


“An assessment of informal SMEs’ potential in an African economy – theoretical and conceptual framework”

AUTHORS	Herrison Matsongoni Emmanuel Mutambara
ARTICLE INFO	Herrison Matsongoni and Emmanuel Mutambara (2018). An assessment of informal SMEs’ potential in an African economy – theoretical and conceptual framework. <i>Public and Municipal Finance</i> , 7(2), 1-13. doi: 10.21511/pmf.07(2).2018.01
DOI	http://dx.doi.org/10.21511/pmf.07(2).2018.01
RELEASED ON	Tuesday, 07 August 2018
RECEIVED ON	Wednesday, 21 February 2018
ACCEPTED ON	Monday, 23 July 2018
LICENSE	 This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License
JOURNAL	"Public and Municipal Finance"
ISSN PRINT	2222-1867
ISSN ONLINE	2222-1875
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

98



NUMBER OF FIGURES

1



NUMBER OF TABLES

0

© The author(s) 2025. This publication is an open access article.



BUSINESS PERSPECTIVES



LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10, Sumy,
40022, Ukraine

www.businessperspectives.org

Received on: 21st of February, 2018

Accepted on: 23rd of July, 2018

© Herrison Matsongoni, Emmanuel
Mutambara, 2018

Herrison Matsongoni, M.Sc. &
MBA, Graduate School of Business
and Leadership, Westville Campus,
University of KwaZulu-Natal, South
Africa.

Emmanuel Mutambara, Ph.D.,
Graduate School of Business and
Leadership, Westville Campus,
University of KwaZulu-Natal, South
Africa.



This is an Open Access article,
distributed under the terms of the
[Creative Commons Attribution-Non-
Commercial 4.0 International license](https://creativecommons.org/licenses/by-nc/4.0/),
which permits re-use, distribution,
and reproduction, provided the
materials aren't used for commercial
purposes and the original work is
properly cited.

Herrison Matsongoni (South Africa), Emmanuel Mutambara (South Africa)

AN ASSESSMENT OF INFORMAL SMES' POTENTIAL IN AN AFRICAN ECONOMY – THEORETICAL AND CONCEPTUAL FRAMEWORK

Abstract

Informal Small and Medium Enterprises (SMEs) play a key role in their respective economies over the world particularly in the African continent. This paper reviews various theories on SMEs towards understanding the potential of the informal sector in the context of African countries. The paper uses a theoretical approach for the purpose of assessing the challenges that have affected the development of the informal SMEs sector over the years in both the developing and developed world. Economically developing countries in Africa pose unique challenges to informal SMEs development compared to the developed countries. The paper reviews the theories that define the rise to informality in Africa by identifying the key determinants for the emergence of informal SMEs. A conceptual framework for assessing informal SME's potential for Africa is developed. The conceptual framework is based on the Fishbone diagram developed by Kaoru Ishikawa (1986). This paper discusses the intricacies of the applicability of the proposed conceptual framework to assess the potential of the informal SMEs in Africa and the way forward for the formalization debate.

Keywords

enterprises, SMEs, informal sector, informal economy, formalization

JEL Classification

E26, J46, O17, R12

INTRODUCTION

Globalization failures and poorly defined neo-liberal policies to generate employment have significantly contributed to the emergence of the informal SMEs in many countries. In Africa, however, informal sector involvement in the economy has been on the increase in the last decade (Mintah & Darkwah, 2018). Mwanza and Benedict (2018) state that informal SMEs are the backbone of many countries across Africa contributing to an estimated 50% towards Gross Domestic Product (GDP) and 60% towards employment generation in their respective economies. This is further supported by ILO (2016), which estimates that the average contribution of the informal economy as a percentage of the GDP in Sub-Saharan Africa (SSA) is 41%, with 30% in South Africa to around 60% in Nigeria, Zimbabwe, and Tanzania with the informal sector representing about three quarters of non-agricultural employment and 72% of SSA's employment. Despite the varying importance of the informal SMEs across the countries (Taiwo, Onasanya, Agwu, & Benson, 2016), Africa as a continent needs to build research towards generating quality information on assessing the informal SME's potential. In the past five decades, academicians theoretically and empirically debated the potential of informal SMEs towards economic growth and employment generation with no finite solutions (Hart, 1973; Breman, 1980; Feige, 1989; Mukherjee, 2004). Current research is working towards comprehensive theories that can explain and define the issues surrounding informal

sector and the challenges faced by SMEs and the extent of their contribution in the respective economies (Mennens, Van Gils, Odekerken-Schröder, & Letterie, 2018). Thus, substantial theories have evolved over the years in an attempt to assess the effect the sector has on the economy. This paper observes the theories that explain the emergence of SMEs in developing countries and also considers the enormous contribution of the informal SMEs in development of both developing and developed countries (Mintah & Darkwah, 2018). In addition, it also points out to the unique challenges to SMEs development and growth in developing countries and provides a strong foundation towards the formalization debate in Africa.

Africa as a continent is characterized by an unorganized and non-constitutional interaction of various economic activities in both the rural and urban areas (Wilden, Devinney, & Dowling, 2016). The informal sector, its urban precincts, have been blamed as the root cause of many problems in Africa. The informality undermines the ability of the African governments to raise revenue through taxation and leads to exploitation of the many investment opportunities available (Akinboade, 2015). Workers in the informal sector should not be vilified, since in most cases they are forced out of the formal employment into the informal sector in an attempt to survive the turbulent economic business operating environment with huge unrecorded contributions being unrecorded in the official country statistics (Fatoki, 2014). Informal SMEs in African countries play a crucial role in employment generation, stimulating economic growth and poverty alleviation (Abor & Quartey, 2010). Mennens et al. (2018) argue that most informal SMEs in Africa are engaged in retailing, trading and manufacturing, with retailing and trading mostly being found in urban regions, while manufacturing is either found in rural or urban centres. The size of the informal sector depends on a number of factors including preference, taste and consumption of local consumers, availability of the inputs used to manufacture (raw materials), and the level of development of the local and export markets (Chen, 2012; Njaya, 2015).

Arguably, developing countries in Africa face different challenges for informal SMEs development compared to the developed countries. This is further attributed to the different theories that are used to explain the emergence of the informal SMEs in Africa and the developed countries. It has been noticed that African informal SMEs face significant challenges that affect their growth and these challenges vary from country to country, but are very similar in nature. This paper reviews the theories on informal SMEs potential in the African context towards understanding the arguments put forward by various academics. The theories provide divergent views on informality encompassing the positive and negative effect on growing economies. The aim of this paper is to develop a conceptual framework that can be used in Africa for assessing how the potential of the informal SMEs can be realized. The structure of the paper is as follows, section 1: theoretical basis, section 2: results – proposed conceptual framework and section 3: discussion and way forward for the formalization debate.

1. THEORETICAL BASIS

Historical debates over the years on the size and different informal sectors have significantly crystallized into seven (7) dominant schools of thought, namely dualist, structuralist, legalist, rational choice, rational legalist theories, the recession push theory and the labor supply theory regarding its nature and composition.

1.1. The dualist theory

The International Labour Organisation (ILO) popularized this concept in the 1970s. This paradigm

is of the school of thought that the informal economy is characterized by marginalized economic activities that are dominated by the poor as a source of income and a safety net in a period of economic meltdown (ILO, 1972; Hart, 1973). The theory argues that the existence of the informal sector is attributed to the unavailability of enough formal job opportunities being created to take up surplus of labor. It is identified by the government as one of the pillars for potential employment in the country (Becker, 2004). The paradigm asserts that once economic growth starts to be experienced, the informal sector will automatically reduce in size. Gerry (1987) observes this sector is characterized by Third

World handcraft workers, peasants and petty traders in underdeveloped nations who act as a buffer during recession time by providing income for retrenched laborers and a stop-over for employees seeking new jobs. Blunch, Canagarajah, and Raju (2001) argued that marginal activities in many developing countries provides between 60%-80% of total non-agricultural jobs. Sethuraman (1976) one proponent of the dualist school, argued that the informal enterprises operate as a unique sector of the overall economy with no relationship with the formal economy. The Government of China has taken positive steps in increasing their interest in the informal sector as a panacea to addressing the issues of high unemployment (Harvey & Lee, 2003; Hussain, Millman, & Matlay, 2006; Chen, 2006).

1.2. Structuralist theory

Portes et al. (as cited in Portes, Castels, & Benton, 1989) popularized the structuralist theory in the late 1970s and early 1980s. The structuralist theory argues that the informal sector should be viewed as part of the global economic system that serves to reduce input and labor costs indirectly increasing the competitiveness of large corporations (Chen, 2006). The theory in contrast to the dualist theory acknowledges the co-existence between the formal and informal sectors. It again explains the linkages, the inter-connectedness and inter-dependency that ensure that the informal sector is a necessary component of the global economy. Portes, Castels, and Benton (1989) argued that the structuralist sees the informal sector as being linked to the formal economy, while Moser (1978) observes that the informal sector employment is the marginalization of the majority of poor people and therefore advocates for the need to generate more jobs in the formal sector in an attempt to prevent the exploitation of workers in the informal sector. According to Rakowski (1994), the structuralist theory is underpinned by the critical assumptions of the neo-Marxist economic theories that assert that capitalist further their business and personal interests by exploiting the poor. Gardener argued that structuralists often explore the linkages between formalized large firms and informal small firms (as cited in Jamela, 2013, p. 22). Chen (2006) lamented that for the informal and formal economy to co-exist, there is a need for proper macroeconomic policies that en-

sure more equitable linkages between the two and also that the informal sector has a position on the continuum of the various economic relationships and therefore cannot be separated from the formal economy. The structuralist theory is based on a capitalist economy, where profit maximization drives the business, thereby leading to exploitation of labor through low salaries and resultantly giving birth to the informal economy.

1.3. The legalist theory

Feigie (1981) and de Soto (1989, 2000) popularised the legalist theory. Kirshner (2009) argued that the legalist theory is a result of exorbitant, inefficient, cumbersome and costly government rules and regulations, which makes it hard to comply and micro-entrepreneurs tend to go informal. The legalist enterprises participate in the formal economy to avoid the burden of high taxes and strict regulations in the informal sector. McClain, Alexander, and Jones (2008) argued that nations can take three approaches when faced with informal activities that take place in economic domains subject to regulation: ignoring its existence, making an effort to control it or legalizing it. Regulation of the economy is encouraged to ensure the market regulates its economy and also to curtail the growth of the informal sector. The theory focuses on government policies, since there is a consensus that it has a direct impact on the growth and expansion of the underground economy. It is imperative to stress the importance of government to address its laws, rules and regulations towards the informal business activity and this sector would be allowed to grow and heavily contribute towards the overall economic growth. However, Harding and Jenkins (1989), Renooy (1990) and Swaminathan (1991) argue that the informal sector entrepreneurs choose to participate there because of high levels/degrees of flexibility concerning work schedules. Berger and Buvinic (1989) argue that the main driving force for participating in the informal sector is to ensure the survival of families by ensuring the family has access to a subsistence level of income. Tedds (2010), Torgler and Schneider (2009) observe that high tax rates, perception towards the poor, quality of governance and high levels of corruption are some of the major driving forces behind the majority of enterprises operating in the informal sector. However, the empirical evidence on the

influence of taxation is mixed. Bigsten, Kimuyu, and Lundvall (2004) indicate that the incentive to operate formally is weak and, as a result, SMEs do not see any benefits from operating in the formal sector. Xaba, Horn, and Motala (2002), Hudson, Williams, Orviskas and Nadin (2012) and Chen (2006) provide some evidence of existing linkages between the informal and formal sector businesses.

1.4. The rational choice theory

Gardener observes this theory and explains the behavior of humans and has been used and adapted to fit many different fields and many disciplines in practice (as cited in Jamela, 2013, p. 26). Gardener asserts that this theory assumes that individuals always want to maximize their satisfaction given the available information on the benefits and costs of their action (as cited in Jamela, 2013, p. 26). Schneider and Enste (2000) argue that there are many factors and reasons influencing individuals to formalize or to stay informal, highlighting that though economic factors should be given more weight, personal issues should not be ignored as well. It is noted that personal factors to consider include circumstantial characteristics and personal characteristics, since the critical assumption is that the informal and formal economies are separate.

1.5. The rationalist legalist theory

Gardener argues that this theory is a combination of the rational choice and legalist theories. The ideology is that micro-entrepreneurs consider the social and opportunity costs involved before opting to go formal (as cited in Jamela, 2013, p. 27). This theory attempts to forecast and predict the effect of the informal sector on the country's economic growth. In summary, though the informal economy plays a significant and vital role in many economies, especially in African countries, there is no agreement and unanimity in the literature on the variables/factors motivating firms to participate in the informal sector.

1.6. The recession push theory

This theory is based on the notion that the oil shocks of the 1970s cumulating into the global recession of the 1980s had a great unfavorable impact on the macroeconomic stability of develop-

ing and developed states with evidence of low economic growth, high unemployment and poor living conditions (poverty) (Uribe-Echevarria, 1993). The theory postulates that, in times of recession, large-scale enterprises were more affected than small and medium enterprises with many employees who would have suffered from the painful strategies of retrenchment, downsizing, right-sizing and realignment being forced to start their informal SMEs (Rasmussen, 1992; Kaliyati, 1994). It however, has failed to achieve desired results for Japan and Central Italy (Loveman & Sengeberger, 1991), as these countries were not negatively affected by the recession as other countries in the world.

1.7. The labor supply theory

The labor supply theory postulated by Pedersen (1998) argues that SMEs' development is attributed as a response to the high levels of unemployment and it acts as a solution for the employees who cannot be absorbed in the formal economy. Pedersen (1998) points out that urban informal economy will significantly rise in times of recessions or financial meltdown when the size and growth of the formal sector will slow down and fail to absorb all the economically active population. However, theories have shown that when formal jobs grow small and medium enterprises, economy is likely to downsize as owners of SMEs jostle to find jobs in the formal sector and thus shows evidence of anti-cyclicalities in the informal sector. According to Brand et al. (1995) and Pedersen (1998), the majority of the literature review globally has taken this theory as evidence of explanation of the informal sector after the so-called Structural Adjustment Program (SAPs).

1.8. Theorectical perspectives: emergence of SMEs in developing countries

Scholars acknowledged and accepted the principle that informal SMEs are a vital factor in encouraging and achieving employment generation, economic growth and industrial growth (Sethuraman, 1997; Chen, 2006; Idris & Ismail 2007; International Labor Office, 2011; Chigwenya & Mudzengerere, 2013). There have been many theoretical interpretations concerning the emerging contemporary small-scale production globally.

Musampa (1989) indicates that in African countries, small and medium enterprises have contributed to the significant growth in many sectors. Sunita & Mead (2002) also argue that South East Asia is no exception with countries like Malaysia, South Korea, Japan, Taiwan and Hong Kong attributing the development of their manufacturing sector to SMEs development. However, Helmising indicates that serious variations regarding patterns and growth of SMEs in completely different parts of the globe tend to be different from one area to the other and also are explained by different theories (as cited in Bukaliya & Hama, 2012, p. 62).

1.9. Theoretical models linked to Africa

The ideal theories to the explanation of the serious development of SMEs in Africa is the recession push theory, the legalist theory and the labor supply theory. Zimbabwe is no exception with Kenya, Malawi, and Nigeria also falling into the pack with an explanation to the growth of the SMEs being explained by the global recession and the slow economic growth in these countries. Chigwenya and Mudzengerere (2013) point out that the informal sector is no longer dominated by the so-called urban poor and survivalist but semi-skilled, skilled, as well as educated people, as they try to supplement their meagre primary income in a recessive economy, where high unemployment is a key characteristic as with many African developing countries. With the global financial recession and economic meltdown between the years 1998 to 2008, the formal economy in Zimbabwe has not been able to absorb thousands of school leavers and college graduates with the informal sector being seen as the major absorber of the redundant workforce (Muraya, 2004; Skinner, 2009).

Other theories that are also important in explaining the emergence of the informal SMEs in Africa are the legalist and the labor supply theories that can also be integrated into the recession theory. It is important to note that the legalist theory stresses the importance of state laws, rules and regulations towards the growth of informal business activities and conclude that in developing countries, high taxation, poor quality of governance and high levels of corruption are some of the key factors behind the majority of SMEs operating in the infor-

mal sector (Kirshner, 2009; Torgler & Schneider, 2009; Tedds, 2010). The labor supply theory points out that informal SMEs' development is largely attributed to high rates of unemployment in developing countries (Pederson, 1998). This view has been taken as the explanation for the growth of informal SMEs in developing countries after adopting of the structural adjustment programmes (Pedersen, 1998). It is used as the solution for the many employees who cannot be absorbed in the formal sector as a response to the high levels of unemployment.

1.10. Challenges faced by the informal SMEs

Evidence (Ladzani & van Vuuren, 2002; Karedza, Sikwila Nyamazana, Mpfu, & Makurumidze, 2014; Rao, Kumar, Gaur & Verma, 2017) have shown that when many small businesses emerge, a considerable number of them fail because of many challenges. Research has shown that some fail at their infancy stage while the majority fails within a few years after start-up. Reasons cited vary from one country to the other, with the general ones in Africa being discussed.

Accessibility to finance/credit. Historically, SMEs have always had access to loans and capital as one of their main challenges. Limited access to finance and credit remains one of the challenges for the SMEs (Bolton, 1971; Stilgliz & Weiss, 1981; Cassar, 2004; Hussain et al., 2006; Herrington & Wood, 2009; Abor & Quartey, 2010; ZEPARU & BAZ, 2014; Khan, 2015; Porumboiu, 2016).

Lack of management and entrepreneurial skills. Hellriegel, Jackson, Slocum, Staude, Amos, Klopfer, Louw, and Oosthuizen (2008) and Lutfi, Idris, and Mohammed, (2016) point out that managerial competency is very important to the survival and growth of the informal small and medium enterprises in many countries. This view is further supported by Maseko and Mnayani (2011) who observe that lack of management skills, experience and high cost of professional accounting services are some of the main factors why new informal SMEs always fail.

Poor location and networking. Dahl and Sorenson (2007) and Mario (2018) argue that geographical

proximity is one of the variables that forms an enhanced environmental scanning that enables new SMEs to have access to buyers and suppliers. This view is also supported by McPherson (1995), Olawale and Garwe (2010) and Maunganidze (2013). Okten and Osili (2004) states that networking helps SMEs' owners to tap the means of production by ensuring reduced information asymmetry, while Shane and Cable (2002) further points out that networking ensures the SMEs' legitimacy, which positively influences the firm's accessibility to borrow from outside sources.

Poorly defined legal and regulatory framework. Government legal and regulation on businesses is an important issue of concern for all economies globally (European Commission, 2010; Chen, 2012). The general belief is that regulation is a necessary evil meant to provide stable trading conditions and to develop some high degree of business trust, which can create a conducive environment for SME development (Welter & Smallbone, 2006; Atherton et al., 2008; Charoensukmongkol, 2016). World wide deregulation, over-regulation and lack of regulation are bad for the informal sector and its respective employees. There is a need to rethink regulations (sector-specific) to determine proper regulations for the informal economy and the components of the informal employment.

Technological capabilities. Technological development is a key element in ensuring that SMEs can be able to compete in both the domestic and international markets (Goldstein, Pinaud, Reisen, & Chen, 2006). Lall (1993) points out that technological activities should be imagined by thinking beyond the firms, as a single SME does not have the necessary knowledge to introduce new products and processes thus the need to interact with home and foreign players in creating and advancing the technology being used. A study by Levy, Berry, and Nugent (1999) concluded that SMEs, both formal and informal, build their technological capabilities by drawing from international exhibitions, licensing agreement or from vertical integration links as in the case of Korea and Japan, respectively. African SMEs have exhibited in most cases low levels of technological efforts and linkages, which have hindered these firms' capacity in competing on the international market (McCormik et al., 1997; Levy Berry, Nugent, & Urata (1999).

Government policy towards SMEs. GATT (1994) and Charoensukmongkol (2016) state that government's policy towards SMEs is considered one of the important variables taken into consideration when looking at the possibility of unlocking the informal SMEs' potential. Literature shows that government support differs significantly across the different continents with some governments creating many barriers to SMEs' development in the form of excessive regulation and red tape. Globally, many states and governments have established agencies and institutions in an attempt to support and try to assist SMEs with the overall aim being to create an enabling and conducive environment for SMEs' development (Mahembe et al., 2011; Naicker, as cited Smith & Watkins, 2012). Studer et al. (2006), Mutula and Brakel (2006), Madrid-Guijarro et al. (2009), Okpara (2011), Peters and Naicker (2013) argued that underdeveloped, undeveloped and many failed small and medium enterprises are a result of minimum government support, which hinders its growth and development.

2. RESULTS: PROPOSED CONCEPTUAL FRAMEWORK

The proposed conceptual framework developed for this paper is based on the Fishbone diagram developed by Kaoru Ishikawa (1986) and literature review on the key constructs that have been hindering informal SMEs performance, development and realization of their full potential in developing countries. In this diagram, the challenges are identified as problems that need to be solved. Literature review identified six (6) major constructs, in identifying the main challenges in informal SMEs development. The six (6) factors are (1) accessibility to finance and/or credit (2) lack of management and entrepreneurial skill (3) poor location and networking (4) technological capabilities, (5) government policies towards the informal SMEs and (6) poorly defined legal and regulatory frameworks. The proposed conceptual framework is the first of its kind to be developed in Africa in an attempt to consolidate the above constructs into a single workable framework.

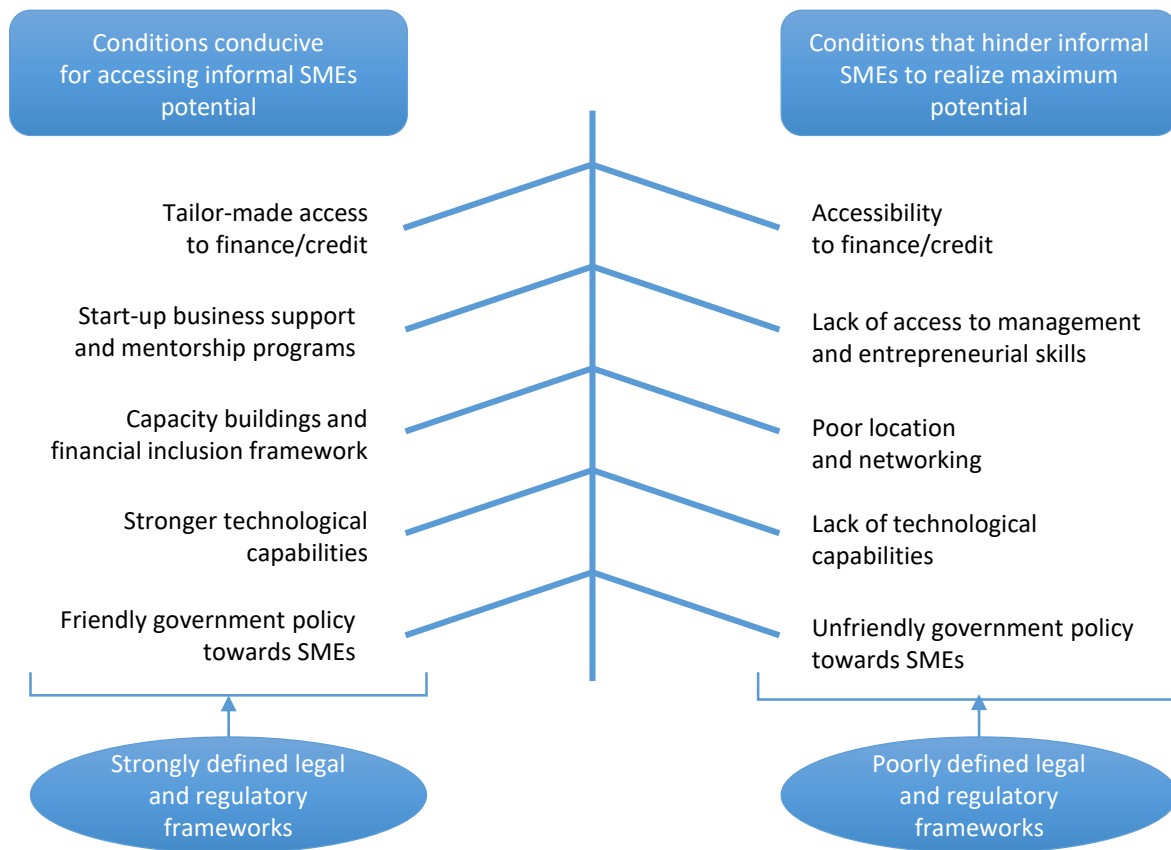


Figure 1. The proposed conceptual framework

2.1. Discussion of the proposed conceptual framework

The proposed conceptual framework has been developed after taking into the account all the unique challenges identified in literature review in both developed and developing economies.

2.2. Challenges faced by the informal SMEs

2.2.1. Conditions that Hinder Informal SMEs to release maximum potential

Limited accessibility to finance, lack of access to management and entrepreneurial skills, poor location and networking, technological capabilities, poor government policies towards SMEs and poorly defined legal and regulatory framework have been identified in literature review as the main challenges being faced by the informal small to medium enterprises. These factors are seen as the conditions that hinder informal SMEs to release their potential.

2.2.2. Conditions Conducive for Assessing Informal SMEs potential

The proposed framework to ensure that informal SMEs realize their full potential will be premised on the basis that the informal SMEs will have tailor-made access to finance/credit, that government and private sector will provide start-up business support and mentorship programs and capacity buildings and financial inclusion framework, stronger technological capabilities, friendly government policies towards SMEs and a strongly defined legal and regulatory framework.

2.3. Government policies towards SMEs and a strongly defined legal and regulatory framework

Literature confirms that government regulation on businesses is an important tool for the growth and performance for all economies (European Commission, 2010). World Bank (1992), on the other hand, points out that a good legal and regulatory framework makes econom-

ic transaction easier, reduces uncertainty and helps the markets to realize their full potential. Charoensukmongkol (2016) also observes that government support in many different ways is critical to the international performance of SMEs. However, Peck, Jackson, and Mulvey (2017) highlights that poorly defined regulation can have adverse effects on the growth and development of SMEs.

3. RECOMMENDATIONS

The proposed conceptual framework is a reflection of the key constraints faced by the informal SMEs and the main solution to their challenges is ensuring formalization of the informal SMEs by ensuring that developing countries have addressed the following key pillars:

- Developing a supporting legal and regulatory framework.

Developing effective legal and regulatory framework that promotes informal SMEs by avoiding restrictive registration requirements and allowing many microfinance institutions to enter the market.

- Developing effective government policies and support mechanisms.

Government policies and initiatives should be properly designed and better evaluated to ensure informal SMEs' growth and development. Policy analysis reflects that government interventions may significantly help to stimulate the take-off of the informal SMEs.

- Developing a registration framework.

A registration framework for informal SMEs with relevant authorities and government departments should be provided. This should ensure that informal SMEs get operating licences easily

- Developing favorable financial infrastructure.

Establishing a solid and favourable infrastructure to enable an improved accessibility of finance by the informal manufacturing SMEs.

- Providing appropriate and up-to-date technology.

Provision of an appropriate technology is a catalyst for ensuring the growth and development of the informal SMEs. Use of state of the art technology leads to improved products, reduced production and operating costs and improved efficiency.

4. DISCUSSION AND WAY FORWARD FOR THE FORMALIZATION DEBATE

This paper shows the significance of the informal SMEs as one of the keys that can fuel employment generation, economic growth and development in Africa at large. This implies that there is a great need for the informal economy and its workforce to be fully recognized despite lack of overarching policy interventions to attend to their problems as indicated in the proposed conceptual framework (Chen, 2012). There should be various interventions to be considered, and these interventions needs to be tailored and designed to meet the specific country constraints, wants and needs of different groups of the informal economy. Economic and social policies ought to be revisited regarding their impact on the informal sector and the respective parts (World Bank, 1995). Most policies have a positive and negative impact on the formal economy, and it is in the interest of the government to monitor the impact of the different policies on the different classes of the informal sectors and attempts to address the negative impacts. There is serious need to improve the measurement of informal employment and informal SMEs in official economic statistics.

In Africa, fundamentally, what is required is a new economic paradigm in the form of a model that embraces both the traditional and modern SMEs in the informal and formal economy. Chen (2012) argues that what is needed is a model that allows the micro-enterprises and least powerful workers to be able to operate alongside the large corporations and the most economic players. Many policy debates on the informal economy have asked the question about how to formalize the informal economy. Scholars came up with differ-

ent notions of what formalization of the informal economy means with some arguing that it merely means shifting the informal workers into the formal wage/salaried jobs, with others arguing that it means registering and taxing informal enterprises (Husmanns, 2004; Gono, 2006; Chen, 2012). The last group where the informal SMEs are already paying the taxes and/or licence fees being formal means gaining access to legal and social protection, as well as support services (skills and business training) and access to be represented in critical rule-setting, policy-making and trade union collective bargaining processes.

It is important to understand that formalization has no universally accepted definition and therefore has different meanings and implications for different categories of the informal sectors. In addition, it is of paramount importance to ensure that formalisation offers the benefits and protections that are attached to becoming formal and does not only increase the costs of becoming formal (Chen, 2006). In the case of the self-employed going formal, it should not imply just obtaining a trading license, registering their accounts and paying taxes as these represent the costs of entry into the formal sector. The question would be what is it that they would like to receive as benefits of going formal in return for paying these high costs? Among the benefits should be tax breaks and in-

centive packages, legal ownership of their place of business and means of production, membership in trade associations, protection against creditors and clear bankruptcy and social protection. However, it is important to appreciate that formalization has different dimensions beyond the benefits above and policy-makers should acknowledge and recognize these various dimensions of formalisation and the fact that formalisation is not therefore a one-step process, but rather an ongoing process of extending benefits of formalization incrementally to the informal workers.

Summarily, the informal sector and workforce in Africa need to be respected and valued for their contributions and integrated into the main stream for advanced economic planning and legal frameworks. Realisation of the full potential of the SME would lead to employment generation, which would create more jobs in the operating environment. With more jobs being created in the economy, the economy will experience high economic growth in the form of an increase in Gross Domestic Product. This will, in the long run, lead to economic development and the conversion of the informal SMEs into formal businesses. Through addressing the challenges faced by the informal SMEs through the various interventions strategies, the full potential of the informal SMEs would be unlocked.

REFERENCES

1. Abor, J., & Quartey, P. (2010). Issues in SME Development in Ghana and South Africa. *Finance and Economics*, 39, 218-228. Retrieved from https://www.researchgate.net/profile/Peter_Quartey/publication/285704505_Issues_in_SME_development_in_Ghana_and_South_Africa/links/5790cddd08ae0831552f8dae/Issues-in-SME-development-in-Ghana-and-South-Africa.pdf
2. Akinboade, O. A. (2015). Correlates of Tax Compliance of Small and Medium Size Businesses in Cameroon. *Managing Global Transitions*, 13(4), 389-413. Retrieved from http://www.fm-kp.si/zalozba/ISSN/1581-6311/13_389-413.pdf
3. Atherton, A. K., Frith, E., Price, M., Gatt, M., & Rae, D. (2008). The Problem with Regulation: Systemic Constraints to Effective Implementation of New Legislation. Paper presented at the 31st ISBE Conference, Belfast.
4. Becker, K. F. (2004). *The Informal Economy. A Fact-Finding Study*. Swedish International Development Cooperation Agency (SIDA), Stockholm, Sweden, March 2004. Retrieved from <http://www.rrojas-databank.info/sida.pdf>
5. Bigsten, A., Kimuyu, P., & Lundvall, K. (2004). What to do with the Informal Sector? *Development Policy Review*, 22(6), 701-715. Retrieved from https://economics.gu.se/digitalAssets/1378/1378664_pk-kl-dpr-2004.pdf
6. Blunch, N., Canagarajah, S., & Raju, D. (2001). *The Informal Sector Revisited: A Synthesis Across Space and Time* (Social Protection discussion paper series: no. SP 01190. Washington, D.C.: The World Bank. Retrieved from <http://documents.worldbank.org/curated/en/496711468766544695/The-informal-sector-revisited-a-synthesis-across-space-and-time>
7. Bolton, J. E. (1971). *Report of the Committee of Inquiry on Small Firms*. Her Majesty's Stationary Office (HMSO), London, UK.
8. Brand, V., Gumbo, P., & Mupedziswa, R. (1995). Women in Informal Sector Workers and Structural Adjustment in Zimbabwe. In P. Gibbon (Ed.), *Social Change and Economic Reform in Africa*. The Scandinavian Institute of African Studies, Uppsala: Nordiska, Afrikainstitute.

9. Breman, J. C. (1980). *The Informal Sector in Research: Theory and Practice*, chap. 3. Rotterdam.
10. Bukaliya, R., & Aleck, H. (2012). Challenges Affecting Informal Business Funding in Zimbabwe, Implications for the Zimbabwe Open University, African Educational Research Network. *African Symposium*, 12(1), 57-72. Retrieved from <https://projects.ncsu.edu/aern/TAS12.1/TAS12.1Bukaliya.pdf>
11. Cassar, G. (2004). The Financing of Business Start-ups. *Business Venturing*, 19(2), 261-283. [https://doi.org/10.1016/S0883-9026\(03\)00029-6](https://doi.org/10.1016/S0883-9026(03)00029-6)
12. Castells, M., & Portes, A. (1989). World Underneath: The Origins, Dynamics and Effects of the Informal Economy. In A. Portes, M. Castells & L. A. Benton (Eds.), *The Informal Economy. Studies in Advanced and less Developed Countries* (pp. 11-33). Baltimore: John Hopkins University Press.
13. Charoensukmongkol, P. (2016). The Interconnections between Bribery, Political Network, Government Supports and their Consequences on Export Performance in Thailand. *International Entrepreneurship*, 14, 259-276. <https://doi.org/10.1177/0266242614539364>
14. Chen, M. A. (2006). Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment. In B. Guha-Khasnobis, R. Kanbur & E. Orstrom (Eds.), *Linking the formal and informal economy – concepts and policies* (pp. 75-92). Oxford: Oxford University Press.
15. Chen, M. A. (2012). *The Informal Economy: Definitions, Theories and Policies* (WIEGO Working Paper no. 1. Manchester, WIEGO, August 2012). Retrieved from http://www.inclusivecities.org/wp-content/uploads/2012/09/WP1_Chen_final.pdf
16. Chigwenya, & Mudzengerere, F. H. (2013). The Small and Medium Enterprises policy in Zimbabwe: A Narrative of Strides taken to Mainstream the Informal Sector Activities in Urban Local Authorities in Zimbabwe. *Politics and Good Governance*, 4(4), Quarter IV. Retrieved from <http://onlineresearchjournals.com/ijopagg/art/139.pdf>
17. Dahl, M. S., & Sorenson, O. (2007). *Home Sweet Home? Social Capital and Location decisions*. Retrieved from <http://www.druid.dk/fileadmin/images/dokumenter/sorenson.pdf> (accessed July 30, 2016).
18. de Soto, H. (1989). *The other path: The Invisible Revolution in the Third World*. Harper and Row, New York.
19. de Soto, H. (2000). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
20. European Commission (2010). *Action Programme for Reducing Administrative Burdens in the EU. Delivering on Promises*. Office for official Publications of the European Communities, Luxembourg.
21. Fatoki, O. (2014). Causes of failure of New Small and Medium Enterprises in South Africa. *Mediterranean Journal of Social Sciences*, 5(20), 922-927. <https://doi.org/10.5901/mjss.2014.v5n20p922>
22. Feigie, E. (1981). The UK's Unobserved Economy: A preliminary assessment. *Economic Affairs*, 1(4), 205-212. <https://doi.org/10.1111/j.1468-0270.1981.tb00939.x>
23. Feigie, E. L. (Ed.) (1989). *The Underground Economies: Tax Evasion and Information Distortion*. Cambridge University Press.
24. General Agreement on Tariffs and Trade (GATT) (1994). *Embargo: Trade Policy Review of Zimbabwe*. Retrieved from http://www.wto.org/gatt_docs/En (accessed June 30, 2016).
25. Gerry, C. (1987). Developing Economies and the Informal Sector in a Historical Perspective. *Annals of the American Academy of Political and Social Sciences*, 493, 100-119. <https://doi.org/10.1177/0002716287493001008>
26. Goldstein, A., Pinaud, N., Reisen, H., & Chen, X. (2006). *The Rise of China and India: What's in it for Africa*. OECD Development Centre, Paris, February 2006. Retrieved from <http://www.oecd.org/development/pgd/36259343.pdf>
27. Gono, G. (2006). *Developmental SME Projects Intervention to Support the Youth, Women and Other Disadvantaged Groups*. Supplement to the First Half 2006, Monetary Policy Review Statement. Retrieved from <http://www.rbz.co.zw/assets/developmentals-meprojects.pdf>
28. Harding, P. & Jenkins, R. (1989). *The Myth of the Hidden Economy: Towards a New Understanding of Informal Economic Activity*. Milton Keynes, Philadelphia: Open University Press, Milton Keynes. <https://doi.org/10.1080/03768359008439547>
29. Hart, K. (1973). Informal Income Opportunities and Urban Employment in Ghana. *Modern African Studies*, 11(1), 61-89. <https://doi.org/10.1017/S0022278X00008089>
30. Harvey, C., & Lee, H. H. (2003). Export-led Industrialisation and Growth: Korea's Economic Miracle, 1962-1989. *Australian Economic History Review*, 43, 256-286. <https://doi.org/10.1046/j.1467-8446.2003.00054.x>
31. Hellriegel, D., Jackson, S. E., Slocum, J., Staude, G., Amos, T., Klopper, H. P., Louw, L., & Oosthuizen, T. (2008). *Management* (2nd ed.). South African Edition: Oxford University Press, Oxford.
32. Herrington, M., & Wood, E. (2003). *Global Entrepreneurship Monitor, South African Report*. Retrieved from <http://www.gbs.nct.ac.za/gbswebb/userfiles/gem-southafrica2000.pdf> (accessed July 21, 2016).
33. Hudson, J., Williams, C. C., Orviska, M., & Nadin, S. (2012). Evaluating the Impact of the Informal Economy on Enterprises in South East Europe: Some Lessons from the 2009 World Bank Enterprise Survey. *Economics and Enterprise*, 7(1), 99-110. <https://doi.org/10.2478/v10033-012-0010-x>
34. Hussain, J., Millman, C., & Matlay, H. (2006). SME Financing in the UK and in China: A Comparative Perspective. *Small*

- Business and Enterprise Development*, 13(4), 584-599. <https://doi.org/10.1108/14626000610705769>
35. Hussmanns, R. (2004). Measuring the Informal Economy: From Employment in the Informal Sector to Informal Employment (ILO Policy Integration Department / Bureau of Statistics, ILO Working Paper No. 53). Geneva. Retrieved from http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_079142.pdf
 36. Idris, J., & Ismail, R. (2007). *Source of Output Growth in Small and Medium Enterprises in East Scale Enterprises in Malaysia*. Kuala Lumpur: University of Malaya. Retrieved from <http://mpira.ub.uni-muenchen.de/2779/>
 37. International Labour Office (ILO) (1972). *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya*. Geneva, ILO. Retrieved from <http://www.wiego.org/publications/employment-incomes-and-equality-strategy-increasing-productive-employment-kenya>
 38. International Labour Office (ILO) (2011). *Statistical Update on Employment in the Informal Economy*. ILO Department of Statistics. Geneva. Retrieved from http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms_157467.pdf
 39. International Labour Office (ILO) (2012). *Statistical Update on Employment in the Informal Economy*. ILO Department of Statistics. Geneva. Retrieved from http://laborsta.ilo.org/applv8/data/INFORMAL_ECONOMY/2012-06-Statistical%20update%20-%20v2.pdf
 40. International Labour Organisation (ILO) (2016). *Transforming Jobs to End Poverty, World Employment Social Outlook (WESO)*. International Labour Office, Geneva. Retrieved from http://www.ilo.org/global/research/global-reports/weso/2016-transforming-jobs/WCMS_481534/lang-en/index.htm
 41. Jamela, T. (2013). *Experiences and Coping Strategies of Women Informal Cross Border Traders in unstable political and economic conditions: the Case of Bulawayo (Zimbabwe) Traders* (Master thesis in Development Studies). University of Johannesburg. Retrieved from <https://ujcontent.uj.ac.za/vital/access/services/Download/uj:7483/CONTENT1>
 42. Kaliyati, J. (1994). The Informal Sector and Business Development. In M. Venter (Ed.), *Prospects for Progress: Critical Choices for Southern Africa* (pp. 152-163). Cape Town: Longman.
 43. Kaoru, I. (1986). *Guide to Quality Control*. Tokyo, Japan - Asian Productivity Organisation.
 44. Karedza, G., Sikwila Nyamazana, M., Mpofo, T., & Makurumidze, S. (2014). An Analysis of the Obstacles to the Success of SMEs in Chinhoyi, Zimbabwe. *Business and Management*, 6(6), 38-42. Retrieved from <http://www.iiste.org/Journals/index.php/EJBM/article/view/11123>
 45. Khan, S. (2015). Impact of Sources of Finance on the growth of SMEs: Evidence from Pakistan. *Decision*, 42(1), 3-10. <https://doi.org/10.1007/s40622-014-0071-z>
 46. Kirshner, J. (2009). City of rings: Migration, Informalisation and Public Space in Saita Cruz, Bolivia. Paper presented at the *Sociology, Anthropology and Development Studies Seminar on 2nd October, Johannesburg: University of Johannesburg*.
 47. Ladzani, W. M., & Van Vuuren, J. J. (2002). Entrepreneurship Training for Emerging SMEs in South Africa. *Small Business Management*, 40(2), 154-161. <https://doi.org/10.1111/1540-627X.00047>
 48. Lall, S. (1993). Understanding Technological Development, *Development and Change*, 24, 719-753. <https://doi.org/10.1111/j.1467-7660.1993.tb00502.x>
 49. Levy, B., Berry, A., & Nugent, J. B. (1999). *Fulfilling the Export Potential of Small and Medium Firms*. Boston. Kluwer Academic. <https://doi.org/10.1007/978-1-4615-5169-0>
 50. Loveman, G., & Sengeberger, W. (1991). The Re-emergence of Small-Scale Production, An International Comparison. *Small Business Economics*, 3(1), 1-37. Retrieved from https://www.jstor.org/stable/40228674?seq=1#page_scan_tab_contents
 51. Lutfi, A. A., Idris, K. M., & Mohammed, R. (2016). The Influence of Technological, Organisational and Environmental Factors on Accounting Information System Usage among Jordanian Small and Medium-sized Enterprises. *Economics and Financial Issues*, 6(S7), 240-248. Retrieved from <https://core.ac.uk/download/pdf/78487635.pdf>
 52. Madrid-Guijarro, A., Garcia, D. & van Auken, H. V. (2009). Barriers to Innovation Among Spanish Manufacturing SMEs. *Small Business Management*, 47(4), 465-488. <https://doi.org/10.1111/j.1540-627X.2009.00279.x>
 53. Mahembe, E., Chiumya, C., & Mbewe, P. (2011). *Literature Review on Small and Medium Enterprises Access to Credit and Support in South Africa*. Prepared for National Credit Regulator (NCR), Compiled by Underhill Corporate Solutions (UCS), Pretoria, South Africa. Retrieved from http://www.ncr.org.za/pdfs/Literature%20Review%20on%20SME%20Access%20to%20Credit%20in%20South%20Africa_Final%20Report_NCR_Dec%202011.pdf
 54. Maloney, W. F. (2004). Informality Revisited. *World Development*, 32(7), 1159-1178. <https://doi.org/10.1016/j.worlddev.2004.01.008>
 55. Mario, F. (2018). Networking as a Marketing Tool in Small Companies: A Random and Informal Approach. *Business Strategy*, 39(2), 47-55. <https://doi.org/10.1108/JBS-02-2017-0020>
 56. Maseko, N., & Manyani, O. (2011). Accounting Practices of SMEs in Zimbabwe: An Investigative Study of Record Keeping for Performance Measurement, A Case Study of Bindura. *Accounting and Taxation*, 3(8), 171-181. <https://doi.org/10.5897/JAT11.031>

57. Maunganidze, F. (2013). The Role of Government in the Establishment and Development of SMEs in Zimbabwe. Virtues and Vices. *Business Administration and Education*, 4(1), 1-16. Retrieved from <http://infinitypress.info/index.php/jbae/article/download/193/162>
58. McClain, R. J., Alexander, S. J., & Jones, E. T. (2008). *Incorporating Understanding of Informal Activity in Natural Resource and Economic Development Policy* (United States Department of Agriculture, General Technical Report PNW-GTR-755, June 2008). Retrieved from https://www.fs.fed.us/pnw/pubs/pnw_gtr755.pdf
59. McPherson, M. A. (1995). The Hazards of Small Firms in Southern Africa. *Development Studies*, 32, 31-54. <https://doi.org/10.1080/00220389508422400>
60. Mennens, K., van Gils, A., Odekerken-Schroder, G., & Letterie, W. (2018). Exploring antecedents of service innovation performance in manufacturing SMEs. *International Small Business Journal*, 34(6), 1-21. <https://doi.org/10.1177/0266242617749687>
61. Mintah, S., & Darkwah, S. (2018). Drivers of Informal Sector Participation of Small and Medium Enterprises in Ghana. *Scientia Agriculture Bohemica*, 49(1), 60-67. Retrieved from <https://www.degruyter.com/downloadpdf/j/sab.2018.49.issue-1/sab-2018-0010/sab-2018-0010.pdf>
62. Moser, C. N. (1978). Informal Sector or Petty Commodity Production: Dualism or independence in urban development. *World Development*, 6(9/10), 1041-1064. [https://doi.org/10.1016/0305-750X\(78\)90062-1](https://doi.org/10.1016/0305-750X(78)90062-1)
63. Mukherjee, D. (2004). *Informal Manufacturing Sector in India: Pre-and Post-Reform Growth Dynamics*. Munich Personal RePEc Archive, MPRA Paper No. 4866, posted 12 September 2007, Department of Economics, Narasinha Dutt College.
64. Muraya, P. W. K. (2004). Planning and Small Scale Enterprises in Nairobi, Kenya. *Habitat International*, 30(1), 127-143. <https://doi.org/10.1016/j.habitatint.2004.08.002>
65. Musampa, C. M. (1989). Import Substitution and the Creation of Backward Linkages in the Zambian manufacturing sector 1984-1988. *South African Geographical Journal*, 73(1), 29-34. <https://doi.org/10.1080/03736245.1991.10586384>
66. Mwanza, P. S., & Benedict, H. O. (2018). Challenges in Utilising Budget among SMEs in the Manufacturing Sector in the Cape Metropole. *Entrepreneurship & Organisation Management*, 7(1), 222. <https://doi.org/10.4172/2169-026X.1000222>
67. Njaya, T. (2015). Informal Sector Panacea to the High Unemployment in Zimbabwe? Case of Informal Sector Enterprises of Harare. *Research in Human and Social Studies*, 2(2), 97-106. Retrieved from <http://www.ijrhss.org/pdf/v2-i2/14.pdf>
68. Okpara, J. O. (2011). Factors Constraining the Growth and Survival of SMEs in Nigeria: Implications for poverty alleviation. *Management Research Review*, 34(2), 156-171. <https://doi.org/10.1108/01409171111102786>
69. Okten, C., & Osili, U. O. (2004). Social Networks and Credit Access in Indonesia. *World Development*, 37(2), 1225-1246. <https://doi.org/10.1016/j.worlddev.2004.01.012>
70. Olawale, F., & Garwe, D. (2010). Obstacles to the Growth of New SMEs in South Africa. A Principal Component Analysis Approach. *Business Management*, 4(5), 729-738. Retrieved from http://www.academicjournals.org/article/article1380715803_Olawale%20and%20Garwe.pdf
71. Peck, F., Jackson, K., & Mulvey, G. (2017). Regulation and Growth-oriented Small Businesses in North-West England. *Small Business and Enterprise Development*, 25(2), 294-312.
72. Pedersen, P. O. (1998). *The Role of Small Enterprises and Small Towns in the Developing Countries* (CDR Project Paper 89). Center for Development Research: Copenhagen.
73. Peters, R., & Naicker, V. (2013). Small Medium Micro Enterprise Business Goals and Government Support: A South African Case Study. *Business Management*, 44(4), 13-24. Retrieved from <https://repository.uwc.ac.za/bitstream/handle/10566/2013/PetersRBusinessGoal%26GovernmentSupport2013.pdf?sequence=1&isAllowed=y>
74. Portes, A., Castells, M., & Benton, L. A. (1989). *The Informal Economy: Studies in Advanced and Less Developed Countries*. Baltimore, MD, USA: John Hopkins University Press.
75. Porumboiu, O. (2016). External Financing Patterns for Small and Medium Firms in Eastern Europe and Central Asia: Does Financial and Institutional Development Matter? *Advanced Studies in Finance*, VII(13)1, 14-37.
76. Rakowski, C. A. (1994). Convergence and Divergence in the Informal sector debate: A Focus on Latin America. *World Development*, 22(4), 501-516. [https://doi.org/10.1016/0305-750X\(94\)90107-4](https://doi.org/10.1016/0305-750X(94)90107-4)
77. Rao, P., Kumar, S., Gaur, V., & Verma, D. (2017). What Constitutes Financing Gap in Indian SMEs - Owners' Perspective? *Qualitative Research in Financial Markets*, 9(2), 117-131. <https://doi.org/10.1108/QRFM-01-2017-0001>
78. Rasmussen, J. (1992). The Small Enterprise Environment in Zimbabwe: Growing in the Shadow of Large Enterprises. *IDS Bulletin*, 23(3), 21-27. <https://doi.org/10.1111/j.1759-5436.1992.mp23003005.x>
79. Renooy, P. (1990). The Informal Economy: Meaning, Measuring and Social Significance. *Netherlands Geographical Studies*, 115. Amsterdam.
80. Schneider, F., & Enste, H. (2000). *Shadow Economy: Theoretical Approaches, Empirical Studies and Political Implications*. Cambridge (UK): Cambridge University Press.
81. Sethuraman, S. V. (1976). The Urban Informal Sector: Concept, Measurement and Policy. *Inter-*

- national Labour Review*, 114(1), 69-81. Retrieved from <http://www.wiego.org/publications/urban-informal-sector-concept-measurement-and-policyinternational-labour-review>
82. Sethuraman, S. V. (1997). *Informal Economy in Africa: The Emerging Development Challenge, Chapter 13 in ILO (1997), Africa's Informal Economy*. ILO, Geneva.
 83. Shane, S., & Cable, D. (2002). Network Ties, Reputation and the Financing of New Ventures. *Management Science*, 48(3), 364-381. Retrieved from https://www.jstor.org/stable/822571?seq=1#page_scan_tab_contents
 84. Skinner, C. (2009). Challenging City, Imaginaries: Street Traders Struggle in Warwick Junction. *Agenda Special Issue on Gender and Poverty Reduction*, 18. Retrieved from https://www.africancentreforcities.net/wp-content/uploads/2013/10/challenging_city_imaginaries.pdf
 85. Smit, Y., & Watkins, J. A. (2012). A Literature Review of Small and Medium Enterprises (SME) Risk Management Practices in South Africa. *Business Management*, 6(21), 6324-6330. <https://doi.org/10.5897/AJBM11.2709>
 86. Stiglitz, J., & Weiss, A. (1981). Credit Rationing in Markets with Imperfect Information. *American Economic Review*, 71 (3), 393-410. Retrieved from <http://www.jstor.org/stable/1802787?origin=JSTOR-pdf>
 87. Sunita, K., & Mead, D. (2002). *Building Businesses with Small Producers: Successful Business Development Services in Africa, Asia and Latin America*. Practical Action Publishing, IDRC, January 1st, 2002. Retrieved from <https://www.idrc.ca/en/book/building-businesses-small-producers-successful-business-development-services-africa-asia-and>
 88. Swaminathan, M. (1991). *Understanding the Informal Sector: A Survey* (World Institute for Development Economics Research (WIDER) Working Paper 95, Finland). Retrieved from <http://www.wiego.org/publications/understanding-informal-sector-survey>
 89. Taiwo, J. N., Onasanya, A. Y., Agwu, M. E., & Benson, K. N. (2016). The Role of Microfinance Institutions in Financing Small Businesses. *Internet Banking and Commerce*, 21(1), 1-20. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3122480
 90. Tedds, L. M. (2010). Estimating the Income Reporting Function for the Self-employed. *Empirical Economics*, 38, 669-687. Retrieved from <https://web.b.ebscohost.com/abstract?direct=true&profile=ehost&scope=site&authtype=crawler&jrnl=03777332&AN=48646007&h=RI6UIN5dKwb2%2f2J2xloV8T2Vutv4B0AcwKXTEF7OjPzRp8wLzGHdVVO66QnZEaOB%2b6kq8CuZV0HTSf7yr6CFw%3d%3d&crl=f&resultNs=AdminWebAuth&resultLocal=ErrCrlNotAuth&crlhashurl=login.aspx%3fdirect%3dtrue%26profile%3dehost%26scope%3dsite%26authtype%3dcrawler%26jrnl%3d03777332%26AN%3d48646007>
 91. Torgler, B., & Schneider, F. (2009). The Impact of Tax Miracle and Institutional quality on the Shadow Economy. *Economics Psychology*, 30(2), 228-245. <https://doi.org/10.1016/j.joep.2008.08.004>
 92. Uribe-Echevarria, F. (1993), Changing Policy Regimes for Small-Scale Industries in Latin America: Lessons for Africa. In A. H. J. Helmsing & T. Kolstee (Eds.), *Small Enterprises and Changing Policies: Structural Adjustment, Financial Policy and Assistance Programs in Africa*. Intermediate Technology Publications: London.
 93. Welter, F., & Smallbone, D. (2006). Exploring the Role of Trust in Entrepreneurial Activity. *Entrepreneurship Theory and Practice*, 30(4), 465-475. <https://doi.org/10.1111/j.1540-6520.2006.00130.x>
 94. Wilden, R., Deviney, T. & Dowling, G. (2016). The Architecture of Dynamic Research Identifying the building Blocks of a Configurational Approach. *Academy of Management Annals*, 10(1), 997-1076. <https://doi.org/10.1080/19416520.2016.1161966>
 95. World Bank (1992). *Governance and Development, A World Bank Publication*. The World Bank, Washington, D.C. Retrieved from <http://documents.worldbank.org/curated/en/604951468739447676/Governance-and-development>
 96. World Bank (1995). *Performance Audit Report: Zimbabwe Structural Adjustment Programme*. Operations Evaluation Department, June 30, 1995. Retrieved from <http://documents.worldbank.org/curated/en/189141468782142997/Structural-adjustment-and-Zimbabwes-poor>
 97. Xaba, J., Horn, P., & Motala, S. (2002). *The Informal Sector in sub-Saharan Africa* (ILO Working Paper on the Informal Economy, No.2002/10). Retrieved from http://www.ilo.org/employment/Whatwedo/Publications/WCMS_122204/lang--en/index.htm
 98. Zimbabwe Economic Policy Analysis & Research Unit [ZEPARU] & Bankers Association of Zimbabwe [BAZ] (2014). *Harnessing Resources from the Informal Sector for Economic Development, October 2014*. Retrieved from http://baz.org.zw/sites/default/files/Harnessing%20resources%20from%20the%20informal%20sector%20for%20economic%20development%20-Final_1.pdf