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Informal Sector Business Proliferation: Harnessing Potentials for Development in Ghana

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Abstract

The rapid and enormous growth of the informal sector, in spite of its erratic and muddling characterization, provides immeasurable backing for the nation's economy. This implies that the development of the nation may leapfrog to a boastful height if available resources and opportunities are converged, organized, coordinated and regulated. This study focused on how potential skills within the sector could be harnessed toward the achievement of the first Millennium Development Goal (MDG) in Ghana. The paper was purely based on the review of literature, summarizing and giving a critical and evaluative account of existing knowledge related to the area of study. The trends of the informal sector is considered and seen from various studies to be growing and supportive of the economy. Unrelenting efforts to get organized and coordinate the activities of the sector are on-going. Concurrently, several other studies imply the need to revamp the sector (reinforcements, and changes in focus and strategies) in order to achieve the MDGs. The study reveals that development needs keep increasing, bringing along the need for augmented support. Challenges leading to failure in achieving success in the informal sector are slow employment-generating growth, absence of structural economic transformation, high demographic pressure, inappropriate education and training policies, failed labour regulations, no enabling environment for investment, economic choices motivated by politics, and brain drain. Recommendations made to extricate the confusion and guide policy-making for organized informal sector activities include lower-level collaborative

partnership (LLCP), clustering and networking, just to mention a few.

Key words: Informal sector; Informal sector employees; Lower-level collaborative partnership (LLCP)

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INTRODUCTION

Over the years governments have increasingly lost grip on their ability to engage the working population in its entirety in the provision of goods and services. The solution to this phenomenon seems far in a distance, possibly unreachable, heightening the level of societal uncertainty, especially in developing nations. Hopes in governments' ability to pursue and maintain the welfare of its own people have dropped. Escalating unemployment rates and the seemingly irreversible economic turmoil have pushed the masses (especially the illiterates or semi-illiterates) into diverse business activities for survival.

This condition has brought about the proliferation of businesses in the informal sector, a drift from the formal. The unexpected and immeasurable benefits reaped by nations (especially low-income nations) in this new direction have caught the admirations and speculations of both governments and international institutions. Relentless efforts have been expended but yet, more need to be done to make hay – arrest and tap the hidden valuable skills of the informal sector toward the achievement of the Millennium Development Goals (MDGs) in Ghana. The International Labor Organization (ILO), in a report, recommends disentangling the formal sector's high unemployment puzzle with more job creation in the

informal sector (both rural and urban areas) to prevent increase in poverty levels (ILO, 2000).

The surge of informal sector business proliferation in Ghana is marked by lack of organization and regulation, as in most developing nations. While the formal sector is predominantly characterized by literacy, it is otherwise in the informal sector (ILO, 2002; Adu-Amankwaah, 2008) where skills abound, but erratic. The sector seems to be thriving with no direction. The researchers believe that the development of the nation may leapfrog to a boastful height if such wasting opportunities are converged, coordinated and regulated. Palmer (2008), calling for the strengthening of the informal sector makes the following statements:

“Developing countries need to have a national skills development strategy that pays due attention to the informal economy, and is operationalized through strong coordination between government ministries, departments and agencies, public and private providers and Informal Sector Associations (ISAs), and unions. Coordinating councils or National Training Authorities (NTAs) must be vested with real authority and *employers must be strongly represented in such bodies*. ISAs should be strengthened.”

In light of this, several studies have been conducted, attempting to seek to regulate the sector with the formation of unions and other governmental institutions (Adu-Amankwaah, 1999). Others have also approached it providing financial resources; yet, such attempts do not seem to be any solution potent.

Many of these skillful illiterate or semi-illiterate entrepreneurs fail to perceive the good in getting organized thereby missing the path toward productivity. High illiteracy and poverty rates in the informal sector amount to wasting skills in several industries. Such skills need to be sought for, and motivated toward personal and national development. “Formalization needs to be made more ... appealing to informal economic units and workers so that informal ventures are more likely to voluntarily opt to formalize, and governments will have to expend less resources in enforcing formalization” (Palmer, 2008).

Among other things, this study focused on alternative viable possibilities for harnessing the potentials of the informal sector toward poverty and hunger eradication, achieving universal primary education, and ensuring environmental sustainability – achieving the first, second, and the seventh Millennium Development Goals respectively. The implication here is that, almost each individual may have a free access to basic education in a community where poverty is non-existing. When employees have been educated on raw material usage efficiency and effectiveness, loss of resources may be overturned, leading to a prosperous environment.

The study concurs with Palmer’s proposition, with slight modification – suspecting that efforts to organize the informal sector should comfortably begin at the grass roots, below union and cooperative levels. This proffer is

an attempt to make formalization more appealing in the sector. It may be a prologue to Palmer’s proposed policy.

Most studies conducted have been on urban areas but have now shifted to include rural informal sectors (Adu-Amankwaa, 1999). This brings about the two main environments for studying the informal sector in Ghana: rural and urban. The rural sector could not have been left out because, “among Ghana’s relatively large labor force of self-employed workers, two-thirds are engaged in agriculture which is predominantly rural based” – an area that sees the convergence of high levels of the less educated according to Adu-Amakwaa (1999; citing Adu-Amankwaa & Tutu, 1997; Palmer, 2008).

The following are some questions posed, needing answers to help solve identified problems: What is the current level of informal sector contribution to the economy? What is the current level of illiteracy in the informal sector? What is the current level of illiteracy in the informal sector? How has the informal sector been supported? What are the challenges of the sector? How should the informal sector be mobilized? What is the essence of division of labor and work specialization through skill collaboration?

1. METHODOLOGY

The study focused on the proliferation of informal sector businesses, and how potential skills could be converged and connected toward the achievement of MDGs in Ghana. The paper was purely based on the review of literature, summarizing and giving a critical and evaluative account of existing knowledge related to the area of study. It sought to analyse the growth trends of the informal sector, and its impact on the economy of Ghana. There was also a review on the expected roles and challenges to regularize the sector. Finally, recommendations to extricate the confusion in the informal sector have been made. Due to the erratic nature of the sector, there exists incoherency in available information. This does not present any encumbrance because information, whichever form it takes, gives a tip-off on the general direction of policy decisions.

The idea of informal sector goes back to 1972 when an employment mission report on Kenya was released (ILO, 2000). The report indicated that rural-urban migration did not only result in urban unemployment, but also the beginning of small scale unregulated businesses, which has today become the bedrock of many economies, especially among low-income nations.

The informal sector has been defined to include informal businesses such as “employers, ... street vendors, informal wage workers, apprentices, unpaid family workers, unregistered or undeclared workers in formal enterprises, and those working outside informal enterprises ... domestic workers, casual or day laborers,

industrial outworkers, home workers...” (Palmer, 2008; Adu-Amankwaah, 1999). It is “the sector of the economy which represents self-employed artisans, often paid in cash, and generally not listed in official figures” (Economics-Dictionary.com, 2011), The World Bank, according to Dada (n.d.), sees the informal sector as “the ‘illegal’ sector ...” Schneider (2002) describes it as “unreported income from the production of legal goods and services, either from monetary or barter transactions - hence all economic activities which would generally be taxable were they reported to the state (tax) authorities.” He cites Smith (1994, p.18) defining it as “market-based production of goods and services, whether legal or illegal that escapes detection in the official estimates of GDP (Gross Domestic Product).” Adu-Amankwaah (1999) defines the informal sector as “the range of economic units in both urban and rural areas which are largely owned and operated by individuals with little capital and labor, and which produce goods and services to generate income and employment”

2. TRENDS OF THE INFORMAL SECTOR

A report issued by the International Labor Office (2008) on *Skills and Productivity in the Informal Economy* indicates that around the globe informal sector provides majority of the non-agricultural employment in most developing countries:

- East/Southeast Asia.....65% of non-agric employment (ILO, 2006a)
- South Asia (India).....92% (ILO, 2006a)
- Latin America.....75% (ILO, 2006b)
- Sub-Saharan Africa.....68% (ILO, 2007c)

On the continent of Africa, the informal sector has been very important in providing employment. It has also been a means to reduce poverty in many economies. In Sub-Saharan Africa, the contribution of informal enterprises to non-agricultural GDP from 1988 to 1999 was 42%. North Africa contributed 27%; Asia 31%; and Latin America 29% (Palmer, 2008). A study in 1999 indicated that 27% of the GDP of the Sub-Saharan African countries is generated from the informal sector. It also accounted for nearly 20% of total employment. In the non-agricultural sector, the informal sector accounted for almost 41% of GDP and approximately 77% of non-agricultural employment (Charmes, 1999).

In Ghana, Adu-Amankwaa (2010), citing Ninsin (1991) traced the informal sector to the Gold Coast era when colonial capitalism began. The sector received more attention in the development of Ghana from mid 1980s to the early 1990s (Adu-Amakwaa, 1999) after a period of economic decline, from 1970 to 1982 (Yankson, 1992) cited by Barwa (2008). Table 1 indicates a drop in formal sector employment from 464,000 to 186,000 (1985 to 1991 respectively) – a total of 278,000 jobs lost within six years. These years saw a decline in wages and

formal sector employment, thereby projecting the need for informal transactions, which became the haven for the nation’s economy from “large scale poverty” – a strategy for economic survival (Barwa, 2008).

Table 1
Trends in Formal Sector Employment in Ghana, 1960 to 1991

Year	Public sector formal Employment (000)	Private Sector formal Employment (000)	Total formal sector Employment (000)
1960	184	149	333
1965	278	118	396
1970	288	110	398
1975	318	137	455
1980	291	46	337
1985	397	67	464
1986	347	66	414
1987	315	79	394
1988	252	55	307
1989	177	38	215
1990	189	40	229
1991	156	31	187

Source: Gockel, Augustine F. 1998. *Urban informal sector in Ghana: Features and implications for unionisation.*

Barwa (2008) states that these strategies were necessary because economic conditions were not getting better, the working population increasing, and also students were graduating from schools. The following are few reports on the trend of the informal sector in Ghana:

- In 1988 the informal sector’s contribution to non-agricultural GDP was 58.3%, and as a share of total Gross Domestic Product was 31.4% (Charmes, 2006).
- A report by the ILO (Jobs and Skills Programme for Africa, 1989) shows that 60 percent of non-agricultural employment came from the informal sector; while the formal sector only accounted for 15.6 percent.
- In 1997, the total employment in the informal sector as percentage of total employment in Ghana stood at 78.1% (ILO, 1997).
- Adu-Amankwaa (1999, citing Hormeku, 1998) mentions that the informal sector, in total, contributed to over 80% of the labor force of the nation during the late 80’s (as reported by the People’s Daily graphic, June 1991).
- As at 1999, Ghana’s labor force “estimated to be in waged employment” was 1.6 percent, “with the remaining being in self-employment, including the informal sector” (Adu-Amankwaah, 1999).
- Schneider (2002) indicates that the sector’s contribution to Gross National Product (GNP) in 1999/2000 was 38.4%.
- Charmes (2004), in a study indicates that in 1999, the total employment in the informal sector stood at 34.3%, while 76.2% accounted for non-

agricultural employment. In that same year, self-employment in the sector was 93.6% while paid employment was only 10.2%. 69.5% of the total workforce in the informal sector during same year constituted women.

- Palmer (2008) reported that “the informal economy ... represents some 95 per cent of private enterprises in Ghana.”
- In 2008 it was estimated by Barwah that the sector will experience an annual growth rate of about 5.6 percent, as compared to less than 1 percent in the formal sector.

A closer look at the given statistics unveils a slight lack of chronological coherency. This problem is not a characteristic of Ghana only. It is an obvious limitation in most nations, especially in developing countries where efforts are still underway to gain full control, coordinate and regulate the sector for development and poverty reduction. Charmes (2004) noted, more than ten years after the adoption of the international definition of the informal sector by the 15th International Conference of labour Statisticians, the compilation and calculation of harmonised indicators and estimates remain difficult and hazardous. Harmonisation is still a hard task ahead in the field of informal sector...

In spite of the few inconsistencies, available data indicate the possibility of increasing productivity in the informal sector (Palmer, 2008). Due to the experienced economic escape and the envisaged enormity of the informal sector’s support for development in Ghana, institutions have endeavoured to make needed resources available.

Attempting to direct and support nations on sustainable development in the informal sector, some key areas of responsibility have been identified by the International Labor Office (2002) and discussed in the next section of this paper.

3. GROWING AND STRENGTHENING THE INFORMAL SECTOR

The key areas where institutional and individual investments should focus to ensure regularization, productivity, and sustainable development of the informal sector according to the ILO (2002), include the roles of financing, unions, cooperatives, literacy and basic education, training and skills development, and national and local governments. Each of these is examined in the next few paragraphs.

The Role of Financing: “Developing an enterprise... requires more money than potential entrepreneurs have readily at hand ... the most important single factor in creating an enterprise...” Some entrepreneurs in the informal sector accept financing as one of their top priorities (ILO, 2002). During a United Nation’s World Summit progress report on Millennium Development in New York, a former president of Benin, Mathieu

Kerekou, said: Access by poor people to financial services is a powerful tool to fight poverty. ... access to a broad range of financial services, ... they can invest in income producing activities and meet their vital needs...”(Ghana Business News, 2009)

Few decades ago, only few small-scale enterprises could depend on banks for financial support. Majority of them depended on traditional money-lenders, which attracted high interest rates. Now, informal sector financing has been sponsored mainly by the non-banking institutions (GBN, 2009). For example, Opportunity International allocates 93% of its loan portfolio to commerce; Ezi Savings & Loans allocates 80%. About 90% of loan clients in the savings and loans industry are women. Most of such loans go to market women, hairdressers, dressmakers, taxi-drivers, carpenters and others.

The Role of Trade Unions: The International Confederation of Free Trade Unions (ICFTU) positions trade unions as institutions brought into existence by workers after meeting certain requirements, and not as already existing. When workers organize themselves into unions, it becomes their responsibility to effectively seek the protection of all members in the union (ICFTU, 2001). Trade unions are established mainly by unprotected workers in order to gain rights, benefits and social protection (ILO, 2002).

The 1992 constitution of Ghana gives workers the right to organize in unions. The nation saw the organization of trade unions since the end of the 1970s, even before the constitution. Among the numerous trade unions constituted to support the informal sector are the following: Ghana Private Road Transport Union (GPRTU), General Agricultural Workers’ Union (GAWU), Timber and Woodworkers Union (TWU), Industrial and Commercial Workers Union (ICWU), Ghana Hairdressers and Beauticians’ Association (GHABA) (Adu-Amankwaa, 1999), and many more.

The Role of Cooperatives: according to the ILO (2002), the most effective way to ensure formalization in the informal sector is by forming informal cooperatives, or unregistered “pre-cooperatives.” Cooperatives are characterized by joint ownership and democratic management; an environment in which every activity supports the economic units of the members. The members could be entrepreneurs or member in the sector. Cooperatives begin as informal businesses, then later grow and get registered into formalization (ILO, 2002). This role, a strategy to promote formalization in the informal sector, sounds laudable. As at 2004 there were over 2,200 registered cooperatives in Ghana, categorized as follows: 1080 Agricultural, 740 Industrial, 241 Financial, and 205 Services cooperatives.

The Role of Literacy and Basic Education: As mentioned earlier, the informal sector is predominantly characterized by illiteracy or semi-illiteracy (ILO, 2002; Adu-Amakwaa, 2008) which amounts to wasted skills

and resources in the various industries. “An essential ingredient for employability and access to decent work is basic literacy. Especially in today’s knowledge-based economy, the illiterate have little other choice but to work in the informal economy” (ILO, 2002).

It is impossible to estimate illiterate or semi-illiterate workforce composition in the sector due to lack of data. Since various studies have confirmed the enormity of illiteracy in the informal sector, it then could be safe to conclude that majority of the most current illiteracy rate, that is, 35% as at 2009 (Table 2) are within the sector.

It can therefore be seen from the table that illiteracy in Ghana has been dropping. One may be quick to allude this to the government’s tuition free basic educational reform initiative since 1996 (Ghana Education Finance Brief, 2009). It is very essential to recognize that the most effective means to increase employability level of individuals is to consider basic education as a right.

Table 2
Literacy/Illiteracy Rates in Ghana

Year	Literacy	Illiteracy
1980	-	56.2
1985	-	48.9
1990	58.46	-
1995	-	34.8
1999	-	29.7
2001	51.1	49.9
2003	-	25.1
2006	57.9	47
2008	66	44
2009	65	35

Source: Ghanaweb.com (2001). General Information about Ghana. <http://www.ghanaweb.com/GhanaHomePage/general/statistics.php>; The Statesman, (2006). Ghana’s literacy rate raise to 53 percent and JSS students flop in English; NationMaster.com (2010). http://www.nationmaster.com/time.php?stat=edu_lit_rat_adu_tot_of_peo_age_15_and_abo-total-people-ages-15-above&country=gh-ghana

Table 3
Informal Training Offered by Local Trade Associations in (Sunyani)

Association	Courses Offered
Small Scale Carpenters Association	Carpentry, Joinery Woodworks
Ghana Electronic Services and Technicians Association	Electronics and Electricals
Ghana National Tailors and Dressmakers Association	Sewing, dressmaking, embroidery
Ghana Hairdressers and Beauticians Association	Hairdressing, Manicuring and Pedicuring
Tanoso Porters Association	Pottery
Food Makers Association	Cooking
National Association of Refrigerator and Air Conditioner Repairers	Refrigeration and Electricals
Ghana National Association of Garages	Auto mechanics, Auto electricals, Welding and Body works
Batik, Tie and Dye Manufacturers	Batik Making, Tie and Dye Making

Source: Adapted from Mensa-Bonsu (2001), *Survey of technical and vocational training facilities in Ghana*.

The Role of national and local government: “The most important role of governments in this regard is to guarantee the freedom of all workers and employers irrespective of where and how they work, to form and join organizations of their choosing without fear of reprisal or intimidation” (ILO, 2002). Such associations could be unions, cooperatives, or employers’ organizations. The government’s role is not

The Role of Training and Skills Development: The goal of training in this regard is to make the person employable and also increase productivity in a more formalized environment; it is not to keep the person in the informal sector. “Because of the heterogeneity of the informal economy, there is a wide range of training needs” (ILO, 2004). Skills needed in the informal sector should not be limited to technical and entrepreneurial. It emphasizes that training should not only be recommended, but provided. Training should

- Involve both core work and life skills – continuous training such that the worker can adapt to changing environmental circumstances; learning to learn, not just training for occupational skills.
- Be portable – ability to apply skill to closely related jobs.

One of the goals of Vision 2020, an adopted framework for development in Ghana, was the training of human resource base by the year 2020, when the nation is expected to have become a middle-income nation (Haan & Serrieré, 2002). The government’s focus in this direction has led to the establishment of several entities to deal with vocational training. These include the following: Vocational and Technical Education Division (VOTEC); National Vocational Training Institute (NVTI); and National Coordinating Committee for Technical and Vocational Education and Training (NACVET). There are 10 Polytechnics, 22 Technical Training Institutes, and approximately 300 public and private Vocational Training Institutions (VTI) in Ghana. In addition to these are the establishment of several other associations that provide informal training (see Table 5 for associations in Sunyani district, a suburb in Ghana) (Haan & Serrieré, 2002).

complete until the roles of informal workers are recognized as partners in the formulation of policies, and also in the implementation of progress at the national and local levels. A democratic and representative environment must be created for informal workers.

The government of Ghana seems to have done much in this regard by encouraging the formation of unions, as

well as cooperatives as mentioned above. In addition to the already mentioned are the Ghana Cooperative Council (GCC), and Ghana Cooperative College (GCC) (Oppong-Manu, 2004). Other institutions and programs that relate to the sector include the National Board for Small-Scale Industries (NBSSI), the Fund for Small and Medium Enterprises Development (FUSMED), the Council for Indigenous Business Associations (CIBA), and many more. The Internal Revenue Service (IRS) as well as the Metropolitan and District Assemblies are established to regulate the operations of the sector (Adu-Amankwaah, 1999).

4. KEY CHALLENGES OF THE INFORMAL SECTOR

In spite of the immense efforts by the government of Ghana and its limb institutions, the informal sector seems not to be far from the dilemma of several other developing countries. There seem to be some progress, but not enough. Mr. M. Eson-Benjamin, the CEO, of the Millennium Development Authority, in Ghana reported, during a Joint International Conference in 2011, that many countries (such as Ghana) are failing to reach the poor and vulnerable, amidst efforts to shortly celebrate the

achievement of the Millennium Development Goals. The United Nations (UN) Millennium Development Goals Reports indicate that “poverty stays high” in Sub-Saharan Africa. The reports also show very high deficit productive and decent work environment for Africa and Asia (UN, 2010). The challenges appear to be enormously adding up even though experts argue that the sector is the driving force behind most African (developing) economies (Iwalewa, 2011).

Adu-Amankwaah (1999) sums up these challenging “needs” in two categories:

- *Social needs* – job security, health care facilities and the promotion of occupational health and safety, protective clothing, protection against income losses during sickness, annual leave and maternity rights, minimum wage, general infrastructure and environmental sanitation; and
- *Economic needs* – training and education for skills development, basic tools, business premises, financial credit, marketing opportunities.

In other studies some other challenges facing the informal sector have been outlined (Dada, n.d.; Haan & Serrieré, 2002). These are summarised in Table 4.

Table 4
Major Challenges Facing the Informal Sector from Various Studies

Dada (n.d.)		Haan & Serrieré (2002)
Financial Assistance	Credit Sales	Lack of capital
Low Patronage	Lack Of Good Working Environment	Poor Management & Technical Skills
Irregular Power Supply	Difficult Customers	Inadequate Technology
High Transportation Cost	Local Government Harassment	Disadvantageous Market Structures
Inadequate Equipment	Poor Economy	Inadequate Infrastructure
Bad Business Location		Government Policies, regulation or harassment

Source: Dada (n.d.). *Harnessing the potentials of the informal sector*; Haan & Serrieré (2002). *Training for Work in the Informal Sector: fresh evidence from West and Central Africa*.

Various institutions have input much effort but concurrent reports from various studies accentuate the insufficiency of such moves to right the informal sector (Iwalewa, 2011; Adu-Amankwaah, 1999). In a recent speech on *The Power of Partnerships in Africa*, a former United Nations Secretary General, Kofi Annan (Mary 6, 2011) buttressed this concern by emphasizing that “...development needs in Africa are multiplying... and populations empowered by advancements in information and communication technology are asking more of their leaders.” It can be seen that these mentioned challenges emanate from almost all the major areas focused upon for improving the sector. This indicates that the government of Ghana may need to re-formulate its strategies for dealing with the informal sector.

Commenting on the reasons why the informal sector in Africa has “failed to increase productivity and earnings,” the Economic Commission for Africa (ECA) enumerated the following nine reasons:

- *Slow employment-generating growth*: poverty

in Africa has not decreased in spite of reported economic growth. Per international standards, growth is high but not high enough to impact poverty levels. Growth is fuelled by capital-intensive industries instead of labor-intensive ones.

- *No structural economic transformation*: productivity in the agricultural sector is still very low on the continent of Africa. This prevents nations from transforming and diversifying into higher productivity sectors in agriculture or in other sectors.
- *High demographic pressure*: nations have not been able to accommodate the high increase in demographic growth. The ECA (2006) indicates that labor force has grown at 2.9% in Sub-Saharan Africa putting pressure on the labor market.
- *Inappropriate education and training policies*: these have resulted in low skill supply and skills mismatch; especially in Ghana where the educational system has been so much politicized.

- *Failed labor regulations*: policies fail to balance job protection with labor flexibility. For example, minimum wage be set to reduce number of working poor and also, not so high to affect firm profitability.
- *No enabling environment for investment*: limited participation in exports is affected by low investments due to administrative barriers, lack of access to factors of production and poor infrastructure.
- *Economic choices motivated by politics*: politically motivated choices have destroyed many economies.
- *Brain drain*: reduction in the supply of skilled and professional workers; mostly young and highly educated who could have helped revive the informal sector.

It has been noted that government's convictions about the immense contributions of the informal sector has weak corresponding financial commitment. The sector is neglected "as it seldom accounts for a pride of place in government planning for the overall economy" (Adu-Amankwaah, 1999; Iwalewa, 2011). Every nation is considered a "system" where each unit interdepends upon the other. It also means that the "system" must be considered in its entirety, for productivity and development. This paper holds that government's spending on other areas of the economy at the neglect of the informal sector will be an enormous setback for the nation. Not so much is seen of banks in financing the sector due to the following factors: improper bookkeeping, undefined management structure exhibiting lack of accountability, confusing personal residential address systems for follow-ups, and improper titles to assets for collaterals. Increasing government's financial allocations for the informal sector could be used as facelift to motivate all banking institutions into the stream.

As mentioned earlier, reports indicate progress in the reduction of illiteracy rates in Ghana but on the other side a serious hindrance. A recent report states that

"Ghana is one of the 75 countries that have missed the goal of achieving the Universal Completion of Primary Education by 2015 required by the Millennium Development Goals (MDGs) which states that by 2005, there should be an equal number of girls in classrooms as there are boys. The gender parity stands at 0.88 and is greater in poverty ridden regions (Integrated Social Development Center, 2009)."

The report further indicated that "out of the total number of children who get enrolled into basic schools, only 39% of boys and 22% of girls managed to complete nine years of formal education." Even though education is a constitutional right, it is reported that 18% of school going children are out of school.

These figures are undoubtedly alarming for a nation that is pursuing national development. These figures are certainly not promising for the future of the informal

sector. The Integrated Social Development Center reports that free education in Ghana is not free in practice – a reason why most children are dropouts. To the researchers, a constitutional right to basic education means the government endeavouring to clean-up all "financial attachés" that even the poorest in the most remote rural area may have the privilege of being educated.

As mentioned earlier, the informal sector is predominantly characterized by illiteracy (ILO, 2002; Adu-Amankwaah, 2008). This assertion has initiated ILO's concern for "decent work." According to ILO, people engaged in informal activities have their own "political economy" – their own informal or group rules, arrangements, institutions and structures for mutual help and trust, providing loans, organizing training, transferring technology and skills, trading and market access, enforcing obligations, etc. What we do not know is what these informal rules or norms are based on and whether or how they observe the fundamental rights of workers (ILO, 2002).

The importance of training and skill development in the informal sector cannot be underestimated, especially in an environment chocked with illiteracy. Haan and Serrieré (2002) indicate in their study that "Technical and Vocational Education and Training (TVET) in Ghana shows some major weaknesses: (i) inadequate funding, (ii) fragmented institutional framework, and (iii) low quality and limited outreach of training at different levels." The report further identifies some coordination and collaboration problems existing in the educational setup due to the multiplicity of entities dealing with vocational training. There are three main institution in this regard with distinct responsibilities but "but in some ways appear to duplicate efforts." Studies indicate that opportunities for skill development are limited in Ghana... about one third of the working population has never been to school... and only 1.4% has received any formal skills training. Such deficiencies in technical and vocational education and training, may have contributed to the growth of informal trade since potential entrants in metal and woodworking and other 'technical' trades, lack the technical skills to do so (J.Y. Amankrah, March 2001, *Ghana's experience in apprenticeship training and other skills development initiatives in the informal sector* (VSP/Ministry of Manpower Development and Employment, Accra; cited by Haan & Serrieré, 2002).

Traditional Apprenticeship Training (TAT) is believed to have contributed immensely to informal sector training in Ghana. Haan & Serrieré (2002; citing David Korboe, April 2001) state: "it is believed that TAT is responsible for some 80-90% of all skills development in the country – against a contribution of 5-10% by public sector Vocational Training Centres and 10-15% by private, non-profit training providers." It is clear from the above studies that the training and skills development role is yet to be fully assumed. It still goes back to the informal

sector since most of the training in the nation emerged from TAT. This means that the government's efforts toward the informal sector will have to be intensified.

Table 5 provides highlight of the types of training required by informal workers from three cities in Ghana. With the exception of retraining courses, the table indicates that training needs cover a wide area, including usage of modern machines, managerial skills, general education, and bookkeeping skills.

Table 5
Types of Training Required in the Informal Sector
(Cities: Accra, Tema and Kumasi)

Type of Training Required	Percentage of Total
Ability to use modern machines	29.1
General education	19.2
Managerial skills	17.7
Bookkeeping skills	13.3
No response	10.5
No training	8.9
Retraining courses (technical skills)	3.3

Source: Yankson, P.W.K (1992). *Employment in the Urban Informal Sector in Ghana*.

One important factor with regards to training is flexibility. Since it is difficult to regularize and coordinate the sector, it will be laudable and more effective to "reach out to the people where they are and at times convenient to them" (Ministry of Human Resource Development, India, 2007). It will also be worth it to consider a complete revamp of the vocational and education training system by integrating all the entities into one. A common platform with increased decentralization needs to be developed to train and provide certification for informal workers. Other private institutions could also be encouraged to support the nation train and develop the skills of informal workers.

The motive behind the establishment of unions and cooperatives does not seem to have been deeply rooted in the informal sector. There seems to be a missing link because most informal workers' understanding in this direction is far from the actual. They miss the mark of claiming ownership of their unions or cooperatives by sitting back, placing their deplorable conditions at the doorsteps of these associations (ILO, 2002). This misunderstanding sets in motion the hesitation of most informal workers to be part of unions and cooperatives. Another misunderstanding leading to lack of audience and support for established associations is the "not recognized" label placed on them by public authorities, thereby having to rely on established trade unions or employers' organizations to speak on their behalf. In simple terms, most informal workers' perception is that too much authority has been accorded cooperatives and unions that they are not listened to, as individuals. These are all setbacks toward the goal of regularizing the sector for coordination and reporting. This glitch could be cracked through the provision and maintenance of regular training and communication links between the

informal sector and the appropriate institutions with such responsibilities. Government's intentions, including the need for cooperatives and unions, should be explicitly explained to informal workers, especially the illiterate, to avoid compounding problems through misunderstanding.

CONCLUSION

On the surface, activities of the informal sector seem to be growing, and under control but a thorough analysis presents a different perspective. The seemingly sectorial growth is only at the international level. Locally, it does not seem to be enough to create employable workers and reduce poverty toward the achievement of the Millennium Development Goals. Through its policies, the national and local governments have created enabling environments that to some extent encourage financing, unionizations, cooperative establishments, education, training and skills development. But the end of the road still seems far from expected. Development needs keep multiplying due to the massive increase in population. This means that more efforts and resources are expected to be expended.

The sector is not beyond control, and if the suggested expositions are given particular attention, including the proposition in this paper (LLCP: Lower Level Collaborative Partnership), the puzzle could be disentangled for a better Ghana.

RECOMMENDATIONS

The following recommendations should be considered to help solve the informal sector dilemma. The paper begins here with a proposition by the researchers.

Lower-level Collaborative Partnership (LLPC): One of the premises for this study is the belief that unionization or cooperativeness is not the appropriate level to begin attempts to regularize and coordinate activities of the informal sector. The researcher believes that *grassroots associations* should be the beginning point, and should be encouraged. *Lower-level Collaborative Partnership* is here advocated, with special focus on illiterates or semi-illiterates.

The two levels of collaborative partnerships proposed here are, higher- and lower-level collaborative partnerships; higher-level refers to unions and cooperatives, and other associations, while lower-level collaborative partnerships refers to unions at the grassroots, between informal workers in a particular industry, working together within the same business unit. Lower-level collaborative partnership is intended to encourage division of labor (work specialization) in environments with high tendency for workers to presume and pretend to possess required skills to perform all functions of a business unit; poverty, and its related pressures could be a factor.

Under lower-level collaborative partnership, a handful

of informal workers are identified, motivated and trained to specialize in an identified skill. Skills are aggregated after training where each partner/owner performs a specific function toward producing an identified product for which the business is established.

Annan (2011) supports this idea in the following words: "Partnerships have already demonstrated their transformative impact." Beside skill perfection, speed, productivity and quality, LLPC could be a tool to kick start unionization in the informal sector in a stealthily but momentous style. A handful of informal workers will have to be encouraged to "cohabit", each with a particular perfected skill, within an industry (for example carpentry); all executed tasks culminating in a desired product or service. LLPC is also meant to promote a sense of ownership. It automatically empowers the informal worker as he becomes part of the ownership of the business unit right from the beginning.

The major characteristics of collaborative partnership are ownership, empowerment, and responsibility. Automatically, ownership is conferred on a worker for being a partner (possessing a specialized skill). It also offers participation in managerial decision-making which increases the worker's sense of responsibility. Such partnerships may create an environment of dependency where partners learn new skills from each other, ultimately boosting self-confidence. *Collective responsibility* is also a result of LLPC. Each worker will assiduously work to protect the interests of the business unit, himself and others; a point where the informal employee might have come to appreciate the benefits of collaborating with others across business units (and industries) under unionization. From this platform of "cohabitation" will present an excellent opportunity for the government of Ghana to pick up the process of regularization and coordination of the informal sector.

Another area yet to be explored by the government of Ghana and other enabling institutions within the informal sector is *Clustering and Networking* (Abdel-Fadil, 2000; citing Van Dijk, 1997). One major setback in attempts to regularize the informal sector is the regional dispersal of potentials. The aim here is to locate economic units in the sector to the sources of labour and raw materials. The mining sector in Ghana is one that seems to be close to clustering and networking. In this approach, both existing and new informal units may be geographically spread. Governments' role here will be to initiate and motivate the establishment of geographical zones (close to, but not the same as erecting structures for market women by metropolitan assemblies) to enhance the process of clustering and networking. This will also make government interventions easier.

Additionally, the following may also be looked at (by individuals and institutions) as a way of empowering the informal sector economy.

- Creating market demand for the goods and services produced.
- Policies formulated to ensure business enabling environment.
- Availability of infrastructure (water, transport, cost of energy, and telecommunications).
- Availability of productive resources (land, buildings, machinery, and inputs).
- Accessibility of finance for investment and working capital purposes.
- Availability of market activity information – regular identification and sharing of best practices.
- Participation of workers in the formulation and implementation of laws and policies.
- Conducting training in local language for easy understanding.
- Maintenance of regular communication between institutions and informal workers.
- Regular collection of data to keep the informal sector regulating policies up to date.

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