

# DECENT WORK IN THE INFORMAL ECONOMY: TOWARDS FORMALISATION OF THE INFORMAL ECONOMY

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**DECENT WORK IN THE INFORMAL ECONOMY:  
TOWARDS FORMALISATION OF THE INFORMAL ECONOMY**

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## 1. Defining and Understanding the Informal Economy

What is the 'informal economy'? A range of definitions exist. It is, however, difficult to have a comprehensive and internationally accepted definition of the concept, but it generally includes businesses that are regarded as being 'small', 'medium' or 'micro-enterprises'. If we are to try to address the challenges of the informal economy, there is a great need to understand the nature of this economy and its challenges and to propose progressive solutions that express the demands of those whose bread and butter depends on their activities in this sector of the economy.

The original use of the term 'informal sector' is attributed to the economic development model put forward by W. Arthur Lewis, used to describe employment or livelihood generation primarily within the developing world. It was used to describe a type of employment that was viewed as falling outside the modern industrial sector. An alternative definition uses job security as the measure of formality, defining participants in the informal economy as those 'who do not have employment security, work security and social security.' While both of these definitions imply a lack of choice or agency in involvement with the informal economy, participation may also be driven by a wish to avoid regulation or taxation. The 'informal sector' was initially assumed to be a marginal and transitory phenomenon that would inevitably be absorbed by the modernising urban industrial sector (Portes and Sassen-Koob 1987).

It is now widely accepted that the informal economy involves income generating activities that fall outside the purview of state regulation. The International Labour Organisation (ILO), the international agency that focuses mostly on the informal economy and its statistics in particular, describes it as referring to '...all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements' (ILO 2002), while restricting these economic activities to income generating activities involving the sale of legal goods and services (ILO 2013). These sorts of definitions allow statistics on the informal economy to be calculated, but gloss over some remaining ambiguities regarding the informal economy and how it is best conceptualised.

By limiting the informal economy to income generating activities, the informal and unpaid household-care economy<sup>1</sup> is excluded. From the ILO's

<sup>1</sup> The household-economy involves the role of women in care-work, as well as policies that support care-givers.

perspective, this may not be a problem. However, particularly from a gender perspective, there may be good reasons to recognise the household-care economy as part of a value producing informal economy, even when it does not generate income through the market (indeed, the public sector does not generate its income through the sale of goods and services, but is nonetheless considered to be part of the economy). By limiting the informal economy to the production and distribution of legal goods and services, the criminal economy is excluded. It is indeed important not to confuse the informal economy with what is normally labelled the criminal economy in that the term 'informality' is intentionally ambiguous about whether the law is being evaded or simply not applied. It was never intended to imply that the goods and services produced in the informal economy are of questionable legality (Brown, McGranahan and Dodman, 2014).

Valodia and Davy (2012) defined the informal economy as:

(a) non-registration of the enterprise in terms of national legislation, such as taxation and or other commercial legislation;

(b) non-registration of employees of the enterprise in terms of labour legislation;

(c) small size of the enterprise in terms of the people involved.

Chen (2012) argues that a formalisation-oriented definition of general informal economy activities is problematic in the sense that it does not take into account the different dimensions of formalisation. One of the main reasons cited for the difficulty in the formalisation debate in the informal economy is due to the ambiguity of reasons behind wanting formalisation of informal economy activities.

Statistical definitions of the informal economy now also make a distinction between the informal sector (which includes informal enterprises and their workers) and informal employment (which also includes workers employed informally by formal enterprises), with all informal workers considered to be part of the informal economy (Chen. *ibid*).

The International Labour Organisation (ILO) Recommendation 204 (2015) defines the informal economy as:

(a) all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements;

(b) not covering illicit activities, in particular, the provision of services or the production, sale, possession or use of goods forbidden by law, including the illicit production and trafficking of drugs, the illicit manufacturing of and trafficking in firearms, trafficking in persons, and money laundering, as defined in the relevant international treaties.

Recommendation 204 applies to all workers and economic units – including enterprises, entrepreneurs and households – in the informal economy, in particular:

(a) those in the informal economy who own and operate economic units, including:

- i. own-account workers
- ii. employers
- iii. members of cooperatives and of social and solidarity economy units

(b) contributing family workers, irrespective of whether they work in economic units in the formal or informal economy;

(c) employees holding informal jobs in or for formal enterprises, or in or for economic units in the informal economy, including but not limited to those in subcontracting and in supply chains, or as paid domestic workers employed by households; and workers in unrecognised or unregulated employment relationships.

The informal economy can also be described as all activities that are – in law and practice – not covered or insufficiently covered by formal arrangements. The people in the informal economy are largely excluded from exchange that takes place in the recognised system, national accounts and official statistics. Workers in the informal economy are not recognised, registered, regulated or protected under labour legislation and social protection. They are generally characterised by poverty leading to powerlessness, exclusion and vulnerability.

It is worth noting that the informal economy thrives in the context of high unemployment, underemployment, poverty, gender inequality and precarious work. In such circumstances, the informal economy also plays a significant role in income-generation due to the relative ease of entry and low requirements of education, skills, technology and capital. However,

most people enter the informal economy by necessity rather than by choice, as a means of survival. The informal sector is largely characterised by the following qualities:

- easy entry, meaning anyone who wishes to join the sector can find some sort of work which will result in cash earnings
- a lack of stable employer-employee relationships
- a small scale of operations and skills gained outside of a formal education

The informal economy is marked by acute decent work deficits and a disproportionate share of the working poor. Although some activities offer reasonable livelihoods and incomes, most people engaged in the informal economy are exposed to inadequate and unsafe working conditions. Illiteracy levels are high, skill levels are low and training opportunities are inadequate. Incomes are also lower, less certain and less regular and working hours are longer. Informal economy workers have no opportunities for collective bargaining and representation rights and their employment status is usually ambiguous or disguised. Workers are also physically and financially more vulnerable because work in the informal economy is either excluded from or effectively beyond, the reach of social security schemes and safety and health, maternity and other labour protection legislation.<sup>2</sup>

Workers who participate in the informal economy are typically classified as employed. The type of work that makes up the informal economy is diverse, particularly in terms of capital invested, the technology used, and income generated. The spectrum ranges from self-employment or unpaid family labour to street vendors, shoe shiners, and garbage collectors. On the higher end of the spectrum are upper-tier informal activities such as small-scale service or manufacturing businesses, which have a more limited entry. The upper-tier informal activities have higher set-up costs, which might include complicated licensing regulations, and irregular hours of operation.

However, most workers in the informal sector, even those that are self-employed or wage workers, do not have access to secure work, benefits, welfare protection, or representation. These features differ from businesses and employees in the formal sector which have regular hours of operation, a regular location and other structured benefits.

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2 ILO Report V (1): Transitioning from the informal to the formal economy, 2013



## 1.2 Growth of the Informal Economy in Zimbabwe

In 2002, the ILO noted that the growth of the informal economy can be traced to:

*'...inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, often developed without tripartite consultations; the lack of conducive legal and institutional frameworks; and the lack of good governance for proper and effective implementation of policies and laws.'*

The growth of the informal economy in Zimbabwe has been driven by many factors. These factors can be traced back to the colonial era, which demarcated the formal economy as a privilege for the whites while blacks entered this economy as and when they were required. The attainment of independence saw changes in internal migration; this saw blacks moving into the urban areas in search of employment. With the formal economy not being able to absorb the majority of the job-seekers, they opted for the informal economy. Below are the drivers of growth in the informal economy of Zimbabwe:<sup>3</sup>

(a) **The dual and enclave nature of the economy:** During the colonial period, the existence and role of the informal economy were largely carved out by the dual and enclave nature of the economy. The formal economy was highly protected and favoured and kept for whites. Whilst the informal economy was largely ignored, marginalised and set for the black majority.

(b) **Internal migration:** In the 1990s, urbanisation accelerated rapidly; leading to a 6- 8 percent per annum increase of the urban population, and an explosive growth of the urban informal economy. Economic development failed to keep pace with high population growth rates reinforced by massive migration such that created employment opportunities were inadequate to absorb new entrants into the labour force. Failing to get formal jobs, persons had to make do with jobs in the informal economy.

(c) **Structural adjustment:** The adoption of the Economic Structural Adjustment Programme (ESAP) in 1991 saw the whole economy being liberalised. ESAP led to a contraction of the civil service, the collapse of the domestic industrial sector, and massive layoffs. Workers that lost their jobs had to settle for jobs in the informal economy. With the increased hardships

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3 ALRN-Trade Union Approaches to Formalise the Informal Economy, 2015

under ESAP, and notably declining real incomes, the urban-rural remittances declined. This in turn, meant that most people in the rural areas had to migrate to the urban areas and try to eke a living, and this was in the informal economy.

(d) **Economic crisis/meltdown (1997-2008)**: The Zimbabwean economy experienced a meltdown between 1997 and 2008. The period was characterised by diminishing international competitiveness and acute shortage of essential inputs, especially fuel, raw materials and intermediate inputs, which resulted in all sectors operating well below full capacity levels and retrenching workers. High operating costs on account of infrastructural deficiencies led to the informalisation of the economy. The closure of companies during this period also saw workers losing jobs and joining the informal economy. This also left school leavers with no choice but to join the informal economy as they could not be absorbed by the formal economy.

(e) **Means of survival**: Most people in Zimbabwe have been forced to engage in informal activities as a source of livelihood. Given the state of the formal economy and the nation as a whole, the informal economy became the only option to earn a livelihood, put food on the table and survive.

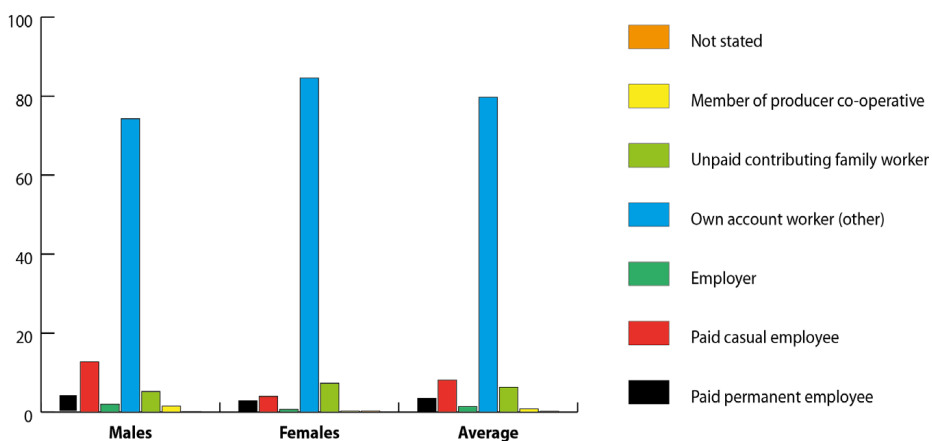
(f) **Flexible specialisation and global chains**: The recent expansion of the informal economy has been linked not only to the incapacity of formal firms to absorb labour but also to their unwillingness to do so. For example, instead of production using a regular workforce based in a single large registered factory or workplace, more and more firms are decentralising production and organising work along the lines of 'flexible specialisation', i.e. forming smaller, more flexible specialised production units, some of which remain unregistered or informal. As part of cost-cutting measures and efforts to enhance competitiveness, firms are increasingly operating with a small core of wage employees with regular terms and conditions (formal employment) based in a fixed formal workplace as well as a growing periphery of 'non-standard' or 'atypical' and often informal workers in different workplaces and scattered over different locations. These measures often include outsourcing or subcontracting and a shift away from regular employment relationships to more flexible and informal employment relationships.

## 2. Characteristics of the Informal Economy

### 2.1 Types of Employment in the Informal Economy

Employment in the informal economy of Zimbabwe is largely dominated by own-account workers (79.7 percent) followed by casual workers and unpaid contributing family workers at 8.1 percent and 6.3 percent respectively. Employers in the economy only represent 1.4 percent and this group is dominated by men, see Figure 1.

Figure 1: Status of Employment in the Informal Economy



Source: ZimStat, LFCLS-2014

### 2.2 Types of Operating Space

Places of work, presented in Table 1 above, indicate that 28.3 percent of the population in the informal sector operated from their own homes, 23.3 percent from no fixed location, 18.5 percent from footpaths, streets or open spaces, 17.8 percent from permanent building, 7.3 percent at a marketplace and 4.2 percent from someone else's home. Data also shows that more males operated from someone else's home, and at no fixed location whilst females dominated the group operating from their own homes, other places, at market places and from footpaths, streets or open spaces.

Table 1: Places of Operation

	Male	Female	Total
Footpath, street or open place	16.7	20.1	18.5
Marketplace	5.6	8.8	7.3
Own home	20.1	35.8	28.3
Someone else's home	5.7	2.7	4.2
Permanent building/fixed	22.6	13.5	17.8
No fixed location	28.8	18.4	23.3
Other	0.4	0.5	0.4
Not stated	0.1	0.3	0.2
Total percent	100	100	100

Source: ZimStat, LFCLS-2014

### 2.3 Educational Profile of Workers in the Informal Economy

Around 46 percent of persons in informal employment had Form 4 as their highest level of education completed. This means that the majority of workers in the informal economy have gone through basic primary and secondary education but have failed to progress to tertiary education for both intellect and skills development. 13 percent had education, that is, at least a diploma qualification as the highest level of education completed, while 11 percent had grade 7 as their highest level. Table 2 shows that females dominated the lower education levels from no education to form 3, form 5 and diploma or certificate after primary education.

Table 2: Highest Level of Education as a Percentage

Level of Education	Male	Female	Total
ECD	0	0.1	0
Grade 1	0.2	0.8	0.5
Grade 2	0.5	0.9	0.7
Grade 3	0.5	1.4	1
Grade 4	0.9	1.3	1.1
Grade 5	1.1	1.3	1.2
Grade 6	2.1	3	2.6
Grade 7	1.03	12	11.2
Form 1	3.1	3.8	3.5
Form 2	7.6	9.6	8.7
Form 3	4.9	7.8	6.4
Form 4	50	43.1	46.4
Form 5	0.3	0.3	0.3
Form 6	3.6	1.1	2.3
Diploma/certificate after primary	0.8	1.3	1.1
Diploma/Certificate after secondary	12.4	9.9	11.1
Graduate/postgraduate	1	0.9	1
None	0.6	1.5	1.1
Not Noted	0	0.1	0.1

Source: ZimStat, LFCLS-2014

## 2.4 Working Hours

Table 3 presents the distribution of the currently employed population in the informal sector by hours worked in economic activities. 40.4 percent worked less than 20 hours. 30.7 percent worked excessive hours of at least 49 hours. Males worked longer hours, that is, 40 hours or more as shown in the table below.

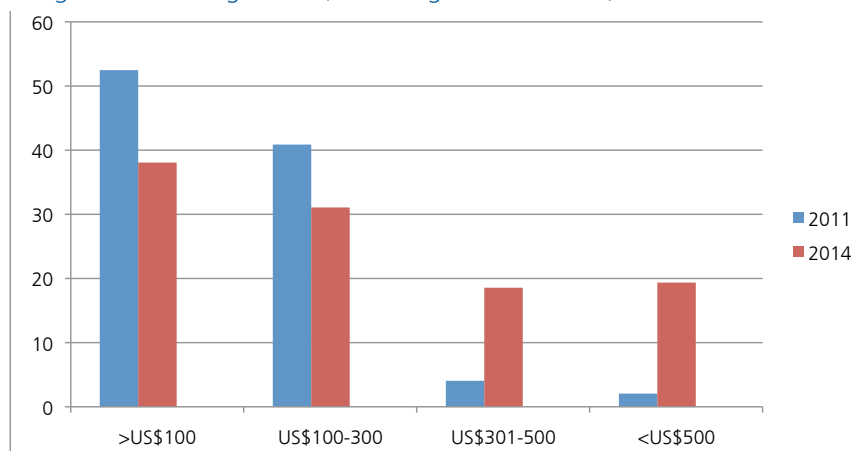
Table 3: Number of Hours Worked

Hours Worked	Male	Female	Total
Under 20	31.2	48.8	40.4
20-29	6.2	9.1	7.7
30-39	9.2	8.7	9.0
40-48	14.9	9.2	11.9
49+	38.3	23.9	30.7
Not Noted	0.2	0.2	0.2
Total Percent	100	100	100

Source: ZimStat, LFCLS-2014

Figure 2 shows that the rate of underemployment, in terms of working hours, in the informal economy has been on the increase from 23 percent to 40.4 percent. This signifies that employment opportunities in the informal economy are on the decrease.

Figure 2: Working Hours (Percentage Contribution)



Source: ZimStat, LFCLS-2004, 2011, 2014

## 2.5 Income Levels in the Informal Economy

Thirty-seven percent received income of between US\$1-US\$100 followed by those who received between US\$101-US\$200. Three percent received income of between US\$1001 and US\$3000. Forty-five percent of the females and 32 percent of the males who were paid employees in informal employment received cash income of between US\$1 and US\$100.

Table 4: Work Related Income

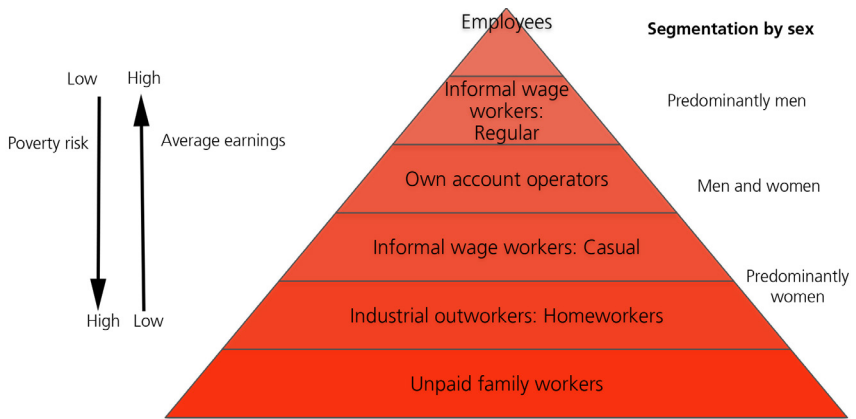
Income Level	Male	Female	Total
US\$0	1.4	1.9	1.6
US\$1-US\$100	32.1	45.1	36.5
US\$101-US\$200	17	13.7	15.9
US\$201-US\$300	16.9	10.1	14.6
US\$301-US\$400	9.5	8.8	9.3
US\$401-US\$500	9.8	8.3	9.3
US\$501-US\$1000	8.1	6.6	7.6
US\$1001-US\$3000	2.6	2.2	2.5
US\$3001 and Above	0.4	0	0.3
No Work Done	1.4	2.4	1.7
Not Stated	0.8	1	0.9
Total Percent	100	100	100

Source: ZimStat, LFCLS-2014

Strong gender segmentation is evident, with employers being predominately male and contributing family workers predominately female. Additionally, within any given employment status category, women's earnings are less than men's. Moreover, women spend fewer hours in remunerative work than men, due in part to the hours they spend in unpaid care work. Responsibilities for unpaid care work also reinforce labour market segmentation – women may be restricted to own-account or home-based employment, even if total hours worked are longer and incomes lower. Women also tend to be clustered in 'traditional female-oriented' economic activities such as tailoring and cooking which are often more poorly remunerated and suffer greater

market saturation than other types of economic activities. The figure below illustrates the gender segmentation apparent in informal employment.

Figure 3: Segmentation of Informal Employment by Average Earnings and Sex

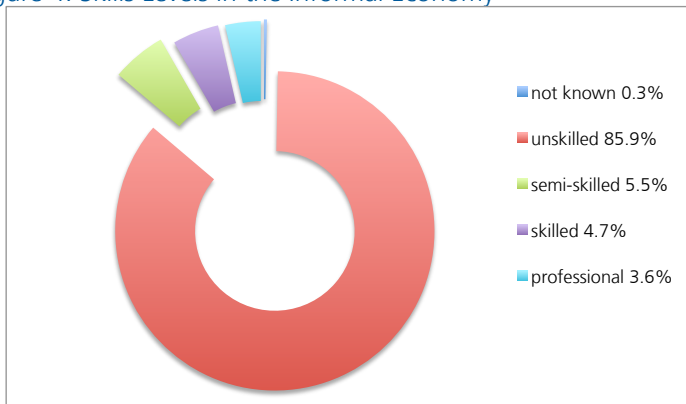


Source: UNIFEM 2005: Progress of the World's Women 2005

### 2.6 Informal Economy Workers' Skill Level

The 2014 LFCLS showed that 86 percent of the persons in informal employment were found to be unskilled. Of the females who were in informal employment, 91 percent were unskilled whilst for males in informal employment, 81 percent were unskilled, see Figure 4 below.

Figure 4: Skills Levels in the Informal Economy



Source: LCLS

## **2.7 Industrial Sector**

Employment by industrial sector shows that the population in informal employment is predominantly in agriculture, forestry and fishing at 70 percent. The other significant sector with informal employment is the wholesale and retail trade, repair of motor vehicles and motorcycles at 10 percent. Data also shows that there were more females than males in informal employment in six of the 21 industrial sectors, namely, agriculture, forestry and fishing; education; human health and social work activities; wholesale and retail trade, repair of motor vehicles and motorcycles; other service activities and activities of households as employers.

## **3. Decent Work Deficits in the Informal Economy**

Today a significant percentage of the national workforce, earn their livelihood from the informal economy. For workers, informal employment often means low pay and limited access to legal and social protection and resources. It results in limited bargaining power and representation, as well as the inability to project future development. This is due to a wide range of factors, including a deficit in the creation of a sufficient number of quality jobs, the declining role of the manufacturing sector, the rise of new work arrangements and the processes of economic restructuring. The informal economy is highly characterised by high incidences of decent work deficits, this section of the paper describes these deficits.

To explain the decent work deficits in the informal economy, the analysis will be done in two ways. The first will be to look at decent work deficit through the four pillars of the decent work agenda. The second part will analyse the ILO seven securities.

### ***3.1 Analysis of the Decent Work Pillars***

#### ***Pillar 1: Creation of Decent Employment Opportunities***

The legal and regulatory framework needs to be adjusted to the constraints and realities faced by informal economy operators. The absence of basic literacy, employability and adaptability, which are critical for workers to access decent jobs, improve productivity and income in the informal economy and in particular, to move into formal decent jobs, is one of the major shortfalls in the country. Informal workers, and potential future informal workers have little access to education and training, in particular,



development of vocational skills.

Although the ILO, through its office in Harare, has introduced the informal economy apprenticeship programme (QIA), such programmes have remained donor funded and the government has not prioritised them. There is need to scale up such a pilot initiative which targets informal workers and the development of training needs assessments, taking into consideration the opportunities and the needs of informal workers and enterprises. The need to strengthen the link between the formal training system and the informal economy is still outstanding.

### *Pillar 2: Rights at Work*

Fundamental rights at work are internationally recognised human rights and apply to all workers regardless of their employment relationship or the formality status. It is important to understand and highlight that there cannot be a lower level of rights for informal workers. The fundamental principle is that all those who work have rights.

A major factor in addressing the labour rights deficit in the informal economy is the constraints that the labour administration faces. Labour inspection services are not often properly staffed or equipped to be able to effectively enforce standards and the existing systems of labour tribunals are often very weak, lack resources, and experience endemic corruption. Other constraints that informal workers face are the inaccessibility of justice or the affordability of legal services. It is also essential that informal workers are aware of their rights and entitlements and to know how to claim these rights and seek recourse as a matter of legal literacy. Since the nature of their employment is very precarious, informal workers are often reluctant to seek justice when their rights are violated.

Due to the fact that most of the by-laws in the country are outdated, they have over the years been used to violate the rights of informal workers and these have destroyed their livelihoods. The Ministry of Labour is understaffed and underfunded to be able to undertake labour inspections within the informal economy. This has seen workers in the informal economy being abused, working for more than 40 hours a week, not having maternity leave, with no leave days and generally no rights at the workplace. From the local authority side, running battles with municipal police have become the order of the day, and workers in the informal economy have had their

wares confiscated. This prompted the Zimbabwe Human Rights Commission to undertake investigations into the abuse of vendors in November 2015.<sup>4</sup>

### *Pillar 3: Social Protection*

Social protection is an internationally recognised human right. The lack of social protection is a key characteristic of the informal economy with informal workers lacking access to formal mechanisms of social protection. Workers in the informal sector are exposed to occupational accidents, diseases and hazards.

The National Social Security Authority (NSSA) which administers national schemes operates under the NSSA Act. The Act states that workers in the informal economy, as well as domestic workers, are not to be covered. Membership to the national security schemes is limited to formal economy workers and does not cover informal workers. This therefore means that workers in the informal economy are excluded from NSSA programmes such as the Pensions and other Benefits Scheme and the Accident Prevention and Workers' Compensation Scheme which provide insurance against occupational injuries and cater for old age. Furthermore, illness can mean economic hardship for informal workers, most of whom are own-account workers who do not benefit from paid sick leave and have no coverage for their healthcare expenditure.

### *Pillar 4: Social Dialogue*

Workers in the informal economy are excluded from or under-represented in social dialogue institutions and processes. The most important role of government in this regard is to guarantee the effective freedom of all workers and employers, irrespective of where and how they work, to form and join organisations of their own choosing, without fear of reprisal or intimidation.

Even if organisations of informal workers exist, they often are faced with problems of getting recognition. A major problem faced by informal economy organisations is their lack of defined interface with those with whom they need to dialogue. Without recognition by government authorities, informal organisations have no voice in public policy debates or access to the services and infrastructure they need to operate effectively and efficiently. The government has, over the years, not engaged organisations in the informal

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4 <http://www.newzimbabwe.com/news-26256-Govt+body+probes+abuse+of+vendors/news.aspx>

economy but has been selective in which organisations they engage. This is worsened by the fact that informal economy organisations are not part of the national tripartite negotiating forum (TNF). Over the years, informal economy issues have not been discussed at the TNF and are still to become an agenda issue.

### 3.2 Analysis of the ILO Seven Securities

Security	Status
Labour market security – Adequate employment opportunities, job choice	<ul style="list-style-type: none"> <li>• There is no job description</li> <li>• Existence of unpaid overtime</li> <li>• No payslip provided</li> <li>• There is existence of slavery-type of employment, whatever the employer says you do, no questions asked</li> <li>• Increase of verbal abuse</li> <li>• No non-wage benefits provided to workers, housing, transport, funeral assistance, training, among other benefits.</li> </ul>
Employment security – Protection against employment instability	<ul style="list-style-type: none"> <li>• No contracts of employment, mostly verbal/oral contracts</li> <li>• Do not contribute to any other social security schemes</li> <li>• If a female worker is to get pregnant, this can lead to loss of employment.</li> </ul>
Job security – Promotion of occupational stability, career development	<ul style="list-style-type: none"> <li>• No promotion or appraisal</li> <li>• Limited possibilities of skill development, thus you learn your job as you do it</li> <li>• Skills recognition very low.</li> </ul>
Work security – Promotion of occupational health and safety standards, limits on hours of work	<ul style="list-style-type: none"> <li>• There is no provision of protective clothing</li> <li>• Exposure to health and safety risks, diseases, illness</li> <li>• Irregular hours of work, plus unpaid overtime</li> <li>• There is no training on health and safety at the workplace</li> <li>• There are no leave days – paid or unpaid (vacation leave and sick leave) thus overworking</li> </ul>

Skill reproduction security – Opportunities to obtain and retain skills through both off-the-job and on-the-job training	<ul style="list-style-type: none"> <li>• There is no provision for skills development;</li> <li>• There is on-the-job-training;</li> <li>• Due to multi-tasking, one becomes “a jack of all trades and master of none.”</li> </ul>
Income security– Promotion of adequate and stable earnings	<ul style="list-style-type: none"> <li>• Prevalence of low, poverty wages</li> <li>• Rates paid at the discretion of employer and not based on negotiations</li> <li>• Lack of knowledge of actual pay, benefits, overtime pay due to lack of payslips, payments are at the discretion of management</li> <li>• Due to target work, failure to meet targets means non-payment of wage regardless of circumstances beyond the workers.</li> </ul>
Representation security – Protection of collective rights	<ul style="list-style-type: none"> <li>• Not allowed to join trade unions: joining trade union leads to termination or non-renewal of employment contract</li> <li>• No freedom of association</li> <li>• Nepotism in employment, causing workers not to join trade union.</li> </ul>

#### 4. Promoting Decent Work in the Informal Economy

In order to promote decent work within the informal economy, a comprehensive and integrated strategy, cutting across a range of policy areas, should be implemented. At the same time, the significant job creation and income-generation potential of the informal economy should not be destroyed. The efforts towards decent work in the informal economy should also focus on not only addressing decent work deficits for workers and entrepreneurs in the informal economy but also have the objective to improve their productivity and working conditions, which will put them on a path towards the formal economy.

#### 4.1 *Creating Quality Jobs and Enhancing Employability*

Job creation is undeniably at the heart of solving the employment deficit, but this does not mean creation of unrecognised, unprotected jobs in the informal economy. The informal economy should not be developed or promoted as a convenient low-cost way of creating employment. The goal of decent work can be met only through ensuring that the jobs created are productive and observe fundamental principles and rights at work, and that both workers and businesses have the capacity and flexibility to be able to move up the continuum to increasingly better jobs in the formal economy. To ensure that decent employment is created there is need to:

- promote employability and productivity through investing in knowledge and skills
- promote literacy and basic education
- provide training and skills development for formal, decent employment
- provide training for those in the informal economy.

The need for quality job creation through enterprise development can never be overemphasised. It is through job quality, improved health and safety at work and access to basic social services – through adopting ‘high-road strategies’, that businesses can enhance productivity and gain access to new markets, and thereby move into the formal economy. For this to happen there should be:

- an enabling policy, legal and regulatory framework
- good governance and the role of national and local governments
- an enterprise culture for formal, decent jobs
- support structures and services for microenterprises
- improved job quality in micro and small enterprises
- securing property rights
- financing in the informal economy.

#### 4.2 *Enhancing Rights in the Informal Economy*

The informal economy has to be integrated into the scope and coverage of legislation, to ensure that the economy is covered both *in law and practice* by formal arrangements. The Ministry of Labour has to be capacitated to enable

it to undertake inspections at informal economy workplaces and ensure that these workplaces are safe for workers. In the past, we have had workplaces going in flames, due to the lack of inspections on the hazardous nature of such workplaces. The Government of Zimbabwe should apply international labour standards (ILO), as they provide guidance on the application of rights at the national level that is designed to be adapted to local contexts. Bringing the multitude of informal workers and enterprises under the protection of the law would be a major step forward in the direction of moving towards decent work. As part of the strategy, the government could:

- simplify the registration and implement progressive taxation for macro, small and medium enterprises (MSMEs)
- establish codes of conduct for the employment of workers in the informal economy
- establish a national board similar to the National Wages and Salaries Board, (which sets wages for domestic and unclassified workers), in order to fix minimum wages for the informal economy
- ensure greater respect for the law, including extending labour protection to unprotected sectors
- improve labour inspection and new approaches to formalisation.

#### *4.3 Extending Coverage of Social Protection*

There is need to review the current legislation with regard to who can contribute to a pension scheme and who should benefit from the scheme, as the current system discriminates against the majority of the people. Other measures for extending social insurance that can be adopted include:

- revising statutory schemes to facilitate partial membership by the self-employed, domestic workers, agricultural workers and those with a regular income from informal activities
- undertaking education and public awareness programmes to improve the image of the social security system
- extending coverage within a prescribed timetable to all persons working as employees except in special groups such as domestic servants, family workers and casual workers
- opening up new 'windows' and offering benefits that suit the needs and contributory capacity of currently non-covered groups.

- There is need to support and grow established micro-insurance and area-based schemes.<sup>5</sup>

#### *4.4 Strengthening Representation and Voice in the Informal Economy*

Closing the representational gap is crucial for all concerned. For those working in the informal economy, the representational gap is an important reason for their inadequate legal and social protection and their lack of access to productive assets, capital and product markets, training systems, public services and amenities. Closing the gap will require innovative methods of organisation and representation and will involve finding the structures, policies and organisational alignments best suited to the changing nature of the formal and informal economies. New ways to increase economic capabilities and strengthen the voice to defend rights, to generate and transfer resources, and to change incentives become essential.

There is need to ensure that the voice of the workers in the informal economy is present at all national platforms and that the required space is provided for. The voice of the informal economy workers should be part of the national dialogue and consultations in national policy development should be extended to the informal economy. This therefore, means that workers in the informal economy have to be organised, and their organisations capacitated to fully participate in such platforms. Organisations in the informal economy should identify their weaknesses and straighten them, in terms of engagement and social dialogue.

## **5. Conclusion**

Achieving decent work in the informal economy is not only good for workers in the informal economy, but is critical for economy growth and both national and human development. This is due to the fact that the majority of workers in the country are now in the informal economy. This calls for organisations in the labour market as well as the government to play an active role in the establishment of decent work in the informal economy. The ILO, in 2015, established Recommendation 204 –Concerning the Transition from the Informal to the Formal Economy. The objectives of the Recommendation are to:

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<sup>5</sup> Micro-insurance is not merely another form of insurance or health-care financing. It is a form of social organisation, based on the concepts of solidarity and risk-pooling, which involves the active participation of the group's members. Typically these groups are already organised, for example, to provide micro-credit facilities to their members: micro-insurance is often an extension of their activities.

1. facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship;
2. promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and
3. Prevent the informalisation of formal economy jobs.

Key areas where improvements are needed across activity type include pay levels, amount and regularity of days of work, excess hours of work, training and organising. Women's pay levels particularly require attention as most earn far less than their male counterparts. Underemployment is another problem in the informal economy, thus there are people willing to work more hours but don't have the opportunity to do so. How to address underemployment varies across activities; for piece rate and self-employed workers addressing underemployment requires more numerous and autonomous links with suppliers and contractors while for casual workers and female salary workers it is linked to obtaining contracted work for specified periods, with clearly stated dismissal criteria.

Training (skills development) can also improve pay levels and access to more and regular work as higher skills can increase competitiveness in the labour market. The challenge is in ensuring the quality and demand responsiveness of the training.

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