

Harnessing the growth of the informal sector to promote Local Economic Development in the Gweru Urban

Julianos Masimba, Naome Rajah and Edson Paul Mutema

ABSTRACT

The continued decline in formal employment, accompanied by the economic decline, rapid urban population growth, has resulted in the rapid growth of the informal sector in urban local authorities. Confederation of Zimbabwe Industries (2014) notes that the sector has become the largest employer constituting 85% of the national employment statistics yet less attention has been given to it. With a pervasive informal sector, urban local authorities have been struggling with how best to respond to the growth of the informal sector. The existing legislative framework seemingly inhibits, for it does not recognise and criminalise the informal sector thereby stifling the growth of the sector that hypothetically in turn can benefit the urban local authorities. With that, this research paper seeks to establish opportunities that come with regularising the informal sector by urban local authorities and the challenges to be encountered, with Gweru City being the case study. In order to harness the informal sector there is need to establish causes of the growth of the informal sector. Lastly an analysis of the challenges associated with the formalization of the informal sector in urban local authorities is carried out. The research methodology for this study was desk research and descriptive qualitative done through in-depth interviews with those operating in the informal sector, the local authority and vendors representative groups. In addition to that, observations were made in terms of the environment where those in the informal sector operate from. Findings show that harnessing the informal sector by the local authorities has the potential to increase revenue for the councils, create employment for the locals and creation of equal opportunities between men, women and the youth. However, there are challenges associated with formalising the sector, which the study established amongst them resistance, lack of financial resources to register and cumbersome and bureaucratic registration process. Conclusively if the sector is harnessed, it can contribute immensely toward Local Economic Development by creating decent employment, better working environment and will contribute immensely to the local authorities' coffers.