

A Survey on Informal Firms in Zambia



IN THIS SERIES:

1. [The Informal Firm](#)
2. [Our Approach](#)
3. [Registration Prospects](#)
4. [Size and Operating Location](#)
5. [Worker Characteristics](#)
6. [Informal-Formal Linkages](#)

THE INFORMAL FIRM

The informal economies of developing countries are estimated to account for as much as 50% of total non-agricultural activities¹ and between 40-60% of their GDP². In sub-Saharan Africa (SSA), the informal sector accounts for over 50% of GDP, 80% of total labour force and up to 65% of non-farm jobs³. A critical component of informal economy is composed of informal firms, which account for a substantial share of the employment and business activities of the informal economy. This sizable, enduring and apparently growing segment of firms in developing countries has significant impact on the livelihood of many people and the productivities and growth of the economy.

Decades of research have enriched our knowledge of the characteristics of the informal sector and its actors. However, informal firms are highly diverse and heterogeneous in nature and many of their attributes are said to be context-specific. Societal and economic development has also brought constant changes to the sector. Continuous efforts to obtain and update empirical evidence are needed to unveil attributes of informal firms in different country contexts, keep our understanding afresh and hence enable fuller pictures to be established. These motivate our survey.

This output is the first in the series to share findings derived from our survey conducted in Zambia, a landlocked country in the southern part of Africa. Here, we present some results relating to four important aspects for understanding the attributes and activities of informal firms operating in the country. These four aspects are: 1) Registration Status and Intention; 2) Size and Operating Location; 3) Worker Characteristics; and 4) Informal-Formal Business Linkages.

DEFINING INFORMAL FIRMS

There is no commonly accepted definition of informal firms. Different criteria, including registration status, size in terms of number of employees, independence of the business from the owner, ownership of business accounts, labour relations, and compliance to financial and regulatory measures have been used to define informal business entities. The widely adopted ILO definition of informal sector enterprises, for example, refer to enterprise that are not incorporated (i.e. do not have legal identity separated from owners); produced marketable goods and services; have few workers (below a threshold, e.g. fewer than 5 employees) or are unregistered; and are non-agricultural⁴.

In Zambia, various government agencies also have different definitions of informal firms. The Central Statistics Office regards firms as informal if they are not registered with PACRA, Pension Fund and/or Tax Authority, and have fewer than 5 employees. The Patents and Companies Registration Agency (PACRA) defines informal firms as businesses that are not in its own registry. The Zambia Development Agency sees informal firm as “any business enterprise not registered with the Registrar of Companies; i) whose total investments excluding land and building shall be up to fifty million Kwacha (K50, 000,000), and ii) employing less than ten (10) persons”⁵. While there are differences on the size dimension in terms of investment capital and employment in defining informality, there appears to be a general agreement that informal firms are not registered by PACRA.

Accordingly, the registration status with PACRA is used as the basic definition of informal firms in our analysis and interpretation of data from this survey.

OUR APPROACH

We consider a firm informal if it is not registered with the national business registrar – The Patents and Companies Registration Agency (PACRA) at the time of the survey as explained previously. However, we also asked whether the firm is registered with the tax authority (Zambia Revenue Authority), the national development agency (Zambia Development Agency) and belongs to business associations. The data allow us to unveil a spectrum of registration status of firms as proposed in recent studies, which recognise that levels of informality vary as some firms are registered with some agencies but not others.

In order to study development and growth of informal firms, we *do not* impose firm size nor a firm age limit. However, we sampled firms that employ at least 1 worker in addition to the firm owner to match our focus on the unit of a firm. Similarly, we excluded individual street vendors and hawkers. Only firms in the secondary and territory sectors, that is, those in the production of finished and/or usable goods and services to end-user consumers were sampled. We only surveyed firms that have been in operation for more than three years to allow us to measure their business growth.

In terms of data, a face-to-face survey was conducted with firm owners in their business premises in Lusaka – the capital and main commercial centre of Zambia. That means our study concerns urban informal firms only. Estimates suggest that the informal sector Zambia have about 1.02 million informal micro and small enterprises (MSEs) along with about 30,000 formal MSEs. The sector employs over 83% of the total working population of the country and bares 65% of total non-agricultural employment. In urban areas, the sector employs over 72% of the working population. Lusaka alone accounts for about 18 percent of the total population and labour force of Zambia⁶.

In total, 339 firms out of the 356 firms that we surveyed reported that they are not registered with PACRA. Descriptive profile of key firm attributes of these 339 firms is presented below.



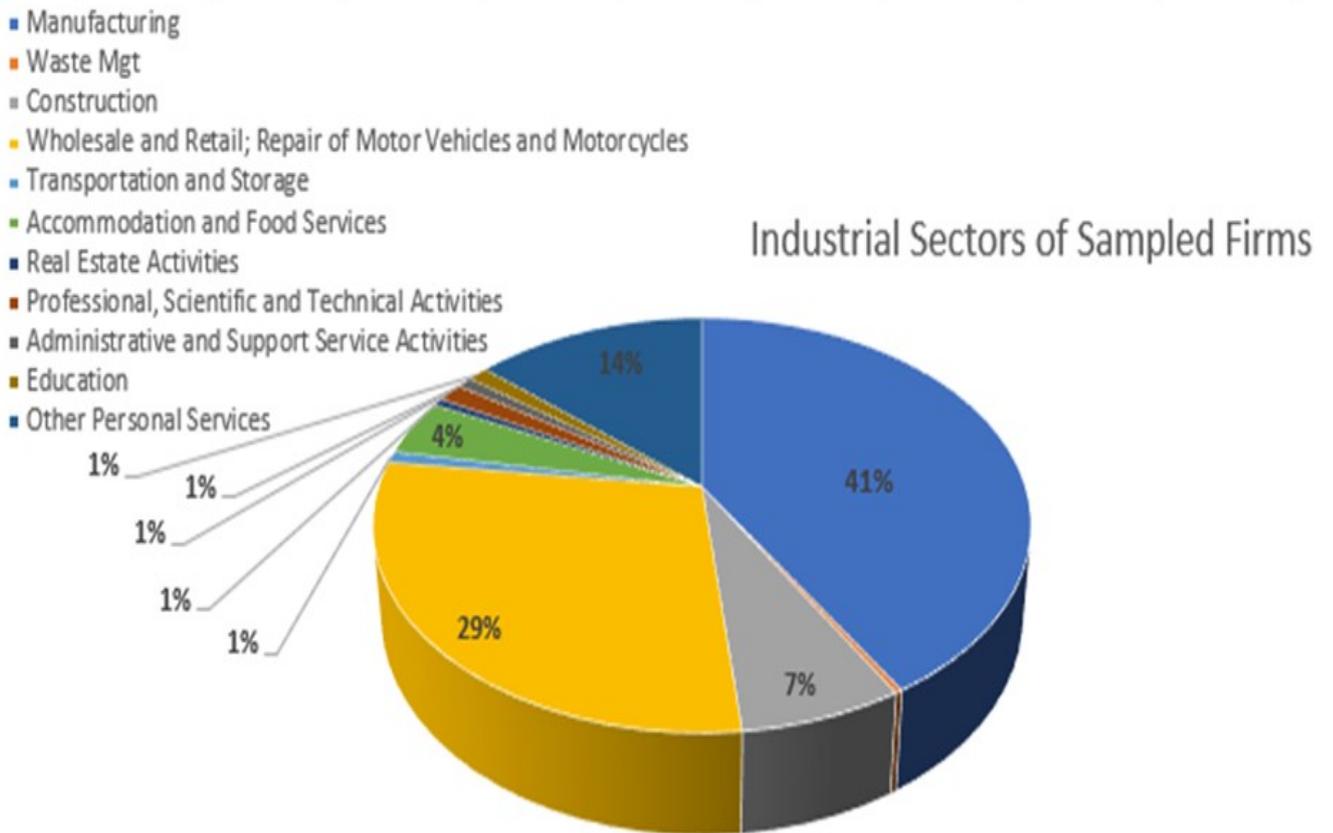
Face-to-Face Interview with Informal Firms

OUR APPROACH

Figure 2. Characteristics of Informal Firms in Our Sample



Distribution of informal firms by industrial groups



REGISTRATION PROSPECTS

Introduction

Registration status is one of the most traditional and still most consistently applied dimensions in defining informality⁷. However, registration status of firms is seldom a simple monothetic demarcation but it follows a continuum involving registration with different authorities/ agencies for different purposes⁸. Accordingly, we captured the registration status of our sample firms with three key government agencies: The Patents and Companies Registration Agency (PACRA), Zambia Revenue Authority (ZRA), Zambia Development Agency (ZDA). In addition, we also include membership in business associations.

All forms of registration offer different opportunities, benefits, obligations and costs, among others. For instance, registration with the ZDA is desired for informal firms that wish to access government support especially the fund managed by the Citizens Economic Empowerment Commission and the entrepreneurship training and business linkages programmes of ZDA. On the other hand, registration with PACRA protects the business name against use and abuse by other businesses, and legally protects owners from the firm's business undertakings. However, registration with PACRA is not free and annual returns need to be filed at a cost while registration with ZRA also means monthly or quarterly tax returns have to be filed and taxes paid. Membership in an association may advance the cause of the firm but may demand membership fees and related contributions in return. As such, all registration offers both benefits and costs that firms weigh carefully to determine if it is worth the trouble.

Percentage of firms registered with government agencies

PACRA
4.8%

ZRA
6.5%

ZDA
3.7%

**Only 1 out of the 356 we surveyed was registered with all three agencies.*

What is the registration status of the firms surveyed?

Our data show that very few of the businesses are registered with any of the agencies and business associations. About 85.7% of the firms surveyed are not registered with any of the three government agencies and do not belong to any business association. However, about 7.0% of the total firms belong to a business association, 6.5% were registered with ZRA, 4.8% are registered with PACRA and 3.7% are registered with ZDA. Interestingly, more firms are registered with the tax authority than with the companies licensing agency. Specifically, about 61% of the firms that are registered with the tax authority are not registered with the registrar of companies. Put differently, only half (53%) of the firms registered with PACRA are registered with ZRA.

“Only about half – 53% - of the firms that were registered with PACRA were also registered with the tax authority”

It may seem that pushing informal firms to formalise (i.e. register with PACRA) will not necessarily enable the firms to pay tax and access government services. This is partly due to the fact that incorpora-

REGISTRATION PROSPECTS

tion and registration of the business (name) is a different process from registration for tax payment in most countries, particularly developing ones like Zambia.

Are informal firms likely to register their businesses?

To get a good understanding, we looked at the actions and assessed the intentions of informal firms to seek some form of registration. First, we sought to find out whether those firms that are not registered with PACRA, ZRA and/or ZDA at the time of the survey are actively seeking (e.g. initiating contact; collecting information; starting the application process, etc) to do so with the respective authority/ agency. About 18.6% out of the 339 firms not registered with PACRA reported they are seeking to register

Will your firm be registered with PACRA in 3 years?



For SURE!
7%



VERY LIKELY
6.8%



I DOUBT
52%



NO
24%

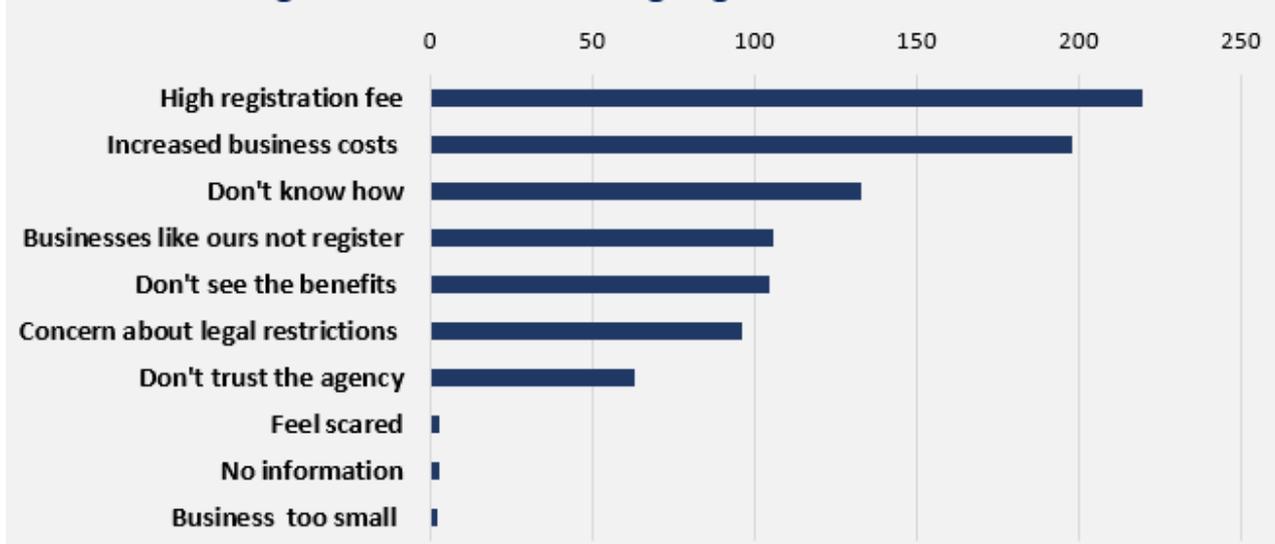
with PACRA; 13.2% out of the 333 firms not registered with ZRA and 7.3% of the 343 not registered with ZDA are actively seeking to register with the respective agency.

We further asked the firms how likely they would be registered with PACRA in three years' time from the time of the survey. Out of the 339 firms, only 7% gave a sure answer that they would; 16.8% mentioned it would be very likely while 52% expressed some degree of likelihood but are uncertain. About one fifth of the firms are sure they would not or are unlikely to seek registration.

What are the top reasons deterring informal firms from registering?

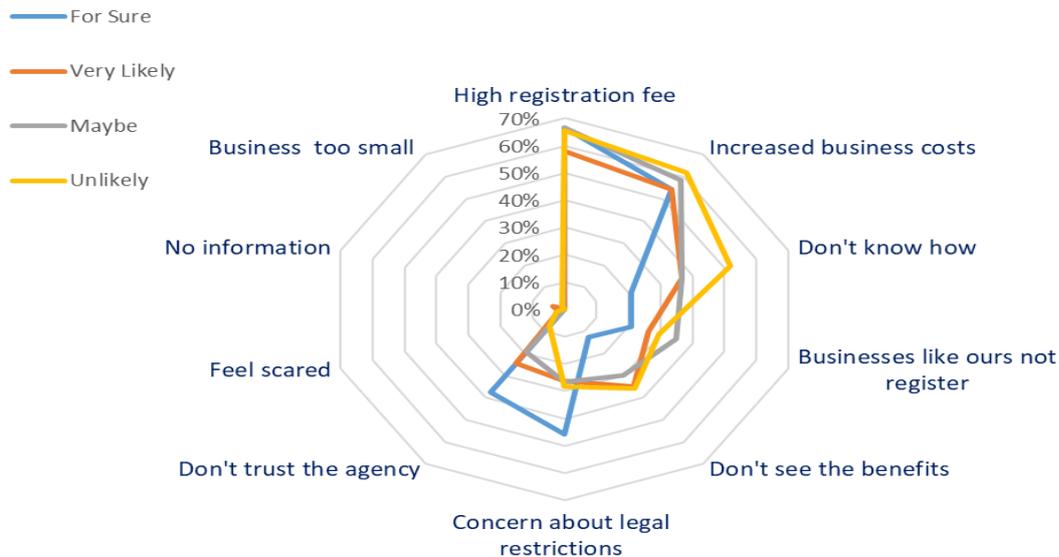
A number of studies have sought to identify the main reasons that deter informal firms to register and formalise. The most commonly cited top 3 reasons in our results are: high registration fee (64.9%); in-

Figure 2: Reasons Deterring Registration with PACRA



REGISTRATION PROSPECTS

Figure 2: Differences in reasons differing registration by level of intention to register



creased costs of business (58.4%); and do not know how to register (39.2%) (Figure 1). The results are, to a large extent, aligned with those in extant literature.

Findings further unveil some important reasons that may not have been so clearly highlighted in existing studies. These include: **a) their peers are not registered and thus see no reason to do so** ('businesses like ours do not register', 31.1%); **concern about increased legal restrictions after registering** (28.3%), and **lacking trust in the registration agency** (18.6%).

An important question perhaps is: "How do the reasons for not registering tally with the intention to register?"

As shown in Figure 2, cost is a major consideration by all informal firms whether they have a high intention to register or not. Here cost in terms of 'high registration fee' and 'extra costs' registration may bring to the business (e.g. high taxes) are major concern. However, there are wide differences. Firms that are sure they are likely to register are worried about legal restrictions (46%) and 'do not trust' PACRA (38%) while 7% of firms that are unlikely to register do not trust PACRA and 28% are worried about legal restrictions. Instead, nearly 52% of the firms with no intention of registering say they 'do not know how' and 36% do not see benefits of registering.

Looking Ahead

Care need to be taking in assessing levels of informality as a continuum as firms could register with one agency and not the other depending on the nature of the business and benefits the firms see. However, it seems clear that efforts by the agencies to reduce costs and build trust is needed to allay what may be unfounded fears.

More importantly, recent efforts seeking to seamlessly integrate business registration, taxation and banking may discourage informal firms to register when trust of agency is already an issue. The thought that their privacy may not be protected and their business information be freely shared with other agencies that are not trusted could increase doubt and suspicion and hence deter registration decision.

REGISTRATION PROSPECTS

Why advances at the registrar have not changed opinions ?

Over the years, PACRA has introduced online and mobile registration and filing of returns but its offices are fully packed by individuals and representatives of firms seeking to register and file annual returns. In theory, anyone can register their own firm if they wished. The fees themselves range from as little as \$8 to over \$2500 each, we recon that many informal firms will need at least \$500-1000 to complete the process, unless they are willing to spend several weeks trying on their own.

Most of that costs goals to printing, photocopying and technical support to complete the registration process in time. For example, PACRA has about 74 different types of forms for name clearance, reserving names, registering different types of firms and filing returns that are dazing even for learned individuals, lawyers and experienced businessmen. Indeed, PACRA is a source of business for a number of informal business operators that offer photocopying, typing and printing services around its premises.

ONLINE SERVICES

SECURE

ANY TIME ANY WHERE

REGISTER NOW

Pay With

MasterCard VISA AMERICAN EXPRESS

PACRA How to Register a Business

- 1 Provision of advice and handling of customer queries
- 2 Filing of application
- 3 Applicant presents self for payment and processing

Customer → Front Desk → Case Officer (1) → Case Officer (2) → Case Officer (10) → Cashier → Supervisor → Supervisor (2)

Forms can be downloaded at www.pacra.org.zm. Name clearance can also be done at www.onlinepacra.org.zm

While PACRA has made and continues to introduce value-added products, it may have to simplify some of the forms to ensure the average man or woman with secondary school education can complete them without needing the help of PACRA officials. It also needs to build confidence that information provided by applicants will be handled carefully.

Some of the value-added products include the regional registry and the movable property registry that firms can use to secure low cost financing. Trust will be needed if they are to be useful to informal firms.

MPRS
Movable Property Registry System

Your Movable Property has value!
It can be collateral for a loan

TRUSTED BY OVER 100 PACRA

SIZE & OPERATING LOCATION

Are informal firms tiny in size and do they grow?

Introduction

Informal firms are attributed to be tiny in size in general. The common perception is deeply rooted in the definition of informal firms by International Labour Organisation (ILO) that imposes a size threshold of five workers or so since 1993⁹. Accordingly, sampling criterion in studies have generally observed the firm size limit in terms of number of workers which perpetuates the belief¹⁰. But what happens if the firm size limit is not imposed while all other aspects are kept?

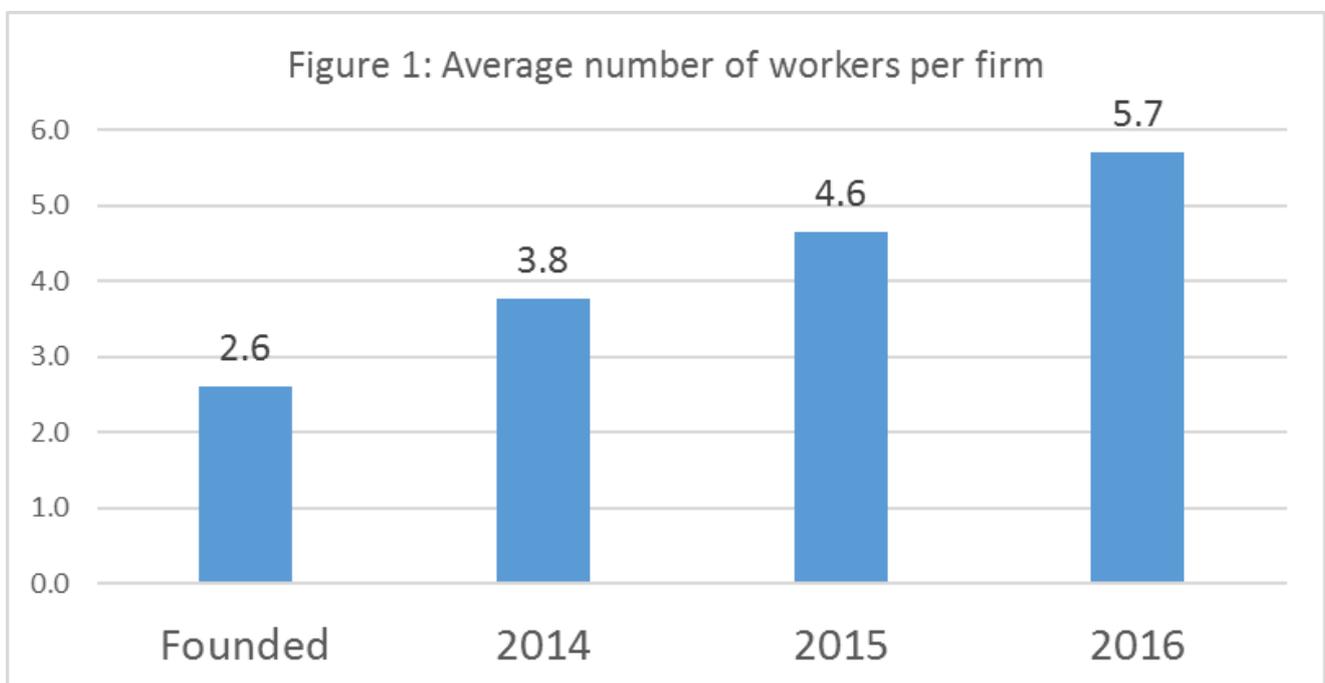
Our observations on size

On average, our sample informal firms are micro-enterprises with an average of 6.5 employees per firm. However, this sample average masks the fact that about 64% of the informal firms we surveyed had 5 or more workers. Further, about 15% of the total firms covered had 10 or more workers, thus, can be considered as small rather than micro-enterprises. The two largest informal firms had over 50 employees each (one in Professional, Scientific and Technical Services sector and one in Other Personal Services sector) and hence are medium-sized firms by definition.

Informal firms do grow

“Average size of firms we surveyed grew 50% in three years.”

Perhaps a more important message from our results is that the size average of the informal firms we surveyed grew from 3.8 employees per firm in 2014 to 5.7 employees per firm in 2016. This indicates a 50% growth in three years (Figure 1). Given informal firms are abundant, the aggregate effect on job creation resulted from this 3-year average growth rate of 50% per firm in number of workers can be tremendous.



SIZE & OPERATING LOCATION

Do informal firms have fixed operating space?

Our observation on the operating location of informal firms

There is a general perception that informal firms are invisible and are of no fixed abode. In fact, our results suggest that this assumption is partially inaccurate. We found close to 40% of informal firms conduct their business in a fixed location such as a market stall run by the government, their own shop and rent space. Another 40.6% operate by the roadside or in common compound. Majority of the firms that operate along the roadsides or in a compound often have a workshop nearby but manufacture products that may not fit inside their small workshops (e.g. metal fabricators of water tank stands and security gates for homes and commercial outlets; wood processor, etc). Overall, only 15.6% operate from their own residences (Figure 2 and Figure 3).

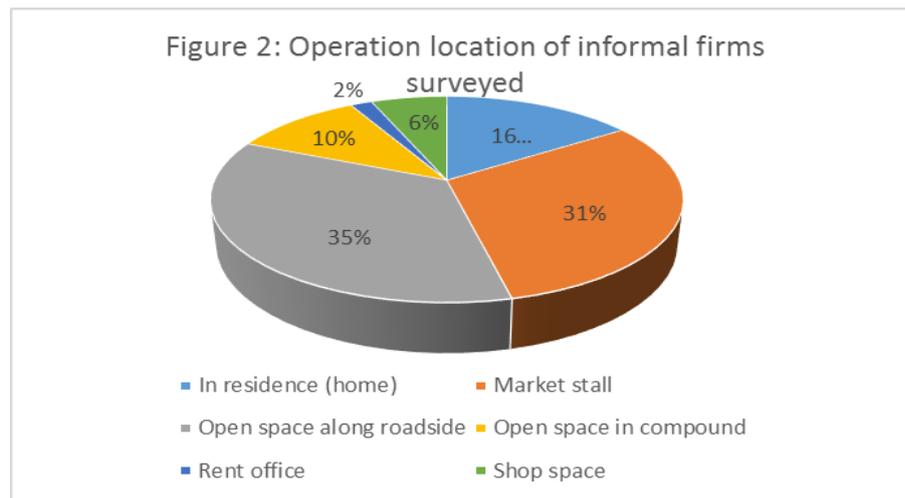


Figure 3. Roadside retail outlets of informal firms and their workshops



SIZE & OPERATING LOCATION

AGE , LEARNING AND LINKAGES WITH FORMAL

These informal firms have either invested their own resources to build their own operating space or pay some form of municipal levies or rent that enables them to operate in markets that are built and managed by local government officials. In sum, the majority of the informal firms in our sample are visible, have a fixed physical operating space and can be traced. This finding has important implications regarding the stability and longevity of the business and operations of informal firms, and their potential to build a recurring clientele and other business linkages to fuel business development as illustrated in the cases in Box 1 and Box 2. The cases also offer some insights into the skills and mobility of workers in the two firms to complement our survey findings of worker characteristics in the next section.

Box 1: A Metal Gate Production informal firm in an metal fabrication cluster

The firm has been in operation for 10 years in the same place.

It has grown from 2 founding members to 12 permanent members over the period.



Operating Location

The firm has been operating in a metal fabrication cluster since it was founded. The cluster has been in existence for over 20 years.

The cluster is close to a medium density township and a low density suburb. The area has also developed into a major commercial business area with a lot of metal inputs supplies just across the road.

Easy access to customers and suppliers of production inputs was seen as a major location advantage. At the time of the survey, the firm was looking into getting bigger operating premises in the same location.

Skills of Workers

The members have complementary skills in metal fabrication and welding.

Two of the team members have formal training from the Trades Training Institute and hold trade certificates. Other members developed their skills through apprenticeship and on-the-job training, by observing other quasi-firms, from printed materials like magazines, and sometimes from well-informed customers.

Mobility of Workers

The firm has permanent members to share jobs. Additional members are hired on an ad hoc basis or jobs will be sub-contracted to others when workload is too heavy, or the team does not have sufficient skillset to perform a specific job. Specifically, the firm regularly hire the services of a free floating electrician who is specialised in motorised gates in the cluster.

SIZE & OPERATING LOCATION

AGE , LEARNING AND LINKAGES WITH FORMAL



Box 2: A Wind Screen/ Fiber Glass Repair and Spray Painting informal firm in an auto mechanics cluster

The firm has been in operation for over 10 years at the time of the survey conducted in 2016.

The firm has grown from 2 founding members to 15 members over the period.

Operating Location

The firm has been operating in an auto-mechanics cluster in Lusaka, Zambia since it was founded. The cluster has been in existence for over 30 years and has about 12 active informal firms.

The cluster is well-organised and firms in the cluster have formed an association which provides services to members.

Proximity to experienced suppliers and clients makes the location desirable for firms that operate in this cluster.

Skills of Workers

Workers have complementary skills such as windscreen fitting and repair, fibre glass canopy production, and spray painting.

All the workers learned their trade and skills through apprenticeships either from the cluster or elsewhere, from product use demonstration sessions offered by suppliers located in the locality, and from experienced and well-informed clients.

Mobility of Workers

Over the last 10 years, new workers joined and old ones left the firm to relocate, join other teams or set up their own firms in other locations. The focal firm surveyed has kept in touch with its ex-workers, and would contract them on ad hoc basis when the workload is high.

WORKER CHARACTERISTICS

Who Works in Informal Firms?

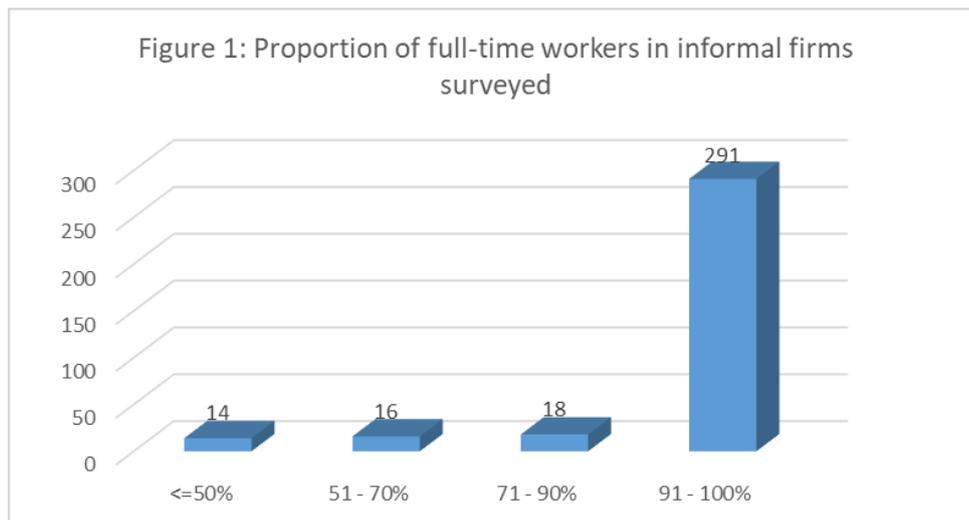
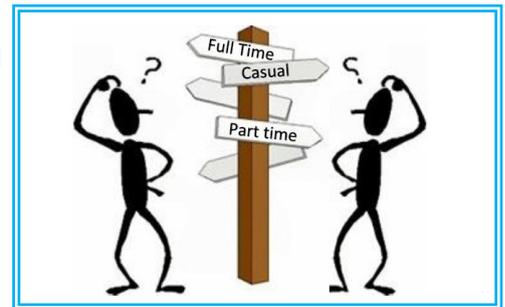
Introduction

Informal firms play an important role in creating jobs for the millions of workers that cannot find jobs in the formal sector. This is particularly true for rural and peri-urban areas where formal firms are either rare or unavailable. In general, informal firms are seen as firms that largely create employment for the owner-founder, close relatives and acquaintances rather than specialists and qualified individuals. Here we investigate these assumptions.

Are people employed in informal firms mostly casual / irregular workers?

Informal firms are thought to employ workers for short times to meet their immediate and often changing needs. Our finding suggests that such an assumption may not be entirely true.

About 85.5% of the 339 firms we included in the analysis reported having between 91% and 100% of their workers being full-time (Figure 1). It thus goes without saying that the proportion of the informal firms with less than half of the work-force being part-time was very small (4.2%). This finding supports our earlier observation that the firms in the sample had fixed operating place and were in business for more than 3 years by the time of the survey and employed more than five workers per firm on average.



How are workers in informal firms paid?

It is often thought that workers in informal firms are either irregularly paid or not paid for their labour. This assumption is based on the fact that employees of informal firms may be relatives (e.g. spouse, children or kin of the firm owner or founder) and may be duty-bound to support the business or paid in kind (e.g. free accommodation and food). However, our research reveals that employees in over half of firms were paid monthly, 38% were paid per job and only 6% paid their workers per week (Figure 2).

Our results reveal that workers are paid monthly in over half of the firms.

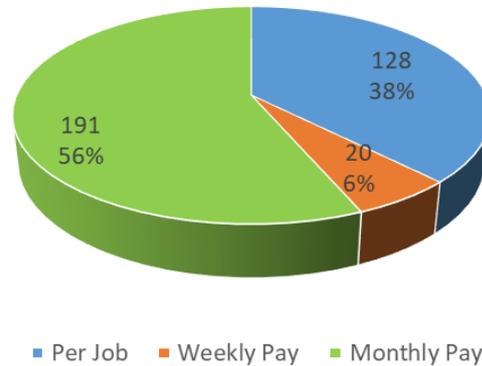
Payments per job was common for service firms whose needs for skills are much wider than they can traditionally afford to keep on regular pay. An example being automobile repair firms whose needs

WORKER CHARACTERISTICS

Who Works in Informal Firms?

range from mechanical, electrical, body repairs to engineering. In this case, the informal firms may need to hire other informal teams or formal workers that specialize in a given field (e.g. repair of radiators, brakes or install security system) to meet the specific job demand. In this regard, the informal firms we surveyed pay their workers almost in the same way as other formal firms of comparable size.

Figure 2: Payments to Workers in Informal Firms



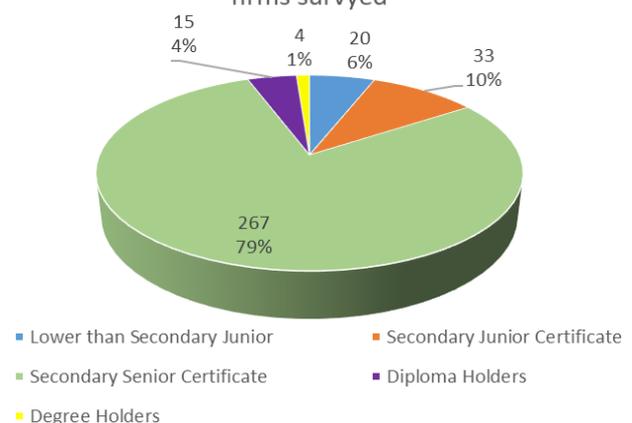
Are workers in informal firms uneducated?

Both the dualist and the structuralist view of informality appears to characterise informal firms as tiny and inferior business entities that are founded by individuals with no employment opportunities and thus, employ uneducated or unskilled workers. Here this assumption was put to a test. Our observation suggests that most of the workers are educated even by global standards. For instance, 78.8% of firms had workers that had completed secondary school and only 5.9% of firms had workers with only lower than a secondary school education. It was interesting to observe that about 5.6% of firms had workers that hold a college diploma or university degree (Figure 3). This is not surprising given that the entire education system in Sub-saharan Africa is growing at an average of at least 12.5% a year, which is much higher than the rate at which the economies were creating jobs. New sectors such as information and communication technology (ICT) have presented new areas where Africa's youthful and educated population are seeking to create businesses that are informal (e.g. repair of computers and mobile phones, design of websites).

Looking ahead

An increasingly educated and youthful population that is failing to find formal jobs and/or having stronger entrepreneurship spirit are combining their skills to start and run or join business ventures in the informal sector. This may explain why workers in most of the informal firms in the sample were paid regularly as they were viewed as permanent employees rather than part-time or ad hoc workers.

Figure 3: The highest education level in informal firms surveyed



Introduction

The existence and nature of informal-formal linkages has important implications of the roles of informal firms in the economy, e.g. whether they are substitutable, complementary or completely segregated from formal firms. One dominant economics school of thought – the Dualist school – suggests that informal firms and formal firms are fundamental different. The former are primarily engaged in marginal activities, thus, is distinct from the formal sector and operated in almost isolation with limited linkages to the formal economy. On the other hand, the Structuralist school suggests there are systematic links between informal firms and formal firms, with informal firms often being employed by formal firms (e.g. through outsourcing and subcontracting) to reduce costs of production and circumvent some legal (including labour) restrictions¹¹. These contrasting views continue to inform research despite the significant changes in technology, global production networks and ownership over that time.

For instance, some have shown that the rapid pace at which privatisation of public enterprises was undertaken led to a fall in formal employment due to retrenchments and a rise of the informal sector¹². In other words, retrenched experienced and educated individuals had few options – look for jobs at home and abroad or create their own businesses in the formal or informal sector. Similarly, the rapid uptake of information technology has created opportunities for skilled individuals to either operate business formally and informally. Coupled with the rapid expansion of the formal education sector, a large number of school leavers at all levels that do not get formal jobs may be seeking for opportunities anywhere else. All these factors may suggest that some of the informal firms may have links with formal firms and institutions.

Our observations

Do formal firms share product information with informal firms?

About a third of the informal firms have a business relationship with formal firms.

Here we investigated only business relationships with formal and established entities. We observed that about 10% of the firms surveyed reported to have business linkage with established formal firms either as contractors or business associates/partners. An additional 22% of informal firms reported having formal firms as their clients/ customers. Taken together, about a third of the informal firms have a business relationship with formal firms. Thus, findings appear to refute the dualist view while indicate diverse business linkages between informal enterprises and formal businesses exist¹³.

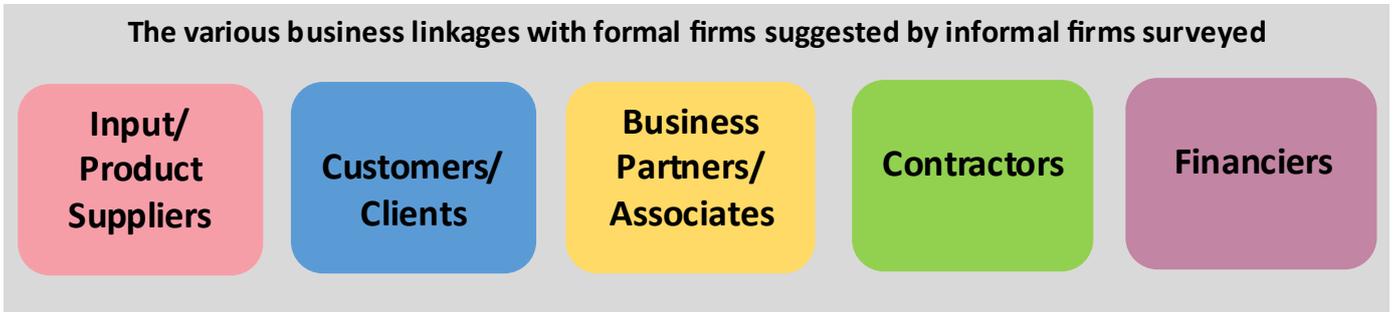
It was further noted that some formal firms whose business benefits derived from the existence of informal firms offered training, materials and information to informal firms on new and emerging products in the market. This symbiotic relationship, or referred to as a sub-sector network of commercial relationships, was built on a common desire to promote business fortune collectively and partly based on trust that informal firms will recommend the new product to their clients as well as promote the proper use of products and thus driving demand. It is interesting to note that only 2% of the informal firms surveyed considered their formal counterparts as competitors.

For instance, a group of wind screen/ fiber glass repair and spray painting informal firms in our sample that operate in an auto-mechanics cluster (as illustrated in Box 2 in the section on Size and Operating Location) have formed an association among themselves to provide services to members. Formal firms in the locality that supply various materials that they use often organise demonstration sessions of the

INFORMAL-FORMAL LINKAGES

newest products, and share training materials, including product manuals, application instructions and demonstration CDs with these informal firms. It seems clear that the formal firms have established a good business relationship with this group of informal firms that is beneficial to them and their clients.

The various business linkages with formal firms suggested by informal firms surveyed

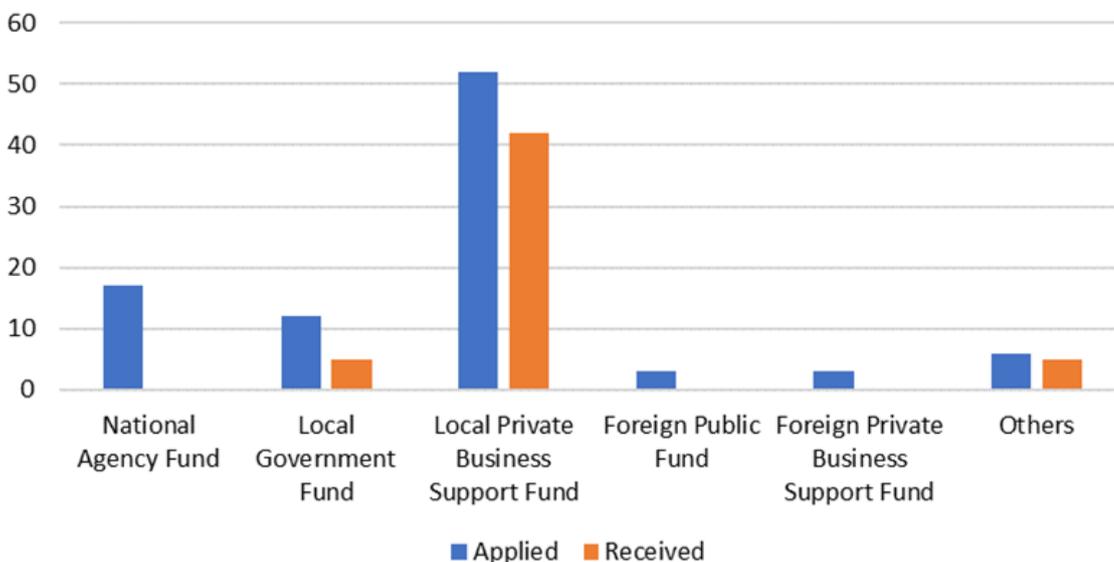


Do informal firms access finance from formal firms?

Another way for assessing relationship between informal and formal entities was through access to finance. In other words, those that provide fund must have a belief that the informal firms will pay back or may meet the agreed targets. Our results suggest that about 27% of the informal firms we surveyed (i.e. 93 firms) had applied to available funding sources within the 3 years prior to the year of the survey, and 52 (about 56% of the 93 firms that applied) reported to have successfully obtained the funding. The largest source of funding was local private business sector.

Although not formally registered, 29 of them have applied to funding from government agencies at national and local level, with 5 of them received funding from local ones. However, none reported being funded by the national funding agency (i.e. Zambia’s Citizen Economic Empowerment Fund with about \$50 million annually to support small and medium- sized firms to grow), the central government or donor funded programmes. It would seem that informal firms have some relationship with formal businesses and public entities, and that they are also considered as viable business options worth funding.

Funding Accessed and Received



REFERENCES

References

1. In the ILO survey on 47 countries, informal employment in non-agricultural activities accounts for over 50% of total non-agricultural activities in half of the countries, and over 67% in a third of the countries.
2. Williams, C.C., Shahid, M.S., & Martinez, A. (2016). Determinants of the level of informality of informal micro-enterprises: Some evidence from the city of Lahore, Pakistan. *World Development*, 84:312-325.
3. African Development Bank (2013). Recognizing Africa's informal sector. Retrieved from: <https://www.afdb.org/en/blogs/afdb-championing-inclusive-growth-across-africa/post/recognizing-africas-informal-sector-11645/>
4. ILO (n.d.) Measurement of the Informal Economy. Accessed: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_210443.pdf
5. Government of Zambia (2008). The Micro, Small and Medium Enterprise Development Policy, Ministry of Trade and Industry.
6. Zambia Central Statistics Office (2015). 2014 Labour Force Survey Report.
7. c.f. Benjamin, N.C., & Mbaye, A.A. (2012). The informal sector, productivity, and enforcement in West Africa: A firm-level analysis. *Review of Development Economics*, 16(4): 664-680.
8. Webb, J.W., Ireland, R.D., & Ketchen, David J. Jr. (2014). Toward a greater understanding of entrepreneurship and strategy in informal economy. *Strategic Entrepreneurship Journal*, 8: 1-15.
9. The informal sector defined by the 15th ICLS in 1993 is an enterprise-based definition which covers all unincorporated economic units not registered and/or not registering their employees, and/or under a size threshold of 5 permanent paid employees.
10. For example, Maloney, W.F. (1999) Does Informality Imply Segmentation in Urban Labor Markets? Evidence from Sectoral Transitions in Mexico. *The World Bank Economic Review*, 13 (2): 275–302; Williams, et al. (2016) Determinants of the level of informality of informal micro-enterprises: Some evidence from the city of Lahore, Pakistan. *World Development*, 84:312-325.
11. Women in Informal Employment: Globalizing and Organizing (WIEGO). The Informal Economy Debate: Four Dominant Schools of Thought. Accessed: <http://www.wiego.org/informal-economy/informal-economy-debate-four-dominant-schools-thought>
12. Dibben, P., & Wood, G. (2013) Privatization and Employment Relations in Africa: The Case of Mozambique. In: A. Newenham-Kahindi, K.N. Kamoche, A. Chizema, K. Mellahi (eds) *Effective People Management in Africa*. Palgrave Macmillan, London,
13. Chen, M.A. (2012) The Informal Economy: Definitions, Theories and Policies. WIEGO Working Paper No.1. August 2012; Meagher, K. (2013) Unlocking the Informal Economy: A Literature Review on Linkages Between Formal and Informal Economies in Developing Countries. WIEGO Working Paper No.27. April 2013.

A Survey on Informal Firms in Zambia

Prepared By

Victor Konde, The African Entrepreneurship Hub Limited (AEH), Zambia
Yee Kwan Tang, Adam Smith Business School, University of Glasgow

Acknowledgements

The survey was partly funded by The African Entrepreneurship Hub Limited (AEH), Zambia; ESRC Impact Acceleration Accounts (IAA); and New Partnership for Africa Development (NAPAD). The survey was administered and conducted by AEH, Zambia.

About AEH

The African Entrepreneurship Hub (formally ATDF Entrepreneurship Hub) is a not-for-profit firm registered in Zambia in 2007. AEH is a one-stop skills development, research and innovation business support facility focusing on design and development of systems and models, training, investment and administration of funds, research, mentoring and technical services.

AEH has managed several projects, including the IDRC/ACIAR funded “Expanding opportunities for African Youth in Agri-food Systems” (for the period October 2015 to March 2017) under the Cultivate Africa’s Future (CultiAF) programme; been involved in joint funded projects with our partners at University of Glasgow, UK with funding from the British Academy/ Leverhulme; Economic and Social Research Council; Carnegie Trust of Scotland; sponsored innovation awards and undertaken entrepreneurship investments. AEH has hands-on experience in managing its shareholders’ and collaborators’ financial investments. Our core interdisciplinary team members have designed and developed several initiatives and sit on the boards and review bodies of several innovation and research funding agencies; corporate entities and public institutions.

AEH Development Institute comprises of a multidisciplinary network of carefully selected and accomplished experts (AEH Associates) with unparalleled experience to address complex development challenges. They share a common desire to build a prosperous and sustainable Africa that serves as an engine of global growth by inspiring and empowering individuals, institutions and societies to shape their own futures. In 2016, AEH and its partners established an interdisciplinary network of experienced and emerging professionals from across Africa and beyond termed ‘African Innovation Research Network’ (AIRNET) focusing on the role and application of innovation in development.

www.aehglobal.com

 <https://www.facebook.com/AEHGlobal/>