by the FES continued to work in the IES by default. In an attempt to comprehend the size of the IES in the country, a study was jointly conducted in 1985 by the ILO and the Southern African team for employment promotion (SATEP) (ILO/SATEP 1985; Kanyenze et al. 2003). The study revealed that the IES had grown to 20% by the mid-1980s (McPherson 1991; Mhone 1993; Dhemba 1999).

2.3.1.2 The First Five Fear National Development Plan (FFYNDP) 1986-1990

In 1986, the government adopted the FFYNDP to continue with its socialist political and economic ideology. It promoted three major sources of formal employment and income which were the public sector, secondary industries such as manufacturing and processing and primary industries such as agricultural production and mining (GoZ 1986). The economy boomed thanks to good rainfall that supported agricultural production against the backdrop of a relatively successful land redistribution programme from which 48 000 ordinary peasant farmers benefited (Kovacic 1992, Kinsey 1999; Sachikonye 2003).

The strong linkages between agriculture and industrial manufacturing as well as processing activities also led to increased economic growth. According to Kanyenze et al. (2011) economic growth averaged 4.6% per annum during the period of the plan. According to Figure 2.2, the formal employment rate increased to 2.4% by 1990 which was the highest level since independence.



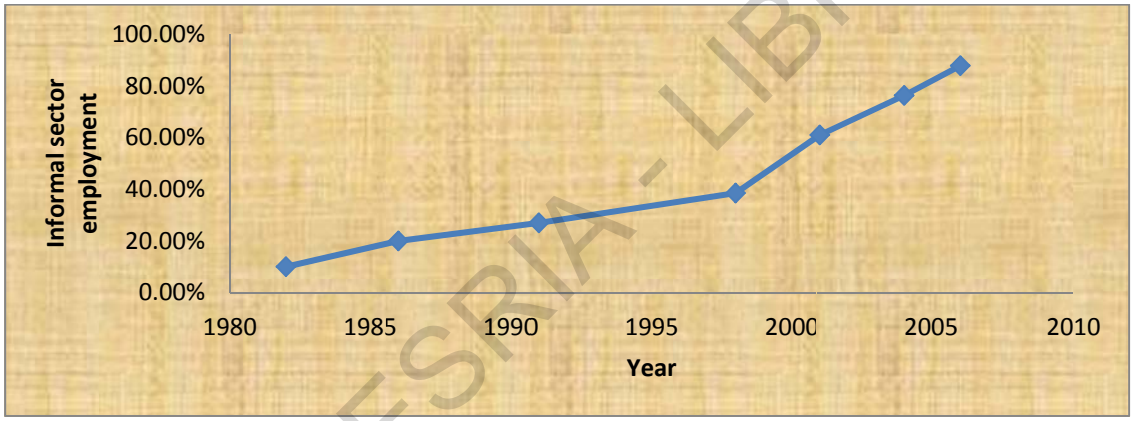
Source: GoZ (2012a, 2012b); Kanyenze et al. (2003, 2011), Luebker (2008a, 2008b)

Figure 2.2: Formal economic sector employment between 1981 and 2010 in Zimbabwe

On average, FES employment grew at 2.2% per annum during the 1980s, whilst the population increased at an average rate of 3% per annum, outpacing job creation. For example during the late 1980s the country was churning out 200 000 school leavers while the economy was only creating between 20 000 and 30 000 jobs in the FES annually (Kovacic 1992; Bjurek & Durevall 2000; Grant & Palmiere 2003). This resulted to high unemployment rates and poverty levels.

The government sadly maintained its strict control[12] of IEEs (Rakodi 1993) although it was clear that the FES could not provide all the needed jobs. The second comprehensive study on the IES that was carried out by the Growth and Equity through Microenterprises Investments and Institutions (GEMINI) revealed that the IES had grown to 27% by the end of the 1980s (McPherson 1991; Mhone 1993).

Figure 2.3 reveals the continued growth trends of IEEs during the three decades. The IES grew during the first decade of independence because of shortages of formal jobs. The FES lacked capacity to meet demand for employment. The rate of urbanisation was unsustainable. The positive performance of the FES indirectly contributed to the growth of the IES.
High formal wage employment during the decade resulted in an expanded and viable market for informal goods and services.



Source: McPherson (1991, 1991, 1998); Mhone (1993); Mupedziswa & Gumbo (2001); CSO (2004); Luebker (2008a, 2008b)

Figure 2.3: Informal economic sector employment in Zimbabwe between 1981 and 2010.

The relatively poor performance of the formal economy is attributable to a number of factors[13]. The country's external debt had increased due to borrowing large sums of money during the decade at very high interest rates, particularly after the billions of dollars pledged at the Zimbabwe Conference Reconstruction and Development (ZIMCORD) failed to materialise. The government realised that the situation could be ameliorated by shifting towards a market political and economic ideology.

[12] Its strong adherence to the British planning ideology led to a continued bias towards public health and strict zoning regulations and registration; hence it could not break with the past to accommodate the IES.
[13] Excessive public spending and labour protectionism forbade dismissals of employees resulting in production inefficiencies (Grant & Palmiere 2003). The economy was over protected from both domestic and international competition (Bjurek & Durevall 2000). 80% of all items that were being made in the country were being manufactured or processed by three or fewer companies (Kovacic 1992).

2.3.2 Capitalism (1991-2000)

The government adopted neo-liberal economic reforms in 1991 to deal with a myriad of constraints to economic performance and to solve structural economic problems that discouraged investments (Carmody 1998; Brett 2005). The decision was also made due to pressure[14] from the World Bank (WB) and the International Monetary Fund (IMF). During the first five years of the 1990s the government implemented the Economic Structural Adjustment Programme (ESAP) (GoZ 1991). It also belatedly implemented the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST 1996-2000) in 1998 as a follow up to ESAP (GoZ 1998a).

2.3.2.1 The Second Five Year National Development Plan- Economic Structural Adjustment Programme (ESAP) 1991-1995

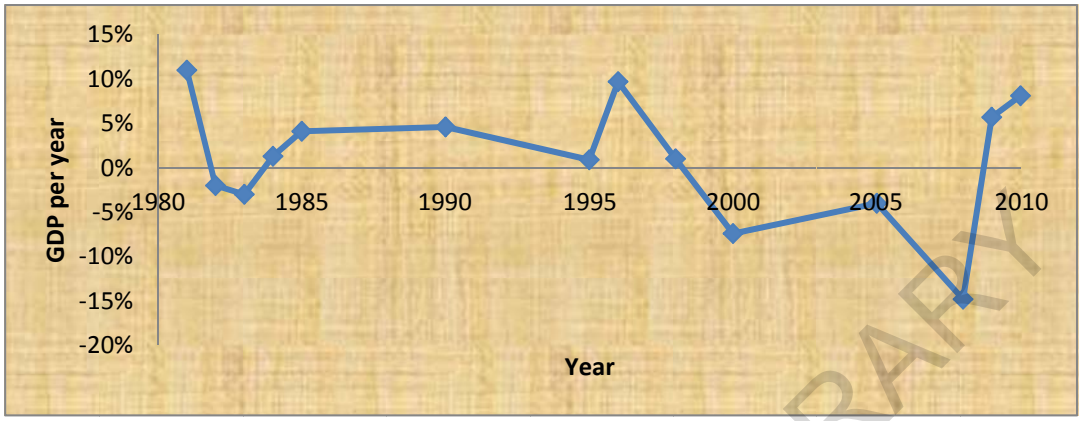
The second five year plan was adopted to achieve a set of economic objectives through the implementation of WB and IMF prescriptions[15]. It was expected that implementing these conditions would reverse negative economic conditions and spur the economy to greater heights (GoZ 1991). Economic problems had been blamed on the socialist political and economic ideology of the 1980s. Its strong bias towards centralised political and economic planning and protectionism had been blamed for the economic performance, hence economic liberalisation had been offered as the alternative (Chattopadhyay 2000; Grant & Palmiere 2003). However, contrary to expectations, the economy shrank and formal employment creation was adversely constrained.

According to Figure 2.4, the economy grew at an average of only 1%, whilst budget deficit exceeded the targeted 5% of GDP and reached 12.3% in 1995 due to poor budgetary performances by parastatal organisations and the civil service (Bjurek & Durevall 2000). Reduction in government spending resulted in high costs of living as subsidies were removed and the removal of price controls led to increases in the prices of food and other basic commodities.

[14]Liberalisation and deregulation reforms were economic conditions for the government to access financial support.

[15] The conditions included deregulation of the domestic market, currency devaluation, liberalisation of labour markets, dismantling price controls and subsidies, reduction of social grants and public sector wages (Kovacic 1992-1993; Bjurek & Durevall 2000; Chattopadhyay 2000; Sachikonye 2003).

Other economic reform conditionalities such as currency devaluation, badly affected the country's economic standing as it was degraded from a middle income to a low income country. Government revenue generation also fell by over 27% during the period due to the reduction in tax base.



Source: CSO (2004), Kanyenze et al. (2003, 2011), Luebker 2008a

Figure 2.4 Gross domestic product growth in Zimbabwe between 1981 and 2010.

Trade liberalisation led to stiff competition between local companies that had previously been heavily protected, forcing them to retrench thousands of workers to remain viable. Poverty levels in the country rose from 40.4 % in 1990 to 63.3% by 1995, whilst 39% of urban households were poor by 1995 (Dhemba 1999; Kanyenze et al. 2003). Massive layoffs were adopted to survive the offensive by foreign businesses that had created stiff competition to local companies with their cheap imports. Labour intensive firms such as textiles, clothing and footwear retrenched their unskilled and semi-skilled workers, replacing them with casual labour. About 20 000 workers had been retrenched by 1995 and between 1991 and 1992 alone, the number of non-agricultural employees declined from 929 800 to 844 000 (Kanyenze et al. 2011). Some formal firms were completely forced out of business.

The IES continued to swell during the decade as retrenchees were forced to join the sector (McPherson 1991, 1993, 1998; Chiumbu & Musemwa 2012). The majority of business start-ups took place in the trade and commerce sub-sector that demanded less capital, as the economy was performing badly. These businesses were merely a response to severe poverty after getting retrenched and an attempt to utilise the time by engaging in low paying informal activities to avoid starvation.

This perception is shared by Chattopadhyay (2000) who contends that in Zimbabwe, the IES grew rapidly during the 1990s in response to hardships that were the result of economic reforms and that most of the enterprises were petty economic activities that did not pay taxes; this led to reduced central government revenue. Households had to survive by diversifying their income sources through engaging in a variety of IEEs. In addition, communal farmers who were resettled and productive during the 1980s, left their farms to look for survival opportunities in the cities[16] after the 1992 drought which was dubbed the worst in the century (Kinsey 1999; Bjurek & Durevall 2000).

Other factors contributing towards the growth of IEEs were the support from the parliament, government ministries and departments as well as the private, local and international organisations[17]. For example the Inter-ministerial Deregulation Committee (IDC) of the Ministry of Local Government Rural and Urban Development (MLGRUD) recommended the relaxation of 28 Acts, particularly stringent licensing requirements and use of urban space by informal and small scale economic activities. The parliament of Zimbabwe also enacted a statutory instrument (SI) 216 that deregulated the operations of IEEs in residential areas and the CBDs in 1994.

2.3.2.2 The Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) 1996-2000

In 1998, the government adopted and implemented the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) (GoZ 1998a). The adoption of the programme was delayed by two years due to indecisiveness on the part of the government whether to continue with neo-liberal economic reforms or not. Poor social and economic performance of ESAP resulted in the government doubting the efficacy of market systems in solving the country's problems.

[16] Massive rural-urban migration against the backdrop of declining formal employment automatically led to unprecedented levels of informal employment activities that ranged from fruit and vegetables vending, sewing and knitting, beauty shops and home auto repairs.

[17] The CZI, ZISA, ZNCC, UNDP, ILO, GTZ, ODA, AOIC, USAID and NORAD participated in funding, organising, training and securing business spaces for informal small scale businesses throughout during the 1990s. Courses and programmes such as Start Your Business (SYB), Improve Your Business (IYB), IES Training and Resource Network (INSTARN), Train the Trainer (TOT), Generate Your Business Idea (GYBI), Micro Business Development Corporation (MBDC) and the Zimbabwe Enterprise Development Programme (ZEDP) were initiated to help informal enterprises grow (Kanyenze et al. 2003).

The government nevertheless once again resolved to continue with trade, financial, labour and price liberalisation prescriptions. These were however abandoned as the government started over spending. For instance, on the 14th November 1997, the Zimbabwean government approved and granted lump sum gratuities of Z$ 50 000 (USD 4 167) and monthly pensions of Z$ 2 000 (USD 140) to war veterans (Kanyenze et al. 2011). This led to the first crash of the Zimbabwean dollar, a situation that has been commonly referred to as 'Black Friday'.

Since then the Zimbabwean dollar was on a free falling spree until it completely lost its value by the end of 2008 and was replaced by the USD as the main currency, and other complementary currencies such as the South African Rand (SAR) and the Botswana Pula (BP). Table 2.2 presents the rates of inflation throughout the three decades.

Table 2.2 Inflation rates in Zimbabwe between 1981 and 2010

Years	Inflation rate
1985	14.40%
1990	11.60%
1995	22.50%
2000	55.90%
2003	400%
2004	600%
2005	200%
2006	1000%
2007	10000%
2008	231000000%
2009	7.7%
2010	4.5%

Source: Luebker (2008a); Kanyenze et al. (2003, 2011)

The poor performance of the economy took a huge toll on life expectancy that declined from 61 years in 1990 to 52 years by 1997 (GoZ 1998b). The prices of food and other basic commodities more than trebled during the decade, with maize prices rising by 40% in 1998 (Chattopadhyay 2000). The public sector continued to lose its vigour and attractiveness as the dominant employment sector due to low salaries and incessant retrenchments. The manufacturing and processing sector also continued on the path of low sales and productivity due to stiff competition from cheap imports, and high costs of raw materials as a result of currency devaluations. The only sector that benefitted from neo-liberal economic reforms was commercial agriculture.

Congested communal areas also suffered as the land reform programme was stalled whilst corruption and political patronage by elites and senior government officials became flagrant. Participating in the Democratic Republic of Congo (DRC) war in 1998 also worsened the economic situation. This was a unilateral decision that had not been sanctioned by parliament and it is believed that except for a few individuals, the nation did not benefit. The war cost the government about USD 33 million a month (Kanyenze et al. 2011).

Faced with mounting poverty[18] and lack of assistance for the majority due to the neglect by their own government, the impoverished people had no option other than to join the IES for survival. As the FES dwindled during the 1990s, the IES picked up, thus demonstrating the strong interconnectedness between the operations of FES and IEEs. A 1998 follow up study on the operations of the IES by the GEMINI revealed that more people were surviving on the sector particularly in rural areas. (McPherson 1998). The urban IEEs had grown to 38.5% and they employed 54.9% of the total labour force by 1998 (McPherson 1998; Kanyenze 2003). The rural IES declined during the same period as a result of the economic crisis. Also, remittances from urban areas that were also reeling under the tough economic situation, decreased. A total of 860 329 IEEs operated in both rural and urban areas and they employed 1 647 664 people by 1998 (McPherson 1998).

2.3.3 Authoritarianism (2001-2010)

Mounting economic problems of the 1990s led to constant fights between the major social groups such as university students, civil servants, Zimbabwe Congress of Trade Unions (ZCTU) and the government. The complex interplay of policy overtones led to the current crisis the country finds itself in (Michael & Masunungure 2006; Raftopoulos 2007; Ranger 2007; Fontein 2009). Lack of commitment and seriousness by the government to finding solutions to political and socio-economic problems and ways of improving the plight of the urban poor led to serious unrests and demands by the united front of social groups (Ranger 2007). This culminated in the formation of an exceptionally strong opposition party, the Movement for Democratic Change (MDC).

[18] Most social safety nets such as the drought relief food programmes, to alleviate poverty were mainly targeted at the rural poor. Even the Social Assistance Scheme (SSS) and the Social Dimension Fund (SDF) that were targeted at both rural and urban poor, were underfunded, hence most people failed to benefit (Dhemba 1999).

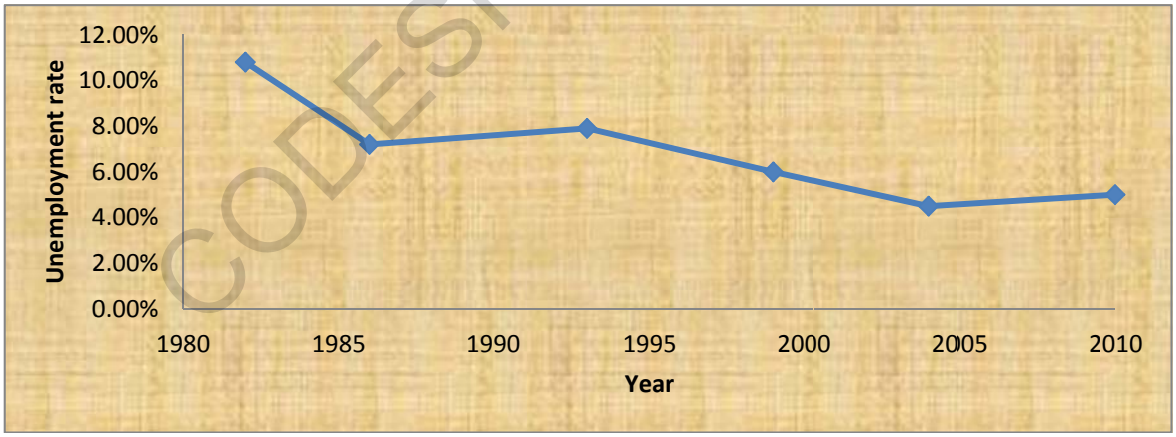
The Zimbabwe African National Union Patriotic Front (ZANU PF) led government dumped the capitalist ideologies of the 1990s and adopted an authoritarian political and economic ideology at the beginning of the new millennium. Indigenisation and black empowerment purported to liberate blacks from white land and business owners who continued to enjoy the country's wealth at their expense. ZANU PF partnered with war veterans and communal farmers to invade productive land that was owned by white commercial farmers, and they were dispossessed without compensation. The Fast Track Land Reform Programme (FTLRP) was dubbed the Third Chimurenga which reveals its revolutionary nature (Raftopoulos 2006; Kinsey 2010a).

The seizures were sanctioned in April 2000 and official legislation was only passed in June 2001. The party chose to engage in violence, mass killings and torturing of members of opposition parties to retain power for the greater part of the 2000s (Michael & Masunungure 2006). Citizens' fundamental human rights were violated through the enactment and implementation of the Public Order Security Act (POSA) and the Access to Information and Protection and Privacy Act (AIPPA) in January 2002. ZANU PF used its majority in parliament to push through these two sets of legislation as a way of consolidating its power, usurping the people's rights of association and access to information which are spelt out in the Universal Declaration of Human Rights (UDHR) of 1948.

Although land redistribution was a noble and just cause, the manner in which it was approached and implemented led to a serious economic crisis as agricultural production was disrupted, resulting in reduced investor confidence, credit flows and input supplies (Scoones et al 2010; Helliker & Murisa 2011; Chiumbu & Musemwa 2012). The FTLRP resulted in the displacement of thousands of white commercial farmers and their workers. Of the 300 000 farm workers at the time, more than 200 000 lost their jobs and only 5% were resettled under the fast track programme, whilst a few were absorbed by the new black farmers (Sachikonye 2003). The majority were forced to leave the commercial farms and move to urban centres in search of alternative livelihoods, particularly in the IES.

The economy that had largely depended on commercial agricultural production and the industries that had survived on processing agricultural products during the 1990s suffered a huge blow during the new millennium (Magure 2008). The production of commercial agricultural products such as tobacco, cotton, wheat, soya beans and maize that had largely contributed to the country's exports and foreign currency generation, started to decline rapidly from 2001, worsening the economic situation (Sachikonye 2003).

The impact of political wrangles and contestations was more severe than that of ESAP of the 1990s as most companies, shops and businesses closed[19] and investment was withdrawn, leading to massive retrenchments and subsequently unprecedented unemployment figures (Michael and Masunungure 2006; Magure 2008; Fontein 2009; Masaka 2011). Meanwhile, the military participation in the Democratic Republic of Congo (DRC) war continued to drain the few financial resources that were available, thus further weakening the fragile economy. The urban poor had no choice but to join the ever increasing IES. The 2004 LFS revealed that about 76.3% of total employment was being provided by the IES (Luebker 2008a). However, unemployment has continued to be very low in the country. According to Figure 2.5, the unemployment rate for 2004 was 9.4% when the relaxed[20] definition of unemployment is used.



Source: CSO (2004), Luebker (2008a, 2008b), GoZ (2012a)

Figure 2.5 Unemployment rates between 1981 and 2010 in Zimbabwe

[19] According to Kanyenze et al. (2011) 400 manufacturing firms wrapped up their operations in 2000 and most reduced their capacity utilisation, in 2001 there were about 3 500 retrenchments as companies rationalised their operations whilst formal employment was reduced by 16% in 2003. According to Luebker (2008a) FES employment declined from 1 241 500 in 1998 to 1 012 900 in 2002.

[20] The definition considers all economic activity that lasts for more than an hour per week, as employment regardless of its quality and nature. All paid and self-employment whether for market purposes or own consumption is considered work.

In 2006, a year after the destruction of the IES through operation murambatsvina/restore order (OM/OR) in May 2005, the IES had regained its position and surpassed the 2004 figures to account for 87.8% (Luebker 2008b) of total employment. The current situation where the country is using foreign currency, mainly the US dollar as its official currency, has given the IES new vibrancy and this has resulted in continued growth of the sector against the slow recovery of the FES, particularly in terms of its capacity to generate jobs.

2.3.3.1 Economic policies 2001-2010

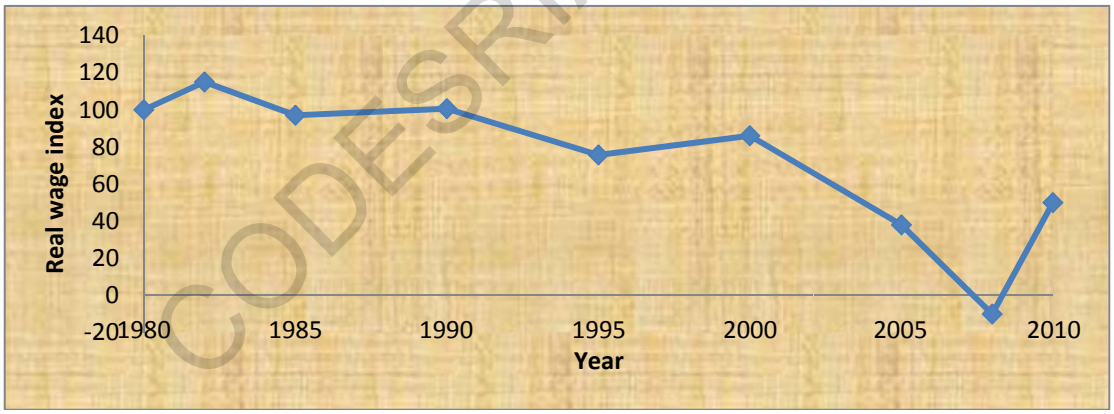
The government devised a number of policies, programmes and strategies to deal with the multifarious problems of the decade. However, most of them were short term and were meant to lull the citizens into believing that corrective measures were being taken to heal the economy. In 2000 the government adopted an 18-month millennium economic recovery programme (MERP) as a way of reviving the faltering economy (GoZ 2001). Meanwhile, in 2001 the USA government enacted the Zimbabwe Democracy and Economic Recovery Act (ZDERA) that barred the WB and IMF from supporting Zimbabwean balance of payments (Kanyenze et al. 2011). The Zimbabwean government stopped servicing its international debts in 1998; hence these plans enjoyed very little financial support. In 2002, a ten point plan was adopted by the Zimbabwean government to try to improve agricultural production, while in 2003 the National Economic Revival Programme (NERP) was also launched, followed by the Macroeconomic Policy Framework (2005-2006) (GoZ 2003, 2004). In 2007 the National Economic Development Priority Programme (NEDPP) was adopted. These policies presided over the collapse of the economy as no revival was registered.

When economic performance took the worst dive particularly between the 2006 and 2008 years, the Reserve Bank of Zimbabwe (RBZ) governor, engaged in quasi-fiscal activities to try to save the country from collapse. To save agriculture the governor directly supported agriculture financially through the Productive Sector Facility (PSF) and the Agricultural Sector Productivity Enhancement Facility (ASPEF) 2007. This involved the printing of money, which worsened the economy that was already reeling under serious stress (Chirisa 2012; Chirisa, Dumba & Mukura 2012).

The measures triggered hyper-inflationary environments. By July 2008, inflation had reached 231 million and economic growth recorded the lowest figure of -14.8 % (Kanyenze et al. 2011). This resulted in serious poverty that seriously undermined the country's effort to achieve the millennium development goals (MDGs). The RBZ also introduced a number of measures to fight mounting poverty and shortages of basic commodities during the time. The Basic Commodities Supply-side Intervention Facility (BACOSSI) was introduced to support companies that specialised in producing basics, but it never materialised as empty shelves were the order of the day.

The governor also introduced the Foreign Exchange Licensed Warehouses and Retail Shops (FOLIWARS), the Foreign Exchange Licensed Oil Companies (FELOCs) and the Foreign Exchange Licensed Outlets for Petrol and Diesel (FELOPADs) to try to deal with the serious shortages of basic commodities and fuel. Licensed businesses were allowed to import these scarce commodities and sell in foreign currency.

The initiatives did not help to improve the macroeconomic situation; it was just a futile exercise. Wages and salaries collapsed and formal workers just stopped reporting for work. According to Figure 2.6, the real wage index was negative by the end of 2008.



Source: Luebker (2008a, 2008b); Kanyenze et al..(2003, 2011)

Figure 2.6: Zimbabwe's real average wage earning index between 1981 and 2010 (1980 =100)

Wages could not meet transport costs, hence workers withheld their services. The few that turned up for work only used the offices to run their private businesses in order to generate income from the IES.

One common informal business activity during the peak of the crisis was 'money burning' (Chirisa 2012). This involved the use of Real Time Gross Rate (RTGS) to illegally buy and sell foreign currency against the weak Zimbabwean dollar that could run into quintillions or more by 2008. By 2007 FES employment had reached the very low level of 700 000 from the 1.4 million in 1998. In 2004 the FES employed 975 000 people whilst the IES employed 4.1 million people using the job based concept. The worsening situation forced political parties to sign the global political agreement (GPA) in September 2008 that gave birth to the current government of national unity (GNU) in February 2009. The economy stabilised during the last two years of this decade between 2009 and 2010, although economic recovery has been slow, and the little growth is not contributing to employment generation.

Figure 2.7 summaries the responses to political and economic ideologies by both the formal and IESs. The diagram reveals that political and economic performances of the country have had serious effects on the operation of the FES thus forcing formal companies to retrench their employees and, in most cases, pay them very low salaries and wages or fail to pay them completely.

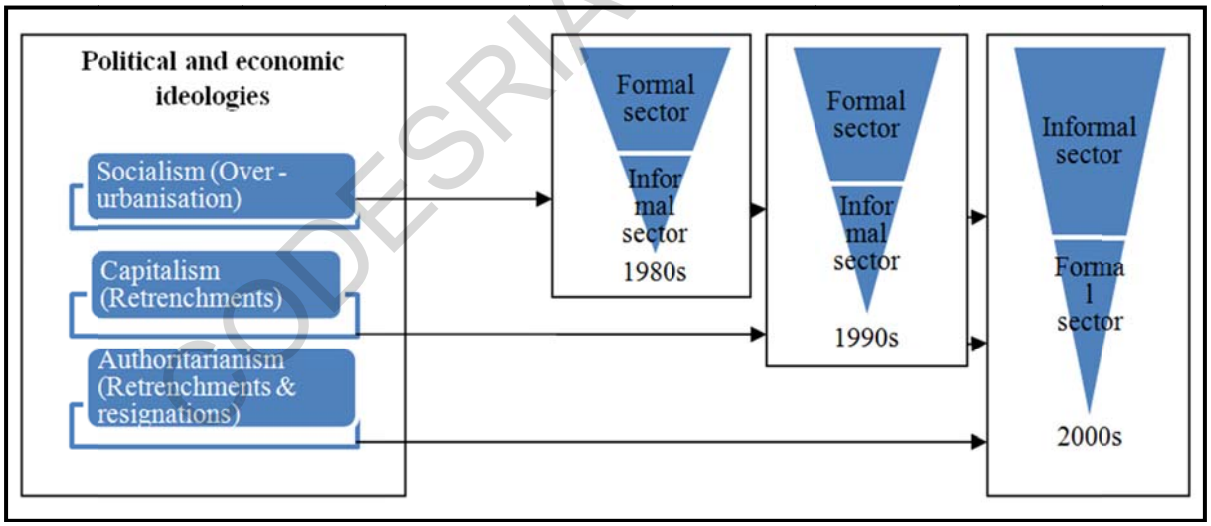


Figure 2.7: Responses of formal and informal economic sectors to ideological changes in Zimbabwe

During the 1980s, the public sector dominated other sectors in terms of employment and income provision. The resettlement programme was relatively successful as a result of strong adherence to socialist ideologies. The IES grew mainly as a result of over-urbanisation.

The 1990s neo-liberal economic reforms resulted in formal companies retrenching workers to adjust their operations in line with global competition. Most of the retrenchees joined the IES. It is only commercial agricultural production that boomed in the 1990s whilst the resettlement of poor peasants slowed down due to lack of government finances. Shifts from capitalist economic fundamentals to authoritarianism at the beginning of the new millennium severely affected all the three previously dominant formal sources of income that included manufacturing, mining and agriculture. The FTLRP led to the collapse of agricultural production and the other sectors that directly depended on agriculture for their survival, for example the agro-processing industries.

The economic meltdown in the new millennium led to incessant closures of formal businesses and thousands of people were retrenched every year forcing them to join the IES. Most manufacturing industries performed below full capacity and the situation kept deteriorating during the years. In 2006 only 27% of the industries operated at full capacity. The situation continued to worsen as capacity dropped to 13% in 2007. By 2008, industries operated at 5% capacity (GoZ 2012a; 2012b).

Textiles, clothing, wood and furniture, metals and metal products, leather and footwear firms were the most affected. Inflationary conditions of the economy made the local currency worthless, such that those who were formally employed and received regular wages and salaries felt the brunt and chose to operate in the IES where they could generate income every day, as well as find ways of circumventing the negative conditions. Extreme political and economic instability throughout the new millennium exacerbated retrenchments and food and basic commodity shortages, committing several households into abject poverty and desperate situations. It is however the IES that boomed during the economic crisis as the majority of former employees of both the manufacturing and agricultural sectors could only generate income outside the defunct FES. In 2006 the IES provided employment to over 80% of the actively employed population and poverty levels were around 76% of the population, particularly the urbanites (MPSLSW 2006). Although neo-liberal economic reforms of the 1990s set conditions that forced the growth of the informal economy, it is the political and economic crises of the decade after 2000 that led to the collapse of the formal economy and its almost complete replacement by the informal economy in virtually all sectors.

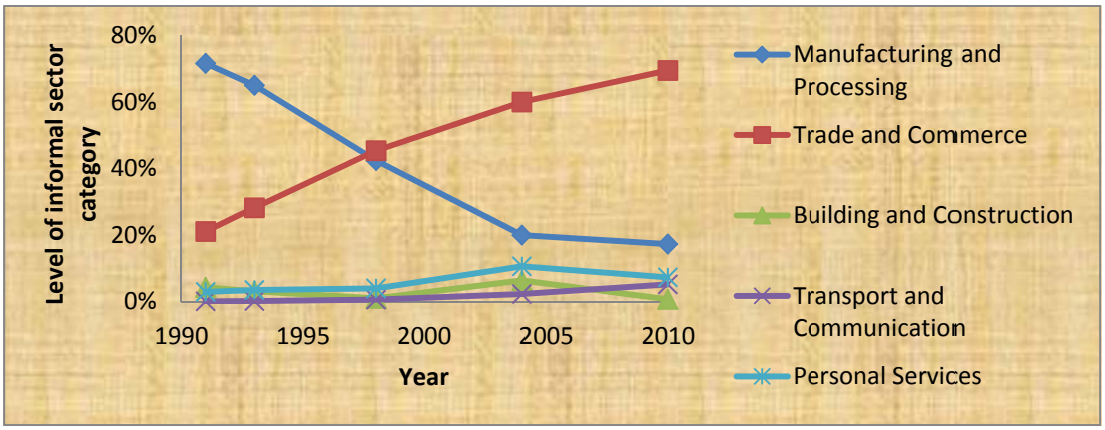
2.4 GROWTH WITHIN SUB-SECTORS

Five categories of the IES namely trading and commerce, manufacturing and processing, personal services, transportation and communication and construction were identified in the study (see Table 2.3). All unremunerated activities such as donations that are made for social redistribution purposes and work that are done for community building were excluded. All informal activities that have no formal equivalents or that are not tolerated in the FES such as money laundering, dealing in drugs, illegal foreign currency exchange, prostitution and music pirating were excluded from the list of activities.

Table 2.3: Five categories of the informal economic sector in Zimbabwe

IES category	**Description of common economic activities**
Trade and commerce	Foodstuffs, small household goods, confectionery, cigarettes, vegetables, fruit, books, clothing and footwear, Sale of plastic bags, cosmetics, appliances and accessories, spare parts, curios, building materials, crafts, maize meal and other grains, hair care products and traditional medicines.
Manufacturing and processing	Carpentry, welding, machining, leather products, brick moulding, pottery, detergents production, sculptures; carving, textiles and apparel, tailoring and design, food processing such as peanut butter, poultry and chicken dressing, bakery, freezits, biscuits and cakes.
Personal Services	Hair and facial care, car and electronic repairs, typing and photocopying, nursing services and financial services.
Transport and Communication	Commuter and taxi services, internet, phone shops, faxing, push carts.
Construction	Brick laying, plastering, tiling, roofing, painting and plumbing, electricity installations

Other economic activities that have always existed but that do not fall neatly within the informal economy were considered formal and left out of the study. These activities include domestic work and urban subsistence agriculture. A time series analysis helps to demonstrate the transformation of these businesses categories in line with political and economic fundamentals. Figure 2.8 reveals that during the 1980s, most of the business start-ups in the IES were in the manufacturing and processing (71.6%) as well as the building and construction (4.3%) sub-sectors. Only a few were in commerce (21.1%), service (2.9%) and transportation and communication (0.1%) as most of these sub-categories were dominated by formal businesses that were thriving under stable political and economic environments.



Source: McPherson (1991, 1993, 1998); Kanyenze et al..(2003, 2011); Luebker (2008a, 2008b)

Figure 2.8: Growth of the informal economic sub-sectors in Zimbabwe between 1980 and 2010.

It should be noted that informal manufacturing economic activities used to dominate the Zimbabwean IES during the colonial period that ended with independence in 1980 and this continued until the late 1990s. For over 15 years after independence, this sub-category was the mainstay of the IES, providing income and employment for the unemployed. The Figure 2.8 also shows that the IES continued to flourish, particularly informal trading and commercial activities (45.4% by 1998) that dominated the sector after the introduction of the economic reform programmes in 1991.

The informal manufacturing and processing sub-sector (20% by 2004) was however overtaken by the trading and commercial sub-sector (60% by 2004) during the 2000s. The trading and commerce sub-sector (69.5% by 2010) proved to be most popular and dominant in cushioning the urban poor from the throes of economic decline. The informal manufacturing and processing sub-sector declined to 17.3% by 2010. The sub-sector employed thousands of retrenched people and providing opportunities for business start-ups. Trading in fruit and vegetables, clothing and footwear and electrical and electronics products, was popular.

The other informal business category that showed signs of distress particularly after the destructive OM is construction. From a relatively high figure of almost 6.4% in 2004, according to the 2004 LFS (Luebker 2008a), the sector currently contributes only 0.7% of the total informal employment. One other reason is the poor performance of the economy during the past decade.

The sector is generally considered the barometer of economic status due to its sensitivity to levels of investment in an economy. However one sub-sector of the informal economy that has shown tremendous growth is transport and communication. The sub-sector grew from a low figure of 0.1% (McPherson 1991) in the early 1990s to 5.2% in 2010 (Luebker 2008a).

2.7 OPERATION MURAMBATSVINA/ RESTORE ORDER (OM/OR)

The Zimbabwean urban economy started to decline during the ESAP period in the early 1990s. The budget crisis of 1997 worsened the economic situation and after the 2000 FTLRP it was on a free fall until it almost collapsed in 2008. Formal job opportunities in urban centres became very scarce during the 2000s, and as a result, the majority of the urban residents became dependent on the IES for survival. The IES became a way of life by May 2005 OM/OR (Tibaijuka 2005; Potts 2006; Gumbo & Geyer 2011). Many people were dependent on the sector and this resulted in the sprouting of numerous unplanned trading sites and in increasing levels of street trading in the central business districts of the urban centres. However, the intolerance of the urban IES by the Zimbabwean government resulted in the launching of operation murambatsvina (OM) or Restore Order (OR) on 18 May 2005, a purportedly cleanup campaign that destroyed informal businesses in all urban and rural centres in the country (Gumbo 2005; Kamete 2007).

The infamous OM was launched without giving warning and sufficient time for informal operators to salvage their wares and properties as prescribed by the Regional, Town and Country Planning Act, Chapter 29: 12 of 1996 (Tibaijuka 2005; Kamete 2007). It is alleged that the campaign was launched to disperse the urban poor most of whom were operating in the IES, and who had repeatedly voted for the opposition, since this happened only two months after the 2005 parliamentary elections which saw MDC trouncing the ruling ZANU PF party in all urban constituencies. The operation indiscriminately destroyed both registered, licensed and organised informal businesses as well as those that lacked organisation and were not operating at designated sites (Gumbo 2005; Tibaijuka 2005; Kamete 2007; Potts 2007). It demolished business structures in informal settlements and low-income high-density residential areas, forcibly and violently evicted vendors (Ranger 2007).

The majority of the population that was officially unemployed and living below the poverty datum line, depended on the IES (Tibaijuka 2005; Potts 2006). Although there was a well-structured and established system of licensed vendors in other cities, the operation did not spare them. For example, in Bulawayo there were over 3000 licensed vendors, operating from vending bays demarcated and controlled by the city council police to ensure that no illegal practices took place (Gumbo 2005, Gumbo & Geyer 2011). Nevertheless the vast majority of the IES enterprises and trading locations were destroyed. It was estimated that around 650 000 to 700 000 people lost their livelihoods. If knock-on impacts are considered, then the final total population affected, directly and indirectly, was estimated to be 2.4 million people, about a 20% of the national population (Tibaijuka 2005).

The operation took place against the backdrop of deepening vulnerability in the Zimbabwean society because of food insecurity, HIV/AIDS, limited capacity in basic services and economic decline (hyperinflation) (Potts 2006, 2007; Kamete 2007). Flea markets, tuck shops, craft markets and vending stalls were destroyed. As he IES had become the mainstay for the majority of the Zimbabweans before the "operation", the local authorities were, as a result, derived of substantial revenues from fees levied on IES activities. As the structural conditions determined that the urban poor, the majority, must make a living informally, the order that was supposed to be restored by this campaign, was never achieved (Kamete 2012).

2.8 CONCLUSION

In this chapter the growth of IEEs after 1980 in response to political and economic ideologies that were adopted by the government during the three decades up to the year 2010, is highlighted. The origin of IEEs before and during colonialism is briefly traced. It is seen that pre-colonial states survived mainly on farming activities but also engaged in off-farm industrial activities. The same activities were transplanted to urban areas during the colonial period; hence they are not a feature of modern industrialisation. It is also clear that after 1980, a number of political and economic ideologies were adopted that strongly influenced the operations of both the FEEs and IEEs. Whist FEEs performed relatively well during the 1980s; they declined during the 1990s due to the global competition and lack of support from the government, and almost collapsed during the 2000s, the authoritarianism decade. In the next chapter international experiences are described and the responses of IEEs to different economic periods and performances of the FES are highlighted.

CHAPTER 3: THE INFORMAL ECONOMIC SECTOR IN DEVELOPING, TRANSITIONAL AND DEVELOPED COUNTRIES

"The African informal sector elephant is much larger than the Asian informal sector elephant, but both are elephants" Mead & Morrisson (1996:1617).

The informal economic sector (IES) has become common phenomenon in world economies. There are however differences in the magnitudes and types of informal activities found within developed, transitional and developing countries. Developed economies have the lowest incidence of informal economic enterprises (IEEs) when compared to developing and transitional countries that are characterised by weak formal economies. Such economies fail to generate sufficient employment and income for the high numbers of migrants who leave their rural homes expecting to get formal jobs and incomes to improve their standards of living. In cities of the developing world, the IES therefore provides a means of survival to people who, otherwise, would not have obtained any form of income. High urban population growth results in a mismatch between job creation and labour market demands. It is not only the less skilled and unskilled populations that are affected. As the formal economic sector (FES) continues to fall short of employment generation targets, thousands of educated and skilled people who graduate from tertiary institutions, also join the informal sector in cities of the developing world. In this chapter experiences in developed, transitional and developing countries regarding the operations of the IES, are presented. First the origin and growth trends of IEEs and the response of formal economic enterprises (FEEs) in these countries are traced. Then the focus is on the spatial and structural characteristics of the IES and the linkages that exist with the FES counterpart.

3.1 ORIGIN AND GROWTH OF THE INFORMAL ECONOMIC SECTOR

Almost all urban centres of the world have a form of IEEs of some size and type. The informal sectors have emerged within developed, transitional and developing countries at different periods and in response to different circumstances.

3.1.1 The Pre-colonial period

Economic activities that have characteristics of the modern day IES were in existence for a very long time before key historical incidents such as colonialism, modernisation of economies and the collapse of the Union of Soviet Socialist Republics (USSR). In former colonies such as Ghana, Nigeria and Zambia among others, the activities that still exist under the banner of IES have always existed. This scenario is summarised by Potts (2007) who observes that informality as it is presently put across has always been part of human history and part of pre-capitalist economic activities.

In Nigeria for example, the *Igbos* practised trade and engaged in manufacturing activities before colonialism (Onyebueke & Geyer 2011). Brown, Lyons & Dankoco (2010) discovered there has always been a strong historical tradition of trading in countries such as Tanzania, Senegal and Lesotho since time immemorial. In Ghana matrilineal family structures have always supported trading activities by women in their communities even before colonialism (King 2006). Present day IEEs therefore date back to pre-modernity. To borrow Onyebueke & Geyer's (2011) characterisation, the coinage of the term IES can be likened to putting 'old wine in a new wine skin'. It is only the packaging that has been transformed, without changing the nature of the contents. The phenomenon however has become very prevalent as thousands of urbanites are left out of formal and modern employment (Potts 2007). According to Williams & Round (2007), the Ukraine has traditional economic activities that have been in existence for a very long time and there is a prevalence of urban poor who participate in the informal economy. Britain also had economic activities that shared characteristics with the modern day IES before the formalisation and modernisation processes that took place in the 16th century Renaissance period in Europe and North America (Onyebueke & Geyer 2011).

3.1.2 The Colonial period

Most countries were colonised over long periods of time ranging from several decades to centuries. Only a few countries were spared. The concept of the IES was only coined and popularised during the early 1970s (Hart 1970, 1971; ILO 1972), long after economic activities with similar characteristics had already existed in colonial cities.

By the time Keith Hart 'discovered' the activities in Ghana and the ILO confirmed their existence in Kenya, such ways of survival had long been transplanted from rural areas to cities during colonialism. The activities were however suppressed and discouraged by colonial governments and, as a result, they existed outside the regulatory systems and were expected to disappear or be absorbed by the modern sector (Furnivall 1939, 1941; Boeke 1942, 1961; Lewis 1954). In South Africa, Geyer (2009) noted that small informal businesses were a preserve of Whites particularly during the 1950s, and hence they were very few traces of the phenomenon. Pieces of legislation such as the Urban Areas Act of 1945 were put in place to outlaw black people from owning and operating informal businesses, and hence there were few traces of these activities (Geyer 1989; Hart & Rogerson 1989). However, high unemployment rates and poverty forced a few blacks to own informal businesses in defiance of the regulatory frameworks (Rogerson 2002). Prohibition of both migrants and their economic activities was common in most colonial cities before political and economic independence.

3.1.3 The Post-colonial period

A number of factors led to the growth of IEEs since the attainment of independence or rather since the end of the Second World War (SWW) in African, Asian and Latin American countries. The factors include the poor performance of the FES, over-urbanisation, poverty, excessive regulations, recessions, and government policies that were implemented to support the IES after realising the demise of the FES.

3.1.3.1 The poor performance of the formal economic sector

Most countries in the developing world adopted socialist political and economic ideologies upon attaining independence. According to Brown (2006a) IEEs in Tanzania ballooned against the backdrop of socialist economic policies that failed to stimulate the formal economy and create sufficient jobs for the growing population. This was also observed by Nnkya (2006) who highlighted that informal businesses in Tanzania started to burgeon from the mid-1970s when formal employment and wages in the sector started to decline.

As the government failed to arrest the declining economy, poverty worsened during the 1980s and the phenomenon exploded as the majority of urban poor resorted to survival strategies to alleviate hunger. Even in developed countries, limited opportunities in the FES forced the unemployed to find some work for survival and social identity as employed persons (Williams & Winderbank 1993). In transitional countries such as Russia, people also participated in the low paying IEEs for survival due to exclusion from formal employment.

3.1.3.2 Poverty

There is generally a close relationship between participation in the IES and the incidence of poverty (Simone 2011). In some instances, however, the link between poverty and participation in the IES is not always there particularly for own-account workers, who operate profitable and productive small scale enterprises. In some countries, like Venezuela, few poor people are found in the IES whilst some who are better off participate in the sector (Mead & Morrisson 1996). In Tunisia and Morocco most informal economic entrepreneurs earn much higher incomes than the legislated minimum wages. Nevertheless, the generality of informal economic operators in developing countries are poor. The absence of social welfare grants for the unemployed in cities of the developing world, forces them to join the IES to generate income.

In transitional countries such as Romania, the growth of the IES has been attributed to poorer households and low wage earners who join the sector to generate incomes or to augment their meagre incomes (Kim 2005). The informal economy also functions as a social safety net for the urban poor just as in the case of most developing countries. Williams & Winderbank (2002) discovered that the urban poor in European countries also join the sector to generate income and produce essential goods and services for survival and maintain a social[21] capital portfolio. Similarly poor households in Brussels' inner city areas engaged in IEEs to eke out a living (Kesteloot & Meert 1999).

[21] Due to the high poverty levels, poor households participated in the IES to strengthen social networks and build their communities, to redistribute resources among friends, relatives and neighbours by conducting a mixture of remunerated and unremunerated work for relatives and neighbours (Williams & Winderbank 2002; Williams 2010; Neves & du Toit 2012).

3.1.3.3 Over-urbanisation

Rapid urbanisation[22] is the major driver of high participation rates in the IES in developing countries (Chen 2005, 2007). Rapid urbanisation in most poor countries of the world has not been matched with the expansion of formal employment opportunities (Potts 2007, 2008) as was the case with industrialised west European and North American countries. The majority of the urban population in developing countries find themselves with slim opportunities of securing formal jobs hence they join the IES to generate goods and income for survival (Loayza 1996). High urbanisation rates in South Africa after apartheid led to the swelling of the formal job market forcing most blacks to join the IES. For example, the formal South African economy generated 1.6 million jobs between 1995 and 2002, whilst during the same period about 5 million new people joined the labour market, creating an excess of 3.4 million people who could not be absorbed by the FES (Horn 2011).

3.1.3.4 Excessive regulations

Excessive regulations have also been blamed for the growth of IEEs (De Soto 1989, 1990; World Bank 1989; Kim 2002; 2003). Licensing requirements, tax structures and regulatory regimes largely influence the status of economic activities in most developing countries. In Thailand for example, relaxed regulations that recognised unregistered economic enterprises helped to promote their operations to such an extent that they contributed to national revenues through the payment of taxes (Mead & Morrisson 1996). In Latin American cities such as Bolivia, Panama, Peru, Chile, Argentina and Costa the high costs of registering businesses and huge taxes forced economic entrepreneurs to break the law and operate unregulated economic activities (Fleming, Roman & Farrell 2000). Most former member countries of the USSR had a common tradition of economic activities that operated underground to avoid bureaucratic registration processes and exorbitant taxes (Fleming, Roman & Farrell 2000).

[22] Immediately after the attainment of political and economic independence new governments repealed segregative legislations that discouraged rural-urban migration of indigenous populations leading to massive migration of unskilled and resource poor migrants who could not be absorbed by the FES and instead opted for the IES for survival.

The phenomenon was common in Hungary, Bulgaria, Poland, Romania, Slovakia, Czech Republic, Georgia, Azerbaijan, Ukraine, Belarus, Russia, Lithuania, Latvia and Estonia.

In Ukraine 72% of informal entrepreneurs operated outside the formal regime due to excessive regulation and other factors (Williams & Round 2007). Excessive, burdensome and oppressive tax and complex regulations are the drivers of informality in most developed countries (Schneider 2010). Large formal firms disguise their production to avoid strict labour regulations on social protection and employment benefits (Williams 2010). Labour costs are reduced through subcontracting to small informal productive firms that pay wages below the set minimum. This is common in the Organisation for Economic Co-operation and Development (OECD) countries such as Switzerland, USA, Japan, Canada, New Zealand, France, Portugal, Italy, Belgium, Sweden, Finland and Greece where the tax burden is positively correlated the high of informality (Bovi & Dell'Anno 2010).

3.1.3.5 Availability of opportunities

In some instances, the IES offers incentives to relatively rich people. In Ukraine well-off formal employed workers operated own-account enterprises to create more wealth (Williams & Round 2008). Better paid formal workers in Russia also engage in moonlighting in the informal economy than lowly paid employees (Kim 2005). According to Williams & Winderbank (1993), generally more- well-to-do households and people employed in the FES with resources and more disposable income, participate in the IES in the European Community (EC) than do poor households. About 60% of formally employed in Greece and 29% in Spain have other jobs in the informal economy (Williams & Winderbank 1993). In Britain, the Netherlands, France, Germany and Italy, people with high incomes voluntarily exit the FES to start informal businesses whilst some devised ways to diversify their incomes during the 1980s (Williams 2010). Informal domestic work has increased due to rising purchasing power. Households in Brussels engage in more informal productive activities as purchasing power has increased and they can afford large and durable domestic machines to use in their economic activities (Kesteloot & Meert 1999).

3.1.3.6 Globalisation

Globalisation[23] has also contributed to the growth of the IES (Snyder 2004) .The performance of international economies also influences national economies. Weak formal economies have failed to create adequate employment due to competition from cheap international products. They have instead resorted to the retrenchment of workers as a way of adjusting production costs. The retrenchees later joined the IES. Brown, Lyons & Dankoco (2010) observe that the number of IEEs rose sharply during the 1980s in Tanzania after the relaxation of strict city by-laws when the country opened its economy to the international world. The same happened in Ghana after it adopted economic reforms in 1988. The Nigerian government adopted neo-liberal economic measures to reduce government debt and stabilise the economy in 1986 and this also led to the explosion of the IES as the poor resorted to coping mechanisms after losing their formal jobs (Onyebueke & Geyer 2011). Only a few rapidly industrialising countries such as Taiwan, South Korea, Honkong and Singapore registered low levels of informality (Charmes 1998). Countries such as Namibia and South Africa[24] that attained their liberal democracies recently have relatively low levels of IEEs due to their relatively stable and strong economies (Potts 2008).

East European and Former Soviet Union countries also adopted capitalist political and economic ideologies by the end of the 1980s. . Countries in transition, among others Russia, Romania and Turkey already had a strong IES that had developed during the centralised political and economic ideologies. According to Fleming, Roman & Farrell (2000) free market political and economic policies only served to reinforce the old tradition of noncompliance with regulations.

[23] It is the opening up of national economies to the international world through the adoption of neo-liberal political and economic reforms (Brown 2006a). Most developing countries witnessed the explosion of IEEs after adopting capitalist political and economic ideologies, with the exception of a few that have been realising a growth in the FES.

[24] Unlike other developing countries, South Africa did not experience massive deindustrialisation after the adoption of neo-economic reforms as signified by the growth of formal employment from 9.6 million jobs in 1996 to 11.2 million jobs in 2002 (Horn 2011).

3.1.3.7 Recession

Recession[25] is one of the drivers of informalisation. Large firms in developed countries such as Britain, Germany, Italy and the United States of America particularly footwear, furniture, retail, electronics and construction enterprises, subcontracted part of their work to informal firms during the1980s economic recession (Fiege 1989; Blunch, Canagarajah & Raju 2001). According to Sassen (1988, 1989) goods produced in the FES were increasingly being sold in the IES, without observing zoning, tax and health and safety regulations. According to Fleming, Roman & Farrell (2000) in Scandinavian countries most people joined the IES due to fiscal burdens. In Brussels the flexibilisation of formal work became prevalent in response to readily available cheap labour, and households also engaged in informal activities to counteract the decline of their purchasing power during the recession (Kesteloot & Meert 1999).

3.1.3.8 Transnationalism

Transnationalism[26] is one of the key contributors to the growth of the IES (Skinner 2000). In South Africa most migrants, particularly from countries such as Zimbabwe, Malawi and Mozambique operate in the IES after failing to secure formal employment. Migrants from Somalia with a long tradition in trading start their own businesses in almost all South African cities. According to Horn (2011), in Cape Town, South 48% of the IEEs are run by migrants whilst in the city of Tshwane 31% of IEEs are operated by migrants.

Transnationalism also contributed to the growth of IEEs in developed countries (Tokman 1990). According to Dell'Aringa & Neri (1987), Italy used to receive high flows of unskilled and semi-skilled immigrants from African countries who joined the IES. Sassen (1988, 1989), however observes that the emergence and expansion of the IES in New York was not mainly caused by the proliferation of illegal immigrants. It was in fact high costs of labour that triggered the transfer of work from the FES to the informal economy as firms sought to increase profits by reducing their labour costs.

[25] It the period of economic and financial crisis that is associated with low levels of economic growth. Notably, the early 1930s, the late 1970s and early 1980s as well as the world economic crisis associated with the credit crunch that started in 2009 and has continued to date.

[26] It is the international migration particularly by the poor and unskilled people from developing countries to either developed or other developing countries that offer better job opportunities.

3.1.3.9 Government policies

Government policies[27] contribute enormously to the growth of IEEs. Most governments in developing countries have of late been encouraging business start-ups in the IES as a way of reducing high unemployment rates in the FES. According to Hart & Rogerson (1989), the licensing of vending activities and the provision of operating sites to informal traders in Kimberly, South Africa led to the growth of IEEs. Skinner (2000) also noted that the number of IEEs have been rising since the 1980 deregulations. South Africa's Business Act of 1991 opened the flood gates to informal trading in South Africa. The Ghana government introduced the Skills Training and Employment Programme (STEP) in 2001 that successfully trained about 3500 for the purposes of building their capacity in informal business operation (Debrah 2007). In Germany, the government tacitly approved the operations of IEEs as a way of building social benefits and consensus.

3.1.3.10 Associations of informal operators

Associations[28] of the poor have also contributed to the increase in the numbers of new entrants in the IES. In Bogota, vendors bargained with officials for more space and freedom of operation in exchange for political support, whilst in Lesotho and Nepal civil unrest among the urban poor forced authorities to allow the spread of IEEs as a way of pacifying the protestors (Brown 2006a). South African demonstrations and boycotts of white products forced the government to adopt the 1987 white paper on privatisation and deregulation of apartheid regulations that barred blacks from trading in the CBDs (Geyer 2009a).

In some instances, powerful trade unions are capable of making demands for more hours of leisure and early retirement, in the process creating idle time that is invested in operating IEEs. They can also put pressure on employers to observe stringent employment conditions forcing formal firms to informalise their operations by engaging informal small scale businesses to do part of their production as a way of reducing labour costs.

[27] These include the relaxation of regulations and statutes about the treatment of informal business operators, at both the national and local government levels, which led to the booming of informal trading and casual employment activities throughout the 1990s.

[28] These are unions of the urban poor that come together to bargain with central and government authorities for recognition and support of their informal activities in terms of finance and space for business operation.

3.2 SIZE OF THE INFORMAL ECONOMIC SECTOR

The IES is comparatively larger in most developing countries than in transitional and developed countries. The complexity of the sector makes it difficult to obtain accurate statistics. According to Charmes (1998), generally, the levels of the IES in Sub-Saharan Africa range between 60 and 80% of total employment outside agriculture, of course with the exception of a few countries such as South Africa and Namibia. Countries in Southeast Asia have figures of just below 80% with countries in Central Asia having low figures of between 5 and 20% of IEEs. This can be attributed to weak employment and income generation in the private FES (Sethuraman 1997; ILO 2000). These statistics have been corroborated by Fleming, Roman & Farrell (2000), who observed that the IES in developing countries generally ranges between 13-76% of the total national employment.

The IES in transitional economies is still very small compared to that of developing countries. According to Fleming, Roman & Farrell (2000), the IES in these countries is responsible for between 7 and 43% of gross national product (GNP). Romania, Slovakia and the Czech Republic exhibit the lowest levels of IES activities namely between 7 and 16% of the total national employment in the Central European region. In Hungary, Bulgaria and Poland the IES is responsible for between 20 and 28% total national Employment. In the former Soviet Union, countries such as Russia, Lithuania, Latvia and Estonia have low figures of between 20 and 27% of the IES and lastly countries such as Georgia, Azerbaijan, Ukraine and Belarus have relatively higher figures of between 28-43% of the population are employed in the IES.

Estimates of IEEs in developed countries range between 8 and 30% of total non-agricultural employment (Schneider 1997). Japan, the United States of America, Austria and Switzerland have the lowest incidence of between 8 and 10%. Sweden, Norway, Denmark, Ireland, France, the Netherlands, Germany and Great Britain have a number of IEEs that range between 13 and 23% (Schneider 2000). Countries in southern Europe that include Greece, Italy, Spain, Portugal and Belgium have the highest range of IEEs of between 24 and 30%.

3.3 LOCATIONAL CHARACTERISTICS OF THE INFORMAL ECONOMIC SECTOR

There are numerous factors that influence the location of IEEs in urban centres. The factors include proximity to markets and sources of goods and raw materials. Common places of location also include markets, residential areas, shopping centres and city centres and -streets.

3.3.1 Residential areas

According to Sanders (1987) IEOs locate either close to markets of their goods and services or close to FEEs to maximise their benefits. Sassen (1988) discovered that in the United States of America (USA) IEEs were prevalent in densely populated areas that supported small and informal businesses in terms of clientele. Poor urban neighbourhoods that included Queens, Brighton Beach and Jackson heights in New York had high numbers of illegal immigrants of Hispanic, Chinese, South Koreans, Russians and European origin who predominantly operated and supported the operation of IEEs. Informal clothing manufacturing activities were also common in sections such as Chinatown in Manhattan, outlying metropolitan counties and New Jersey, due to the high demand for informal products by poor residents, particularly immigrants.

In middle income neighbourhoods there was a prevalence of semi-formal electronic, specialised furniture and woodwork activities that targeted middle and high income residents. Kesteloot & Meert (1999) also discovered that IEEs such as public taxis, retail, restaurants and telephone services were concentrated in poor and deprived inner city areas in Brussels. Besides providing essential means of survival to operators, the informal activities also helped to serve a readily available market of impoverished immigrants that were segregated from formal systems due to lack of citizenship.

3.3.2 Central business district

Rogerson (2002) states that IEEs which include tailoring, hair dressing and retailing are located at central places in South African cities to capture the market as much as possible.

In addition, central city locations are preferred so as to be to be as close as possible to suppliers of basic and essential raw materials that are used in the businesses. Owners of informal productive enterprises prefer CBDs as they are relatively safer and more secure than black townships that have high crime rates. They also offer better infrastructure, more efficient and reliable services and opportunities to utilise business networks and economies of agglomeration that support business expansion than outskirts. Geyer (2009) also submits that it is mostly the owners of more productive informal enterprises that prefer central areas of cities since they can afford the rentals.

Survivalist operators either 'free ride' in city streets by operating as mobile traders or operate from African townships and informal settlements that charge very low or no rentals at all. Informal street trading activities are commonly located within CBDs as the operators do not pay rentals for the public spaces used for their operations. In Tanzania, Brown (2006b) discovered that informal trading is common in CBDs, neighbourhoods, bus termini and market places, whereas specialised areas such as waterfront areas were mostly used for boat and electronic goods repairs. Specialised areas were also used for informal productive activities such as furniture manufacturing and metal works (Nnkya 2006). The same observations were made by King (2006) who posits that informal trading activities such as trading in fabrics, food and clothes are mostly located at official central markets of Ghana where there is an attempt to discourage street trading. Factors such as proximity to customers, and costs of securing official spaces influence the ultimate decisions regarding the choice of the trading sites in cities.

3.3.3 Informal markets

Competition and low business in secure and restrictive official markets force traders to move to the streets and heavily congested areas such as transport termini. There are also satellite markets that include vehicle repair centres, carpentry and wood working centres, radial routes and woodcarving areas (Brown 2006b).

3.3.4 Industrial centres

Light industrial areas are also common operational areas for IEEs. In the USA activities such as construction, clothing and food preparation and office cleaning, catering, postal, transport, janitoring and security services were commonly located in industrial areas (Sassen 1988). According to Sassen (1989) these activities were dominated by illegal immigrants from Turkey and Morocco who participated in subcontracting arrangements with formal firms. Informalisation of formal operations was chiefly engaged in to reduce labour costs. Williams & Winderbank (2002) on the other hand observed that higher income neighbourhoods in Britain had more IEEs than lower-income neighbourhoods.

Williams & Winderbank (1993) also found that poor urban neighbourhoods in the European Community were host to fewer, less rewarding and more exploitative and constrained IEEs. This was mainly due to household poverty and less machinery and capital to invest in business, compared to their rich counterparts in high income neighbourhoods. Residents in affluent neighbourhoods had technological and durable household property that they used to engage in highly rewarding IEEs at home.

3.4 STUCTURAL CHARACTERISTICS OF INFORMAL ECONOMIC ENTERPRISES

IEEs commonly found in developing countries have almost the same characteristics. Generally, IEEs fail to observe most of the regulations that apply to FEEs, require low financial investment, do not keep records of their business transactions and are in most cases petty and do not add any value to products and services (1LO 1972).

3.4 .1 Non-observance of regulatory frameworks

The common characteristic of IEOs is that they do not pay taxes as they seldom register or license their businesses (ILO 1972, 1985, 2002; Sethuraman 1976). It has however been observed that some IEEs operate at the margins of legality by observing some regulations; for instance in Algeria, Ecuador and Niger the majority of informal enterprises with less than 10 workers are registered (Mead & Morrisson 1996).

Interestingly, it has also been proved elsewhere that registering economic enterprises is not a sufficient indicator of formality as other regulations such as labour, tax and operational by-laws are flouted. In countries such as Swaziland, Thailand and Tunisia the majority of unregistered informal enterprises pay taxes (Mead & Morrison 1996). This shows that a lot is involved in the transformation of informal businesses towards formality, and in some cases it is the relevant authorities that fail to enforce regulations either because of lack of capacity or by giving tacit approval in order to promote informality as a solution to lack of job opportunities.

3.4.2 Low financial investments

IEEs are generally associated with petty economic activities that attract low investments (Hart 1970, 1973; ILO 1972). Activities such as trading in fruit and vegetables is done for survival by the urban poor, the aged, chronically sick, disabled and unemployed and is characterised by low financial capital investment. The common sources of finance for the majority of informal economic operators are their personal savings and credit from family and friends (Lubell 1991, 1993). Formal institutions demand collateral security in the form of immovable property which most informal operators do not possess. Therefore in some instances they are forced to borrow from professional lenders who charge very high interest (Gumbo 2010b). In few instances informal small-scale manufacturing activities, services and construction activities that are capital intensive access funds from formal sources such as private banks and government financial support institutions. In countries like Bangladesh and India, micro finance institutions (MFI) such as the famous Grameen Bank (GB) and Self Employed Women's Association (SEWA) have helped to improve the operators' financial access (Gumbo 2010b).

3.4.3 Low productivity

The majority of IEEs are characterised by low productivity particularly the type of enterprises that do not seek to add value but are only run for survival purposes (ILO 1972; Peattie 1987; Narayama 2006). Dynamic, productive and lucrative activities are more commonly found in Southeast Asia and Latin America than in Sub-Saharan Africa and South Asia (Fields 1990; Charmes 1998).

3.4.4 High prevalence of women

The IES is dominated by women, particularly in Sub-Saharan Africa (SSA), and West African states that have traditions of women who sell fresh produce at markets (Brown 2006a; King 2006). However, participation by women in North African countries is low, due to the Islamic religion that prohibits women from participating in income generating activities. About 52% of the IEOs in SSA are women (Sethuraman 1998; Charmes 2000; UN 2000). In Asian countries women dominate in own account enterprises that specialise in trading and commerce, garment manufacturing and the leather industry and men dominate in the metal and wood working enterprises.

3.4.5 Poor record-keeping

Most IEOs do not keep records of their business assets, operations and financial transactions (ILO 1972). The informal operators also work for long hours and do not observe national holidays and rest days (Gerxhani 2004). The nature of their operations demands their presence every day. Absence means losses to their businesses (Potts & Mutambirwa 1998).

3.4.6 Lack of protection from national laws

In the majority of cases IEOs lack protection from national laws and the police. They suffer discrimination, exploitation and harassment for flouting zoning and operational regulations (Kamete 2004, 2007). They also suffer from inconsistent government policies and exploitation for political gain. Prior to elections they are allowed to operate, only to be evicted later and having their wares confiscated (Potts 2007, 2008). They also lack protection of their innovative ideas as they do not use patents to safeguard their novel designs, thus they are exposed and vulnerable to exploitation by the FES. According to Macharia (2007) the Kenyan traditional basket that is commonly known as the Kiando, was created by informal women manufacturers but it was copied by South Koreans and Japanese who modernised and standardised the basket, and in the process destroyed the informal innovators' source of income.

3.5 TYPES OF INFORMAL ECONOMIC ENTERPRISES

The IES is composed of heterogeneous activities[29]. Hart & Rogerson (1989) identifies the dominance of street trading in South African cities such as Kimberly and Bloemfontein. The same trend was observed in Johannesburg, Durban, Pretoria and Cape Town (Horn 2011).
In Columbia, Bromley (1997) describes the prevalence of retailing, small scale transport services, personal services and scavenging. According to Setsabi (2006) the IES of Maseru, the capital city of Lesotho, is dominated by activities such as the trading in fruit and vegetables, cooked food, jewellery and cosmetics, the provision of wheelbarrow transport and shoe repairs.

Nnkya (2006) observed that petty trading, transport services and furniture manufacturing activities dominate the IES in Tanzania. In Ghana, all the informal sub-sectors that include petty trade and commerce, micro scale manufacturing, personal services, transport and construction are prevalent (Brown 2006a; King 2006). The International Labour Organisation-Programa Regional del Empleo para America Latina y el Caribe (ILO-PREALC) findings in Latin American countries, showed that commerce and trade and services are dominant, followed by manufacturing and lastly by construction and transport (Rakowski 1994).

Sassen (1988; 1989), discovered that there are several types of IES activities New York City. They included informal construction activities that were subcontracted to unregistered small-scale companies. They also included unregistered small scale garment businesses specialising in producing high quality goods for the FES. The IES in New York was dominated by small informal industrial and service enterprises with few informal retail businesses in operation. The opposite was evident in Ukraine that had a high prevalence of small-scale trading activities in the IES with few medium sized informal manufacturing and construction activities (Williams & Round 2007). Williams (2010) also discovered that there were more small scale and piecemeal activities in Denmark and Netherlands than in countries such as Cyprus and Malta. Davies & Thurlow (2009) observe the heterogeneity of IES categories and also subscribe to the continuum of survivalist and small enterprises.

[29] The broad subsectors include manufacturing and processing, commerce and trade, personal services, building and construction and transportation and communication (McPherson 1991, 1993, 1998).

Rather than being composed of purely IEEs, the sector has a three-tier[30] system of businesses that exist along a continuum with formal businesses (Geyer 2009a). The system is made up of traditional, transitional and the semi-formal enterprises. Skinner (2000) discovered that the traditional category that is made up of mainly informal retail businesses is more dominant than micro and small manufacturing and service categories. It is the position of IEEs along the continuum that predicates the nature of linkages[31] with FEEs. As a general rule the closer the economic activity to formality the stronger the linkages, and vice-versa.

3.6 LINKAGES BETWEEN FORMAL AND INFORMAL ECONOMIC SECTORS

A reciprocal relationship exists between FES and IEEs. It has repeatedly been proved that there are linkages between formal and IESs (Gerry 1978; Tokman 1978; World Bank 1989; Singh 1994; Barwa 1995; Meagher 1995; Sethuraman 1997; Arimah 2001; Williams 2010). Leonard (2000) also asserts that there are strong linkages between the FES and IES that point to the integration of economies at all levels from local, regional, national to international.

Bohme & Thiele (2012) observe that operations between the two sectors reflect both complementary and competitive markets. According to Potts (2008), the two rely on each other as sources of goods for resale and raw materials for use in their production processes. In Kenya, the two sectors support each other in their business activities and they both contribute to the growth of the national economy (Macharia 2007). IEEs employ the majority of the urban poor, providing basic goods and services such as affordable food and gypsy taxis while the FEEs provide public goods and services. Poor quality goods and services as well as unreliable business operating times of informal economic operators have been identified as some of the factors undermining forward linkages.

[30] The traditional level marks the base in the hierarchy of informal business levels and it is associated with backward ways of producing and distributing goods and services to the lower echelons of society. The transitional level is in the process of modernisation characterised by the adoption of innovative and modern ideas of production and distribution of goods and services. It is the semi-formal activities that apply modern technologies to produce goods and services (Geyer 1989).

[31] Observations have also been made on the existence of linkages between the two economic sectors. According to Arimah (2001) linkages studies originate from industrial location theory, where they reveal the contacts and flows of information and materials between two or more firms. They take various forms that include backward and forward or input and output linkages.

Informal businesses improve their linkages with formal businesses by progressing towards formality along the formality-informality continuum by gradually assuming some of the characterises that include registration, licensing and employing skilled personnel, huge financial and working capital, advanced technology, operating from fixed places and generating high annual income (Arimah 2001).

3.6.1 Backward linkages

In Nigeria there seem to be strong backward linkages between the two sectors as IEEs purchase most of the raw materials and goods for resale from the FES (ILO 1985). Most inputs that are used for dyeing and weaving informal art and crafts and ingredients for informal catering businesses originate from the FES (Arimah 2001). In South Africa, informal producers buy their raw materials and goods for resale from formal enterprises (Naidoo & Feynes 2003). They also sell their products to formal businesses. The IES in some instances sells products that are secured from the FES or vice-versa and the two sectors sometimes compete in the market selling the same product. In the majority of cases informal products are cheaper than formal ones.

3.6.2 Forward linkages

Forward linkages were however evident though much lower and weaker than the backward linkages. According to Pratt (2006), subcontracting arrangements link the two economic sectors. In the majority of cases the IES supplies raw materials and intermediate inputs to the FES. Sometimes, though usually exploitative, the FES buys finished products from the IES for sale (Arimah 2001).

3.6.3 Employment linkages

Both formal and informal economic operators in transitional countries shift from one sector to the other along the formal-informal continuum with ease (Fleming, Roman & Farrell 2000). This signifies strong linkages between the two economic sectors. According to Williams & Round (2007), 55% of formal waged workers in the Ukraine, operate informal business enterprises to supplement their incomes.

This was found to be common in personal services and manufacturing activities. In Russia about 26.5% of formal employed wage earners have second jobs in the IES to augment their formal incomes (Kim 2002, 2003). The IES is very useful to the FES and most of the economy that is generated in the sector is spent in the FES. In Kumasi, Ghana, it was found that strong employment generation linkages existed between informal micro scale manufacturing and service industries with formal firms (King 2006). There were also strong linkages between petty informal traders, department stores and large manufacturing businesses that employed informal traders to sell their goods on the streets to also to tap the street market share in Ghana (Brown 2006a).

3.7 CONCLUSION

This chapter focused on IES experiences in developed, transitional and developing countries. The chapter highlighted that the IES emerged at different periods in response to various factors. It was also shown that IEEs are currently found in nearly all functional areas of cities. That includes CBDs, residential areas, open spaces and specialised markets. It was also highlighted in the chapter that various forms of linkages exist between the two economic sectors. Backward linkages are the most common as FEEs sell their products and raw materials to IEEs whilst very few goods and services are supplied to the FES by the informal counterpart. In the next chapter the focus is on the theoretical framework of the study. The theories and models that inform the study which include the theories of urban form and structure, business location and migration are highlighted.

CHAPTER 4: THEORETICAL FRAMEWORK OF BUSINESS LOCATION AND URBAN FORM AND STRUCTUTRE

"*...almost everything happens somewhere ... most of our activities are concentrated on and near the earth's surface... most human decisions have geographical dimensions*" (Longley et al. 2011: 4).

Zimbabwe is one of the few countries that was modernised very late by world standards. The first modern cities were only established just before the end of the 19th century. Harare, the capital city was the first modern settlement to be built in 1890 following colonisation of the country by Cecil John Rhodes and his pioneer column. Soon after the establishment of Harare, a number of urban centres were developed, that include Bulawayo, Gweru and Mutare. Numerous urban centres sprouted throughout the city during the 20th century. However, pre-modern settlements can be traced back to the Great Zimbabwe, one of the symbols of pre-colonial civilisation that was built around the 13th century. In this chapter theories and models on urban development are presented; particularly location of businesses in space, and the form and structure of cities. The theories help to shed light on the evolution of internal configuration of cities overtime. The migration theories that are useful in understanding the migratory tendencies of both formal and informal businesses in cities are also highlighted. The focus is on processes of urban space formation and the various actors that are involved.

4.1 EVOLUTION OF URBAN SYSTEMS

Cities can be ranked in a systematic hierarchy from global to the smallest urban centre (Godfrey & Zhou 2010). The emergence of cities has complex realities than can be traced to more than 5500 years ago in regions such as Mesopotamia, the Nile Valley, the Indus Valley and the Hoang-ho Valley (Gottdiener & Budd 2005). Modern urban centres developed from these early settlements following successive processes of large population concentrations, modernisation and intensification of agricultural production ways of life (Geyer & Kontuly 1993; Krugman 1996; Geyer 2002a, 2002b, 2002c, 2002d; 2007a, 2009; Geyer & van der Merwe 2002). Sometimes settlement development processes are punctuated by a series of deconcentration and counter-urbanisation that trigger regressive outcomes (Geyer 1996).

Urban centres however started to increase in numbers from 400 BC and throughout the medieval periods, and noticeable transformation in production systems, were noted in urban living standards and population distributions during the 19th century industrial revolution[32] (Geyer 2002a). The form and structures of urban centres continued to change leading to the formulation of several theories and models during the twentieth century (Haggerty 1971; Cooke 1990; Krugman 1996; Harris 1997; Kaplan, Wheeler & Holloway 2004; Parker 2004; Pacione 2009).

4.1.1 Hierarchy of urban systems

Geographers and economists pioneered the studies on systems of cities; followed by sociologists, urban anthropologists and political scientists who dwelt on socio-cultural and institutional approaches and political economy approaches (Paddison 2001). Urban planners got on the bandwagon, concentrating their efforts on urban planning and management, the reconstruction of cities and urban policy formulation. Professionals that focus on new postmodern ideas and methodological approaches joined the urban discourses recently.

Ideas on the nature and behaviours of land rents and transport costs that were first developed by Von Thünen in 1826 in his agricultural land use model (Beckmann 1972) influenced early theories on urban land use and structure (Griffin 1973). Geyer (2001) also advances that economic units concentrate on specific locations in space, giving rise to urban centres, forming an ordered system from low to large centres. Agricultural activities give rise to central places that are in turn supported and strengthened by and industrial processing, commercial, service, recreational, cultural, and religious activities (Christaller 1966; Geyer 2002a, 2002b). According to Hurd (1903) central business districts (CBDs) attract competitive economic activities that can afford high rentals. Intrinsic land values at urban centres are high as they offer many advantages such as convenience and proximity to most parts of the city (Wendt 1957). This view is also supported by Scott (1982) who also advances that proximity influences land values as it helps to reduce friction of distance.

[32] This was a period of advancement and mechanisation, characterised specialisations in manufacturing and industry that produced goods in large quantities supported by sophisticated transportation and communication systems as well as surplus production of agricultural products that sustained large urban populations (Frey & Zimmer 2001).

According to Alonso (1964), decisions to locate economic activities in space are largely influenced by land values. It is therefore the more vibrant and profitable businesses that locate at central places of cities, pushing the less profitable economic activities to the outskirts (Haig 1926; Haggett 1965; Haggett, Cliff, Frey 1977). In 1933 Walter Christaller put forward a theory of central places to explain the location, spatial distributions and patterns of cities (Ullman 1941; Berry & Garrison 1958; Von Böventer 1969; Eaton & Lipsey 1982). It was shown that economic activities locate and concentrate on space, creating a hierarchy of urban systems (Christaller 1966; Losch 1954; Geyer 2002b; 2007a).

The central place theory has continued to shape urban analysis (Paddison 2001). Market area analysis (Losch 1954) applies the two concepts of range[33] of good and threshold[34] that were borrowed from the central place theory (Christaller's 1966). The model uses the concept of hexagons to represent market areas that are measured by a given distance from the centre (Dicken & Lloyd 1990; Badcock 2002). They can take on different sizes as some are small and sell only lower order goods whilst large ones trade in small, medium and large goods (Christaller 1966; Greenhut 1952; Hoover 1955). There is however continuous adjustments of market area sizes as firms enter and exit in response to profit levels that are determined by threshold sizes (Marshall 1920; Hoover 1937; Edwards 2007). According to Perroux (1950), as firms expand and become dominant, their range of goods or the size of their market also grows to the outer limit of their market areas, which technically is their sphere of influence (Beaumont 1987). The role and function of cities can be deduced through their hinterlands and sphere of influence (Geyer 2002b).

4.2 THEORIES AND PERSPECTIVES OF URBAN FORM AND STRUCTURE

In this study a pluralist approach is followed which combines various perspectives on the form and structure of urban centres. The perspectives are revealed in various theories, ranging from classical, neo-classical to postmodern explanations. Such an approach is adopted to obtain a fuller and clearer understanding of complex urban phenomena.

[33] The range is the maximum distance customers are prepared to travel to obtain the goods given as a radius of the circle representing the area being served by the firm (Beaumont 1987).
[34] The threshold is the minimum demand that is necessary to support the firm's business given as the number of goods that should be bought for the firm to cover its basic costs and make a profit (Dicken & Lloyd 1990).

According to Pacione (2009), there is no single approach that provides a full explanation of urban phenomena since there is no single way of gaining knowledge. The nature of modern cities has also been theorised and modelled differently by authorities who belong to different disciplines that include geography, sociology, economics and urban planning, throughout the twentieth century. Popular among them are Park, Burgess, Hoyt and Harris and Ullman who came up with three classical theories of urban morphology over a long period of time (Luck &Wu 2002).

4.2.1 Chicago school of sociology and classical theories on urban structure

The study of cities originated from sociological researches that were done in German cities during the 19th century by scholars such as Max Weber and Karl Max (Parker 2004). The same sociological ideas on the structure of cities were transplanted by Robert Park to study American cities during the early 20th century (Kaplan, Wheeler & Holloway 2004).

The Chicago school of sociology later formulated the first theories to describe the spatial social structure of cities basing their theories on Chicago (Cooke 1990; Luck &Wu 2002; Parker 2004; Gottdiener & Budd 2005; Pacione 2009). Applying the analogue of plant ecology, it was theorised that social groups created spatial distance by engaging in predictable, continuous and successive patterns of competition, invasion and succession over urban space to maintain social distance and avoid contact with rival groups (Cooke 1990; Kaplan, Wheeler & Holloway 2004). According to Badcock (2002), dominant activities that maximised use of land under free market conditions occupied the most central, valuable, desirable and most accessible prime locations of the city. These views by Robert Park inspired a lot of urban studies that culminated in the development of the first three models of urban land use, namely the concentric zone, sector and multiple nuclei.

4.2.1.1 Concentric Zone model

Burgess adopted and applied the views on centred modern cities to study and model the pattern of land use on Chicago (Cooke 1990; Kaplan, Wheeler & Holloway 2004; Parker 2004; Pacione 2005). Burgess's studies culminated in the concentric zone model that posits that cities are composed of the CBDs which are the centres of commerce (Burgess 1925).

The CBD is followed by a zone in transition that is mainly occupied by industrial businesses and declining neighbourhoods (Kaplan, Wheeler & Holloway 2004). The third zone is occupied by independent workers and their families that have graduated from the transitional zone to in a search for better living conditions. The fourth zone is composed of private and better residences that belong to the middle class (Pacione 2009). The fifth and last zone that is further away from the city centre is occupied by the rich who own cars and afford to live in quiet and peaceful environs away from the troubles of the inner city (Haggerty 1971; Cooke 1990; Parker 2004). The separation of land use zones; particularly CBDs and suburbs is still common in most cities of the world (Badcock 2002). These aspects of the model inform the understanding of the structure and form of the two cities under study, Harare and Bulawayo. To cater for the model's omissions (Kaplan, Wheeler & Holloway 2004; Pacione 2009), models such as the sector and multiple nuclei were also reviewed to get the fuller insights on the structure and form of urban centres.

4.2.1.2 Sector model

Homer Hoyt formulated the sector model in 1939 (Kaplan, Wheeler & Holloway 2004). According to Hoyt (1939) urban spatial structures are better represented using sectors instead of concentric zones. He maintained that a mixture of urban land uses occupied the centre of cities. He also observed that as cities expand, land uses extend outwards in a radial format giving rise to a sector pattern (Pacione 2005). High income and wealthy groups triggered the outward growth of cities by moving into new neighbourhoods following definite paths along transportation routes. They also followed the attraction of beautiful natural and manmade landscapes whilst obsolete neighbourhoods are occupied by lower class groups (Badcock 2002).

Most of observations by the concentric model were incorporated into the sector model and it also added the concept of direction to that of distance from the city centre (Kaplan, Wheeler & Holloway 2004; Pacione 2009). Such aspects help to inform the study, particularly on the direction of formal and IES developments over the 30 years.

4.2.1.3 Multiple Nuclei model

Harris and Ullman formulated the Multiple Nuclei model of urban spatial structure in 1945 (Harris 1997). The model sought to improve on the concentric and sector models. They observed that cities have more than do not have a single nucleus and are formed by a progressive integration of multiple centres that influence land values and land uses (Badcock 2002). The model successfully explained not only the characteristics of cities of the late twentieth century but also of the early twenty-first century as witnessed today (Harris 1997; Kaplan, Wheeler & Holloway 2004; Pacione 2009). Their observations on the relevance of local context, political, cultural and social and economic conditions on land use patterns (Harris & Ullman 1945), largely inform this study.

The observations by the model are very informative in their descriptions of urban structures and are still applicable to 21st century cities such as Harare and Bulawayo. The three classic models are simple, flexible and straight forward; hence their conceptual frameworks can easily be adjusted to represent the spatial structures of contemporary cities (Carter 1995; Ford 1996). Some economic activities locate around transport systems, high income residential areas and centres of cities, whilst some have remained within the traditional CBDs. Those that cannot afford high rentals within CBDs have largely been located in industrial centres (ICs). In most cities multiple nodes have also emerged in the form of upmarket shopping centres, industrial, office and business parks, in the process modifying the spatial structures of cities (Kaplan, Wheeler & Holloway 2004). The same situation is observable in Zimbabwean urban centres.

4.2.2 Neo-classic theories on urban structure

Although the three classical models of urban spatial structure were regarded for some time as the basis for describing, explaining and understanding urban social geography, they were presented in specific historical contexts without making reference to cities outside America (Carter 1995; Pacione 2009). According to Harris (1997) the models also over simplified reality and failed to cater for the changes in societies, economies and technologies. Changes in spatial structures of cities that started to appear after the Second World War (SWW), demanded new ways of modelling to capture the changing environments of cities (Kaplan, Wheeler & Holloway 2004).

4.2.2.1 Mann's model of urban structure

In 1965 Peter Mann formulated one of the neo-classical models that described and explained the spatial structure and form of British cities. He integrated the various components of the three classical models to produce a typical model that represented British cities. The model retained the centre of the city that is dominated by commercial and office uses (Mann 1965). It also retained the segregation of economic and social groups based on incomes. According to Pacione (2009) he located high income and middle income residential areas away from industrial areas. Working class residential areas were situated on the western side of cities, in the direction of prevailing winds and next to places of work. The model typically describes the structure of urban centres in former British colonies of which Harare and Bulawayo are examples. These cities were modelled along British town planning lines toward the end of the 19th century (Rakodi 1995; Potts 2008; Gumbo & Geyer 2011; Kamete 2012a).

4.2.2.2 White's model of urban structure

In 1987, Michael White formulated a model of urban structure that captures developments in contemporary cities (Badcock 2002). According to White (1987) the model incorporates recent trends such as the emergence and dominance of service economies, deindustrialisation of urban economies, suburban residential developments and decentralisation of business and industry. Major financial institutions, speciality shops that cater for daytime commuters, government buildings and corporate headquarters and the main cultural and entertainment facilities were maintained within the CBDs, albeit with attendant changes that have been taking place (Pacione 2009).

These models help to conceptualise the study, as most of the elements postulated are present in Zimbabwean cities. In Harare and Bulawayo, some retail shops have relocated to the suburbs. Zones of poverty are also common in the two cities, particularly in the old neighbourhoods that are found near the CBDs, whilst zones of the elite with spacious and expensive houses exist on the urban periphery. Industrial-, office- and business parks, universities, corporate headquarters and corridor developments that are common features of 21st century cities, have been shaping the urban structure of the two cities (Pacione 2009).

Although cities have changed in varying ways over the years, it has been observed that they have maintained most of their characteristics, hence contemporary landscape change is a combination of continuity and change (Wyly 1999; Kaplan, Wheeler & Holloway 2004).

4.3 THEORIES OF URBAN SPACE USAGE

The mechanistic, ideological and positivist nature of urban spatial analysis was attacked during the 1970s. As a result cities have also been studied from a variety of philosophical angles and perspectives, and one of these is the Henri Lefebvre's 1991 spatial triad that aids in understanding the complex character of urban spaces (Merrifield 1993; Soja 1999). Urban spaces can be understood from abstract to the lived levels, where the abstract space continually tries to control the social space of everyday life and that in practice social space always transcends conceived boundaries and regulated forms due to constant changes (Lefebvre 1991). These views about urban space shed light on the location, operations and performance of both the FES and IES in Zimbabwean cities.

4.3.1 Structural perspectives of urban space

Empiricist understanding of space as the immediately visible world and the idealist view of space as a purely mental construct gave narrow dualistic explanations of the concept of urban space; hence they failed to capture the complex nature usage of urban space (Lefebvre 1991; Barnard 2001). The ecological and dualistic views ignored structural causes of urban social problems, particularly the impact of social, political and economic forces on urban structures (Paddison 2001; Pacione 2009). This led to the emergence of wide ranging debates on urban space as a complex interplay of representation of space, spaces of representation and spatial practices that seek to interpret and explain the nature of urban space (Harvey 1973, 1996; Soja 1989; Lefebvre 1991; Merrifield 1993; Unwin 1999; Mitchell 2003). This multi-disciplinary study largely focuses on the impact of political and economic ideologies on shaping the internal structure and development of cities, particularly the location of FES and IESs; hence it is informed by the spatial triad (Harvey 1990; Lefebvre 1991; Merrifield 1993; Soja 1996, 1999).

4.3.1.1 Conceived space and managerialism

Conceived[35] space is the arm that embodies order in urban spaces mainly for the benefit of capital that sometimes leads to the control of other sections of urban societies by political rulers, economic interests, and planners (Harvey 1989; Lefebvre 1991; Merrifield 1993; Unwin 1999). Urban managerialism is achieved through the implementation of master plans, local plans and by-laws that largely influence the spatial structure of cities (Herbert & Thomas 1982; Pacione 2009). Both FES and IEEs are expected to operate within the set statutes of central and local governments.

4.3.1.2 Perceived space and behaviouralism

Perceived[36] space is the spatial practices that represent the real spaces or physical spaces (Merrifield 1993; Unwin 1999). It is the ways people perceive spaces that influence their daily reality as to how they use the space both for reproductive and productive purposes (Lefebvre 1991). Perceptions therefore shape behaviours; hence they shed light on the relationship between the urban environment and people's spatial behaviour (Herbert & Thomas 2002). This perspective improves the understanding of the behaviours and locational decisions by both the FES and IES operators. Their spatial preferences and perceptions of city environments are revealed.

4.3.1.3 Lived space and humanism

The lived[37] space is the spaces of representation that reproduce and modify both real and imagined spaces over time. It does not obey rules and orders of consistency due to the clandestine everyday activities (Lefebvre 1991; Unwin 1999). Humanism evinces that urban residents are purposeful agents of change who shape urban spaces socially. They are creative and conscious of their environments. They are therefore not just passive respondents to external forces.

[35] It is the first arm of the spatial triad where space is represented by urban professionals and technocrats such as architects and planners (Harvey 1989).
[36] It embraces production and reproduction characteristics and linkages of spaces that are zoned for various uses. It helps to ensure cohesion, continuity and spatial competence as well as levels of performance.
[37] It is the social space that arises from practice-the everyday lived experience that is externalized and materialized through action by all members of society, even the rulers. It is the live, informal, fluid and dynamic space.

There are however forces that condition human behaviour and also constraints that curtail powers of making decisions and taking initiatives, such as controls by urban professionals.

4.3.1.4 Globalism and transnationalism perspectives of urban structure

The structure and form of urban centres have largely been transformed by forces of globalisation (Geyer 2009b; Pacione 2009). International capital and migration have led to the spatial patterning of urban land uses. In the study light is shed on the economic role of international finances and remittances to the operations of businesses. Also the impact of foreign nationals such as the Chinese, Pakistanis, Indians and Nigerians operating businesses within the two cities, is revealed.

4.2.3.5 The postmodernism perspective of urban structure and the right to the city

Urban patterns can be described, understood and explained as constantly changing landscapes that construct new meaning and perspectives. Land uses that were previously zoned separately are provided next to each other. The observance and acknowledgment of diversity result in planning that has broken away from overly planned and segmented urban landscapes. Redistributing and reshaping of land uses to cater for multiple viewpoints of diverse individuals and groups is done in an orderly manner without completely disregarding land use zoning and development controls over urban land actions that may lead to chaotic urban spaces (Paddison 2001; Kaplan, Wheeler & Holloway 2004). Critical to the use of urban space, particularly by the poor, is the right[38] to the city. Urban land use planning and development initiatives, are challenged to create spaces that liberate the oppressed and accords them the right to public spaces and to exist in urban centres just like the elites and the politically powerful. Cities are considered to be sites for the cohabitation of different groups where all citizens have equal rights to inhabit the city, which goes a long way to diffuse locational conflict (Mitchell 2003).

[38] It calls for the transformation of social relations which consequently leads to the transformation of socio-spatial relations, through the practice of inclusive politics and urban planning and the creating of just societies, in the process avoiding domination by the elites (Rakodi 1993).

4.4 THEORIES ON LOCATION OF ECONOMIC ACTIVITIES

The locational behaviours of firms have been theorised and modelled over a long period of time by authorities such as Weber, Isard, Palander, Hoover, Lösch, Hotelling, Greenhut, Hägerstrand and Moses and Smith (Dicken & Lloyd 1990; McCann 1998; 2002; Edwards 2007). The scholars posit that firms are price takers that make sound locational decisions over the quality of their resources and markets in order to maximise their profits and to minimise costs.

4.4.1 Least cost locational theory

In 1929, Weber observed that in order to maximise profits and reduce costs, firms locate where overall costs are minimum (Evans 1985; Dicken & Lloyd 1990; McCann 2002, 1998). The least cost location is chosen after determining the costs of accessing the normally dispersed factors of production such as labour, land, capital and raw materials and multiplying the quantities needed with their prices (North 1955; Edwards 2007; McCann & Sheppard 2010).

In situations where firms use a single input and a single output and labour and land inputs are readily available at the same price, the least cost location is derived by determining their total transportation costs through the summing of the cost of input procurement and the cost of distributing the output. The minimum-transport-cost location becomes the place where the total cost is the lowest (Dicken & Lloyd 1990; McCann 1998, 2002). Where costs are lowest at the market, the firm becomes market oriented[39]. Where the lowest cost is at the input source the firm becomes input-oriented[40]. Optimum location in real life can be difficult to achieve and least cost locations sometimes change using substitutes or other options to reduce, by concentrating on profitable activities and varying production outputs (Hoover 1948; Greenhut 1956; Moses 1958; Palander cited in Smith 1971).

[39] Firms that specialise in lumberjacks, electricity generation, mining coal, farming plantations or the manufacture of sugar form sugar beets, soft drink, perishables such as milk, fruits and vegetables, newspapers with very short lives and fragile products such as glass, locate on the source of raw materials (Dicken & Lloyd 1990; Edwards 2007).

[40] Firms that use inputs that lose weight such as sugar milling, lumbering, chemical processing, timber, those that are fragile and get spoiled quickly such as cheese making from milk inputs are market oriented (Dicken & Lloyd 1990; McCann 2002; Edwards 2007).

Some firms are footloose[41]. Normally they locate close to other related firms, resulting in clustering that enables them to take advantage of agglomeration economies, market information spills and in some instances, sharing fixed costs such as land and buildings (Dicken & Lloyd 1990; Edwards 2007). Complicated decisions are involved when deciding the least cost location for a firm using two inputs located at different places to produce a single output (Dicken & Lloyd 1990). The same concept of ideal weight[42] of both inputs and the output is used to determine the least cost location. It is given by the highest ideal weight from the three sets (McCann 2002), especially if the ideal weight at one particular point is higher than the combined ideal weights at the other two locations. Slight shifts towards the central point may result in cost savings if the differences between ideal weights are small. In some instances, a junction linking the three points can be chosen as a cost reduction location from all the three directions (Edwards 2007).

4.4.2 Least cost locational theory with substitution

The least-cost locational theory was extended by Isard in 1956 and Moses in 1958 to include the concept of substitution to increase the scope, flexibility and applicability (Dicken & Lloyd 1990; McCann 2002, 1998). According to McCann (2002) substitution of inputs with relatively cheaper ones is common within firms and it alters the relative total transport costs and the optimum location behaviour of firms. Locational problems become production problems and vice versa (McCann 1998). The location of firms is determined by applying different combinations of two inputs that are used in the production process. Their relative costs are compared. Firms can compare costs of using either capital intensive or labour intensive production approaches depending on costs (McCann 2002). Graphs are used to determine the point where the budget constraint or isocost[43] line and the highest isoquant[44] meet (McCann 1998).

[41] Firms that use ubiquitous materials are foot loose. Such firms can freely choose where to locate without any complications as transport costs are not a consideration (Dicken &Lloyd 1990).
[42] It is the transport cost per ton per given distance measured in kilometres, multiplied by the number of tonnes of either inputs or outputs the firm transports (McCann 1998, 2002).
[43]The isocost line is a linear curve that represents a firm's budget constraint that shows all possible combinations of the two inputs a firm can purchase using all its resources (Edwards 2007).
[44] The isoquant is derived from the firm's production function and it shows all possible combinations of two inputs necessary to produce a certain level of output applying the existing technological levels (McCann 2002).

The effects of returns to scale on location-production behaviours of firms can then be examined and interpreted. The influence of the market on location of firms was not adequately addressed (McCann 2002).

4.4.3 Least cost locational theory with isodapane

In 1966, Smith refined the relevance and applicability of the Weberian least cost locational theory by introducing the Isodapane[45] technique. He developed cost contours which were referred to as cost isopleths[46]. The space cost curve was used to determine the lowest point of the curve which denotes the least-cost location (Dicken & Lloyd 1990).

4.4.4 Logistics-costs location production model

McCann developed the logistics-costs location-production model[47]. Classical and neo-classical least-cost locational models had left out market prices of goods or the revenue of the output in their determination of the appropriate location for firms. McCann included this as part of his refined model (McCann 2002; McCann & Sheppard 2010). Transportation costs or the prices of the inputs had been used to arrive at the least cost location, leaving out market prices. The model revealed that firms producing goods with high market prices tended to locate closer to market, and vice-versa. High value addition is positively correlated to market locations (McCann 2002).

4.4.5 Theories on location of trading firms

Theories on linear markets consider geographic distance as the only variable whilst population and land surfaces are considered to be evenly distributed and as posing no constraints on decision-making (Dicken & Lloyd 1990). Consumers pay all the costs for the transportation of goods (Edwards 2007).

[45] It examines the influence of labour costs on locational behaviours apart from the minimisation of transport costs (McCann & Sheppard 2010).
[46] These are lines of equal total cost including other costs apart from transport costs (McCann 2002).
[47] The model applied the concept of inventory purchasing costs and carrying costs and comparing the two to balance them and reduce the overall costs of transporting and warehousing goods and inputs (McCann 1993, 1996, 1998, 2002).

4.4.5.1 Hotelling model

Locational decisions by firms that enter markets with excess profits are influenced by elasticity of demand (Hotelling 1929). Competition gives rise to continuous changes in prices and location along streets until firms share the entire market equally by occupying the centre of the market in order to maximise returns. The principle of minimum differentiation explains the excessive sameness of products in retail shops as firms cluster at the middle of the market area (Edwards 2007. However, firms sometimes disperse and locate far from each other as consumers buy either from the nearest firm or where the delivered price is lower. There are also situations where firms can change location and prices, avoiding firms selling the same products (McCann & Sheppard 2010). Where there are more than two firms, the ones that occupy the mid locations in a linear market cannot compete for customers hence they keep moving until they capture an adequate share of the market (Lerner & Singer 1937; Eaton & Lipsey 1975).

4.4.5.2 Bertrand model

Where goods are the same, consumers tend to buy from the cheapest firm. Firms apply use game theory in their businesses by altering their prices assuming that their rivals will maintain their high prices (McCann & Sheppard 2010). Same reactions from rivals result in a cycle of price reductions as the firms fight to capture the whole market at the expense of others, until prices are equivalent to marginal costs (Edwards 2007). Firms along well travelled routes set their prices just below those of their rivals as a way of increasing market shares.

Firms can also choose to locate far away from each other to increase autonomy and control over their prices, to make price comparisons difficult, and also to increase chances of generating normal profits (Hoover 1937). However, moving further away from the centre reduces the market share. As a result firms tend to locate very close to the market centre. They just keep changing their location vacillating between the centre and the furthest distance from the centre as a way of fighting competition (Edwards 2007). This results in instability or relentless mobility. This is commonly practised by mobile informal traders.

4.4.6 Non-spatial ways of fighting competition in a linear market

Firms that sell heterogeneous[48] products with different models, designs or colours, cluster at market centres and are capable of charging different prices and achieve equilibrium (Hoover 1937). Vendors specialising in trading similar products locate far from each other whilst those that trade in heterogeneous items and with wide assortments tend to form overlapping markets. In real life, customers do not just buy the nearest cheap product, but also search for goods which satisfy their needs (Edwards 2007). In such situations they travel long distances to access larger markets where they have wider choices and sometimes lower prices emanating from high competition. Shopping complexes[49] make the search for goods easy and hence are preferred, as customers can engage in multipurpose shopping and multi-stop shopping trips (Thrill 1992).

4.5 AGGLOMERATION ECONOMICS AND LINKAGE ANALYSIS

Firms group together for a number of reasons, but most commonly they are attracted by possibilities of benefiting from agglomeration economies [50] that are sometimes referred to as clusters or external economies. Clustering of firms generates two types of agglomeration economies that are the localisation and urbanisation economies (Marshall 1920). Friedman (1972) also expanded on the idea of clusters or layers that contain concentrated economic activities. Scale economies are the other form of agglomeration economies (Hoover 1937; Isard 1956; Parr 2002a, 2002b).

[48] Clustering of retail shops that is common with food vendors, clothing shops and used car dealers helps to reduce the costs of searching for goods and necessitates comparisons between products to be made thus increasing marketability of the firms and helping to achieve economies of retail agglomeration (Edwards 2007).
[49] Large shops that act as anchor stores pay low rents and therefore charge low prices. They act as magnets for a variety of small shops in the process generating positive externalities for these shops.
[50] Reduce transportation costs and take advantage of internal economies of scale, but later on benefit from the lowering of costs that is generated from the interaction of the firms in the cluster or business complex or growth poles (Weber 1929).

4.5.1 Localisation economies

Localisation[51] economies pertain to geographical clustering of firms operating in the same industry in the quest to reduce costs (Badcock 2002; Moreno-Monroy 2012). Industries that specialise in processing raw materials such as paper, stone, clay, glass and fabricated products benefit more from localisation economies than others (Moomaw 1988; Edwards 2007). However, the overall effect of localisation economies decreases with distance from the clusters and in the case of young firms; survival is attributable to innovativeness and creativity (Pascal & McCall 1980; Rosenthal & Strange 2003).

4.5.2 Urbanisation economies

Urbanisation[52] economies are realised when firms that belong to different industries and specialisations cluster in urban centres (Badcock 2002; Moreno-Monroy 2012). Urban centres, particularly large cities with well-functioning infrastructure and services are more attractive to large, innovative and technologically advanced firms and highly educated and experienced professionals. There are more employment opportunities than in rural centres and small cities (Goldstein & Gronberg 1984). There is high technological diffusion and sharing of ideas among highly educated and experienced professionals. This promotes innovations, and production and technical efficiency. The concentration of businesses at a single place attracts ancillary activities such as repair and maintenance; staff training, recycling and technical support (Karlsson 1997; Badcock 2002; Edwards 2007).

[51] Clustered firms in the same industry start by attracting a pool of specialised labour. Continuous growth of the cluster necessitates the creation of a market that supports specialised firms that in turn help other local firms to lower their costs. Specialised information and ideas are also shared resulting in technological spillovers (Edwards 2007).

[52] Urbanisation economies enable firms to access specialised labour, resources and technological spillovers, particularly for industries that specialise in extracting raw materials and produce bulky output (Moomaw 1988).

4.5.3 Business linkages

Clustered firms benefit from linkages that give rise to innovativeness, production and technical efficiency (Edwards 2007). Basically there are two kinds of linkages[53], namely backward and forward or input and output linkages. In this study the concept of backward and forward linkages is used to understand the linkages between FES and IES in Harare and Bulawayo.

4.5.3.1 Backward linkages

Firms that produce upstream products enjoy backward[54] linkages as they tend to locate closer to suppliers of their inputs (De Necker 1987). Such firms specialise in weight-losing activities, where inputs are heavier than the outputs. Examples include shoe manufacturing, clothing production, paper milling and food processing activities that produce outputs that are lighter, and easier and cheaper to transport than the raw materials (McCann & Sheppard 2010). The Japanese Toyota Motor Corporation adopted the Just-In Time (JIT) system through geographical clustering of input suppliers close to its firm, in the process reducing transportation costs and minimising time loss and mistakes (Edwards 2007). In this study backward linkages refer to the purchases of raw materials and goods for resale by IEEs from the FEEs.

4.5.3.2 Forward linkages

Firms that produce downstream products enjoy forward linkages as they tend to locate close to their markets. Weight-gaining economic activities such as milling of textile and steel, cement processing and production of equipment and machines benefit from forward linkages (McCann 2002).

[53]Linkages are the operational contacts of businesses which include process, financial, material, market, communication and service linkages. They from direct to indirect linkages, distributive and productive linkages, consumption linkages, credit financing linkages, subcontracting linkages, technological linkages, input and output linkages, market, material and service linkages and backward and forward linkages (De Necker 1987).

[54] In the study of formal and informal businesses, backward linkages involve the supply of fundamental inputs for production from the FES to the IES which may include raw materials, equipment and machinery, finance, consumer goods, information and expertise, education and training of IES operators whilst forward linkages involve the use of the IES's products and services as inputs into the FES production processes and subcontracting linkages which take place when FES enterprises contract IES entrepreneurs as suppliers of intermediate or final products. IES businesses may also be contracted to perform intermediate functions in the line of production (Arimah 2001).

Outsourcing of expertise and experience to specialised firms to perform some tasks through sub-contracting, is one form of forward linkages (Edwards 2007). In this study forward linkages refer to sales that are realised by IEEs as they sell their products and semi-finished goods to FEEs.

4.5.4 Agglomeration diseconomies

When cities grow beyond certain sizes, particularly bigger than their capacities to service and provide the basics, they start to experience negative[55] growth as firms are forced to leave for other urban centres. According to Geyer (2009) if firms continue to concentrate in cities, deconcentration takes place. Even if the original reason for choosing the location is no longer present, clustering of firms may persist in cities (Krugman 1991; Venables 1996) due to the presence of cumulative causation (Myrdal 1939).

4.6 THEORIES OF BUSINESS MIGRATION (RELOCATION)

Scholarship on firm relocation is fairly recent. The earliest study on firm migration was conducted in the United States of America in 1949 (Van Dijk 2002). Firms change locations as a way of adjusting to new situations and factors[56]. Just like human beings who migrate in response to both push and pull factors (Tiebout 1956; Sjaatad 1962; Rosen 1974; Geyer 2002e; Kaplan, Wheeler & Holloway 2004; Edwards 2007; Pacione 2009), firms change locations to benefit from existing conditions or characteristics of a given place and are sometimes forced to leave the previous locations due to negative factors. Van Dijk (2002) observes that firm relocation is more often the result of push factors than pull factors. There are however spatial implications of relocation, particularly in the case of small firms, as the process involves change of addresses. Relocation theories are informed by neo-classical, behavioural and institutional perspectives on the operations of firms.

[55] Negative and unfavourable conditions include traffic congestion that results in increased transportation costs, high land and rental costs, increased pollution and high cases of criminal activities that dilute the cost savings stemming from agglomeration economies that firms will be enjoying, thus forcing businesses to look for alternative places to locate their firms away from such negativities (Badcock 2002; Edwards 2007).

[56] Factors may include technological progresses, developments taking place in markets and changing consumer tastes, demands and preferences as well as public policies such as environmental policies and regulations.

4.6.1 Neo-classical theories

Early theories on firm relocations advanced that firms move in response to external[57] factors that force them to leave their initial location. However, internal factors such as the growth of firms have great influence on firm relocation decisions. Van Dijk (2002) proffers that initial pull factors such as low production costs and high profits sometimes cease to exist, forcing firms to move to other new places. The optimising behaviour of adjusting cost and revenue structures by firms emanates from neoclassical theorisation and the impact of pull factors that also trigger push factors.

4.6.2 Behavioural theories

Information on the availability of alternative locations that are profitable is not readily available, hence firms engage in satisfying rather than optimising behaviours when making relocation decisions. The lack of information and bounded rationality results in firms adopting a long[58] relocation decision making process, also taking into consideration sociological and psychological factors (Van Dijk 2002). The approach however, does not seriously consider the impact of economic and internal factors such as levels of firm production, investment and growth.

4.6.3 Institutional approaches

Relocation decisions are not made in static environments. To achieve either the optimisation or satisfaction of objectives, the decisions of firms are constrained and also shaped by society's cultural institutions and value systems. Firms therefore enter into negotiations with actors such as deliverers and suppliers, local, regional and national governments and labour unions. Such stakeholders affect firms' operations in terms of prices, wages, taxes, subsidies and infrastructure. Hayter (1997) observes that large corporations wield influence upon their environment while small firms are sometimes forced to accept restrictions and constraints imposed upon them by their environment.

[57] External factors include low markets, high labour and materials costs (McLaughlin & Robock 1949).
[58] A firm starts by considering a number of alternative locations, goes on to evaluate the alternative locations, makes a choice of the new location and then evaluates and assesses the implemented decision (Van Dijk 2002).

4.7 CONLCUSION

In this chapter the focus was on the theories and models that explain urban forms and structures and firm location and relocation decisions. Initially the evolution of cities and the hierarchy of urban systems that were expounded during the early 20th century were briefly highlighted. The focus then shifted to internal structures of urban centres and the factors that influence location of firms. It was highlighted that sometimes factors that pull firms to certain initial locations may cease to exist with time, forcing firms to consider new locations. Besides, the classical and neo-classical explanations of firm location, there have been recent perspectives on the forces behind locational decisions and these also take into account urban planning regulations and other complex realities such as human behaviours and responses. The theories and models singly and cumulatively inform the study, particularly the factors behind the location and usage of space by both FES and IES. In the next chapter the focus is on the research methodologies that have been used to operationalise the study. Pertinent issues about the research which among others include, research designs, sampling techniques and sizes, data collection techniques and quality of research findings are discussed.

CHAPTER 5: OPERATIONALISING RESEARCH ON FORMAL-INFORMAL ECONOMIC SECTORS LINKAGES

"The formal and the informal city meet at a series of interfaces..." (Hansen & Vaa 2004:7).

The study of urban areas involves orderly investigation of the character and outcomes of political, economic and social processes and activities that take place at different spatial levels. Many disciplines that include urban planning, urban design, architecture, landscape design, geography, politics, economics and sociology are involved in the research of urban areas. This study is a fusion of urban planning and design, geographical, economic, political and sociological issues that are found in Zimbabwean urban centres. It was undertaken to explore, describe and explain the growth, spatial and structural changes of both formal economic sectors (FES) and informal economic sectors (IES) in Harare and Bulawayo, the two main cities in the country. The procedures and techniques recommended by various renowned experts are used during the conducting of this research (Sheskin 1985; Dandekar 1988; Andranovich & Riposa 1993; Rossman & Rallis 1998; Babbie & Mouton 2001; Mouton 2001; Wang, Holfe & Alfred 2007; Leedy & Ormrod 2010). These include starting from descriptions through explanations, predictions to prescriptions (De Necker 1987). Urban survey and phenomelogical methodological approaches largely informed the planning, data collection, analysis and presentation of the study. The main components of the research are summarised in Figure 5.1.

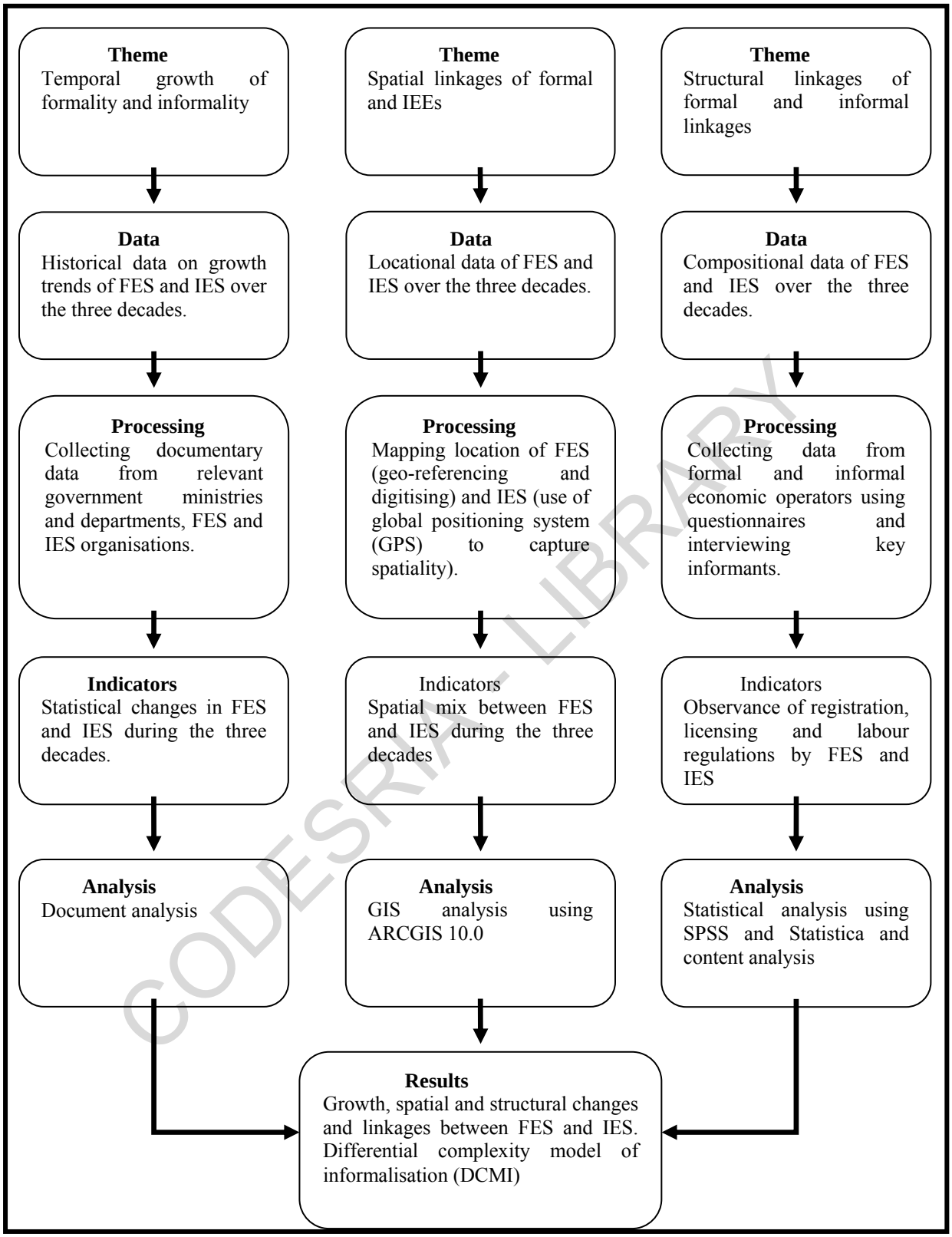


Figure 5.1: Research plan

Five different locational points and five categories of the both FEEs and IEEs were explored in order to understand the nature of spatial and structural linkages between the two economic sectors within the two cities.

To improve on the current understanding of the relationships between the two economic sectors, explored data was described[59] precisely to reveal the characteristics of the phenomena. Explanatory research techniques were also used to show the linkages, and demonstrate the influences the two business sectors exert on one another (Andranovich and Riposa 1993). Some prescriptive statements were forwarded to develop a theory of informalisation that is applicable in most developing countries with a heavy presence of the phenomenon.

The research methodologies, designs and paradigms that were applied in the study are presented in this chapter. Also highlighted are the sampling methods and sample sizes for both FES and IES. Data collection and analysis techniques are also discussed. Issues of reliability and validity are highlighted to reveal the quality of research results.

5.1 RESEARCH DESIGN

Research designs are strategies for doing research (Andranovich & Riposa 1993). They can be regarded as plans that are used in conducting research, which could be analogous to house plans or designs (Babbie & Mouton 2001). They therefore guide the processes of organising the study, identifying the target population, data collection, analysis, interpretation and reporting. They are commonly applied when contextual knowledge is already extensive as in this case where the researcher was familiar with the two biggest cities in the country and the operations of the two economic sectors (Rossman & Rallis 1998; Babbie & Mouton 2001; Mouton 2001). They therefore facilitated the collection of both qualitative and quantitative data that were in turn used to explore, describe, interpret, validate, explain and predict the behavioural characteristics of the vast population of formal and informal economic businesses in the cities under scrutiny.

Generally, the selection of research designs depends on a number of factors which include the purpose of the study, availability of time, finance, and level of access to information. Dandekar (1988) proffers that there is no precise research design or exclusively correct way to conduct research.

[59] According to De Necker (1987) description entails the identification, collection, processing and classification of facts about businesses and their linkages through the use of graphic representation in the form of maps and diagrams.

A mixed-method design was therefore applied in this study (Leedy & Ormrod 2010), by combining two different strategies. Specifically, quasi-experimental research designs that are better suited to conducting urban studies than pure experimental designs were adopted. According to Andranovich & Riposa (1993) it is more difficult to achieve true control with social sciences than is the case with pure sciences, hence both survey and phenomenological case studies were employed. The two were adopted to obtain extensive and deep descriptions of both the FES and IES in their specific context (Mouton 1996).

5.1.1 Survey research design

Cross-sectional surveys were applied to collect most of the data in this study, whilst data from previous longitudinal surveys were also collected and used to improve the quality of the data. Combining data from the two types of surveys, helped to reduce the problems that normally emanate from cross-sectional surveys that produce snapshots and static data (Dandekar 1988). Longitudinal surveys reveal changes of phenomenon over a long period of time (Neuman 1996). A series of snapshots from previous studies (Sheskin 1985) such as labour force surveys (LFS) and nationwide studies during the three decades were used to support data from the cross-sectional surveys.

Both data sources were applied to reveal the effects of ideology change on the temporal, spatial and structural characteristics and to analyse the trends on the performance of the two economic sectors. Dandekar (1988) states that weighted cross-section surveys oversample certain subgroups of the population under study; hence this study applied unweighted or simple cross section surveys that helped to achieve representation of all economic enterprises from the five sub-sectors. The two economic sectors were therefore studied to reveal the spatial and structural linkages that exist. This was achieved through the extensive investigation of selected of cases[60] (Mabry 2008).

[60] Case studies are intensive investigations of single units that involve the examination of multiple variables and surveys. They are the best social science research designs to collect original data about orientations in large populations. The designs complement to yield in-depth and rich explanations and descriptions of the nature of linkages between the two economic sectors (Mabry 2008).

5.1.2 Phenomenology research design

The exploratory approach was used to formulate the research problem for precise investigations whilst the descriptive approach was applied to gather complete and accurate information for the study. Case studies were used to explore the relatively new concept (Sheskin 1985) of spatial and structural linkages as well as the impact of ideology change on temporal growth between the two economic sectors. These aspects have scarcely been studied, particularly in the cities of developing countries (Moreno-Monroy 2012. The research designs yielded the twin objectives of surveying and exploring the economic enterprises to gather valuable scientific information, and the drawing of causal inferences (Dandekar 1988). They also helped in gathering information on nonexclusive and overlapping categories of spatial, economic, political, historic and social elements in order to understand the complex realities of how they are integrated and connected in shaping urban areas (Cohen, Manion & Morrison 2011).

5.2 RESEARCH PARADIGMS

Both qualitative and quantitative research paradigms[61] were applied to reach a deeper understanding of the impact of political and economic ideological transformation on the operation of the two economic sectors. This did not only reduce the risks of generating unbalanced findings, but also necessitated the generation of empirical knowledge to explore, explain and describe (Kabisch 2005) the linkages between FES and IES.

5.2.1 The quantitative research paradigm

The quantitative research paradigm was mainly applied to explain gather data that helped to identify the factors behind the growth, spatial and structural linkages between the two economic sectors. The paradigm informed the use of questionnaires to gather information on formal and IEEs in the two cities.

[61] The qualitative research paradigm elicits the experiences of IEOs and FEOs, hence it gives helps in generating descriptions and understanding is of the two economic sectors, whilst the quantitative paradigm aids the explanations and predictions of the economic sectors through data that is gathered from surveys and statistical analyses (Gray 2009).

Gathering quantitative data helped to test the hypotheses of the study, thus also complementing exploratory aspects of the qualitative research paradigm (Gray 2009; Kvale 2009). For example, it is through this paradigm that the reasons for weak linkages between the two economic sectors in some sections of the cities were identified. The quantitative research paradigm produces representative and unbiased findings (Cohen, Manion & Morrison 2011), an attribute that is always missing in its qualitative counterpart; hence qualitative research results were corroborated by substantive quantitative proof.

5.2.2 Qualitative research paradigm

This research paradigm was applied to conduct an in-depth study of a few individual cases in the two cities, particularly the key informants who are knowledgeable (Schaeffer, Dykema & Maynard 2010) about the operations of the two economic sectors. The paradigm encourages the creative, open, flexible and investigative approach in conducting the study and enables the exploration of various sources of information (Gray 2009). Qualitative data that was gathered from interview sessions and archival documents were used to explore the little understood linkages between the two economic sectors (Kvale & Brinkmann 2009). The paradigm also informed the survey of FEEs. Questionnaires were administered until saturation[62] point had been reached. It is this paradigm that helped in obtaining the overall coherence and meaning of research data to give a more holistic picture on the complexity of the phenomenon. The information was used to formulate the differential complexity model of informalisation (DCMI) that proposes ways of integrating the two economic sectors and improving their spatial and structural linkages.

5.3 SAMPLING DESIGNS

The study applied both probability and non-probability sampling designs and techniques to select participants for the study. Sampling frames, methods and sizes are discussed in the following sub-sections.

[62] Saturation is a point that is reached when the same answers become repetitive and no significantly new information is obtained during research (Mouton 1996).

5.3.1 Sampling frames

Good sampling frames are crucial to good sampling (Frankel 2010). Great effort was put into identifying and compiling fairly comprehensive and accurate lists of both FEE and IEE from multiple sources. According to Mouton (1996), it is difficult and almost impossible for researchers to compile accurate lists of the target population[63]. There are various options of sampling frames of formal businesses which include, among others, telephone directories, tax records and revenue registers. According to Dandekar (1988), there is no good list of elements in a population as most of these are often incomplete or outdated, and sometimes inaccessible or unavailable. In this study telephone directories were used, but their omissions, duplications and redundancy were kept in mind. According to Sheskin (1985) telephone directories sometimes include the names of businesses that have already migrated out of the study areas. They also exclude some businesses or record the same businesses more than once.

Public telephone directories and private business directories were used to get more accurate sampling frames for the two cities. Other lists of formal businesses were obtained from business associations such as the Zimbabwe National Chamber of Commerce (ZNCC) and the Confederation of Zimbabwe Industries (CZI). Lists from these associations were also inadequate, but they went a long way toward supplementing the business directories. It was however impossible to access lists of businesses from the Zimbabwe Revenue Authority (ZIMRA) and the Zimbabwe Statistics Agency (ZIMSTAT) as they cited concerns of secrecy and confidentiality of their data.

As for IEEs, lists were secured from the city councils. Officials from the department of housing and community services that manage informal businesses, compile fairly comprehensive lists for the purposes of collecting levies and rentals for the use of city spaces. Also, associations of informal businesses keep a list of their members. Although they were inadequate, they were found to be very helpful.

[63] According to Sheskin (1985) population is the universe to which inference is supposed to be made and is made up of a list of all the sampling units. It is however impossible to pinpoint concretely, a sampling frame that closely approximates all the elements in a population is usually developed.

In addition, prior knowledge about the operations and location of both FEEs and IEEs within the two cities helped in planning the sampling procedures and in achieving representativeness.

5.3.1 Sampling methods

The types of sampling methods that are used in selecting units for a study influence the quality of data collected from the field (Sheskin 1985). In this study multi-stage stratified and systematic probability sampling methods were combined to select enterprises for study (Piazza 2010) from the five formal and informal economic sub-sectors in the five different locational areas. The two methods facilitated the achievement of quality and representative results from the population (Frankel 2010) of economic enterprises as they helped to identify the stratum to which economic enterprises belonged.

5.3.1.1 Probability sampling methods

Proportionate stratified sampling was used to avoid missing some underrepresented (Cohen, Manion & Morrison 2011) businesses such as manufacturing, processing, building and construction economic activities in some other sections of the city, such as central business districts (CBDs). The sampling method helps to eliminate both underestimation and overestimation of phenomena, both at city level and also in individual sections of the city (Sheskin 1985). The capabilities of these sampling methods to reduce bias and error led to their use in this study to complement the inherent weaknesses of the sampling frame (Kumar 2011). As the economic activities were divided into sub-sectors, the relative size of each stratum was controlled by the researcher. This also facilitated the achievement of representativeness as the proportion of different strata within the sample was fixed. Multi-stage stratified sampling helped to reduce variation and diversity within the strata. It also promoted homogeneity that helped to narrow confidence intervals (Frankel 2010; Piazza 2010). Such a stratified method was applied by Kellett & Tipple (2005) in their study of home-based enterprises in India and South Africa, which led to sufficiently representative samples and ranges of activities.

A layered approach was followed to collect attribute data among informal entrepreneurs. An estimate of the number of informal economic operators to be surveyed was made, based on information obtained from city officials who manage the activities. An official letter was obtained from the department to seek approval from the city authorities and all relevant organisations (see Appendix B) before the commencing the study. Reconnaissance surveys of IEEs were then conducted in both Harare and Bulawayo to confirm the quantities at the various areas of location of the businesses. The first stage involved dividing all businesses into their sub-sectors where each economic enterprise was placed in only one of the five categories. The second stage involved determining the location of the economic enterprises, as different economic activities that make up the five economic sub-sectors could be found in more than one of the five locations. Lastly, the economic enterprises were chosen for the study at the different locations in their determined quantities using systematic sampling (Dandekar 1988; Frankel 2010).

5.3.1.2 Non-probability sampling methods

Non-Probability sampling designs that did not make an attempt at randomisation (Sheskin 1985; Dandekar 1988) were also used to select key informants for interviews. Convenience sampling and snowball methods to identify experts in the operations, location and performances of the two economic sectors, as well as leaders of both formal and informal economic associations, were applied.

5.4 SAMPLE SIZES

The data to accomplish the stated objectives, answer the research questions and test the stated hypotheses were collected from a representative sample of the entire population of economic enterprises. According to Sheskin (1985) any attempt to collect data from the entire population of economic enterprises within the two cities, was going to be a challenge and unjustifiable for the purpose of this study, even if time, financial- and human resources were unlimited. It has been repeatedly proven that studying a small number of representative units from a population is well established and accepted scientifically (Land & Zheng 2010).

The size of the sample was therefore determined after considering almost all the homogenous economic enterprises within the two cities, their location and the reliable sampling methods

used to select the enterprises for study. Dandekar (1988) posits that the geographical spread of population elements is a crucial factor to consider. In the case of stratified sampling and homogenous population elements, a smaller number of cases are studied (Sheskin 1985; Dandekar 1988).

5.4.1 Sample size of informal economic sectors

In this study the above considerations were partly applied but mainly the (95 and 5) scientific rule or mathematical equation was used to determine sample size for IEEs in the two cities. Survey results with accuracy levels of 95% and 5% confidence intervals were expected. According to Sheskin (1985) this is interpreted as the degree to which one is 95% certain that no estimated percentage is off the mark by more than +/-5%. Using the statistical rule, the minimum sample size of 384 is recommended regardless of the size of the population under study. This study therefore studied 600 IEEs, which are well above the recommended figure. Sectoral and spatial aggregation of data was also applied to ensure representativeness and improve data analysis (Wang & Vom Hofe 2007).

Sectoral aggregation involves the grouping of economic activities into five sub-sectors, which include manufacturing and processing, trading and commerce, personal services, transportation and communication and lastly building and construction. On the other hand spatial aggregation involved dividing locational areas of both FEEs and IEEs into five categories. According to Table 5.1, they include the (CBDs), suburban shopping centres (SSCs), industrial centres (ICs), transportation centres (TCs) and home based (HB) and open air markets. Most problems are place-based; hence there is need to integrate place and business dimensions in policy formulation and implementation.

Table 5.1: Informal economic sub-sectors and places of location

Business category	Place of location					
	Central business district	Suburban shopping centre	Transportation centre/node/hub	Industrial centre	Market/home/ Open space	Total
Manufacturing and processing	19	25	12	38	10	104
	18.3%	24.0%	11.5%	36.5%	9.6%	100.0%
	14.2%	9.8%	21.8%	53.5%	11.6%	17.3%
Trade and commerce	92	215	25	22	63	417
	22.1%	51.6%	6.0%	5.3%	15.1%	100.0%
	68.7%	84.6%	45.5%	31.0%	73.3%	69.5%
Personal services	16	12	4	8	4	44
	36.4%	27.3%	9.1%	18.2%	9.1%	100.0%
	11.9%	4.7%	7.3%	11.3%	4.7%	7.3%
Building and construction	0	1	0	1	2	4
	.0%	25.0%	.0%	25.0%	50.0%	100.0%
	.0%	.4%	.0%	1.4%	2.3%	.7%
Transport and communication	7	1	14	2	7	31
	22.6%	3.2%	45.2%	6.5%	22.6%	100.0%
	5.2%	.4%	25.5%	2.8%	8.1%	5.2%
Total	134	254	55	71	86	600
	22.3%	42.3%	9.2%	11.8%	14.3%	100.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

This was done due to the fact that the number of IEEs changed on a daily basis and because of the high number of such activities in the two cities as compared to other urban centres in developing countries. Case studies involve complex and contemporary functions (Yin 2009) hence large samples alone do not guarantee a representative sample, quantities can never be a substitute for quality (Dandekar 1988; Johansson 2005). It has been widely stated that large samples which are selected using non-probability sampling techniques or taken out of poor sampling frames are less representative than smaller sample sizes that are arrived at through the use of probability sampling methods and good sampling frames (Land & Zheng 2009). This study was well balanced as a fairly good sampling frame was compiled, a relatively large sample size was studied and the enterprises were selected using the most reliable sampling techniques, stratified and systematic. Since increasing the sample size or quantities does not improve accuracy levels, but instead increases error, the study applied probability sampling to achieve greater control over the quality of results.

5.4.2 Sample size of formal economic enterprises

The FEEs were studied immediately after completing the administering of questionnaires on the IEEs. Again, both multistage stratified and systematic sampling techniques were applied to select enterprises for the study. However, there was no fixed number of enterprises to study as had been the case for the informal economic counterpart. A qualitative approach was applied where data on the operations of the FES were collected using a separate questionnaire (see Appendix C) for the sector until saturation had been achieved (Kvale & Brinkmann 2009).

In Harare, saturation was only achieved after distributing almost 200 questionnaires, however the number of questionnaires was rounded to 200 for easy of analysis. In Bulawayo saturation was only reached after studying less than 100 questionnaires and as the norm, the number was rounded to 100 questionnaires. In total, 300 questionnaires were administered to FEEs in the two cities. The same procedures to attain representativeness were followed as had been the case for IEEs. According to Table 5.2 the study focused on five functional land uses that are found in the country's urban centres which are CBDs, ICs, SSCs, TCs and HB and open air markets.

Table 5.2: Formal economic sub-sectors and places of location

Business category	Business location					Total
	Central business district	Suburban shopping centre	Industrial centre	Suburbs	Parks(industrial, office, business)	
Manufacturing and processing	9	1	69	4	2	85
	10.6%	1.2%	81.2%	4.7%	2.4%	100.0%
	8.4%	7.1%	47.9%	16.0%	20.0%	28.3%
Trade and commerce	59	9	39	9	4	120
	49.2%	7.5%	32.5%	7.5%	3.3%	100.0%
	55.1%	64.3%	27.1%	36.0%	40.0%	40.0%
Personal services	29	3	23	10	3	68
	42.6%	4.4%	33.8%	14.7%	4.4%	100.0%
	27.1%	21.4%	16.0%	40.0%	30.0%	22.7%
Transport and communication	8	1	9	2	1	21
	38.1%	4.8%	42.9%	9.5%	4.8%	100.0%
	7.5%	7.1%	6.3%	8.0%	10.0%	7.0%
Construction and building	2	0	4	0	0	6
	33.3%	.0%	66.7%	.0%	.0%	100.0%
	1.9%	.0%	2.8%	.0%	.0%	2.0%
Total	107	14	144	25	10	300
	35.7%	4.7%	48.0%	8.3%	3.3%	100.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The categories include trade and commerce, manufacturing and processing, personal services, transportation and communication and building and construction. A cross-tabulation of both the five informal business categories and the five locational places was run to give a summary of the different informal activities that are dominant at different locations.

5.4.3 Sample size of key informants

Very valuable information was also gathered from key informants knowledgeable on various issues pertaining to the operations of both FEEs and IEEs. According to Table 5.3, 30 professionals and representatives of associations of formal and informal economic entrepreneurs were interviewed.

Table 5.3: Profile of interviewees

Interviewee ID	Profile
Senior Officers	
A	Harare city council (DHCS)
B	Harare city council (DHCS)
C	Harare city council (ES)
D	Harare city council (ES)
E	Bulawayo city council (DHCS)
F	Bulawayo city council (DHCS)
G	Bulawayo city council (ES)
H	Bulawayo city council (ES)
Senior Planners	
I	Harare city council (ES)
J	Harare city council (ES)
K	Harare city council (ES)
L	Bulawayo city council (ES)
M	Bulawayo city council (ES)
N	Bulawayo city council (ES)
Senior Officers	
O	Central government (MSMEs)
P	Central government (MIIT)
Q	Central government (MWAG)
R	Central government (MLGRUD)
S	Central government (MYDIEC)
Senior Officers	
T	Industrial business association (CZI)
U	Industrial business association (CZI)
V	Commercial business association (ZNCC)
W	Commercial business association (ZNCC)
X	IES association (ZCIEA)
Y	IES association (ZCIEA)
Senior Officers	
Z	Government authority (ZESA)
AB	Government authority (ZIMRA)
CD	Government authority (NSSA)
EF	Government agency (ZIMSTAT)
GH	Government agency (Registrar of Companies)

Key informants helped to shed more light on the policies, programmes and projects that were being planned and implemented, both for businesses to grow and to improve their performances, as well as operational and locational challenges.

5.5 DATA COLLECTION METHODS

After deciding on the sampling frames, sampling methods and sample sizes, data collection methods were then considered for the collection of both primary and secondary for the purposes of the study. Primary data[64] was collected by means of personal and in-depth interviews, observation and photographic surveys. Also involved was geographic mapping of both FEEs and IEEs which are permanent and nomadic in the centres of the two cities, using the global positioning system (GPS). Secondary data[65] was obtained from literature on Zimbabwean and international experiences of the IES and the linkages with its FES counterpart. The sources included published texts and journal articles, central and local government source documents and publications, private sector and non-governmental organisation (NGOs) sources, as well as documents of various associations that have an interest in the two urban economic sectors.

To collect the relevant data, the study applied a methodological, time, spatial and theoretical triangulation[66] to illuminate the linkages between the two economic sectors from different angles (Cohen, Manion & Morrison 2011). Multiple methods were used so as to apply both inductive and deductive analytical methods (Gray 2009), thus it was possible to obtain a comprehensive understanding of the nature of the linkages between the FES and IES. This is clearly demonstrated by Andranovich & Riposa (1993) who observed that data collection is both a science and an art; hence methods of data collection should be systematically blended. According to Sheskin (1985) the questionnaire survey is the most useful method of data collection for the purposes of statistical inferences of sample results for a large population.

[64] Primary data is first hand data that is collected from the field, specifically to provide solutions to the problem that is being faced at that particular moment.

[65] Secondary data is already existing data that was collected for different and specific needs, but can be used by the study to complement field data.

[66] Triangulation is the use of multiple methods to study phenomena. All data collection methods have their share of weaknesses; hence applying multiple methods and indicators allows for triangulation of evidence and gives the most accurate picture possible (Andranovich and Riposa 1993). According to Cohen, Manion & Manion (2011), time triangulation involves the use of cross sectional and longitudinal surveys Space triangulation is about focusing studies on more than one place (Harare and Bulawayo), whilst theoretical triangulation involves the use of different and sometimes competing theories (modernism and postmodernism).

However, economic enterprises were also investigated in their natural contexts through the use of other methods to complement survey data and to gain a fuller picture of the linkages between the two economic sectors. Observations of the spatial linkages between the two economic sectors were also made, whilst the spatial location of businesses was captured using a GPS. Photographing of businesses was also done to reveal their spatial linkages and their visual character. Archival sources of data and documents were collected from a variety of institutions that deal with both economic sectors. Multiple methods helped to connect actions of individual people to the macro level or large-scale social structures and processes (Neuman 2006). Causal arguments about how general social forces shape and produce results in particular settings helped generate new thinking and theory particularly regarding the way formal and informal businesses are related and interact with one another.

5.5.1 Archival searches

The changes that took place within FES and IES in the two cities over a period of 30 years were investigated. To achieve objective, the study relied mainly on archival sources (Dale, Wathan, & Higgins 2008) to acquire the data to show the variations of the two economic sectors over time (Andranovich & Riposa 1993). Statistical data on the two economic sectors were gathered from city council documents and official publications from a number of organisations that are involved in tracing the economic performance trends of formal and informal enterprises such as the central statistical office (CSO), Zimbabwe National Chamber of Commerce (ZNCC), Confederation of Zimbabwe Industries (CZI) and other independent individual studies. Company registers and business directories were also used to trace the mobility of formal businesses within the two cities. This technique was largely applied to complement survey data that is static (Sheskin (1985).

5.5.2 Questionnaire surveys

Questionnaire surveys were the most basic data collection techniques that were applied in this study to gather cross-sectional and static quantitative data to complement the longitudinal data that had been collected from archives. According to Sheskin (1985) surveys are beneficial and widespread in urban research such business location investigations.

However the technique is complicated and requires a lot of labour, time and financial resources, as demonstrated by the surveys on industrial linkages in Cape Town (De Necker 1987). To collect data that could be used to test three hypotheses on the temporal, spatial and structural linkages between the two economic sectors, questionnaires were designed in a deductive fashion; these however had inductive overtones (Sheskin 1985). Comprehensive questions centred on the research problem, and the three hypotheses of the study were formulated in line with the main focus of the study in order to achieve the overarching objective. Normally, respondents are reluctant to provide information on more personal and sensitive issues (Gray 2009) and, in order to improve responses; participants were also assured of the confidentiality of their information. Their anonymity was also guaranteed by refraining from mentioning and identifying individuals in the final analysis. According to Mouton, this is a minimum requirement for establishing greater validity (Mouton 1996). Rapport and interpersonal relationships were first established with association leaders, key informants and gate keepers of both economic sectors to facilitate smooth access, encourage participation and neutralise distrust.

To record high responses, the questionnaires were administered by interviewers (Harrison 2010) rather than using mail or self-administered surveys that yield low responses (De Leeuw 2008). They were administered on 600 IEOs, 300 from each city. A separate questionnaire was used to gather data from formal businesses where 200 enterprises in Harare and a total of 100 from Bulawayo were studied. Bulawayo has currently a very low number of FEEs as most of them have either relocated to Harare or closed down. The questionnaires captured wide-ranging characteristics of both FEEs and IEEs and their operators. Data about the IES were collected on the demographic profiles of the entrepreneurs, the different types of informal business categories and the relevant activities that make up the different informal business categories as well as the characteristics of the operators. Also, the financial situations of informal businesses, their operating characteristics and the nature of their relationships with other informal businesses, as well information on how they interact with formal businesses, were studied. To gather some data inductively other data collection techniques were applied, since, as already mentioned, survey research is not adequate on its own as a research methodology.

5.5.3 Global positioning systems surveys

Spatial data on the locational characteristics of both FEEs and IEEs was also gathered during the study. This was achieved by conducting GPS surveys of IEEs within the two cities. Both permanent and temporary locations of IEEs were captured from the CBDs, SSC, IC, TCs and HB as well as open air markets. The process started by capturing the oldest locations of IEEs, particularly the vegetables markets that were provided during the 1980s in low income residential areas. The period of location and the spatial spread was largely determined by the age of the infrastrucre and the information that was supplied by city council officials that have worked for the two cities for over the 30 year period.

A total of 1164 GPS points were captured in Harare alone, whilst 857 waypoints were captured in Bulawayo. The location of FEEs was captured through digitising their positions on already existing base maps to aid their visualisation and locational patterns. The base maps had earlier on been scanned and georeferenced before the actual identification and digitising process. This was possible since there have been many more changes in the spatial location of FEEs within the two cities over the years, than what has been the case with the IEEs.

5.5.4 Interviews

The researchers also gathered qualitative data by conducting semi-structured interviews (Kvale & Brinkmann 2009; Schaeffer, Dykema & Maynard 2010) with key informants who have served various central and local governments' institutions as well as departments for periods spanning from 1981 to 2010. The interviews were conducted with officials from local and central governments, representatives of both formal and informal business associations and NGOs that are actively involved in promoting IEEs. Officials from ministries such as the Ministry of Small and Medium Enterprises (MSMEs), the Ministry of Local Government, Public Works and Urban Development (MLGPWUD), the Ministry of Youths, Indigenisation and Empowerment (MYIE), the Ministry of Women and Gender Affairs (MWGA) were interviewed.

Also officials from the Departments of Housing and Community Services (DHCS) and Engineering Services that fall within city councils and the Department of Physical Planning (DPP) were interviewed. Officials from authorities such as the Zimbabwe Revenue Authority (ZIMRA), National Social Security Authority (NSSA) and associations such as the Zimbabwe National Chamber of Commerce (ZNCC), Confederation of Zimbabwe Industries (CZI) and the Zimbabwe Chamber of Informal Economy Association (ZCIEA) also participated in the interviews.

Data that were gathered by means of in-depth interviews with relevant stakeholders generated vital qualitatitive data that helped to buttress the research findings, particularly on operations of the two economic sectors. Information on the challenges faced and relevant policies and initiatives that could support both economic sectors was obtained. The Surveyor General's (SG) office, municipal managers, and planning professionals provided basic maps and data that were vital to the study. Leaders of associations[67] also supplied databases of their members, both operating in the FES and IES. Intensive interviews are used to generate insights, anomalies and paradoxes. Visual and photographic surveys were also used to capture quality aspects of the infrastructure and locational spaces of informal business enterprises.

5.5.5 Observations and photographic surveys

Observation and photographic surveys were used to aid in the understanding of the behaviours and patterns of both formal and IESs. These techniques are best suited when one needs to understand behaviours of phenomena. The methods were used to observe the relationships between the two economic sectors in terms of sharing space and customers. In some sections of the city customers and suppliers of inputs and goods were observed moving between the FEEs and IEEs.

[67] Associations are the legal and recognised representatives of both formal and informal business entrepreneurs. For the informal business people, the National Association of Small and Medium Enterprises (NASME) and the Zimbabwe Chamber of Informal Economy Associations (ZCIEA) leaders will be used as key informants for the IES operators, whilst leaders of the Zimbabwe National Chamber of Commerce (ZNCC) and Confederation of Zimbabwe Industries (CZI) will be used for the formal economic business operators.

Photographs were also taken during observations to provide pictorial displays of spatial relationships between the two business sectors. Photographic surveys improved the quality of the data by revealing the urban visual character, target markets, business composition, spatial challenges emanating from co-existence and visual backward and forward linkages between the two economic sectors in the two cities. Minimal participant observation as a method of data collection was applied by selling some clothing items belonging to the family at an informal business during weekends. According to Vestbro (2005) participant observation helps to give an accurate picture of the phenomenon under study.

5.6 DATA ANALYSIS

The other critical stage of research is data analysis. According to Leedy & Ormrod (2010) besides data gathering, research also involves critical processes of data transcription, organisation, summarisation and interpretation and the drawing of conclusions to increase understanding of phenomena. The research process ends when improved understanding and discoveries are disseminated to larger scientific communities to improve humanity. Wang & Vom Hofe (2007) also proffer the same sentiments organised and summarised for the purposes of generating ideas and supporting theories through the identification of patterns, description of relationships and explanation of causes, thus resolving the complex whole into its parts Mouton (1996). In this study Rubin & Rubin's (1995) approach to analysis, where analysis is done throughout the study once data collection has started, was used. Analysis was on-going, taking place concurrently with data collection.

5.6.1 Unit of analysis

In the study economic enterprises were used as the units of analysis. The unit of analysis is the centre of the study and the object of research (Babbie &Mouton 2001).

5.6.2 Levels of analysis

The city was used as the level of analysis. According to Andranovich & Riposa (1993) cities are complex social organisations that have interconnected webs of economic, social and political attributes. The preferred levels of analysis influence the identification and selection of variables.

5.6.3 Levels of measurement

All the four levels of measurement which included the nominal, ordinal, interval and ratio scales were used. The levels of measurement show variation in the aggregated data (Wang & Vom Hofe 2007; Leedy & Ormrod 2010). The statistical package for social sciences (SPSS) facilitated the use of nominal, ordinal, interval and ratio levels of measurement. The nominal level was used to show differences and to assign names to variables in discrete categories, for example economic sub-sectors and locational areas that were coded numbers for easy identification (Leedy & Ormrod 2010).

The ordinal scale was used to rank categories according to size and show variations within the economic sub-sectors (Wang & vom Hofe 2007). The third level of measurement was the interval that uses equal units of measurement and has a zero point that is established arbitrarily (Leedy & Ormrod 2010). This level of measurement enabled the use and application of advanced statistical analysis such as standard deviation and means (Wang & vom Hofe 2007). Lastly, the ratio level of measurement, is the highest level of measurement that also applies equal measurement of units but, unlike the interval scale that makes use of an arbitrary zero, this one uses the absolute zero point (Wang & vom Hofe 2007; Leedy & Ormrod 2010). The actual sizes of the IEEs in different categories were revealed through the application of the ratio scale of measurement.

5.6.4 Quantitative data analysis

To analyse quantitative data, three data analysis techniques that included descriptive statistics, analysis of relationships and comparative analysis were applied (Campbell & Berbaum 2010). Measures of central tendency and dispersion are the two types of descriptive statistics that were used for univariate analysis. According to Leedy & Ormrod (2010), descriptive statistics summarise the general nature of the data, showing the level of variability that exists among different pieces of data and how closely the characteristics are interrelated. Of the three main measures of central tendency that include the mean (the average), the median (the value that occupies the middle position) and the mode (the category with the highest frequency) (Wang & Vom Hofe 2007), the mean was used to summarise the levels of occurrence of business enterprises in the two cities.

Standard deviation was the measure of dispersion that was used to describe the variability of the location and growth of economic enterprises within the two cities. Inferential statistics were also used to estimate parameters of the economic enterprises such as the mean, and also to test hypotheses through the use of regression.

To understand relationships among variables, both bivariate and multivariate analyses were applied. SPSS 19, Statistica 10 and Excel packages were used to analyse the data. Bivariate and partial correlation analyses aided in determining the strength and the direction of linear relationships among variables, whilst both bivariate and multivariate regression analyses were used to find a line of best fit that helped to determine the effects of independent variables on dependent variables (Dale, Wathan & Higgins 2008). They were also used to estimate the values of dependent variables based on the values of independent variables (Wang & Vom Hofe 2007). Statistical analysis helped with the observation of patterns and their relationships that normally go unnoticed, and also helped with the comprehension of disparate data as an organised whole (Leedy & Ormrod 2010).

Comparative analyses to reveal the historical dimension of the phenomenon (Dale, Wathan & Higgins 2008) were also used to understand the growth of the IES over the 30 years. The changes of both FEEs and IEEs over time were calculated and the changes were expressed as absolute values and percentages. Absolute changes are the differences between variables in the final year (Wang & vom Hofe 2007) which is 2010 in this case, and the base year of 1980 that represented the year of independence.

5.6.5 Qualitative data analysis

Qualitative data analysis was done using Atlas ti software in order to understand the structural linkages between the two economic sectors in the urban settings and context. This was achieved by studying the economic enterprises in their natural setting and retaining the internal meaning and coherence of the business composition, instead of breaking it up into its constituent components (Neuman 2001). The data analysis also helped to explain the structural challenges faced by the economic enterprises. The research findings were aggregated to formulate and advance the differential complexity model of informalisation (DCMI).

Substantial descriptive data transcriptions were analysed by taking words apart, making codes, categories and themes which were organised, reduced and discussed vigorously, and their meaning elicited from data in a systematic, comprehensive and rigorous manner (Gray 2009). Search for similarities, differences, categories, themes, concepts and ideas were done meticulously. Inductive and grounded theory analyses were applied and eventually reality was theorized and modelled according to a set of empirically organized themes. Qualitative data was analysed with a view to constructing a theory (Kvale & Brinkmann 2009) that explains the impact of ideology change on the relationships between the two economic sectors. The clarity of both data gathering and analysis procedures and quality of the data, as well as the proper conceptualising of concrete detail, assisted in strengthening the DCMI.

5.6.6 Spatial data analysis

Linking activities, events, processes and their spatial outcomes helps in understanding urban phenomena (Anselin 2012). Geographic information technology (GIT) was used to reveal the spatial and structural linkages between the two economic sectors. GPS points were exported on georeferenced and appropriately projected maps of Harare and Bulawayo. Overlay analysis was used to reveal the locational relationships between the two economic sectors by combining the digitised layer of FEEs and that of GPS points of the IEEs. According to Wang & Vom Hofe (2007), overlay analysis uses multiple data layers to reveal linkages of phenomena. Further analysis was done to highlight the spatial spread (Anselin 1995) particularly the gradual movement of the IEEs over the three decades from poor neighbourhoods to new functional areas of the city such as CBDs. Density analysis (Anselin, Sybari & Kho 2006) was done to reveal the areas of concentration of IEEs within the two cities.

5.7 QUALITY OF FINDINGS

The study was planned in such a way that the results were both valid and reliable. This was achieved by engaging mature, experienced and skilled research assistants who were also familiar with the cities and the phenomenon under study. Assistants were given clear instructions regarding the aims and objectives of the study and the importance of accurate and consistent data capturing was emphasised.

Research assistants also received adequate training to reduce the common biases and errors that emanate from researchers when conducting field work and that affect the quality of findings (Schaeffer, Dykema & Maynard 2010).

5.7.1 Validity

According to Mouton (1996), there are several types of measurement validity and these, among others, include criterion and consistent validity. Leedy & Ormrod (2010), define validity as the extent to which the instrument measures the phenomena it is intended to measure. Validity can be categorised as internal[68] and external[69]. The application of a valid measuring instrument to different groups under different sets of circumstances leads to the same observations (Cohen, Manion & Morrison 2011) or the same methods used by different researchers and/or at different times produce the same results (Mouton 1996).

In this study, mixed-method design and triangulation of data collection methods to gather data that answers the research question, allowed the researcher to draw accurate conclusions (Cohen, Manion & Morrison 2011) about the relationships between ideology change and the growth and spread of the urban IES. According to Leedy & Ormrod (2010), research results that have implications that extend far beyond the specific situation studied, contribute greatly to humanity's knowledge and development. It is the aim of this study to contribute to theory formulation that explains the relationships between the FES and IES beyond Zimbabwean cities.

5.7.2 Reliability

Leedy & Ormrod (2010), define reliability as the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed. Mouton (1996) concurs when he posits that reliability demands consistency over time (Cohen, Manion & Morrison 2011).

[68] Internal validity is the extent to which the independent variable does or does not cause changes in the dependent variable (Leedy & Ormrod 2010).
[69] External validity is the extent to which findings can be generalised beyond the study itself, or by extension the same results can be found in different places (Andranovich & Riposa 1993)

Different research participants being tested by the same instrument at different times should respond identically to the instrument. Reliability of data is affected by a number of possible sources[70] of error during data collection. In this study reliability will be ensured by applying a variety of methods and techniques of data collection and these will complement each other and balance their respective shortcomings.

5.8 CONLCUSION

In this chapter the research designs and research paradigms that were applied in this study were discussed. Both survey and phenomenological case studies were applied. Also, a mixed method approach was used to gather both quantitative and qualitative data. Probability and non-probability sampling designs were employed in the study. Generally, the study approaches were balanced to complement weaknesses of individual methods, for example data collection methods were varied and included GPS, questionnaires and photographic surveys, interviews and observation. Methods of data analysis were also varied, including GIS, statistical and qualitatitive data analysis.

In the next chapter the spatial changes of both FES and IES in the two cities during the 30 year period are presented.

[70] Sources of error include individuals or subjects who participate in the research study, measuring instrument such as questionnaires, interview schedules, research context that is circumstances under which the research is conducted, temporal circumstances under which research is conducted, respondent characteristics such as gender, nationality, age, socio-economic status and educational level and their attitudes, opinions, expectations, preferences, tendencies and values (Cohen, Manion & Morrison 2011).

CHAPTER 6: SPATIAL CHANGES OF FORMAL AND INFORMAL ECONOMIC SECTORS, 1981-2010

"The sequence of different periods gives rise to a historical layering of space ..." (Kesteloot & Meert 1999: 233).

The Zimbabwean urban informal economic sector (IES) has been evolving since the country attained independence in 1980. In response to political and economic transformations, the phenomenon has been occupying places that were regarded the preserve of its formal economic sector (FES) counterpart. However, the impact of ideological shifts on the spatial patterning processes has not received adequate academic attention. In this chapter these linkages are therefore highlighted by tracing the locational extent of FES and IES on functional urban land uses namely, the central business districts (CBDs), industrial centres (ICs), suburban shopping centres (SSCs), transportation centres (TCs) and home based (HB) and open air markets during the 30 years. Geographical information technologies (GIT) are applied to visually reveal the historical spatial patterning of the two economic activities in Harare and Bulawayo, a novel undertaking in the country's urban centres.

First, the majority of studies on informal economic enterprises (IEEs) have largely focused on their descriptive characteristics (Hart 1971, 1973; ILO 1972; Peattie 1987; De Soto 1989; Fiege 1989; Harding & Jenkins 1989; Mead and Morrison 1996; Blunch, Canagarajah & Raju 2001; Chen 2005, 2007). Second, a handful focused on the contribution of the phenomenon to employment generation (Charmes 1998, 2000; Fleming, Roman & Farrell 2000; ILO 2000; Naidoo & Fenyes 2003). Third, a few studies have however dwelt on the distribution of the phenomenon within urban centres (Williams & Winderbank 1993; Kesteloot & Meert 1999; Rogerson 2002; Kamete 2004, 2012; Brown 2006a; King 2006; Nnkya 2006; Chirisa 2009; Geyer 2009a; Dube &Chirisa 2012) but without linking its evolving patterns to political and economic ideological changes.

A hand held global positioning system (GPS) was used to capture the locations of informal businesses in the two cities. A total of 1164 Universal transverse Mercator (UTM) waypoints were captured in Harare, whilst 857 were captured in Bulawayo. Maps of the two cities were scanned and geo-referenced to create shapefiles.

Locations of formal economic enterprises (FEEs) were digitised from the shapefiles, to reveal the spatial distribution of formal businesses. Waypoint locations of IEEs were exported to GIS maps of the two cities. The waypoints were further analysed to reveal the density and concentration of IEEs within the two cities.

Besides applying GIT, the uniqueness of the study is demonstrated by the use of historical data to show locational changes over the three decades. Both cross-sectional and longitudinal spatial rare data sets were obtained through the adoption of mixed methodologies. Interviews with key informants that included senior officials from local authorities, relevant ministries and departments and associations representing informal economic operators (see Table 5.3) yielded very valuable information. The key informants have served their organisations for very long periods. Also questionnaire surveys that were conducted with informal economic operators that have been in business for varying periods provided vital historical information of the spatiality of their economic activities. The spatial location of FEEs on base maps were also confirmed and complemented by checking and verifying their physical addresses in business directories, and databases of companies from relevant organisations such as the confederation of Zimbabwe Industries (CZI) and Zimbabwe National Chamber of Commerce (ZNCC). Observations of the visual appearances and state of informal market structures, helped to confirm the historical provision of operating premises and their spatial layering over time.

6.1 THREE IDEOLOGIES AND FIVE SPATIAL CONFIGURATIONS

The spatial patterning of IEEs in Zimbabwean cities reflects the changes in political and economic dimensions and contexts that took place in the country over several decades. The layering of the IES over city spaces helps to display and give a fuller picture of the operations of the sector and informal spaces that were produced during the period under study. It is therefore the spatial location of the phenomenon that helps us to understand its responses to political and economic ideologies.

6.1.1 Three ideologies

The socialist ideology of the 1980s resulted in orderly provision of informal markets mostly in poor neighbourhoods in line with what authors in the literature observe as adherence to managerialism or strict urban use planning and zoning (Lefebvre 1991). The neo-liberal economic reforms of the 1990s encouraged deregulation of operations of IEEs (Kanyenze et al. 2011); hence they spread to places that were previously considered a preserve of the FES. The 2000s witnessed political and economic crises that significantly affected the operations of the FES, giving rise to unprecedented explosion, expansion and physical spread of the IES in all urban centres (Luebker 2008a; 2008b; Gumbo & Geyer 2011).

6.1.2 Five spatial configurations of informal economic categories

The urban structures that resulted at the end of each of the three decades as IEEs spread and occupied various spaces within the cities are presented. Five common locational spaces of IEEs were observed (Table 6.1).

Table 6.1: Five spatial configurations of informal economic enterprises in Zimbabwe

Locational place	**Informal economic sector sub-sector**	**Informal economic enterprises**
Central business districts (CBDs)	Dominance by almost all except Construction	Fruit and vegetables, clothing, tailoring, hair salons, internet cafes, taxis, photocopying, leather products, flowers, and meat.
Suburban Shopping Centre (SSCs)	Dominance by almost all except Construction	Fruit and vegetables, clothing, push carts, taxis, shoe repairs, hair salons, flowers photocopying, typing and printing, arts and crafts, curios, chickens.
Industrial centres (ICs)	Dominance by almost all except construction and transportation and communication	Welding, carpentry, tailoring, leather products, food preparation, car repairs, snacks, drinks, photocopying, car parts, building materials, heavy vehicles, traditional medicines, chickens.
Transportation and Communication Centres (TCs)	Dominance by almost all except construction and personal services	Taxis, commuter omnibuses, fruit and vegetables, clothing, push carts, welding, carpentry, food preparation, odds and ends, traditional medicines and chickens.
Homes/open spaces and Roads (HB)	Dominance by almost all (mostly in high density residential areas)	Peanut butter processing, tailoring, grocery shops, knitting, welding, carpentry, taxis, commuter omnibuses, photocopying, typing and printing, firewood, fruit and vegetables, clothing, electrical installations, brick laying, plastering, tiling and flooring.

The CBDs accommodate 22.3% of the IEEs, most of them favouring central places such as trading and commerce and personal services sub-sectors.

The CBDs provide access to threshold markets that sustain IEEs. Also, productive informal economic activities such as tailoring and those that specialise in leather products favour the CBDs due to their being convenient for accessing the markets and their raw materials that are normally found in the city centre. Such productive activities do not require large spaces to operate and do not produce a lot of waste. Other productive activities such as arts and crafts as well as curios favour mostly up-market places with ample space for both production and marketing. This confirms what is said in literature on central place formation and business location (Burgess 1925; Hoyt 1939; Harris & Ullman 1945; Christaller 1966).

SSCs are favourite locational places for IEOs who live within the vicinities, particularly the urban poor in low income neighbourhoods who prefer operating from places adjacent to their homes. The majority of IEEs (42.3%) were located on SSCs. Activities that produce high quality products favour places that are frequented by tourists and high income residents, hence they are commonly found in up-market SSCs and high income areas. The same applies to trading in perishable and high value products such as flowers. Such tendencies are influenced by the desire to reduce costs of transport and improve the profitability of IEEs (Weber 1929).

ICs are the preferred locational places of IEOs who require large spaces for their operations and those who seek to benefit from agglomeration economies (McCann 2002). The ICs contained 11.8% of the IEEs. Informal small-scale producers generally favour home industries and informal markets that are mostly situated in high density residential suburbs (Kamete 20040. Low income residential areas are normally located close to industrial areas to improve the access of workers to their places of employment (Mann 1965). Residents take advantage of their access to industrial areas by engaging in IEEs that develop linkages with FEEs, particularly in as far as access to inputs is concerned. Productive activities that also generate a lot of waste and noise are located in these areas. The activities normally cluster at these places, forming informal industrial districts and centres. Classic examples in Harare include Siyaso Magaba in Mbare high density residential areas that is located adjacent to Graniteside industrial areas, and Glenview and Gazaland in Highfields that are located close to Willovale industries. In Bulawayo examples of informal industrial clusters include Sekusile and Kelvin informal industries.

TCs are most chosen by informal businesses that require huge concentrations of clientele and lastly homes or open spaces and roads that are normally favoured by informal economic operators that try to avoid rental payments but need ample space that is free and closer to their homes. 9.2% of IEEs are located at TCs. Although the geographical distribution of IEEs cannot neatly and easily be differentiated and explained (Williams & Winderbank 1993; Kesteloot & Meert 1999), there are five clear categories of IEEs in Zimbabwean cities that favour certain locations over others. There are also interrelationships between different categories and activities of the IES in terms of their choice of location.

Informal markets specialising in fruit and vegetables, new and second hand clothes accommodated 14.3% of the IEEs. These were commonly found on open spaces within residential areas. They include Sekusile and Mupedzanhamo in Bulawayo, and Mbare retail and farmers' markets.

6.2 THE SPATIAL SPREAD OF INFORMAL BUSINESSES, 1981-2010

Zimbabwean urban centres have been undergoing severe economic restructuring during the last 30 years. The locational changes of both FEEs and IEEs in the country's urban centres can be attributed to several factors. As the government shifted from one ideology to another throughout the three decades, economic operators also responded by adjusting locations of their enterprises to benefit from the new dispensations.

6.2.1 Spatial spread of informal economic enterprises during the 1980s

The 1980s were characterised by the dominance of small-scale informal productive activities that had been inherited from the colonial era (Riddell 1981). Through the adoption of Small Scale Industries (SSI) in 1983, the government to a large extent recognised the operations of home industries, particularly in poor neighbourhoods, as well as a few people's markets for fruit and vegetables (Kamete 2004; Potts 2006; GoZ 2010).

Figure 6.1 presents the spatial distribution and concentration of IEEs during the 1980s in Bulawayo during the 1980s. Figure 6.2 also shows the density of IEEs in Harare during the same period. GIS analysis revealed that there were very few IEEs in the two cities during the 1980s.

The density maps show striking locational patterns of IEEs with very dense concentrations of 900 IEE/ha and low concentrations of 120/ha. High concentrations were common in old high density residential neighbourhoods such as Mbare in Harare and Makokoba in Bulawayo which have had high concentrations of the urban poor since the colonial era.

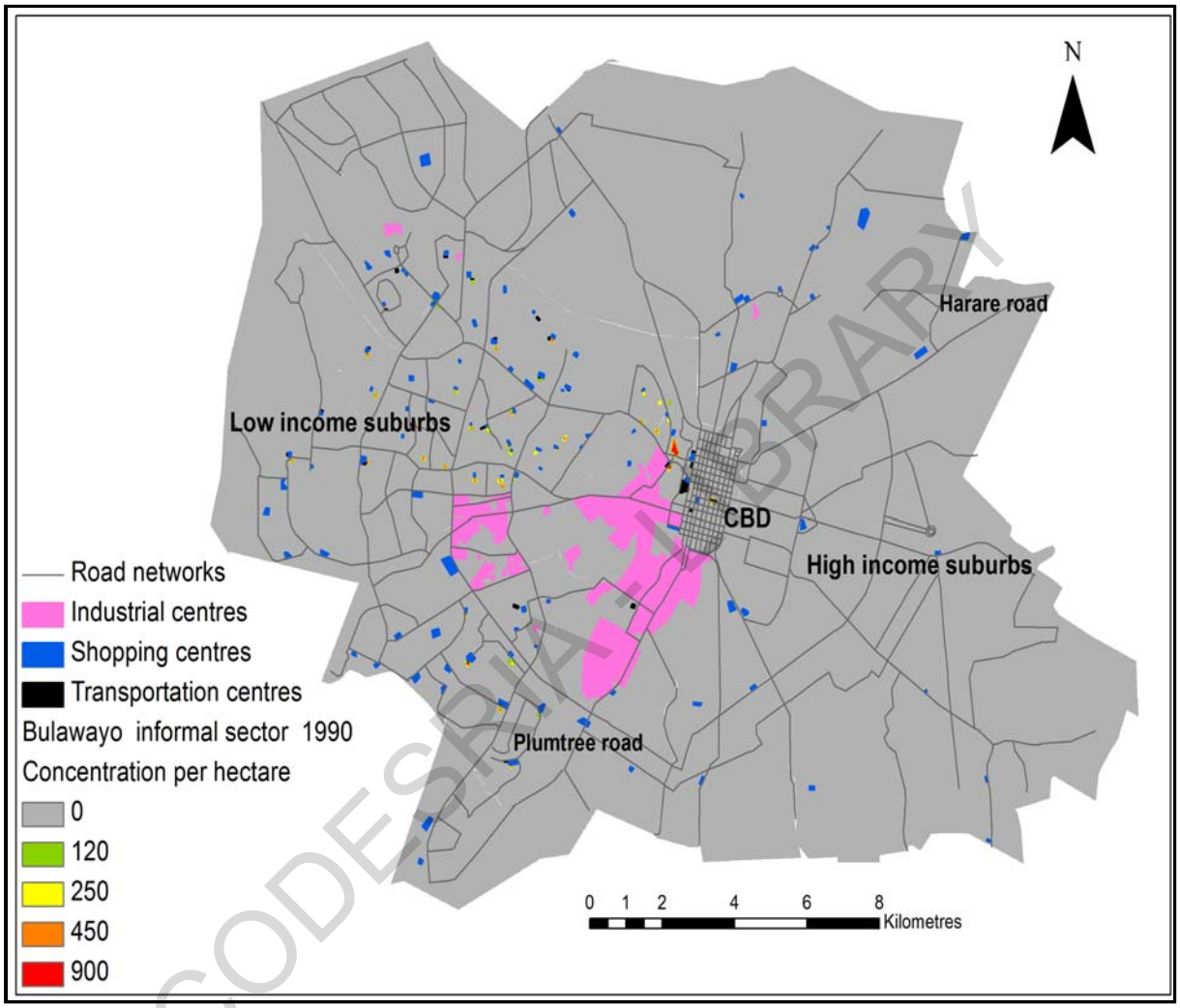


Figure 6.1: Density of informal economic enterprises in Bulawayo during the 1980s

The neat and ordered spatial distributions of IEEs indicate strict adherence to urban planning regulations, in continuity with the British planning system (Rakodi 1995, 2001; Bryceson 2006).

6.2.1.1 Suburban people's markets during the 1980s

During the 1980s, the government provided people's markets in low income residential areas predominantly for fruit and vegetables trading, and recognised the operations of home industries. Informal markets were properly planned following uniform designs and standards signifying the influence of central and local government urban professionals and technocrats (see Appendix A).

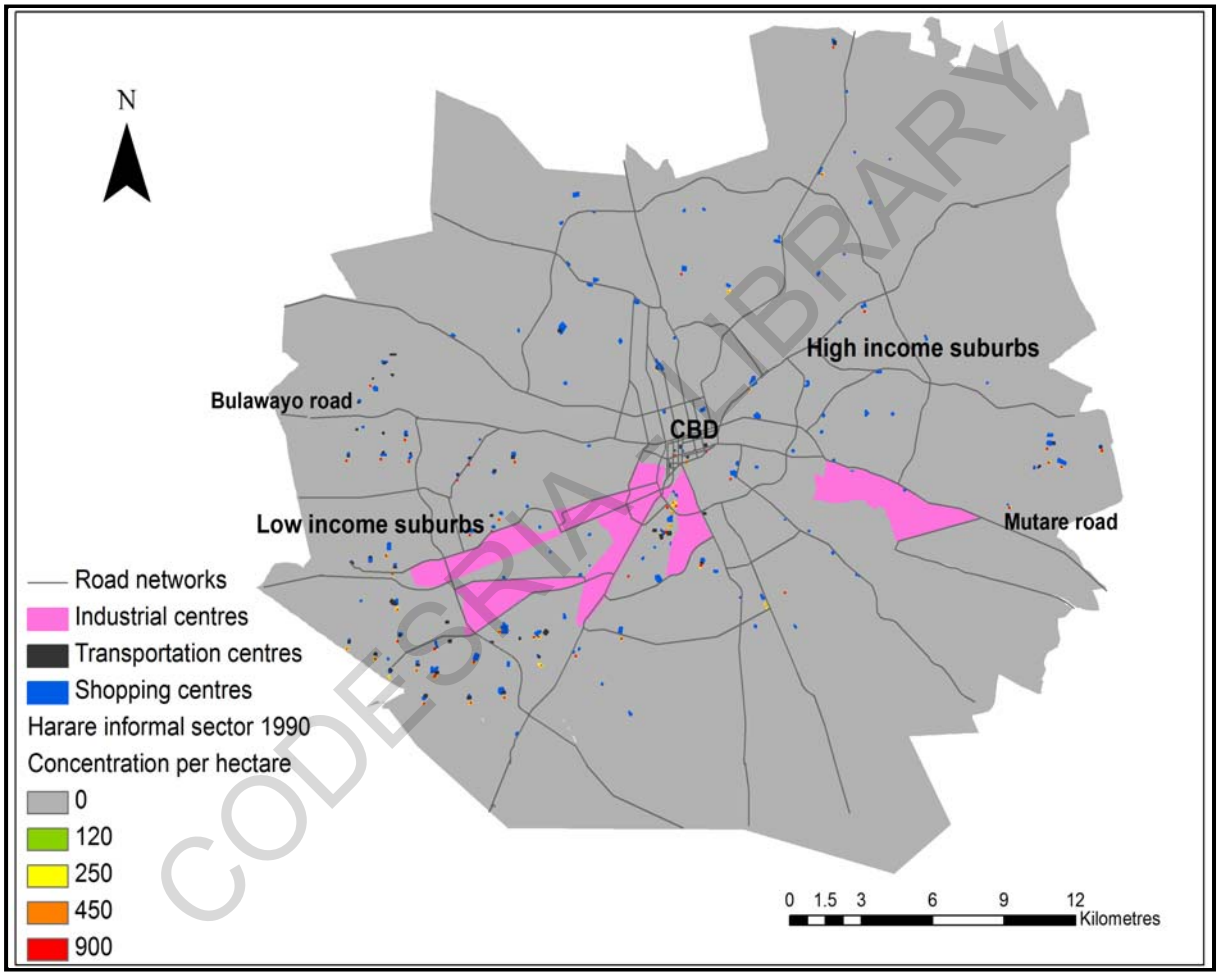


Figure 6.2: Density of informal economic enterprises in Harare during the 1980s

The vending stalls were provided with water and toilet facilities for hygienic purposes. The strict adherence to static regulations during the decade was largely informed by urban managerialism and the quest to conceive urban space usage as mechanistic, as literature reveals (Harvey 1989; Lefebvre 1991; Becker, Hamer & Morrison 1994; Harrison 2006). High income residential areas and formal industrial sites did not have any semblance of the IEEs during the decade.

In Harare, informal markets for vending purposes were built on neighbourhood shopping centres in the western high density residential areas which, among others include Mbare, Mabvuku and Dzivarasekwa, whilst in Bulawayo; informal markets were provided in old townships such as Makokoba[71] and Old Magwegwe. On these markets IEEs trading in fruit and vegetables, traditional medicines, old electrical spare parts and basic agricultural equipment commonly took place.

Besides the influence of representations of space by urban professionals (Harvey 1973; Merrifield 1993) on the location of IEEs, concentration also resulted from the desire to secure stable markets for goods. Access to the market of goods and services influences the location of economic activities. The range and threshold of IEEs are crucial for their operations just like with FEEs, hence they affect their locational decisions (Christaller 1966; Beaumont 1987; Sanders 1987; Dicken & Lloyd 1990). Market requirements were also found to be very useful in the location of IEEs in New York (Sassen 1988) and Brussels (Kesteloot & Meert 1999).

6.2.1.2 Home industries during the 1980s

Informal productive economic activities were a common feature of colonial Zimbabwe (Davies 1974; Brand 1986; Mhone 1993; Dhemba 1999) and their operations were crucial in accommodating those that could not secure employment in the FES. The urban poor mostly engaged in activities such as carpentry, welding, car repairs, trading in car parts, and running informal workshops, and these were commonly concentrated within old high density residential areas located near industrial areas for easy access to work places. In a way the setup resembled that of British cities (Mann 1965).

Proximity to formal industries made the establishment of informal home industry feasible as most of the scrap materials were converted to use. Siyaso Magaba is one of the oldest home industries in Harare, whilst Mashumba in Bulawayo has been in existence for a very long time as well.

[71] Makokoba Township is located close to the city centre. The oldest and busiest long distance bus terminus, commonly known as *Erhenkin*, is also situated close to the suburb. The activities included tailoring, hair care services, welding, carpentry, small grocery shops and chicken trading.

Gazaland located in Highfields high density residential area, is another home industry with huge concentrations of informal productive economic activities ranging from car repairs and trading of car parts to welding activities (Kamete 2004). In Bulawayo, small shops were also provided at the back of neighbourhood shopping centres to accommodate informal productive activities. High concentrations of IEEs in poor neighbourhoods were also common in South Africa before the end of apartheid, particularly in black residential areas (Geyer 2009a).

6.2.1.3 Informal markets in city centres during the 1980s

The CDBs had either very neglible or no IEEs at all. In Harare informal markets were provided on termini within the city centre. The same designs that were used to build markets at neighbourhood shopping centres were used to provide fruit and vegetables vending spaces at Copa Cabana, Central police charge office and Fourth Street terminus bus termini in the capital city. The markets were also provided with toilets and running water. It is managerialism and the domination by bureaucrats such as planners and government officials (Merrifield 1993; Unwin 1999) that explain such centralised planning interventions to reduce unemployment and urban poverty by locating IEEs within the city centre.

6.2.2 The spatial spread of informal economic enterprises during the 1990s

The neo-liberal economic policies that were adopted by the Zimbabwean government at the beginning of the 1990s resulted in the deregulation and liberalisation of IEEs operations, leading to their spatial spread (Mhone 1993; Dhemba 1999). A total of 28 Acts that inhibited the operations of IEEs were reviewed during the 1990s to give latitude to IEEs (Kanyenze at al 2003).

Specifically, statutory instrument (SI) 216 was passed by parliament in 1994 to deregulate the operations of IEEs in residential areas and within the CBDs. The IEEs started invading CBDs and at the same time, emerging in medium and high income areas. GIS analysis revealed increased concentration of IEEs in residential areas and their spread in new places. According to figures 6.3 (Bulawayo) and 6.4 (Harare) concentration of informal businesses is very high in the case of trading and commerce activities that operate from very small spaces that can even be less than 1m2.

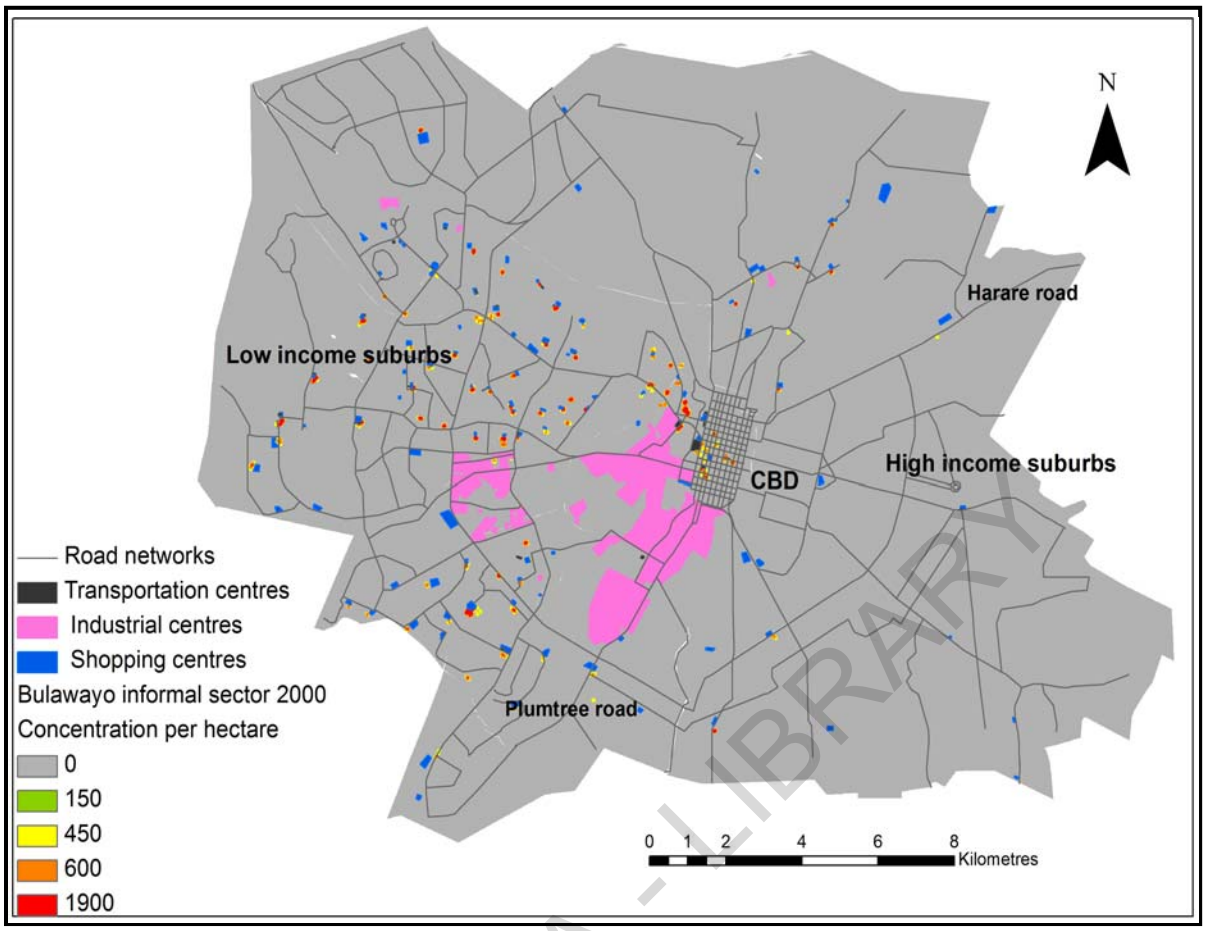


Figure 6.3: Density of informal economic enterprises in Bulawayo during the 1990s

The highest density of IEEs changed from 900 (IEEs/ha) in the 1980s to 1900 (IEEs/ha) during the 1990s. This shows substantial change in the concentrations of IEEs by 111%. The lowest concentration also changed from 120IEEs/ha to 150IEEs/ha, which was a very low percentage change of 25%.

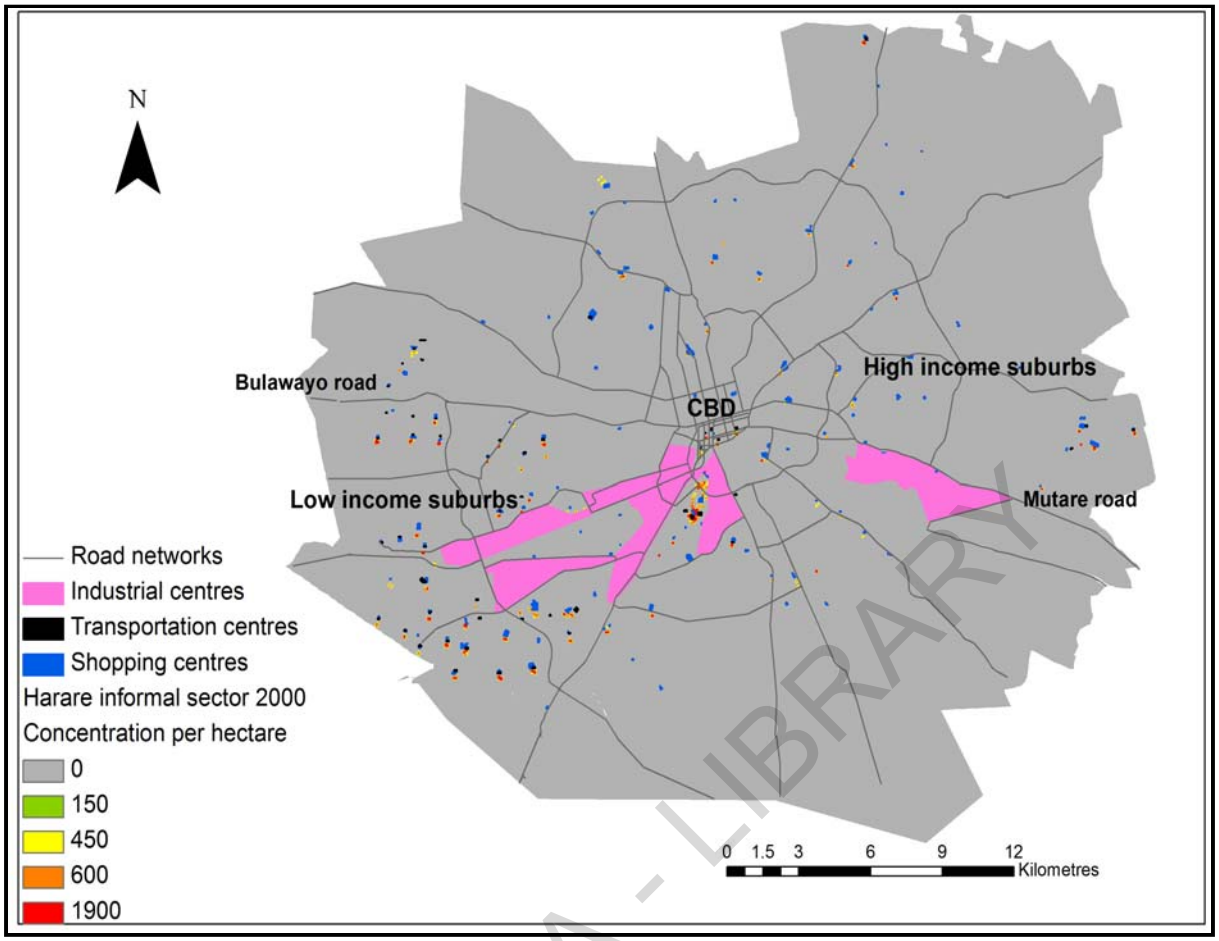


Figure 6.4: Density of informal economic enterprises in Harare during the 1990s

Meanwhile the cities continued to suffer from over-urbanisation. Unskilled people continued to flow into the cities adding to the already large pool of urban labour force compared to the deteriorating FES.

6.2.2.1 Home based informal activities during the 1990s

The deregulation of the operations of IEEs such as trading in fruit and vegetables and running tuckshops on residential plots led to the sprouting of HB activities. Poor neighbourhoods remained popular with the IEEs during the 1990s as high population concentrations within the high density suburbs provided a reliable market for IES goods and services. Former employees of the FES, who had been retrenched as companies adjusted to neo-liberal economic reforms, started operating informal businesses on their residential plots and on open spaces and roads adjacent to their homes.

The IEOs mostly specialised in carpentry, mechanics, tailoring, metal works, building materials production and hair salons. During the 1990s, most informal trading took place outside designated and legalised sites, making the administration of the activities very difficult.

6.2.2.2 Informal markets in city centres during the 1990s

Contrary to in the 1980s when there were few or virtually no traces of the IEEs in the CBDs, the 1990s witnessed widespread spatial location of IEEs within city centres, territories which were formerly reserved for the operations of the FES. The location of IEEs in the CBDs was more novel in Bulawayo than in Harare. 22% of the IEEs were established in the CBDs in the 1990s. Interviews revealed that informal economic operators preferred to relocate to the city centre as a strategy to increase their market share against the backdrop of stiff competition from new entrants in the sector at SSC (Senior Officer D). Such trends are supported in literature sources. According to Van Dijk (2002), enterprises change locations mainly as a response to push factors. In Bulawayo for example, the city council responded by partnering with residents and private organisations to establish flea markets within the CBDs. The flea markets specialised in selling clothing and footwear, hats, blankets, duvets, bags and hair products. Other markets were established for in trading fruit and vegetables, flowers, and curios and crafts.

6.2.2.3 Home industries during the 1990s

Within home industrial centres 46% of the IEEs were established during the 1990s. Indigenisation and empowerment policies of the 1990s resulted in increased congestion on existing informal home industrial markets, spatial spread of IEEs and the extension of the markets. Informal markets such as Siyaso Magaba, Koffman, Marlborough, Gazaland and Warren Park home industries recorded a surge in the number of informal economic operators. Other informal economic operators that specialised in food production, trading in raw materials and spare parts joined traditional informal activities such as carpentry, welding and car repairs, thus transforming the hubs into strong informal ICs.

The city councils also responded by establishing home industries in a number of residential areas to relieve congestion. In Harare, Marlborough Home Industry was established to provide space for informal operators in high income residential suburbs that specialised in productive IEEs such as carpentry, welding, and food processing such as milling.

To accommodate workers with skills who had been retrenched, the city council of Bulawayo established home industries mainly for those who specialised in carpentry, welding, tailoring and car repairs in Kelvin industrial areas. This was done to cushion residents from the effects of liberalisation of the economy and to incubate their businesses. This created employment for the retrenched residents who have been managing to generate income for survival since the adoption of the structural adjustment programmes. Most developing countries that adopted neo-liberal economic reforms during the 1990s were faced with the same problem. South African cities also experienced high urbanisation rates during the 1990s particularly after apartheid and the relaxation of separatist regulations. As a result the IES swelled (Geyer 1988, 1989, 2009; Rogerson 1988a, 1988b, 1997, 1999, 2002).

6.2.2.4 Suburban informal markets during the 1990s

Operations in informal markets also expanded during the decade as many IEOs joined the IES. 35% of the IEOs within these markets started conducting their businesses during the 1990s. This was common in the people's markets and other informal markets such as Makokoba in Bulawayo and Mbare farmer' s and retail markets in Harare. Markets such as Sekusile in Nkulumane, Bulawayo and Mupedzanhamo in Mbare, Harare also accommodated informal economic operators that specialised in selling mostly second hand clothes.

6.2.3 Spatial spread of informal economic enterprises during the 2000s

The economic crisis of the 2000s forced IEOs to spread out and strategically locate their operations in almost all functional areas of the city, leading to high competition in business and also to unprecedented congestion, particularly in the city of Harare. Most retrenchees operated in the IES (see Section 2.3.3) and also most volunteered to leave their formal jobs to join the IES during this decade. Almost all functional urban land was invaded.

Illegal trading along streets, shop verandahs and pavements is less prevalent in the city centre of Bulawayo than in Harare. It has been very difficult for the Harare city authorities to control trading on undesignated places within the city centre.

City authorities responded positively by creating as many operating spaces as possible using the powers accorded to them by the Regional, Town and Country Planning (RTCP) Act, chapter 29:12 of 1996 and the Urban Councils Act (ACA), Chapter 29:15 of 197 (GoZ 1996a, 1996b) (Senior Officer E). The RTCP and the UC Acts regard local planning authorities as entities that are independent and empowered to run their own affairs in line with decentralisation and devolution principles (Chatiza 2010; Machingauta 2010; Mushamba 2010). Section 10 and 11 that falls within part 111 of the RTCP Act (1996) empowers the local authorities to develop and implement master and local plans within their areas of jurisdiction (GoZ 1996b). Part V also empowers these city councils to control and guide development in the interest of the public. Also the UC Act (1996) empowers the city councils to make by-laws that regulate the affairs of the cities (GoZ 1996a; Chatiza 2010; Mushamba 2010).

GIS analysis reveals that the highest concentration of IEEs increased from 1900 IEEs/ha during the 1990s to 2500 IEEs during the 2000s whilst the lowest concentrations also changed from 150IEEs/ha to 250IEEs/ha (Figures 6.5 for Bulawayo and 6.6 for Harare).

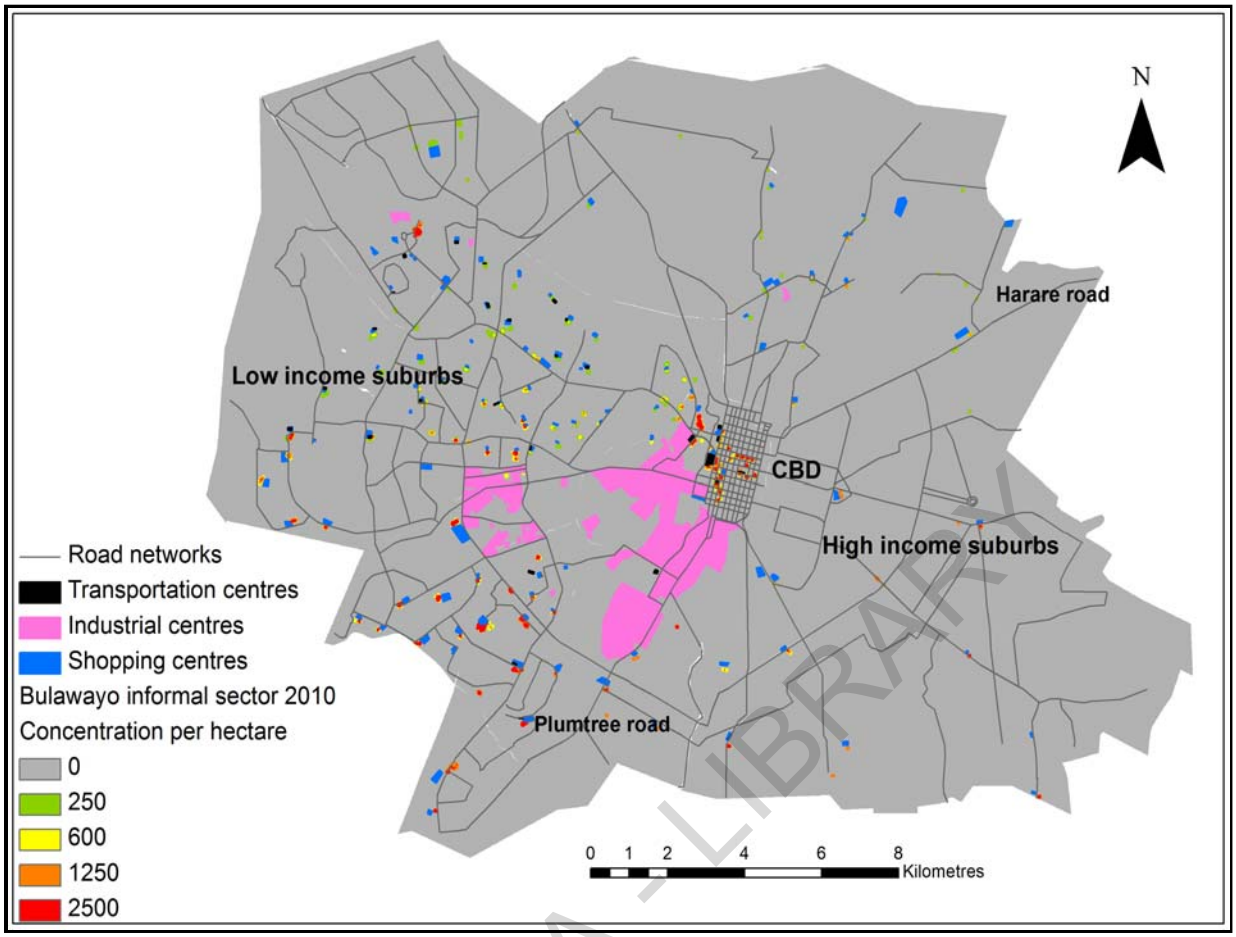


Figure 6.5: Density of informal economic enterprises in Bulawayo during the 2000s

In highly congested informal markets, densities increased by 33%, whilst in previously lowly congested markets the changes were high as they reached 66%. The decrease in density during the 2000s by almost 78% is explained by the spatial spread of IEEs to newly opened markets by various stakeholders in the quest to accommodate the IES.

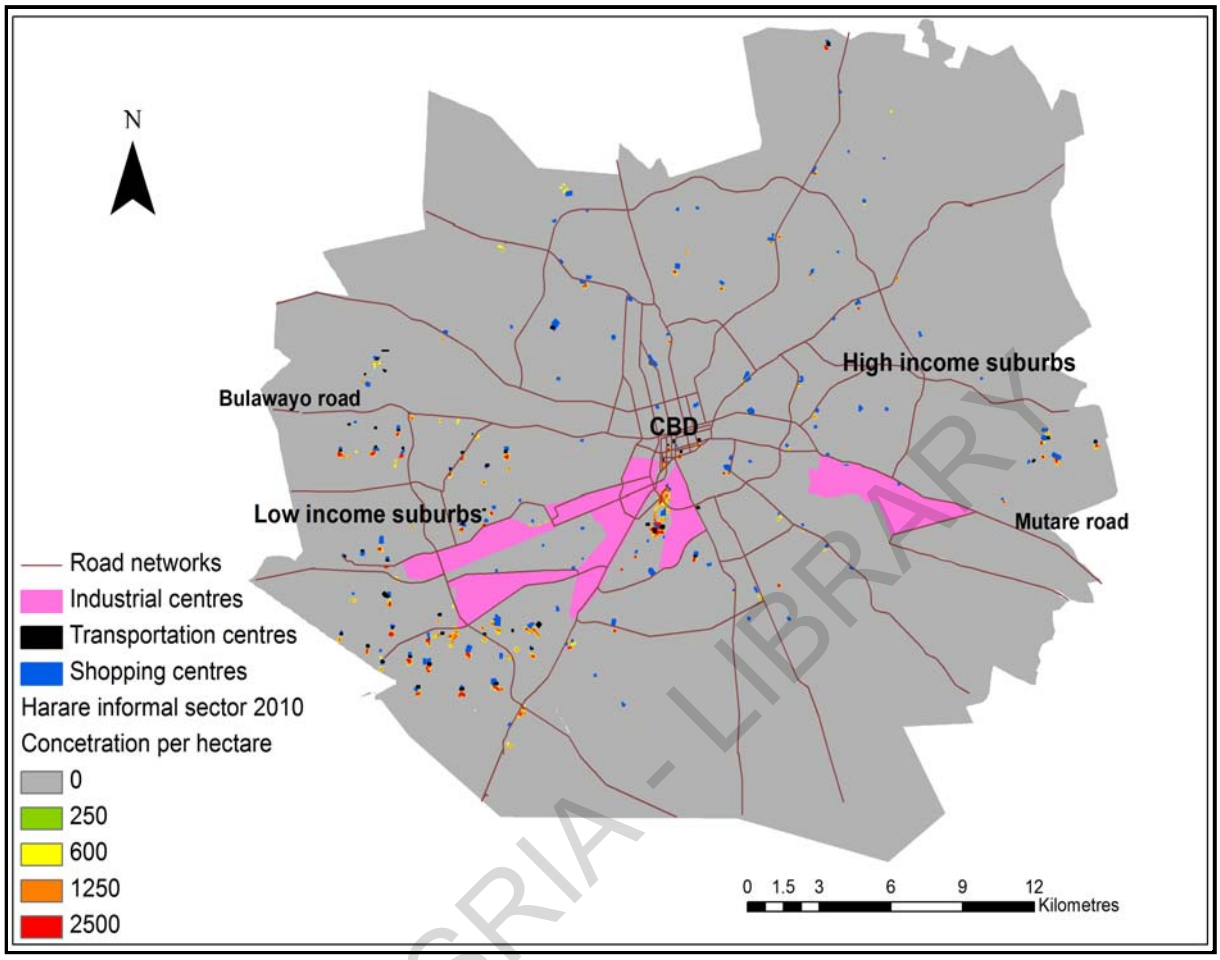


Figure 6.6: Density of informal economic enterprises in Harare during the 2000s

The IEEs are found on almost all functional areas of the cities that include CBDs, residential areas, industrial areas, SSC, open spaces and transportation centres. The spatial spread of the IEEs can be explained as attempts by operators to maintain distance by locating far away from rivals that specialise in similar products and services, as suggested by literature (Hotelling 1929; Lerner & Singer 1937; Eaton & Lipsey 1975).

6.2.3.1 Suburban Informal markets during the 2000s

The 2000s witnessed the explosion of IEEs and their spatial spread to most residential suburbs of the two cities. Individuals, private institutions and charity organisations joined the city councils in providing operating space to IEOs.

In Bulawayo for example, markets such as the Singwazi in New Lobengula, Mupedzanhamo and Sekusile vegetables and hardware markets were established to accommodate thousands of IEOs. Residents organised themselves into co-operatives that were leased land by city councils on rent-to-buy terms for the purposes of operating informal markets and overnight parking businesses in their communities. The Bulawayo city council and the Zimbabwe Chamber of Informal Economy Association (ZCIEA) partnered to develop informal markets for the urban poor who were desperate for operational space and one such is the famous Luveve railway siding flea market. Home based enterprises also became very fashionable in the two cities, particularly during the first half of the decade before May 2005 OM/OR.

Open spaces, predominantly in the poor neighbourhoods were occupied for the purposes of operating IEEs. The area around the famous roundabout close to Boka Tobacco Auction was turned into a IEEs hub. International and local transport operators and the nearby farmers transformed the place into an informal commercial and industrial centre. In Mbare, Harare, numerous informal markets were developed during the decade to accommodate farmers and retailers of farm produce. However areas around informal markets are always dirty as they lack proper maintenance from city authorities. However, the operators have no choice as they face economic hardships and have the responsibility to fend for families, and the need to survive (Zimbabwe Health Matters 2011).

6.2.3.2 Home industries during the 2000s

During the decade the number of IEEs operating at ICs expanded. This was common at home industry centres such as Siyaso Magaba and Gazaland home industries. City councils leased more land to co-operatives for the purposes of expanding operating spaces and providing space to 47% new IEEs. In 2005, Glen View 7 home industry was established close to Willovale, a large formal industrial area. The MSMEs partnered with the Harare city council to accommodate victims of operation murambatsvina/restore order (OM/OR). In Bulawayo city, informal industrial activities such as welding, carpentry and car repairs expanded close to Kelvin North and Thorngrove formal industrial areas. Formal industrial complexes such as the Cold Storage Commission (CSC) also provided working space to the IEEs.

The CSC has been facing serious variability problems; hence part of the premises is currently being used by IEEs that specialise in carpentry, industrial, chemical, electronic and mechanical engineering (Senior Officer O). The informal operators are former employees of large industrial companies that have closed down in the city.

6.2.3.3 Informal markets in city centres during the 2000s

The invasion of CBDs by the IEEs worsened during the 2000s as the FES continued to shrink. Foreign migrants that included Indians, Pakistanis, Chinese and Nigerians dominated the trading and commercial IEEs within the CBD of Harare. They mostly operated semi-formal businesses in compartmentalised and refurbished buildings (see Appendix A) such as the Gulf Complex. Common goods sold included electrical and electronic goods and clothes. Although sometimes registered and licensed, such IEEs used informal ways of marketing and displaying their goods, mostly outside their small shops, and charged very low prices. 75% new IEEs were established during the 2000s within the CBDs. City councils also adopted the concept of weekend flea markets that accommodated IEOs selling clothing, footwear and other basic household items within the CBDs.

Although such flea markets were a new phenomenon in Zimbabwean urban centres, they are becoming very popular. IEOs also complained of high levies they were asked in order to secure a stall during the weekend. There is also a proliferation of private vehicles that operate as unregistered taxis from city centres servicing areas that are not served or underserved by the formal transportation system, and registered and licensed taxis in both cities. There is high transport congestion in both Harare and Bulawayo due to informal private vehicles or commuter omnibuses that ply their trade in both low and high income residential areas. Harare for example has an estimated 5 000 commuter omnibuses of which only 1 835 are registered with the council, and the rest operate informally (*The Herald 2012*).

6.2.3.4 Suburban shopping centres during the 2000s

The private sector, particularly property developers also supported efforts of the government to provide working space to the IEEs. 75% new IEEs were established at SSCs in the 2000s. Upmarket shopping centres such as Avondale identified spaces for the IEEs and at Semi-Levy shopping mall the concept of weekend flea markets was adopted for purposes of accommodating IEEs that sold clothing and footwear. Only a very few shopping centres including High Glen, Westgate and Borrowdale Brooke, still shunned IEEs. In the city of Bulawayo, partnerships between the city council and private providers of space resulted in the provision of operating spaces for hundreds of IEOs.

The Mining Industry Pension Funds (MIPF) that owns Entumbane shopping centre partnered with the city council in developing a secure flea market that accommodates IEOs selling fruit and vegetables, clothing and footwear and dried agricultural products. Similarly, the National Railways of Zimbabwe (NRZ) that owns Ascot shopping centre provided operating spaces to IEOs specialising in arts and crafts, curios and crocheting within the centre. At Nkulumane shopping centre, Old Mutual that owns the development are yet to develop official operating spaces for the IEOs although they are already conducting their businesses on the bus terminus adjacent to the shopping complex.

6.2.3.5 Informal economic activities at Transportation centres during the 2000s

City councils have also been converting former bus termini at neighbourhood and district shopping centres into informal operating spaces. 58% new IEEs were established at transportation centres during the 2000s. The trend is very common in high density residential areas where there is a high demand for operating spaces. Common IEEs at these termini are clothing and footwear items and carpentry businesses. Bus termini were used for picking up and dropping workers to and from work by the Zimbabwe Passenger Company (ZUPCO). It was a vibrant national public transport company during the 1980s when formal industries were at their peak. The company and the bus termini lost their vibrancy and relevance after the collapse of the industry after the neo-liberal economic reforms of the 1990s. Public transport is currently dominated by the private commuter omnibuses that do not use suburban termini for picking up and dropping passengers, hence their conversion to operating spaces for the IES (Senior Officers A and F).

The main long distance bus termini have also accommodated hundreds of IEOs that sell traditional goods such as agricultural products, simple farming implements, spare parts and odds and ends that are popular with communal farmers.

The indigenisation and empowerment policy that were adopted by the government since the late 1990s (DSEI 1997) and was made into law in the 2000s (Kanyenze et al. 2011) made it possible for the IEEs to spread throughout the cities. The laws are sometimes interpreted and implemented on a partisan basis, leading to chaos in the management of operating spaces and the maintenance of order and cleanliness in the cities, particularly in Harare. The abandonment of the ZD after the adoption of the USD as the official currency during the transitional period of the government of national unity (GNU) has given the IES the impetus to grow against the backdrop of the depressed FES. The city councils continue to devise ways of accommodating and developing the IES, albeit in the face of critical resource shortages. Such efforts represent commitments by government officials to achieve the twin objectives of urban poverty reduction and the maintenance of order in cities.

Bulawayo, a former industrial hub of Zimbabwe, is currently a city of empty shells as most firms, particularly in the clothing, auto and construction industry, have closed down, whilst some downsized their operations or relocated to the capital city Harare (*The Sunday news 2011*). For example more than 90 companies closed down in the two years before 2012, resulting in the laying off of more than 20 000 workers (*The Sunday news 2012*). Lack of funding; old and dysfunctional machinery and infrastructure; incessant losses; high tariffs and failure to meet the operating expenses such as salaries have been identified as the factors behind the decline of formal industrial businesses in Bulawayo.

6.3 THE SPATIAL SPREAD OF FORMAL ECONOMIC ENTERPRISES, 1981-2010

Zimbabwean urban centres were modelled according to British land use planning standards, and the colonial form and structures were mostly preserved particularly during the 1980s (Kamete 2006, 2007; Potts 2007, 2008). The colonial structures depicted the CBD as the hub of commercial activity. Land uses were separated, with the industrial sites located on the western sides of the cities and also close to the zone of working class people's residential areas (Mann 1965).

Strict centralised planning ensured the dominance and superiority of formal commercial businesses within the city centre (Burgess 1925; Hoyt 1939; Harris & Ullman 1945) in line with global modern urban structure and form. Bulawayo for example had no informal markets within its centre during the 1980s as it maintained its strict urban planning policies to preserve the inherited order.

The 1990s neo-liberal economic reforms resulted in the invasion and spatial spread of IEEs within city centres, territories of the FES during the 1980s and before independence. The invasion of CBDs generated resentment and repulsion that triggered the 'flight' of FEEs to the edges of the cities. Push factors such as congestion and competition caused by lowly priced informal goods and services, forced large and powerful firms to migrate, a phenomenon also mentioned in literature (Hayter 1997). Deregulation of IEEs within city centres resulted in constant modifications of the structure and form of the two cities. This resulted in complex characteristics and urban forms of modernism and post-modernism being played out within the cities, as also indicated in literature (Harris & Ullman (1945); Vance (1964); Herbert & Thomas 1982; Kearsley (1983); White (1987); Paddison 2001; Kaplan, Wheeler & Holloway 2004; Pacione 2009). The first to react to the invasion of CBDs were retail shops, particularly those that traded in grocery and clothing. Such shops lost customers to informal traders, and later financial, insurance and other office and light industrial businesses also felt the heat.

6.3.1 Suburban shopping centres

It was found during the study that 4.7% of the FEEs are located in upmarket SSCs that include Semi Levy, Borrowdale Brooke, Westgate and High Glen in Harare. In Bulawayo, Nkulumane, Entumbane and Ascot suburban shopping centres were also created to accommodate FEEs away from congested CBDs. The enterprises comprised of 64.3% trade and commerce, 7.1% manufacturing and processing, 21.4% personal services and 7.1% transport and communication sub-sectors. The shopping complexes were mostly built in high income suburbs to target the rich who live there. Only a few of the SSCs were built in medium and low income residential areas.

6.3.2 Central business districts

The invasion of CBDs prompted FEEs to leave, which in turn resulted in the CBDs losing firms to other functional areas of the city. It was found in the study that CBDs were host to 35.7% of the FEEs. The city centres accommodated 55.1% of the trade and commerce businesses, 27.2% of personal services, 8.4% of manufacturing and processing, 6.8% of transport and communication and 1.9% of construction enterprise in the FES.

6.3.3 Industrial centres

Industrial centres are traditional sites for FEEs, as a result 48% of them still operated from industrial centres. They accommodated 47.9% of the manufacturing and processing, 27.1% trade and commerce, 16% personal services, 6.3% transport and communication and 2.8% construction enterprises in the FES. However most of the manufacturing and processing and also construction and building enterprises are operating below capacity, most of them at less than half of their 1980s status (GoZ 2012a).

6.3.4 Suburbs

As the traditional land zones such as the CBDs were invaded by the IEEs, 8.3% of the FEEs found refuge within suburbs adjacent to the city centres. Mostly medium density houses were converted to office use due to their proximity to the CBDs and environments conducive to doing businesses. The suburbs accommodated 16% of the manufacturing and processing, 36% of the trade and commerce, 40% of the personal services as well as 8% of the transport and communication sub-sectors of the FES.

6.3.5 Business, industrial and office parks

Innovative operating spaces for the FEEs outside the CBDs also included BIOP. They accommodated 3.3% of the FEEs. In Harare, industrial parks such as the Prospect and Bluffhill, business parks such as Mt Pleasant, and office parks such as Arundel were developed for the purposes of providing operational space to FEEs. 20% of the manufacturing and processing businesses, 40% of the trade and commerce enterprises, 30% of the personal services were located within the BIOPs.

6.4 SPATIAL LINKAGES BETWEEN FORMAL AND INFORMAL ECONOMIC SECTORS

In the study the spatial linkages that were created in response to the spatial pattering of the two economic sectors during the three decades were investigated. Multiple responses were solicited and ranked.

6.4.1 Spatial linkages between formal and informal economic enterprises

Most IEOs (98.2%) preferred to locate their businesses where they could readily access markets for their goods and services. Of these IEOs, 36.7% considered markets for their goods and services as very critical when making locational decisions. Access to the market was crucial to fruit and vegetables, and clothing trading activities that are commonly found within the CBDs and SSCs. Also, IEOs that specialised in arts and crafts, flowers and curios located close to their source of markets, particularly upmarket sites frequented by tourists and high income people. These developments help to highlight the nature of linkages that were created as the IEEs located closer to their source of markets. According to van Eeden (2011), informal traders choose their locational spaces in accordance with the flow of customers. Studying arts and crafts trading in four main cities in South Africa, which are Johannesburg, Cape Town, Pretoria and eThekwini, van Eeden found that there are spatial correlations between routes that are used by the main customers for this informal sub-sector who are tourists, and the concentrations of these informal businesses.

Backward linkages between the two economic sectors were revealed by the preference of IEEs to locate closer to their sources of goods for resale. Accessibility to goods for resale was valued by 11.3% of the IEOs who operated in places such as Fifth Avenue and part of Lobengula Street along Sixth Avenue in Bulawayo where they could easily access supplies from formal fruit and vegetables markets. Also informal traders who sell basic commodities in small repackaged quantities, operated close to their suppliers of goods for sale. These linkages were very strong, such that some IEEs did not need to incur costs of storing their wares as they readily bought and sold just next to their sources in smaller quantities and at cheaper prices. IEOs commonly traded after hours when the FEEs had closed their businesses, thus taking advantage of the IEEs' flexible and long working hours.

IEOs also indicated that their locational decisions were influenced by input supplies (8.7%). Such locational decisions and the need for linkages with suppliers of inputs were common with IEOs that specialised in productive activities such as carpentry, welding and tailoring. The same IEOs also cited proximity to utilities such as electricity (4.2%) as some of the factors they considered when locating their businesses. These backward linkages were very strong in most home industries that are located close to formal industrial sites, for example Siyaso that is situated next to Granite side and Glenview 7 that is adjacent to Willowvale industrial areas. The same was also found regarding home industries in Bulawayo, particularly the BCC incubator shells. These premises were provided by the city council next to Kelvin industries for the purposes of accommodating semi-formal businesses. Related to supplies of materials were transport demands. Productive IEEs (9%) also valued proximity to transport and took transport costs into consideration, as they require access to reliable and affordable transport in their businesses.

The other factor taken into consideration when choosing a location was convenience. This was the situation with 71.5% IEOs that mostly specialised in trading with fruit and vegetables, as well as clothes at neighbourhood shopping centres, termini and informal markets that are located in their suburbs. 60% of them admitted that the market being situated a convenient distance from their homes, was the strongest motivation when choosing location. Although some IEOs (25.8%) did not have options when choosing their places of business operation, they indicated that their present operating places were enabling them to enjoy mostly backward linkages.

These IEOs mostly operated from public spaces provided by the city councils or private spaces owned by either individuals or institutions that lease land from city authorities. Availability of ample space for businesses was considered critical in locational decision making, but generally markets were strategically located.

IEOs indicated that proximity to markets, sources of goods for resale, inputs and utilities was very important (61%) whilst 33.5% said it was very important and only 5.5% considered that it was moderately important. A very small percentage of IEOs evade paying for using spaces, and by so doing, short-change local authorities which have made concerted efforts to generate revenue (see Geyer 2004) for the purposes of financing their operations particularly servicing salaries which they have been failing to pay on time.

6.4.2 Spatial linkages for formal economic enterprises

FEEs chose their places of operation for various reasons. It was found that 57.3% of the FEEs chose their location to have ample operating space for their businesses, 40% were attracted by their clients, 2% wanted to be close to their suppliers of inputs and goods and 0.7% were attracted by other factors such as affordable rentals and transport costs. The majority of IEOs (81.7%) indicated that they were satisfied with their current locations and would not consider relocating their businesses.

The remainder indicated that they would consider relocating to other places, citing low business (17.3%), high transport costs (0.3%) and inadequate space for the growth (0.7%). Of those that intended to relocate, 16% of the FEEs preferred the CBDs, 0.7% considered relocating to ICs whilst 0.3% preferred places within the same area. The FEEs continued to face stiff competition from IEEs, particularly trading businesses such as Edgars that kept losing customers to flea markets that offered low cost clothing items (*Newsdzezimbabwe 2012*).

6.5 LEGALITY OF OPERATING SPACES AND IMPACT

The results also indicated that 59.3% of IEOs in the two cities were allocated their spaces by city officials whilst the rest chose their locations. Bulawayo had 66.3% of IEOs, who had been allocated designated spaces by the city authority, whilst in Harare, 52.3% had their spaces allocated by the city. The Zimbabwean situation is comparable to that of South African cities. According to van Eeden (2011), eThekwini allocated operating spaces to 86% of the IEOs specialising in arts and crafts whilst in Johannesburg 75% of the IEOs operated from spaces they had chosen.

6.5.1 Reliability of operating spaces

The results revealed that 94.7% of the IEOs in the two cities operated from fixed or the same locations, with very high percentages for Bulawayo (97.3%) and relatively lower percentages for Harare (92%). This evinces that the majority of IEOs have stabilised their operations and no longer prefer to engage in running battles with municipal police officers. Others that had not yet licensed their operations, expressed interest in getting official recognition from city authorities and permission to occupy operating spaces.

In Harare more IEOs conducted their business on undesignated sites than in Bulawayo, resulting in chaos and congestion, particularly within its centre. Free riding is also rife in Harare's very poor and old neighbourhoods such as Mbare that is situated next to the city centre. It is common to see long and winding queues of informal traders that radiate along roads that enter the old suburb of Mbare such as Harare, Simon Mazorodze and Rememberance drives. Free riding is less common in Bulawayo that has been relatively more successful in discouraging traders who operate on undesignated spaces than Harare. The capital city is the theatre for political wrestling between the MDCs that runs the council and ZANU PF, the former ruling party. The two political parties have been using the sector as a tool to gain political mileage and relevance in the city; hence it is difficult to control unsanctioned operations.

6.5.2 Impact of ideology change on location of informal economic enterprises

In the study the influence of political and economic shifts on the location of IEEs within the two cities, was investigated. The results indicated that IEEs spread across the cities over the 30 year period. The mean number of years of accommodating IEEs was calculated for all the different locational places. The results revealed that IEEs had been located within the CBDs for an average of 8.6 years, and there was a lower than the 9.5 mean for all the locations. Informal market places such as the people's markets had the highest mean of 13.3 years. This shows that most IEEs within the CBDs are young whilst those that are found within poor neighbourhoods are very old.

Ordinary least squares (OLS) regression was also used to investigate the impact of ideology change on the location of IEEs. Dummy[72] variables were created using the location variable to transform it from a nominal into a scale variable. The CDB was used as the reference point in order to compare the relative influence of the locational places. Years of informal business operation was entered in the regression model as the dependent variable whilst the other independent dummy variables were entered, leaving out the CBD. The other independent dummy variables were entered into the regression leaving out the CBD. The ANOVA of $p < 0.001$ helped to reveal that the model is statistically significant in explaining the relationships between the two variables.

An adjusted r square of 0.046 revealed that the model only managed to explain about 5% of the variance in the location of IEEs on the different functional areas of cities. The percentage is very low, indicating that the impact of ideological shifts on location is weak. Other factors influenced the spatial spread of IEEs. The deregulation of statutes that had previously discouraged the location and operations of IEEs within the CBDs contributed considerably to their spatial restructuring during, particularly since the 1990s (Rakodi 1993; Kamete 2004; Potts 1998, 2007, 2008; Gumbo & Geyer 2011).

[72] According to Field (2009), dummy variables are created by recoding the groups within a category variable in such a way that only zeros and ones are used to represent the several variables that are created. The dummy variables are entered one less the number of groups.

6.5.3 Impact of location on sales

An OLS was also run to investigate the impact of location on profitability of IEEs. The location variable was entered as the independent variable to determine its level of influence on total sales of IEEs. The ANOVA of $p < 0.001$ evinces that the model is statistically significant to explain the impact of location on total sales levels. The adjusted r square of 0.065, helped to explain about 7% variance in total sales as a result of locational place. This signifies that as IEEs change their current location towards the CBDs, they experience a 7% change in total sales, which is a very low change. The lower influence of location on total sales can be explained by the almost uniform distribution of IEEs on almost all functional areas of the two cities. The cities are gradually assuming a poly-centric form and structure where the two economic sectors operate side by side in the CBDs, SSCs, TCs, ICs and HB as well as open air markets. The IEEs are therefore profitable regardless of location, hence current spatial patterning is desirable for the two sectors.

6.6 CONCLUSION

Ideological shifts influenced the spatial patterning of IEEs in Zimbabwean cities; hence relationships between political and economic policies and the informal spaces that were created can be deciphered. Fruit and vegetables, clothes and footwear trading are spatially linked with areas with high population concentration such as high density residential areas, neighbourhood shopping centres, sections of CBDs that have declined economically and transportation centres such as bus termini and bus stops. high populations such as and CBDs. Crafts, curios and flowers are spatially related with high income areas whilst informal productive activities are spatially related to formal industrial areas and open spaces.

CHAPTER 7: STRUCTURAL CHANGES OF INFORMAL ECONOMIC ENTERPRISES AND LINKAGES WITH FORMAL ECONOMIC ENTERPRISES

"The much emphasised formal-informal dichotomy in development theory has resulted in misplaced dualism...since it has become part and parcel of the academic and policy discourses, its continued utility should only point to a useful continuum rather than an absolute separation of the two sectors" (Guha-Khasnobis, Kanbur & Ostrom 2006 :7).

In this chapter the compositional characteristics of informal economic enterprises (IEEs) are presented, and how they have been transformed during the 30 year period, is demonstrated. The impact of compositional changes of the IEEs on their operations, particularly their relationships with formal economic enterprises (FEEs) is discussed. Also presented are the levels of IEEs, highlighting their sophistication, performance and investment status. Critical factors that should be prioritised to improve operations and growth trajectory of IEEs are discussed. Also discussed are the challenges being faced by economic operators, and suggested solutions. Data that were collected from a cross-sectional survey of both IEEs and FEEs in Harare and Bulawayo between 2010 and 2012 served as the basis of developing this chapter. A total of 900 questionnaires were administered, 600 to IEEs and 300 to FEEs in order to gather mainly quantitative data from both cities. A total of 30 interviews were conducted with key informants to gather qualitative data. Quantitative data from questionnaires were analysed using the statistical package for social sciences (SPSS), whilst data from interview sessions were categorised and coded to reveal broad themes that explain the operations of the two economic sectors.

7.1 CHARACTERITICS OF INFORMAL ECONOMIC OPERATORS

In this section the personal issues of informal economic operators (IEOs) such as nationality, citizenship, age, sex, marital status of informal economic operators and their dependents are discussed. Their places of origin and the main reasons for coming to urban centres for those born outside the two study areas are also presented. Other factors that are discussed include the levels of formal education, informal education and skills and years of experience of informal economic operators.

7.1.1 Gender characteristics of informal economic operators

The urban IES employed 51% males in 2010 showing an increase in the participation of men in response to the depressed capacity of the FES to create jobs. During the early 1990s women made up 67% of the IEOs (McPherson 1991), whilst by the late 1990s this percentage had decreased to 58% (Luebker 2008a, 2008b). According to Kanyenze et al. (2003) and Dube (2010) women representation in the IES continued to drop during the 2000s and by 2004 they represented about 51% of IEOs. The importance of the IES for men grew as the FES dwindled as a result of the 1990s neo-liberal economic reforms and throughout the 2000s decade of authoritarianism (McPherson 1991, 1993, 1998). The FES dominated the economy during the 1980s but it ceased to be the main source of employment, hence men as breadwinners were forced to create jobs outside the conventional FES to survive and feed their families, revealing the by-product or exclusion thesis of the emergence and growth of the sector (Portes & Castells; Meagher 1995; Williams 2010). About 36% of the IEOs stated that they were retrenched from their formal jobs, whilst 44.8% admitted to operating in the sector as a result of lack of formal jobs.

The Zimbabwean situation is corroborated by that of Lesotho where men dominate the IES due to shortages of formal employment (Setsabi & Leduka 2008). Even in the four main South African cities, males currently make up 54% of the proprietors in the IES (Horn 2011). Women make up 65.2% of Zimbabwean urban IEOs in the trade and commerce sub-sector, whilst men make up 88.5% of IEOs in the manufacturing and processing sub-sector within the two cities. Women specifically dominate in the fruit and vegetables, clothes and prepared foodstuffs sectors. Of the 292 females IEOs in the sample, 93.2% are in the trade and commerce sub-sector, whilst only 4.1% are in the manufacturing and processing sub-sector and engage in activities such as textile and wearing apparel production and services such as hair dressing and typing. Men are also increasingly joining the trade and commerce sub-sector (47.1% of the 308 male IEOs in the sample); where they sell clothing and footwear, agricultural produce and farming implements at flea markets.

They are forced to join petty informal activities as the declining formal economy has negatively affected the informal manufacturing and processing activities which currently employs only 29.9% of the 308 male IEOs in the sample but was the main area of specialisation for men during the 1980s and early 1990s (see Figure 2.8). Men dominate activities such as wood, metal, leather, and arts and crafts production, services such as car, electronic equipment and shoe repairs, construction activities such as brick laying, painting, roofing, plumbing and painting, as well as informal transportation and communication activities such as internet provision, phone shops, and private and public transport provision which includes car and shoe repairs.

Of the 600 IEOs that were studied, 31.3% indicated that they had left their jobs due to low salaries, whilst 51.3% participated in the sector to generate better incomes. The reasons for participation in lucrative informal productive activities confirm the alternative or exit thesis of informalisation (Fiege 1989; Harding & Jenkins 1989; World bank 1989; ILO 1993; Meagher 1995; Gumbo & Geyer 2011). Bulawayo has 52% females in the IES due to the high prevalence of the informal trading and commerce sub-sector (53.5%) in the form of more organised flea markets particularly in the city centre. Harare has a higher presence of informal manufacturing and processing (59.6%) in the form of numerous home industries and informal markets hence the high percentages of males (54.7%) in this sub-sector. IEOs were mostly (58%) married, whilst 21% were widowed and 10% were still single and the remainder were either divorced or had never married.

Married men and women joined the sector mostly after retrenchments, or voluntarily leaving their low paying formal jobs to grab the opportunity that the IES presented. They eke out a living and manage to support their families on basic trading activities that demand little effort and start-up capital (ILO 1972). The poor performance of the depressed FES resulted in 67% of owners joining the IES to compensate for lost incomes. Only 10% of IEOs still hold jobs in the FES, signifying weak income complementary linkages between the two economic sectors in Zimbabwe. The Zimbabwean FES crumbled to such an extent that employees volunteered to leave it particularly between 2006 and 2009, preferring to work in the IES, as the economic crisis worsened and formal income was no longer guaranteed.

7.1.2 Dependents supported by informal economic operators

It was found in the study that 70% of IEOs had between two and five dependents and 20% had between six and ten dependants, whilst the rest had below two dependants. In the majority of cases (81.2%) they supported their dependents using only incomes from their IEEs. About 86% of IEOs owned a single informal business, with only 14.3% having more than one enterprise. This compares well with the situation in the four main South African cities where more than 70% of IEOs had more than two dependents (Horn 2011). The figures suggest very high burdens for IEOs who generate survivalist incomes from their operations. In the fight against urban poverty, efforts and policies that seek to improve the incomes and living standards of informal economic operators should be prioritised.

7.1.3 Age characteristics of informal economic operators

It is the active group (18 to 65 years) of the population that dominates (97.7%) the Zimbabwean urban IES. This group is normally expected to be found within formal employment, particularly the males. The 31-50 years age group is prevalent (70.2%) in the sector in the two cities due to the demands to generate income to support families. In South Africa, it is the 18-30 years age group that dominates the IES (Horn 2011) as the FES is performing relatively well with low retrenchments and resignations compared to the Zimbabwean situation where middle-aged and married men and women are out of formal employment and cannot easily leave the country for greener fields because of family commitments. Harare has a significant proportion (66.2%) of young people who are between 18 to 30 years old in the informal sector.

Kamete (2010) and Dube & Chirisa (2012) also observe that youths make up a large group of people who are active in the informal sector in Harare. Bulawayo on the other hand, has more (58.2%) IEOs between the ages of 51-65 years, as most youths in the Matabeleland region, including Bulawayo, migrate easily into South Africa, Botswana and Namibia to look for jobs. Most of the youths would rather do odd jobs in neighbouring countries than work in Bulawayo's informal sector where competition is fierce amongst informal traders.

The dominance of the informal sector by older people is explained by high retrenchments in the FES since the 1990s and the relocation of most of firms to Harare, the capital city as they run away from a number of problems that the city is experiencing such as serious water shortages. The situation changed from more relatively young and old people participating in the IES before 2004, to more middle-aged people, when the economic crisis set in (Luebker 2008a).

7.1.4 Citizenship of informal economic operators

The Zimbabwean urban IES is still dominated by locals although foreign participation has been increasing. Locals make up 87.3% of IEOs whilst foreign migrants make up the remainder. During the 1980s and early 1990s, 97% of the IEOs were Zimbabweans (McPherson 1991). Within the two cities, black Africans, makeup 97% of the IEOs, whilst Asians represent less than 3%, with coloureds and whites making up a total of less than 1%. Blacks migrated from Southern Africa (Malawians and Mozambicans) and West Africa, particularly Nigeria. This situation can only be explained by transnationalism and globalisation (Tokman 1990; Skinner 20004; Snyder 2004) that opened economies for foreign participation.

The IES in major South African cities is dominated by locals, for example eThekwini has 90%, Tshwane has 75%, Johannesburg has 69% and Cape Town has 52% South Africans in the sector. Cape Town has a high prevalence of foreign migrants (48%) participating in the IES in comparison to other main cities. Harare also has more foreign migrants (20.7%) participating in the IES than Bulawayo. 4% Nigerian nationals participate in the IES followed by Malawians and Indians (3%) apiece, whilst Chinese make up about 1%, whilst Mozambicans and Pakistanis combined make up about two per cent of IEOs in the two cities. Nigerians, Pakistanis and the Chinese recently migrated to the country to conduct semi-formal trading businesses to fill the gap that had been created by the collapsing FES. The city of Bulwayo has only 4.7% of foreigners who are mostly Nigerians (about two per cent) a few Indians (about one per cent) Malawians (about one per cent) and Chinese (less than one per cent) who also operate semi-formal trading businesses.

Nigerians and Asians operating in the IES have been supplying affordable goods as they import cheaper goods such as electrical and electronic products from China, Dubai and Singapore. They however compete with the locals and violate indigenisation policies and empowerment regulations and programmes that seek to create employment for the unemployed local youths.

Migration has contributed to over-urbanisation and the growth of the IES. In Harare only 58% of the IEOs were born within the city, whilst only 40% were born in Bulawayo. In Bulawayo, 56.7% of IEOs migrated from the surrounding rural regions whist others came from far regions such as Manicaland and Masvingo. In Harare 28% of IEOs migrated from the rural areas, whilst slightly more than four per cent came from other urban centres. The capital city has been receiving about eight per cent from other countries and less than two per cent from farms and mines. Bulawayo, on the other hand has been receiving very low percentages from other urban centres and from outside of the country. More than half (52.3%) of the IEOs lived somewhere else before coming to the two cities, whilst only 47.7% have lived in the two cities all their lives. About 10% have lived in the two cities for less than 15 years, whilst more than 34% have lived in the two cities for between 16 and 30 years. Migration to the two cities also contributed to the growth of the IES particularly during the 1980s.

7.1.5 Educational characteristics of informal economic operators

The urban IEOs have very high educational qualifications, 50.7% have completed their secondary school education, 31.8% have completed their tertiary education, 3.7% have completed their high school education and only 13.8% have completed their primary level education only. Zimbabwe's 90.5% of the people above 15 years of age can read and write, making it one of the few African countries that have very high literacy levels (CSO 2004; *The Herald 2012*). However, most of the semi-skilled are found in the IES. Highly educated personnel by general expectations and standards are supposed to be engaged in the FES. Since the neo-liberal economic reforms of the early 1990s, the FES has been churning out employees to the IES through retrenchments and closures.

There has been an improvement in the number of people that are employed to assist in businesses as can be seen by the 78.8% IEOs that have between 1 and 5 people working in their enterprises. Also 2.5% of the IEOs have between 6 and 10 people working for them, whilst 0.3% had between 11 and 15 employees and 0.5% had more than 15 people working for their businesses. Only 18% of the IEOs do not have employees working for them.

In terms of start-up capital, 15.8% IEOs started their businesses with more than USD 500, only 12.2% started their businesses using less than USD 50 and 72% of the IEOs started their businesses with amounts between USD 51 and 500. The total value of investments was also highlighted and to arrive at the figures, research participants were asked to attach values to all their business assets that included push-carts, metal frames and the rods used to support and mount sheds, umbrellas, cooler boxes, dishes, machinery and equipment, tools, motor vehicles, stock, money in business bank accounts and cash at hand. All of these were taken into consideration to arrive at the value of their investments. In terms of total investments, 4.3% IEOs had less than USD 300, 34.5% had between USD 300 and 2500, 28.9% had between USD 2501 and 5000, 25% had between USD 5001 and 7500 and lastly only 7% had total investments above USD 7500. This signifies a general situation of low total investments since more than half the IEOs (68%) had businesses worth less than USD 5000. It was discovered that although the levels of investments may be in some instances over estimated, observations revealed that generally IEOs had been investing some of the small income they generated in their businesses.

Very few people (2.5%) generated annual incomes of below USD 1500 whilst 37.2% generated annual incomes of between USD 1500 and 2500, and 20.7% had annual incomes of between USD 2501 and 5000. Transitional and semi-formal enterprises making up 38.6% of the sector generated annual incomes of between 5001 and 7500 and only 0.8%generated annual incomes of more than USD 7500, showing that generally low incomes are generated by IEOs.

The impact of changes in these characteristics on the performance and vertical progression of the IEEs was examined. Factors that influence the physical growth of IEEs should be clearly determined for future policies and decision making by central and local governments, as well as other stakeholders.

A number of statistical analyses that include regression and correlation were conducted. First, the ordinary least squares (OLS) regression, a useful method that depicts the line that best fits the data points (Field 2009) was used to explain the relationship between educational levels and the performance of the IES. The argument was that annual income (dependent variable) was affected by educational levels (independent variable). The two were entered and the analysis of variance (ANOVA)[73] had a value of $P < 0.001$, revealing that overall; the model was significant in predicting the variance in annual income (Pallant 2010). The adjusted r squared of 0.279; signify that in the model educational levels successfully explained 28% of the variance in the level of annual income of IEEs. The remaining variance can also be explained by the other factors such as start-up capital. The effect size was 0.53, also signifying that one standard deviation change in educational levels results in 53% change in annual income. This shows that education has a great impact on the profitability of IEEs.

Second, to determine the other factors that influence the performance and growth of IEEs, the Pearson Product Moment (PPM) correlation co-efficient was used to test the relationship between annual incomes and the start-up capital. The results revealed a strong positive correlation between the two variables, $r = 0.856$, $N = 600$, $P < 0.001$. The value shows a very strong positive correlation between start-up capital and annual income levels. High amounts of money that are used to start IEEs lead to high annual income. A partial correlation that explored the relationship between start-up capital and annual income while controlling for scores on the highest educational levels, also revealed a strong positive partial correlation between the two variables, $r = 0.801$, with high amounts of money used to start businesses being strongly associated with higher levels of annual income. This confirmed the fact that start-up capital is the principal factor that influences the profitability of informal businesses and therefore should be prioritised when planning interventions to assist their operation.

In Zimbabwe, informal businesses are relatively doing well, especially the businesses of those that can afford to raise reasonable amounts of financial resources. They are enjoying a relatively large share of the market and are mostly complementing the few formal businesses that are currently operating in the economy in the form of goods and services provision.

[73] It determines whether the null hypothesis should be accepted or rejected.

This clearly shows that efforts to help informal businesses grow vertically should prioritise the money that is invested in the businesses. Informal economic operators should therefore be supported financially for their businesses to grow.

An inspection of the zero order correlation (r = 0.856) suggested that controlling for highest educational levels has a reasonable effect on the strength of the relationship between these two variables. The zero order correlations was reduced to (r = 0.801). The difference of 0.055 after controlling for educational levels shows that education and business skills should also be prioritised when seeking ways of improving the profitability of IEEs. Training programmes should be tailored towards informal businesses that are mostly into activities that are involved in value addition. Imparting technical skills and also management skills needs to be prioritised to help operators plan effectively for the improvement of their sales revenue generation strategies.

Third, the value of total investments is also crucial for the growth of IEEs. To determine the relevant variables that should be prioritised when planning for the sector, multiple regression was applied. First, money to start business was entered as the independent variable and it explained 72.4% of the variance in value of investment. The model was overall significant ANOVA, $p < 0.001$. The model also revealed that a single standard deviation change in money to start business resulted in an 85% change in the value of investments in IEEs. The educational levels variable was entered in the analysis and the total variance explained by the model as a whole, was 72.6%, F (2.595) =790.274 of the value of investment. A positive change of 0.2% was recorded after adding the other independent variable. The overall model was significant ($p < 0.001$); hence it statistically helped to explain the impact of the money to start business and educational levels on value of investments. Both independent variables were significant, with money to start business having a higher ßeta value (ßeta = 0.825, $p < 0.001$) than educational levels (ßeta = 0.050, $p < 0.05$). This also helped to signify that educational levels should be one of the key factors to be prioritised after financial support, to enable the growth of informal businesses.

Fourth, the employees variable was entered and the model as a whole explained a variance of 72.9%, *F* (3. 593) = 534.827. The ANOVA was also significant ($p < 0.001$), evincing that the model as a whole helped to explain the variance in value of investments of informal businesses. In the final model only two control measures were significant, with money to start business recording a higher ßeta value (ßeta = 0.814, P < 0.001) than people assisting in business (ßeta = 0.058, P < 0.01).

These results signify that people assisting in informal businesses also influence the physical growth of IEEs; hence employing additional people is one of the important attributes of growing informal businesses. However, the small effect size (6%) on the value of investments of IEEs signifies that members that are engaged mostly lack relevant skills that are needed to improve the operations, particularly those that employ relatives to avoid the payment of reasonable wages and allowances. Stakeholders should therefore put in place appropriate measures to support and encourage IEEs to grow and employ skilled and semi-skilled assistants who add value to business. Such approaches will also help to fight high unemployment rates and at the same time support the vertical progression of IEEs.

7.2 CHARACTERISTICS OF INFORMAL ECONOMIC ENTERPRISES

There was also an attempt to determine the extent to which IEEs observed a number of conditions that formal businesses are expected to meet, and these, among others, include getting registered and licensed, payment of bills, rentals, taxes, minimum wages and observing other labour regulations.

7.2.1 Licensing

The majority of IEOs (86.3%) indicated that their enterprises were licensed and pay rentals or levies for the spaces they use for their businesses, and this was confirmed by Senior Officers I and L (see Table 5.3) that worked for the two city councils. In Bulawayo for example, IEOs are issued with a vendor license whilst in Harare, a stand number is enough to show authorisation to occupy designated places.

These IEOs had shifted from a trend where they were involved in running battles with municipal security personnel, to one where they preferred stability by operating on designated places where they are given permission to operate and generate reasonable incomes. The main problem that was raised by council officials was the reluctance of IEOs to renew their licences. IEOs, particularly in the transport business, salons and trading at neighbourhood shopping centres, had to be visited periodically and forced to renew their operating licences.

7.2.2 Registration

Results indicated that 22.8% of the IEEs were registered with the registrar of companies and possessed certificates of incorporation. It was revealed that the few that were registered are the informal productive activities that are found in the manufacturing and processing, personal services and transportation and communication sub-sectors. Traditional and transitional IEEs were not registered with the registrar of companies, particularly most trading and commercial enterprises. The situation in Zimbabwean cities is the complete opposite of that in other countries such as Algeria, where all informal enterprises such as informal traders and producers have certificates of incorporation (Mead & Morrisson 1996). Some IEOs did not register their businesses due to excessive regulatory frameworks and allegations of corruption in the relevant offices that work with bogus registration consultancy firms that charge exorbitant service fees to assist IEOs with the registration processes. It was alleged that government officials deliberately frustrate informal economic operators so as to discourage them from going through the registration processes on their own, as a way of forcing them to seek the services of corrupt agents.

7.2.3 Payment of taxes

Licensed IEOs conducting their businesses on designated spaces and paying rentals or levies either to city council authorities or private owners of markets, indirectly pay taxes on their businesses. The owners of space are required by law to remit 10% of the rentals or levies to the Zimbabwe Revenue Authority (ZIMRA), in the form of an informal trader's tax that should be paid indirectly by every IEE (www.zimra.co.zw). This was confirmed by Senior Officers E, A, O and AB as well as private owners of operating spaces.

The deductions are made from their monthly rentals. However, few IEOs are aware of the 10% informal traders' tax that is part of the monthly rentals or levies that they pay to the owners of their operating spaces. This suggests that almost 90% of the IEOs contribute to the national fiscus, though indirectly. The informal trader's tax compares very well to those in other developing countries such as Swaziland, Thailand and Tunisia where even unregistered enterprises pay taxes (Mead & Morrisson 1996). The finding also revealed that 1.3% IEEs, among them hair salons and commuter omnibuses, pay presumptive taxes that are pegged differently depending on the type of IEE, and paid quarterly (www.zimra.co.zw). IEEs generating less than USD 5000 per month or USD 60 000 annually are exempted from contributing directly to the national fiscus and may voluntarily apply for value added tax (VAT) registration numbers to benefit from trading regulations (Senior Officer AB). Results revealed that even registered and stable informal micro enterprises are not paying taxes directly to the revenue authority, even though they can afford to or have incomes that are more than the stipulated minimum per month or per year. This is exacerbated by the lack of business transaction records that makes it difficult for officials to determine the levels of production and incomes of IEOs.

7.2.4 Labour regulations

The results show that only a few IEOs (8.3%) pay their wages comparable to minimum wages, allow their employees to rest during holidays, and make contributions to the National Social Security Authority (NSSA) for the social safety and pensions of their employees, whilst the rest do not meet these requirements. Informal productive operators do pay social security contributions, but grudgingly and irregularly. The NSSA, an organisation that is tasked with regulating and monitoring all labour issues in the country, encourages and sometimes enforces compliance. Interviews with senior officials working for NSSA and ZIMRA revealed that IEOs only comply when raids are made on their businesses by compliance officers. Generally, they resist contributing towards social security of their employees, although they are supposed to contribute only 4% of the employee's salary whilst the employees contribute 4% from their salaries to make it 8% (Senior Officers GH and CD). The officers lamented serious violations of labour regulations in the two cities by IEOs who employ people to help them in their enterprises. The majority of informal economic operators do not observe minimum wages and their employees do not rest on public holidays.

7.2.5 Payment of electricity and phone bills

Regarding payments of electricity, water and phone bills, the findings revealed that only 41.8% were managing to settle their bills. The rest were finding it difficult to pay their bills on time. The researcher witnessed service providers visiting informal market places, particularly incubators of the semi-formal productive entrepreneurs disconnecting water and electricity supplies. The IEOs blamed the depressed economic situation for their problems. Some had difficulty in paying rentals for their operating spaces. Survival mechanisms were also observed at informal working spaces as two or three entrepreneurs shared electricity supplies from a single shop to get by, and raise money to pay their arrears and get their own supplies reconnected. Cases of corruption on the part of service providers were also raised by IEOs. There were allegations that service providers raid them and disconnect supplies of all those owing as a way of forcing them to pay bribes to get reconnected.

7.2.6 Access to utilities

The results indicated that 93.7% of IEEs had water and toilet facilities. IEOs that were located at designated public and private spaces had access to these two basic utilities. Of the 600 IEEs, only 25.2% had electricity supplies whilst only 2.2% had land line phone connections (Figure 7.1). This signifies that essential utilities for the progression of IEEs are still lacking.

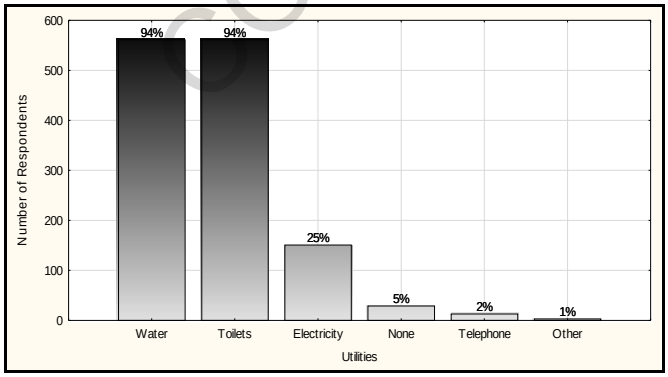


Figure 7.1: Access to utilities

It was also revealed that 4.8% of the IEOs had no access to any utilities whilst only 0.5% had access to extra utilities such as internet and faxing services.

It is the transitional and semi-formal economic entrepreneurs that have access to utilities beyond the basics, which include telephone, internet and electricity. Regarding storage facilities, 40.7% of the IEOs store their products at home whilst about 38.5% leave their wares at operating sites.

Very few over-night lock-up storage facilities (5.3%) are provided. It is the shortage of lock-up storage facilities that forces operators to carry their goods home every evening or to use private premises adjacent to their operating sites (11.8%). Carrying stock home or using adjacent formal shops for storage causes unnecessary additional costs; hence affecting the viability of IEEs. Continuous movements of goods cause the deterioration of the quality, resulting in reduced prices. This situation demonstrates the everyday problems IEOs face in their businesses, hence it is important to seriously consider providing lock-up storage facilities on operating sites. Most IEOs walk or use push carts (44.3%) as their mode of transport and this is common with IEOs found at neighbourhood shopping centres. Also 21.7% own vehicles which they use to transport their goods for sale, and raw materials. This is common practice with IEOs that specialise in informal productive activities such as manufacturing and processing.

The other 14.3% use public transport, particularly commuter omnibuses which are the only form of public transport in the high- and medium density residential areas linking the IEOs to the informal markets, the city centres, industrial centres and suburban shopping centres. Also 9.5% of the IEOs hire private transport to transport their goods or conduct their businesses. Only 0.7% used bicycles. Public transport in the country's urban centres has been performing badly as most conventional buses are no longer on the road. Commuter omnibuses are very unreliable in terms of operating times and quality of service provision. Public transport in the two cities, particularly conventional bus systems should be revived and improved to meet the 1980s situation when Zimbabwe Passenger Bus Company (ZUPCO) provided reliable, affordable and efficient transport services (Mutizwa-Mangiza 1993).

It was also found that most IEOs (36.7%) have access to semi-permanent or gazebo structures that they use as operating premises, whilst 19.5% of the IEOs conduct their economic activities without any form of structure.

Only 1.5% use bicycles or trolleys as structures from which to run their businesses, 12.7% use umbrellas, 7.5% use temporary structures or plastic structures, 2.2% use caravans and 4.7% use motor vehicles from which to conduct their businesses, whilst only 14.3% of the IEOs operate from proper buildings. Caravans are not as popular in Harare as they are in Bulawayo, particularly for food vending at bus termini. It is realised that gazebos are popular as they attract lower rentals than built structures; hence they remain the favourite for IEOs. It is the place of location that was found to be important for most IEEs, especially these that are into trading, rather than the quality of the structures. The gazebos that were provided by the city council of Bulawayo in conjunction with the Ministry of Small and Medium Enterprises (MSMEs) in Cowdray Park after the 2005 operation murambatsvina/restore order (OM/OR), have been shunned by the IEOs citing inappropriate location and they have continued to operate on open spaces without any form of structure.

Furthermore, statistical analyses were conducted to determine the impact of changed compositional characteristics of IEEs on their performance and growth. Specifically, partial correlation was run to determine the impact of access to utilities on profitability of IEEs. The value of r = 0.288 revealed that there is a positive relationship between access to utilities by IEEs and profitability, albeit a weak one because not all IEEs need utilities such as electricity, internet, fixed phone and faxes. One can conclude that apart from money to start businesses and educational levels, utilities should also be prioritised for the growth of IEEs particularly the informal productive activities that fall within the semi-formal levels of informality. The impact of utilities on sales was also investigated by running a simple regression analysis. The dependent variable; total daily sales revenue was obtained by multiplying the average amount of money that a customer spends whenever he visits (question 45) with the average number of customers that visit the business in a day (question 46). The results revealed that the 9% variance in total sales is explained by access to utilities (Table 7.1).

Table 7.1: Regression for access to utilities

	Unstandardized Coefficients		Standardized Coefficients		
Model 1	B	Std. Error	ßeta	T	Sig.
(Constant)	-108.768	39.379		-2.762	.006
Access to utilities	133.561	17.236	.302	7.749	.000
Dependent Variable - Total Sales; Independent Variable -Access to Utilities; Adjusted R Square - 0.090, ANOVA - 0.001, *F* (1- 598 : 60.049) N -599					

The standardised ßeta value of 0.302 reveals that an increase in access to utilities by one standard deviation results in a change of total sales of 30%, whilst the B value of 133.561 shows that as access to utilities changes by one unit, total sales change by 133.561 units. The results reveal a medium relationship between access to utilities and total sales. It is the IEEs that are profitable even without use of critical utilities such as electricity that reduce the impact of use of utilities on total sales. The situation is common in the current Zimbabwean economy where many informal trading and commercial businesses make huge profits without adding any value to the production process. Very basic informal activities such as those that are conducted for survival purposes should be provided with essential utilities that preserve urban environments such as water and toilets. Utilities such as electricity, phones and internet should be prioritised when planning to support informal productive activities that need them in their operations.

There was also an attempt to probe the impact of the type of structures and mode of transport on the total sales. Both variables are categorical with many classes; hence dummy variables were created first before running the regression. The impact of type of structures that are used by IEOs on business performance was tested first. All the other dummy variables were entered, leaving out building structure as the reference group. The model had an adjusted r square of 0.069 and the ANOVA was significant at $p < 0{,}001$, showing that the model helps to explain the relationships between the two variables. This reveals that type of business structure for IEEs only managed to explain 7% of the variance in total sales, a low percentage that suggests that type of structure does not have a great impact on the operations of IEEs. The low variance also suggests selective importance of types of infrastructure depending on the level of informality and the sub-sector. Whilst some IEEs for example manufacturing and personal services seriously require buildings in order to improve their business operations, some IEEs can be profitable without having access to such types of structures and these include informal transportation and construction activities.

It was also found that basic informal trading and commercial activities require basic structures such as gazebos that are affordable and can be appropriately located for them to be profitable. Provision of structures that are beyond the basics to traditional economic activities results in most of them shunning the premises, as in most cases they are asked to pay high rentals that they cannot afford.

The impact of mode of transport on operations and profitability was also investigated by entering all the other mode of transport dummy variables leaving out the own vehicle mode as the reference group. The model produced an adjusted r square of 0.076 and the ANOVA was significant at $p < 0.001$, showing that the model is statistically significant for the explanation of the relationships between the mode of transport and total sales. The results show that mode of transport for IEEs only managed to explain 8% of the variance in total sales; a low percentage that suggests that the type of transport that is used by IEOs does not have much effect on the operations of IEEs. The low variance suggests selective importance of mode of transport to IEOs depending on the level of informality and the sub-sector. Productive IEEs may require good access to vehicles to transport raw materials and do deliveries, whilst most traditional IEEs do very well with reliable and efficient public transport and the use of pushcarts. At such levels, proximity to sources of goods and customers should be prioritised when choosing their operating spaces.

The characteristics of IEEs that have been discussed such as registration, licenses, operating on designated places, rentals and bills payments and access to sound infrastructure and transport largely influence the operations and profitability of businesses. Improvements in the operations and modifications of characteristics over the three decades enabled the IEOs to access reliable and relatively lucrative markets for their products (Senior Officer Y). They also resulted in the blurring of dividing lines between formality and informality of enterprises, particularly micro- or semi-formal enterprises. The levels of informality of the IEEs were determined using the extent to which the enterprises meet requirements of formality and these are discussed in the next section.

7.3 LEVELS OF INFORMALITY

The discourse on levels of informality was largely informed by Geyer's (1989) ground-breaking typology of IEEs namely traditional activities, transitional activities and semi-formal categories. He observes that traditional (bottom), transitional (middle) and semi-formal (upper) layers of the IES can easily be distinguished, discerned and easily tied to FES layers (Geyer 1989, 2009). The three levels can be presented in a continuum as suggested by Kesteloot & Meert (2003).

The findings of the study showed that IEEs observe conditions of formality differently and their extent of sophistication in business operations differs greatly. Figure 7.2 presents the composition of the three levels of informality in the two cities.

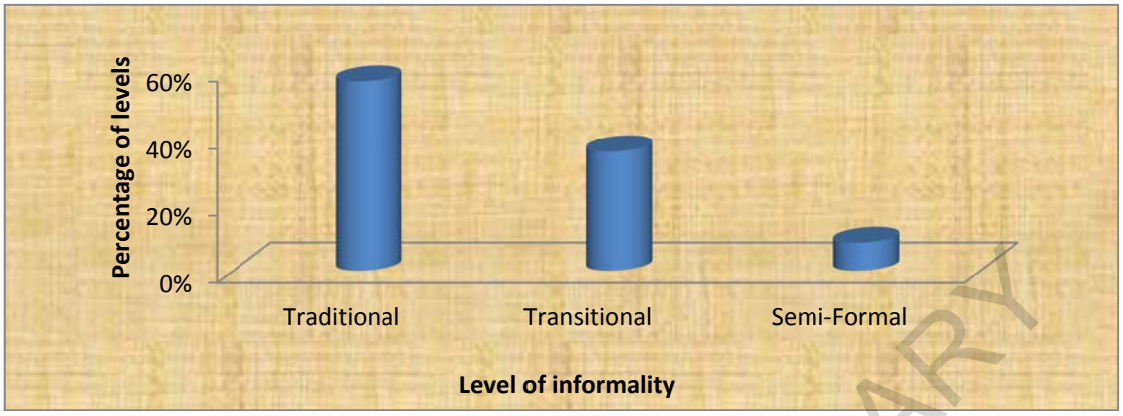


Figure 7.2: Levels of informality

The ideas of levels of informality and continuum of economic activities subsequently received wide support from scholars (Dewar & Watson 1991). Basically, the three levels of informality are derived by considering the levels of sophistication of IEEs and the degree to which they fulfil conditions of formality (Geyer 1989, 2009a).

7.3.1 Traditional enterprises

Most IEEs were within the traditional level of informality (56.4%). Most IEEs in both cities, operated on the margins of survival and poverty. The IEOs engaged in petty activities cutting across most o sub-sectors without much investment and employing no technologies or sometimes very basic techniques as ways to improve their operations. The residual thesis (Lewis 1954; Geertz 1963) best explains the operations of IEEs in this category, particularly dealing in traditional medicines. It was however discovered that most IEOs were licensed and encouraged to commercialise, refine and package their products and trade them in designated informal markets. This suggests that their traditional characteristics were being changed. This is in line with observations by Williams & Round (2007) in Ukraine where traditional IEEs are dwindling and nearing extinction.

The dominance of traditional IEEs can also be explained by the by-product thesis (Portes, Castells & Benton 1989; Meagher 1995; Williams 2010) as most of the retrenchees of the 1990s and 2000s joined the IES for survival.

The neo-liberal economic policies of the 1990s and the economic crisis of the 2000s led to massive laying off of employees, whilst others voluntarily left their formal jobs to start their businesses in the IES. Negative effects of globalisation and free market economies such as international competition in terms of low priced products that flooded the Zimbabwean markets, led to the poor performances of local firms.

During the 1990s formal firms in the textiles-, clothing- and footwear businesses reduced their production whilst some folded, and during the 2000s manufacturing and processing, transport and services such as banking and insurance were also forced to scale down their operations or wind up operations. The collapse of the FES resulted in the explosion of the IES; hence the greater role of the IES is attributable to globalisation that opened the weak economy and formal firms to competition, which led to an economic crisis. The complement thesis (Williams 2010) partly explains the existence of this level of informality as some people who had formal jobs or their spouses, albeit few, also participated in the IES to supplement their incomes.

7.3.2 Transitional enterprises

The IEEs that belong within the transitional level of informality make up the second largest (35.4%) contribution to the IES. The IEOs in this level are in the process of improving their operations by adopting slightly sophisticated or advanced technologies, as strategies to differentiate their products and services from those of operators within traditional levels. The by-product (Portes, Castells & Benton 1989) and the alternative (De Soto 1989; World Bank 1989; ILO 1993; Meagher 1995) theses are relevant in explaining the presence of transitional IEEs in the two cities. Some of the 1990s retrenchees and those who resigned during the 2000s decade have invested relatively huge sums in their IEEs and are on a strong drive to transform their businesses. This scenario is common at a few locations within the central business districts (CBDs) and on suburban shopping centres (SSCs); industrial centres (ICs) as well as transportation centres (TCs) as well as informal markets in residential areas.

7.3.3 Semi-formal enterprises

The third and most advanced level in the continuum of informality, though the smallest in terms of size (8.3%) is made up of semi-formal enterprises that employ sophisticated technologies in their production, compared to those of traditional and transitional informal enterprises. Semi-formal enterprises are on a progressive composition transformation drive and some of their products are comparable to those of the FES. Most of the enterprises in this category are registered or licensed, pay rentals and bills and sometimes pay salaries and wages comparable to the minimum wages in their respective formal industries.

The semi-formal enterprises, help to generate entrepreneurial endeavours particularly in the manufacturing and processing, transport and information technology and internet sub-sectors, and are comparable to businesses in other transitional countries, such as Romania and Poland (Fleming, Roman, & Farrell 2000), where the IES contributes to entrepreneurial growth. The existence of this level of informality is best explained by the alternative thesis (Fiege 1989; Harding & Jenkins 1989; Gumbo & Geyer 2011), as most operators voluntarily left the formal sector to generate better rewards in the form of stable and reliable incomes in the IES, particularly during the 2000s. IEOs of small-scale informal manufacturing and processing, transport and construction activities and personal services such as hair salons and internet cafes admit to making more money in the IES than when holding formal jobs.

Linear regression analysis was used to assess the impact of levels of informality on the performance, and particularly on profitability of IEEs. Annual income was used as the dependent variable whilst the level of informality that was created by the degree to which the 600 IEEs observed conditions of formality, was used as the independent variable. The two variables were entered in the regression, after checking to make sure that there were no violations of the assumptions of normality, linearity, multicollinearity and homoscedasticity (Field 2009; Pallant 2010). The adjusted r square of 0.122 indicated that the level of informality of businesses explained a 12% variance and the ANOVA of $p < 0.001$, revealed that the model is statistically significant in explaining the variation of sales that is caused by the level of IEEs along the informality continuum (Table 7.2).

Table 7.2: Regression for level of informality

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	1B	Std. Error	ßeta		
(Constant)	3728.161	122.504		30.433	.000
Level of informality	525.982	57.346	0.352	9.172	.000
Predictors: (Constant), Level of informality, Dependent Variable: Annual Income ANOVA - 0.001, Adjusted R Square - 0.122, (F 1, 596) = 84.128					

The ßeta coefficient of 0.352 given by the model indicates that as the level of informality increases by one standard deviation, the volume of sales increases by 0.352 standard deviation units. Alternatively, one standard deviation change from survivalist level to the next higher level (transitional) or from transitional to micro (semi-formal) results in 35% change in annual income. The B = 525.982 under unstandardised coefficients and along the level of informality indicates that a single unit change in level of informality results in 525.982 change in annual income. These are worthwhile changes that should be encouraged and facilitated. One way is to encourage IEOs to register and license their businesses and observe other essential features as they progress towards formality and link themselves to affordable loans, markets and training opportunities on general business management.

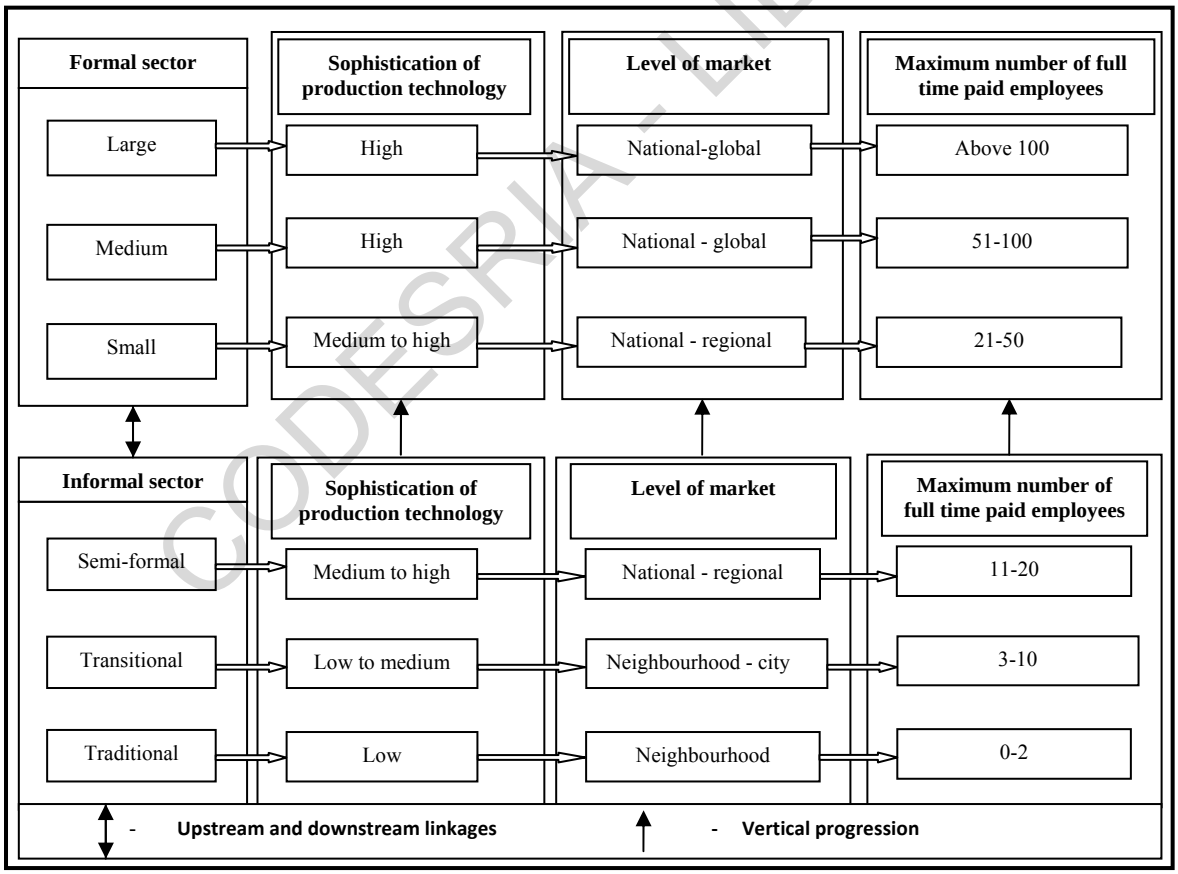
Changes in the characteristics and structure IEEs over the 30-year period resulted in the creation of various linkages with the FEEs counterparts. Literature sources have repeatedly pointed to the existence of linkages between the two sectors (Gerry 1978; World Bank 1989; Meagher 1995; Arimah 2001; Geyer 2009a; Williams 2010), particularly the backward and forward or upstream and downstream or rather output and input linkages.

7.4 STRUCTURAL LINKAGES

The three levels of informality (traditional, transitional and semi-formal) are comparable to the three levels of the FES (small, medium and large). This view is supported by Kesteloot & Meert (2003), who posit that a continuum of economic activities exists from the informal to formal. Linkages between the three levels of both FEEs and IEEs can be established. The IES contributes greatly to the development of the FES and vice-versa, thus reflecting the interconnectedness in the form of backward and forward linkages between the two economic sectors. There is however a bias towards the strengthening of backward rather than forward linkages.

It is the level of IEEs on the informality continuum that largely influences the nature and strength of linkages with the FEEs counterparts. Faced with high unemployment rates in Zimbabwe, where companies continue to fold and scale down, most urban residents have lost hope in the revival of the FES or its ability to provide an income. As a result they adjusted their IEEs to improve their operational relationships and at the same time compete with the FES for resources and markets, leading to improved performances and growth of the IES.

The continuous adjustments of spatial and structural characteristics by both FEEs and IEEs during the three decades resulted in the emergence of linkages between the two sectors in Zimbabwean urban centres. The unique characteristics were adopted as the two sectors responded to political and economic ideological shifts during the three decades, in the process strengthening the existing linkages. Figure 7.3 presents the possibilities that exist in integrating the two economic sectors.



Developed using ideas from Geyer 1989, 2009a and GoZ 2010

Figure 7.3: Integrating formal and informal economic sectors

Efforts to integrate the two will go a long way to improve the operations of the national economy as a whole. It is believed that the IEEs will also make considerable contributions towards the overall economy. The arrows reveal both upstream and downstream linkages between IES and FES. Traditional or survivalist activities still operate using low technologies than transitional activities which have also less sophisticated and advanced technology than the semi-formal activities (Geyer 2009a). FEEs apply medium to highly advanced technologies. The IEEs employ very few people (between 1 and 20 employees) to assist in their operations whilst the FEEs employ high numbers of people from 21 and above. The IEEs serve mostly neighbourhood to national markets with very few semi-formal enterprises serving regional markets, whilst the FEEs mostly serve national, regional and global markets.

7.4.1 Backward linkages between the formal and informal economic sectors

Backward linkages take place when the IES buys final goods from the FES for sale or buy raw materials or equipment for use in its production processes from the sector (ILO 1985). The results point to the existence of strong backward linkages between the FES and IES, particularly in the trade and commerce, transportation, personal services and manufacturing and processing sub-sectors. Backward linkages were ostensibly enjoyed between IEEs that buy 38.2 % and 24% of their raw materials from manufacturers and wholesalers respectively.

In Bulawayo, the majority of IEEs (61.8%) obtained their fruit and vegetables from FEEs for resale in smaller quantities, whilst in Harare most IEEs (58.1%) bought their fruit and vegetables from communal farmers who sell their produce at informal markets in bulk. Poor economic performances of FEEs, particularly in the clothing, electrical and electronic industries have resulted in 30.8% of IEEs obtaining their goods from other countries such as China, Dubai, South Africa and Botswana (Senior Officer U). Bulawayo has a higher number of importers (56.8%), particularly of clothing and footwear for their flea-market businesses, suggesting that there are weak backward linkages with the local FES. This is attributable to formal firms that have left the city, relocating to Harare while citing a number of constraints.

7.4.2 Forward linkages between the formal and the informal sectors

Forward linkages between FES and IESs are realised when the FES purchases goods and services from the IES (Kesteloot & Meert 2003; Naidoo & Fenyes 2003). The goods can either be intermediate goods that are used in the formal production processes or final goods for sale in the FES. Enterprises that belong in the semi-formal level have relatively stronger forward linkages with FEEs than transitional economic activities. Similarly, transitional IEEs have relatively stronger and more defined relationships with FEEs than survivalist economic activities.

It was found that small informal productive activities in the wood and metal industries provided finished goods, particularly furniture and building materials, to formal entrepreneurs for resale. The forward linkages in the two cities were found to be weaker than the backward linkages. It was revealed that manufacturers bought only 1% of the IEEs' products to use in their businesses as inter-mediate inputs, whilst wholesalers and retailers bought only 8.3 % of the IEEs' products for resale. It was also revealed that 84.2 % of the IEEs sold their products directly to individual consumers who in most cases were fellow poor urban residents. There is however very few subcontracting practices in the two cities, as most FEEs are still struggling to recover from the decade-long economic crisis and their production still remains subdued. Some FEEs are reported to be buying finished products that they used to produce before as cost reduction mechanisms. (Senior Officer T). Forward linkages are common in Harare (13%) that has more productive IEEs specialising in carpentry, welding and metal fabrication. They sell to local formal companies and as far away as Bulawayo and Mutare. This is better than the performance in Bulawayo (5.7%). Only 1.8 % of the IEEs export their products and these are mostly those involved in arts and crafts, curios and crocheting businesses.

There are however prospects and room to improve and strengthen the forward linkages between the two sectors, particularly certain informal business categories such as manufacturing and processing, personal services and transport and communication. A two pronged approach that seeks to directly improve the IES and revive the FES and attain the 1980s levels should be adopted. The number of informal transportation businesses in the two cities has also been increasing, as they respond to high demands of flexible transport services.

They are hired to provide services to formal firms that have been struggling during the three decades. Informal cross border transporters have also been providing critical services and there is room to grow as they ply routes to neighbouring countries such as South Africa, Mozambique, Namibia and Botswana.

7.5 INFORMALISATION OF FORMAL ENTERPRISES

It is not only the IEEs that have adjusted their compositional characteristics to fight competition and secure threshold markets. FEEs have also adopted informalisation mechanisms as a response to competition that has been created by the IES, particularly mobile IEOs within the CBDs. The capital city has high numbers of invasive IEOs who chose to conduct their business by flouting the local authority's by-laws by operating on undesignated spaces; hence informalisation practices are more visible and common in the CBD of Harare than in Bulawayo. IEOs work for very long days and weeks as well as engaging in nocturnal strategies that are common among informal traders who operate on undesignated open markets within CBDs as ways of avoiding law enforcements agents such as city councils' security personnel and state police officers (Kamete 2010; Dube & Chirisa 2012). Such strategies are common at busy places where informal traders can trade briskly such as Lobengula Street and Fifth Avenue open markets and Egodhini and Erhenkin termini.

Thwarting unsanctioned informal trading that takes place on undesignated places has been relatively easier in Bulwayo than in Harare. Harare is the hot bed for political wrestling between two dominant parties in the unity government; hence the Harare city council has largely been on the receiving end from both political parties. Political elements have been using the sector as a tool to gain political mileage and relevance in the capital city. The strategies vary from employing causal shop attendants working on commission, displaying goods outside the shops, clandestine marketing using loudspeakers to capture street markets and breaking down their businesses into smaller units and spreading them geographically in small informal shops. These strategies are mostly adopted by FEEs that specialise in selling clothes, electrical and electronic goods within the CBDs. Such shops are mostly owned by foreign immigrants such as Indians, Pakistanis, Chinese and Nigerians.

Employing casual labour is mostly preferred as a way to reduce costs of doing business, as social security contributions can be avoided (Senior Officers C, H, P and T). Also, petrol

filling stations run by FEOs have business arrangements with informal suppliers and traders, blurring the distinction between the two sectors. Informal operators source fuel products from neighbouring countries such as South Africa and Botswana and sell them to formal garages, whilst some informal traders buy the products from the same formal petrol filling stations. FEEs also resort to buying food and clothing products from informal importers as strategies to reduce their costs of production. Most of such goods were illegal brought into the country by evading payment of import duties. Operating on undesignated sites is also rife in high density residential areas. Long and winding queues of IEOs that radiate along roads such as Harare Drive, Simon Mazorodze and Rememberance Drive that connect very poor and old neighbourhoods to city centre are a common sight.

During the decade of neo-liberal economic reforms, FEEs in the textile, foot wear and clothing industries informalised their economic activities through subcontracting to IEEs (Senior Officers U and W). FEEs also hired casual labour at the beginning of every year and off-loaded them at the end of the year as a strategy to reduce labour costs, thus ostensible employing only a few permanent employees. Since the 2000s, most FEEs have adopted a three- day week, instead of a normal 6-day week, and in some cases working hours are reduced and employees are asked to work for two consecutive weeks and rest the other two weeks of the month to cut production costs. Casualisation of formal work (Sassen 1989; Williams & Round 2007) is comparable to what used to happen in developed countries during recessions (see Section 3.1.3.7).

7.6 CHALLENGES

The results of the study indicate that IEOs face numerous challenges in their businesses which range from competition caused mainly by fellow IEOs, unavailability of funding, shortages of stocks, high rentals and bills, inefficient services from suppliers, unreliable customers, stringent regulations, and corruption of central and local government officials supposed to serve them.

The main challenge is competition (81%) from IEOs who specialise in identical businesses, particularly operators are engaged in selling fruit, vegetables, clothing and electrical and electronic products and in providing transport and hair services.

Of the 81% IEOs that are experiencing these problems, 17.7% said it was very serious, 22.2% indicated that it was serious whilst 41.1% indicated that it was moderately serious. When asked about the ways they tried to improve their situation, 86% of the participants indicated that they applied differential pricing. 49.5% admitted that price reductions were very important ways of competing.

The results also indicated that IEOs experience difficulties in accessing loan finance (74.3%), particularly from formal financial institutions. Even incorporated semi-formal entrepreneurs operating in stable informal small-scale productive businesses struggle to get financial support. Of the IEOs that face such challenges, 19% perceive it as serious challenge, 40.8% perceive it as serious and 14.5% as moderately serious. Even government financial institutions such as the Small Enterprises Development Corporation (SEDCO) that were set up to support informal small-scale enterprises require extensive paperwork that is beyond the capacity of IEOs (Senior Officers O and P). The financial institution has therefore become unpopular with IEOs.

Most incorporated and productive informal businesses that are the target of the institution have lost hope of getting reliable and meaningful financial support. They therefore access loans from very expensive and exploitative informal sources that perpetuate low business investments and inhibit growth as well as vertical progression towards formality (Senior Officers X and Y). Most IEOs (87.3%) indicated that the availability of affordable and reliable financial sources is important for the improvement of their businesses. Relevant stakeholders that include public and private institutions should therefore seriously consider making affordable and reliable business loans available to IEOs, particularly the semi-formal productive activities.

The other challenge being faced by the IEOs involves the levels of stock (64.7%). It was found that 49.7% face serious problems of stock, 8.2% of the problems are serious, whilst 6.8% are moderately serious. Most of the IEOs (55.2%) indicated that improving their abilities to maintain stock levels is important in their businesses. This is closely related to availability of finances and business management skills; hence these should be prioritised when seeking ways of improving the operations of IEEs.

IEEs also face problems regarding servicing their electricity, water and telephone bills and rentals (20%). This is common among informal productive enterprises that use such utilities in their businesses and IEEs, particularly those operating from well-built and serviced structures. The depressed macro-economic climate is negatively affecting their operation and profitability. The situation is very serious for 2.2% IEEs, serious for 6.3% and moderately serious for 11.5% operators. About 14% of the IEOs indicated that they consider affordable rates as one important way of improving their business performances. Service providers should therefore be considerate regarding the plight of IEOs and afford them opportunities to grow by making such services available and at affordable rates.

IEEs also face challenges that are related to structures and infrastructure (18.8%). Although operators are satisfied with using semi-permanent structures, most of them lack basic requirements. The situation is very serious for 4% of the IEEs, serious for 7.5% and moderately serious for 7.3% of the operators. IEOs (1.4%) also raised concern about dysfunctional basic utilities such as water and toilets at their places of operation and this was confirmed by Senior Officers O and P. Most of the time water is disconnected or toilets are locked due to blockages. In some cases city council employees do not clean the toilets, forcing most of the operators to seek alternative services from private providers for a fee. Also lacking are lock-up storage facilities and the situation forces IEOs either to carry their goods home every evening or seek storage space from adjacent formal shops and business operators for a fee. The IEOs (23.5%) indicated that improvement on structures and infrastructure is one of the important ways to transform their businesses.

The IEOs also registered concern regarding stringent regulations (7.3%) by relevant authorities, such as the Forestry Commission (FC) and the National Parks and Wildlife (NPW) management authority that strictly regulate access to trees and animals for the extraction of traditional medicines. The same applies to ZIMRA that strictly regulates the amount of goods to be imported at a time and insists on stringent importing papers for IEOs who specialise in selling imported clothes, electrical and electronic goods.

There is also an outcry about the amount of duty that is charged for importing items that are controlled which among others include blankets and shoes. 15% of the IEOs indicated that regulations needed to be relaxed to allow the IEOs to conduct their businesses without a lot of hassles.

The level of efficiency (5.8%) of suppliers of goods and services and buyers of the IEOs' products was also a cause for concern. It was revealed that customers particularly the FEEs delayed in honouring payments for goods and services that the IEEs supply. Some IEEs wait for more than a month before receiving payment for goods delivered to FEEs and this is common with furniture, clothing and metal products. There were also problems with company registration and licensing procedures that are cumbersome and too technical for IEOs (Senior Officers D, G, GH and AB).

IEOs also highlighted challenges that relate to cash flow (7.7%), lack of equipment to conduct businesses (1.8%), lack of security (2.1%) and harassment by security personnel (2.7%). The low percentage for harassment confirms the findings on most IEOs who are now operating on designated sites where they are not bothered by the municipal security officers. However operators (6.3%) indicated that they would prefer to be secured from people who pose a security threat to their businesses, particularly thieves and hooligans. Only 2.1% stressed the need for better equipment for use in their businesses, suggesting very few IEOs are serious about growing their businesses, as indications revealed that very few have adequate machinery at the moment.

Generally, the IEEs face numerous problems and they seem not to be getting priority from the government. Both dominant political parties in cabinet, parliament and urban councils, the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and the Movement for Democratic Change (MDC) are using the IEOs that are the majority of urban residents and voters for political gain. Politicians keep the March 2013 elections which will be tightly contested, in mind and placate the voters. There is no seriousness when it comes to developing IEEs in terms of finance and technical support.

7.6 CONCLUSION

In this chapter the characteristics of IEOs, particularly the transformations that have taken place over the 30-year period in educational levels of the operators, are presented. The characteristics of IEEs and how they have been transformed, particularly by operating on designated sites and getting licensed by city authorities, are discussed. The three levels of informality that are, the traditional, the transitional and the semi-formal, and how the three can be linked to the FEEs, are discussed. Also highlighted is the ways in which the FES transformed itself over the years to adopt some of the characteristics of the IES. The urban economic restructuring that took place during the past 30 years resulted not only in the spatial changes of the two sectors, but also spatial and structural linkages between the two sectors. The linkages still remain weak, exploitative and unreliable, particularly the forward linkages, whilst backward linkages are by far stronger and more pronounced. Given the weak forward linkages, it will be very difficult for the productive sub-sector of the informal economy to grow in scale and graduate into small businesses, given the distressful state of the economy. The challenges that are faced by the IES, particularly competition as many enterprises trade in or engage in the same type of goods and services, lack of financial resources and high rentals and bills, are also discussed. There is therefore need for deliberate steps to be taken by all relevant and concerned stakeholders to revive the FES and link it to the IES.

CHAPTER 8: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS: TOWARDS THE DIFFERENTIAL COMPLEXITY MODEL OF INFORMALISATION (DCMI)

"...the productive system of cities in developing countries is understood as composed integrally by both formal and informal sectors...given the importance of the informal economy for cities in developing countries, one would expect to find abundant theories and evidence..."(Moreno-Monroy 2012:2019- 2026).

In this study the impact of political and economic ideological transformations on spatial and structural linkages of formal economic enterprises (FEEs) and informal economic enterprises (IEEs) in Zimbabwean urban centres was investigated. Specifically highlighted were the growth, locational and compositional changes of IEEs and the linkages that developed with the FEEs over a period of 30 years. At the time of proposing this study the number of IEEs had grown and the phenomenon had spread in all urban centres, particularly Harare and Bulawayo, the two main cities. They had occupied places formerly reserved for FEEs such that the two urban centres, where FEEs and IEEs now operate side by side within central business districts (CBDs), suburban shopping centres (SSCs) and other functional areas.

Three hypotheses, five research questions and also five objectives were then formulated to guide the study (see Section 1.3). To test the research hypotheses, answer research questions and achieve the research objectives, the study applied a mixed-method design as literature sources on urban research indicate (Leedy & Ormrod 2010). Surveys and phenomelogical case studies were used to gather comprehensive locational, quantitative and qualitative data from FEOs, IEOs and key informants in Harare and Bulawayo (see Chapter 5). The data were analysed to reveal temporal changes of IEEs, their spatial and structural changes and their linkages with the FEEs over the 30-year period. A summary of the results ar presented at the beginning of this chapter. Then conclusions emerging from the study are presented. At the conclusion of the chapter there are recommendations and suggested areas of further research.

8.1 SUMMARY OF RESULTS

The emergence of the IEEs in Zimbabwe can be traced back to traditional livelihood activities that were practised in Great Zimbabwe, Mutapa and Rozvi empires that existed between the 13th and 19th centuries (Mazarire 2009). They are therefore a phenomenon of pre-modern Zimbabwe (Hall 1987) that was transplanted into urban areas during the colonial era (1890-1980) to support livelihoods in African townships. Colonial laws heavily suppressed and discouraged the growth of this phenomenon (Brand 1986; Dhemba 1999). Nevertheless the IEEs increased during the 1950s and 1960s, and by the end of the 1970s they employed 4500 people (Davies 1978). Most of the growth of the IES took place between 1981 and 2010, following independence from colonial rule in 1980. The continuous growth during this period of IESs can be attributed to political and economic changes.

During the 1981-1990 decade, socialist political and economic ideologies triggered the growth of the IES. The increase is attributable to over-urbanisation. The euphoria of independence triggered massive rural-urban migration of the once segregated black Africans who had been barred from living permanently in urban centres (Mutizwa-Mangiza 1986; Zinyama 1986). Large numbers of people migrated into the urban centres in search of employment, in the process outpacing the capacity of the FES to generate jobs (Sachikonye 2003). This is common with most post-colonial cities in the three continents of Africa, Asia and South America (Becker, Hamer & Morrison 1994; Dickenson 1996; Yeoh 2001; Young 2001; Myers 2003, 2011; Robinson 2003; Pieterse 2008; Fainstein 2011; Sassen 2011; Bekker & Therborn 2012).

During the 1990s, neo-liberal economic reforms resulted in the widening of the gap between formal employment and the urban labour market. The FES contracted and retrenched workers to adjust to competition from international products that had flooded the local market (Chattopadhyay 2000). The IES grew astronomically during the 2000s as the economic crisis worsened, forcing formal companies to close down or downsize (Bjurek & Durevall 2000).

The IES became the mainstay of the economy. Statistical findings from archives, labour force surveys and nationwide surveys of the informal economy that were carried out during the three decades, reveal that the IES were on an upward trend from 10% (McPherson 1991) at the beginning of the 1980s to 87% (Luebker 2008a, 2008b) by the end of the 2000s (see Figure 2.3).

8.1.1 Growth of the IES during the 30-year period

The first hypothesis stated that the growth of IEEs was a direct result of the shifts in political and economic ideologies during the 30 years of majority rule. The research question related to this hypothesis was: what impact did political and economic ideological transformations have on the growth of the IES in Zimbabwean urban centres?

During the 1980s, the FES performed very well, contributing formal employment at an average of 2.2% per annum (Potts 2006; Kanyenze et al. 2003; 2011; Luebker 2008a; 2008b). The IES also grew by 17%, from 10% during the early years of the decade to 27% by the end of the decade (McPherson 1991; Mhone 1993). This was attributed to high levels of unemployment that were caused by over-urbanisation, as the population rate was higher (by an average of three per cent) than the rate of employment creation (by an average of 2%) throughout the decade. Policies that sought to accommodate the black majority that had been left out of development programmes during the colonial period, also led to the growth of IEEs (Chirisa 2009a). The growth of the IES during the first decade after independence occurred mostly within the productive sectors that included informal manufacturing, processing, services and building and construction (Mhone 1993; Kamete 2004). Socialist ideologies were therefore conducive to the growth of more rewarding IEEs.

The 1990s witnessed a change in government political and economic ideologies, from centralised to market economies (Grant & Palmiere 2003). Weak local FEEs could not compete with international companies and their products, leading to massive retrenchments (Chiumbu & Musemwa 2012). Formal employment creation averaged 1% per annum throughout the 1990s, dropping from a peak of 2.4 % in 1990 (Kanyenze et al. 2003; 2011; Luebker 2008a; 2008b).

The IES therefore continued to grow as more people who left formal jobs through retrenchments, joined the sector (McPherson 1991, 1993, 1998). The IES grew from 27% at the beginning of the decade to about 61% by the end of the decade (McPherson 1991; Mupedziswa & Gumbo 2001). The IES also grew after the review of a myriad of legislations that had previously inhibited the operations of the sector (Kanyenze et al. 2003). Retrenchments affected the purchasing power of most urban residents, hence most informal business start-ups were in the petty trading and commercial sub-sector, a scenario that had been absent during 1980s. The informal productive sub-sector declined in response to the poor performance of the FES as investments declined and linkages between the two were disrupted.

The FEEs continued to face serious economic challenges, leading to incessant closures and adjustments in their operations. The number of IESs rose astronomically during the 2000s (Kamete 2004; Potts 2006, 2007, 2008; Luebker 2008a, 2008b; Chirisa 2009a; Gumbo & Geyer 2011). The IEE grew faster as formal employment averaged -1.5% per annum throughout the 2000s and the FES continued on a free fall contributing to negative (-14.8%) GDP growth by 2008 (Kanyenze et. al 2011; Luebker 2008a; 2008b) during the early years of the decade, and by May 2005, just before the infamous OM, it had imprinted itself on all functional areas of urban centres and had grown to 76.3% by 2004 (CSO 2004; Luebker 2008a). Even after its near decimation in 2005, it took only one year to reach 87.8% by 2006 (Luebker 2008b). This clearly demonstrates that repressive measures such as arresting operators, detaining them and confiscating their wares could not contain the growth of the sector. Authoritarianism failed to spur the growth of the FES. Instead political and economic crises led to rapid decline of FEEs whilst the number of IEEs rose astronomically.

The five sub-sectors of the two economic sectors, namely manufacturing and processing, personal services, transport and communication, building construction, and trade and commerce responded differently to political and economic ideologies. As the economy grew by an average of 4.6% GDP per annum during the 1980s, the informal manufacturing and construction sub-sectors contributed 71.6% and 4.3 % respectively to the total IES. Similarly, positive correlations were revealed during the 1990s and 2000s when the informal manufacturing sub-sector declined to 42.4% during the 1990s, and fell to 17.3% by the year 2010.

This was also in response to the decline of the FES from an average of 1% during the 1990s to -14.8% by the late 2000s. Construction also declined to 1% and landed up at 0.7% by 2010 (see Figure 2.8). Therefore, there is a strong positive correlation between the performance of the FES and that of informal productive sub-sectors. Conversely, a strong negative correlation exists between informal trade and commerce, services and transportation and communication sub-sectors and the performance levels of the formal economy. This was revealed by the low presence of these informal economic sub-sectors during the 1980s when the FES performed very well. Trade and commerce only contributed 21.1% during the 1980s; but rose to 45.4% during the 1990s and reached 69.5% in 2010, in response to the economy that kept on declining. Transportation and communication only contributed 0.1% during the 1980s when the formal economy was performing very well but increased to 0.6% during the 1990s and ended up at 5.2% in 2010 in response to the declining formal economy. The negative correlation was also evident for personal services sub-sectors that only contributed 2.9% when the economy was performing very well during the 1980s, but started picking up started picking up during the 1990s and 2000s to 4% and 7.3% respectively as the FES performance contracted. In conclusion, the three informal economic sub-sectors exploded during periods of economic difficulties and worsened when the formal economy almost collapsed during the 2000s decade.

8.1.2 Spatial changes of informal economic enterprises 1981-2010

The second hypothesis stated that locational changes of formal and IESs during the 30 year period were a result of political and economic ideological transformations. The hypothesis was also backed by the following research question: are there any spatial changes of formal and informal business sectors within the two cities? It was shown in the study that substantial locational changes of both FEEs and IEEs occurred during the 30-year period.

8.1.2.1 Locational changes during the 1980s decade

During the 1980s, IEEs were mostly concentrated (900 IEEs/ha) in high density residential areas, particularly at people's markets and home industries (see Figure 6.1). There were lower concentrations of 120 IEEs/ha in some parts of the cities, and in Harare there were a few IEEs at bus termini within the central business district (CBD).

The CBDs of the two cities were dominated by FEEs. Forces of urban managerialism and representation of spaces by urban professionals are largely attributable to such classical structure and form of urban centres as suggested by literature (see Lefebvre 1991; Merrifield 1993; Herbert & Thomas 2002).

8.1.2.2 Locational changes during the 1990s.

During the 1990s, the adoption of neo-liberal economic policies resulted in the relaxation of statutes that had previously prohibited IEEs from locating outside low income residential areas. The SI 216 that was adopted in 1994 deregulated the location of IEEs at places that previously had been exclusive to FEEs. The spatial spread of IEEs increased and concentrations within the CBDs and high density residential areas reached 1900 IEEs/ha, signifying a 111% increase. Locational with a few IEEs recorded a density of 150 IEEs/ha during the decade, representing a change by 25%.

8.1.2.3 Locational changes during the 2000s decade

The IEEs continued to spread spatially during the 2000s particularly after the adoption of deregulation, indigenisation and empowerment policies that led to the formation of the Ministry of Small and Medium Enterprises (MSMEs) by the government in 2002. The Ministry of Youth, Indigenisation and Empowerment (MYIE) also participated in promoting deregulating of the operations of the IES to empower the youth. More stakeholders[74] participated in providing operating spaces for IEEs. The new[75] locations include the CBDs (22.3%), suburban shopping centres (SSCs) (22.3%), transportation centres (TCs) (42.3%), industrial centres (ICs) (9.5%), home based (HB) (11.8%) and open air markets (5.5%) of the total IEEs within the two cities (see Table 5.1). Generally, concentrations increased to 2900 IEEs/ha at most of these places, representing 33% increases in locational density. Places with few IEEs recorded a density 250 IEEs/ha, an increase by 66%.

[74] Private individuals and companies are complementing efforts by central and local governments to provide spaces to IEEs within their premises.
[75] The sites offer better opportunities in terms of market, raw materials, basic utilities and goods for sale.

Literature abounds with push and pull factors that trigger the migration of firms (Tiebout 1956; Sjaatad 1962; Rosen 1974; Van Dijk 2002; Kaplan, Wheeler & Holloway 2004; Edwards 2007; Pacione 2009). Previously mono-functional areas had been transformed by informal businesses and by so doing increased their use value. For instance in Bulawayo, IEEs specialising in trading and commercial activities along Fifth Avenue in the city centre have given a face lift to the otherwise quiet section of the city. This section of the city has historically been occupied by formal fruit and vegetables markets that sell their products during the morning and close at midday. The IEEs were allocated the space after the 2005 OM as a way of accommodating them and reviving the city (senior Planner M). Officials of the two cities have accommodated IEEs in almost all functional areas of their cities; except formal industrial areas that have been deserted by FEEs that have closed down, particularly in Bulawayo (Senior Officer F). Interviews with IEOs also revealed that 98.3% were satisfied with their current locations.

8.1.2.4 Relocation of formal economic enterprises (1991-2010)

In some instances, IEOs such as mobile traders and transport providers chose to conduct their businesses on undesignated sites without observing operational regulations, in the process causing serious disorder and congestion in CBDs. This highlighted the impact of the urban poor's perceptions of urban spaces on shaping their everyday lives or lived spaces (Lefebvre 1991; Merrifield 1993; Unwin 1999). Such developments however infuriated some FEEs that started relocating to the outskirts, particularly retailing businesses and offices. FEEs that could not cope with new competition from IEEs also relocated to industrial-, office- and business parks and SSCs. According to Van Dijk (2002), when initial pull factors cease to exist or if push factors set in, business firms move to new places. In the case of the two cities, particularly Harare, congestion and disorder in CBDs caused by mobile traders and informal transport services forced FEEs to relocate to the periphery of the cities. It is mostly push factors that caused the relocation of FEEs to places such as Prospect and Mt Pleasant business parks, Bluffhill industrial park and Arundel office park, Semi Levy, Borrowdale Brooke, Westgate and High Glen SSC away from the CBD of Harare.

The same trend can be seen in Bulawayo, albeit at a slower pace, and this resulted in the creation of Nkulumane, Entumbane and Ascot SSC. The FEEs were also attracted by highly affluent customers residing in these suburbs. Such trends have also been observed elsewhere in the region. According to Geyer (2009) FEEs left their original locational places as a result of infiltration by IEEs and lack of security within the CBDs in South Africa. Some were also attracted by lucrative markets, accessibility, lower rentals and safe parking. Literature also reveals that large firms with influences on central and local government and planning professionals relocate with more ease than small firms do (Hayter 1997). Kamete (2011) observed that planning regulations are applied discriminately. The privileged affluent are not treated in the same way as marginalised poor residents in Zimbabwean urban centres. Rich investors can get away with planning violations as they are given opportunities to regularise their developments, whilst the structures of the poor are destroyed without any warning being given. This was clearly demonstrated during the 2005 OM that concentrated mostly on destroying the enterprises of the poor in their suburbs and in the CBDs, leaving high income residential areas undisturbed (Potts 2006, 2007, 2008; Kamete 2006, 2007, 2011, 2012).

During the 30 years, the relocation of both FEEs and IEEs within the two cities resulted in complex urban spatial structures (Harris 1997). Literature sources indicate that changes in urban structures blend very well with existing built forms; they do not completely alter the original structures (Carter 1995; Ford 1996; Badcock 2002; Kaplan, Wheeler & Holloway 2004). By 2010 FEEs had spread all over the functional areas of cities, CBDs accommodated 35.6%; SSCs (4.7%); ICs (48%); suburbs (8.3%) and BIOP (3.3%) of the enterprises (see Table 5.2).

8.1.3 Structural changes of informal economic enterprises, and linkages with the formal economic enterprises

The compositional characteristics of IEEs have been changing for the better during the 30-year period. IEEs now tend to assume FES characteristics that, among others, include registration and licensing. These structural changes are discussed in the next sub-sections.

8.1.3.1 Compositional changes

During the period under study, more IEEs were registered, licensed and operated in designated places than before; they also paid for rent to city authorities or private providers, and paid their bills (Senior Officer Y). It was found that 94.7% of the IEEs in the two cities operate from fixed locations, with higher percentages for Bulawayo (97.7%) and slightly lower percentages for Harare (92%). Senior officers working for the two city councils said that 86.3% of IEEs are licensed and pay rent or levies for the spaces they use for their businesses (Senior Officers I and L). A reasonable percentage of IEEs (41.8%) also pay for electricity and the telephones they use in their businesses. It was also revealed that 22.8% of the IEEs were registered with the registrar of companies and possessed certificates of incorporation, and almost eight per cent (8.3%) made contributions to the National Social Security Authority (NSSA) for the social safety and pensions of their employees, just like FEEs.

However, during interviews, senior officials working for NSSA and Zimbabwe Revenue Authority (ZIMRA) stated that IEOs only comply when they make raids on their businesses. Generally they resisted paying taxes and contributing to social security for their employees (Senior Officers GH and CD).

It was found that all the IEOs operating from fixed spaces and paying rent or levies, also contribute a 10% informal traders' tax to ZIMRA. The deductions are made from their monthly rentals (Senior Officers E and A). This was confirmed by Senior Officers (AB and O) who also indicated that hair salons and commuter omnibuses pay presumptive tax.

IEOs have high educational qualifications. 50.7% have secondary educational qualifications, 31.8% tertiary qualifications such as diplomas and degrees, 3.7% high school qualifications and 13.8% are only educated at primary level. Modifications in characteristics enabled the IEOs to access reliable and relatively lucrative markets for their products. The continuous adjustment of IEEs through assuming characteristics of FEEs has resulted in the blurring of dividing lines between formal and informal enterprises, particularly micro or semi-formal enterprises.

8.1.3.2 Levels of informality

Study results also confirmed the three levels of informality that reflect the extent of sophistication in business operations (Geyer 1989). The three levels are traditional, transitional and semi-formal. The IES is dominated by traditional activities that make up 56.4% of the sector, followed by transitional activities, 35.4%, and lastly semi-formal, 8.3%. Traditional IEEs engage in petty activities cutting across all the sub-sectors without much investments and employing no technologies or sometimes very basic techniques as ways to improve their operations. Transitional IEEs are in the process of improving their operations by applying slightly more sophisticated or advanced technologies. They are making attempts to differentiate their products and services. Semi-formal enterprises employ sophisticated technologies. Some of their operations and products are comparable to those of the formal sector. IEEs are on a progressive composition transformation drive, particularly the semi-formal enterprises. The changes in the structure, sophistication and ways of conducting t businesses have led to the realisation of backward and forward linkages with the FEEs counterparts. Elsewhere, literature sources have repeatedly pointed to the existence of linkages between the IEEs and FEEs (Gerry 1978; World Bank 1989; Meagher 1995; Arimah 2001; Geyer 2009a; Williams 2010).

8.1.3.3 Backward linkages

Backward linkages are ostensibly enjoyed between IEEs that buy 38.2 % and 30.8% of their raw materials from manufacturers and wholesalers respectively. In Bulawayo, the majority of IEEs (61.8%) obtain their fruit and vegetables from FEEs for resale in smaller quantities, whilst in Harare most IEEs (58.1%) buy their fruit and vegetables from communal farmers who sell their produce at city informal markets in bulk. Poor economic performances of FEEs, particularly in the clothing, electrical and electronic industries have resulted in 30.8% of IEEs getting their goods from other countries such as China, Dubai, South Africa and Botswana (Senior Officer U). Productive IEEs obtain 67.8% of their raw materials from local FEEs.

8.1.3.4 Forward linkages

IEEs also enjoy forward linkages with FEEs in the two cities, although they were found to be weaker than backward linkages between the two. FEOs purchase final goods, particularly furniture and building materials from IEOs. It was revealed that manufacturers buy 1% of the IEEs' products to use in their businesses as intermediate inputs, whilst wholesalers and retailers buy 8.3 % of the IEEs' products for resale. The study also revealed that 84.2 % of the IEEs sell their products directly to individual consumers who in most cases are fellow poor urban residents. Forward linkages are stronger in Harare (13%) than Bulawayo (5.7%). A few IEEs (1.8 %) export their products to countries such as South Africa and Botswana.

8.1.3.5 Strategies used by formal economic enterprises to fight competition

It is not only the IEEs that have adjusted their compositional characteristics to be relevant, fight competition and secure threshold markets. FEEs have also adopted informalisation mechanisms to compete with the IES during the 30 year period. This is common with FEEs that have remained within CBDs and faced serious competition from the invasive IEEs. One strategy is to employ casual shop attendants or contract workers. This is often done by FEEs that specialise in selling clothes, electrical and electronic goods within CBDs. Such shops are mostly foreign owned. Indians, Pakistanis and Chinese display their goods outside their shops and also employ attendants to advertise goods using loud speakers, as a strategy to capture the street market. Casual labour is mostly preferred as a way to reduce costs of doing businesses, as there is then no need to make social security contributions (Senior Officers C, H, P and T). Also petrol filling stations run by FEOs have business arrangements with informal suppliers and traders, blurring the distinction between the two sectors. Informal operators source fuel products from neighbouring countries such as South Africa and Botswana and sell them to formal garages, whilst some informal traders buy from the same formal petrol filling stations.

8.1.4 Challenges

The IEEs face numerous challenges which range from inefficiencies and corruption within the registrar of companies' office as well as bogus consultancy firms that crowd out individuals that need to register their enterprises on their own (Senior Officers GH and AB).

It was however discovered that IEEs do not willingly renew their operating licences once they expire. This is done to avoid paying levies and rentals for the spaces they use. It is council official s that have to make follow ups and enforce their compliance (Senior Officers D and G).

The main challenge that is faced by IEEs is competition (81%) from fellow IEEs that specialise in identical business operations, particularly trading and commerce, transport services and hair salons. Of the 81% IEEs that face such a challenge, 17.7% said it was very serious, 22.2% indicated that it was serious whilst 41.1% indicated that it was moderately serious.

It was also discovered that IEEs have difficulties in accessing loan finance (74.3%), particularly from formal sources. Even incorporated semi-formal entrepreneurs operating stable informal small-scale productive businesses struggle to obtain financial support. Of the IEEs that face such challenges, 19% have very serious challenges, 40.8% of the challenges are serious, whilst 14.5% are moderately serious. Even government financial institutions such as the Small Enterprises Development Corporation (SEDCO) that was established to support informal small-scale enterprises, demands extensive paperwork that is similar to that of conventional banks and always beyond the capacity of IEOs (Senior Officers X and Y). The institution has therefore become less popular with IEOs, even incorporated and productive informal businesses, which prefer to rely on informal sources of finance. This results in very low investment and constrained growth which delays their vertical progression to becoming fully fledged small businesses.

The other challenge being faced by the IEEs entails the levels of stock (64.7%). It was revealed that, 49.7% face serious problems of stock, 8.2% of the problems are serious, whilst 6.8% are moderately serious. IEEs also face problems of servicing their electricity, water and telephone bills (20%). This is common in the case of informal productive enterprises that own and use such utilities in their businesses and the situation is very serious for 2.2% of IEEs, serious for 6.3% and moderately serious for 11.5% operators.

IEEs also face superstructure and infrastructure (18.8%) challenges, as most of them operate from semi-permanent structures that lack basic requirements. The situation is very serious for 4% of the IEEs, serious for 7.5% and moderately serious for 7.3% of the operators. Moreover basic utilities such as water and toilets at these places of informal business are dysfunctional (Senior Officers O and P). Water is often disconnected or toilets are locked due to blockages. In some cases city council employees do not clean the toilets, forcing most of the operators to seek alternative services from private providers for a fee. The shortage of lock-up storage affects mostly cross-border traders who specialise in trading electrical, electronic goods and clothes.

Another challenge that emerged clearly was the delay in paying for goods and services that the IEEs supply to FEEs that insist on selling the goods before paying. Some IEEs must wait for more than a month before receiving payment for goods delivered to FEEs and this is common in the case of furniture, clothing and metal products.

8.2 CONCLUSIONS :TOWARDS THE DIFFERENTIAL COMPLEXITY MODEL OF INFORMALISATION

The results indicated that various factors lead to the emergence and growth of IEEs and that the sub-sectors of the IES respond differently to these factors. The study also highlighted that IEEs locate at almost all functional areas of cities and can be categorised according to their levels of sophistication. It was realised that the existing dualist (Boeke 1953; Hart 1970, 1971, 1973; ILO 1972), structuralist (Portes, Castells & Benton 1989) and legalist (De Soto 1989; World Bank 1989) as well as social needs and kinship perspectives (Williams & Winderbank 1993) help to shed light on the different aspects of the IES. However, the current four perspectives on the emergence, growth and location of the IES and its linkages with the FEEs remain disintegrated. Since advancing a theory or model that extends the understanding of operational linkages between FES and IES was one of the study objectives, this study concludes by formulating a model; the "differential complexity model of informalisation" (DCMI) that integrates the four main findings of the study namely the causes, responses of sub-sectors, locational places and levels of informality. The model is applicable to cities of former colonies that had strong but enclave economies, particularly in African, Latin American and Asian countries. It integrates the four divergent perspectives on the origin, growth and location of the IES and its linkages with the FES.

8.2.1 The differential complexity model of informalisation (DCMI)

The DCMI has four pillars (the RESELLs) that include (1) (RE) - the reasons or causes of informalisation, (2) (SE) - the sub-sectors that make up FES and IES (3) (L) - the locational choices made by operators in the two sectors and (4) (Ls) - the levels of sophistication enterprises in the two sectors (see Figure 8.1).

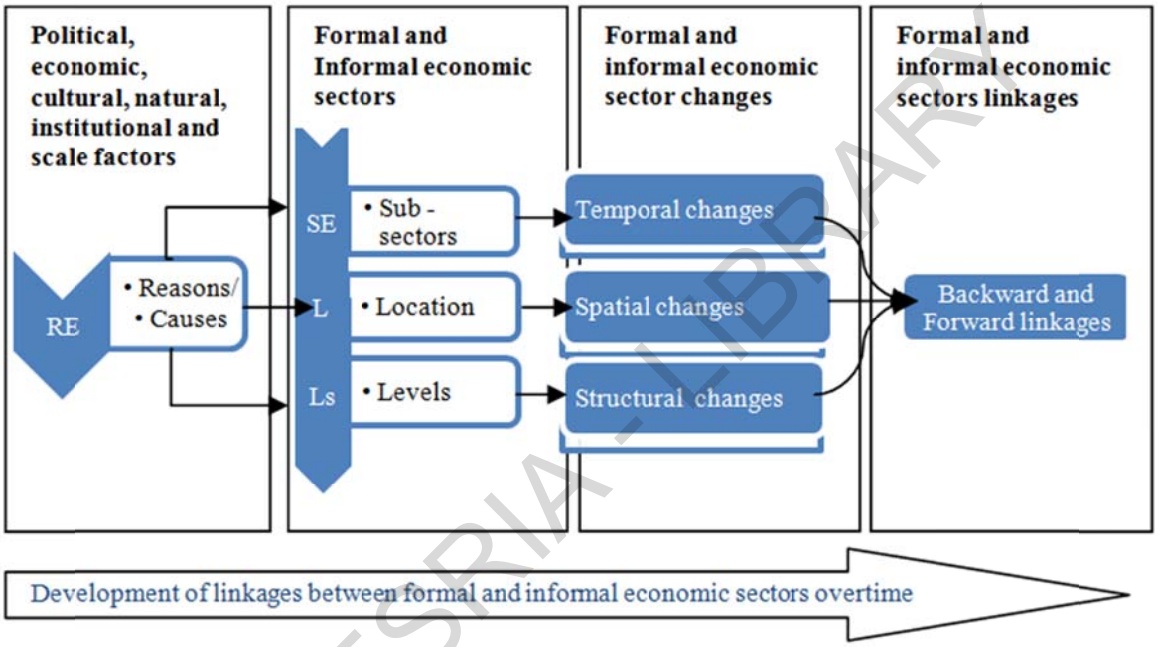


Figure 8.1: The differential complexity model of informalisation (DCMI)

The existence of common aspects in the model that affect the FES and the IES simultaneously, help to reveal the temporal growth, spatial and structural changes and the linkages between the two sectors. The model contributes to the reciprocally supportive model that was proposed more than two decades ago by Manie Geyer to inform strategies for the development of the IES (Geyer 1989). It also supports the integration of modernist perspectives on urban form and structure (Harris & Ullman 1945; Mann 1965; Kearsely 1983; White 1987; Harris 1997) and post-modernist perspectives that advocate for the recognition of the spatial triad (conceived spaces or managerialism; perceived spaces or behaviouralism and lived spaces or humanism) that has great influence on shaping the internal structures of cities (Harvey 1990; Lefebvre 1991 Harvey; Merrifield 1993; Soja 1996, 1999).

When developing the IES, there is need to apply the give-and-take approach between the modernist and post-modernist perspectives, thus adopting a middle route towards economic development. The three social orders of socialism (1981-1990), capitalism (1991-2000), and authoritarianism (2001-2010) have indicated their influences in shaping complex political and economic outcomes of urban systems (Brand 1986; McPherson 1991, 1993, 1998; Mhone 1993; Kanyenze et al. 2003; 2011; Luebker 2008a, 2008a).

8.2.1.1 **RE**: Reasons/causes

There are a multiplicity of factors that explain the formation, nature and growth of the IES, its spatial and structural changes and the linkages that are created with its FES counterpart. These include political, economic, natural, cultural, institutional and scale. There are complexities involved in the informalisation process that cannot easily be determined, but largely link to political and economic ideologies being pursued in a country. Political reasons pertain to the relaxation of stringent regulations on rural-urban migration that triggered rapid urbanisation throughout the three decades (Mutizwa-Mangiza 1986; Zinyama 1986; Potts 2011). Rapid urbanisation put pressure on the FES that could not generate enough job opportunities (Kanyenze et. al 2011). Besides, most migrants lacked the necessary skills required to hold a formal job. Natural causes include weather conditions such as the 1982, 1992, 2002 droughts and the 2001 cyclone that negatively affected the operations of FEEs and productive IEEs leading to the explosion of petty IEEs (Potts 2006). Cultural reasons relate to IEOs who participated in the sector even before colonialism (O' Conner 1983; Hall 1987; Mazarire 2009) and a tradition that continues to be passed on from one generation to another. In other words, the informal economic activities have been modernised, but their origin dates back to hundreds of years ago, a case of 'old wine in a new wine skin' (Onyebueke & Geyer 2011).

Institutional factors relate to the intervention of the government starting from the early 1980s. In 1983 the Small Enterprise Development and Corporation (SEDCO) Act (chapter 24:12) and the small scale industries policy (SSIP) were introduced (GoZ 2010). The government also passed SI 216 of 1994 and in 2002 it launched the small, micro and medium enterprises policy and strategy framework which subsequently culminated to the establishment of the ministry of small and medium enterprises (MSMEs) in August 2002 (Gumbo 2005).

These initiatives were aimed at developing and supporting the IEEs against the backdrop of high urban population and mounting urban poverty. Other stakeholders that include private individuals, private companies, civil society organisations, local and international non-government organisations and churches have also been actively involved in training and financing the IEEs, particularly during the 1990s (Kanyenze et al. 2003).

Retrenchments of employees that were a characteristic of neo-liberal economic reforms led to the continuous growth of the IEEs during the 1990s. Prescriptive economic policies from the international financial institutions (IFIs) such as the World Bank (WB) and International Monetary Fund (IMF) exposing the weak local FEEs to competition from international firms, forcing local businesses to lay off their employees as cost reduction measures (Brett 2005). As the FES contracted, the IES, particularly petty sub-sectors increased as retrenchees joined the sector for survival after losing their formal jobs (McPherson 1991; 1993; 1998; Mupedziswa & Gumbo 1998; Dhemba 1999).

Scale as a cause of informalisation comes in the form of globalisation of economies. Local and national economies are part of the global village that get affected by regional, continental and global economic environments. International financial crises also affect the operations of both the FES and the IES (Roman & Farrell 2000; Snyder 2004; Geyer 2009a). Political and economic crises took centre stage during the 2000s when the FES crumbled. This was the result of the fast track land resettlement programme (FTLRP) of 2000, the participation in the Democratic Republic of Congo (DRC) war that started at the end of the 1990s decade; and insensitive indigenisation and empowerment policies (Sachikonye 2003; Potts 2011). The economy recorded one of the worst hyperinflations (231 million% by June 2008) in the new millennium that forced the government to dump its own currency and adopt the USD as the official currency in 2009 (Kanyenze et al. 2011).

Retrenchees kept on joining the IES as FEEs closed down during the 2000s; and high inflationary environments also forced FES employees to voluntarily leave their jobs (push factor) and join the relatively lucrative IES (pull factor). Transnationalism was one of the reasons behind the growth of the sector during the 2000s. Foreign migrants were attracted by the Zimbabwean IES that presented many opportunities when the rule of law broke down.

Study results indicated that foreign migrants made up 12.7% of the total IEOs in 2010, compared to 3% in 1991, representing an astronomical growth of 323% (McPherson 1991).

8.2.1.2 **SE**: Sub-sectors

The five broad sub-sectors or categories of both the FES and IES respond differently to the multiplicity of factors behind informalisation. The first three informal trade and commerce[76] have the highest prevalence of 69.5%, personal services[77] contributed 7.3% of all total IEEs and transport and communication[78] reached a figure of 5.2% by 2010. As the economy declined throughout the 30 year period, the number of enterprises in the three sub-sectors increased (see Figure 2.8). The IES dos not flourish when the FES is providing the basics and serving urban residents well. On the other hand informal manufacturing[79] contributed 17.3% activities to the total IEEs, whilst building and construction[80] contributed 0.7% in 2010.

The two sub-sectors performed very well when the FES grew, but they started declining as the overall economy shrank (McPherson 1991, 1993, 1998; Luebker 2008a, 2008b). Generally, there is a negative correlation between the performance of the first three IES sub-sectors and that of the FES. There is a positive correlation between the last two IES sub-sectors and that of the FES. By 2010, the FES was made up of 28.3% manufacturing and processing; 40% trade and commercial; 22.7% personal services, 7% transport and communication and 2% building and construction sub-sectors. This reveals that the trade and commerce sub-sector still dominates, followed by manufacturing, personal services, transport and communication and lastly building and construction.

[76] The common activities found within the trade and commerce sub-sector include the selling of fruits and vegetables, clothing and footwear, flowers, reading matter, arts and crafts, snacks, sweets, prepared food, cigarettes, airtime and soft drinks.
[77] Personal services include electrical and electronic repairs, car repairs and services, hairdressing, shoe repairs, typing and printing and to a lesser extent financial services.
[78] The most common transportation and communication activities include commuter omnibuses, pirate taxis, push carts, faxing, and internet and phone shops.
[79] Within the manufacturing and processing category, wood, metal, textile and apparel wear, crafts and leather are the most common products that are produced.
[80] Building and construction activities that are found within the urban centres include brick laying, plastering, roofing, painting, electrical installations and plumbing.

8.1.2.3 **L**: Locations

Study findings also pointed to the existence of five popular locations of IEEs. The central business district (CBD) accommodated 22.3% of the total IEEs, suburban shopping centres (SSC) 42.3%, industrial centres (IC) 11.8%, transportation centres (TC) 9.2% and home based (HB) as well as open air markets accommodated 14.3% of IEEs in 2010. As the economy performed badly throughout the 30 year period, IEEs relocated from suburban shopping centres where they were mainly located during the 1980s, preferring CBDs, TCs and other locations. In response to invasions of places that were formerly exclusively formal, the FEEs relocated, leaving the CBDs and moving to new locations on the edges such as BIOPs. By 2010, the CBDs accommodated 35.7%; ICs carried 48%, suburbs contained 8.3%, SSC had 4.7% and BIOP had 3.3% of FEEs. The continuous movements of both FEEs and IEEs during the period gave rise to spatial mix in some functional areas of the cities; in the process creating spatial-structural linkages between the two economic sectors. Linkages between the two were common within the CBDs and ICs where FEEs and IEEs exchanged raw materials and goods for sale. By locating adjacent to FEEs; the IEEs also obtained better access to basic utilities such as water, toilets and electricity that are essential in the operations of productive IEEs such as those that specialise in clothing, welding and carpentry.

8.1.2.4 **Ls**: Levels

There are three levels of economic activities in the IES, namely traditional, transitional and semi-formal. The three can be arranged on a continuum in accordance to the levels of sophistication of economic operations. The traditional level is found at the extreme or bottom of the hierarchy of IEEs, with low levels of sophistication. It is followed by the transitional that is made up of those IEEs that have graduated from the survivalist and are heading towards the better levels of sophistication. The semi-formal level is occupied by IES that are more sophisticated and are on the verge of graduating to become small businesses by adopting characteristics of formal businesses. The enterprises within this level have not yet assumed all the characteristics of the FES but the line separating them from it is blurred. On the other hand, the FES is also made up of three levels, namely the small, medium and large enterprises. The three also differ in terms of levels of operations and size of the businesses. The different businesses levels need to be taken into consideration when planning for the development of the IES.

8.3 RECOMMENDATIONS

In the study it was demonstrated that the growth, spatial and structural changes of the IES during the 30 year period resulted in the creation of both backward and forward linkages. However, they still remain weak, particularly upstream linkages. They therefore need to be strengthened through a number of interventions by central and local governments, private sector and non-governmental organisations, as well as collective efforts by the IEOs and representatives of their associations. Support from relevant and concerned stakeholders should complement efforts by IEOs to generate income and produce goods and services in an attempt to improve their livelihoods and business efforts. Such efforts contribute towards the preservation of cities' images and environments, critical elements for the attraction of local, regional and international investment. Stakeholders should acknowledge the contribution of IEEs to urban economies, particularly in developing countries that have weak and declining FESs with slim chances of attracting global investment.

8.3.1 Balancing the sizes of the two economic sectors

The Zimbabwean IES grew astronomically during the 30 year period and is currently unsustainable owing to the decline of the FES. Urban IEOs have high educational qualifications and are under employed in the sector, causing a mismatch between high educational levels and the traditional IEEs that they engage in, hence their potential is not realised (Luebker 2008a). It is imperative to promote and revive the comatose FES so that such highly skilled manpower can be absorbed by the sector and contribute positively to the growth of the national economy. Also educational and training needs should be targeted at IEOs that need to refine their skills to meet the demands of their current informal operations so that they become productive. Innovative IEEs such as transitional and semi-formal productive activities need to be acknowledged and supported as the conduit of economic progress and poverty reduction in cities of the developing world.

8.3.2 Improvements to spatial linkages

Most of IEOs are satisfied with their current operating places. Efforts by the two city councils like the leasing of spaces to IEOs in the form of co-operatives and rent-to-buy need to be maintained and formalised to avoid any retrogression that may lead to the loss of superstructure and infrastructure. The councils should also strengthen the spatial integration of the two economic sectors that has been created during the period under study. This ensures access to sources of raw materials, goods for sale, market and essential utilities. Strategically located and affordable operating spaces in the cities should be made available to innovative and productive IEEs to promote linkages between the two economic sectors. Meaningful urban economic restructuring towards spatial integration requires the combined effort of several institutions, and adjustments of town planning, land management and local economic development policies. Currently there are strict regulations regarding home based operations. The scales of operations of home based enterprises that include tailoring, welding or wood work are in the majority of cases very small to cause huge transformations to the residential land use function.

Most newly designated and developed operating spaces for the IES lack infrastructure, hence there is need to invest in its provision in order to improve the operations of relocated IEOs. Operating spaces such as the people's markets that were built in the 1980s need to be refurbished. Roofs should be mended and basic utilities such as water and toilets should be provided.

8.3.3 Improvements to structural linkages

IEEs have been transforming their structures to improve their operations and linkages with the FEEs. Relevant stakeholders need to support their efforts by adopting strategies that strengthen the IES. Strategies include the provision of adequate and affordable funding, training the IEOs to manage and expand their businesses, helping them to register and license their businesses and linking them with viable markets. Elsewhere, there are best practices on how cities can help their residents run IEEs, for example Addis Ababa in Ethiopia has a Credit and Savings Institution (CSI) that supports IEEs financially and educates and offers training on business development and management (Gumbo 2010b).

Currently, state and privately owned MFIs such as SEDCO have failed to service IEEs due to their high demands that are the same as those of conventional banks. On the other hand money-lending institutions owned by individuals have been fleecing IEOs as they charge abnormal interest rates. The Distressed Industries and Marginalised Areas Fund (DIMAF) that was launched recently by the government to revive the operations of firms discriminate against IEEs, even vibrant transitional and semi-formal IEEs that have sustained the national economy during the economic crisis. Financial packages and assistance to IEEs should be provided to safeguard and protect IESs from established FEEs that may raid the funds and crowd out IEEs.

8.3.4 Improvements in the administration of the informal economic enterprises

It is recommended that local authorities should accept IEOs and go beyond mere tolerance of their activities, as they have become part of the economy of cities. Currently IEEs generate large amounts of money that councils use to run their affairs and which should also be used to stabilise the operations of the IES. Decision-making should be done on a case by case basis depending on the characteristics of IEEs and their sub-sectors.

There is also a need to create a separate department in city councils that deals with the IEEs and recognises them as economic units. They should not be humped with housing in the Department of Housing and Community Services, which is the current situation in the two cities. Such a department should cater exclusively for the creation, facilitation, financing and location of IEEs, as is the case in eThekwini (Musakwa 2008). Extensive consultation with all relevant stakeholders is pertinent. This should be an ingredient of participatory planning and development. There is a need to reconcile urban planning regulations and the fluidity and complex characteristics of the IES. There should be balance between the need for job creation and poverty alleviation and orderly management of cities. Disorder and free-riding by mobile and law-defying IEEs in city spaces should be stamped out by being vigilant, fighting nuisances and crime by strengthening the hands of municipal security officers. They should be supported by state police officers.

8.4 SUGGESTIONS FOR FUTURE RESEARCH

There are few studies on the applications of GIT and time-series approaches to the understanding of the growth, spatial and structural linkages between the FES and IES. GIS analyses, stores and displays spatial information on the planning and location of IEEs, hence spatial data particularly with very high resolution such as light detection and ranging (LIDAR), GeoEye-1 and Worldview-2 and cadastral is very useful to aid in the understanding of the spatial locational changes. More research on the spatial and structural linkages between the two economic sectors is needed. During such studies use should be made of the latest forms of spatial and urban planning data. The DCMI is flexible, can be adjusted and can be applied in most developing countries that have a prevalence of IES.

8.4 CONCLUDING REMARKS

A large corpus of research studies has highlighted the nature of the IES in cities of the developed, transitional and developing countries. Most of the research on the phenomenon during the past 40 years, since the term IES was coined by Hart (1970, 1971, 1973) and popularised by ILO (1972), resulted in very useful perspectives and theories that shed more light on its characteristics and contribution to employment creation and national revenues. However the various theories have largely remained divergent, and expressed conflicting views as they focus on different categories of the sector rather than on the whole. Bridging the gap between the two sectors that employ and support millions of people is regarded as the ultimate solution to perpetual abject poverty, particularly in cities of the developing world. Many authors have grappled with the problem of increasing the productivity of the two sectors. Although a few scholars such Geyer (1989, 2009) hinted about the need to treat the sector as composed of various levels that tie in with FES businesses, such clarion calls had received little attention.

This research has built on Geyer's initial ideas about the nature of the IES and its potential to be linked with its formal counterpart. It has done so by developing the DCMI that acknowledges the absence of linearity when dealing with the IES, but rather emphasises its potential to be connected to the FES by recognising the four pillars that are also evident in the FES.

The four legs seek to "resell" the concept of the IES that was initially advocated in the early 1970s by the early theorists. The resell pillars demonstrate that it is critical to understand the reasons or causes of informalisation of formerly formal cities in order to respond positively to the needs of the informal economic operators. The model also promotes comprehensiveness as various sub-sectors that make up the sector are taken into consideration, hence the breakdown helps to avoid the current practice of grouping the different categories together and generalising their nature that has also led to the generalisation of solutions for the sub-sectors that in most cases need separate interventions for their improvement and growth.

It is envisaged that the model will improve both spatial and structural linkages between the sector and its formal counterpart. It seeks to improve the understanding of locational preferences of the various IEEs. Such understanding will lead to improved and conscious considerations by the relevant authorities when planning for the location of the sub-sectors that make up the sector as a whole. Improving the spatial linkages between the two sectors will go a long way towards assisting IEEs to benefit by tapping the markets, raw materials, essential utilities such as water and electricity and in general accessing the much needed space for business operations. This should be done by informal productive economic enterprises such as carpentry, welding, car repairs and tailoring as their businesses grow in scale. Seriously considering the three levels of informality namely traditional, transitional and semi-formal micro enterprises, will help to inform viable solutions to improving the structural linkages between IESs and FESs. Such efforts can only be buttressed if politicians, theorists (modernists and post-modernists), professionals and protagonists and practitioners agree to leave their trenches and extreme views and to occupy the middle of the road, thus accepting the complexity of concepts and required solutions.

Room should be accorded to the urban planning systems to embrace diversity and difference found within the two economic sectors and experiment with the various interactive approaches that seek to assist the IES to grow and develop by spatially linking it with the FES in their local plans. A balanced blend of market and state welfare political and economic ideological systems will lead to sound economic development and poverty reduction.

Such an approach would accommodate both modernist and post-modernist views and lead to a model of informalisation that is adaptive and open, capable of taking constructive steps towards the development of informal economies and the revival of formal economies that are struggling in most developing countries. A functional ideology that promotes strong spatial and structural linkages between formal and IESs should be adopted. It has also been revealed that most of the problems both the formal and IESs face are of a political nature that at later stages tend to assume an economic face; hence a sound political solution is essential in order to solve the country's problems. Zimbabwe's economic problem is largely a political problem. The country must solve the formal sector problem if it wishes to solve the problem of a large and unsustainable informal sector.

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APPENDICES

APPENDIX A

People's markets in low income suburbs 1980s (Harare)

Home industries established 1990s (Bulawayo)

Home industries established 2000s (Harare)

Partitioned buildings to accommodate IEEs within the CBDs during the 2000s (Harare)

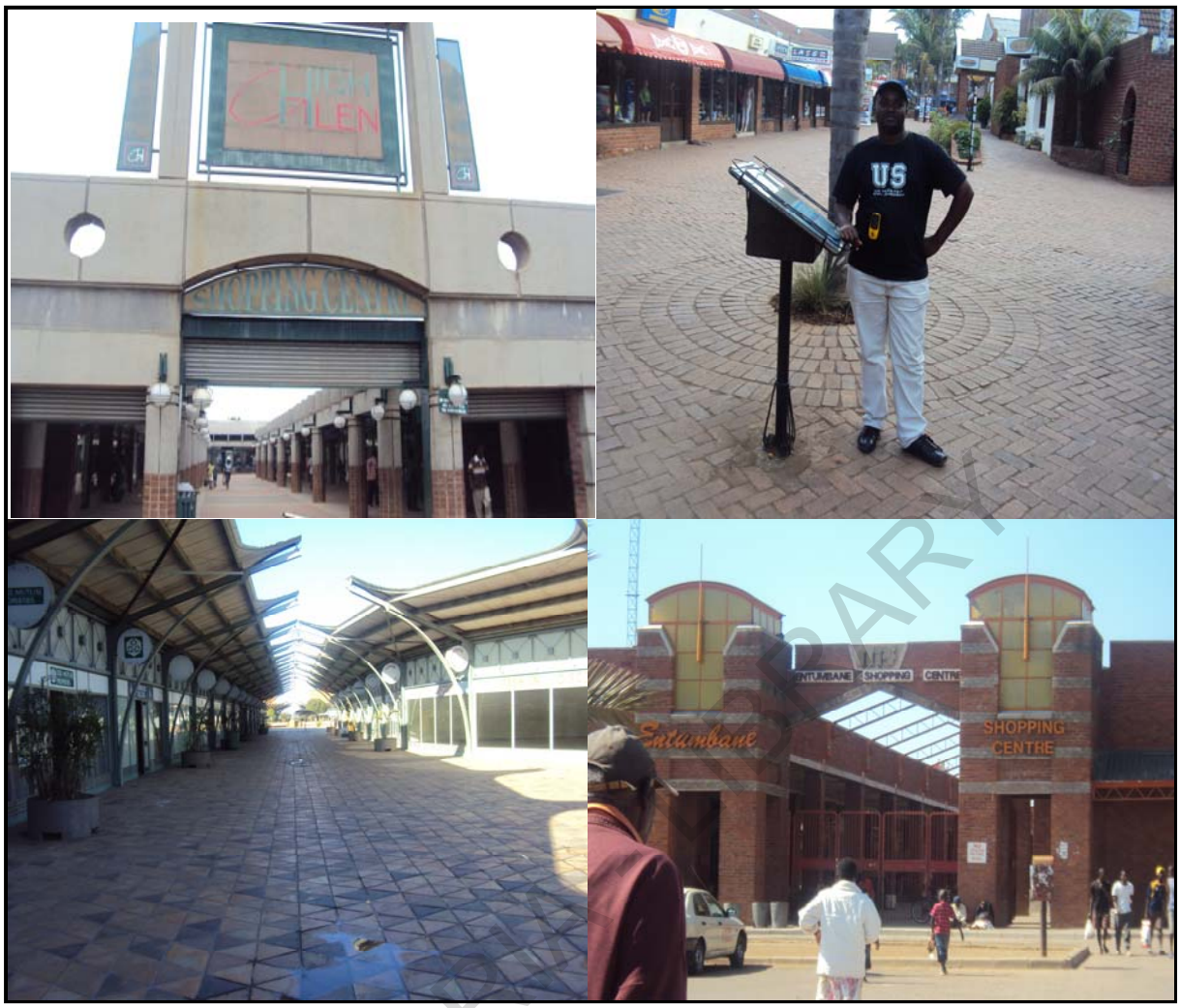
Weekend CBD trading and City Council officials (in blue) checking 'legality' of IEEs (Bulawayo)

CBD trading (Bulawayo and Harare)

Trading at transportation centres (Harare and Bulawayo)

Car parks converted to informal markets (2000s) in Harare

Industrial and office parks 1990s and 2000s (Harare)



Suburban shopping centres 1990s and 2000s (Harare and Bulawayo)

Abandoned un-strategically located terminus (Harare) and trading space (Bulawayo)

Material trading at home industries (Harare)

Harare IEOs supplying furniture (Glenview home industry) and electricals (Gulf complex) to other cities

Informal trading next to TM and OK supermarkets (Bulawayo)

Trading in electricals (downtown) and fruits (transportation centres) in Bulawayo

IEOs trading next to formal fruit and vegetables markets (Bulawayo), established 2000s.

Road side trading in poor neighbourhoods

Tailoring at formal premises and informal mechanics

Informal manufacturing and premises for co-operatives

Trading traditional medicines and practicing traditional dances (Mbare Mupedzanhamo, Harare)

Trading at Mupedzanhamo flea market (Harare)

Informal manufacturing at Siyaso Magaba home industry (Harare)

Informal manufacturing at Siyaso Magaba home industries (Harare)

Informal manufacturing at Siyaso Magaba home industries (Harare)

Informal manufacturing Siyaso Magaba home industry (Harare)

GPS way points capturing Makokoba market and Ascot suburban shopping centre (Bulawayo)

APPENDIX B: INTRODUCTORY AND STUDY APPROVAL LETTERS

UNIVERSITEIT·STELLENBOSCH·UNIVERSITY
jou kennisvennoot · your knowledge partner

Geografie en Omgewingstudie
Geography and Environmental Studies

02 July 2010

To Whom it May Concern

Dear Sir /Madam

STUDY AREA RECONNAISSANCE AND FIELD DATA COLLECTION: T GUMBO (16368789)

It is hereby certified that Mr Trynos Gumbo (student number 16368789), is a registered PhD student in the department of Geography and Environmental Studies at the University of Stellenbosch, South Africa.

Mr Gumbo is studying the spatial linkages of formal and informal businesses in Harare and Bulawayo cities as topic for his PhD dissertation. He has now entered the research phase where reconnaissance surveys must be conducted in the field.

We kindly request your office to assist him by providing materials that will enable him to successfully complete his studies. All the information will only be used for the purposes of his dissertation and will be treated as highly and STRICTLY CONFIDENTIAL. The University undertakes to ensure that all information provided will be used for academic analytical purposes only and that the research will serve the betterment of society.

We appreciate your kind co-operation and remain willing to answer any queries regarding this matter.

Yours Faithfully

Prof JH van der Merwe
(Chairperson)

Departement Geografie en Omgewingstudie, Universiteit Stellenbosch, Kamer van Mynwesegebou 2038, h/v Merriman/Ryneveld Str, Stellenbosch. Privaatsak X1, Matieland 7602.
Department of Geography and Environmental Studies, Stellenbosch University, Kamer van Mynwese Building 2038, Cnr Merriman/Ryneveld St, Stellenbosch. Private Bag X1, Matieland 7602.
Tel +27 021 8083218; Faks/Fax +27 021 8083100;

City of Bulawayo

All Communications
to be addressed to the
Town Clerk

The Town Clerk's Department
Municipal Buildings
Fife Street
P.O. Box 591
Bulawayo

Tel: (263-9) 75011
Fax: (263-9) 69701

REF: TNB/NN. N6A/103

13 September 2010

Mr. Trynos Gumbo
47056/12 Mpopoma
P.O. Mpopoma
BULAWAYO

Dear Sir

REQUEST FOR PERMISSION TO CONDUCT AN ACADEMIC RESEARCH IN THE CBD, SUBURBS AND INDUSTRIAL AREAS OF BULAWAYO: SPATIAL RELATIONSHIPS BETWEEN FORMAL AND INFORMAL BUSINESS

Reference is made to your letter of 13 July 2010 on the abovementioned matter. Council (1 September 2010) has acceded to your request to carry out the above research subject to the following conditions:

1. You should submit your research findings upon completion of your study.
2. Council should be indemnified against any mishaps that might befall you on Council premises.

For further details please contact the Deputy Director of Engineering Services (town Planning) 7th Floor, Tower Block on telephone 75011 extension 2230 or the Director of Housing and Community Services 3rd Floor Tower Block on 75011 ext 2127.

Yours faithfully

TOWN CLERK

Zimbabwe African National Union
(Patriotic Front) ZANU (PF)

Harare Province
Cor 4th Street/Jason Moyo Ave
Phone: 703564; 703281
Harare Zimbabwe

Date: 17 MAY 2011
Dept: YOUTH LEAGUE
Ref: .....

TO WHOM IT MAY CONCERN

THIS SERVES TO CERTIFY THAT COE TRYNOS CUMBO HAS BEEN CLEARED BY THE PROVINCIAL YOUTH LEAGUE TO CONDUCT AN ACADEMIC RESEACH IN THE CBD. SUBURBS AND INDUSTRIAL AREAS OF HARARE.

HE WILL VISIT ALL THE MARKETS TO STUDY SMALL AND MEDIUM BUSINESSES.

YOURS COMRADELY

PP. ~~Mangundo~~

C. MUSIIWA

DEP. SEC FOR ADMIN Y/L.

ZANU (PF) HARARE PROVINCE
ADMINISTRATION DEPARTMENT
4TH STREET / J. MOYO AVE

P O BOX 1976
Telephone : 728621-8
703413/4
Fax: 728155

REF NO: B/A

CITY OF HARARE

DEPARTMENT OF HOUSING AND
COMMUNITY SERVICES
REMEMBRANCE DRIVE
HARARE

WHEN CALLING OR TELEPHONING PLEASE ASK FOR
MR NYAHORE

18TH MAY, 2011

Mr T Gumbo
47056-12 Mpopoma
P.O. Mpopoma
BULAWAYO

Dear Sir

REQUEST FOR PERMISSION TO CONDUCT AN ACADEMIC RESEARCH IN THE CBD, SUBURBS, AND INDUSTRIAL AREA OF HARARE: SPATIAL RELATIONSHIPS BETWEEN FORMAL AND INFORMAL BUSINESSES:

I refer to your letter dated 17th May, 2011 on the above-cited subject.

I am pleased to inform you that I grant you the permission to carry out your research subject to the following conditions:

a) that you should submit a copy of your research findings to these offices upon completion of the research.

and

b) that Council is indemnified against any mishaps that might befall you during the course of your research exercise.

I wish you success in your endeavours.

Yours faithfully

ACT. DIRECTOR OF HOUSING AND COMMUNITY SERVICES
KMN/ta

APPENDIX C: RESEARCH INSTRUMENTS

UNIVERSITEIT STELLENBOSCH UNIVERSITY

CRUISE
Centre for Regional and Urban Innovation and Statistical Exploration

ACADEMIC QUESTIONNAIRE: PhD STUDIES
URBAN ECONOMICS AND SPATIAL DESIGN IN HARARE AND BULAWAYO INFORMAL SECTOR

The Centre for Regional and Urban Innovation and Statistical Exploration in the Department of Geography and Environmental Studies at Stellenbosch University in South Africa, is conducting a comprehensive study on the urban economics and spatial design of Zimbabwean cities. Mr Trynos Gumbo is responsible for researching the linkages of the formal and informal urban economic enterprises to determine spatial and structural relationships between the two and this questionnaire has been designed to capture the required information. Besides serving as to fulfil PhD requirements, the information gathered will be used in formulating future strategies for designing and locating formal and informal businesses to benefit from one another in concerning inputs, outputs and markets. All the information you provide in this questionnaire will be treated as **STRICTLY CONFIDENTIAL**, will only be used for academic purposes and no mention will be made of individual business enterprises, their owners, managers or providers of information.

Business location: between _____ and _____ Streets
Along _____ Avenue

A. DEMOGRAPHIC PROFILE : Mark all the applicable with an X

1.Position in the enterprise Owner ☐ Employee, full-time ☐ Employee, part-time ☐ Unpaid family member ☐ Trainee ☐
2.Population Group Black ☐ White ☐ Asian ☐ Coloured ☐
3.Citizenship Zimbabwean ☐ Malawian ☐ Nigerian ☐ Indian ☐ Chinese ☐ Other _____
4.Age Younger than 18 ☐ 8 - 30 ☐ 31- 50 ☐ 51-65 ☐ Older than 65 ☐
5.Sex Male ☐ Female ☐
6.Marital status Married ☐ Single ☐ Divorced ☐ Widowed ☐ Never married ☐
7.Dependents supported by business 0 ☐ 1 ☐ 2-5 ☐ 6 – 10 ☐ Over 10 ☐

8. Where do you live? Name of Suburb _____

9. Place of origin Rural home ☐ Commercial farms ☐ Mines ☐

Other towns ☐ Born in Bulawayo ☐ Other ☐ _____

10. Reasons for coming to City Employment ☐ Education ☐

Health problems ☐ Political problems ☐ Other ☐ _____

11. Years of residence in the City Less than 5 ☐ 6 -15 ☐ 6- 30 ☐ 31- 45 ☐

Since birth ☐

12. Highest educational level attained None ☐ Primary ☐ Secondary ☐

High school ☐ Tertiary ☐ Other ☐ _____

13. Qualifications obtained out of formal school None ☐ Certificate ☐ Diploma ☐

14. How did you acquire the skills? Friends and associates ☐ Relatives ☐

Self-taught ☐ On the job training ☐ Other ☐ _____

15. Years of formal employment experience None ☐ 1-5 ☐ 6-10 ☐

11-15 ☐ More than 15 ☐

16. Reasons for leaving formal employment Retrenchment ☐ Low salaries/wages ☐

Family problems ☐ Health problems ☐ Other ☐ _____

17. Reasons for participating in the informal sector, indicate using 1,2,3 or 4 in their order

Lack of skills for formal jobs ☐ Lack of formal jobs ☐

To supplement formal income ☐ To work from home ☐

Involvement in a family business ☐ To seize business opportunity ☐

High profits in the informal sector ☐ Other _____ ☐

18. How many years has this business been in operation? Below 5 ☐ 5 -10 ☐

11-15 ☐ 16-20 ☐ More than 20 ☐

19. How many businesses do you operate? 1 ☐ 2 ☐ 3 ☐ 4 ☐ More than 4 ☐

20. Any other means of income? Formal job ☐ Remittances ☐ Government ☐

Non- government organisations ☐ Pension ☐ Other ☐ _____

21. Have you experienced any of the following life circumstances in the last 6 months? Mark with an X

Retrenchment ☐ Retirement ☐

Resignation from employment ☐ Securing new job ☐

B. BUSINESS PROFILE

22. What do you manufacture or process? Mark all the applicable with an X

Wood products ☐ Chemical and plastics ☐

Metal products ☐ Textile and wearing apparel ☐

Leather products ☐ Food products ☐

Crafts ☐ Other ☐ _____

23. What do you trade/sell? Mark all the applicable with an X

Fresh produce (e.g. vegetables, fruit, meat) ☐ Soft drinks ☐

Processed foods (canned, packaged, boxed e.g. chips, sweets) ☐ Alcoholic beverages ☐

On-site food preparation (take- away foods) ☐ Traditional medicines ☐

Fuel and light (e.g. petrol, diesel, paraffin, matches) ☐ Flowers ☐

Modern medicines (e.g. pills, tablets, pharmaceuticals) ☐ Toys ☐

Washing and cleaning items (e.g. washing powder, tile cleaner) ☐ Arts and crafts ☐

Personal care (e.g. shampoo, soap, make-up) ☐ Clothing and footwear ☐

Accessories (e.g. bags, belts, hats ☐ Cigarettes and tobacco ☐

Reading matter and stationery ☐ Other ☐

24. What services do you offer? Mark all the applicable with an X

Finance ☐ Real estate ☐

Typing ☐ Shoe care ☐

Personal care (e.g. hairdressers) ☐ Cleaners ☐

Car repairs and services (e.g. car washers) ☐ Medical ☐

Electronic equipment repairs ☐ Other ☐

25. What construction activities do you specialise in? Mark all the applicable with an X

Plumbing ☐ Plastering ☐

Roofing ☐ Brick-laying ☐

Painting ☐ Tiling ☐

☐

Other _____

26. What transport and communication businesseses do you specialise in?Mark all the applicable with an X

Internet ☐ Phone ☐

Taxi ☐ Faxing ☐

Other ☐ _____

27. What is the type of business ownership?

Individually owned ☐ Family owned ☐ Partnership ☐

Co-operative ☐ Other ☐ _____

28. Who manages the business?

Owner managed ☐ Family Member ☐ Hired manager ☐

Partners ☐ Other ☐ _____

29. Business location, choose the single most appropriate

CBD ☐ Suburban shopping centre ☐ Transportation centre/node/hub (eg) taxi rank ☐

Industrial centre ☐ Home-based/road-side/open space ☐

30. Did you choose this (specific) location or was it allocated?

I chose it ☐ It was allocated ☐

31. If you chose this location, what were your primary reasons? Indicate using 1,2,3 or 4 in their order

It is close to my clients (market) ☐ It is close to my residence (no transport costs) ☐

It was the only place available(space) ☐ I don't pay for it (free) ☐

Proximity to transport nodes ☐ It is close to suppliers of inputs ☐

Proximity to water and electricity ☐ It is close to suppliers of goods for sale ☐

Proximity to cheap labour ☐ Proximity to jobs (sub-contracting) ☐

To access equipment and machinery ☐ To be near financial supplier ☐

For training and skills purposes ☐ Other ☐ _____

_____

32. How important is proximity to the anwsers you indicated on queation 31?

Not important ☐ Less important ☐ Moderately important ☐ Important ☐ Very important ☐

33. Where do you get your supplies? Mark all the applicable with an X

Import ☐ Manufacturers/producers/farmers ☐ Wholesalers/fresh produce market ☐

Retailers/supermarket/hypermarket ☐ Hawkers ☐ Self-produced/manufactured ☐

Other ☐ _____

34. Who to /Where do you sell your products/services? Mark all the applicable with an X

Exporters ☐ Manufacturers/Producers/Farmers ☐ Wholesalers/ Market ☐

Retailers/Supermarket/hypermarket ☐ Hawkers ☐ Other ☐ _____

35. Do you belong to a business association? Yes ☐ No ☐

36. Do you operate at the same location on a daily basis or do you move around?
Same location ☐ Different locations ☐

37. What time of the month do you do business? Mark all the applicable with an X
Week 1 ☐ Week 2 ☐ Week 3 ☐ Week 4 ☐ All four weeks/throughout the month ☐

38. Which days of the week do you do business? Mark all the applicable with an X
Monday ☐ Tuesday ☐ Wednesday ☐ Thursday ☐ Friday ☐ Saturday ☐

Sunday ☐ All the seven days of the Week ☐

39. What are your business hours? Mark all the applicable with an X
Before 06:00 ☐ Between 06:00 and 09:00 ☐ Between 09:00 and 12:00 ☐

Between 12 :00 and 15:00 ☐ Between 15:00 and 17:00 ☐ After 17:00 ☐ All day ☐
Other ☐ _____

C. FINANCIAL CHARACTERISTICS

40. What was the source of start-up capital for the business? Indicate using 1, 2,3 or 4 in their order

Savings (owner and household members) ☐ Loan from relative or friend ☐

Loan from bank or other formal financial institution ☐ Retrenchment payment ☐

Government institution that support micro-businesses ☐ Development institution ☐

Manufacturer/supplier of merchandise ☐ Remittances ☐

Loans from micro financial institutions (MFIs) ☐ NGOs ☐

Other ☐ _____

41. What is the common financial source for your business operations? Indicate using 1,2,3 in their order
Formal banks /building socities ☐ Informal financial institutions ☐ Profit ☐

Remittances ☐ Government organistions ☐ Non-government organisations ☐

42. How much did you use to start your business?
Less than USD50 ☐ USD 50-USD100 ☐ USD 101 - USD250 ☐ USD 251 –USD 500 ☐

More than USD 500 ☐

43. What is the value of investments in this business / asset base? Less than USD 300 ☐

USD 300 - USD 2 500 ☐ USD 2 501 - USD 5 000 ☐ USD 5 000 - USD 7 5000 ☐

Above USD 7 500 ☐

44. What was your annual income for the most recent year? Less than USD 1 500 ☐

USD 1 500 - USD 2 500 ☐ USD 2 501 - USD 5 000 ☐ USD 5 001 - USD 7 500 ☐

More than USD 7 500 ☐

45. How much does a customer spend on average in a single visit to your business? Lesss than USD 5 ☐

USD 5- USD25 ☐ USD26 -USD50 ☐ USD 51-USD 75 ☐ More than USD 75 ☐

D.OPERATING CHARACTERSITICS

46. What is the average number of customers served by your business per day?

Fewer than 10 ☐ 10 -20 ☐ 20 - 30 ☐ 30- 50 ☐ More than50 ☐

47. How many people work or assist in the business? None ☐ 1-5 ☐ 6-10 ☐

11-15 ☐ More than 15 ☐

48. What type of structure/operating space do you use for doing business?

Building ☐ Motor vehicle ☐ Caravan ☐ Bicycle/trolley/push ☐

None ☐ Temporary/plastics ☐ Umbrella ☐ Semi-Permanent/Gazebo ☐

49. What utilities do you have access to? Mark all the applicable using an X

Water ☐ Electricity ☐ Toilets ☐ Telephone ☐

50. Do you pay for bills? Yes ☐ No ☐

51. Is your business registered? Yes ☐ No ☐

52. Is your business licensed? Yes ☐ No ☐

53. Do you pay taxes to ZIMRA using an official tax number Yes ☐ No ☐

54.Do you pay the minimum wage to your employees? Yes ☐ No ☐

55. Do your employees rest during national holidays? Yes ☐ No ☐

56. Do your employees have medical aid cover? Yes ☐ No ☐

57. Do you offer maternity leave to your employees? Yes ☐ No ☐

58. Do you have training and skills development programs for your employees? Yes ☐ No ☐

59. Where do you keep your products/goods over-night? On site/shop ☐ Adjacent formal shops ☐

Lock-up storage facilities ☐ Home ☐ Other ☐ _____

60. What mode of transport do you use to transport the products you sell?

Own transport ☐ Train ☐ Bicycle ☐ Taxi ☐ Bus ☐

Hired private transport ☐ Walk/push-cart ☐ Other ☐ _____

61. What are the most serious problems experienced by your business? Indicate using 1,2,3...in their order

Problems to maintain stock levels ☐ Competition from other informal businesses ☐

Unavailability of transport ☐ Insufficient structure/shelter ☐

Insufficient service from suppliers ☐ Insufficient infrastructure (e.g. water, waste bins) ☐

Cash- flow problems ☐ Location of business ☐

Unavailability of equipment ☐ High taxes ☐

Unavailability of funding sources ☐ High rentals, water and electricity bills ☐

Harassment by security personnel ☐ Lack of security/thefts ☐

Stringent regulations ☐ Other ☐

_____

62. What are the most important ways to improve your business? Indicate using 1, 2, 3.... in their order

Ability to maintain sufficient stock	☐	Improvements to structure/shelter	☐
Availability of financial assistance	☐	Access to more affordable transport	☐
Availability of basic services (i.e. water)	☐	Basic management skills	☐
Affordable and reasonable bills and rentals	☐	Competitive pricing	☐
Availability of better equipment (i.e. refrigerator)	☐	Relaxed and friendly regulations	☐
Adequate and strategically located operating space	☐	Improved security	☐

Other ☐ _____

E. RELATIONSHIPS WITH OTHER BUSINESSES

63. How do you feel about other informal businesses in your area in terms of the following:

	Positive	Neutral	Negative
Interactions with neighbouring businesses	☐	☐	☐
Business cultures and practices	☐	☐	☐
Competition they cause in business	☐	☐	☐
Methods of conducting their business	☐	☐	☐

Any comments or additional information _____

64. How do you feel about formal businesses in your area regarding the following?

	Positive	Neutral	Negative
Your interactions with neighbouring formal businesses	☐	☐	☐
Sharing of space, customers etc.	☐	☐	☐
Competition they give to your business	☐	☐	☐
Their methods of conducting business	☐	☐	☐

Any comments or additional information _____

65 What is your opinion toward the following elements in your business surroundings?

	Positive	Neutral	Negative
Presence of Litter	☐	☐	☐
Presence of security officers	☐	☐	☐
Noise	☐	☐	☐

THANK YOU FOR YOUR TIME AND CO-OPERATION.

PLEASE RETURN THIS QUESTIONNAIRE TO THE INTERVIEWER.

UNIVERSITEIT STELLENBOSCH UNIVERSITY

CRUISE
Centre for Regional and Urban Innovation and Statistical Exploration

ACADEMIC QUESTIONNAIRE: PhD STUDIES

URBAN ECONOMICS AND SPATIAL DESIGN IN HARARE AND BULAWAYO

FORMAL SECTOR

The Centre for Regional and Urban Innovation and Statistical Exploration in the Department of Geography and Environmental Studies at Stellenbosch University in South Africa, is conducting a comprehensive study on the urban economics and spatial design of Zimbabwean cities. Mr Trynos Gumbo is responsible for researching the linkages of the formal and informal urban economic enterprises to determine spatial and structural relationships between the two and this questionnaire has been designed to capture the required information. Besides serving as to fulfil PhD requirements, the information gathered will be used in formulating future strategies for designing and locating formal and informal businesses to benefit from one another in concerning inputs, outputs and markets. All the information you provide in this questionnaire will be treated as **STRICTLY CONFIDENTIAL**, will only be used for academic purposes and no mention will be made of individual business enterprises, their owners, managers or providers of information.

Business Location; between _____ and _____ Streets
Along _____ Avenue

Mark all the applicable with an X

1.Population group Black ☐ White ☐ Asian ☐ Coloured ☐

2. How long has the business been in operation? Less than 5 years ☐ 5 - 10 years ☐

11 -15 years ☐ 16 - 20 years ☐ Longer than 20 years ☐

3. Have your clients been changing over time? Yes ☐ No ☐

4. Type of buisness activity

Industrial/manuacturing ☐ Specify activity _____

Trade and commerce ☐ Specify activity _____

Personal services ☐ Specify activity _____

Transport and communication ☐ Specify activity _____

Construction ☐ Specify activity _____

5. Business location

CBD ☐ Suburban shopping centre ☐ Transportation centre/hub/node (eg) taxi rank ☐

Industrial ☐ Other ☐ _____

6. Did you specifically choose to locate in this area? Yes ☐ No ☐

7. If you chose this location, what were your primary reasons? Mark the applicable with 1, 2, 3..... in their order

It is close to my clients (market) ☐ It is close to suppliers of inputs ☐

It is spacious/large/big space ☐ Proximity to transport services/accessible ☐

Supplies of water and electricity ☐ It is close to suppliers of goods for sale ☐

Proximity to cheap labour ☐ Proximity to sub-contractors ☐

To access equipment and machinery ☐ Other ☐

_____

7. Would you relocate elsewhere if given the opportunity Yes ☐ No ☐

8. If yes to question 7, give reasons

_____

_____

9. Where will you prefer to relocate to?

To another location in the same area ☐ To the CBD ☐ To a suburban shopping centre ☐

To a transportation centre/node/hub (e.g.) taxi rank ☐ To an industrial site ☐

Other ☐ _____

10. How do you feel about other formal businesses in your area regarding the following?

	Positive	**Neutral**	**Negative**
Your interactions with neighbouring formal businesses	☐	☐	☐
Sharing of space, customers etc.	☐	☐	☐
Competition to your business	☐	☐	☐
Their methods of conducting business	☐	☐	☐

Any comments or additional information _____

11. Do you regard any part of business environment/area unsafe? Yes ☐ No ☐

12. If yes to question 11, indicate the places?

_____

13. Indicate your attitude about the presence of the following elements in your surroundings?

	Positive	Neutral	Negative
Litter	☐	☐	☐
Odours (i.e. urine)	☐	☐	☐
Noise	☐	☐	☐
Graffiti	☐	☐	☐
Condition of street lighting	☐	☐	☐
Traffic conditions	☐	☐	☐
Conditions of parking space	☐	☐	☐
Condition of storm water drainage	☐	☐	☐
Crowding by informal traders	☐	☐	☐
Condition of sewerage systems	☐	☐	☐

14. What is the level of prevalence of the following people around your business area?

	Very prevalent	Prevalent	Less prevalent
Presence of beggars	☐	☐	☐
Presence of police	☐	☐	☐
Presence of tourists	☐	☐	☐
Presence of security guards	☐	☐	☐
Presence of loiterers	☐	☐	☐
Business professionals (white collar workers)	☐	☐	☐
Informal business operators	☐	☐	☐

UNIVERSITEIT STELLENBOSCH UNIVERSITY

CRUISE
Centre for Regional and Urban Innovation and Statistical Exploration

INTERVIEW SCHEDULE: PhD STUDIES

URBAN ECONOMICS AND SPATIAL DESIGN IN HARARE AND BULAWAYO

FORMAL AND INFORMAL SECTOR KEY INFORMANTS

The Centre for Regional and Urban Innovation and Statistical Exploration in the Department of Geography and Environmental Studies at Stellenbosch University in South Africa, is conducting a comprehensive study on the urban economics and spatial design of Zimbabwean cities. Mr Trynos Gumbo is responsible for researching the linkages of the formal and informal urban economic enterprises to determine spatial and structural relationships between the two and this questionnaire has been designed to capture the required information. Besides serving to fulfil PhD requirements, the information gathered will be used in formulating future strategies for designing and locating formal and informal businesses to benefit from one another, particularly the mutual sharing of space, skills and knowledge, inputs, outputs, and markets. All the information you provide in this questionnaire will be treated as **STRICTLY CONFIDENTIAL**, will only be used for academic purposes and no mention will be made of individual business enterprises, their owners, managers or providers of information.

Location: between _____ and _____ Streets

Along _____

Avenue

1. What business activities or categories have you got in your area/centre or market?

Type of Business e.g trading	**Quantity e.g majority**	**Type of Licence e.g vendors**	**Nature of entrepreneurs e.g women and unskilled**	**General Comment**

2. What is the past and present situation/performance of the business (informal/small) enterprises in your area/centre or market?

Type of Business	**Past performance**	**Present**	**Comment/Reason**

3. What planning, development and management policies and strategies are being implemented to promote the growth or ensure the survival of small/informal businesses in your area/centre or market?

Strategy	Type of business	Impact/comment

4. What policies, institutions, processes or factors have influenced the location and growth of small/informal businesses?

Policies/processes/Institutions or factors e.g SI 216 (1994)	Location Residential	Growth	General Comment

5. Are there any policies, institutions, processes or factors that constrain the business growth?

Policies/Institutions/processes or Factors	Nature of Constraint to Growth	General Comment

6. Have there been any changes in regulations, policies, institutions or processes that inform the planning, development and management of small/informal businesses in the past 30 years?

Changes	Year	Type of businesses	Areas affected

7. How have the businesses responded to the changes and in which parts of the city have these changes occurred?

Business Responses to Changes e.g Proliferation of trading	Parts of the City e.g Residential	General Comment

8. Are there any relationships between the small/informal businesses and their large/formal counterparts in terms of the following?

Types of relationship	**Type of business activity**	**Location in Bulawayo**	**Reason/ Comment**
Operating space (location)			
Customers/market			
Goods for resale			
Inputs for use in the production process			
Transport/Communication purposes			
To access space for Storage of Goods			
Security purposes			
To access jobs/sub-contracting purposes			
To access financial support			
To access utilities (water and electricity)			

Additional Information .....
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9. Are there any policies, institution, processes or factors conflicting or constraining relationships between small/informal businesses and their formal counterparts?

Policies/institutions processes or factors	**Nature of conflict**	**Type of business activity**	**Location of businesses**

10. What policies/institutions/processes or strategies can be implemented to promote the relationships between formal and informal businesses?

Policies/institutions/processes or strategies	**Nature of relationships**	**General Comment**

Thank you for your co-operation and support