

Namibia's Informal Economy: Possibilities for Trade Union Intervention



Labour Resource and Research Institute (LaRRI)

October 2006

Table of Contents

| | |
|---|-----|
| Acknowledgements | iii |
| Abbreviations | iv |
| Foreword | v |
| Executive Summary | vi |
| Introduction | 1 |
| Literature Review | 2 |
| Workers' views and experiences | 10 |
| Operators' views and experiences | 32 |
| Employment information and working conditions | 45 |
| Informal economy associations | 51 |
| International experiences | 61 |
| Conclusion and recommendations | 66 |
| References | 68 |

ISBN:99916-64-80-7

Acknowledgements

This study was undertaken by the Labour Resource and Research Institute (LaRRI) and co-ordinated by LaRRI's researcher Ntwala Mwilima who is the principal author of this report.

We wish to thank the National Union of Namibian Workers (NUNW) for their contributions, specifically Stalin Maharero and Miriam Hamutenya who are the coordinators of the NUNW committee on the informal economy. We also wish to thank Mr Veripi Kandenge from the Okatumbatumba Hawkers Association and the Ghana Trades Union Congress (GTUC) for their advice and for providing crucial information.

We are grateful to all the people who were involved in the research process and the publication of this report. They are:

Herbert Jauch – Editor of the research report
Cons Karamata - Field coordinator
Naita Kamho - Research assistant
Gideon Matti - Enumerator
Titus Nakashona - Enumerator
Muniovina Katjimune - Data processor
Munikonzo Museke – Data processor

We also wish to acknowledge and thank the Urban Trust of Namibia (UTN) for supplying us with the pictures used in this publication. All photos remain the property of UTN and can thus only be duplicated with the organisation's permission.

A special word of thanks must go to Hubert Schillinger, the country representative of the Friedrich Ebert Stiftung (FES) in Namibia for his active support of the project and for financing this study.

Finally, we wish to acknowledge our long-standing international partner organisations for their ongoing support of our work. They are the Netherlands Trade Union Federation (FNV), the Finnish Trade Union Solidarity Centre (SASK), the Rosa Luxemburg Foundation (RLS) and the Belgian Fund for Development Co-operation (FOS).



Abbreviations

| | |
|---------------|--|
| ABA | African Builders Association |
| AIDS | Acquired Immunodeficiency Syndrome |
| BUSAC | Business Economy Advocacy Challenge |
| BUTA | Bulawayo Upcoming Trader's Association |
| DANIDA | Danish International Development Agency |
| DFID | Department for International Development |
| EPZ | Export Processing Zone |
| FES | Friedrich Ebert Stiftung |
| GTUC | Ghana Trades Union Congress |
| GPRTU | Ghana Private Road Transport Union |
| HIV | Human Immunodeficiency Virus |
| ICU | Industrial and Commercial Workers union |
| ILO | International Labour Organisation |
| LaRRI | Labour Resource and Research Institute |
| MANWU | Metal and Allied Namibia Workers Union |
| MOL | Ministry of Labour and Social Welfare |
| NABTA | Namibia Bus and Taxi Association |
| NAFWU | Namibia Farmworkers Union |
| NANTU | Namibian National Teachers Union |
| NAMSTA | Namibia Small Traders Association |
| NASA | Namibia Shebeen Association |
| NCCI | Namibia Chamber of Commerce and Industry |
| NGOs | Non Governmental organisations |
| NPA | Norwegian People's Aid |
| NSHR | National Society for Human Rights |
| NUNW | National Union of Namibian Workers |
| OHA | Okutumbatumba Hawkers' Association |
| PABMMA | Panel Beaters and Motor Mechanics Association |
| SADC | Southern Africa Development Community |
| SAPs | Structural Adjustment Programmes |
| SEWA | Self-Employed Women Association |
| TWU | Timber and Wood Workers Union |
| TNCs | Transnational Corporations |
| TUCNA | Trade Union Congress of Namibia |
| UTN | Urban Trust of Namibia |
| USAID | United States Agency for International Development |
| WIEGO | Women in Informal Employment: Globalising and Organising |
| ZCTU | Zimbabwe Congress of Trade Unions |

Foreword



For trade unions not only in Africa but the world over, rising unemployment, underemployment and, as a result, the spread of informal economic survival activities have become a huge challenge. In confronting this challenge, labour unions are usually divided in their response to the informal economy. Should they welcome the fact that at least some jobs are created, even though they are generally precarious and badly paid? Should they accept the informal economy as a fact of life and make contributions for the people living and working there? Or should they adopt a hostile attitude and try to make sure that the rules of the formal economy like labour laws and minimum wages apply? Should they fight double standards and the “race to the bottom” in the formal economy? Or should they just ignore what is happening there as “none of our (core) business”?

Notwithstanding a fair number of commendable initiatives and a lot of conference rhetoric about “organising the unorganised”, by and large trade unions have tried to do the latter, namely ignoring the situation, hoping the phenomenon would eventually melt away, like ice in the sun. As we all know, this hasn’t happened and is unlikely to happen in the near future. What is happening, particularly in Africa, is that formal jobs are on the decline, union membership is on the decline, while the informalisation of the economy continues. The question then is, what should organised labour do, if the phenomenon cannot just be wished away?

The answer to that is not as simple and as straightforward as one might think. Calls for a stronger trade union presence in the informal economy tend to overlook that the classic trade union toolbox (negotiations on wages and conditions, stoppage of work to support demands) cannot easily be applied in the informal economy. Operating in an informal environment requires new and different ways of organising, different kinds of services to members and an openness to enter into alliances with other stakeholders. As a first step, trade unions must understand the situation in the informal economy. Secondly, they must be able to answer the question if, where and how they can create value to potential members there. Trade unions must develop a clear understanding of what their roles could be, identify their potential and limitations in relation to the informal economy.

The Namibian trade unions and their main federation, the National Union of Namibian Workers (NUNW) have indicated their political will to start intervening in the informal economy of the country. However, in order for the unions to make informed decisions and to develop a workable strategy, the need for basic research on the situation in Namibia’s informal economy emerged. After a NUNW policy development workshop on Trade Unions and the Informal Economy in 2005, where many of the basic questions remained unanswered, the Friedrich-Ebert-Stiftung (FES) therefore supported LaRRI to conduct a study which firstly analyses the situation of workers, independent operators and micro-business owners in the informal sector from a trade union perspective; and secondly critically evaluates the possibilities for trade union intervention by taking into account the experience of other African countries, such as Ghana.

The results of this study are presented in this book. They provide not only a wealth of information on the characteristics and the problems of the informal economy in Namibia, but also analyse and outline some of the challenges and possible solutions for effective trade union involvement in the informal economy. As such, these results are an excellent starting point for a further strategy debate within trade union circles. We look forward to a continued co-operation with LaRRI on this issue.

Hubert René Schillinger
Resident Representative
Friedrich-Ebert-Stiftung
Namibia Office

**FRIEDRICH
EBERT
STIFTUNG**

Executive Summary

The main aim of the study was to examine the possibilities for trade union intervention in the informal economy. A total of 488 interviews were conducted with operators and workers, as well as trade unionists and informal economy associations in order to ascertain the working conditions and possibilities for trade unions intervention. The study covered employment relations, working conditions, incomes, knowledge and membership of trade unions and informal economy associations. A literature review was conducted to help broaden the understanding of the nature of the informal economy.

To date, there is no universally accepted definition of the informal economy because of its complex nature. Thus countries have adopted country-specific definitions which suit their conditions. In Namibia, the informal economy is defined according to the definition given by the 1993 ILO International Labour Conference of Labour Statisticians which defined it as "enterprises which typically operates at low level organisation, with little or no division between labour and capital as factors of production, expenditure for production often is not distinguished from household expenditure" (MOL 2001:5). All the economic activities operating outside the recognised institutional framework are classified as informal economy operations. Furthermore, enterprises in the informal economy are generally small in terms of output and employment, tend to be labour intensive, use very little or no capital and skills, operate without proper business premises and mostly operate long working hours which exceed the minimum working hours as stipulated by the Labour Act (Loc. cit.).

The literature reviewed revealed that the informal economy continues to play a significant role in terms of employment in most developing countries, especially in Africa. The historic perception that the existence of the informal economy was a temporary phase which countries experience during economic depression was unfounded. The informal economy continues to grow and expand, even in countries that have experienced economic growth. Furthermore, it is estimated that most jobs created in many developing countries in the 20th century were in the informal economy.

The growth and expansion of the informal economy can be attributed to many factors. These range from the inability of economies to achieve substantial economic growth, experiencing jobless growth, which is a direct result of adopting capital-intensive technology over labour-intensive technology. Furthermore, the adoption of neo-liberal economic policies, which result in the promotion of capital over labour and increasing flexibility of the labour market, contributes greatly to the growth and expansion of the informal economy.

Although national labour laws are supposed to cover informal economy workers, these workers do not enjoy the protection of such laws due to lack of knowledge of these rights and their highly vulnerable economic position. Due to a decreasing membership base, some unions have extended their organising horizon to the informal economy. For instance, in countries like Ghana and Zimbabwe, trade unions have been involved in the informal economy for a number of years. Organising strategies differ from country to country, but the most prominent one is where the unions organise both the operators and the workers through informal economy associations. Interviews with the Ghana Trades Union Congress (GTUC) revealed that this is the best strategy to adopt in organising the informal economy.

Our study revealed that more than half of the operators in the informal economy in Namibia were women, which confirms the general trend that the informal economy is female-dominated. A gender analysis on the nature of business and occupation revealed that there was a gender division of labour. For instance, female operators dominated retailing businesses whereas males dominated manufacturing and repairs.

Young people dominate the informal economy. This is not surprising as Namibia has a high youth unemployment rate, thus young people who cannot find work in the formal economy are turning to the informal economy for survival.

Unlike in the formal economy where businesses can borrow money from financial institutions, this is not the case in the informal economy. The majority of operators interviewed used their own capital to start their businesses or borrowed from relatives or friends. This was mainly due to the fact that many of them had not approached any credit facilities because of lack of knowledge about such facilities or because their businesses did not require start up capital. Furthermore, there were gender specific differences regarding the sources of capital to start businesses. More males used loans or grants whilst females used their own savings.

Almost half of the operators interviewed indicated that they operated from open spaces at the market or on the street, whilst others operated in temporary structures that they had erected within their own homes. Only few had a permanent structure.

The choice of premises of operation was mostly influenced by the affordability of space and the availability of customers as some operators preferred to operate at places where they had easy access to their customers. The majority of the operators were dissatisfied with the operating premises because the premises were either too small, or because they were exposed to bad weather and dust, which spoilt their goods.

Most operators indicated that their businesses operated between six to seven days a week for not less than 8 hours per day.

Very few operators employed workers as the incomes made by operators in the informal economy were generally low. On average, operators earned monthly incomes of about N\$ 1 450. A cross analysis of the number of people employed by operators and the incomes they made on a monthly basis revealed that the operators with higher incomes were more likely to have people working for them.

The low incomes made by operators were also reflected in the wages of informal economy workers who earned monthly average incomes of N\$ 375.50 with the majority of the workers earning below the average incomes. A gender analysis of incomes earned revealed that female workers, regardless of the fact that they had higher educational qualifications still earned lower wages than males with the same or lower qualifications.

The working conditions of workers in the informal economy were characterised by long working hours, low salaries, lack of employment contracts, lack of benefits such as medical aid and paid maternity leave. Furthermore, the majority of workers were not registered with the social security commission, thus making them more vulnerable during times of sickness and pregnancy. Regardless of the long working hours, the majority of the workers were not compensated for working overtime. However, more than half of the operators provided benefits to their workers in the form of food, accommodation, transport, annual leave (which is taken "as the need arises") and assistance during times of difficulty.

As Namibian unions have not extended their organising horizon to the informal economy, it was not surprising that most workers and operators had no knowledge of trade unions. However, the majority of respondents expressed their willingness to become members of trade unions and thus welcomed trade unions' intervention in the informal economy. Those who did not welcome unions were suspicious of trade unions motives as they felt that the trade unions would not be able to help them as they had failed their current members in the formal economy. Others feared that they could not afford to pay membership fees and that becoming members of trade unions would result in a loss of jobs.

Interviews with trade unionists and informal economy associations revealed that there was no official working relationship between them, although both agreed that they were willing to work together. Both shared similar sentiments that informal economy operators and workers were vulnerable and thus needed protection, which could be provided for by the unions and the associations.



Introduction

To date, trade union organising is still limited to the formal economy, thus excluding the informal economy. The Namibian informal economy survey shows that the informal economy now accounts for over a hundred thousand operators and workers (MOL: 2001). These latest Namibian statistics, together with world trends show that the growth of the informal economy has prompted trade unions to consider ways and means of intervention. However, a systematic intervention has to be based on a situational analysis of the informal economy and the possible role of trade unions in Namibia.

Objective of the study

The main objective of the study was to examine labour conditions in the informal economy and to explore possibilities of trade union intervention.

Specifically, the study aimed to:

- Define the informal economy
- Identify the working conditions and main problems experienced by the informal economy workers and operators
- Assess access of informal economy operators and workers to social security
- Examine the access to support services for informal economy operators
- Draw on the international experiences on trade union intervention strategies in the informal economy with Ghana as a reference point
- Examine the employment relationships within the informal sector in Namibia
- Reveal the impact of the growth of the informal sector for trade unions
- Examine the possibility of co-operation between trade unions and organisations operating in the informal economy

Research methods

The study used a combination of both qualitative and quantitative research methods with structured questionnaires (for workers and operators) and unstructured questionnaires (for key informants). Furthermore an in-depth literature review was conducted on the topic to reveal experiences in other countries. The structured questionnaires were analysed, using the SPSS programme.

The sample

The study has a national character as it covered key regions where the level of informal economy activities is significant. These regions are Khomas, Ohangwena, Oshana and Omusati. The industries covered are agriculture, manufacturing and wholesale and retail trade, and repair of motor vehicles.

A total of 448 interviews were conducted covering 235 workers and 213 operators. The sample included more females (250) than males (198), which is in line with the composition of the informal economy.

Literature review

The informal economy at a glance

It is estimated that the informal economy in Sub-Saharan Africa accounts for between 40-60 per cent of urban employment. In 1990, 21 per cent of Sub-Saharan Africa's 227 million labour force was working in the informal economy (Horn, Motala & Xaba 2002: 22), but this figure is likely to have increased by now. A study conducted by the International Labour Organisation (ILO) estimates that 93% of the urban jobs created in Sub-Saharan Africa during the current decade will be in the informal economy (ILO 2002).

The informal economy in Namibia

In Namibia, the latest informal economy survey (2001) estimates the total number of informal economy operators and workers to stand at around 132 607 compared to about 280 000 workers in the formal economy (MOL 2001 & Jauch 2004: 16). Most informal economy workers are women (70 433 or 53,1%). This number is smaller compared to the levels of the informal economy in other Sub-Saharan African countries such as Ghana. The bulk of informal economy operators are found in rural areas (81 775) compared to only 50 831 found in urban areas. The informal economy is structured in such a way that it has more operators (85 302) than workers (47 305). Most informal economy operators (47%) are involved in the wholesale and retail sector (which basically covers the buying and selling of goods), in manufacturing of food products, in the beverages industry (18.9%) and agriculture (11%) which includes growing crops; market gardening; horticulture, farming of animals and other agricultural activities.

Defining the informal Economy

Defining or describing the informal economy is considered one of the toughest jobs and distinguishing it from the formal sector is even harder (Van der Linden, 1993). What might be considered informal in one country might not apply in another. Some have defined it by using the poverty approach, while others use the size of the business and the number of employees. Some use unregistered status and inability to pay tax as guidelines to define the informal economy.

The ILO defines the informal sector as:

"Very small scale units producing and distributing goods and services, and consisting largely of independent, self-employed producers in urban areas of developing countries, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital, or none at all; which utilise a low level of technology and skills; and which generally provide very low irregular incomes and highly unstable employment to those who work in it" (ILO 1991, quoted in Torres 1998).

Due to the many facets of the informal economy, the best approach is to have country specific definitions. The Namibia Informal Economy Survey (2001) defines the informal economy using the 1993 ILO International Conference of Labour Statistician (ICLS-93):

"The informal economy units/enterprises typically operates at low level organisation, with little or no division between labour and capital as factors of production, expenditure for production is often indistinguishable from household expenditure. Similarly, capital goods such as buildings or vehicles may be used indistinguishably for business and household purposes. Labour relations where they exist are based

mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. Furthermore, these units are not registered under specific forms of national legislation. There is no complete set of accounts maintained (MOL 2001: 5).



The informal economy covers a multiplicity of activities and different types of relationship to work and to employment (quoted by WIEGO 2005:5). Economic activities range from home-based work, street vendors, entrepreneurs who employ other workers, self employed and casual workers whose work is seasonal or who work in out-sourced industries. The informal economy is characterised by a lack of legislation; the employment of persons not active in the formal economy and working conditions and salaries that are often insecure and little or no access to social security (ILO 2002: 21). The precarious nature of work in the informal economy results in the low earnings of the workers. In Namibia, for example, the Namibia Informal Economy Survey (2001) found that earnings in the informal economy were as low as N\$ 50, with the majority of the workers earning below N\$ 1000 and only few workers earning above N\$ 2000. According to Kanyenze et al (2003), most of the operators and workers within this sector are at the bottom of the economic and social ladder, which is reflected in their low incomes. Informal economy workers further remain vulnerable due to the non-application of laws and the absence of collective bargaining.

Due to the heterogeneity of the informal economy, the best description is provided through a classification according to the following employment status categories (Chen et al 2002: 4-5):

1. Non-wage workers

- Employers including:
 - Owners of informal enterprises
 - Owner operators of informal enterprises
- Self-employed, including:
 - Heads of family business
 - Own-account workers
 - Unpaid family workers

2. Wage workers

- Employees of informal enterprises
- Domestic workers
- Casual workers without a fixed employer
- Home workers (also called industrial outworkers)
- Temporal and part-time workers
- Unregistered or undeclared workers

This classification of the informal economy employment status already shows the complex nature of employment relationships within this sector. For the purpose of policy analysis, in addition to employment status, informal workers should be classified according to the industry or sector in which they work and their place of work (Chen et al 2002: 6).

The concept of “informal economy” has generated significant debate. Some have raised concern about the use of this concept by stating that it is judgmental, giving the impressions that those in it are irresponsible and unreliable (quoted in Kanyenze et al: 12). Some trade unionist have pointed out that the traditional concept of “informal sector” is flawed and misleading as it seems to suggest uniformity, whilst in reality the sector is diverse. The whole debate on the terminology of the informal sector led to the defenders of the concept adopting the term “informal economy”.

Historical Overview of the informal economy

The term informal economy was first used in a study in Ghana in 1971 by the British economist Keith Hart and later by the ILO in Kenya in 1972. The informal economy was seen as a transient phenomenon as it was believed that those found in the informal economy would move into the formal economy. However as time passed and as statistics have indicated, the informal economy has grown and remained with us. As the informal economy became prominent, the international community was faced with a dilemma as to whether to promote the informal economy as a provider of employment and incomes or seek to extend regulation and social protection to it.

The importance of the informal economy¹

The informal economy accommodates about two thirds of the economically active population in developing countries. In Sub-Saharan Africa and Central America the informal economy supplies about 60 to 75% of urban non-agricultural jobs. In Ghana for instance, the informal economy is reported to account for about 90% of the country's labour force. This indicates that the informal economy plays a very big role as a job provider. Furthermore, the inability of the formal economy to create new jobs has led to new entrants turning to the informal economy as a source of survival. Unlike the formal sector where production tends to be more capital intensive, production in the informal economy involves human labour capital due to the application of low levels of technology. Thus the informal economy has the potential for creating more employment, as it is more labour intensive.

Those who are employed in the informal economy receive on the job training and education. The system of apprenticeship serves as a means of skills transfer and development.

The informal economy is a source of income for both operators and workers. It provides about one quarter to one third of all urban incomes in most Sub-Saharan African countries. Furthermore, the informal economy serves as a primary or sole source of income for some income earners, as a secondary source of income for underpaid formal economy workers and as a social security system for non-wage earners and the aged who can no longer work. Goods produced in the informal economy directly serve the needs of the local population through affordable prices for goods and services that cater for the needs of the poor.

Another important function of the informal economy is that it acts as a political stabilizer. High levels of unemployment can lead to political instability as those who are unemployed can rise up against those in power. Thus with the presence of the informal economy, those who cannot find jobs in the formal economy have an alternative which can provide them with a means for survival.

¹ This section is based on Britwun, A. (2005). Reader prepared for the Center for Development Studies, University of Cape Coast.

Globalisation and its effect on informality

Globalisation has contributed to the growth of the informal economy in many developing countries in a number of ways. The proponents of globalisation encourage developing countries to open up their economies, claiming that this will lead to greater economic benefits. However, the realities have shown that globalisation, which is characterised by “free market” policies and high levels of capital mobility, has had a detrimental effect on Africa. Some African economies experienced economic decline while others achieved jobless growth (for example Botswana, Namibia and South Africa), where despite economic growth rates, no significant job creation took place in the formal economy. Thus the majority of the school leaving youth could not find jobs and were forced to join the informal economy for survival. Other consequences of globalisation that have contributed to the growth of the informal economy are:

- The substitution of formal employment relationships with more informal employment relationships (creation of part-time jobs, subcontracting and casualisation of jobs).
- Financial and economic crises, which have aggravated the unemployment situation by pushing a large number of workers into the informal economy.
- The deregulation of economies and labour laws which actively strengthens the power of capital over labour.
- Neo-liberal economic reforms being adopted by African countries in a bid to cope with foreign debt and budget deficits. This usually happens through structural adjustments programmes (SAPS), which have led to public sectors being downsized with the majority of the workers either being retrenched (and then forced to join the informal economy as a second option) or forced to accept a change in their employment status from full-time employees to part-time, casual or sub-contracted workers. It is worth noting that the majority of people who suffer the consequences of public sector downsizing are women as they tend to be concentrated in jobs perceived to be non-core to the organisations’ operations (i.e. cleaning).
- One of the characteristics of global capital is its ability to re-organise production. This is done through the employment of a core labour force of management and highly skilled staff whilst having the rest of production (which is labour-intensive) performed by sub-contractors, home-workers and casual workers in different countries. The main rationale behind the re-organisation of production is the reduction of labour costs. This has consequences for individual workers and trade unions. Firstly, workers lose any form of benefits and job security that they would be entitled to if they were directly employed by the company on a full-time basis. Secondly, unions find it difficult to organise these workers because they are not in a formal employment relationship. Thus trade unions have experienced shrinking membership as a result of “flexibility” programmes of Transnational Corporations. For example, the decline of trade union densities in most industrialised countries in the 1980s and 1990s was as a result of the restructuring of the formal sector and the deregulation of the labour market.

Economic policies and their impact on the informal economy

Until recently, there was a widespread notion that mainstream economic policies do not have an impact on the informal economy. This notion is based on the assumption that the informal economy is comprised of either survival activities by the poor or illegal activities by people seeking to avoid the law. An example of policies which effect the informal economy are the trade and industry policies which provides incentives to large formal business to increase international competitiveness. Small businesses in the informal economy in the same industry do not enjoy such benefits. The export promotion incentives (such as tax incentives, subsidies and services in export processing zones) are not offered to smaller business in the informal economy and the impact of such incentives on smaller informal businesses is negative. In effect, the EPZ

incentives subsidise large (mostly foreign owned) business, granting them benefits not available to small informal business operators.

There are four functional areas of policy that have been identified as having direct or indirect effect on the informal economy in which progressive policy makers should improve the situation of informal workers:

1. Macro-economic policies that would balance incentives, tax burdens and statutory benefits between small and big enterprises.
2. Urban policies and regulations (urban policies are land use or zoning policies; regulation and registration of businesses; provision of basic infrastructure facilities; and the establishment and governance of municipal markets that are formulated through a consultative process that gives those who work in the informal economy a voice.
3. Labour standards and legislation that guarantees at least core labour rights for all informal sector workers
4. Social protection policies, which extend coverage to the informal sector workers (Chen et al 2002).

The above-mentioned policies are areas in which progressive policy could improve the situation of informal economy workers. Present policies are biased towards capital over labour and big business over small enterprises. Clearly there is a need for the assessment of the impact of existing policies and the need for supportive economic policies as these policies impact on the informal and formal economies differently.

The goals of any policy framework for the informal economy workers should include the following aspects:

- Recognising and increasing the rights of informal sector workers to be covered by core labour standards and labour legislation.
- Promotion of informal economy organisations and the representation of informal economy worker organisations in relevant policy-making forums.
- Provision of social protection to informal economy workers by extending existing schemes or designing new schemes.
- Promotion of opportunities for informal economy workers to increase their assets, productivity and competitiveness through access to skills, credits and markets.



Who should/can intervene?

There are many stakeholders who can intervene in the informal economy, but this paper will focus on three that are particularly relevant from the labour movement's perspective. These are *the informal economy associations, trade unions* and *non-governmental organisations*. The question of intervention is an issue which should be important for trade unions when examining the growth of the informal economy and shrinking trade union densities. There are certain strategic questions and issues which need to be addressed by trade unions before they can attempt any intervention strategies within this sector. The most important question that unions need to ask themselves is whether they are the right organisations to intervene and if so, at what level they can intervene. The ability of trade unions organising the informal economy remains questionable since trade unions in Namibia and elsewhere have traditionally focused exclusively on the formal sector.

Another important factor that unions need to take into consideration is the nature of the relationships of employment within this sector, which differs considerably from the ones in the formal economy. Keeping this in mind, it becomes imperative for trade unions to understand the characteristics of the informal economy and to resolve some serious strategic questions such as:

- Should informal workers be organised in separate unions or associations?
- Should trade unions get involved with the self-employed?
- What services can trade unions offer to self-employed producers and traders?
- Can the rights won for formal economy workers be extended to informal economy workers?
- Keeping in mind that many trade unions in developing countries have limited funds and personnel, should and can they stretch their limited resources to cover a new group of workers when they can barely serve their existing membership? (Chen et al: 2002; 16).
- What is the rationale behind organising the informal economy? Is it to "formalise" the informal economy or to integrate the informal economy into the formal economy?
- What segments or categories of the informal economy are being targeted?

According to Gallan (ILO 2002: 25) there are two approaches towards the organisation of the informal economy. The first option is for an existing union or union federation to extend its organising scope and include informal workers. The second one is for informal economy workers to form their own unions (self-organisation). An example of informal workers who have organised themselves is the Self-Employed Women's Association (SEWA) in India. This association was started in 1972 with few members and now has over 400 000 members in five Indian federal states. SEWA is a union, a women's movement and a cooperative movement which has created an infrastructure of flanking services such as vocational and trade union training programme at different levels; a cooperative bank providing micro credit etc. There are mutual benefits for trade unions and the informal economy workers based on a successful organisation of the informal economy. Successful organisation allows workers in the informal economy to improve their standard of living, working conditions and social protection and the union to increase their negotiating power by retaining a large unionisation density.

The need to organise the informal economy

As mentioned earlier, jobs in the informal economy account for more than 60 per cent of all urban employment in Africa. Furthermore, there are two main reasons why informal economy workers need to be organised. The first one is that the workers within the informal economy need to enjoy their basic rights, they need protection through legislation and they need social security (Nathan 2002: 1). Informal economy workers, just like formal economy workers have rights and they should have the freedom to exercise these rights just as workers in the formal economy. In many instances, informal economy workers do not exercise these rights as they are not organised, and thus cannot defend their rights.

The second reason is the continued survival of the labour movement, which is threatened by the decline of trade union density in most countries as a direct result of the deconstruction of the formal economy and the deregulation of the labour market (WIEGO 2005: 4). This simply means that the stabilisation of what remains of the trade union movement in the formal economy now depend on the organisation of the informal economy so that the labour movement can retain its power to influence policies in favour of all workers. Furthermore, the traditional concept of worker, reflected in the legislation of many countries is based on a direct employee/employer relationship. As this relationship is being replaced by a variety of more diffused and indirect relationships in the process of production, trade union organising can no longer focus primarily on the employment relationship but should focus instead on the worker and his/her needs for protection (WIEGO 2005: 5).



Efforts to be undertaken by trade unions

Some unions have taken action with regards to organising workers within the informal economy, for example in Ghana. A popular strategy used is the promotion of the participation and representation of women in trade unions through structures that accommodate their dual responsibility of work and family. Including female trade unionists should also form part of the organisational adjustment of unions, as there are more women in the informal economy (ILO 2002: 18). The Namibian Informal Economy Survey (2001) found that women (either as workers or as operators) dominate in the informal economy. So in terms of organising strategies, trade unions should formulate their organising strategies tailored to meet their target group, which are predominantly women. Some unions target the informal economy with awareness campaigns, which promote workers' knowledge about their rights. Trade unions can also provide services such as legal representation, micro credit and health care (ILO 2002: 3).

Challenges facing unions in their attempts to organise the informal sector

Due to the complex nature of the informal economy, there are several challenges that unions will face in their attempts to organise this sector. The first challenge is the promotion of solidarity and organisation of workers in the informal economy so that they can establish effective institutions to defend their rights and promote their interests. The effective organisation of workers within this sector will in itself pose another more complex challenge as family enterprises have different employment relationships than formal enterprises. For example, will it be possible for a son employed by his father to strike or demand a higher salary? The second challenge, which has already been mentioned, lies within the unions, particularly their ability to bolster their limited

operational resources and to train their organisers to identify the problems and the needs of informal economy workers (ILO 2002: 18). This will require trade unions to strengthen their operational resources and to train their organisers to identify the problems and needs of the informal economy workers and operators. In the Namibian case, informal economy operators cited the following difficulties (outlined in terms of importance):

- Non-payment of debts
- Transport problems
- Lack of management skills
- Lack of capital equipment
- Unavailability of credit facilities
- Lack of raw materials
- Inaccessibility of credit facilities
- Lack of skilled personnel
- Heavy taxes and licence fees
- Lack of markets
- Difficulties with existing regulations/laws
- Lack of spare parts

Trade union might have to assist in the creation of professional associations, the creation of mutual benefit societies and cooperatives and the establishment of micro credit funds. Once they organise the informal economy successfully, unions will need to put support measures in place aimed at consolidating and sustaining the newly formed informal sector unions or associations. Regardless of these challenges, it is worth noting that some experiences (like the case of Ghana) have shown that the unionisation of the informal economy is an achievable goal.

Worker's Views and Experiences

Section A: Characteristics of the sample

A total number of 235 workers were interviewed in different regions of the country with a high prevalence of informal economic activities. As can be observed from table 1 below, all the respondents interviewed were below 49 years of age. Furthermore, more than half of the respondents (63.8%) were 20 – 29 years old, clearly indicating the importance of the informal economy in terms of absorbing the school leaving youth who cannot find work in the formal economy.

| | Valid Percent |
|--------------------|---------------|
| 19 years and below | 10.6 |
| 20 - 29 years old | 63.8 |
| 30 - 39 years old | 21.3 |
| 40 - 49 years old | 3.8 |
| Total | 100.0 |

Table 1: Age

| | Valid Percent |
|--------|---------------|
| Male | 47.7 |
| Female | 52.3 |
| Total | 100.0 |

Table 2: Sex

Out of a total of 235 respondents, slightly more than half (52.3%) were females. This is in line with the national study on the informal economy which revealed that 53% of workers in the informal economy are women.

Table 3: Marital Status

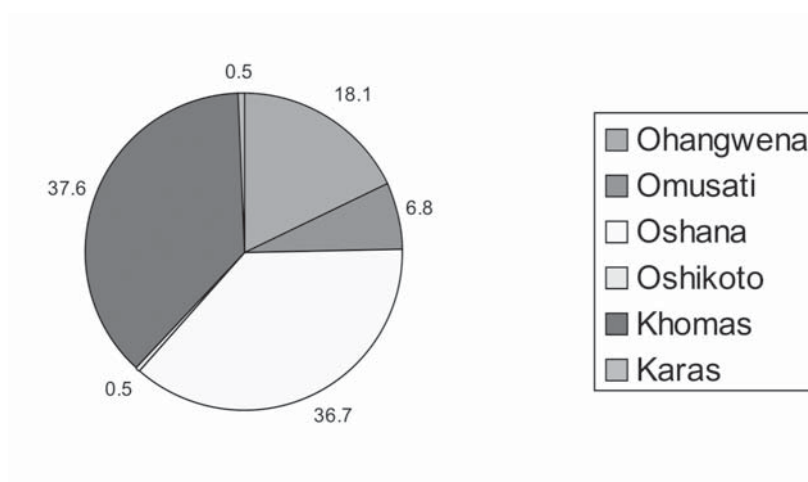
| | Valid Percent |
|---------------|---------------|
| Never married | 78.4 |
| Married | 10.4 |
| Cohabiting | 10.4 |
| divorced | .4 |
| Widowed | .4 |
| Total | 100.0 |

Due to the fact that the informal economy is dominated by young people, it was not surprising that most of the respondents (78.4%) have never been married, which shows that most of the respondents did not have husbands or wives for support and had to rely on themselves.

Table 4: Home Language

| | Valid Percent |
|-----------------------|---------------|
| Silozi | 1.3 |
| Oshiwambo | 87.2 |
| Otjiherero | 3.0 |
| Damara/Nama | 3.4 |
| Rukwangali/Oshimbundu | 1.3 |
| Afrikaans | 2.6 |
| English | .4 |
| Shona | .9 |
| Total | 100.0 |

Most respondents (87.2%) indicated Oshiwambo as their home language whilst the rest either spoke Damara/Nama (3.4%), Otjiherero (3%), Afrikaans (2.6%), Silozi (1.3%) Shona (0.9%) or English (0.4%). This finding can be attributed to the fact that the distribution of people employed in the informal economy is skewed with the majority of them being found in the Khomas region and in the North (Ohangwena, Omusati, Oshikoto, Oshana). These regions are dominated by Oshiwambo speaking people.

Chart 1: Current region of residence

Most respondents were interviewed in Khomas (37.6%), Oshana (36.7%) and Ohangwena regions (18.1%), which account for the highest number of people employed in the informal economy.

Table 5: Migration patterns

| | | Current Region | | | | | | Total |
|------------------|--------------|----------------|-------------|-------------|-------------|--------------|-------------|--------------|
| | | Ohangwena | Omusati | Oshana | Oshikoto | Khomas | Karas | |
| Region of origin | Caprivi | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 1 50.0% | 1 50.0% | 2 100.0% |
| | Kavango | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 2 100.0% | 0 .0% | 2 100.0% |
| | Ohangwena | 33 51.6% | 4 6.3% | 8 12.5% | 1 1.6% | 18 28.1% | 0 .0% | 64 100.0% |
| | Omusati | 3 7.0% | 10 23.3% | 12 27.9% | 0 .0% | 18 41.9% | 0 .0% | 43 100.0% |
| | Oshana | 2 3.1% | 0 .0% | 56 87.5% | 0 .0% | 6 9.4% | 0 .0% | 64 100.0% |
| | Oshikoto | 1 8.3% | 0 .0% | 4 33.3% | 0 .0% | 7 58.3% | 0 .0% | 12 100.0% |
| | Otjozondjupa | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 2 100.0% | 0 .0% | 2 100.0% |
| | Omaheke | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 3 100.0% | 0 .0% | 3 100.0% |
| | Erongo | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 2 100.0% | 0 .0% | 2 100.0% |
| | Khomas | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 17 100.0% | 0 .0% | 17 100.0% |
| | Hardap | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 2 100.0% | 0 .0% | 2 100.0% |
| | Karas | 0 .0% | 0 .0% | 1 100.0% | 0 .0% | 0 .0% | 0 .0% | 1 100.0% |
| | Kunene | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 1 100.0% | 0 .0% | 1 100.0% |
| | Kunene | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 2 100.0% | 0 .0% | 2 100.0% |
| | Angola | 1 50.0% | 0 .0% | 0 .0% | 0 .0% | 1 50.0% | 0 .0% | 2 100.0% |
| | South Africa | 0 .0% | 1 100.0% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 1 100.0% |
| | Total | | 40 18.2% | 15 6.8% | 81 36.8% | 1 .5% | 82 37.3% | 1 .5% |

An analysis of migration patterns revealed that many workers who migrated ended up in the Khomas region, which hosts the capital city. Windhoek is the biggest destination for migrant workers within the country. The regions with the highest retention rates were Khomas, Ohangwena and Oshana.

Table 6: Industry of employment

| Table 6: Industry of employment | |
|---|---------------|
| | Valid percent |
| Growing crops; market gardening; horticulture | 3.9 |
| Farming of animals | 3.1 |
| Growing crops combined with farming of animals | 3.1 |
| Other agricultural activities | 2.6 |
| Fishing | 0.4 |
| Manufacture of food products and beverages | 3.5 |
| Manufacture of wearing apparel; luggage, hand bags and footwear | 7.4 |
| Manufacture of wood and products of wood | 1.3 |
| Other manufacturing | 7.4 |
| Construction | 3.9 |
| Wholesale & retail trade | 41.0 |
| Hotels and restaurants | 4.4 |
| Transport, storage and communication | 2.2 |
| Other bus & service activities such as car wash etc | 15.7 |
| Total | 100.0 |

41% of our respondents indicated that they worked in the wholesale and retail trade which shows that informal economy activity in Namibia centers around selling of cooked food and beverages and other goods. Other sectors that contribute to employment in the informal economy are services such as car wash and beauty saloons which employed about 16% of our respondents (table 6).

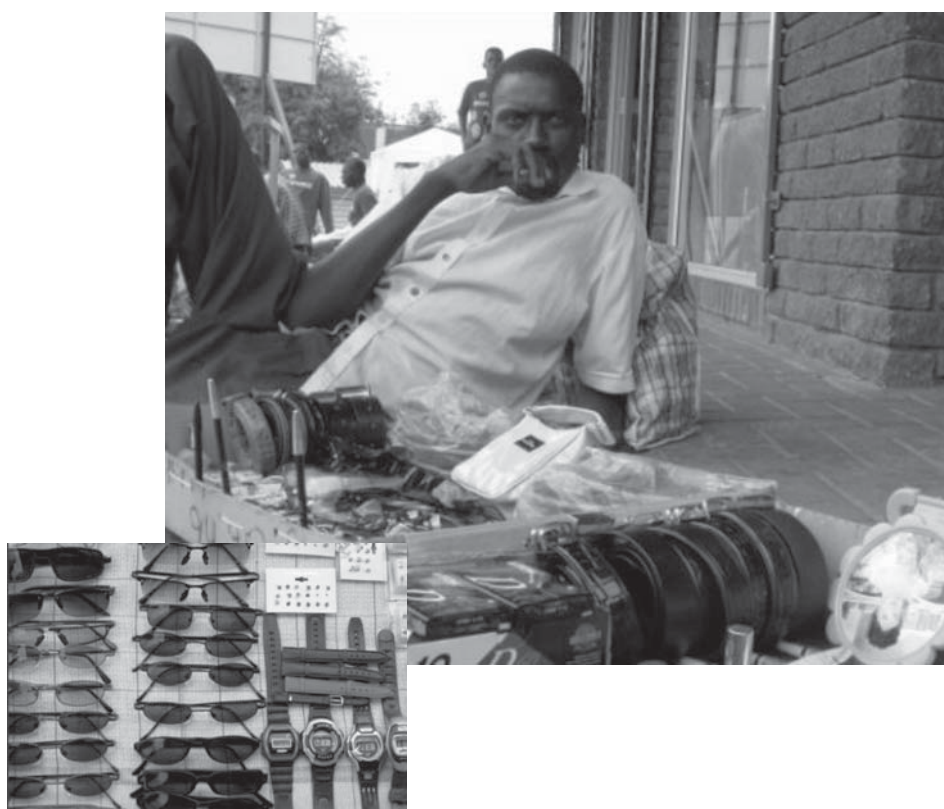


Table 7: Occupation

| Table 7: Occupation | |
|-------------------------------------|-----------------|
| | Valid responses |
| Carpenter | 0.9 |
| Sales person/Shop assistant | 51.5 |
| Bartender | 3.0 |
| Driver | 3.0 |
| Cook | 0.9 |
| Cleaner | 3.8 |
| Mechanic/panel beater/spray painter | 8.9 |
| Debt collector | 0.9 |
| Welder | 3.8 |
| Supervisor in a bar | 0.9 |
| General labourer | 5.1 |
| Car washer | 0.4 |
| Seamstress | 1.7 |
| Secretary | 1.7 |
| Bookkeeper | 1.3 |
| Barber | 0.9 |
| Plumber | 0.9 |
| Receptionist | 0.4 |
| Manager | 0.4 |
| Gardener | 3.8 |
| Cattle herder | 2.1 |
| Cell phone repairs | 1.3 |
| Brick maker | 2.1 |
| Manufacturer | 0.4 |
| Total | 100.0 |

Table 7 shows that our respondents were involved in different occupations with the majority (51%) working as sales assistants or sales persons. The fact that more than half of the respondents were employed in sales is not surprising as the majority of businesses in the informal economy engaged in wholesale and retail activities. Other respondents worked in occupations such as auto mechanics, panel beaters spray painters (8.9%), general labourers (5.1%), gardeners and welders (3.8%), etc. Out of the 235 respondents, only 0.9% of the respondents were employed in a supervisory level, while the rest were employed as semi-skilled and unskilled workers.

Table 8: Occupation by gender

| | Gender | | Total |
|-------------------------------------|--------------|--------------|---------------|
| | Male | Female | |
| Carpenter | 2 100.0% | 0 .0% | 2 100.0% |
| Sales person/ Shop assistant | 37 30.6% | 84 69.4% | 121 100.0% |
| Bartender | 1 14.3% | 6 85.7% | 7 100.0% |
| Driver | 7 100.0% | 0 .0% | 7 100.0% |
| Cook | 0 .0% | 2 100.0% | 2 100.0% |
| Cleaner | 4 44.4% | 5 55.6% | 9 100.0% |
| Mechanic/panel beater/spray painter | 21 100.0% | 0 .0% | 21 100.0% |
| Debt collector | 1 50.0% | 1 50.0% | 2 100.0% |
| Welder | 8 88.9% | 1 11.1% | 9 100.0% |
| Supervisor in a bar | 0 .0% | 2 100.0% | 2 100.0% |
| General labourer | 6 50.0% | 6 50.0% | 12 100.0% |
| Car washer or cleaner | 1 100.0% | 0 .0% | 1 100.0% |
| Seamstress | 1 25.0% | 3 75.0% | 4 100.0% |
| Secretary | 0 .0% | 4 100.0% | 4 100.0% |
| Bookkeeper | 0 .0% | 3 100.0% | 3 100.0% |
| Barber | 2 100.0% | 0 .0% | 2 100.0% |
| Plumber | 2 100.0% | 0 .0% | 2 100.0% |
| Receptionist | 0 .0% | 1 100.0% | 1 100.0% |
| Manager | 1 100.0% | 0 .0% | 1 100.0% |
| Gardener | 4 44.4% | 5 55.6% | 9 100.0% |
| Cattle herder | 5 100.0% | 0 .0% | 5 100.0% |
| Cell phone repair | 3 100.0% | 0 .0% | 3 100.0% |
| Brick maker | 5 100.0% | 0 .0% | 5 100.0% |
| Manufacturer | 1 100.0% | 0 .0% | 1 100.0% |
| Total | 112 47.7% | 123 52.3% | 235 100.0% |

A gender analysis of occupations reveals that there was a gender division. For instance, occupations such as sales assistant, bartender (also supervising in a bar), cook, administrative work (secretary, receptionist, bookkeeper etc.) were all dominated by women. On the other hand, occupations such as carpenter, brick maker, cattle herder, driver, mechanical, welder, plumber etc were dominated by men. Thus the gender division is not only restricted to the formal economy but extends into the informal economy as well.

Table 9: Did you go to school?

| | Valid Percent |
|-------|---------------|
| Yes | 91.5 |
| No | 8.5 |
| Total | 100.0 |

Most respondents (91.5%) indicated that they had received some form of education ranging from primary schooling (29.5%) to completed junior secondary schooling (38.1%) and even completed senior secondary schooling (28.1%). Very few had any tertiary education. This finding shows that school level certificates cannot guarantee people to get jobs in the formal economy, and that people with tertiary qualifications are now also struggling to find jobs in the formal economy as a few have turned to the informal economy for employment.

Table 10: Level of education completed (highest grade)

| | Valid Percent |
|--|---------------|
| Primary | 29.5 |
| Junior Secondary certificate | 38.1 |
| Higher secondary certificate | 28.1 |
| Diploma | 1.4 |
| Degree | .5 |
| Certificate from recognised higher institution | 1.9 |
| Adult education | .5 |
| Total | 100.0 |

Table 11: Level of education completed (highest grade) and Gender

| | | Gender | | |
|--|--|--------------|---------------|---------------|
| | | Male | Female | Total |
| Level of education completed (highest grade) | Primary | 37 38.9% | 25 21.7% | 62 29.5% |
| | Junior Secondary certificate | 29 30.5% | 51 44.3% | 80 38.1% |
| | Higher secondary certificate | 22 23.2% | 37 32.2% | 59 28.1% |
| | Diploma | 3 3.2% | 0 .0% | 3 1.4% |
| | Degree | 0 .0% | 1 .9% | 1 .5% |
| | Certificate from recognised higher institution | 3 3.2% | 1 .9% | 4 1.9% |
| | Adult education | 1 1.1% | 0 .0% | 1 .5% |
| | Total | 95 100.0% | 115 100.0% | 210 100.0% |

Table 11 compares the educational levels of males and females. This comparison reveals that women in the informal economy tend to have higher levels of education than men. About three in four females (76.5%) had either a junior (44.3%) or a higher secondary certificate (32.2%). Among men, the ratio was 30.5% and 23.2% respectively. Almost 40% of men had only primary education compared to 21.7% of women.

Employment history and working conditions

Table 12: Were you employed before?

| | Valid Percent |
|-------|---------------|
| Yes | 56.0 |
| No | 44.0 |
| Total | 100.0 |

More than half of our respondents (56%) indicated that they had been employed before. This finding clearly indicates that the informal economy does not only accommodate first time job seekers who lack the experience, but also employs people who have been employed elsewhere before, mostly in the formal economy.

Table 13: Reasons for leaving previous job

| | Valid percent |
|--|---------------|
| Better opportunity for making more money | 15.4 |
| Better job offer | 14.7 |
| Dissatisfaction with the job | 18.4 |
| Family obligations | 3.7 |
| Dismissed/Retrenched | 11.8 |
| Contract ended | 12.5 |
| Business closed | 14.7 |
| Health reasons (medically unfit) | 2.2 |
| Went to jail | 0.7 |
| Employer left the country | 0.7 |
| Study purposes | 1.5 |
| Owner/employer died | 0.7 |
| Low salary | 1.5 |
| Conflict at work | 1.5 |
| Total | 100 |

The respondents' reasons for leaving their previous jobs (table 13) can be grouped into three main categories. The first category being that of workers who had left their previous jobs by their own choice or resigned due to various reasons such as dissatisfaction with their jobs (18.4%), better opportunities for making more money (15.4%) or a better job offer (14.7%). The second category of workers were forced to leave their jobs because they were dismissed/retrenched (11.8%). The last group lost their jobs due to forces outside their control such as the employer leaving the country (0.7%), or business closure (14.7%).

Table14: Do you have an employment contract?

| | Valid Percent |
|-------|---------------|
| Yes | 45.3 |
| No | 54.7 |
| Total | 100.0 |

More than half of the respondents (54.7%) pointed out that they did not have any contracts with their employers whilst the remaining 45.3% had a contract. Of those who had contracts, the majority (80.7%) had a verbal contract and only 19.3% had a written contract. This finding confirms the informal nature of the employer-employee relationship in the informal economy.

Table15: What is the basis of employment in your current job?

| | Valid Percent |
|--------------------------|---------------|
| Full-time Permanent | 84.8 |
| Part-time | 8.7 |
| Temporal/casual/contract | 3.0 |
| Seasonal | .4 |
| Not sure/does not know | 3.0 |
| Total | 100.0 |

Most respondents (84.8%) were employed on a full-time permanent basis, similar to those in the formal economy (LaRRI, 2004). This finding is in line with the 2001 Informal Economy Survey which also revealed that the majority of the workers (81.1%) employed in the informal economy were full time permanent employees.



Table 16: Are there any young people (below 16) working at your workplace?

| | Valid Percent |
|-----------|---------------|
| Yes | 3.2 |
| No | 95.5 |
| Dont know | 1.4 |
| Total | 100.0 |

When asked about the presence of children working in the informal economy, most respondents (95.5%) indicated that there were no children below the age of 16 years working at their workplaces. Only a small percentage (3.2%) indicated that children were employed. The respondents reported that the tasks carried out by the children included selling meat, milking cows, collecting firewood and cleaning, which are considered household chores performed by children during holidays or after school hours.

Table 17: Are you related to your employer?

| | Valid Percent |
|-----------|---------------|
| Yes | 29.2 |
| No | 70.0 |
| Dont know | .9 |
| Total | 100.0 |

Most respondents (70%) indicated that they were not related in any way to their employers while almost 30 per cent confirmed such family ties. A further analysis of this relationship revealed that it was very close. For instance, about 18.9% indicated that they worked for their uncles, 17.6% reported that they worked for their brothers and fathers respectively while 16.2% reported that their cousin employed them. The existence of family relationships between employer and employee contributed to the absence of formal employment contracts as revealed in table 14.

Table 18: How are you paid?

| | Valid Percent |
|----------------------|---------------|
| In cash | 90.6 |
| In kind | 4.3 |
| Both | 3.4 |
| Getting an allowance | 1.7 |
| Total | 100.0 |

Most of the respondents (90.6%) reported that they were paid in cash, while only 4.3% were paid in kind (form of payment which is not monetary). The rest either received their payment both in cash and in kind (3.4%) or received only an allowance. Table 19 shows that among those who earned cash, more than two thirds (68.8%) received the same salary every month while the salaries of the remaining 31.2% differed from month to month depending on factors such as profit made by the enterprise, commissions earned, the number of hours and days worked in a month etc. (see table 20).

Table 19: If paid in cash, do you earn the same salary every month?

| | Valid Percent |
|-------|---------------|
| Yes | 68.8 |
| No | 31.2 |
| Total | 100.0 |

Table 20: If not paid the same salary every month, could you please explain why not?

| | Valid Percent |
|--|---------------|
| Depends on the number of hours and days worked | 9.0 |
| Salary is based on commission | 25.4 |
| Salary is based on profit made | 37.3 |
| Salary is not fixed (sometimes less or more) | 16.4 |
| Depends on the owner | 10.4 |
| Gets a monthly allowance | 1.5 |
| Total | 100.0 |

Table 21: If paid in kind, please specify the type of payment received

| | Valid percent |
|---------------|---------------|
| Clothes | 26.1 |
| Food | 43.5 |
| Accommodation | 30.4 |
| Total | 100 |

The common type of payment received by workers who did not receive cash wages was food (43.5%), followed by accommodation (30.4%) and clothes (26.1%).

Table 22: If paid in cash, how much do you get paid per month?

| | Valid Percent |
|-------------------|---------------|
| Less than N\$ 100 | 2.8 |
| N\$ 101 - N\$ 150 | 33.2 |
| N\$ 151 - N\$ 200 | 29.5 |
| N\$ 201 - N\$ 250 | 10.6 |
| N\$ 251 - N\$ 300 | 6.0 |
| N\$ 301 - N\$ 400 | 5.1 |
| N\$ 401 - N\$ 500 | 7.8 |
| N\$ 501 - N\$ 600 | .5 |
| N\$ 601 - N\$ 700 | 4.1 |
| N\$ 701 - N\$ 800 | .5 |
| Total | 100.0 |

Table 22 reveals that workers earned as little as N\$ 100 a month or less with the highest earning N\$ 700. Most respondents (73.3%) indicated that they earned N\$ 250 and below, with a significant proportion (33.2%) earning between N\$ 101 – N\$ 150. Very few respondents (5.1%) earned more than N\$ 500 per month.

Table 23: Monthly payment by gender

| | | Sex | | Total |
|-------------------------------------|-------------------|--------------|--------------|---------------|
| | | Male | Female | |
| How much do you get paid per month? | Less than N\$ 100 | 1 16.7% | 5 83.3% | 6 100.0% |
| | N\$ 101 - N\$ 150 | 24 33.3% | 48 66.7% | 72 100.0% |
| | N\$ 151 - N\$ 200 | 25 39.1% | 39 60.9% | 64 100.0% |
| | N\$ 201 - N\$ 250 | 13 56.5% | 10 43.5% | 23 100.0% |
| | N\$ 251 - N\$ 300 | 8 61.5% | 5 38.5% | 13 100.0% |
| | N\$ 301 - N\$ 400 | 8 72.7% | 3 27.3% | 11 100.0% |
| | N\$ 401 - N\$ 500 | 13 76.5% | 4 23.5% | 17 100.0% |
| | N\$ 501 - N\$ 600 | 1 100.0% | 0 .0% | 1 100.0% |
| | N\$ 601 - N\$ 700 | 6 66.7% | 3 33.3% | 9 100.0% |
| | N\$ 701 - N\$ 800 | 1 100.0% | 0 .0% | 1 100.0% |
| | Total | 100 46.1% | 117 53.9% | 217 100.0% |

Table 23, which compared sex in relation to income levels reveals that males earned higher salaries than females. Regardless of the fact that most females in the informal economy had higher levels of education, many of them earned less than males. This indicates clear gender discrimination against women in the informal economy.



Table 24: Income and level of education

| | | Level of education completed (highest grade) | | | | | | | |
|-------------------------------------|-------------------|--|------------------|------------------|-----------|-----------|-------------|-----------------|---------------|
| | | Primary | Junior Secondary | Senior Secondary | Diploma | Degree | Certificate | Adult Education | |
| How much do you get paid per month? | Less than N\$ 100 | 2 40.0% | 2 40.0% | 1 20.0% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 5 100.0% |
| | N\$ 101 - N\$ 150 | 22 34.9% | 27 42.9% | 14 22.2% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 63 100.0% |
| | N\$ 151 - N\$ 200 | 16 27.6% | 25 43.1% | 15 25.9% | 0 .0% | 0 .0% | 2 3.4% | 0 .0% | 58 100.0% |
| | N\$ 201 - N\$ 250 | 3 14.3% | 9 42.9% | 9 42.9% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 21 100.0% |
| | N\$ 251 - N\$ 300 | 2 16.7% | 4 33.3% | 6 50.0% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 12 100.0% |
| | N\$ 301 - N\$ 400 | 3 33.3% | 2 22.2% | 3 33.3% | 0 .0% | 0 .0% | 1 11% | 0 .0% | 9 100.0% |
| | N\$ 401 - N\$ 500 | 5 31.3% | 3 18.8% | 4 25.0% | 2 13% | 1 6.3% | 1 6.3% | 0 .0% | 16 100.0% |
| | N\$ 501 - N\$ 600 | 1 100% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 1 100.0% |
| | N\$ 601 - N\$ 700 | 1 11.1% | 3 33.3% | 3 33.3% | 1 11% | 0 .0% | 0 .0% | 1 *** | 9 100.0% |
| | N\$ 701 - N\$ 800 | 1 100% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 0 .0% | 1 100.0% |
| | Total | 56 28.7% | 75 38.5% | 55 28.2% | 3 1.5% | 1 .5% | 4 2.1% | 1 .5% | 195 100.0% |

Further analysis was carried out to establish whether income levels were influenced by level of education. Table 24 shows that the level of education does not really influence income levels as respondents with only primary education earned more or less the same income as other respondents with higher levels of education. This argument is supported by the fact that the highest paid respondent only had primary education, earning more than the few respondents with a degree and a diploma.

Table 25: Do you receive any benefits from your employer?

| | Valid Percent |
|-------|---------------|
| Yes | 54.9 |
| No | 45.1 |
| Total | 100.0 |

More than half of the respondents (54.9%) received benefits from their employers. The most common benefits were food or meal rations (24%), accommodation (18%) and transport (14%). Only a few respondents received benefits such as paid maternity leave and paid sick leave (5%), which are fairly common in the formal economy.

Table 26: Types of benefits received

| | Valid percent |
|-----------------------------------|---------------|
| Annual leave | 13 |
| Bonus (13th cheque) | 8 |
| Medical aid | 1 |
| Staff loan/credit allowance | 7 |
| Meals/ food rations | 24 |
| Transport (allowance) | 14 |
| Accommodation | 18 |
| Assistance during difficult times | 11 |
| Paid maternity leave | 0.6 |
| Paid sick leave | 5 |
| Total | 100 |

Table 27: How many hours do you work per day?

| | Valid Percent |
|--|---------------|
| 0 - 4 hours | 1.7 |
| 5 - 8 hours | 18.8 |
| 9 - 12 hours | 56.8 |
| 13 - 16 hours | 12.8 |
| No fixed hours/ depends on the availability of customers | 9.8 |
| Total | 100.0 |

More than half of the respondents (56.8%) worked 9 to 12 hours per day. Some indicated that they did not have fixed hours of work as their working hours were determined by the availability of customers. This is mostly the case in shebeens, also known as “kambashus”. A significant number of respondents worked 13-16 hour per day, in excess of what is permitted in terms of the Labour Act (1992).

Table 28: How many days do you work per week?

| | Valid percent |
|-------------------|---------------|
| Two days and less | 1.7 |
| Three days | 0.0 |
| Four days | 0.0 |
| Five days | 7.4 |
| Six days | 47.2 |
| Seven days | 43.7 |
| Total | 100 |

The findings in Table 28 indicate that most respondents (90.2) worked six to seven days and only a smaller number (7.4%) worked for five days in a week, which are the normal working days for workers in the formal economy.

Table 29: Do you work overtime?

| | Valid Percent |
|-----------|---------------|
| Yes | 34.9 |
| No | 64.7 |
| Dont know | .4 |
| Total | 100.0 |

Although only about a third of the respondents (34.9%) indicated that they worked overtime, the actual working hours as indicated in table 27 reveal that many respondents worked more hours than the ordinary working hours as set out in the Labour Act (45 hours per week). These findings indicate that many of the respondents did not know the number of hours they are supposed to work according to the law.

Table 30: If yes, are you compensated or not?

| | Valid Percent |
|------------------|---------------|
| Valid Compesated | 42.5 |
| Not compesated | 57.5 |
| Total | 100.0 |

Of those who said that they worked overtime, more than half (57.5%) indicated that they did not receive compensation for working overtime. Again this is a direct contravention of the law, as workers have to be compensated for working overtime.

Table 31: Are you a member of the social security scheme?

| | Valid Percent |
|-----------|---------------|
| Valid Yes | 14.5 |
| No | 85.1 |
| Dont know | .4 |
| Total | 100.0 |

Most respondents (85.1%) reported that they were not registered with the social security scheme. Among the few that were registered, almost all of them (97%) never made any claim due to the fact that the need had never arisen, or because they just started working, or because they were only registered recently. Some were of the opinion that only pregnant women could claim from social security. The few claims made by our respondents related to maternity leave benefits and accidents.

Trade union knowledge and membership

Respondents were asked about their knowledge of trade unions and their interest to join them. We also asked which services they expected from trade unions in general.

Table 32: What is a trade union?

| | Valid Percent |
|----------------|---------------|
| Knows | 21.7 |
| Does not know | 55.7 |
| Knows a little | 22.6 |
| Total | 100.0 |

More than half of the respondents (55.7%) did not know what a trade union was while 22.6% knew a little. Less than one quarter of the respondents (21.7%) had a clear understanding and knowledge of trade unions. This finding is not surprising as the Namibian unions are not active in the informal economy.

Table 33: Are you a member of a trade union?

| | Valid Percent |
|-----------|---------------|
| Yes | 2.1 |
| No | 96.6 |
| Dont know | 1.3 |
| Total | 100.0 |

Almost all respondents interviewed (96.6%) said that they did not belong to any industrial trade union. This was expected as trade unions in Namibia currently do not organise workers in the informal economy. The few respondents who indicated that they belonged to a trade union were members of the Metal and Allied Namibia Workers Union (MANWU) and the Namibia Farmworkers Union (NAFWU). Some indicated that they belonged to the National Union of Namibian Workers (NUNW), which is the biggest trade union federation in Namibia. The federation however does not have direct membership, which confirms the fact that most respondents interviewed had very little knowledge about trade unions.

Table 34: Reasons for not belonging to a trade union

| | Valid percent |
|---|---------------|
| There are no unions in this sector | 9.8 |
| Trade unions fees are too high | 8.2 |
| No confidence in trade unions | 3.3 |
| Trade unions do not give good services | 0.4 |
| Afraid of losing my job | 2.9 |
| Don't need the unions | 4.5 |
| Unions are too political/racial/ethnic | 3.3 |
| Don't know enough about trade unions | 56 |
| Just started working recently | 1.2 |
| No time to register | 2.9 |
| Does not know where the offices are | 0.8 |
| No union offices in the area | 0.4 |
| My job is temporary | 0.4 |
| Never thought of joining | 0.8 |
| The unions have not approached us | 1.6 |
| Does not have a decent job | 0.8 |
| Works in a family business | 0.8 |
| Never heard of trade unions | 0.4 |
| Never came across anybody who belongs to a TU | 0.4 |
| Don't know | 0.8 |
| Total | 100 |

Table 34 shows a list of reasons given by respondents for not belonging to a trade union. More than half (56.1%) indicated that they were not members because they did not know enough about trade unions. Other respondents (9.38%) mentioned that there were no unions in their sectors and some (8.2%) felt that trade union fees were too high.

Table 35: Were you ever a member of a trade union?

| | Valid Percent |
|-------|---------------|
| Yes | 4.5 |
| No | 95.5 |
| Total | 100.0 |

Most respondents (95.5%) never belonged to any trade union and few ever worked in the formal economy where trade unions organise. However, many respondents (72.9%) expressed their willingness to join a trade union. Those who were unwilling to join a union gave a variety of reasons as reflected in Table 36. The most common were fear of losing their jobs, not knowing what a union can offer and a lack of confidence in unions.

Table 36: If approached by a union, why would you not join the union?

| | Valid response |
|---|----------------|
| No confidence and trust in the unions | 11.5 |
| Afraid of loosing my job/work | 14.8 |
| My business does not allow me to be a member | 3.3 |
| Don't need the union/don't want to join | 9.8 |
| Cant afford to pay monthly fees | 9.8 |
| Unions do not care about their members, there are only interested in money | 1.6 |
| Too young to join a union | 1.6 |
| Not sure/Don't know what unions can offer me | 13.1 |
| Business not big enough to join a union (few workers) | 3.3 |
| No needs for trade unions in our business | 1.6 |
| Industry is too small | 0.7 |
| Unions encourages workers to go on strike and thus leading to company closure | 1.6 |
| Trade unions are too political | 4.9 |
| Do not know the importance of trade unions | 6.6 |
| Lack of information | 8.2 |
| New in the sector | 1.6 |
| Family business | 3.3 |
| Unions are for people who work in the factories | 1.6 |
| Total | 100 |

Those respondents who were willing to join a union indicated a list of services that they expected from trade unions. Due to the respondents' lack of knowledge with regards to trade unions, many of them (17.5%) said that they did not know what kind of services to expect. Others (15.7%) felt that trade unions should offer services with regards to the representation of workers, especially during negotiations or when workers have problems at work. About 9% of the respondents indicated that they needed more information about trade unions and the services they offer in order for them to be able to know what services to expect from trade unions.



Table 37: If yes, what kind of services would you expect from a trade union?

| | Valid percent |
|--|---------------|
| Need more information on services they offer and who there are | 9.0 |
| Make sure that salaries are paid on time | 0.4 |
| Improve working conditions | 3.1 |
| Negotiate for better wages, benefits and retrenchment packages | 13.5 |
| Stop retrenchments and unfair dismissal | 5.8 |
| Solve labour related conflicts at work | 3.1 |
| Provide education on workers rights and protect workers rights | 4.5 |
| Represent workers | 22.2 |
| Don't know | 17.5 |
| None | 9.0 |
| Any services offered by the unions | 3.1 |
| Help with transport and accommodation | 1.8 |
| Provide permanent jobs | 1.8 |
| Help with setting up own business | 0.4 |
| Solve problems at work with employers | 4.5 |
| Unions should help pay for children's school fees | 0.4 |
| Provide financial assistance to start business | 2.2 |
| Provide protective clothing | 0.4 |
| Help during times of difficulty | 3.1 |
| Unions should help to get sponsors | 0.4 |
| Total | 100.0 |

Problems experienced at work

This section looks at the problems experienced by workers with regards to their working conditions and their working environment. The table below indicates an array of problems experienced by respondents. Almost half (46.7%) indicated that they did not have any problems. Among those who said that they had problems, 10.3% said that their biggest problem was their low salary, about nine per cent (9%) said that their biggest problem was that business was slow sometimes with very few customers. Several respondents mentioned that their salaries depended on the commission made and on business turnover.

Table 38: What are your biggest problems at work?

| | Valid percent |
|--|---------------|
| Low salary | 10.3 |
| No problems/None | 46.6 |
| Crime (theft, violence) | 2.6 |
| Employment status (casual) | 0.4 |
| Lack of respect by employer | 1.7 |
| Customers not paying their debts | 2.1 |
| Customers using abusive language | 1.7 |
| No job security | 0.4 |
| Lack of benefits (such annual leave) | 3.8 |
| Long working hours | 6.3 |
| Unfavorable working premises | 1.7 |
| No transport | 0.4 |
| Not receiving salaries sometimes | 3.2 |
| Lack of protective clothing | 2.1 |
| Slow business sometimes (no customers) | 9.0 |
| Health and safety not adhered to | 0.4 |
| Financial problems | 0.4 |
| Overworked and underpaid | 2.1 |
| Business operating on a loss | 0.9 |
| No wage increase | 0.4 |
| Low levels of awareness of worker's rights | 0.4 |
| Lack of equipment and tools | 1.7 |
| Lack of exposure | 0.9 |
| Hunger at work | 0.4 |
| No lunch break provided | 0.9 |
| Noise pollution | 0.4 |
| Authorities want to relocate us | 0.4 |
| Total | 100.0 |

Table 39: How could your problems be solved?

| | Valid percent |
|---|---------------|
| Salary increment | 12.4 |
| Police should help with regards to crime | 3.9 |
| Government should intervene | 6.2 |
| Need job security | 0.8 |
| Through union intervention | 3.9 |
| By joining the unions | 0.8 |
| Owner should provide protective clothing | 2.3 |
| No idea/Don't know | 31.0 |
| Relocation | 1.6 |
| Resign from current job | 1.6 |
| Advertisement | 3.1 |
| Employer should listen to workers problems | 7.8 |
| Authorities should talk to the owner | 4.7 |
| Provide security guards at the market | 2.3 |
| Attend educational workshops on worker's rights | 1.6 |
| By more equipment and tools | 2.3 |
| Getting in more customers | 4.7 |
| Be provided with lunch | 1.6 |
| Getting paid earlier before month end | 1.6 |
| Seeing a doctor | 0.8 |
| Build more stalls/ better premises | 1.6 |
| Taking legal action | 0.8 |
| Need financial assistance | 0.8 |
| Total | 100.0 |

Of those respondents who indicated that they had problems, about 31% said that they did not know how their problems could be solved or who could solve them (21.5%). This can be explained by the fact that workers in the informal economy lack knowledge of the Labour Act and of labour market institutions such as the Office of the Labour Commissioner and the Labour Courts.

Table 40: Who could help you solve these problems?

| | Valid Percent |
|----------------------------|---------------|
| The owner of the business | 19.2 |
| NABTA | 2.3 |
| Government | 15.4 |
| Ministry of Labour | 3.1 |
| Trade unions | 18.5 |
| The police | 3.1 |
| Dont know | 21.5 |
| Municipalitiy/ Councillors | 3.8 |
| Myself | 3.1 |
| Family and friends | 3.1 |
| The customers | 3.8 |
| Nobody | 2.3 |
| Finincial institutions | .8 |
| Total | 100.0 |

When asked who could solve their problems, responses varied from the owner of the business (19.2%), to trade unions (18.5%) and to government (15.4%). This indicates that workers expected solutions to be found either through direct negotiations with their employers or with the assistance of a third party, i.e. trade unions or the government.



Operator's views and experiences

Characteristics of the sample

A total of 213 interviews were conducted with operators in different regions of the country. About 60 per cent of the respondents were females as indicated in table 42. This is in line with the findings of the national survey and international findings which show that women are the majority in the informal economy. More than a third of respondents (35.4%) fell in the age category of 20 to 29 years. This shows that the informal economy plays a significant role in youth employment as many young people are unable to find work in the formal economy. This finding is not surprising as Namibia has a very high youth unemployment rate of almost 60 percent.

More than half of the people interviewed reported that they had never been married (56.7%) whilst 31 per cent indicated that they were married. This finding could be attributed to the fact that the many of the operators interviewed are still young.

Table 41: Age

| | Valid Percent |
|---------------|---------------|
| 15 -19 years | .9 |
| 20 - 29 years | 35.4 |
| 30 - 39 years | 38.7 |
| 40 - 49 years | 16.0 |
| 50 - 59 years | 6.1 |
| 60 + | 2.4 |
| Dont know | .5 |
| Total | 100.0 |

Table 42: Sex

| | Valid Percent |
|--------|---------------|
| Male | 40.4 |
| Female | 59.6 |
| Total | 100.0 |

Table 43: Marital status

| | Valid Percent |
|---------------|---------------|
| Never Married | 56.7 |
| Married | 31.0 |
| Cohabiting | 4.8 |
| Divorced | 3.3 |
| Widowed | 4.3 |
| Total | 100.0 |

Table 44: Nature of business

| | Valid Percent |
|---------------|---------------|
| Retail | 80.7 |
| Transport | .9 |
| Manufacturing | 8.5 |
| Repairs | 6.1 |
| Services | 2.8 |
| Agriculture | .5 |
| Real estate | .5 |
| Total | 100.0 |

Most respondents (80.7%) were in retail businesses which involves selling goods such as cooked food, beverages (both traditionally brewed beer and commercial brands etc), handkerchiefs, sunglasses and other goods. The retail business is common because it is cheap and easy to start such a business. The capital needed is small compared to other types of business. This finding is in line with the national Informal Economy Survey which also revealed that more than half of informal economy operators were involved in retail. The other respondents indicated that they were either involved in manufacturing (8.5%), repairs of motor vehicles and cell phones (6.1%) and services such as car wash and beauty saloons.

Table 45: Nature of business by sex

| | | Sex | | Total |
|--------------------|---------------|--------------|--------------|---------------|
| | | Male | Female | |
| Nature of business | Retail | 59 34.5% | 112 65.5% | 171 100.0% |
| | Transport | 0 .0% | 2 100.0% | 2 100.0% |
| | Manufacturing | 10 55.6% | 8 44.4% | 18 100.0% |
| | Repairs | 13 100.0% | 0 .0% | 13 100.0% |
| | Services | 4 66.7% | 2 33.3% | 6 100.0% |
| | Agriculture | 0 .0% | 1 100.0% | 1 100.0% |
| | Real estate | 0 .0% | 1 100.0% | 1 100.0% |
| | Total | 86 40.6% | 126 59.4% | 212 100.0% |

Table 45 shows the nature of business activities by sex. The table reveals that retail is female dominated while men dominate manufacturing, services and repairs. These findings confirm the gender division of labour in the informal economy.

Table 46: How long have you been operating in the informal economy?

| | Valid Percent |
|-------------------------|---------------|
| 0 - 2 year | 26.7 |
| 3 - 5 years | 26.7 |
| 6 - 7 years | 13.3 |
| 8 - 10 years | 11.0 |
| 11 and more years | 21.0 |
| Dont know/cant remember | 1.4 |
| Total | 100.0 |

More than half of the respondents (53.4%) indicated that they have been operating in the informal economy for five years and less. However, over 20% reported that they have been operating in the informal economy for more than eleven years. This indicates that the informal economy has become a long-term feature in the Namibian economy. The findings also indicates that it is not easy to make the transition from the informal to the formal economy.



Table 47: Reasons for operating in the informal economy

The majority of the operators entered the informal economy for survival. Over 40% of the respondents reported that they were operating in the informal economy to escape poverty

| | Valid percent |
|--|---------------|
| Poverty and unemployment | 40.8 |
| Explore talent | 3.3 |
| Self-employment | 9.5 |
| Cheap and easy to start business | 6.2 |
| Avoid theft by making money | 2.4 |
| To create employment for myself | 2.8 |
| To make a living (source of income) | 28.4 |
| Tired of sitting and doing nothing | 1.4 |
| To avoid from government laws | 0.9 |
| Wanted to start smaller and get bigger | 1.9 |
| Wanted to make ladies look beautiful | 0.5 |
| To provide services and entertainment | 0.5 |
| To generate additional income | 0.9 |
| Cant afford to operate in the formal economy | 0.5 |
| Total | 100 |

caused by long-term unemployment. Most respondents wanted to make a living, as they did not have any other alternative source of income. These reasons given by the respondents reinforce the argument that the informal economy is a last option for all those who cannot find employment in the formal economy.

Table 48: Where did you get your capital to start your business?

Table 48 outlines the different sources of capital used by our respondents to start their businesses. Whereas formal businesses usual rely on formal financial institutions for loans, this is not the case

| | Valid Percent |
|---------------------------------|---------------|
| It is my own saved money | 48.1 |
| Loan from a bank | .5 |
| Loan from an NGO | .9 |
| Grant from an NGO | 1.4 |
| Did not need any capital | 8.0 |
| From a friend | 12.7 |
| From a relative | 23.6 |
| Pension money/retirements money | 2.8 |
| Retrenchment package money | 1.4 |
| Grant from government | .5 |
| Total | 100.0 |

for operators in the informal economy. About half of our respondents (48.1%) used their savings to start their businesses, 23.6 % obtained money from a relative, 12.7% got money from a friend and few used their retirement money (2.8%) or retrenchment package (1.4%). Only one respondent got a loan from a bank whilst only a few got grants or loans from either government or NGOs. About 8 % of the respondents indicated that they did not need capital to start their businesses.

Table 49: Sources of capital to start business by sex

| | | Sex | | Total |
|---|----------------------------|-------------|--------------|---------------|
| | | Male | Female | |
| Where did you get your capital to start your business | It is my own saved money | 45 44.1% | 57 55.9% | 102 100.0% |
| | loan from a bank | 1 100.0% | 0 .0% | 1 100.0% |
| | Loan from an NGO | 0 .0% | 2 100.0% | 2 100.0% |
| | Grant from an NGO | 3 100.0% | 0 .0% | 3 100.0% |
| | Did not need any capital | 5 29.4% | 12 70.6% | 17 100.0% |
| | From a friend | 15 55.6% | 12 44.4% | 27 100.0% |
| | From a relative | 9 18.0% | 41 82.0% | 50 100.0% |
| | Pension money/retirements | 5 83.3% | 1 16.7% | 6 100.0% |
| | Retrenchment package money | 3 100.0% | 0 .0% | 3 100.0% |
| | Grant from government | 0 .0% | 1 100.0% | 1 100.0% |
| | Total | 86 40.6% | 126 59.4% | 212 100.0% |

A further analysis was done to determine gender specific differences regarding the source of capital to start the business. The analysis revealed that more females than males used their own savings as start up capital, or got money from relatives or were not in need of capital. This was because the type of business females engaged in did not require any significant start up capital, thus they could rely on their own and their family savings. More males than females got loans or grants or used their retrenchment packages and retirement money to start their business.

Table 50: Are you aware of any credit facilities that you can use?

| | Valid Percent |
|-------|---------------|
| Yes | 39.2 |
| No | 60.8 |
| Total | 100.0 |

When asked whether they were aware of any credit facilities that they could use, more than half of the respondents (60.8%) replied that they did not know of the existence of any credit facilities. This explains partly why most of the respondents used other sources rather than formal financial institutions to obtain capital for their businesses.

Table 51: Have you ever approached any credit facilities for financial assistance or credit?

| | Valid Percent |
|-------|---------------|
| Yes | 9.6 |
| No | 88.0 |
| Total | 100.0 |

Less than 10% of our respondents ever approached an institution for financial assistance. Among those who did, only 21.1% said that they got the loan, whilst others got no reply (31.6%) or they were told that they did not have security to pay back the loan, or that the business plan was poor (See table 52).

Table 52: If yes what was their response?

| | Valid Percent |
|--------------------------------------|---------------|
| Valid They did not reply back | 31.6 |
| Got the loan | 21.1 |
| Poor business plan | 10.5 |
| I did not have security for the loan | 21.1 |
| I was chased away | 10.5 |
| No reply | 5.3 |
| Total | 100.0 |



Table 53: If no, why have you not approached the credit facilities for financial assistance?

| | Valid Percent |
|--|---------------|
| Valid | |
| Heard they dont help/uncertain | 8.8 |
| Lack of information and knowledge | 16.5 |
| They make business out of us | 1.8 |
| They ask for business | 2.9 |
| Lack of trust | 4.7 |
| Dont know of any | 40.0 |
| Interest is too high | 4.7 |
| They only consider big business | 1.8 |
| Dont need their help yet | 8.2 |
| No response | 2.4 |
| Maybe in the future | 4.1 |
| There are high class | 1.2 |
| Lack of guarantee to pay back the loan | 1.2 |
| No reason | 1.8 |
| Total | 100.0 |

Those respondents who did not approach any credit institutions indicated that they did not know of such institutions or were discouraged because they had heard that the credit institutions did not help. Less than 10% indicated that they did not (yet) need credit facilities.

Table 54: Is your business your only source of income?

| | Valid Percent |
|-------|---------------|
| Yes | 80.6 |
| No | 19.4 |
| Total | 100.0 |

Most respondents relied on their business as the only source of income (80.6%). This finding is in line with the findings of the Namibia Labour Force Survey (2000) which indicated that a high proportion of households (48%) rely on wages and salaries, as their main or only source of income (MOL 2002). Many households of informal economy operators depend on the informal businesses for survival.

Business Information

Table 55: Is your business registered with the Ministry of Trade and Industry?

| | Valid Percent |
|-------|---------------|
| Yes | 13.1 |
| No | 86.9 |
| Total | 100.0 |

Most respondents (86.9%) indicated that their business was not registered with the Ministry of Trade and Industry. One of the characteristics of the informal economy is that the enterprise or business is not registered and thus this finding is not surprising. However, the high levels of unregistered businesses could be attributed to the lack of knowledge about the registration process, the tedious and time consuming nature of the bureaucratic process involved, application forms being in English only and the fear of paying tax once the business is registered.

Table 56: Do you pay any taxes from the business

| | Valid Percent |
|-----------|---------------|
| Valid Yes | 8.5 |
| No | 91.5 |
| Total | 100.0 |

Most respondents (91.5%) also indicated that they did not pay any taxes. The reasons for not paying tax are listed below in table 57 with many respondents indicating that they did not pay taxes because their income was too small (28.2%). Some were paying municipal fees only (19%), whilst other operators did not pay tax because they were not registered (11.5%).

Table 57: If no, why not?

| | Valid Percent |
|-------------------------------------|---------------|
| Dont know | 18.4 |
| Not yet paying | 4.0 |
| Only pay monthly rent for stand | 7.5 |
| Not registered | 11.5 |
| Pay municipal fees only | 19.0 |
| Business income is too small | 28.2 |
| Not instructed to do so | 2.3 |
| Still in the process of registering | .6 |
| Not enough money to pay tax | 2.3 |
| Pays import fees only | 1.1 |
| Pays for trading permit | 2.3 |
| Not informed about tax payments | 2.9 |
| Total | 100.0 |

Table 58: What kind of premises do you operate from?

| | Valid Percent |
|-------------------------------------|---------------|
| Open space at a market or elsewhere | 45.2 |
| Within own home | 12.4 |
| No fixed location/mobile | 11.0 |
| Permanent structure (offices) | 6.2 |
| Temporal structure | 25.2 |
| Total | 100.0 |

The majority of respondents did not have fixed permanent structures to operate from. Almost half indicated that they operated from open spaces at the market or elsewhere, followed by those who used temporary structures (25.2%). The fact that most operators did not have permanent structures can be attributed to rental costs, which were unaffordable for many operators due to their low incomes. Only a small percent of the respondents (6.2%) reported that they operated from permanent fixed structures.

Table 59: Are the premises from which you operate sufficient?

| | Valid Percent |
|-------|---------------|
| Yes | 49.5 |
| No | 50.5 |
| Total | 100.0 |

Regardless of the fact that most operators did not have fixed permanent structures from which to operate, almost half of them (49.5%) indicated that they were satisfied with the premises from which they are operated. The respondents who were dissatisfied cited that the premises were too small, that they were exposed to bad weather, that they experienced evictions from the premises and that they were at risk of thieves stealing their goods. Those who said that they were satisfied with their operating premises indicated that the premises were easily accessible to customers and thus suitable for business.

Table 60: Type of premises by sex

| | | Sex | | Total |
|---------------------------------|-------------------------------------|--------------|---------------|---------------|
| | | Male | Female | |
| Type of premises operating from | Open space at a market or elsewhere | 35 41.7% | 60 47.6% | 95 45.2% |
| | Within own home | 13 15.5% | 13 10.3% | 26 12.4% |
| | No fixed location/mobile | 11 13.1% | 12 9.5% | 23 11.0% |
| | Permanent structure (offices) | 5 6.0% | 8 6.3% | 13 6.2% |
| | Temporary structure | 20 23.8% | 33 26.2% | 53 25.2% |
| Total | | 84 100.0% | 126 100.0% | 210 100.0% |

A gender comparison of the type of premises revealed that there was no significant gender disparity.

Table 61: How many hours does your business operate per week?

| | Valid Percent |
|--|---------------|
| 0 - 19 hours | 1.5 |
| 20 - 39 hours | 1.5 |
| 40 - 59 hours | 27.7 |
| 60 - 79 hours | 34.0 |
| 80 and more hours | 15.5 |
| No fixed hours/unspecified hours | 18.0 |
| Depends on the availability of customers | 1.5 |
| Work in own free time | .5 |
| Total | 100.0 |

Many of the businesses in the informal economy operate long hours as can be seen from table 61 above. About half of the respondents indicated that their businesses were open for 60 hours and more in a week. Operating hours are often influenced by the availability of customers and thus business only closes once all the customers are gone. Most respondents (88.8%) indicated that they operated their businesses between six and seven days a week.

Table 62: How many days is your business open in a week?

| | Valid percent |
|-------------------|---------------|
| Two days and less | 0.5 |
| Three days | 0 |
| Four days | 0 |
| Five days | 9.8 |
| Six days | 43.9 |
| Seven days | 44.9 |
| Unspecified | 1.0 |
| Total | 100 |

Table 63: How much do you make on a monthly basis?

| | | Valid Percent |
|-------|---------------------|---------------|
| Valid | Up to N\$ 200 | 9.6 |
| | N\$ 201 - N\$ 400 | 8.7 |
| | N\$ 401 - N\$ 600 | 8.2 |
| | N\$ 601 - N\$ 900 | 7.7 |
| | N\$ 901 - N\$ 1300 | 8.7 |
| | N\$ 1301 - N\$ 2000 | 13.9 |
| | N\$ 2001 - N\$ 3000 | 8.7 |
| | N\$ 3001 - N\$ 5000 | 4.8 |
| | N\$ 5001 - N\$ 7000 | 7.2 |
| | More than 7000 | .5 |
| | Unspecified | 22.1 |
| Total | | 100.0 |

Incomes made on a monthly basis from the businesses range from as little as N\$ 200 and less to more than N\$ 7 000. About 22.1 per cent indicated that their incomes were unspecified. This means that their incomes varied from month to month depending on the performance of the business. The majority (43%) earned N\$ 1300 and below. This shows that the majority of informal economy operators make very low incomes, thus making it very difficult for the business operations to grow as incomes made cannot be reinvested and saved and thus is used for immediate consumption.



Table 64: How could your business be made more successful?

| | Valid Percent |
|--|---------------|
| Dont know/Not sure | 22.7 |
| Dont think it can be made more successful | 4.4 |
| Getting money to buy more stock/materials | 20.2 |
| Attending workshops and training | 1.0 |
| Need sponsors | 3.4 |
| Improve customer service | 6.4 |
| Employees should work hard | 2.0 |
| Conducting promotions | 1.5 |
| Need operating license | 1.0 |
| Depends on the profit being made | 1.5 |
| Finding bigger and better premises | 12.3 |
| Getting more customers | 6.9 |
| Getting equipment and tools i.e. computers | 1.5 |
| Govt must talk to banks to give us loans | 1.5 |
| Getting discount on products | .5 |
| Financial assistance | 9.9 |
| Extending operating hours | 1.5 |
| Expand business | 1.5 |
| Advertise products | .5 |
| Total | 100.0 |

When respondents were asked how their business could be made more successful, 30 per cent indicated financial assistance as a way in which to improve their business. Some indicated the financial assistance would serve to purchase stock and materials (20.2%). About 12 per cent indicated that proper premises would result in their business becoming successful. More than 20 per cent of the respondents did not know what could make their business successful. This indicates a lack of planning and strategic vision among our respondents. It also shows that informal economy businesses primarily serves to ensure the operator's immediate survival and are not part of a long-term "economic strategy".

Table 65: Problems experienced by operators

| | Valid percent |
|--|---------------|
| Thieves stealing from the business | 4.7 |
| Drunk customers | 6.5 |
| Financial problems | 9.9 |
| Lack of customers (Long distance to market) | 12.5 |
| Electricity and water problems (cut-offs) | 3.4 |
| Customers demanding discount on goods | 5.2 |
| Non-payment credit | 7.8 |
| Business is too slow | 3.4 |
| Insecurity | 2.2 |
| Municipal rent increases | 2.6 |
| Traffic fines | 0.4 |
| No problems | 9.1 |
| Rude customers | 3.0 |
| Lack of transport | 0.4 |
| Lack of machinery to use | 1.7 |
| Exposure to bad weather (rain and wind) | 2.6 |
| Goods rotting due to lack of customers | 6.0 |
| Lack of proper premises | 9.5 |
| Customs officials confiscating our goods at the border | 0.9 |
| Jealousy from fellow operators | 0.4 |
| No toilet facilities at the market | 0.4 |
| Expensive raw materials | 0.4 |
| Too much competition | 1.7 |
| Harassment from the authorities | 3.9 |
| Lack of confidence from customers | 0.9 |
| Municipal laws which make it difficult to operate business | 0.4 |
| Total | 100 |

Although respondents experienced a wide variety of problems, some of them shared common problems as indicated in table 27. More than 12 per cent of the respondents indicated that their biggest problem was the unavailability of customers, which for some (6%) resulted in their goods becoming rotten. Almost 10 per cent of the respondents mentioned having financial problems and also a lack of proper premises to operate from. Some of the respondents reported having problems with the municipality or with municipal services. Specifically, these problems were water and electricity cut-offs due to non-payment (3.4%), harassment from municipal police (3.9%), municipal rent increases (2.6%) and municipal laws which made it difficult to operate their businesses efficiently.

Employment information and working conditions

Table 66: Have you ever been employed?

| | Valid Percent |
|-----------|---------------|
| Valid Yes | 50.7 |
| No | 49.3 |
| Total | 100.0 |

About half of informal economy operators indicated that they had been employed before starting their business. When asked who had employed them, it emerged that more than half (51.9%) had been employed in the formal economy by a private company. Others (36.5%) had been employed in the informal economy by either by a private person (17.3%) or by a business (19.2%). Less than 10 per cent of the respondents had been employed by government. This finding indicates that most informal economy operators had been formal economy workers who lost their jobs and thus were forced to enter the informal economy. This is linked to a global trend where many companies reduced their labour force in order to become competitive in the global economy.

Table 67: If yes, by whom?

| | Valid Percent |
|---------------------------|---------------|
| Formal (government) | 9.6 |
| Formal (private) | 51.9 |
| Informal (Business) | 19.2 |
| Informal (private person) | 17.3 |
| Informal (self-employed) | 1.0 |
| cant remember/Dont know | 1.0 |
| Total | 100.0 |

Table 68: Employment by sex

| | | Sex | | Total |
|--|-----|-------------|--------------|---------------|
| | | Male | Female | |
| Have you ever been employed(in the formal or informal economy)? | Yes | 62 57.4% | 46 42.6% | 108 100.0% |
| | No | 24 22.9% | 81 77.1% | 105 100.0% |
| Total | | 86 40.4% | 127 59.6% | 213 100.0% |

A comparison of previous employment by sex revealed that more women (77.1 %) than men (57.4%) have never been employed. This confirms that the level of unemployment is higher among women who are then forced to turn to the informal economy for survival.

Table 69: What are your reasons for leaving your previous job?

| | Valid Percent |
|----------------------------|---------------|
| Valid Got fired/dismissed | 10.3 |
| Got retrenched | 8.2 |
| Low salary | 19.6 |
| Better job opportunity | 6.2 |
| The owner left the country | 3.1 |
| Retired | 3.1 |
| Contract ended | 13.4 |
| Worked on a casual basis | 1.0 |
| Poor working conditions | 1.0 |
| Resigned | 5.2 |
| Wanted to be self-employed | 6.2 |
| Company got bankrupt | 3.1 |
| Conflict with management | 4.1 |
| Discrimination | 1.0 |
| The owners died | 2.1 |
| The business was sold | 1.0 |
| Still employed | 6.2 |
| Company closed/relocated | 4.1 |
| Wanted to make more money | 1.0 |
| Total | 100.0 |

Of those respondents who had been employed, almost 20 per cent left their previous jobs due to low salaries while others (13.4%) left their jobs because their contracts ended. Many respondents indicated involuntary reasons for leaving their jobs which included being dismissed/ retrenched (18.5%), company closure (10.3%) the owner dying or leaving the country, the business being sold or the company becoming bankrupt (table 68). Thus the informal economy became a "last resort" for survival.

Table 70: Do you employ other people?

| | Valid Percent |
|-------|---------------|
| Yes | 35.8 |
| No | 64.2 |
| Total | 100.0 |

Almost two thirds of the respondents (64.2%) said that they did not employ other people as they could not afford to pay them. The findings show that Namibia's informal economy to a large extent is comprised of sole operators. This is in line with the findings of the Informal Economy Survey (2001) which reported that most operators (69.5%) had no employees. This finding is important for trade unions whose organising strategies should not only concentrate on workers, but should include operators as well.

Table 71: Amount made on a monthly basis by number of people employed

| | | Do you employ other people | | Total |
|---|---------------------|----------------------------|--------------|---------------|
| | | Yes | No | |
| How much do you make on a monthly basis | Up to N\$ 200 | 3 15.0% | 17 85.0% | 20 100.0% |
| | N\$ 201 - N\$ 400 | 2 11.1% | 16 88.9% | 18 100.0% |
| | N\$ 401 - N\$ 600 | 7 41.2% | 10 58.8% | 17 100.0% |
| | N\$ 601 - N\$ 900 | 5 31.3% | 11 68.8% | 16 100.0% |
| | N\$ 901 - N\$ 1300 | 8 44.4% | 10 55.6% | 18 100.0% |
| | N\$ 1301 - N\$ 2000 | 13 44.8% | 16 55.2% | 29 100.0% |
| | N\$ 2001 - N\$ 3000 | 6 33.3% | 12 66.7% | 18 100.0% |
| | N\$ 3001 - N\$ 5000 | 7 70.0% | 3 30.0% | 10 100.0% |
| | N\$ 5001 - N\$ 7000 | 13 86.7% | 2 13.3% | 15 100.0% |
| | More than 7000 | 1 100.0% | 0 .0% | 1 100.0% |
| | Unspecified | 9 20.0% | 36 80.0% | 45 100.0% |
| | Total | 74 35.7% | 133 64.3% | 207 100.0% |

Table 71 above is a cross tabulation of how much operators make on a monthly basis and the number of people they employ. As the table indicates, most respondents who reported that they employed other people are those earning N\$ 1500 and more whilst the majority of those earning less than N\$ 1500 reported that they did not employ other people. In essence, operators whose businesses are making more money have a higher probability of employing other people.

Table 72: Do you have any employment contracts with your workers?

| | Valid Percent |
|-------|---------------|
| Yes | 38.5 |
| No | 61.5 |
| Total | 100.0 |

Most respondents (61.5%) who indicated that they employed other people pointed out that they did not have any employment contract with their employees. This points to a lack of clearly stated terms of employment between informal economy operators and their employees.

Table 73: Are any of your workers registered with a social security?

| | Valid Percent |
|-----------|---------------|
| Yes | 7.7 |
| No | 82.1 |
| Dont know | 10.3 |
| Total | 100.0 |

Less than 10 per cent of all respondents with employees indicated that their employees were registered with the social security, while some (10.3%) did not know whether their workers were registered with the social security or not. This indicates a lack of awareness on the part of the employer that it is a legal responsibility for employers to register their staff with the Social Security Commission.

Table 74: How do you determine the salaries of your workers?

| | Valid Percent |
|--|---------------|
| According to their job positions | 8.1 |
| They dont get paid | 10.8 |
| The get paid on a commission basis | 8.1 |
| get paid according to the profit they make | 27.0 |
| I give them a fixed salary | 16.2 |
| Negotiate on a satisfactory amount | 12.2 |
| Salary is based on qualifications | 1.4 |
| Depends on the work done | 14.9 |
| Pay per day worked for | 1.4 |
| Total | 100.0 |

Informal economy businesses use different criteria to determine workers' wages. Half of the respondents indicated that their workers did not have fixed salaries, thus the salaries were determined by the profit they made (27%), the amount of work they did (14.9%), or payment was determined on a commission basis (8.1%). Those who paid their workers fixed wages either used qualifications (1.4%), or job positions (8.1%) and negotiations (12.2%) to determine their workers' salaries. The fact that many of the workers salaries were not fixed could be attributed to the low and insecure incomes earned by the operators as indicated in table 63. Also, since a very small proportion of operators used qualifications to determine wages, it means that qualifications have virtually no influence on wages.

Table 75: How much do the workers earn on a monthly basis?

| | Valid Percent |
|-------------------------------|---------------|
| Less than N\$50 | 2.6 |
| N\$ 51 - N\$ 100 | 1.3 |
| N\$ 101 - N\$ 150 | 1.3 |
| N\$ 151 - N\$ 200 | 7.9 |
| N\$ 201 - N\$ 250 | 17.1 |
| N\$ 251 - N\$ 300 | 9.2 |
| N\$ 301 - N\$ 400 | 10.5 |
| N\$ 401 - N\$ 500 | 11.8 |
| N\$ 501 - N\$ 600 | 13.2 |
| N\$ 601 - N\$ 700 | 5.3 |
| N\$ 701 - N\$ 900 | 3.9 |
| N\$ 1101 - N\$ 1300 | 1.3 |
| N\$ 1501 - N\$ 1700 | 1.3 |
| Workers dont get paid | 2.6 |
| Salary is based on commission | 1.3 |
| Salary is based on profit | 1.3 |
| Unspecified | 7.9 |
| Total | 100.0 |

Table 75 shows that the majority of the operators interviewed (74.9%) paid their workers salaries of less than N\$ 600. About half earned N\$ 200 – N\$ 500. Very few respondents paid their workers wages exceeding the amount of N\$ 1000 per month as most operators earned less than N\$ 1000 themselves. (see table 21).



Table 76: Do you provide any additional benefits to your workers?

| | | Valid Percent |
|-------|-------|---------------|
| Valid | Yes | 74.7 |
| | No | 25.3 |
| | Total | 100.0 |

About three quarters of our respondents said that they provided additional benefits to their workers (table 76). Several operators (27.4%) provided meals or food rations to their workers, followed by those who provided annual leave (19.3%) and accommodation (19.3%), transport or a transport allowance (12.6%). The study revealed that annual leave in the informal economy is not a right. It is taken as “needed” by the workers and also depends on the generosity of the employers. This clearly contravenes the basic conditions of employment as set out in the Labour Act (No 6 of 1992).

Table 77: Benefits provided to workers

| | Valid percent |
|-----------------------------------|---------------|
| Annual leave | 16.3 |
| Bonus (13th Cheque) | 9.6 |
| Staff loan / credit allowance | 8.9 |
| Meals / Food rations | 27.4 |
| Transport (allowance) | 12.6 |
| Accommodation | 16.3 |
| Assistance during difficult times | 5.2 |
| Paid maternity leave | 0.7 |
| Paid sick leave | 3.0 |
| Total | 100 |

Informal Economy Associations¹

In 2002, some associations such as the Okutumbatumba Hawkers Association (OHA), Namibia Shebeen Association (NASA), Namibia Bus and Taxi Association (NABTA), African Builders Association (ABA), Panel Beaters and Motor Mechanics Association (PABMMA) took the initiative to form the umbrella organization called the Namibia Small Traders Association (NAMSTA). The main objective of forming NAMSTA was to "strengthen small scale, formal and informal businesses in the manufacturing, trades and services sectors to grow and become more competitive through self organisation for better access to resources, improved interest representation and provision of relevant services".

1. Okutumbatumba Hawkers Association (OHA)



The Okutumbatumba Hawkers Association was established in 1989 by Mr. Veripi Kandenge (President) and women who used to sell at the Elago market in Soweto. The main aim behind the establishment of the association was to:

- Act as a governing body to promote the interest of the micro and small business community in Namibia
- Promote and further the growth of all its members in Africa and SADC regions
- Become part of global African renaissance
- Provide a catalyst in forming links between the formal and informal economies with the view to effect business growth (NAMSTA four – year strategic plan: 2002 – 2006)

The membership of the OHA grew from five hawkers who saw the need for economic solidarity in a hostile environment and generally restrictive of hawking activities. Membership is open to anyone who shares similar objectives to those of the OHA. The members pay an annual fee of N\$ 100.00. The membership base of the OHA stands at approximately 2500.

¹This section is based on interviews and information provided for by Mr. Veripi Kandenge who is the President and founding member of the Okutumbatumba Hawkers Association and Executive Director of Namibia Small Traders Association (NAMSTA) and the association four year strategic plan.

Services offered to members

OHA offers its members services such as business training, bulk buy, life skills, loans, infrastructure (containers and market stores), business linkages, advocacy, HIV/AIDS awareness, distribution of condoms, information on hygiene and alcohol abuse.

2. Namibia Shebeen Association (NASA)

The Namibia Shebeen Association was the first informal economy association to be formed by shebeen owners living in Katutura in 1987.

Membership

The association organises shebeen business owners only and has approximately five thousand (5000) members. This number is likely to grow as many operators are experiencing problems thus they are likely to join the associations. Members are recruited through structures that the associations have put in place in the different regions such as committees. The members pay a membership fee of N\$ 150 on an annual basis.

Services being offered

The Namibia Shebeen Association offers its members services such as training on social responsibility and business skills and linkages. They also provide awareness and training on HIV/AIDS, distribute condoms, alcohol abuse, noise pollution and hygiene.

The members of both associations (OHA and NASA) do not have problems paying their fees as the associations represent, protect and defend their members on critical issues. Committees have been established in various regions to assist the members. The members pay their fees at the head office and the association also hosts quarterly meetings where members can also pay their fees.

3. African Builders Association (ABA)

The ABA was formed in 2001 by small building contractors. The ABA has a small membership of 50 members who pay N\$ 500 per year in membership fees. The services being offered by the ABA to its members cover areas such as education and training on tendering, health and safety, business management training and negotiating skills.

4. Panel Beaters and Motor Mechanics Association (PABMMA)

PABMMA was formed in 2002. The members of PABMMA are panel beaters and mechanics. PABMMA has a small membership of about 78 members. The members pay a yearly membership fee of N\$ 300.00

5. Namibia Bus and Taxi Association (NABTA)

NABTA was formed in 1978 by taxi owners. NABTA's membership base stands at 3000 and the members pay a yearly membership fee of N\$ 50.00. The association offers its members training on business, negotiations on discounts with suppliers, advertisements and HIV/AIDS awareness.

Reasons for forming the associations

The formation of the associations “was born out of an acute need to protect members from harassment in the form of evictions and to enable them to improve on their survival strategies”. Furthermore, the association was meant to address informal economy operators’ problems such as lack of proper operating premises, lack of access to wholesales where they cannot buy their alcohol and other goods due to lack of licenses required. The formation of the associations led to negotiations between the association and the government with regards to the provision of shelter for the operators and end to harassment by the authorities. The federation on the other hand was established to represent smaller businesses at the Namibia Chamber of Commerce and Industry (NCCI) as smaller businesses did not have proper representation there. Furthermore, the federation was formed to:

- Boost the capacity of the other smaller associations using the experiences gained by the Okutumbatumba and the Shebeen Associations.
- Render assistance in terms of development of the strategic planning of the smaller associations,
- Review constitutions and develop good policies such as financial policies.
- Train business owners and workers on labour issues and business development.

Services offered to members

The services provided to members include:

- Education and training
- Provision of loans to members and also containers from which to operate.
- The bulk buy programme where many business owners buy their stock together from various suppliers, thus being able to buy at discount prices.

Key challenges facing NAMSTA founding members

- Need for an organisational identity to further member interest representations
- Access to services such as technical assistance and information based on demand
- Access to capital to finance business operations
- Ineffective and unsustainable services provided by existing business service organisation
- Poor managerial capabilities to run profitable businesses and coordinate member activities and affairs
- Very few opportunities to get tenders, particularly from public institutions as a result of tough competitions from bigger businesses
- Lack of mutually beneficial business linkages
- Need to create a common learning environment within the SME economy and with bigger businesses (networking)
- Poor knowledge and representation of member’s needs
- Lack of pro-active and clear strategic directions on the part of some business associations
- Some business associations have dual roles as both community-based organisations and as NGOs, making it extremely difficult to attain a high technical and professional capabilities to serve their members
- Lack of creativity and innovations among SME operators
- Envisaged challenge to shebeen operators posed by the Liquor Act
- Dependency on financial and technical support by donors
- Difficulties on procuring parts and building materials
- Lack of comprehensive knowledge among SMEs on the existing support programmes initiated by government, donor agencies and local businesses (NAMSTA: 2002)

Major problems experienced by members

The operators, especially the hawkers are experiencing problems with the by-laws that have been introduced by the municipality. The by-laws are like the old laws which were introduced during the colonial rule which prohibited hawkers or operators operating in certain areas. According to Mr. Kandenge "the problem with the laws is that they are being reviewed by people who do not understand the realities of the informal economy". This can be observed in the recent controversy surrounding the closure of illegal shebeens. The following account is based on articles that appeared in The Namibian newspaper between 26 May and 28 June 2006.

At the beginning of June 2006, the government embarked upon "Operation Shebeen Out", which was aimed at closing all unlicensed shebeens and Cuca shops selling liquor without a liquor licence. The government carried out such actions based on the Liquor Act passed in 1998 and implemented in 2002. The Liquor Act makes it illegal to sell alcohol without a liquor licence and also makes provision for shebeens to have two toilet facilities at the shebeen premises (one for men and one for women). Government's decision to close unlicensed shebeens and Coca shops was based on the fact that they had given the shebeen and cuca shop owners ample time (2002 – 2006) to obtain licences. This Act was met with mixed feelings in the country with many people and stakeholders such as the National Union of Namibian Workers (NUNW), Trade Union Congress of Namibia (TUCNA), Namibia Shebeen Association (NASA), traditional leaders and the National Society of Human Rights (NSHR) condemning government's actions. All these organisations felt that government should halt its actions regarding the closing shebeens. The shebeen and cuca shop owners took to the streets to demonstrate against the closures and arrests made by the police against some of the shebeen and cuca shop owners who refused to close their shops. The shebeen and cuca shop owners indicated that they did not implement the provisions of the Act because (a) they were not aware of any legislation governing the operations of shebeens; (b) the procedures involved in acquiring a licence were difficult and (c) they had problems filling in the application forms. They also claimed that they had received authority to operate their businesses from their traditional leaders. The NUNW condemned government's actions saying, "people turned to the informal economy due to the widespread poverty in the country which gave people fewer options to enter the labour market and thus were forced to operate shebeens to survive". Thus, government should not embark upon such actions without offering alternatives. The traditional leaders were unhappy that their powers to issue business licences had been taken away by the Liquor Act of 1998. Furthermore, the National Society of Human Rights (NSHR) advised government to take short-term actions which included (a) immediate return of all seized items including liquor; (b) extension of grace period to enable shebeen owners to obtain liquor licences and (c) the suspension of certain provisions of the controversial Liquor Act. The advice by

the NSHR was in line with the demands of the shebeen and cuca shop owners handed to government during their demonstrations. However, government should in the long term consider amending the Liquor Act. Those who supported government on the closure of illegal shebeen associated the high rates of crime to availability of alcohol in shebeens. They argued that many crimes were committed by people who were under the influence of alcohol and that many crimes were committed at shebeens and cuca shops.

Government's response to all this pressure was to set up an interministerial committee which was tasked to find an amicable solution to the problem. Finally, the Minister of Trade and Industry announced in parliament that interim regulations would be introduced shortly, which would help shebeen owners obtain licences to legally run their businesses.

Stakeholders that the associations works with

Some of the stakeholders that the Okatumbatumba Hawkers Association works with are the Ministry of Trade and Industry, local authorities, the Namibia Chamber of Commerce and Industry, Non Governmental Organisations and donor agencies such as Frederich Ebert Foundation.

Possible collaboration with trade unions

Since the formation of the associations, there has never been any collaboration between the unions and the associations. This could be attributed to the fact that unions organise workers while the associations organize business owners. None of the parties have approached each other for any possible relationship to be developed. The unions and the associations have some common members because some of the operators who are members of the associations are still employed in the formal economy and as workers have joined trade unions.

In the event of unions deciding to extend their organising horizon to the informal economy, they would have to adopt new organising strategies to deal with the different types of employment relationships that exist in the informal economy. Furthermore, the trade unions would have to work with operators and workers in order to educate them on worker's rights and how to improve their businesses. Higher business incomes are a precondition for higher wages in the informal economy.



Membership to associations

Table 78: Do you belong to any informal economy association?

| | Valid Percent |
|-------|---------------|
| Yes | 9.4 |
| No | 90.6 |
| Total | 100.0 |

Most respondents (90.6%) were not members any informal economy association. Of those who belonged to informal economy associations, a third (33.3%) indicated that they belonged to the Okutumbatumba Hawkers Association, followed by the Kaman Kavango Association (14.3%), the Namibia Sehebeen Association (9.5%) and others.

Table 79: If yes, which association do you belong to?

| | Valid Percent |
|-----------------------------------|---------------|
| NNAWIB | 9.5 |
| Okatumbatumba Hawkers Association | 33.3 |
| Kaman Kavango Association | 14.3 |
| Namibia Shebeen Association | 9.5 |
| NABTA | 4.8 |
| Shack Dwellers Association | 4.8 |
| Koshiyomuti Association | 4.8 |
| Worker's Federation | 14.3 |
| Total | 100.0 |

Table 80: If yes, what are the services that the association provides to you?

| | Valid Percent |
|---|---------------|
| No idea | 26.3 |
| Fighting for increment of taxi fare | 5.3 |
| Providing training and workshops | 21.1 |
| Help in finding donors | 15.8 |
| Fight on our behalf with regards to business operations | 10.5 |
| They are supposed to help us financially | 15.8 |
| Provide us with business premises | 5.3 |
| Total | 100.0 |

Those who reported that they were members of associations were further asked about the services received from the associations. More than a quarter (26.3%) of the respondents did not know what kind of services the associations were providing. This points to the lack of information about the associations. Other members reported services such as training and workshops (21.1%), financial assistance (15.8%) and assistance with finding sponsors (15.8%).

Table 81: If no, why don't you belong to any association?

| | Valid Percent |
|---|---------------|
| Lack if information and knowledge about association | 56.4 |
| Still in the progress of joining a better one | 10.5 |
| No association is present in this line of work | 9.9 |
| Lost confidence in associations | 5.5 |
| The associations are not organised | 2.2 |
| Dont know | 5.0 |
| Cant afford membership | 6.6 |
| They havent approached us | 2.8 |
| No importance in joining | 1.1 |
| Total | 100.0 |

The respondents who indicated that they were not members of an informal economy association gave different reasons. More than half of the respondents indicated that they did not know much about associations. Thus they lacked the information about their purpose and services. This shows that there is a need for the associations to provide their members and potential members with information about their operations. Other respondents said that there were still in the process of joining after identifying a better association (10.5%) or that there was no association in their line of work (9.9%).

Knowledge and membership of trade unions

Table 82: Do you know what a trade union is?

| | Valid Percent |
|-----------|---------------|
| Yes | 49.5 |
| No | 36.7 |
| Dont know | 13.8 |
| Total | 100.0 |

Respondents were asked about their knowledge with regards to trade unions. About half of the respondents (49.5%) knew what a trade union was. About a quarter of the respondents had been members of a trade union before as indicated in table 82.

Table 83: If yes, have you ever been a member of a trade union?

| | Valid Percent |
|-------|---------------|
| Yes | 24.2 |
| No | 75.8 |
| Total | 100.0 |

Table 84: Would you welcome trade unions becoming involved in the informal economy?

| | Valid Percent |
|-----------|---------------|
| Yes | 65.1 |
| No | 34.4 |
| Dont know | .5 |
| Total | 100.0 |

We asked how operators felt about unions becoming involved in the informal economy. About two thirds of the operators interviewed (65.1%) said that they would have no problems with trade unions in the informal economy while the rest did not welcome the idea. Those operators who were supportive said that they would welcome trade unions so that they (trade unions) could protect workers rights, help the operators solve their problems (business-related) and provide representation and recognition for operators. Operators thus expected trade unions to not only represent workers rights but also to support operators' interests.

Table 85: If no, why not?

| | Valid Percent |
|---|---------------|
| Money is too less in the informal sector | 31.0 |
| Too poor to be involved | 7.0 |
| Too much propaganda | 7.0 |
| Industry is still small | 4.2 |
| Do not believe in them and not familiar | 8.5 |
| Not interested because there are problematic | 2.8 |
| Lack of information | 16.9 |
| Dont have any workers | 8.5 |
| No use joining coz they cant help their current members | 7.0 |
| Unions will ruin my business | 2.8 |
| Already belong to an association | 2.8 |
| The unions are only interested in money | 1.4 |
| Total | 100.0 |

Among those respondents who did not welcome trade unions in the informal economy, 31 % indicated that they were not making enough money in the informal economy thus could not afford to pay membership fees as required by the unions. Other respondents (16.9%) indicated that they did not have enough information about trade unions while some respondents reported that they did not believe in the ability of the unions to solve their problems or help them in any way (8.5%). Others felt there was no use in joining as the unions were unable to even help their current members (7 %) or that the unions were “full of propaganda” (7%). This indicates a degree of mistrust and loss of confidence in the unions’ ability to effectively help their members.

Sources of support

Table 86: Do you know of any possible source of support for informal businesses?

| | Valid Percent |
|-----------|---------------|
| Valid Yes | 16.6 |
| No | 83.4 |
| Total | 100.0 |

Respondents were asked whether they knew any possible source of support which they could approach with regards to their businesses. The vast majority (83.4%) said that they did not know of any possible source of support. The respondents were further asked whether their business had received support. Not surprisingly, almost 90 per cent indicated that they had not received any kind of support.

Table 87: Has your business received any type of support?

| | Valid Percent |
|-------|---------------|
| Yes | 10.6 |
| No | 89.4 |
| Total | 100.0 |

Table 88: If yes, who offered you this support?

| | Valid Percent |
|---------------------------------|---------------|
| Valid NGOs | 50.0 |
| Okutumbatumba | 10.0 |
| Hawkers Association | 10.0 |
| Women Association | 10.0 |
| An informal economy association | 10.0 |
| Simon Vlei Joint Venture | 5.0 |
| IMLT | 5.0 |
| NABTA | 5.0 |
| WAD | 5.0 |
| Total | 100.0 |

The few operators who had received any support indicated that such support was mainly provided by NGOs (50%), women association (10%) and informal economy associations (25%) such as the Okatumbatumba Hawkers Association and NABTA (table 88). Nobody received support from government institutions. This shows that the main providers of support for informal economy operators are NGOs and associations, clearly showing their importance for the informal economy.

Table 89: Is there any kind of support you need?

| | | Valid Percent |
|-------|-------|---------------|
| Valid | Yes | 88.6 |
| | No | 11.4 |
| | Total | 100.0 |

Most of the operators interviewed (88.6%) indicated that they needed support in the form of finance and training on how to manage businesses. Financial support was very important for the operators, as it would allow them to hire more people and pay for operational costs while the business was still in its infant stages. Only few operators (11.4%) indicated that they did not need any kind of support.

Table 90: If yes, who can provide you with this support?

| | Valid Percent |
|-------------------------|---------------|
| Government institutions | 48.3 |
| Municipality | 4.5 |
| Financial institutions | 13.9 |
| Dont know | 17.9 |
| Relatives/Friends | 1.5 |
| Various associations | 9.0 |
| None | 2.5 |
| Trade unions | 1.5 |
| Private sector | .5 |
| Myself | .5 |
| Total | 100.0 |

Almost half (48.3%) of the respondents who had indicated that they needed support said that they expected government institutions to offer them support. Government was expected to help because the operators felt that it is government's responsibility to provide support to smaller enterprises which could then contribute to the country's economy. Some of the respondents (17.9%) did not know who could offer them the support while others identified financial institutions for the support (See table 90).

International experiences



1. The Ghanaian Experience³

The Ghana Trades Union Congress (GTUC) has been involved in the informal economy since 1983. This was the time when the Ghanaian government introduced Structural Adjustment Programmes (SAPs), which led to massive retrenchments in the formal economy. Many GTUC members lost their jobs during this period and thus turned to the informal economy to make a living. Affiliates of the GTUC responsible for organizing in the informal economy are:

- GAU – Ghana Agriculture Worker’s Union, which organizes in rural areas
- ICU – Industrial & Commercial Workers Union, which organizes in the fashion industry, domestic workers, hairdressers, seamstresses, barbers, weavers, traditional caterers etc (Disaffiliated from GTUC in 2005)
- TWU – Timber and Woodworkers Union which organises small scale carpenters, chain saw operators, charcoal burners, national sawyers and timber products sellers
- GPRTU – Ghana Private Road Transport Union

The approach adopted by the GTUC and its affiliates is to organise workers, employers and the self-employed on an industrial basis. The Ghana TUC adopted a policy on the informal economy to make sure that workers operating in the informal economy could also receive protection, to help them in defending their rights, and to ensure safe working conditions. The policy on the informal economy was adopted in 1996 at a congress held in Cape Coast. About 90% of the economic activities in Ghana are informal in nature, thus making the informal economy the biggest provider of jobs in the country. The inability to expand the formal economy made the informal economy the primary source of membership for the GTUC.

Benefits and Challenges

Unions organising in the informal economy have faced several challenges. The “returns” for organising in the informal economy are not immediate and organising in the informal economy is also very expensive, as union organisers need training in order to change their organising strategies. Another challenge of organising in the informal economy is that of time. Informal economy operators do not have the time for meetings as they work long hours. Some of the operators do not have confidence in trade unions as they feel that the unions cannot deliver on their promises. These are mostly workers who were employed in the formal economy who lost their jobs through retrenchments. Also, some of the informal economy operators were suspicious of anybody coming to organise them as some organisations had approached them before and failed to live up to their promises.

Some of the benefits of organising in the informal economy is that the GTUC has increased its numerical strength as the formal economy was very small compared to the informal economy. By organising in the informal economy, the GTUC had also benefited from the vast experience of informal economy operators as most of them were previously employed in the formal economy. The training for the organisers was supported by international donors such as International Labour Organisation (ILO), or the Netherlands Trade Union Federation (FNV) and also by the Ghana Trades Union Congress (GTUC) who allocated money for training in their budget.

Strategies in organising the informal economy

The strategy used by the GTUC in organising the informal economy was the formation of the informal economy desk. The desk was established in 2002 with the main responsibilities of:

- Coordination and helping the unions in organising the informal economy

³ This section is based on an interview with Mr. F X Owusu Head of Informal Economy Desk at GTUC: August 2005

- Identifying and inviting informal economy associations to join the unions
- Developing the informal economy capacity by organising workshops and seminars for organisers
- Linking the unions organising in the informal economy with international organisations such as SEWA, WIEGO etc

The desk serves as a central point that handles and coordinates all the informal economy activities and provides support to the unions organising in the informal economy. However, the most important aspect was to approach the associations that already existed in the informal economy to get to the operators and workers. Thus the GTUC offered the informal economy associations membership. The GTUC felt that it was easier to go through the associations in organising the informal economy and also whom informal economy operators would trust.

Services offered to the informal economy operators

Through the informal economy desk of the GTUC, services are provided to the informal economy operators. The services offered include training on accessing credit, which is one of the biggest problems faced by many operators. Also, the GTUC invites the informal economy operators and associations to workshops and seminars to share experiences and to guide them where and how to access funds. This service offered by the GTUC is very critical as on their own, informal economy operators would not be able to access these funds. The operators appreciate that through the GTUC, they received training, recognition and access to funds for training and starting their businesses. Also, the GTUC negotiates on their behalf, a skill that they never had.

Membership fees in the informal economy

Payment of membership fees has been one of the challenges faced by the GTUC as some of their affiliate unions organising in the informal economy could not pay their monthly membership fees. Due to their members irregular and fluctuating incomes they found it difficult to come up with the required amount at the end of the month. Thus the GTUC and its affiliates organising in the informal economy decided that payment should not only be made at the end of the month. Instead, operators and workers could pay their membership fees on a daily, weekly or monthly basis. The unions were also allowed to pay their membership fees to the GTUC in a similar manner.

2. Zimbabwean Experiences⁴



Overview of the informal economy

At Independence in 1980, Zimbabwe had a small informal economy which had been restricted by the colonial regime's laws which limited free migration between urban and rural areas and informal economic activities. This created a situation where those in urban areas were employed in the formal economy whilst the unemployed stayed in the rural areas. In 1998, the informal economy employed significantly more people (3,826,873) than the formal economy (1,348,500). The manufacturing industry accounted for 69.7% of all informal economy activities, with the majority of operators being females (66.6%) (Gemini survey as cited in Kanyenze et al 2003: 17). The study further revealed that the income obtained from the micro-enterprises was supplementary. This means that it was additional income for those who were underpaid in their formal jobs. The working condition in the informal economy were characterised by long working hours of more than 8 hours a day with an average of 6 or more working days per week and on-the-job training as the means through which workers obtained their skills.

⁴ This section is based on Kanyenze et al 2003.

National interventions

After independence, the Zimbabwean government's first economic policy statement entitled 'Growth and Equity' provided a clear policy position on the informal economy which declared that it would provide the informal economy with the "necessary infrastructure and assistance to promote productive employment" (Kanyenze et al 2003). Government further set up an interministerial Deregulation Committee to identify laws and bylaws that prevented the growth of small enterprises. The government took many initiatives under various Ministries. Specifically, the Ministry of Youth took the following initiatives.

1. The work shelter programme

This programme was designed to help the informal, small and medium scale businesses through the provision of work shelter. Related to this programme was the business incubator programme which provided working space, equipment, business management consultancy, marketing, access to financial resources and materials, administrative support services, and entrepreneurial training. The work shelter programme did not achieve the envisioned success due to a lack of funds.

2. The business linkages programme

The idea behind the programme was to link SMEs with already established businesses. The idea was that the established businesses should sub-contract some of its activities to the SMEs. This was meant to benefit SMEs in terms of finance, markets, training, equipment and business management experience

3. The people's markets initiative

This initiative was meant to facilitate the establishment of corner shops, flea and street markets. However, this initiative did not work effectively due to limited resources of the implementing ministry.

4. Development of entrepreneurship

The Zimbabwean government, with the help of the ILO was involved in offering courses on how to start and improve small businesses. By the end of 1996, the "start your business programme" had 320 beneficiaries, while 400 project stakeholders had benefited from the course of how to improve your business. The Ministry of National Affairs also offered consultancy services to informal economy businesses on project planning, identification of business opportunities, market planning, negotiating financial assistance, book-keeping and record keeping, auditing and accounting services.

5. Promotion of co-operatives

The ministry further provided support for co-operatives. However this project was not successful due to lack of proper support and encouragement.

6. Overall programme thrust

The programme aims to mobilise and organise the informal economy into industrial business associations through which assistance to the economy would be coordinated. It was envisaged that this would enable the informal economy to link up with larger networks of support institutions

such as finance institutions, training providers, suppliers of technology and organized markets. This process was beneficial to the informal economy businesses by allowing them to enjoy economies of scale, making the process of doing business with the informal economy cheaper and more attractive (Kanyenze et al 2003: 32 - 35).

Trade unions and the informal economy

Two forces influenced the Zimbabwean trade unions in their decision to take initiatives in the informal economy. The first one was the decreasing membership base, which was exacerbated during the period of Structural Adjustment Programmes (SAPs) in the 1990s which led to job losses for many workers who were members of the trade unions. The second reason was the non-application of labour laws and international labour standards in the informal economy

Initiatives taken by Zimbabwe Trade Union Congress (ZCTU)



According to Kanyenze et al (2003), at the beginning of the implementation of the Economic Structural Adjustment Programme in 1991, the Zimbabwe Trade Union Congress (ZCTU) was concerned about the impact of job losses on its members. Thus the ZCTU established a Projects Department with the financial assistance of the Norwegian People's Aid (NPA). The main duties of the department were to provide training to the retrenched workers to enable them to start their own businesses and to assist workers to take over struggling enterprises and to turn them into wholly workers-owned enterprises. A case in point was that of the Sayprint company which was taken over by workers. This project faced obstacles, as workers did not have the necessary finances to be able to purchase some of the companies identified by the project. Also, after some of the businesses became successful, the owners no longer associated with trade unions, but rather with the business community. The project finally died in 1999 when the sole donor withdrew the financial support for the programme. The ZCTU organised a leadership workshop and invited the Bulawayo Upcoming Traders Association (BUTA) to help unravel the workforce characteristics, problems and potential for establishing linkages between itself and the association (Kanyenze et al 2003: 47). The workshop identified areas of possible trade union membership and strategies for organising and recruiting members. It recommended that:

- ZCTU and affiliate unions should collaborate with the informal economy association in organizing and recruiting of all allied informal economy trade unions members;
- The conditions of employment in the informal economy should be formalised;
- Social security schemes should be established in the informal economy i.e. health, burial, education etc;
- Mutual interest schemes should be established, i.e. a "working capital fund" – to provide soft loans to informal economy operators; and
- All stakeholders should be involved in drafting laws that would govern the informal economy (Kanyenze et al 2003: 48).

3. The Namibian experience: NUNW and the informal economy



Background of NUNW's initiative of organising in the informal economy and the formation of the committee

The National Union of Namibian Workers (NUNW) begun with the initiative to intervene in the informal economy after the General Secretary of the Namibia National Teachers Union (NANTU) drew up a project proposal, which looked at extending International Labour Standards to the informal economy. This project proposal was part of a requirement of an ILO course that the General Secretary of NANTU had attended in Turin. The proposal made recommendations for the formation of a committee within the NUNW that would spearhead the campaign for trade

union intervention in the informal economy. Thus the committee on the informal economy was formed in 2003 but never became operational. Currently, the only people serving on the committee are the coordinator and the national education coordinator of the NUNW.

NUNW's reasons for extending organising into the informal economy

The NUNW's interest in organising in the informal economy arose because the workforce in the informal economy is growing whereas the workforce in the formal economy is gradually decreasing. This has led to unions losing members which will eventually result in a loss of bargaining power. By organising in the informal economy, the NUNW hopes to extend the basic labour laws and international labour standards to the informal economy.

One of the biggest benefits for the NUNW will be an increase in its membership base. This would allow the NUNW to increase its political power which is linked to the number of members it represents. Furthermore, the lives of the people operating and working in the informal economy could be improved.

Services to be offered to the informal economy

The NUNW as an internationally recognised organisation can assist the informal economy in obtaining funds from international donors which can be used in building the capacity of both workers and operators. Furthermore, as many informal economy operators lack knowledge of and access to formal financial institutions, NUNW can play an important role in this regard and may even provide collateral to enable the operators to have access to capital to start their businesses. Another political role for the NUNW is to lobby for policies that will benefit informal businesses.

Organising strategies

According to the coordinator of the informal economy committee, when organising in the informal economy it is better to target both workers and operators. This approach is more suited to the informal economy which would require unions to carry out education and training for both operators and workers. Unlike in the formal economy with its clearly distinct relationships between employers and employees, the boundaries are less clear in the informal economy. For instance, some people are employees in the formal economy whilst they are employers in the informal economy, thus giving them dual roles.

Stakeholders

The NUNW recognises that the successful organisation of the informal economy will depend on all stakeholders working together as a team with a common purpose, that of improving the lives of the people within the informal economy. Trade unions, the government and the various associations currently organising in the informal economy are the key stakeholders.

Membership

Currently, the NUNW does not have a strategy for organising the informal economy. The NUNW will have to decide whether each industrial union should have an informal economy committee or whether one committee should be formed at the NUNW level for all affiliates. Issues of membership fee payment and membership eligibility will have to be discussed before any union intervention in the informal economy.

Conclusion and Recommendations

The size of the informal economy in Namibia might be considered small compared to other African countries. However, the informal economy is growing as can be observed from the increasing number of stalls operating on the sides of the roads and at shopping centres. This has become a concern for trade unions because it means that the formal economy is unable to absorb new job seekers. The direct result is that the trade union membership base is declining due to loss of jobs in the formal economy. The informal economy has become an income provider for people who cannot find work in the formal economy.

Many people who enter the informal economy do so to escape poverty, thus giving the informal economy its survivalist characteristic. Our study found that most of the operators have been operating in the informal economy for periods longer than five years. This supports the notion that the informal economy is not temporary but permanent in nature. Thus government should introduce policies aimed at creating a conducive environment for the informal economy. Such policies should be geared towards providing a favourable environment in which informal economy businesses can grow to become formal businesses.

Monthly average earnings for informal economy operators stand at N\$1450, whilst workers earn average incomes of N\$ 375. The low earnings made by operators play a big role in the operator's ability to employ other people and pay them decent salaries. Currently, very few operators employ other people.

In order for informal economy businesses to become important players in employment creation, support is required. Thus we recommend that role players such as government through various ministries, the NCCI, the financial institutions, training institutions and associations come up with initiatives to render support to informal economy operators. Such initiatives must aim to enable informal businesses to become sustainable and grow to a level where they are able to employ more people and pay them decent salaries.

The initiatives taken by the relevant stakeholders should be multifaceted and should be undertaken simultaneously. For instance, an initiative aimed at helping the operators to access funds should be combined with training on bookkeeping and business management. Government should intensify its efforts in this regard.

As there are various operators in different industries, their problems differ as revealed by our study. This simply means that the stakeholders involved in the informal economy will have to focus on the problems of the various categories of operators and formulate strategies to address their specific concerns. Basically, there is no "one-size fits-all" strategy that will solve all operators' problems. Strategies will have to be tailored to meet specific needs. However, the most prominent problems experienced by operators are linked to finances (both access to and handling of finances). Thus stakeholders such as associations, unions and government can intervene by using their influence to provide collateral which would help facilitate the ability of operators to have access to funds from formal financial institutions.

Only few informal economy operators belong to informal economy associations due to lack of knowledge and awareness of the existence of such associations. Thus it is recommended that the existing informal economy associations should embark upon nationwide awareness campaigns to inform business operators about the benefits of joining such associations.

Currently, Namibia's trade unions are only organising workers in the formal economy. There is no doubt that trade unions should continue to fight for permanent jobs in the formal economy and actively oppose any policy that threatens these jobs. However, due to the growing informal economy, unions may also need to become engaged there and contribute to improved livelihoods for its operators and workers.

Most workers in the informal economy are young females, thus trade unions will have to develop organising strategies that will attract young women to join. Trade unions will have to formulate strategies to deal with problems affecting women workers in the informal economy. The long working hours with no payment of overtime work and low levels of social security registration as reported by workers is a clear sign of a contravention of the provisions of the Labour Act (1992) in the informal economy. Thus there is a need for intervention by the relevant institutions such as trade unions and the Ministry of Labour and Social Welfare to ensure that employers comply with the legal provisions and that they register their employees with the social security.

The nature of employment relations in the informal economy is different to those in the formal economy as there is an element of family employment. Thus trade unions should entertain options of organising both workers and operators and concentrate on issues that affect both. Due to the heterogeneous nature of the sector, it is advisable that unions target existing informal economy associations, for example the Okutumbatumba Hawkers Association, and community leaders as starting points for organising rather than approaching individual operators and workers. This will make organising easier for the unions.

The majority of operators and workers are interested in joining trade unions. However, the lack of confidence in and knowledge of trade unions expressed by some respondents clearly indicates that trade unions will have to undertake information campaigns and prove their worth to gain recognition and trust within the informal economy. Due to the irregular and low incomes in the informal economy, it is advisable that trade unions put less emphasis on the payment of membership fees as this will be a dis-incentive. Membership fees could rather be levied on and collected through associations. For example, if the Okutumbatumba Hawkers Association became a member of the NUNW, Okutumbatumba could pay a monthly or annual membership fee to the NUNW. Trade unions should not enter the informal economy hoping for monetary gains, but should rather concentrate on other benefits like increased membership and increased political power, based on larger representation.



References

- Britwum A.O. 2005. Labour Relations in the Informal Economy. Centre for Development Studies (CDS), University of Cape Coast. Ghana
- Chen M, Jhabvala R, Lund F. 2001. Trade Unions and the Informal Sector Position Paper for ILO conference on trade unions and the informal sector. WIEGO
- Chen M, Jhabvala R, Lund F. 2002/2. Supporting Workers in the Informal Economy: A policy Framework. Employment sector, International Labour Organisation. Geneva.
- http://www.global-labour.org/trade_and_the_informal_sector_weigo.
- Horn, P. Motala, S. and Xaba J. 2002. The informal sector in sub-Saharan Africa. In ILO 2002. Decent work and the informal economy. Abstracts of working papers. Geneva: ILO.
- ILO. 2002. Decent Work and the Informal Economy: Abstracts of working papers. Geneva: International Labour Organisation
- ILO. June 2002/a. Workers in the Informal Economy: Platform of Issues. International Labour Conference. Geneva
- ILO. 2002/b. Unprotected labour: What role for unions in the informal economy? International Labour Office Geneva
- Jauch, H. 2004. Trade unions in Namibia. Defining a new role? Windhoek: LaRRI
- Kanyenze G, Chitiyo T, Mahere T, Makwavarara T, Mbire P & Moyo E. 2003. Giving Voice to the Unprotected Workers In the Informal Economy in Africa: The Case of Zimbabwe.
- Labour Resource and Research Institute 2004. The Namibian Labour Market: Workers experiences and perceptions. Windhoek: LaRRI
- Ministry of Labour. 2001. The Namibian Informal Economy Survey. Report of Analysis. Windhoek: Ministry of Labour
- Ministry of Labour, 2002. The Namibia Labour Force Survey. Final Report. Windhoek: MoL and NPC.
- Namibia Small Traders Association (NAMSTA) Four-Year Strategic Plan. 2002. Prepared by Vinson Hailulu; Management Consultant
- Torres, L. 1998. Labour Markets in Southern Africa. Oslo, Norway: Fafo.
- Van der Linden. 1993. The role of Informal Sector. NEPRU working paper no. 33. Windhoek: NEPRU
- WIEGO. Undated. A Policy Response to The Informal Economy