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The dynamics of informal entrepreneurship

:

A photo narrative analysis of the ‘informal economy’

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Robert Nyakuwa

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Members of the examining committee:

Dr Georgina Gomez [Supervisor]

Dr John Cameron [Reader]

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Inquiries:

Postal address: Institute of Social Studies
 P.O. Box 29776
 2502 LT The Hague
 The Netherlands

Location: Kortenaerkade 12
 2518 AX The Hague
 The Netherlands

Telephone: +31 70 426 0460

Fax: +31 70 426 0799

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List of Acronyms

AFM	Avondale Flea Market
CBTAZ	Cross Border Traders Association of Zimbabwe
CDA	Critical Discourse Analysis
CD	Compact disc
US\$	United States of America Dollars
SA	South Africa
ZIMRA	Zimbabwe Revenue Authority

Abstract

This study looks at how human agency opens up opportunities in unlikely places and counter intuitively results in “unintended consequences of contributing to the formation of sustainable institutions.” Using the example of the game of Tennis as an illustration, this study makes the claim that there exists a type of entrepreneurship called “Conversion Entrepreneurship” that specialises in developing bridging transactions between spheres of exchange. In tracing the micro level entrepreneurial processes involved in Flea Market trading at Avondale in Harare, this study unveils how trader-entrepreneurs progressively develop specializations and institutionally protect their interests while still engaged in near to perfect competition amongst themselves. This study argues that a ‘flea market’ in the Zimbabwean context represents a ‘liberal/ free space’ that incubates entrepreneurial skills. By using a ‘zone of transition model’ this study highlights the limits to bottom up processes of economic agency without complementary institutions.

Relevance to Development Studies

After investing six years of my professional life “inspir[ing] young people to value free enterprise” and “helping them gain understanding of the importance of market driven economies”, I use this study to illustrate that through an understanding of micro entrepreneurial processes, evidence shows not a shortage of ‘entrepreneurial’ orientation or skills in Zimbabwean (African by extension) communities or the need to ‘train’ people in lofty ‘free enterprise’ dynamics, but a reengagement of entrepreneurship/ micro enterprise interventions with political actors involved in the creation of institutions to take spontaneous entrepreneurial activities on to a growth oriented path. In this study, I reiterate that:

“Practitioners, scholars and leaders of social movements should “think about development not in terms of its successes and failures but in terms of its situation within a genealogy of “improvement schemes” that intersect productively with political- economic processes and social positioning to shape particular conjectures”

Keywords

Informal entrepreneurship; Conversion entrepreneurship, Institutional Entrepreneurship, Liberal space, Protective technologies, spheres of exchange, Collective identities

Chapter 1

Context and Methodological Approach

(African) Urban majorities find themselves entangled within power dynamics that position them at the city's margins, literally and figuratively, working to make places they can live with in the face of injustice, inequality, violence or underdevelopment- remarkable forces of dynamism and transformation mix with remarkable blockages and resistance.¹

1.1 Introduction

Despite several decades of extensive research into the dynamics of the “Informal sector, the question of informality still remains a topical issue whether academically or in public and policy discourses. Although Myers (2011) above, paints what looks like a victimhood picture of African city dwellers, he argues later that “African residents have developed *novel strategies* for confronting the structural and social crisis confronting them” (p 58, own emphasis). This sets the scene for some of the underlying issues explored by this study. This paper explores the question of urban ‘informal economy’ exemplified by the case of Avondale Flea Market (henceforth AFM) in Harare, Zimbabwe. The study calls into question the theoretical and discursive binary construction, categorization and representation of economic activities between formal/ entrepreneurial/legal/firm and informal/survivalist traders/illegal/flea market.

This study makes no claims to breaking new ground on this debate because there is vast literature and different strands to this debate that have been written already (see for example Bruin & Dupuis, 2000; Maloney, 2004; Williams, Round & Rodgers, 2007) but what this study does is to add micro level material within the growing body of literature that questions and takes different strands on the dichotomy between the formal and the informal economies.

In discussing the case study, this paper is presented in somewhat two different parts. The first part (Chapter 2) looks at inherent binaries of formal/ registered/ enterprises/ and informal/ unorganized/ unregistered/ unregulated enterprises from discursive perspective using Critical Discourse Analysis (CDA) framework. By opting to use CDA, this paper does not intend to hide the underlying political agenda and its critique of authority and power. Through using these lenses, the legality/ illegality, legitimacy/ illegitimacy questions are dealt with as social justice issues.

The second part (Chapters 3 & 4) looks at an institutional look at AFM and looks at the dynamics that have made the flea market functionally successful. In the final chapter I illustrate a model based on micro level entrepreneurial processes to show what I call “Zone of Transition” and “Liberal Space”, and I use the theoretical foundations of these concepts and empirical observations to suggest the existence of “Conversion/ Boundary Entrepreneurship”. Broadly, this study also uses the case study as a locality based, context specific response to the “brutal tectonics of neoliberal globalization” (Davis, 2005: 174) and it intends to contribute to the growing scholarship in urban economies and the rebirth of interest in urban Africa and an engagement with the “vibrancy and complexity of African cities” (Myers, 2011:2) or what Simone (2005:1) describes as “the city as a laboratory of change.”

¹ Simone (2003) & Konings and Foeken (2006) cited in Myers, (2011: 13)

1.2 Avondale Plaza Flea Market

Avondale Plaza is the official name of an open air trading place found on an unfinished building that looks like a parking lot behind Avondale shopping centre in Harare. Pictures 1.1 to 1.4 (below) show the physical placement of the flea market. Picture 1.1 shows the name of the Flea Market found on the back of Avondale shopping mall shown in picture 1.2. Picture 1.3 and 1.4 show the alley that connects the front to the back of the mall with the Flea Market being on the left of picture 1.4.

Avondale is about 3 kilometres from Harare city centre. In the colonial period, with the exception of the city centre (Causeway) which was reserved for public buildings, every piece of land was privately owned by members of the British South Africa Company that spearheaded the colonization of the country. Avondale used to be a dairy farm but was the first farm to be subdivided and sold off as pieces of land for private (white) medium to high income housing development (in about 1903). Avondale marked the beginning of the northward urban development of Harare. Given its history, Avondale has always been a centre of medium to high income residential and economic activity.

According to one respondent who started his stone sculptor business in 1980, the building housing the flea market was already built by 1980 when he started operating from Avondale. The building which casually looks like a car park is actually an unfinished shopping mall and office block with a car park at the basement.



²Picture 1.1: Name of the market place



Picture 1.2: Front View Avondale shopping mall

² Source: All pictures used in this paper were generated by the study participants. Refer to the methodology section for further discussions on visual methodologies.



Picture 1.3: The alley from the flea market.



Picture 1.4: Flea market on the left of picture.

The project which reportedly started in the 1970s was not finished because it was then discovered that the water table was very high and the ground could not sustain the weight of the planned building.³ Further construction of the building was stopped and for a number of years the structure was empty with several respondents pointing out that it was eventually occupied by vagrants and 'street kids' who also used it as a toilet.

In the 1990s there was an attempt to turn the structure into a second hand car sales place but the initiative was unviable. The mall owners in September 1995 contrived to use the "white elephant" by introducing weekend flea markets.⁴ Because the shopping mall targets middle to high income customers, the mall owners started to fetch and provide transport to local crafts and sculptor artists who used to sell their products in a low income section of Harare called Mbare.⁵ This strategy was meant to provide ancillary services to the mall's regular clients⁶ and tourists. The weekend flea markets according to one participant

³ This history came from a collaboration of several sources that include employees of the company that owns the shopping mall. This researcher failed to find any person with authoritative and full knowledge of the history of the building

⁴ According to Wikipedia, a flea market is an arena where inexpensive or second hand goods are sold or bartered. It is the vendors that attract people to the market and not the other way round as in street vending where vendors follow the flow of traffic.

⁵ Mbare was developed in the colonial period to house black immigrant labour. There are several Municipality built open markets in Mbare.

⁶ Largely white clients

were conducted by largely well to do black people and other middle to high income people of Indian⁷, Egyptian and other “white” nationalities.

A combination of the growing popularity of the weekend flea markets and the closing down of vending places around town through “Operation Restore Order” in 2005 forced traders off the alley to go up the car parking structure. In May 2005 the government of Zimbabwe engaged in what they called “Operation Restore Order” or referred by local people as “Tsunami” wherein they destroyed “...92 460 dwelling units... leading to around 570 000 people or 133,534 households losing their homes...”(UN,2005) The justification for this action was to:

...enforce by-laws to stop all forms of illegal activities. These violations of the by-laws in areas of vending, traffic control, illegal structures, touting/ abuse of commuters by rank marshals, street life/ prostitution, vandalism of property infrastructure, stock theft, illegal cultivation, among others have led to the deterioration of standards thus negatively affecting the image of the city. (Mrs Sekesai Makwavarara, ⁸Chair of the Harare Commission, 19 May, 2005 in Potts, 2006:275)

Somehow, Avondale Flea market survived this phenomenon which was in effect a test of legality of any activity given the extent of this mandate. Its survival attracted the majority of traders from around town who had their trading places closed down.

From the casual outlook (pictures 1.5 & 1.6 below) the lack of an exuberant and modern flamboyant outlook makes AFM deceptive. The structure is concrete only with an improvised roof (see picture 1.5) which in some parts was installed by the owner and in some by the traders. The structure itself has provisions for all the amenities required such as water, electricity, roof etc although not fully installed. The majority of the traders have improvised to have electricity connections to reach their stalls from some power sources installed on the structure through using extension cables. As a service package by the mall owner, traders do not pay for electricity, water, landscaping and security. The owner also employs several people including a Flea Market manager to have oversight on the day to day affairs of the Flea Market. Although there is generally some visible order in the layout, disorder is present in some parts of the flea market especially in sections that became operational in more recent times due to high demand for stalls by traders. The improvised roof is mostly unsightly although it provides the much needed shade (shown in picture 1.5 & 11.6 below).

⁷ Asians are casually referred to as Indians (*‘maIndia’*) by Zimbabweans. The “Indians” are well known for occupying most of the trading space

⁸ She was in reality the de facto Mayor of the City.



Picture 1.5: The unsightly improvised roof



Picture 1.6: Some sections are disorderly

Today, AFM has become a premier, vibrant and legitimate open market by being able to attract customers from all income and racial groups, an important feat in Zimbabwe.⁹ It sells products from clothing, electronics, to expensive furniture and sculptors, to name a few. Pictures 1.7 & 1.8 below show examples of the products.

AFM officially has 200 stalls, each with an area of about 9m² although a simple count of traders showed that there could be over four hundred traders on a Saturday which is the busiest day and down by about half during the week. Traders pay US\$10¹⁰ per day, per stall during the week and \$25 dollars on Saturdays. This makes Avondale comparatively cheaper because some traders pay as much as US\$50 a day in the city centre.

⁹ Zimbabwe has had severe racial tensions in its recent history

¹⁰ Since 2009 Zimbabwe uses a multiple currency regime with most transactions conducted in US dollars and South African Rand, therefore no exchange rate conversions are used.



Picture 1.7: Furniture made from railway sleepers **Picture 1.8: A stall that specializes in women's clothing**

1.3 Aim of the study

The aim of this study is to engage with the conceptualization and discourse of the duality of formal (entrepreneurship)/ informal (flea market/ cross-border traders¹¹) and analyse if it sufficiently represents the economic realities of activities taking place in spaces categorized as 'informal.' Informed by CDA in picking out this research issue, the paper makes a political positioning that there is some form of an injustice in this discourse and aims to 'debunk' 'claims to authority' and 'uncover' the 'hidden assumptions' (Flowerdew, 2008:195).

In designing this study, I was interested in knowing the identities of the traders on the notion that these could be powerful and high income people trading informally. I was interested in finding out why they could be trading informally but with a better understanding of the scientific and policy debates, this study evolved to focus on the nature of their activities instead of so much on the 'who'. Studies by Economic Justice Network establish that informal trade, which they call "Informal Cross border trade" is dominated by women and the majority could be "widowed, divorced or who simply undertake this business to supplement their spouses' incomes" (2010:7). This finding is also supported by observations from this study with the additional dimension that women tend to be more successful in this line of business than men (Refer to

¹¹ Different names are used to refer to traders such as those found at AFM. If not flea market traders, they are sometimes called "Informal cross border traders, ICBT" (see Economic Justice Network, 2010)

Appendix I for indicative figures from this study). The underlying interest in this study is to explore and unveil activities that otherwise are misrecognized and misrepresented through some intellectual hegemonies and power effects of dominant discourses. Although empirically subsumed in the territory of “informal economy”, in the framing of the research questions I refrain from assuming that AFM activities are ‘informal’ preferring to explore this question. Specifically I problematize the following issues:

1. What values shape the relationship between the main actors at the flea market?
2. What are the structures and processes involved flea market trading?
3. Can flea market trading be considered entrepreneurial?
4. How do traders construct various strategies (resilience/ adaptive capacity), specialization and social identities necessary for economic survival (Simone, 2004:1)?
5. What kind of possibilities and constraints are embedded in the set up of flea markets (ibid)?
6. In what ways does the flea market contribute to the success or failure of traders?

1.4 Research Methodology

The fieldwork for this study was done from mid July to end of August 2011. This study used a visual ethnographic approach where observations, informal conversations were combined with a visual methodology. At the analytical phase, the primary data in the form of transcripts and pictures was combined with secondary data from similar studies. The methods selected for this study aimed for “quality and depth” as compared to “scope or breath” (Maree, 2007: 51).

Photographic Narratives

As the main data collection tool, this study used photographs that were then used to generate ‘photo narratives’. There were a number of stages in using this method. The initial stage was to identify the participant. Cameras and pictures are by their very nature intrusive and people are sometimes very sensitive when it comes to pictures. To mitigate against the risk of refusals by participants, a strategic decision was made for the researcher to be introduced to each of the participants through a personal contact¹² who had a direct relationship with the potential participant. This strategy had the advantage of helping to quickly create rapport and generate trust between the researcher and the participant. Through emails and phone calls, I contacted everyone on my mailing list who could know a trader at the flea market or knew anyone with that link. I therefore snowballed extensively only amongst my own network to get the links to traders. It must be noted that snowballing was just to identify participants, no further snowballing was done when a participant was involved in the study. This was meant to avoid skewing the findings as a result of participants with similar characteristics (self selection) getting involved in the study. Commonality in the characteristics that is found in the results is purely coincidental and highlights the significance of that particular characteristic for example, the majority of the participants (8 out of 10) are involved in clothing trade.

¹² Contacts that served as introducers were in the personal and professional network of the researcher. No claim is therefore made of the universal applicability of the findings and claims of this study.

After getting introduced to the trader which in 80% (8/10) of the cases was face to face and the difference being by telephone and text messages, I conducted a briefing in which I explained the aim of the study and the methodology. It must be highlighted that traders tended to respond positively if I indicated that I wanted to study small businesses and entrepreneurship than if I said I wanted to study informal trade¹³. During the briefing, the trader was provided with a printed note that had five indicative questions to guide with ideas informing the generation of pictures and the questions were packed and handed over to them together with the camera. The questions were written in both English and vernacular Shona, shown below in Table 1:

Guide to Pictures/ Batsiro pakutora mupikicha

1. **Show pictures of who you are (as an individual) and what is your standard of living?**
Semunhu unozviona uri ani, uye ratidza magariro ako/ kumba kwako
2. **Please show the different ways you earn your standard of living**
Ratidza kuti unoita zvipi zvinoita kuti ukwanise upenyu hwaunogara
3. **Show how you spend your week normally.**
Ratidza kuti zviitwa zvinotora nguva yako yakanyanya muvhiki zvakamira sei
4. **Show how you identify economic opportunities and pursue them.**
Ratidza kuti unozvifambisa sei kuti uzive mikana inokwanisa kukuitisa mari
5. **Show your major achievements and what makes you proud from your trading ventures**
Ndezvipi zvinhu zvaungati wakakwanisa kubudirira kuita uye zvinokudadisa nekuda kwekutengesa

****Use all of the film/ Shandisa film rese.**

Table 1. Guide to shooting pictures by participants

The participant was then provided with a disposable camera that had 27 shots. They were allowed 7 days to shoot as many pictures or finish the film. It was made clear to the participants that the questions were only guidelines and a reminder and did not constitute equally weighed questions that had to be strictly answered. They had the discretion guided by their experiences on what they wanted to have more pictures on but along the theme indicated by the questions. Only in two cases did the shooting take more than 7 days. Although participants were allowed to take the camera wherever they wanted, all activities involving the researcher and participant took place at the flea market.

The second stage involved the processing of pictures which for technical reasons beyond the control of the researcher took between one to two days. Two copies of the pictures were produced and the photograph developers also saved all the pictures on a CD. Production of a single picture cost US\$0.15c and the total cost for each participant's pictures were US\$34¹⁴.

The third stage was to generate photographic narratives. Each participant was given one set with all the pictures for them to keep. Amongst the remaining set, the participants looked through to see if there were any photographs they wanted to remove and not to be used for this study. Most of the photographs that were removed were because of duplications. Participants were asked to sort out the pictures in any order they wanted to follow in their narrative. The pictures were then numbered at the back as an

¹³ In vernacular Shona, informal trade is referred to as “kutengesa pamusika” or colloquially “flea market”

¹⁴ Includes taxes and processing fees

identifying code. The coding was by combining the participant's initial/s with the picture number for example, in my case: *Robert*, would be- *R1*, *R2* etc.

For the narrative the participants were asked to explain what they were showing in the picture and why they shot that picture. The interviews were electronically recorded, translated and transcribed after the interview. Only one narrative was done purely in English, the rest were in Shona. Electronic recording was done to make the interview simulate a natural discussion for the participant to be relaxed and not feel they were being interviewed but they were giving a casual narrative about their trading life. Before hand the researcher prepared a schedule with probing questions to help bring focus and depth to the narratives. The schedule is provided in Appendix II. In the schedule, the following *a priori* codes were identified:

1. Background/ characterization
2. Dependence/ Independence
3. Motivation
4. Initial resources
5. Operational sophistication
6. Performance and future outlook.

The *a priori* codes used in the schedule are an assembly of various research themes that were identified from other studies done on the informal economy namely, Cross (1997), Morris & Pitt (1995) and Reynolds et al (2001).

Although there was a schedule, the narratives were not done following the listing. The schedule was only there to help the researcher in giving guidance on the probes but the narratives were driven by the participant and the probing was exploratory in nature and used when the participant brought up the subject. The narratives were aimed at capturing understanding and experiences by participants of their own activities (Bruin & Dupuis, 2000).

Why use photographic narratives?

The focus of this paper is theoretical than it is methodological¹⁵ therefore I briefly reflect on this methodology. A well known proponent of visual methods including the use of photography in research is Bourdieu. In reviewing Bourdie's concept of Habitus, Sweetman (2009:494) reflects on Bourdie's use of photographs and suggests that "... as prompts and personal mnemonics, and as powerful ways of conveying information in an accessible, economical and non-verbal way - visual material and visual methods may be particularly helpful in revealing and illuminating aspects of the *mundane, the taken –for-granted and that which cannot be made explicit.*" (own emphasis).

Allen (2011:488) describes photographic methods as "unconventional" and "an underutilised data collection tool". As will be shown in this paper, this method allows the researcher to "see" aspects that could otherwise be invisible or taken for granted in participants' experiences. This method gives more control of the issues to be explored to the participants and because of the time leg in shooting photographs

¹⁵ For an empirical discussion on photographic narratives refer to Allen (2011)

and production of narratives, the participants get time to reflect on the research issue and it reflects their own understanding and worldview on the same.

The illustration of *maRounds* on page 53 of this paper shows how pictures make easily accessible more issues than could have been imagined by the researcher. As argued by Allen, photographic methods tend to give qualitatively more depth than the usual talk-based methods.

In dealing with this methodology, I however had to deal with the following aspects which, if not handled carefully pose a serious risk to the success in applying the method:

- Building trust with the participants and they have to feel comfortable with you. This allows the researcher to get more significant pictures in areas the researcher may not be able to access. Picture 1.9 (below) shows a picture shot by a participant at the airport cargo clearance in an area where the use of cameras for purposes of research is unthinkable.



Picture 1.9 Customs Cargo Clearance

- Dealing with sensitive issues- one of the strength of this method is how easily it allows the researcher to access sensitive issues because no prompts are required as the participant 'shows' these issues. Picture 1.9 above opened discussion on corruption and payment of bribes in customs clearance of cargo. Yet pictures run the risk of revealing identities of participants something the researcher has to make sure does not happen.
- Anxiety- in this study, I had to deal with anxiety by participants on whether the divulging of correct information would not put them in trouble with the authorities. They had fears over the dissemination of this paper and if that would not empower the authorities to know their activities. Through this study, coincidentally, I was able to establish that traders have their tax obligation settled by the owner of the flea market, something the traders themselves were not aware of. I deal further in this paper with the issue of trader- state relations.

- Repeat interviews- a single narrative is not enough to get the fullness the issues so this required repeat informal visits to clarify contradictions or gaps in the data provided.

Dealing with these issues required time, patience, mobility with budgetary implications something a researcher would need to carefully consider when using this approach.

Chapter 2

Part I: Discourses & Binaries

I shall suggest that ideology ‘acts’ or ‘functions’ in such a way that it ‘recruits’ subjects (it recruits them all) or ‘transforms’ subjects among the individuals (it transforms them all) by the very precise operation which I have called *interpellation* or hailing, and which can be imagined along the lines of the commonplace everyday police (or other) hailing: ‘Hey you there!’¹⁶

2.1 Economic Discourses

A number of theorists, Bourdieu, Derrida, Gramsci, Habermas, Foucault through their writings, have tried to draw attention to the important role of language in society (Flowerdew, 2008). Fairclough (1989) borrows from the Foucauldian tradition by highlighting that there is power behind language and the powerful groups can determine aspects of language. Language can be viewed as a social practice and it “is the commonest form of social behaviour” (ibid). The vocabulary that makes up a language “bring into play a range of expectations and constraints” (Wooffitt, 2005:148). Language and vocabulary can be used to create social meanings as a discourse. A discourse is “a system of statements which constructs an object” (Parker, 1989:61). According to Foucault (1976:133) “discourses are subtle mechanisms that frame our thinking process.” “Discourses determine the limits of what can be thought, talked and written in a normal and rational way” argues Bleiker (2003:27). Parker (1992:xviii) puts it more succinctly by stating “discourses facilitate, limit, enable and constrain what can be said [by whom, where, when].” Wooffitt (2005: 146) further argues that discourses are “systems of meanings which reflect real power relations and which in turn are a consequence of the material and economic infrastructure of society.”

Unusual as it is to be dealing with ‘discourses’ in a paper that purports to study economic phenomena, the aim being to find out how discourses provide us with evidence of the existence of ways of domination as discourses privilege, legitimate, exclude, constitute and make social practices “intelligible and rational and by doing so mask the ways in which they have been constituted and framed” (Bleiker, 2003:28). I begin the discursive analysis by focusing on the discourse on the Zimbabwean economy.

2.2 Of “Casino” and “*Kukiya-Kiya*” Economy

Going through newspaper opinions and narratives about the Zimbabwean economy, it is common to find phrases like; “economic meltdown”, “economic reconstruction”, “policy conflict”, “economic crisis”, “political crisis” etc. There is no doubt that due to stratospheric levels of hyper inflation, Zimbabwe is in the history books for achieving such a feat. Whether an exaggeration or euphemistic these descriptions may

¹⁶ Althusser, (1971:174)

be, it must be remembered that whatever circumstances these descriptions try to capture, people have to live and survive.

Zimbabwe's socio-political context in the last decade from 2000 was marked by a protracted political malaise and economic meltdown. Of significance in this period, Zimbabwe instituted the land reform programme, just after committing the Zimbabwe army in a rebellion against Mobutu Sese Seko in Zaire (now Democratic Republic of Congo) in 1998. "Without having budgeted for the war, without surplus to finance such a war, without the will to raise taxes sufficiently to meet the costs of the war and without the intention to make known the commercial arrangements made by the military with Kabila..." Niko, (2011:341) highlights.

Commonly referred to as "*Jambanja*"¹⁷ meaning "chaos", the land reform programme lived up to this lingo as armed government sponsored agents 'invaded' white-owned commercial farms. The resultant decline in agricultural productivity, the international reaction to these appropriations and subsequent economic policies resulted in an immediate but protracted economic meltdown with effects being felt to this day. The Governor of the Reserve Bank of Zimbabwe, describes the resultant economy of the crisis as a "Casino Economy"¹⁸. He ascribes the roots of the crisis to "... the corruption of the economy made possible by heavy controls across the economy that were instituted by the illegal racist ¹⁹Rhodesian regime in 1965" (Gono, 2008:65). He describes the "Casino economy phenomenon as '...the gambling actions of some unscrupulous and corrupt individuals who have become instant quadrillionaires in Zimbabwe dollar terms and real millionaires in united States dollars...' (p.63).

Jones (2010:290) describes the period 2000- 2008 as "*Kukiya-kiya* economy". '*Kukiya-kiya*' is a vernacular Shona word which means "resorting to strenuous or difficult activity with an eye to fulfilling basic needs. It is an activity of last resort: something a person does just to get by."

Niko (2011:341) under the heading "The Crisis" offers this narrative of the recent economic history of the country:

Confounding money with wealth, ravaging incomes, destroying the basis of savings, enshrining the god of consumption, ruining creditors, impoverishing many, enriching a few, undermining exchange with other nations, fostering uncertainty, causing millions to flee and smothering productive forces, the government of Zimbabwe achieved, through the debauching of the currency, a feat of frightful devastation.

In concluding his paper Niko (2011:363) offers the following parting shots:

*The god of money destruction has to be toppled. The rights of individuals to protect their wealth have been placed ahead of the appetites of a rapacious kakistocracy*²⁰.... *Policies that favour the lusts of an organized minority over the rights of the majority, cause monetary instability, and politicize monetary policy are no longer tolerated.*

The Government of Zimbabwe, through the Ministry of Finance, in launching one of their many economic blue prints²¹ diagnoses the malaise in the economy as:

¹⁷ Shona lingo & see Muzondidya (2007) for the ideological debate based on this concept

¹⁸ Emphasis is the authors'

¹⁹ Rhodesia is Zimbabwe's colonial name, after Cecil John Rhodes whose British South Africa Company spearheaded the colonization of Zimbabwe.

²⁰ A form of government in which the worst persons are in power

²¹ The Short term Emergency Recovery Programme (STERP). 2009.

At the epicentre of the economic crisis have been unprecedented levels of hyper inflation, sustained period of negative Gross Domestic Product (GDP) growth rates, massive devaluation of the currency, low productive capacity, loss of jobs, food shortages, poverty, massive de-industrialization and general despondency (STERP, 2009:6).

In this section I put visual emphasis on semiotic elements taken from direct quotations by the writers. The adjectival phrases and descriptions highlight with intensity that something was and is terribly wrong with the Zimbabwean economy. The narratives and diagnosis of the malaise is at the level of and/or points to the state and government actors. Fascinating and brain numbing this economic history can be, the reason for highlighting these elements is to get an opportunity to ask: How were/ are people coping in these circumstances?

2.3 Dominant Discourses

According to Woofitt (2005: 148) dominant discourses “privilege ways of seeing and acting in the world which legitimize the power of specific groups”. In the month of July to September 2011 when the fieldwork for this study was done, a snap survey of some Zimbabwean newspaper²² headlines (below) highlight the discursive tags that show some of the issues getting prominent coverage and dominating the economic public discourse:

1. Economic indigenization and empowerment:

- Empowerment, Indigenization Policy Flawed
- Indigenization Policy: More Questions Than Answers
- Indigenization Crusade Leaves A Lot To Be Desired
- You Cannot Legislate The Poor Into Prosperity
- More Indigenization Insanity

2. Prize increases:

- ²³Biti Warns Business Against Increasing Prices
- Import Duty Sparks Price Increases
- Consumers Hit By Price Increases
- Resumption Of Import Duty Sparks Price Hikes
- Biti Threatens To Reintroduce Duty On Basics

²² The main Zimbabweans Newspapers were the headlines are taken are, The Herald, Sunday Mail, Newsday, The Standard, The Zimbabwe Independent and The Financial Gazette: A survey of these newspapers is not scientific, these were newspapers available to the researcher given time and resources available and no claims of representativeness are made here.

²³ Finance Minister, Tendai Biti

3. Economic policy conflicts

- Bat Zim Warns Over Policy Risk
- Policy Conflict Hurting Investment
- Storm Brews Over Zisco Deal
- ²⁴Kasukuwere Warns Implants

4. Informal sector

- Informal Sector To Pay Aids Levy
- Illegal Vendors A Hot Potato — Council
- Bleak Future For Second-Hand Clothes Traders
- City Police Behaving Like Barbarians — Councilors
- Harare Reduced To 'Kitchen City'
- Informal Sector Dims Economic Prospects

In the dominant public discourse carried through newspapers, the informal sector begins to feature as a subject. Significantly, when the real causes of the economic meltdown were discussed in the snap shots earlier, the informal sector does not appear but only in the current framing of economic discourses. Below I highlight some of the sentiments that are used to frame the informal sector discourse:

"The informal sector is an opaque world of business transactions...Zimbabwe tops the world list of economies with informal sector activity and from our observations across many countries in the world, a large informal sector inhibits economic growth," ²⁵

Informal sector to pay Aids levy²⁶

"The rest of the people who have turned into indigenous business ventures do not contribute to the Aids Levy as there are no effective mechanisms to tax the informal sector yet they benefit from the levy at the expense of the formal sector,"

Illegal vendors a hot potato — council²⁷

"the \$157 monthly levies council charged vendors in areas like Glen View, Highfield and Mupedzanhamo were often met with resistance and most traders did not pay, resulting in council being prejudiced in a big way."

Act on tax evasion by parastatals²⁸

"The taxman should swoop on the informal traders in areas like Magaba in Mbare where there are people who are not paying taxes and not depositing money in banks. The people in Mbare are living from hand to mouth and they prefer to keep their money underneath mattresses and pillows, making it very difficult for the economy to grow"

²⁴ Minister of Indigenization and Youth Employment, Saviour Kasukuwere

²⁵ CIPE (Centre for International Private Enterprise) chairman Greg Lebedev. 2010 American Business Association of Zimbabwe (ABAZ)

²⁶ Newsday (www.newsday.co.zw) Stephen Chadenga Gweru - May 16 2011

²⁷ Newsday (www.nesday.co.zw) Veneranda Langa | HARARE - Mar 27 2011

²⁸ Comments by a reader under Reader's Letter's Newsday (www.newsday.co.zw) Thursday 28th July 2011.

Bleak Future for Second-Hand Clothes Traders²⁹

"Our people (in the clothing industry) are suffering immensely because of these second-hand clothes as everyone is now buying a shirt for one dollar, meaning that what we are manufacturing will never be bought,"

Informal trade reigns in Zimbabwe. SA –owned chains have had to close lower end stores³⁰

"What business wants is a levelling of the playing field and to make sure import duties are paid and people pay their VAT"

³¹***Readers' Letters.***

Very soon the streets of Harare will be very crowded with vendors while the industrial areas will become ruins.

In the representation of the Informal sector at the level of public discourse, the concept is imbued with deep negativity (as highlighted). It is my argument that this sort of public discourse is a reproduction of other types of discourses by authoritative actors such as the state and academia who have systematically constituted informality in deficient terms. The effort in this essay so far had been to show how informality appears as a reality in the lives of people. Through discourse analysis I have attempted to show the absence of the informal sector as part of the narrative of the causes of the economic meltdown yet it begins to be part of the reactionary, special interest driven dominant discourses in the public media.

2.4 Logocentrism and Binaries

It is unavoidable to recognize that despite years of research and enlightenment, the concept of informality always comes packaged as a binary. The binary logic goes beyond mere analytical convenience into characterization and stable categorization. This constitutive representation becomes more normative and naturalized than it a "descriptive feature of experience" (Butler, 1990:16). Derrida (1978) views Western philosophical tradition as "logocentric thinking" (in Gutting, 2003:867) and is:

characterized by a hierarchical binary mode of thinking that firstly conceptualizes objects/ identities as stable, bounded and constituted via negation and reads the resultant binary structures in a hierarchical manner whereby the first term in any dualistic opposite (the subordinate) is endowed with positivity and the second term, the subordinate with negativity. The outcome is to establish a relation of opposition and exclusion, rather than similarity and mixture between the two sides..." (in Williams & Rodgers, 2007: 403)

Gutting (2003:869) synthesizes Derrida ideas into three principles;

1. Principle of Identity: A=A (nothing is both A and not –A)
2. Principle of Logical Exclusion (being Present excludes being Absent)
3. Principle of Priority (one term has priority over the other. It is more real; morally better than the other.

29 Ignatius Banda 28 July 2011 <http://allafrica.com/stories/201107281296.html>

30 Michael Bleby 15/ 10/ 2010 Business Day

31 Newsday, September 1 2011.

In deconstructive reading of texts, Derrida seeks to highlight that even a “text based on binary opposites themselves violate the principle of Exclusion and the Principle of priority.” Gutting further points out in his reading of Derrida that despite the limitations of standard dichotomies, “we have no way of thinking apart from them” (p 870).

A good example of the utilization of the binaries is shown in a speech by the Minister of Local Government and Urban Development Dr Ignatius Chombo who justified draconian government action in “Operation restore Order” in August 2005 by arguing:

...the government insists that all the sweeps and demolitions have been to rid the country of the chaotic nature of an unregulated market and to clear up the blurred distinctions between informal and formal sectors of business. An economy cannot be run on an informal sector, but it is run by a formal sector with the informal sectors offering a supporting role. The formal sector provides the bulk of the revenue that also trickles down to the informal sector ... This relationship had become blurred and we are correcting it” (in Bratton & Masunungure, 2006:2)

In addition, the concept of informality suffers from conflating of concepts so that the differences between, informal economy, underground economy, self employment, informal entrepreneurship are difficult to disentangle. Williams (2009) in discussing entrepreneurship in the “underground economy” conflates underground economy and the informal economy, for example, with some researchers making a clear distinction between the legitimate ‘informal economy’ and the renegade underground economy.

Vast literature exists on the question of informality but as a researcher I still remain intrigued at why the question of informality remains topical to this day despite over three decades of scholarly work and counter strategies. This reflects that there are strands to informality, whether theoretically, empirically, or public policy that we have not yet come to understand. Informality itself is part of a complex and uncertain urban reality and Simone (2004:3) argues “The urban environment is increasingly one where it is difficult to ascertain just what social practices, alliances, and knowledge can be mobilized sufficiently enough to produce probable outcomes conceived in advance”

Informality in its various strands remains a central and important notion in studies especially concerning African urban life. In a book, *African Cities: Alternative visions of urban theory and practice*, Myers (2011:15) picks out the following issues as “the main struggles that most African cities share: overcoming colonial inheritances of poverty, underdevelopment and social-spatial inequality, **dealing with informal sectors and settlements**, governing justly, forging non-violent environments and coping with globalization”. Equally, in a book, *For the City Yet to Come: Changing African Life in Four Cities*, Simone (2004:22) builds his arguments around the following “specific conceptual notions” of “ **Informality**, invisibility, spectrality and movement” as “a means of focusing attention on a process of interconnection in the gaps between clearly designated and defined urban institutions, spaces and actions” (own emphasis).

Guha- Khasnobis et al (2006: 2) suggest that “We need to move beyond formality and informality to make progress in understanding the realities of economic activities in poor countries and to design policies to benefit the poor.” But Myers (2011: 14) argues that “The challenges of African urban studies no longer lie simply or solely with paying more theoretical attention to the marginalized informal, invisible, spectral, necropolitan or ordinary settings across the cities of the continent... they lie equally in *practice*, in then attempting to articulate how such urbanization processes might contribute to efforts to improve the quality of life of the inhabitants of these places”

Given alternative views on informality especially grounded in post-structural and post-colonial epistemologies, it is no longer sufficient to accept or relegate the concept of informality to the ‘residual’ or

'survivalist' or merely "as a compensation for the lack of successful urbanization" (Simone, 2004; 12) but as part and parcel of the morphology and configuration of a city and neo liberal economic reality.

2.5 Fuzziness of Informality

In defining the concept of informal economy Habib-Minz (2009:2) argues that "The concept is elusive because meanings mutate while being appropriated by different paradigms, disciplines, interests and moments in history." Bacchetta et al (2009:40,41) refer to "the definitional problem" of informality and to the "vagueness and plurality of views" which they attribute to being "both the cause and the consequence of the plurality of methodologies that different authors use to quantify informal activities ... and the difficulty of assigning phenomena to either the formal and informal category."

Guha- Khasnobis et al (2006: 2) affirm an obvious expectation to get a clear definition of the concepts of formality and informality because of their discursive prominence in development of which they state they do not find such a thing. Cross (1997:40) then states that "the problem with the term 'informal economy' has been the lack of theoretical consensus around the meaning of the term "informal economic activity" and the lack of reliable conceptual models by which to answer the crucial but hitherto fruitless debate about the degree to which Informal Economy Actors are "entrepreneurs' or 'disguised workers'. Mhone (1996:1) likens informality to an edible weed, "its presence is symptomatic of something that has gone amiss in the production environment, but is nonetheless essential as a palliative in case of need." In discussing the concept of "*Kukiya-kiya economy*" Jones (2010) constitutes the informal economy as the same thing as "*kukiya-kiya*" which he then uses as a metaphor for illegality³². In linear logic, this picture is constructed:

$$Kukiya_kiya + Illegality = Informal Economy$$

The informal economy has also been described as a "nuisance"³³ or as an ultimately undesirable state of existence that should in one way or the other be eradicated through modernization processes like "formalization" on which Bacchetta, et al. (2009: 127) argue, "the long term advantages of formalization are substantial, resulting in higher potential growth, improved macroeconomic stability and strengthened government finances." In similar vein Mhone (1996:4) states:

It is clear, however, that in Southern Africa, and elsewhere perhaps, that the informal sector, as an aggregate phenomenon, has continued to manifest a residual, dependent and marginal status vis-a-vis the formal sector and that it has failed to play a *developmentalist* (emphasis original) role in spite of the many policy interventions.

He then recommends that this, "...underscores the need to locate and contextualize the informal sector within the structure of the economy as a whole" (pg 7).

32 The text is framed with examples of dodging, gambling, street arbitrage, "kujuta" (tricking, deceiving, lying)

33 In Wild (1997:56). The word "nuisances" was used in 1930 to describe "a group of natives [who] were continuously engaged in repairing bicycles outside a shop..."

Below³⁴ I do a discursive concordance analysis of the executive summary of a joint study paper authored by Bacchetta et al (2009 above) sponsored by the International Labour Organization and The World Trade Organization on informal jobs in developing countries to see how the informal economy is represented. The choice of text being influenced by that the WTO and ILO represent very important institutions in the global governance of labour and international trade. The table below illustrates some of the discursive results:

Table 2.1 : Informality/ informal economy Concordance in the Executive Summary

Page	Textual data		
9	However	informal economy	Characterised by less job security
9	Change in demand	informality	limits the potential for developing countries
10	Firms operating in the	Informal economy	Preventing them from offering high quality goods and services
10	Firms operating in the	Informal economy	Lack the capacity to generate sufficient profits to reward innovation and risk taking
10	Vicious circle of higher rates of	Informality	Rising vulnerability
10	Addressing	informality	A matter of concern
10	Reducing the size of	Informal economy	Key policy objective from a developmental perspective
11	Persistent	informality	Reach up to 90%
13	Large	Informal economies	Narrow degree of export diversification
15	Adverse association between	informality	Business cycle volatility

The Concordance analysis helps to show how concepts are easily naturalized by being presented in a way that make them “concordant” in collocation with words or descriptions around them. The above analysis shows that “informality” is collocated in deficit oriented and pathological terms even in the texts of the well informed ILO/WTO technocrats. This also reflects the power of the “seductive dichotomy”, that articulates concepts in Either / Or extremes (Bleiker, 2003, 26). This is the same discourse that gets reproduced by newspapers into the public domain. If “social reality is produced and made real through discourses” (Phillips & Hardy, 2002:3) it must not be difficult to imagine how this reality can be manipulated with those that frame knowledge or the infrastructure to craft and disseminate textually mediated discourses.

Could the dichotomy between the formal and informal (sustained in the report above) result in the creation of a “phantasmic” (Jones & Spicer, 2005:235) constitution of the formal economy? Although

34 The original work is the Authors’ own, submitted in course ISS 3304-1011

referring to the subject of enterprise, Du Gay (1996:225) asserts that there is “a discourse that enacts relations of power through the construction of subject positions, in a process that involves ‘making up’ enterprising [formal] subjects.”

In crating the concept of “The REAL” Lacan, (1977, 1-2) uses Foucault’s concept of subjectification and sees the “identification of a subject with an image” but the process of ‘subjectification’ and ‘identification’ creates “imaginary relations” and there is always a ‘hole’ in the signifying chain he argues. In this case the “informal economy” is the signifying image that the ILO/WTO *interpellates/ hails* (Althusser, 1971:174). However the ‘hole’ in the signifying chain comes from the underperforming economies, financial crisis, unemployment, social inequalities which the “phantasmic” neo-liberal economy is unable to address given its wide array of sophisticated tools to which Lacan (1979: 53) would argue “The Real ‘as that which escapes symbolization.... That which is lacking in the symbolic order, the ineliminable residue of all articulation....” results in the creation of some “breathing space.”

In simple terms, despite the power effects of the discursive order as symbolized by the WTO/ ILO, there is some ‘breathing space’ in reality because dominant discourses are a social construction that exclude the signified “Other.”

2.6 The Entrepreneurial Hero

Entrepreneurs are “opportunity-driven agents who drive economic change through innovative new firms.” (Naudé, 2011:7). Pearce (1980 in Morrison, 2006:196) posits that entrepreneurs “are ordinary human beings seeking to do good for themselves in terms of material gain and social status.” Kirzner (1985:63) constitutes ‘successful entrepreneurs’ as having the qualities of “vision, boldness, determination and creativity” whereas for Schumpeter (1950) as entrepreneur is “a leader” who is contrasted with “imitators” whose role is to follow the innovative leadership of the entrepreneur.

As argued by Williams (2009:45,46) and illustrated in the above discussion, entrepreneurs are represented as “wholesome and legitimate heroes” or entrepreneurship is represented as “virtuous ideal-type or object of desire.” Williams goes further to site works that depict entrepreneurs as “economic heroes” “super heroes” made of “the stuff of legends... held in high esteem and held up as role models to be emulated.” A recent publication edited by Naudé (2011) which deals in an authoritative fashion with the subject of *Entrepreneurship and Economic Development* highlights “the critical success factors of the modern day ‘entrepreneurial hero’” (p 278). An overview of this book sketches the picture that:

Entrepreneurship + Innovative firm = Economic Growth

The contrast being drawn with the representation of the informal economy should not be lost. “Informal”, “shadow”, “residual”, “hidden”, “fringe”, “survivalist” are representations that should directly be contrasted with the above. Williams (2009:46) makes the observation that “forms of entrepreneurship that do not entirely conform to the wholesome, virtuous and positive ideal-type become either put outside the boundaries of entrepreneurship, ignored, depicted as temporary or transient or simply consigned to the margins by portraying them not as “mainstream” entrepreneurship.” Equally, Jones & Spicer (2005:235, 236) question the representation of the entrepreneur as a “sublime object” and argue that the discourse on entrepreneurship is “phantasmic”, they argue:

‘the entrepreneur’ is an empty signifier, an open space or ‘lack’ whose operative function is not to ‘exist’ in the usual sense but to structure phantasmic attachment...entrepreneurship discourse is not coherent and stable discourse... it is paradoxical, incomplete and worm-ridden symbolic structure that posits an impossible and indeed incomprehensible object at its centre.

Nascent Entrepreneurship

The Global Entrepreneurship Monitor (Reynolds et al, 2001) further specifies entrepreneurship into that of “latent” and “nascent entrepreneurship”. Latent entrepreneurs are those that just state that they would prefer being self employed over being an employee and nascent entrepreneurs are people who are trying to start a new business, who expect to be the owner or part owner of the new firm.

In reviewing literature on nascent entrepreneurship, Wagner (2004:20) reports that nascent entrepreneurs, in actively engaging in creating a new venture, they;

seriously thought about business; looked for facilities/ equipment; initiated savings to invest; invested own money in the new firm; organized start up team; written business plan; bought facilities/equipment; sought financial support; license patent, permits applied for; developed first model or prototype; received money from sales.

Another study of nascent entrepreneurial behaviour cited by Wagne, identifies the following activities:

Defining market opportunities; personally investing money in the venture; purchasing raw materials; inventory, supplies or components; generating sales revenue; and marketing, promotional efforts.

I insert a summary of the activities by Mr Marley³⁵, in Box 2.1, a participant in the stud

BOX 2.1 Mr Marley used to work in a night club and used to buy goods worth about US\$5 from cheap Chinese shops in the city centre for resell to supplement his income. Through reinvesting and other arbitrage opportunities he saved enough to resign from work and joined his wife in “hoarding” (means buying for resell in Zimbabwean lingo) clothes from South Africa, Zambia and Botswana for resale in Harare. They looked for a fixed place to run their business and found Avondale Flea Market. They bought tables, tents and a trunk as equipment for their stall and they stock up a wide range of men’s clothing since 2007. In order to trade they pay a yearly license of US\$140 to the local municipality and they pay daily rates to use the flea market. On behalf of all traders the flea market owner pays a “withholding tax” of 10% of his income from the flea market to the Tax authorities, a year in advance. On average they make a profit of between US\$400-600 per month and they sometimes make more depending on the month. Mr Marley has managed to buy a used car (for US\$4000) and a housing stand (total costs including transfer fees was US\$4 800) to build his house in cash. Most importantly, he has a decent home for his family. Picture 2.1 below shows a glimpse of his business.

³⁵ Not his real name



Picture 2.1: Mr Marley's business at Avondale Flea Market

I leave it to the reader to decide whether this is a nascent entrepreneur or an informal trader.

Part II: Misrecognition & Politics Of Hidden Dissent

‘Resistance confronts domination, empowerment reacts against powerlessness.’³⁶

The fact that some imported goods retail at prices below the duty level is a reflection that they are either smuggled or imported duty free using the travelers’ rebate. This is notwithstanding the fact that they are commercial imports, hence should be dutiable (The 2011 Mid-Year Fiscal Policy Review: 121)

In this section of the paper I deal with the elephant in the room which is the aspect of illegality of some of the activities of traders especially the non-payment of custom duties for the imported goods which appears the mainstay of flea market/ cross border trading. This fact is highlighted by the Finance Minister in the quotation above albeit in diplomatic terms although in some cases he has come out quite strongly on this issue. The excerpts from transcripts in Box 2 below capture the participants’ views on the issue:

Box 2 Non Payment of Customs duties

***Ms Marufu**

How does the issue of customs duties affect you?

At the moment the duty is too high and it affects our profit but as people in business we have to always find a way -by maybe selling at a higher price as well

In an event that you do everything the right way and pay your customs duties, can you still compete with those protected by customs duties?

To be honest it becomes difficult to get a profit. The prices are really determined by the market. I cannot take a pair of shoes that's \$15 and end up selling it for \$25 to cover costs. It becomes a little too much but that's the way to survive. Sometimes we pay the [bus] drivers so that we don't have to pay the high amounts of duty. The percentage of duty these days, to be frank, does not help our profit. If you buy a shoe for \$10 it can land here at \$16/\$17 but the place you are selling needs to be paid for, the worker needs to be paid which adds up to maybe \$20, this cuts down profit.

The Ministry of Finance argues that they are trying to protect the local industry; do you think that is fair?

It is fair on our economy but if their duties are reasonable they will probably get more money because we won't pay the drivers but the government instead. If we work well our economy will improve. Duty is not a bad thing to me personally as long as it is done right and the price is fair. I would definitely pay and the economy would improve and the industry will be protected.

³⁶ Castells, (1997: 69)

***Ms Thembie**

By the time you leave this place that means you paid everything up?

Yes. It took about two days. It takes a while to clear, so at this stage everything will be done.

So how much did you pay to the government all together?

There's a lot of corruption. My receipt was for \$300 and something but I paid around \$1800.

**Not their real names*

The Zimbabwe Revenue Authority³⁷ (henceforth ZIMRA) lists the following goods as prone to smuggling; bales of clothing, footwear, tobacco and cigarettes, skin lightening creams (banned products), blankets, hair and skin preparations, groceries and motor vehicles spares and electrical gadgets. Table 3 below shows duties charged on some of the commonly imported goods for resell:

Table 2.3: ³⁸Customs Duties on selected goods.

Product	Previous Duty Rate	Current Duty Rate
Blankets	40%+US\$2.50/kg	40%+US\$1.50/kg
Clothing	40%+US\$2.50/kg	40%+US\$1.50/kg
Used Clothing and footwear	US\$20/kg	US\$5/kg
Travel Bags	40%+US\$5/kg	40%+US\$2.50/kg
Footwear	40%+US\$5 per pair	40%+US\$1 per pair
Stoves	60%	40%

Source: M. Y. Fiscal Policy Review (2011:121)

I borrow tools from the repertoire of discourse analysis and below I do an argument analysis of the narratives from the participants above (Refer to Table 4 and 5 below). A careful deconstruction of a seemingly innocent and harmless narrative unearths the following underlying issues being articulated:

- I am not a criminal but I will not obey unjust policies such as unreasonable customs duties.
- In a dollarised economy, these duties are very high, unreasonable and drive our businesses into losses something we are unwilling to accept.
- Good policies require the cooperation of the government and people and such policies are the best way to improve the economy and to protect local industry.
- The effect of high prices on the market must not be underestimated given the history of hyper inflation.
- Our government exemplified by the revenue collection institutions is inefficient and corrupt.
- Special interests have captured the state and we do not expect policies that benefit us. We have to find a way to survive outside special interests.
- There are alternative institutions to the government.

³⁷ [www. Zimra.co.zw](http://www.Zimra.co.zw)

³⁸ An additional 15% is levied as VAT

Based on this evidence and other contextual data, it is my submission that the so called “informal traders” are misrecognised as individuals and in the activities they engage in. They have multiple identities and their nonpayment of customs duties should be recognized for what it really is, a “network of anti-discipline” (de Certeau, 1990 in Bleiker, 2003:34) meant to be a critique on the policies of the country. I grapple with this argument in the next sections.

Table 2.4: Analysis Table of Participants' narrative Excerpts in Box 2

Text	Key Words	Text Rephrased	Resulting Meaning	Conclusions UC : Unstated Conclusion SC: Stated conclusion UA: Unstated Assumption SA: Stated Assumption
At the moment the duty is too high	duty is too high	the duty is unjustifiable	Duty is unjustifiably high	
it affects our profit but as people in business we have to always find a way	it affects our profit we have to always find a way	No business runs on losses We will devise ways to circumvent duties	We can't run on losses We will not allow duties take us out of business	SC: High unjustifiable duties drive our business into losses
by maybe selling at a higher price as well	selling at a higher price as well	Duties make everyone raise their prices	Our businesses are not the most expensive	SA: Raising prices is a strategy we use as a last resort
To be honest it becomes difficult to get a profit	To be honest	They must know that		UC: This is something the authorities overlook
The prices are really determined by the market	The prices determined by the market	our prices cannot be higher than all our competitors	This is a bigger system than just this country	SA: We have to strike a balance between our local prices and those of our competitors where our customers can buy products
It becomes a little too much but that's the way to survive	It becomes a little too much that's the way to survive	These policies make us uncompetitive but we are used to these type of policies	We are used to having policies that are not in our interest	UC: The usual policies are not in our interest
pay the [bus] drivers so that we don't have to pay the high amounts of duty	pay the [bus] drivers don't have to pay the high amounts of duty	I will pay the bus driver if it makes me pay less	I will always look for ways to pay less	UC: There is an alternative to the government
The percentage of duty these days	percentage of duty these days	In a US\$ regime, these amounts are ridiculous		UC: We are no longer using Zimbabwe dollars
to be frank, does not help our profit.	to be frank	The basic fact they need to consider is		SA: Consider our view point also
It is fair on our economy but if their duties are reasonable	It is fair on our economy but if their duties are reasonable	Duties are only justifiable if they are low	An economy can work on low duties	UA: An economy cannot work by fleecing other players
because we won't pay the drivers but the government instead.	won't pay the drivers but the government instead.	reasonable policies are also good for the government	Be reasonable when crafting policies and you also benefit	SC: Good reasonable policies are as good for the people as they are for the government
If we work well our economy will improve	If we work well	If the government and us have a good relationship, the economy benefits	We all need to benefit (the government and us)	SC: Good relationship between us and the government benefits the economy.
Duty is not a bad thing to me personally as long as it is done right and the price is fair	Duty is not a bad thing to me personally as long as it is done right and the price is fair	I personally don't want to break laws that I see as fair	I will break those laws I deem unfair	SC: Laws must be fair and we respect them
I would definitely pay	definitely pay	I am not a criminal	There is a reason why I am breaking the law now	SA: There is a reason why I am breaking the law now
economy would improve and the industry will be protected	the industry will be protected	You will not protect industry with unfair policies	Only fair policies can make us contribute to improving the economy	UC: Industry is best protected by fair policies

Table 2.5: Synthesis Table

Claim	Data	Warrant	Qualification (unless)
High unjustifiable duties drive our business into losses	At the moment the duty is too high it affects our profit but as people in business we have to always find a way	Good policies are good for our business also	Our livelihoods are not important to the government
Economics dictates that we strike a balance between our prices in this market and those of our competitors (including international)	The prices are really determined by the market	High prices are not good for anyone	You still have the hangover from hyper inflationary Zimbabwe Dollar
Our government is inefficient and corrupt	It took about two days. It takes a while to clear There's a lot of corruption	Inefficiency is there to facilitate corruption	You employ technically challenged and incompetent people
We are used to having policies that are not in our best interests	The percentage of duty these days to be frank, does not help our profit but that's the way to survive	Policies should reflect the changing times and competing interests	Special interests have captured the government system
If government continues to be unreasonable and not listen to us, we will find alternatives to the government system	It is fair on our economy but if their duties are reasonable because we won't pay the drivers but the government instead..	Well designed institutions are supposed to benefit the people and the government itself	They are designed without people's interest at heart
Good reasonable policies are as good for the people as they are for the government	If we work well our economy will improve	Government and people need each other	It is a dictatorship
I am not a criminal but I will not obey unjust policies	I would definitely pay Duty is not a bad thing to me personally as long as it is done right and the price is fair	Policies are made to serve people and not people to serve policies	People's interest are less important than those behind the policies
The economy and Industry are best protected by fair policies	economy would improve and the industry will be protected	Fair policies encourage compliance	You are out to eliminate us as competition to industrial interests

2.7 Multiple Identities

In Appendix III, I provide a summary of Charmaine's narrative. From the narrative, Charmaine has the following identities:

- a young widow
- mother
- cross border trader
- *Murungu* (employer)
- Self empowered entrepreneur "people in business"
- A flea market dealer "*mukorokoza*"³⁹
- Egg vendor

Charmaine and other traders at AFM can arguably be classified as "Cross Border Traders" although the Economic Justice Network simplistically calls them "Informal Cross Border traders" (ICBT). In their policy brief the network defines ICBT as "unregistered, licensed and unlicensed trading activities undertaken across country borders" (2010: 2). It goes on to state that "It is driven by the need to improve welfare by the poor; it is survival as well as a wealth accumulation strategy." They affirm that the trade is "generally dominated by women" but go on to characterize the people in the trade as "the vulnerable, unemployed, orphans, refugees, the youth, school leavers and widows". Although they insert a caveat that ICBTs are so heterogeneous by citing a finding by UNIFEM in Zimbabwe that "66% of ICBTS had their high school certificates or "O" levels, while 16% had tertiary or graduate degrees" (ibid) their narrative fails to escape the seduction to constitute traders using examples of the most vulnerable groups in society. Not to suggest that their observations are untrue but I query their propensity to use negativity and suffering as the foundation of their "policy recommendations" despite this narrative concealing nuances that exist in this economic reality. The educated, middle class, high income, men, employed people, old people all form part of the heterogeneous groups of actors in this trade.

With the help of such representations, traders acquire such identities as "smugglers", "tax evaders", "prostitutes", "criminals", "*makorokoza*", "dealers" etc. This is part of the hegemonic language that "creates systems of exclusion in which one group of discourse is elevated to a hegemonic status, while others are condemned to exile" (Bleiker, 2003:27). In terms of the identities that are created by this characterization, Butler (1990:18) argues that "identity is an effect of discursive practices." She claims discourses create "regulatory practices" through "norms of cultural intelligibility" to generate "coherent identities" which "persist through time as the same, unified" and stable. (p 16)

Butler rejects the idea of creating an identity to a 'subject' such as complex as a human being through using feminist lens by stating "women can never be understood on the model of a 'subject' within the conventional representational systems of Western cultural systems precisely because they constitute the fetish of representation and hence, the unrepresentable as such." She claims to be engaged in a "metaphysical quarrel with hegemonic modes of representation" (ibid). On the "coherence" and "continuity"

³⁹ Kukorokoza refers to gold panning but has also come to be used to refer to various ways coming up with 'deals' to make money

of the identity of a person, she contests this by asserting that such representations are “not logical or analytical features of personhood but rather socially instituted and maintained norms of intelligibility” (p 17).

I use Butler’s ideas as a foundation to reject the idea that there is any specific ‘coherent’ and ‘stable’ identity for flea market traders. They have multiple identities whose effect on discursive orders has not received much theoretical attention.

2.8 Human Agency and Politics of Hidden Dissent.

To borrow a succinct description of the Zimbabwean economy from Jones (2010:287):

Something has changed in the economy- people know it, they feel it and see it. The question is what this change has done to the country as a whole.

I posit that part of the change that has taken place in the Zimbabwean economy is shown by the growing interest and response of government to the spontaneous action by the traders which is understood not in terms of its overt action but in terms of the economic subversion. As ‘powerless’ as the informal traders are, they have engaged in what has been termed differently by different writers; “Quiet encroachment” (Bayat, 2004), “Politics of hidden dissent” (Scott, 1990), “network of anti-discipline” (de Certeau, 1990) or “daily practices of subversion” (Bleiker, 2003).

In elaborating “Quiet encroachment” Bayat (2004: 81) defines it as “non collective, but prolonged, direct action by individuals and families to acquire the basic necessities of life (land for shelter, urban collective consumption, informal work, business opportunities and public space) in a quiet and unassuming fashion.”

Scott (1985:XV, 182) in documenting everyday forms of peasant resistance states that “the big events are not peasant rebellions or revolutions” but “the constant everyday struggle between the peasantry and those who seek to extract labour, taxes, rents” He details that the prevalence of various utterances such as rumours, gossip, jokes, songs that are used as “vehicles of the powerless by which they insinuate a critique of power while hiding behind anonymity or behind innocuous understandings of their conduct”

Therefore the non -payment of customs duties is easily misrecognised as just an act of criminality or smuggling by semi illiterate cross border traders to those in denial that the powerless can challenge authority and the discursive order through “seemingly insignificant acts” (Bleiker, 2003:36). Scott (1990:19-20) further argues “a politics of hidden dissent, of disguise and anonymity, is neither empty posturing nor a substitute for real resistance. It is resistance of the most effective kind, for these subversive gestures eventually insinuate themselves, in disguised form, into the public discourse.”

In the excerpt above, to repeat:

*Duty is not a bad thing to me personally as long as it is done right and the price is fair.
I would definitely pay and the economy would improve and the industry will be protected.*

We need to interrogate why someone who believes in the principle and worthiness of customs duties does not pay the same. The effect of these hidden transcripts by the invisible powerless is also exemplified in a story published in a Zimbabwe newspaper entitled: ⁴⁰US\$2.5billion outside banks. The story states:

"The banks still have a lot of work to do as it is estimated that about US\$2,5 billion is circulating outside the formal banking system,

"The nostalgia of the hyperinflation era and high bank charges for maintaining bank accounts continue to dampen the confidence of the banking public to deposit their money in banks.

"Despite a lot of misgivings from the public on reliance on the banking system for their savings"

The current bank charges are considered high by the depositors. These unfavourable conditions have implied considerable banking sector instability,"

The fact that the Ministry of Finance has made "smuggling" a policy issue or that a C.E.O Themba Ndebele of an international company such as Truworths⁴¹ say:

*What business wants is a levelling of the playing field and to make sure import duties are paid and people pay their VAT"*⁴²

We've gone in with a guerrilla tactic and followed them. We're hoping that the lower income guy comes through, buys cheap and picks up a few other things in those stores.

shows that quiet encroachment has been effective in making policy makers and special interests recognize the need for a reconsideration of economic policies. This also highlights how human agency has transformational potential and how everyday forms of resistance can "promote a slow transformation of values whose effects transgress places and become visible and effective only by maturation over time." (Bleiker, 2003:42).

In closing this section by highlighting the agency by the traders, cited by the Economic Justice Network (2010:6) this is what Ennie Precious Mphande a "cross border trader" had to say:

I want to change things from what they are now. Politics is too often decided too far from people. Those that make decisions must listen to the poor. They restrict the small businesses instead of the big ones. So that the poor stays poor and the rich ones get richer.

⁴⁰ <http://www.financialgazette.co.zw/companies-a-markets/9869-us25bn-circulating-outside-banks.html> [accessed 22/09/2011]

⁴¹ Truworths is a South African based company specializing in clothing

⁴² Michael Bleby 15/ 10/ 2010 Business Day

Chapter 3

Entrepreneurship - Institutions Nexus: A Multi -Level Analysis

Entrepreneurship research is and should be breaking away from more applied economics, psychology or sociology research and instead appropriate agnostically from the theories that can provide the greatest explanatory power.⁴³

3.1 Introduction

It is my estimate based on daily stall rentals⁴⁴ at Avondale Flea market (AFM) that this venture generates conservatively US\$800 000.00 per year in revenue.⁴⁵ Read historically, AFM has transformed a 'white elephant' into a vibrant economic market space and place. In this chapter, I answer an inherent part of my data; "What makes AFM a successful⁴⁶ entrepreneurial venture?" In the last chapter, after grappling with and dispensing with the notion of "informal entrepreneurship" through showing that the categorization and meaning of entrepreneurial activities are largely a function of semiotics, exemplars and discourses (Polletta & Jasper 2001), I deal in this chapter with traders simply as entrepreneurs. I take an institutional perspective and sketch out an argument pointing out that what has made AFM an outstanding entrepreneurial venture are interactions and interdependencies between "laws, regulations, norms, values & beliefs" (Webb et al, 2009:445) otherwise called formal and informal institutions, being deployed to create and exploit economic opportunities.

3.2 Conceptualizing Entrepreneurship

An attempt at defining something is an endeavour to signify boundaries around it so that what it is what it is not is established. Defining entrepreneurship has not been an easy task for researchers and those that attempt to define it always have to throw in some caveats with Kirzner (1999:15) calling "semantic ambiguity", Nijkamp (2011:279) writing "Different authors stress different facets of entrepreneurship" or "entrepreneurship is like obscenity: Nobody agrees what it is, but we all know it when we see it" put Shaver & Scott (1991: 42). Jones & Spicer (2005:235) weigh-in:

All that enterprise research can offer us is a continued failure to find the character of the entrepreneur and a massive proliferation of "other" structural determinants of enterprise.

Yu (2001:47) singles out Joseph Schumpeter and Israel M. Kirzner as having made "the most significant contribut[ion] to the theory of entrepreneurship in economics". It is not difficult to see why Schumpeter and Kirzner's' influence is significant in entrepreneurship research because consciously or

⁴³ Phan (2004:620)

⁴⁴ Total rentals per entrepreneur per week US\$85 (10 per day +\$ 25 on Saturdays = \$85). Average number of traders a day = 200. Weeks in a year = 52.

⁴⁵ Comparatively, one supermarket chain in the mall pays US\$8 400 or 2.5% [whichever is the greatest] of turnover per month as rentals. Flea Market can generate US\$ 10 000 on a Saturdays (busiest day)-[400*\$25]).

⁴⁶ Shane (2003:5) uses survival, growth, profitability and Initial Public Offering as "operational measures of performance" of entrepreneurial activities and this study has qualitative data on survival, growth and profitability indicative enough to show that these trader entrepreneurs are in the majority successful.

otherwise, their theorization influences a significant amount of entrepreneurship scholars' framing or conceptualization of what entrepreneurship is.

To highlight the conceptual nuances, Shane (2003: 4) defines entrepreneurship as "an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, *ways of organizing, markets, processes and raw materials through organizing efforts* that previously had not existed." Whereas Naudé et al (2011c:1) define it as "studies the why, when and how of opportunity creation, recognition and utilization for providing goods and services through the *creation of new firms (start-ups) and within existing firms* for both profit and non-profit purposes (own emphasis).

To discern the nuances in the definitions, below I distinguish Schumpeterian and Kirznerian perspectives on entrepreneurship.

Summatively, Kirzner (1999:16) argues that the Schumpeterian entrepreneur illustrates a view 'from the outside' of "what constitutes the essence of capitalism (...being characterized by continual technological change driven by innovative, creative entrepreneurs)" whereas a Kirznerian entrepreneur shows "the *inside* workings of the capitalist system (its ability to offer pure profit incentives that can evoke entrepreneurial perception of available opportunities- some (but not all!) of which opportunities may consist in the potential for technological revolution...)"

A Schumpeterian entrepreneur is an 'innovating entrepreneur' who creates disequilibrium through a process of "creative destruction" making Schumpeterian entrepreneurship "a disequilibrating activity" (Shane, 2003:20) as a result achieves technological revolutions. In this regard Nijkamp, (2011:272) states, "Innovation is thus a creative *modus operandi* of an entrepreneur and induces a process of economic growth." In the same vein and in the same publication, Naudé, (2011b:6) claims:

...many entrepreneurship scholars... would agree that the defining feature of entrepreneurship is innovation through spotting and utilizing opportunities. If one sees or defines innovation as technological progress, and that the latter matters for economic growth and a higher quality of life....

Douhan & Henrekson (2010:636) further state that in Schumpeterian terms, "the discovery or creation of opportunities to earn rents is not a sufficient condition for an activity to be classified as entrepreneurial." To meet this condition the entrepreneurial activity must be *innovative* and *non-routine*.

A Kirznerian entrepreneur:

alertly notic[es] (discovering) where errors [over optimism / over pessimism] have occurred and of moving to take advantage of such discoveries and thus nudging the market systematically in the direction of greater mutual awareness among market participants (Kirzner 1999:6).

The Kirznerian entrepreneur is a coordinative and equilibrative actor (ibid). Kirzner's addition to theory is of entrepreneurship alertness. He emphasizes the role of entrepreneurs in being alert to unnoticed opportunities thus: "the essence of entrepreneurship is to keep alert to opportunities even when the enterprise is in a profitable situation and it is this feature that qualifies an actor to be an entrepreneur." (Yu, 2001:52).

Shane (2003:21) provides a schematic summary of the different effects between the Schumpeterian and Kirznerian opportunities, reproduced below in Box 3.1

Box 3.1 Schumpeterian versus Kirznerian Opportunities

Box 3.1 Schumpeterian versus Kirznerian Opportunities	
Schumpeterian Opportunities	Kirznerian Opportunities
Disequilibrating	Equilibrating
Requires new information	Does not require new information
Very innovative	Less innovative
Rare	Common
Involves creation	Limited to discovery

Source: Shane (2003:21)

In a novel extension to both Schumpeter and Kirzner, Yu (2001:48) advances what he calls “ordinary” and ‘extraordinary’ discoveries in order to answer how entrepreneurs “innovate” beyond equilibrating or disequilibrating conceptualization. Entrepreneurial discovery “is associated with the actor’s interpretation framework, or the stock of knowledge, which is derived from everyday life experiences.” Therefore the process of discovery “means that the actor interprets incoming information in a way different from perceptions of the general public.” In the ordinary discovery also known as “backward interpretation”, Yu states, the entrepreneur is concerned with ‘doing things better’, does not produce radical development but restructures as old system by promoting change within the system although the entirety of the system remains unchanged (ibid).

Extraordinary discovery which he also calls “forward interpretation”, the entrepreneur interprets events in a radically new dimension. The entrepreneur explores profit opportunities by doing some things drastically different from the traditional. The discovery enhances revolutionary change to the economy. Yu then concludes that extra ordinary discovery is performed by Schumpeterian entrepreneurs who explore profit opportunities in the market and results in a change in system (p 49). Therefore the terms, ‘ordinary’ and extraordinary’ discovery largely denotes the degree of technological breakthrough or magnitude of creativity done by entrepreneurs (p 50).

3.3 Implications

The implications of the above discussions are that the process of discovery, evaluation and exploitation of economic opportunities differs between the conceptualization of entrepreneurship by Schumpeter and Kirzner. Processes of opportunity identification, the opportunities themselves, organization and strategies for opportunity exploitation (Shane, 2003) differ between the Schumpeterian and Kirznerian entrepreneurs. A Kirznerian entrepreneur serves the role of being alert to hitherto unnoticed opportunities although not as innovative as the Schumpeterian entrepreneur but nonetheless manages to bring changes to the existing systems by ‘doing things better’. Their ability to be alert to economic opportunities should not be undervalued or overlooked.

Within the current “Global Financial crisis” environment the hunt is on for the ‘hero’ who “breaks away from existing knowledge” (Shane 2003, 21) and deliver economic growth. The risk is that there has been growth in emphasis on the Schumpeterian “creative destruction” entrepreneur as the ‘sublime object’ as exemplified by the discursive thrust of some recent publications, for example:

- Szirmai et al (2011) Entrepreneurship, Innovation & Economic Growth.
- Naudé (2011) Entrepreneurship & Economic Growth

to which every other kind of entrepreneurial activity besides the Schumpeterian begins to appear deficient and not good enough for economic growth.

Yet at the same time, the traders at AFM when looked at from a Schumpeterian view, are deficient in aspects such as:

1. They lack the established 'firm' structure in which innovation can take place and be endogenized.
2. Their activities do not constitute the Schumpeterian innovation because they do not result in either "breaking away from existing knowledge" or creation of revolutionary products.
3. The flea market appears too decoupled from the national productive activities for it to contribute to mainstream economic growth.

A Schumpeterian view on entrepreneurship would exclude AFM entrepreneurs as entrepreneurs and in the process devalue whatever contributions they could be having to the socio economic life of both the individual entrepreneurs and the community. Alternatively, a Kirznerian view by emphasizing "entrepreneurial alertness" creates an opportunity for 'alertness' as a behavioral quality for "individuals to make discoveries that are valuable in the satisfaction of human wants." (Yu, 2001;48). A Kirznerian view sees entrepreneurs out of those that are efficient in "doing things better", those that reorganize broken down systems, those that are cheaper but not necessarily offering 'innovative' products and those that take advantage of differentials in place and space by offering otherwise well known but unavailable products. In Kirznerian terms, the AFM traders are an epitome of entrepreneurship.

3.4 Entrepreneurship-Institution Interactions

Picture 3.1: Financial products Advert for Cross Border Traders

FBC Bank

CROSS BORDER TRADERS ASSOCIATION OF ZIMBABWE

Partnership Launch

FBC Bank in partnership with the Cross Border Traders Association of Zimbabwe (CBTAZ) have agreed to avail the following exciting products to CBTAZ members;

- Fly now Pay Later Facility to approved members
- FBC MasterCard Prepaid Card

Through this partnership approved CBTAZ members will enjoy loans to enable them to travel outside the country on business as well as use of the MasterCard Prepaid Card which is convenient and secure for carrying funds on business rather than moving around with large amounts of cash. The card uses MasterCard international conversion rates allowing one to conveniently access any currency of the destination/ host country. Apart from accessing cash at ATMs with the MasterCard logo, the card can be used on point of sale machines for goods purchases without any hassles. There are over 32 million ATM and POS locations in over 210 countries worldwide, including all the major destinations CBTAZ members visit on business.

The Fly-Now-Pay Later facility improves the business cash flow position as one only needs to budget for the stock to be procured. The bank through its Microfinance Division will provide finance for the return ticket to any destination of your choice at zero percent deposit. The loan repayments are very flexible as one can repay over 90 days.

An enquiries desk has been set up at the Association offices at Moonlight House 138 Herbert Chitepo Avenue, Harare to handle any enquiries from members. For those CBTAZ members outside Harare you can get assistance from any FBC Bank branch nearest to you.

Enquiries can also be routed direct to:

FBC Bank - Microfinance Unit, 4th Floor FBC House, 113 Leopold Takawira Street, Harare

Land line: 04-772729/45, Mobile: 0778 342 936, e-mail: micro@fbc.co.zw

FBC **MasterCard**

Load & Go!

You do not need an FBC account to get the FBC MasterCard prepaid card.

(Source: Newsday, 1 September 2011 p25)

In picture 3.1 above highlights three prominent institutions involved in a trading partnership, Cross Border Traders Association of Zimbabwe (CBTAZ), FBC (a locally owned commercial bank) and Mastercard ('a registered trademark of MasterCard International Inc'). Of significance is the attempt by formally institutionalized local and international businesses to 'partner' and exploit economic opportunities that have been created through activities by entrepreneurs that include those from AFM falling under CBTAZ. CBTAZ provides the critical mass of liquid and mobile entrepreneurs who can benefit from the products and innovations of financial institutions such as Mastercard. By whatever name, whether opportunity exploitation or business evolution, we see highly formalised institutions providing a highly institutionalised product to entrepreneurs that generate their liquidity, hence arbitrage opportunities for financial institutions, through serving an economic space that thrives on the boundary of conventional marketing segmentations. Such interactions broadly generate legitimacy for the existence of such ventures as AFM.

Similar institutional interactions are seen in Pictures 3.2 & 3.3 below showing businesses locating around AFM. Although intuitive business sense will reason that the flow of customers could be the major driver for this phenomenon, but if AFM was not a legitimate venture, without a sense of permanence and resilience, such interactions and interdependencies would not be possible including the generation of customer flows to the back of a shopping mall. The institutional 'change' caused by these types of interactions should not be underestimated.

Picture 3.2 Car Sales Yard facing AFM (with blue sun shades)



Picture 3.3 Shops facing and advertising at the back of Avondale Shopping Mall

I use the pictures above to highlight the broader institutional effects of the activities such as those at AFM and I now turn in more detail to the AFM- Institutions interactions.

3.5 AFM as an Institution

Using Boettke and Coyne's (2009:138) argumentation, AFM is an institution that reflects a nexus between the flow of entrepreneurial resources and a set of rules that influence individual behaviour of entrepreneurs, "differences in economic outcomes across societies are not due purely to differences in entrepreneurship spirit but, instead are due to differences in institutions." The context in which entrepreneurs operate, which they call 'institutional environment', "shapes and constraints the opportunities available" therefore "institutions shape entrepreneurial opportunities which have real effects on the ability of the economic system to realize the gains..."

Baumol (1990:19) discusses how institutions work as an allocative mechanism by determining the level and type of entrepreneurship through influencing the "changes in the rules that determine relative rewards" as a result allocating entrepreneurship amongst productive, unproductive and destructive roles in the economy. Productive entrepreneurship is "new combinations of resources and technology

on the market that create positive social value” whereas unproductive entrepreneurship is “effort spent on redistribution of wealth rather than the creation of additional wealth” and destructive entrepreneurship reduces the total wealth (Henrekson and Sanandaji (2011:52).

Borrowing from North (1990), Boettke and Coyne (2009:159) come out much strongly in asserting that “Institutions matter for economic outcomes” a position that is watered down by Henrekson and Sanandaji (2011:51) who argue that the causal relationship between institutions and entrepreneurship runs in both directions with individuals having the potential to “bring about change not necessarily in line with the prevailing institutions” (cited from Di Maggio 1988) and the institutions themselves “become targets for entrepreneurial innovativeness because *changing their workings is a means of earning or enhancing entrepreneurial profit*” (Douhan & Henrekson, 2010:630 emphasis original).

Contextually, by 1995 when AFM started, Zimbabwe was undergoing Structural Adjustment Programs which already had high social and economic costs. Part of the resultant cost of this programme was the dramatic decay between 1998 and 2009 of public institutions which Leeson & Boettke (2009:255) describe as ‘weak, corrupt and dysfunctional’. Part of the institutional decay was the systematic failure by public institutions to create legitimate profit opportunities for the majority of the people who at the same time had lost their formal jobs due to the progressive decay in the Zimbabwean economy. The coming in of a cocktail of various “empowerment” policies such as the Land Reform Programme and the Economic Indigenization and empowerment laws did more to add to the economic collapse. The predatory nature in which both the state and state functionaries stripped people’s assets and dispossessed them of their wealth is typical of the mafia than it is of an elected government. Zimbabweans were under institutionalized attack orchestrated by the state itself.

A commonly cited definition of an institution is from North (1990:3) who defines it as “formal and informal rules governing human behaviour.” “Institutions are simply the rules norms that individuals follow in their daily lives, the formal and informal constraints and their enforcement characteristics.” explains Sautet (2005:2). A more elaborate definition is provided by Scott (1995:33) who looks at institutions as:

social structures that have attained a high degree of resilience. [They] are composed of cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life.

In North’s terms, formal rules include codified legal and political structures, written rules, constitutions, contracts and codified standards whereas Informal rules include culture, norms, conventions, mores by social customs (ibid). Apart from just providing incentives to influence costs and benefits of certain behaviors, the “context of behaviour determines the direction towards which individuals strive to realize their goals. This context is provided by formal and informal institutions” (ibid:144).

Likewise AFM is made of two institutional aspects, formal and informal institutions. The following are amongst the formal:

- All entrepreneurs pay daily rentals for them to trade; \$10 a day & \$25 on Saturdays.
- All entrepreneurs have to pay ‘hawkers license’ of \$140 per year to the local municipality before being allowed to trade at AFM.
- The owners of AFM pay a 10% “Presumptive Tax” to the revenue authorities on behalf of the entrepreneurs.
- No ‘public drinking’ of alcohol is allowed

The informal include:

- No playing of loud music is allowed
- AFM is a family environment and socially unacceptable behaviors are not allowed of entrepreneurs
- Great respect is accorded by entrepreneurs of a safe, friendly and clean environment.
- Upholding respect and security of customers, their valuables and merchandize of other entrepreneurs
- No touting allowed
- Respect for the 'stall position'⁴⁷ of other entrepreneurs

Beottke & Coyne (2009:189) call such kind of informal rules 'voluntary standards' and state that the process of creating these standards involves "numerous moments of institutional entrepreneurship." They further argue;

the initial construction of voluntary standards involves an element of entrepreneurship as does the implementation and spread of those rules.... to be successful they must be followed and that requires an institutional entrepreneur to obtain "buy in" from the relevant parties

The apparent embeddedness and considerable overlap with the formal rules highlights the ingenuity going into the processes of aligning these institutions which admittedly can happen spontaneously without devaluing the influence human agency involved.

3.6 Institutional entrepreneurship

Looking at the above list of institutional conventions, it is important to ascribe agency behind these institutional mechanisms at AFM and how these rules help the whole entrepreneurial venture. Exploring this question leads to two cogent extensions to Baumol's initial typology of productive, unproductive and destructive allocative directions and Douhan & Henrekson (2010:635) come with a theorization on 'second best institutions'⁴⁸ and propose a regrouped typology that puts Baumol's analysis under "business entrepreneurship" and an extension under "Institutional Entrepreneurship". In addition, Leeson & Boettke (2009) suggest 'protective' technologies as a means against state and individual predation.

From the institutional aspects above, formal rules of AFM are either set by the AFM owner or state institutions. It is worth remembering that Zimbabwe has been operating under an environment of not only "weak, corrupt and ineffective" institutions but also under a "predatory kakistocracy" (Niko, 2011:363). In Baumol's terms "inefficient institutions not only forgo opportunities for social benefit by hampering productive entrepreneurship, but that they may also direct entrepreneurial talent towards

⁴⁷ Practically traders have permanent positions for the stalls although technically they can be moved around at the discretion of the owner something which was not observed during the fieldwork and probably does not normally happen.

⁴⁸ They claim these are second best institutional responses to imperfect and inefficient institutions and productive activities in Baumol's theorization inherently imply efficient institutions.

activities that reduce aggregate productivity and social welfare” (Douhan & Henrekson 2010:631). There is no debate about the inefficiency of state institutions around small enterprises although the jury is out on the effects these have on entrepreneurship itself, an issue I grapple within this study.

It is reasonable to believe that the AFM owner is incentivised to respond in a certain way to the institutional environment. Henrekson & Sanandaji (2011:52) provide a typology of reactions, anchored on Baumol (1990) typology shown in Figure 3.1 below:

Figure 3.1 A typology of entrepreneurship & reactions to Institutions

	ABIDE	EVADE	ALTER
PRODUCTIVE	Pursue a business opportunity within prevailing institutions.	Sidestep stifling labor market regulations through a new contractual form.	Provide a new local public good, private security firms.
UNPRODUCTIVE/ DESTRUCTIVE	Sue competitors for a share of their profit. Rogue states: rivalry between warlords.	Bribe a government official to obtain a contract. Illegal syndicates.	Lobby for a new regulation to protect an industry. Repeal property rights to plunder a wealthy group.

AFM shows that the owner decided to abide by otherwise inefficient institutions and at the same time alter some of the institutions. Specifically, Zimbabwean institutions have historically been hostile to black entrepreneurs, small enterprises and vendors since the colonial days. The analysis below was done for the period 1935 – 1953 for African retailers in Salisbury⁴⁹ unfortunately the institutional mechanism for arresting African entrepreneurship then, are still true to this day:

The general formalism and legislation, the complexity and the mysterious language of the laws and bye-laws, the thoroughness and the rigidity of their application, the length and opacity of administration procedures, the paper work involved, the strange wording of the documents and finally the preoccupation of official minds with order, cleanliness and crime prevention (Wild, 1991:190).

By meeting all the formal institutional requirements on behalf of entrepreneurs and/or clarifying their relevance to their trading ventures, this allowed free space for AFM to operate without the risk of state interference. Meeting these requirements may appear mundane but it is worth recalling that AFM was an empty building for decades which has become a unique resource that generates rents for the owner to the extent of being a cash cow. The motivation for AFM owner to pay “10% presumptive tax” is not out of benevolence or some sense of social justice but the possible profit opportunities created through the reduction of the risk caused by institutions harmful to his interests which are the entrepreneurs operating in the flea market. Innovation is coming from combining the unique infrastructure (empty ‘car park’ plus high income shopping mall) and the protection afforded institutionally if one withstands and meets the basic formal requirements like those highlighted by Wild above.

AFM is institutionally a reorganization of already existing rules, developed for management of public space being applied in private space and resulting in enhanced protection of private property rights. Entrepreneurs at AFM operate from private space engaging in activities which the authorities

⁴⁹ Harare’s colonial name

regard as “vending” but because the institutional entrepreneur meets the public space institutional requirements, there is then little interest by the authorities on the entrepreneurial activities taking place at AFM beyond formal institutional requirements. This superimposing of disparate institutions on public and private space with institutionalizing processes such as payment of taxes that would otherwise be an individual obligation is institutional entrepreneurship that has allowed the AFM owner to create a profit opportunity.

Although I operationalized what institutional entrepreneurship in my analysis of AFM, Boettke & Coyne (2009:187-188) define it “changes to the fundamental constitution of formal and informal rules of the game” and further as “changing organizational forms and mechanisms of governance.” Therefore institutional entrepreneurship involves structural change. This notion is conceptually similar to “political entrepreneurship” and “policy entrepreneurship” which Henrekson & Sanandaji (2011:49) describe as “individuals who recombine resources in the policy arena to bring about change” but they further assert that the entrepreneurs involved in all these processes “are people who are alert to opportunities, bear risk, reorganize coalitions and resources and ultimately bring about innovation.” The nuances between these concepts are beyond the current scope of this study so I therefore opt to conflate the concepts to avoid a definitional overburden.

3.7 Protective Technologies

Leeson & Boettke (2009:252;253) argue that good institutions are those that protect private property rights. Private property has to be protected from:

- I. Government expropriation
- II. And protection against threats of private predation posed by other citizens.

They look at entrepreneurial activities that are targeted at altering the institutional context in which economic activity takes place and they come up with two types of technologies deployed by ‘protective and productive tier’ entrepreneurs in the process of economic development. The productive tier entrepreneurs focus investment in productive technologies that improve productivity (innovation) and better service consumer needs (arbitrage). The protective tier entrepreneurs are concerned with the creation of “protective technologies that secure citizens private property right vis-a-vis one another” (Ibid:253). Public protective technologies are made up of constitutions, judiciary, police and other such institutional restraints on the state, whereas private technologies includes reputational mechanisms or unwritten rules and the deployment of such technologies arises “where government transparency is low, corruption of public officials is high and institutional checks on rulers are weak” (ibid:254).

They argue that entrepreneurship is not necessarily only a product of property rights but it also produces property rights. Crucially they highlight “In the developing countries where governments cannot or do not protect citizens against private predation, ‘institutional entrepreneurs’ devise private mechanisms of property protection, providing the security requires for productive entrepreneurship to grow” (ibid).

At AFM, there are two ways in which it can be conceptualised as a protective technology. In 2005, in instituting “Operation Restore Order” (see page 12 & Potts, 2006), using the army and police, they destroyed all activities they deemed illegal or not properly constituted in both public and private spheres⁵⁰. AFM survived this onslaught. This was a true test in its own right on whether the state

⁵⁰ See the justification of the Minister in Charge of the operation on page 25

viewed this venture as a legitimate institution by their definition of legality. What is important for this study is that, since then, AFM has come to be seen in the eyes of entrepreneurs as a space that provides security against state predation as what happened during “Operation Restore Order” which shows the operationalization of the space as a “protective technology.”

ZIMRA is also known for the predatory tendencies with arbitrary searches and disproportionate fines. The attempt to inoculate AFM from ZIMRA predation is another example of the deployment of ‘protective technologies’ to safe guard the AFM activities. Protective technologies are also used against predation by private individuals. During the course of the fieldwork I was confronted by two traders who were not participants in this study who asked me questions to this effect:

1. What happens to the results of your study?
2. Who reads your study and who has access to it?
3. Would your study not invite the ZIMRA if they read the details of our trade from your research paper?
4. On whose side are you?

It was evident that there were informal discussions about my presence with the non -participants having full information on what I was looking for, and what questions I was asking. Their confrontation was an act at eliminating any threat they may have perceived my presence brought to their ventures. Most importantly, they wanted to eliminate the possibility of me working undercover for the security agents or revenue authority.

The same experience befalls many new entrepreneurs trying it out at the flea market, one of the participants observes:

This place can be very unfriendly if you are new, everyone knows that you are new and they feel threatened by your presence. It is even worse when you sell products similar to the stall next to you ... if you develop a good relationship with them over time they become helpful, this is why I can afford to move around the flea market because I know my neighbour can sell for me and write the sale in my book if a customer comes and we share a lot of experiences on how to do this business.

Earlier in the fieldwork, I was ‘advised’ by one participant to be extremely careful with using cameras in the flea market because entrepreneurs ‘turn violent’ to anyone shooting pictures because “they don’t know what you can do with the pictures”. Therefore, the entrepreneurs themselves are actors in the creation of protective technologies by setting informal rules that can be used to protect interests against possible predation by outsiders. These rules complement those set by the AFM owner to create an institution that has similar characteristics to the firm in the Schumpeterian operationalization⁵¹ of entrepreneurship.

Stylized in this way, AFM seen as a firm fits the institutional description offered by Hodgson (1988:208) who looks at a firm as:

“a kind of protective enclave from the potentially volatile and sometime destructive, ravaging speculation of a competitive market.... What the firm achieves is the institutionalization of these rules and routines within a durable organizational structure. In consequence they are given some degree of permanence and guarded to some extent from the moody waves of speculation in the market.”

⁵¹ The Schumpeterian entrepreneur works within the firm as a core institutional set up.

It is my argument that AFM is an example of institutional entrepreneurship which deploys private protective technologies to enclave and safe guard the economic space⁵² and economic opportunity⁵³.

3.8 Collective identities- protective technologies and opportunity exploitation

In this final section of this chapter, I deal with a contradiction in my own thesis, which is the intersection between multiple and collective identities. I have previously used multiple identities to reject the idea of a “coherent identity” of traders and I plead that identities are used as hegemonic discursive systems of exclusion (see p37). Paradoxical as it may sound, I am going to argue in this section that the social construction of identity can be used as a tool for opportunity identification and exploitation. As illustrated in the previous section, identity can be used as a protective technology which at AFM can work through processes such as exploration, identification, exploitation and also as a tool for resistance to advance interests. Webb et al (2009:501) point out that “A confluence of geographic, cultural and other factors and events can characterize the unique historical context through which a collective identity forms.” Likewise I speculate that the history of Zimbabwe’s economic meltdown, hyper- inflation and the political trials and tribulations, work as the cement binding actors at AFM to a common history with the majority of entrepreneurs having started and grown their ventures at AFM. This has provided sufficient positive feelings amongst the entrepreneurs for identify formation around some attributes.

To give analytical traction to the apparent contradiction in my analysis, Du Gay (1996:71) observes;

Contradiction and resistance are inherent in any social system because
“the social” is always an inconsistent field structured around a
constitutive impossibility, a fundamental antagonism.

Therefore the contradiction in this study is not necessarily an analytical one but a reflection of an antagonistic and ‘messy’ (Sayer, 2000) social reality.

3.9 Cultural Effects & Collective Identities

There are certain practices by the AFM entrepreneurs that showed the cultural effects of this form of entrepreneurship and I use these practices as examples defining common attributes used for collective identify formation. Collective identity is used as a source of business ideas⁵⁴, enclave for opportunity exploitation such as selling eggs to these entrepreneurs on terms by one of the participants and also serves as a conduit in which institutional changes get “buy in” creating an enclave that can deploy protective technologies to protect shared interests. There are four practices that caught my attention, being;

1. **Use of codified discourse:** the following semiotic devices were used frequently by entrepreneurs:

⁵² The physical presence of the flea market in economic space

⁵³ Economic rents for the owner & marketing space for trader entrepreneurs

⁵⁴ Specific information on how and where to get certain products is only shared within the network of entrepreneurs and withholding of such information create temporary opportunities to maximize rents.

Box 3.2 Codified Discourse

<i>BOX 3.2 Codified Discourse</i>	<i>at the Flea Market</i>
<i>Reference</i>	<i>Meaning</i>
<i>Discourse of work:</i>	
<i>'kubasa'</i>	Work -Flea Market
<i>'Office'</i>	Stall
<i>Economic Policy discourse</i>	
<i>'Indigenous'</i>	Entrepreneur
<i>'Empowerment'</i>	Self –empowerment (self -made entrepreneur)
<i>Metaphors:</i>	
<i>Customer</i>	'Mhene'/ Murungu/ Biggers/ Dhara
<i>Selling</i>	'Kusofter mhene'/ kufaisa dhiri (dealing) etc
<i>Time</i>	'Zim Dollar days'/ 'These days'-meaning US\$ regime
<i>Eating</i>	"lumo/ zino" (biting/ teeth)
<i>Profit</i>	'gap'
<i>Firing</i>	'kufaya' (like firing of spark plugs in an engine- doing well)
<i>Drunkenness</i>	'zvakahakwa' (not doing well)
<i>Precious Minerals</i>	'simbi' (mineral- meaning products)
<i>Engineering</i>	'ku-engineer' – making a plan

2. **Widespread participation in smuggling:** The following comment captures the sentiment:

Box3.3 Smuggling

Box 3.3: Operating costs weigh on Truworths

[Thursday 13 October 2011 Zimbabwe Independent]

Truworths (Medium- High income Clothing chain store) CEO Temba Ndebele commenting on the performance of Truworths to stock market analysts:

"The problem was neither cheap Chinese clothes nor increased duties but more to do with smuggling, which provided much cheaper alternatives."

"...there was tight competition for space with many properties being turned into flea markets..."

3. **Chinese Business Cards sharing network:** there is an elaborate business card sharing scheme amongst entrepreneurs who travel to China, this is captured below in the excerpts from a transcript:

Box 3.4: Business Cards From China

How did you learn about the places to go in China?

You just don't decide to go to China because of communication barriers. Pronunciation even differs. We use business card. We go with cards which are written in English on one side and Chinese on the other side which we present at the airport. They don't read the English side. If they know where you want to go they nod their heads and if they don't know they shake their heads. Once you get to the hotel you show the cards for the places you want to visit, like for me the kids' market. I know two so far. As you heard the lady said she can tell me of other markets but I can't just go there and get into a taxi and tell them were. I have to give him a card. Their markets are set in a way that if it was in this country the children's wear market would start from Robert Mugabe road all the way down to Gulf. It's all in one place. If you want men's wear it could be like Westgate, from the first to the last floor it will just be men's wear.

So you share these cards among yourselves?

If there's a place I know, I will find what I want get a card in the shops then I can always pass it on to someone when I get back. You need to get a card from every shop otherwise you can't go back. Each shop has a card and you should know what you bought in there.

So when it comes to trading do you understand each other?

Yes, the ones who sell know a little English or just using the calculator. If you ask how much they will just punch in the figure.

Do you not feel the need to learn Chinese yourselves?

Agh, it's a non-starter. No it's a waste of time.

4. **Group Savings** (*maRound*⁵⁵- see Chamlee-Wright, 2005 for detailed discussion): Excerpts based on **Picture 3.2** below, one participant explains what is involved in doing *maRound*:

⁵⁵ Shona colloquial

Picture 3.4 Participants' children's bedroom



Box 3.5 *maRounds*

Box 3.5: *maRounds*

This is the children's bedroom though it doesn't show all the things I would have liked it to. It's just to show that the bed was bought using the money from the 'rounds' I am a part of.

Tell me more about these 'rounds'?

We are four in the first one and five in the other. I have two groups. We do it on Mondays and Fridays. There is only one man. He is not in business like us but just has his money and has plans for the money that comes from the 'round'. Most of the people in the 'round' though are in the same business as I am.

On Mondays it's the group of four. How much do you get?

The first two get money, one on Monday the other on Friday then the remaining two gets it the following week and so on. On Monday and Friday it's a hundred dollars each. On Mondays I have two, both the 'rounds' I am a part of i.e. one for a \$100 and the other for \$500.

So in a week when it is your turn you give out \$500 to one 'round' and \$100 each on Monday and on Friday? That's \$700 a week?

Yes.

What's the whole idea behind 'rounds'? How do they help?

To me they are for savings from which I should produce something. If I get money from the 'round' it's the kind of money I use to maybe buy new furniture. I can buy a new fridge or microwave. I should not use that money to hoard. Some people get that concept wrong. It's hard to save but when I get money from the 'round' it is a lot of money I can save and use to achieve something big. That's my own understanding of a 'round'. Some people want to boost their business but I prefer to buy something personal, that I have always wanted.

Polletta & Jasper (2001: 285) define collective identity as “an individual’s cognitive, moral & emotional connection with a broader community, category, practice or institution” They further elaborate that “It is a perception of a shared status or relation, which may be imagined rather than experienced directly, and it is distinct from personal identities, although it may form part of a personal identity.” I emphasise that collective identity is a construction and is based on a perception.

Turner (1975 cited in Polletta & Jasper 2001:501) specifies that “Individuals define themselves within a system of social categories based on numerous attributes, including norms, values and beliefs.” In summary Polleta & Jasper (2001:298) point out that collective identities are:

- fluid and relational rather than fixed
- It provides categories by which individuals divide up and make sense of the social world (not an aggregate of individual identities)
- describes what makes people occupying a similar category

It is palpable that entrepreneurs and large sections of citizens of Zimbabwe share the common feeling that questionable political and economic policies were the catalyst of the economic meltdown and that there has been state capture by rapacious politicians who do not care for anything outside of their own interests as they neglected citizens to fend for themselves as the economy was crumbling. The resulting economic vulnerability which has caused most people to become “cross-border traders” (signifying attribute) has helped create a sense of solidarity amongst them. The readers’ comment in a local newspaper below captures this sentiment

Box 3.6 Readers’ Letter

Box 3.6: Government should leave the poor alone

Letter by *Zimbabwe Independent* reader: F Marongedza (24 September 2011)

Our country ceased to operate normally ages ago, pushing a lot of people out of formal employment into the informal sector. As a result a lot of people are making a living out of the sale of second-hand clothing and other stuff. A lot of things are being done out of turn and focusing the microscope on the hapless lower-end of our society.

I believe that it is cruel and inconsiderate. It is the same thing Tendai Biti (Minister of Finance) is doing with cross-border traders yet he cannot account for the real stuff at Chiadzwa (diamond fields) for example. There is a sickening tendency to focus on trivialities both in the press and government. Instead of focusing on how real money can be made through harnessing our natural resources such as farming, manufacturing and other sectors, the government is busy thinking of which sectors of society can be milked.

Daylight robbery tariffs and taxes are gazetted to make up for government inefficiencies. And more sickening is the fact that once collected, the money goes straight to buying cars and other luxuries for government officials. Please leave the poor alone and concentrate on the real stuff.

The hassles and sacrifices involved in cross border trading (see Economic Justice Network 2008:7) contribute to solidifying a common identity amongst the traders. This identity helps define amongst other things entrepreneur- state relationship which is filled with profound distrust exemplified by the collective antipathy to paying customs duties, a process which is conducted inside buses by entrepreneurs contributing an agreed (or dictated by the bus crew) amount of money such as R15⁵⁶ per trader which is then used to by bus drivers to bribe customs officials. Webb et al (2009:500) argue that accepting of bribes can be legitimized if “the values of institutional agents may align with those of the

⁵⁶ The value varies between buses and time of the month & R is for South African Rands

informal economy entrepreneur, leading the agents to believe that enforcing more restrictive formal institutions is not worthwhile or necessary.” Along the same lines Fadahunsi and Rosa (2002: 403) state, “moral acceptability of illegal action can occur especially where a minority considers themselves oppressed by the rules of others.”

A collective identity of AFM entrepreneurs has helped to make traders rely on each other by providing a wide variety of products within a comparatively (to a mall) small space, financing through *maRounds*, drawing a wide spectrum of customers and in the process, has helped make Avondale an appealing shopping venue for customers and self empowerment of entrepreneurs who exploit this economic opportunity. It is also important to see how collective identity can be used as a protective technology by helping to define rules based on identity, isolate predators through linguistic exclusion, temporarily protect source of products through exclusion from ‘business cards’ network and exclusion from cheap sources of finance such as *maRounds*.

3.10 Conclusion

In this chapter, I do a multi -level analysis of AFM to answer the following research question:

1. What values shape the relationship between the actors?
2. What are the structures and processes involved flea market trading?
3. How do traders construct various strategies specialization and social identities necessary for economic survival?

I argue at a micro level that alertness to economic opportunities is as important as firm based innovative entrepreneurship. I establish that in Kirznerian view, AFM traders qualify to be called entrepreneurs through their abilities to discover profitable opportunities. At a meso-level I argue that entrepreneurs work on institutions as well to create economic opportunities, at which they deploy protective technologies to protect their property rights against predation by the state and private citizens. I highlight that entrepreneurship works within a cultural context and socially constructed attributes can be used to construct collective identities that can be used to identify and exploit opportunities.

Chapter 4

Liberal Space as Transition Zone

Practitioners, scholars and leaders of social movements should “think about development not in terms of its successes and failures but in terms of its situation within a genealogy of “improvement schemes” that intersect productively with political- economic processes and social positioning to shape particular conjectures.”⁵⁷

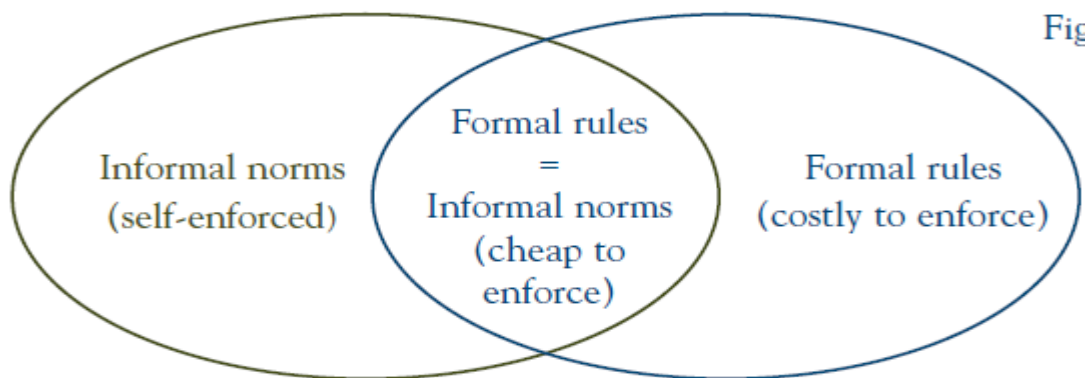
4.1 Discussion

In this concluding section, I make an attempt to abstract the economic processes at a micro level. For those studying economic activities at the pre-firm stage, generally captured under the phrase ‘informal economy’ emphasis is growing that “little is known theoretically about how the entrepreneurial process works” (Webb et al 2009: 492) in this space. This therefore is a modest attempt to add to that theorization. I base my theorization on the model I provide in BOX 4.1 below:

4.2 *Zone of Transition*

The model below is based on the micro data from AFM. Using the concept of ‘Spheres of exchange’ (Barth, 1967) who defines a sphere as “a set of freely exchangeable materials items and services” (p 156), the model below shows three spheres of ‘Non- Innovative Subsistence Commerce’ and “Highly Dynamic Enterprise” on the poles with the “Zone Of Transition” in the middle. What differentiates the poles is the level of institutionalization⁵⁸ with subsistence commerce having ‘rules of the game’ skewed in favour of informal rules that influence economic activities with the opposite being true with highly dynamic enterprises that tend to be operational in several markets which adds the institutional environments they have to deal with.⁵⁹ In figure 4.1 Sautet (2005:5) shows how formal and informal rules interact.

Figure 4.1 Interaction Between Formal and informal Rules



Sautet (2005:5)

⁵⁷ Rankin, K (2010: 227)

⁵⁸ I opine that more formalization is a process of progressive addition of ‘rules of the game’ with formal rules weighing more in the direction of dynamic enterprise ‘flow of value’.

⁵⁹ It has been a central focus of this study how institutions and entrepreneurship interact and influence behavior.

Of significance from the above is that there is a space where enforcement of rules is cheaper because of the embeddedness of rules. In the model, the liberal space corresponds to the space shown by Sautet to have a mixture of institutions which is basically a process of realignment of formal and informal norms resulting in a legitimized process endogenization of the institutions. At the same time this realignment is taking place with the bridging of 'spheres of exchange' in the flow of value.

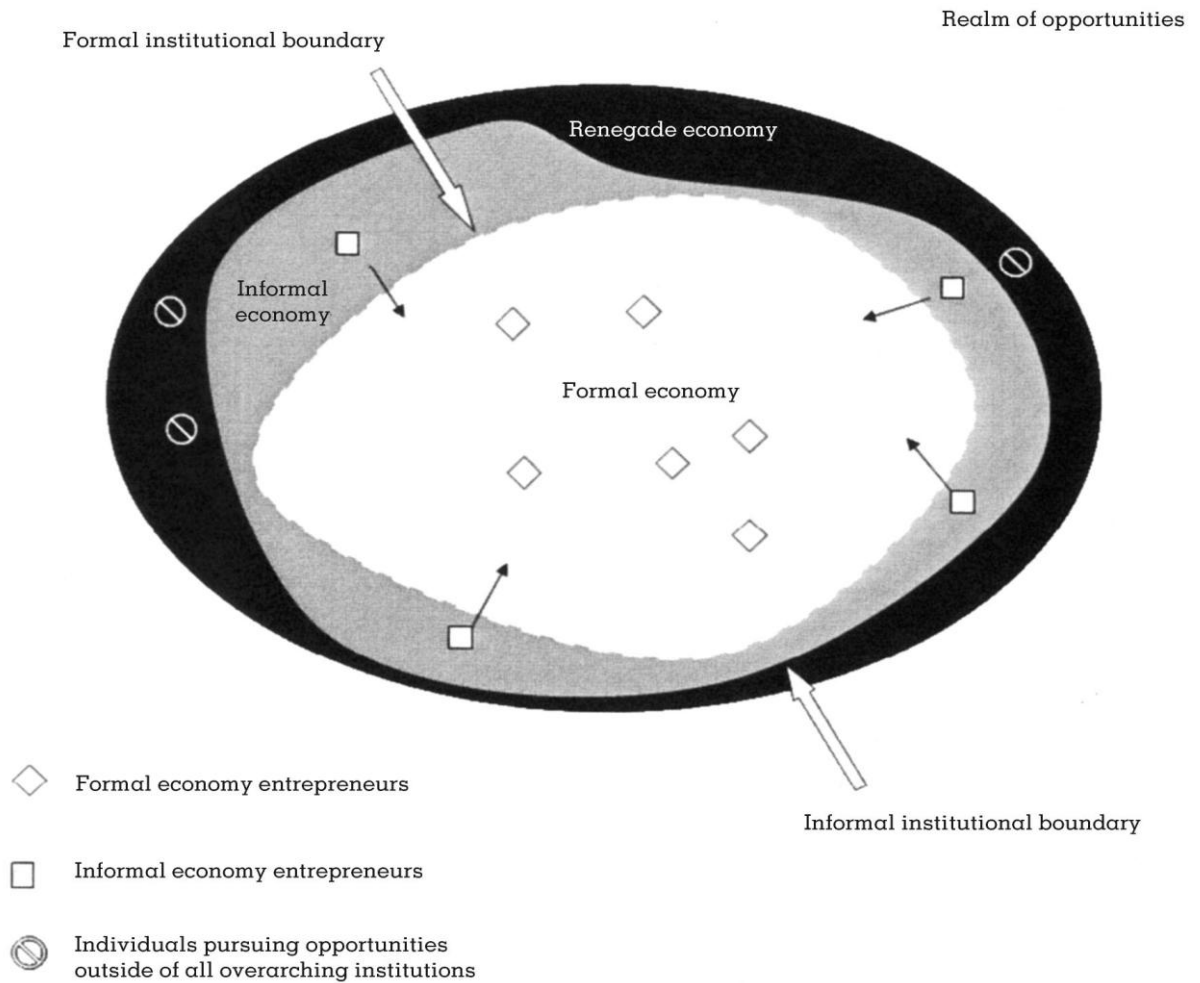
The idea of 'spheres of exchange' maybe be conceptually limiting because it imbues distinct structural demarcations around the 'flow of value' (Barth, 1967) between spheres. However what gives the concept analytical utility nonetheless is the inherent thinking and practice in business in terms of boundaries. Words such as market segments, sector, niches, are all common and the debate about the implied boundaries is an open one.

AFM occupies the liberal space which I fashion around Evans & Boyte's (1986 in Polleta & Jasper, 2001:288) concept of "free spaces" which they define as "spaces in which people can develop counter hegemonic ideas and oppositional identities." I conceptualize liberal space as space with little or no direct government privileges and interference which entrepreneurs use for business incubation. Because the state shows general apathy to the level and nature of commerce in this space, this creates some form of a 'deregulated zone' which give entrepreneurs space to "assert a constant pressure on this framework [free space] and will seek ways of utilizing new opportunities where they are apparent.." (Barth, 1967:168). Additionally, Comaroff and Comaroff (2006:136) argue along the same lines by observing that "zones of deregulation are also spaces of opportunity, inventiveness, unrestrained profiteering."

However, in the liberal space, the constant pressure on the boundaries⁶⁰ results in more than basic accumulation by the successful entrepreneurs, with the unsuccessful being under pressure to transition out towards less institutionalized sphere. In their analysis of entrepreneurial processes in the informal economy, Webb et al (2009) highlight the dynamism of the boundaries between 'realms of opportunity' (similar to spheres of exchange) and carry a similar argument that entrepreneurs seek profit opportunities outside certain spheres (however they may be defined). They schematically show the spheres of exchange although using a different nomenclature in the picture below:

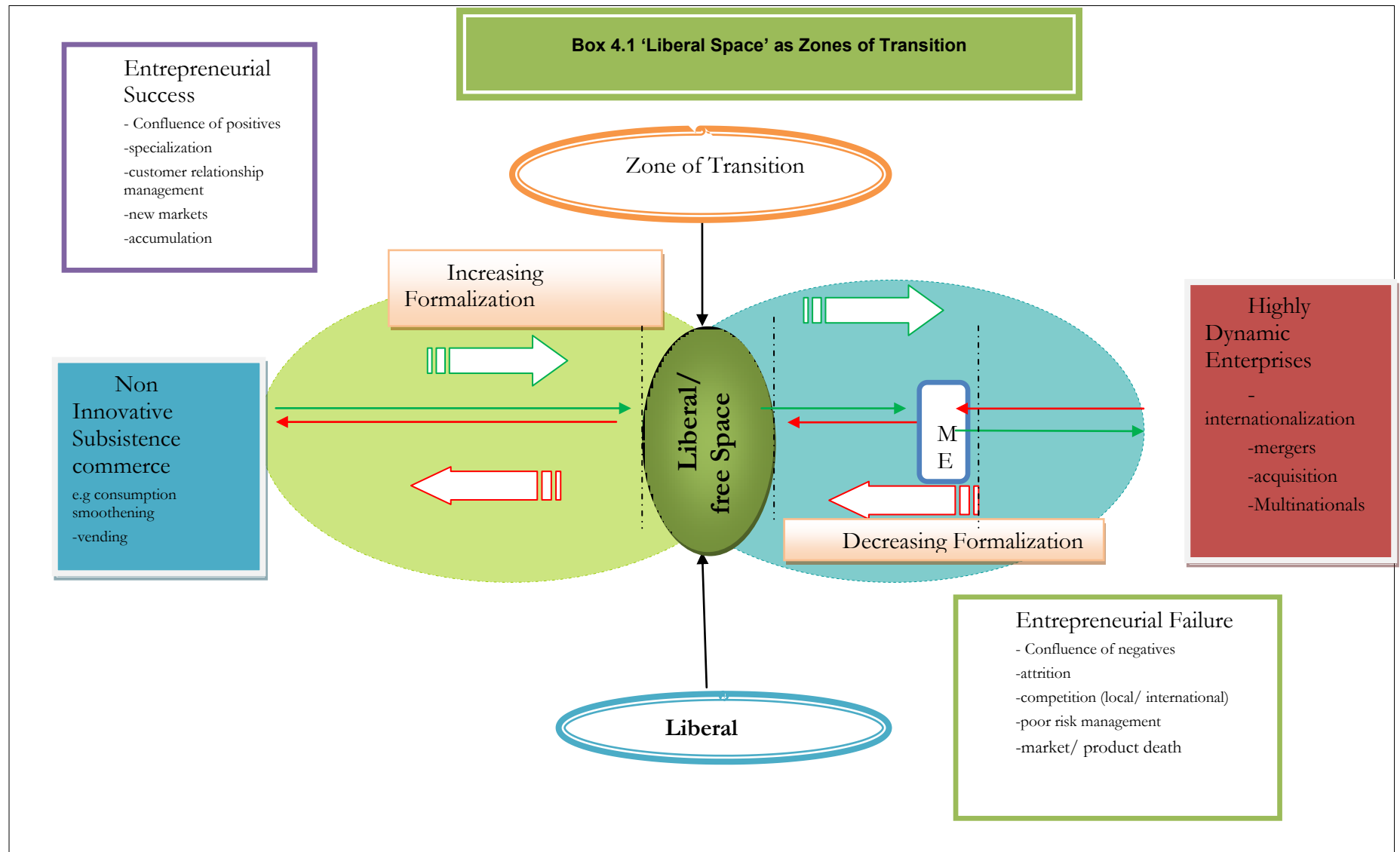
⁶⁰ Empirically these boundaries are reflected through the flow of value in the traded merchandise and also by some products being placed on the margin between legal and illegal goods. A good example of this is where music traders do not sell soft copies of local music because of the risk of arrest because of the vigilance of local musicians but at the same time sell pirated versions of international music which is outside the jurisdiction of local laws.

Figure 4.2: Spheres of Exchange in Formal/ Informal nomenclature

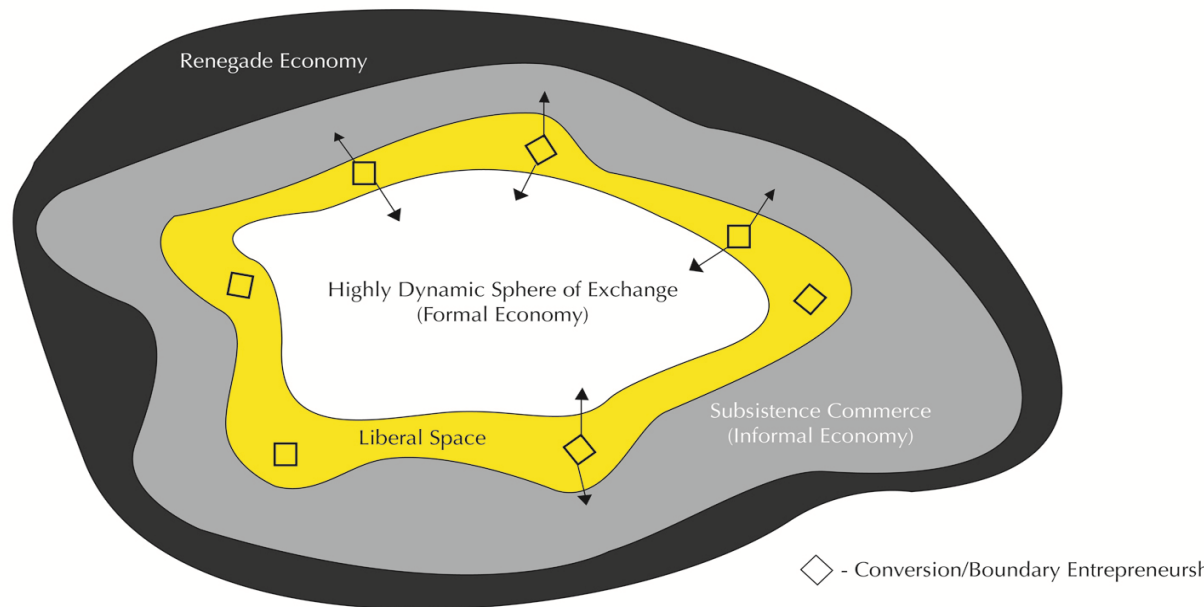


Source: Webb et al, 2009 :499

In the model I suggest, the zone of transition is on the margins of the white area (shown in Figure 4.2) or yellow areas (Picture 4.3) which is where there is a distinct mix of institutions with any significant movement towards any particular sphere of exchange (black arrows in 4.3) being the “transitioning” process. In a mixture of the above picture with the idea of liberal space proposed in this paper, the schematically result is shown in Picture 4.1 below;



Realm of Opportunities and Liberal Space Superimposed



Picture 4.3 Liberal Space

Source: Author's own⁶¹

Empirically, AFM entrepreneurs show tentative transitioning in both directions (black arrows) but with entrepreneurs choosing to maintain a base at the flea market (liberal space) therefore choosing to occupy boundary space. This study only gives a snapshot of these processes and because it is not a longitudinal study, it is unable to establish the exact nature and duration of these transitions, although current evidence shows the existence of these processes but anchored in the liberal space.

However, the continued preference by entrepreneurs to maintain a presence in the flea market highlights the strong influence of the flea market's role as an incubator⁶² thereby reducing uncertainty, a quality that allows other institutions around it to plan and locate around it, amongst other advantages it offers. I speculate that the degree of entrepreneurial success or failure is the underlying incentive for entrepreneurs to transition towards more or less formalization. For example the more successful they are, the more they feel confident to explore opportunities outside their sphere of exchange.

⁶¹ Am highly indebted to Camilla Zanzanaini for electronically drawing the diagram

⁶² I ontologically deal with incubators as a supportive environment for new businesses. Refer to Hackett & Dilts (2004) & Tamasy (2007) for further discussion.

4.3 Conversion / Boundary Entrepreneurship

In addition to the growing typology of entrepreneurship anchored in Baumol's (1990) productive/ unproductive/ destructive entrepreneurship, I would want to suggest the existence of an additional type of entrepreneurship in the form of Conversion/ Boundary entrepreneurship (yellow area in picture 4.3). The concept of conversion is taken again from Barth (1967:171) who observes:

Entrepreneurs will direct their activity pre-eminently towards those points in an economic system where the discrepancies of evaluation are greatest and will attempt to construct bridging transactions which can exploit these discrepancies (own emphasis).

In constructing "bridging transactions" entrepreneurs exploit value based in the liberal space created by the non-definitive nature of boundaries of transactions in and from the liberal space. It is important *not* to view the idea of liberal space and Conversion Entrepreneurship as belonging to a 'developing "African" country' as the phenomenon of conversion is alive in prominent places such as financial markets. In writing on "Banking and Financing of Development", Kregel & Burlamaqui (2005:152) state:

In the last past three decades, a competitive struggle has been waged between financial institutions facing different types of financial regulation. Banks have lost business to financial institutions that were not so highly regulated...Thus, commercial banks have initiated primarily counter-regulatory innovations; and these have led banks to expand their activities in new directions...[p 153] The result has been a rash of new product innovation in which banks act as market makers in derivatives products...derivative contracts frequently shift risks... since identifying the true risks of derivative instruments is difficult, it cannot be assumed that those that those most able to bear these instruments' risks are bearing them.

Through their practices, innovative products and strategies (ibid), the banks have been restructuring the financial environment by creating "counter-regulatory innovations" a type of entrepreneurship I choose to call "Conversion Entrepreneurship" being carried out in an institutionally undefined space I call in this study "liberal space" where the boundaries between spheres of exchange are pliable and a source of conversion value.

To illustrate conversion as an entrepreneurial strategy I turn to Sautet (2005:2) who uses the example of a game of Tennis to show how 'institutions structure incentives that individuals face in their activities.' He states, 'one cannot win at tennis by playing outside the lines or letting the ball bounce twice, then the player will be motivated to develop the capabilities to play within the boundaries...' Of course the unstated assumption is that the field is flat and the ball bounces to the same height⁶³ on all spots in the field of play, which, as illustrated in this study, is not always the case.

⁶³ Ceteris paribus

Because 'some' players find out they always start playing tennis from a side that has an uneven surface (i.e path dependence/ globalization, state predation etc), to their dismay, they find it difficult to return any type of play from their opponent; serves, strokes, volleys etc. Upon realising their disadvantages, the players then invent a skill to always hit the ball down the lines every time they get the ball on their side and 'kill' the play. By 'killing' the play, these players are not really interested in the novelty of play or entertainment value but with the benefits of a win; economic gain, social status, self esteem etc.

The difficulty with line balls is that the extent of being 'IN' or 'OUT' is very subjective and dependent on some cryptic technical elaboration that define the weight of the ball that touches the line. A ball highly weighted to the inside or outside but still touching the line even by a whisker is "IN!" In Tennis and in real life entrepreneurship, these 'calls' are always controversial with some players feeling aggrieved by what they think are 'unfair calls', nonetheless, the player who hits down the line, if they get it correct or get the 'call' (i.e. socially legitimate) in their favour, would have developed a potential lethal weapon to deal with voracious competition.

In the same manner, Conversion Entrepreneurs seek out benefits that arise from bridging boundaries (black arrows in 4.3). In this study I illustrate boundaries based on identity, formal/ informal, spheres of exchange, legal/ illegal and state protected/ liberal space all of which provide opportunities for conversion of value through bridging transactions by entrepreneurs.

4.4 Conclusions

In this paper I use AFM as a minor contribution to exploring alternative ways in urban Africans create economic space for themselves by tracing the relations between subjectification and power, resistance & economic organization/ institutionalization. The Study of AFM helps to highlight how entrepreneurs are not always passively influenced by underlying discursive and codified institutions. AFM shows how institutional entrepreneurs not only can exploit institutions to their economic advantage but also how they work and structurally change institutions. Beyond a mere conceptualization of AFM as an incubator, this study shows that ordinary citizens are capable of developing protective technologies to advance and protect their interests. Borrowing from Webb et al (2009) AFM as an institution, bridges the gap in institutional incongruence between the formal and the informal. It helps to bridge what is legal and what is socially acceptable and legitimate.

I end this paper by quoting from a rather curiously titled paper "The Plight of Underdeveloped Countries" (Coyne & Leeson (2004:247) who cogently argue:

Entrepreneurs are present in all settings. Underdeveloped countries do not lack entrepreneurship. Entrepreneurial activities exist but are not being directed toward productive ends conducive to economic progress... Resources should not be allocated to “encouraging” or “training” entrepreneurs but in developing the necessary institutional context to allow productive activities to come to the forefront.

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Appendices

Appendix I Figures of Entrepreneurial Activities by participants

(Indicative Only)

	Number	Age	Marital status	Trading time	Highest value of Stock	Total Number of Employees
Men	5	23-34	S/ M	2 to 7 yrs	US\$5 000	0
Women	5	33-43	S/M/W	7 to 16yrs	US\$60 000	9 (2 per Individual)

Appendix II Interview Schedule

Interview ID _____ Gender: _____ Age: _____

Poles of dependence/ Independence

Avondale Fieldwork		
	One Client	Multiple Clients
One Supplier	(A) Complete Dependence (Disguised workers)	(B) Semi- Dependence (Sales Commission)
Multiple Suppliers	(C) Semi- Dependence Sub- contractor	(D) Independence (entrepreneur)

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Background/ Characterization

- Number / type of businesses owned
- Level of education
- Sources of business training/ Skills to run a business

1.1 Motivation

- Reason for starting business/ trading
- Perception of business opportunities (Good/bad opportunities for business)
- Other employment opportunities at start of the venture
- Any direct contact with business person/ entrepreneur
- Is fear of failure a problem for you?

1.2 Initial resources

- How much was used to start business
- Source of funding

1.3 Operational sophistication

- average material/ stock purchase
- sources of material
- Method of transportation
- Ownership of business equipment
- Sources of customers (who are your customers & where do they come from?)
- method of pricing

1.4 Performance and Future outlook?

- Any employees? (non family?) why?
- Monthly turnover
- Years in business

1.5 Future outlook

- Country's economic future?
- Where business will be in 3 years?
- New business opportunities given changes taking place (political/ economic)
- Any future plans for the business

Appendix III : Charmaine's Multiple Identities

⁶⁴Charmaine- the widow, mother, cross border trader, 'murungu'⁶⁵, entrepreneur and flea market trader

Charmaine was forced into trading due to the death of her husband . She was widowed at a young age and had a small child to take care of. She started by selling tomatoes on street corners because that was what she could immediately think of. This was a difficult period for her. Over time she reinvested her profits and in 2004 she started operating from Avondale Flea market. She never got any help in cash from anyone to invest into her venture.

By taking advantage of opportunities the market offered, she managed to get more money to stock a wide range in the products she sold. She learnt over time that for her to do well in the business she had to specialize and she decided to go into baby clothing.

Because of her specialization, she found herself having to travel to faraway places to source unique products rather than the usual travels to South Africa, Botswana and Zambia. She now travels to Dubai and to China at least once a month. On a single journey to China her total expenses for her and stock and shipment are between US\$7 000- US\$10 000.

She normally uses Kenyan Airways because it allows travelers to buy more space for their baggage at reasonable prices compared to their immediate competitors, Ethiopian Airways. She buys between 200 to 600kilograms of consignment. Because of language differences, she uses business cards to communicate with Chinese service providers. She makes sure she collects business cards for any service she wants or may need in future. She also shares these business cards with her network of friends she sometimes travel with.

Before leaving China, she physically checks and counts all her products because the Chinese have a reputation of intentionally supplying the wrong products. They sometimes stuff her consignment with difficult to sell stock which she had not ordered. Her goods are handled by agents once they land in Zimbabwe. She is supposed to pay US\$1.50 per kilogram and 65% of the value of the invoice as custom duties to the Zimbabwe Revenue Authority. But somewhere along the line she has found a way of dealing with this problem because her products are unsellable with these high customs duties.

Charmaine now operates a registered business in the City Centre in a Place called Zimpost Mall. She pays US\$1 500 a month as rentals for the shop which she splits into 3 and share with two other traders who use the shop with her resulting in her effectively paying US\$500. To get the shop she had to pay US\$14 000 as a "goodwill" bond and she pays US\$550 a year as a shop license. The shop in town has been a sign of growth in her business as she now employs two ladies with whom she has negotiated salaries of between US\$100 to US\$200 per month. Charmaine still maintains her operation at Avondale which she has a deep liking for because she says the flea market has made her what she is today.

The shop in town is comparatively expensive but has more volumes than Avondale. As an employer, Charmaine looks for presentable and honest "girls" who have selling skills.

⁶⁴ Not her real name

⁶⁵ In Shona 'murungu' means a white person but is used to refer to an employer or customer.

Age is not so much an issue as long as the person can sell. Education level is also not very important as long as the person can read and write and be able to deal with money.

Apart from the baby clothing shops, Charmaine has invested in chicken eggs production at her house. She has 260 chickens and she gets \$1 200 a month from selling eggs of which \$700 is her profit. She has calculated that her profits from this batch of chickens in two years she can keep them is \$14 000. She sells the eggs to her fellow traders from Zimpost Mall and at Avondale. Because she has known them for a long time, her eggs customers buy on terms. She plans to grow her venture to 1000 chickens her only problem being a lack of sufficient space at her house.

Using her profits, Charmaine bought a stand and finished building her own house. She bought a car and she manages to send her child to better schools. She has begun saving for her child's university education