Techno- Innovative Hubs (TIHs): A Strategy for the Growth of Informal Industries in Zimbabwe

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**Article History:** Received: 10 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 28 April 2021

**Abstract:** The sprouting informal sector need governments to support the opportunities offered by techno-innovative hubs so that they develop into competitive global companies. This initiative is also offering opportunities to re-create communities and address socio-economic structural fault lines in poor societies. A survey of informal businesses investigated whether techno-innovative hubs promote informal industry development in Zimbabwe. The study tested the hypothesis to establish if there is a positive relationship between the support for techno-innovative hubs by government and the growth of informal industries in Zimbabwe. The study concluded that placing informal businesses into hubs increases their growth. The study suggested that government support should be used as mechanisms that streamline informal industry development and economic wellness in Zimbabwe. In addition, the results indicated a rise in techno-innovative hubs in Zimbabwe and recommendations were made to improve their current state.

**Keywords:** Informal Industries, Growth, Techno-Innovative Hubs, Community Development and Economic Growth

1. **Introduction**

Njaya (2015) and Todaro and Smith (2015) posit that any country’s economy is largely dominated by the informal industries. The informal sectors in these industrial clusters contribute substantial to community welfare (Hutabarat & Pandin, 2014). Researchers have concurred that techno-innovative hubs promote informal industry growth since they create employment, skills development and economic wellness (Dee, Gill, Lacher, Livesey, Minshall, 2012; Njaya, 2015). However, the rate of failure of the informal industries in Zimbabwe is very high due to the difficult industrial policy conditions which pose severe challenges to their development. However, the government through the Ministry of SMEs has embarked on informal sector support through techno-innovative hubs, seeking to formalize and grow the informal industries and develop the economy from within (Chigwenya & Mudzengerere, 2013; Chinomona, Maziriri & Molozi, 2014). The techno-innovative hubs are designed to grow and nurture informal businesses to become self-sustained. However, the advent of techno-innovative programs is averting the economic upheavals stifling the growth of the informal industries (Nnamseh & Akpan, 2015). Thus, the imperative for the development of the informal industries, as pointed by Hutabarat and Pandin (2014), speak about how techno-innovative hub initiatives are important in nurturing the informal industries to radically grow and increase their competitive edge, economies of scale, industrialization, income distribution and employment creation (Mennens, van Gils, Odekerken-Schröder & Letterie, 2018).

Notably, the growth stage of an informal industry is existence, survival, success, maturity and diversification, which could largely be influenced by techno-innovative hubs growth mechanisms. Therefore, these growth stages are basis for evaluating whether informal industry is developing into formidable heavy or large industries to promote economic growth (Njaya, 2015; Todaro & Smith, 2015). In view of the above, the government is largely instrumental in promoting techno-innovative hubs to improve informal industry radical transformation (Saberi & Hamdan, 2019). It further provides a basis for evaluating whether techno-innovative hubs influence industrial development (Hutabarat & Pandin, 2014).

In light of the above, this research builds on research findings based on the discourse analysis of the impact of techno-innovative hubs on improving informal industry development in Zimbabwe.

**Problem Statement**

Zimbabwe’s economy is mired by prolonged informal industry downturns, rising unemployment, hyperinflation and worsening poverty (Ahmed, Cruz, Go, Maliszewska & Osorio-Rodarte, 2016; Katua, 2014). With an upsurge of informal businesses, there is need for urgent and targeted techno-innovative hubs to stimulate their growth (Chinomona et al., 2014; Todaro & Smith, 2015). However, there is high exclusion of government support for informal businesses, ravaging their growth prospects (Gibson, Datt, Murgai & Ravallion, 2017). A key question largely neglected in this option, and yet to be answered by its proponents, is why informal industries need techno-innovative support hubs, compared to other sectors of the economy? In spite of the lack of government
support (Saberi & Hamdan, 2019; Zegeye & Singh, 2019), the informal businesses have remained central in the provision of services to local communities (Dee, Gill, Lacher, Livesey, & Minshall, 2012). The skewed informal industry development has been caused by low spend by government in supporting their growth. Thus, these informal industries require urgent techno-innovative hubs to invigorate their growth and influence economic development (Chinomona et al., 2014). As noted above, various researchers have alluded that techno-innovative hubs are a necessary tool, since they promote radical growth of small industries (Hutabarat & Pandin, 2014; Gibson, Datt, Murgai and Ravallion, 2017). As such techno-innovative hubs promote socio economic growth of informal businesses based on mechanisms which promote community development as evidenced in the EU countries (Todaro and Smith, 2015; Njaya, 2015; Gibson, Datt, Murgai & Ravallion, 2017).

The theoretical objective is to determine whether techno-innovative hubs promote the growth of informal industries. The study seeks to ascertain whether techno innovative hubs enhance economic development Furthermore, hypothesis is that there is a positive relationship between techno-innovative hubs and radical growth of informal industries to stimulate economic development in Zimbabwe.

2. Literature Survey

Based on the existing literature on techno-innovative hubs in engendering the growth of informal industries in Zimbabwe, it is apparent that generally these hubs encourage the uptake of entrepreneurial initiatives in informal industries into becoming heavy industrialized communities (Ahmed, Cruz, Go, Maliszewska and Osorio-Rodarte, 2016; Cho and Lee, 2018). Therefore, the strategic management of the informal businesses through techno-innovative hubs is critical in nurturing informal industries as it increases income distribution and economic independence (Chinomona et al., 2014; Todaro & Smith, 2015). This innovative management model promotes informal industry competitiveness and economies of scale (Sudana et al, 2019). Linking techno-innovative hubs to the informal sector enhances socio economic development (Mennens, van Gils, Odekerken-Schroder & Letterie, 2018). It is against this context that with better techno-innovative hubs programs, the informal industry is poised for

- Promoting economic development to end unemployment and hunger
- Increasing income generation and distribution in communities.
- Promoting entrepreneurship uptake.

As a result, according to Hussain (2018), there is no doubt that techno-innovative hubs stimulate the growth of startup industries. Even though the sector is immune to environmental operating threats, they still need nurturing to graduate from their collusive, poor management and illegal business practices which perennially affect their growth prospects (Sudana et al., 2019). From this perspective, techno-innovative hub derive economic benefits at grassroots level. As a result, considerable efforts have been invested in clustering the informal sector (Hutabarat, Pandin, 2014; Bakar & Senin, 2016).

Informal Industries

The International Labour Organization (ILO) describes the informal industries as one that consists of very small scale businesses producing and distributing goods and services. Its composition is a breadth of independent self-employed entrepreneurs characterized by use of family labour-intensive working methods, with a few hired workers or apprentices. In Zimbabwe, the informal industry is composed of artisans, welders and carpenters among the many informal business operators (World Bank, 2018). According to Chinomona, Maziriri and Moloi (2014), informal industries are defined as a clustered area with businesses running uncoordinated ventures for capital gain using windows of available opportunities (Chen, 2012).

The characteristics of informal industries in the short term help solve community and family needs and wants (Bukaliya & Aleck, 2012; Hutabarat & Pandin, 2014; Gichuki, Njeru & Tirimba, 2014). Dee, Gill, Lacher, Livesey and Minshall (2012) alluded that informal industries have less liability levels and are engaged in economic activities. According to Chen (2012) informal industries have a multiplier effect on stimulating economic growth. Despite these conceptualizations; government has a mandate of supporting the informal industries so that they generate income for poor communities (Gibson et al, 2017; Zegeye & Singh, 2019). In the EU, informal industries are resourceful in creating value and profit that drives economies to grow in leaps and bounds. Moreso, the evolution of industry is continuous due to ever changing technological advancements.

In Zimbabwe, informal industries are pathfinders that promote livelihoods in communities. Many urban communities in Zimbabwe have informal industries and they constitute a fundamental part in promoting community growth points which largely halt migration drift as argued by (Chigwenya & Mudzengerere, 2013). Hutabarat and Pandin (2014) state that this sector creates a massive community opportunities, such as improving the standard of living, employment and largely economic growth. However, most of these informal industries have little achievement owing to lack of effective government techno-innovative hubs support (Saber & Hamdan, 2019). According to Njaya (2015), in pursuit of economic growth, the main driving force is application of techno-innovative hubs for informal sector radical growth (Katua, 2014; Todaro & Smith, 2015). However, Zimbabwean informal industries have limited scope of innovative hubs (Ahmed, Cruz, Go, Maliszewska & Osorio-Rodarte, 2016).

Techno Innovative Hubs
In recent literature, techno-innovative hubs have been recognized as one of the most important factors for informal sector growth and competitiveness (Nnamshe & Akpan, 2015). Further, in an attempt to avoid the adverse effects of innovative efforts, it is important for an informal business to enter into hubs to become more competitive. A range of business hubs determine the extent and success of informal industries since they are strongly nurtured locally. The informal sector can be locally fostered through techno hubs to accelerate their successful development through an array of support from government (Zegeye & Singh, 2019). They fill the gap by providing training, office space, networks, funding opportunities and other resources (Lesáková, 2012). The techno-innovative hubs provide resources and services to entrepreneurs, including working, technical expertise, skills development, mentoring, business administration, shared administrative services, networking and access to new markets (Hutabarat & Pandin, 2014; Zali & Chaychian, 2017; Cho and Lee, 2018). However, literature on the techno-innovative hubs to informal businesses demands government support measures to radically develop them. It is a process for nurturing the informal businesses into formal and competitive entities to achieve economic growth.

Chen (2012) agrees that the informal industries have taken a lead in community development by creating and capturing value addition. Thus, the inspiration to promote the growth of the informal businesses takes centre stage and places more emphasis on the need for effective techno-innovative hubs support seeking to stimulate their growth and community development (Zegeye & Singh, 2019). By distinction, a techno-innovative hub corrects specific challenges which hinder informal industry radical growth prospects (Gichuki, Njeru & Tirimba, 2014). From this perspective, techno-innovative hubs are a turnaround strategy that improves informal industrial growth for it to become productive, effective and more aggressive in global markets (World Bank, 2018). The imperative of techno-innovative hubs to informal businesses add value for their products to become of high quality standards. The approach of using techno-innovative hubs for the growth of the informal sector has always been a central concern of government policy (Chigwenya, & Mudzengerere, 2013). From this discourse analysis, well supported informal businesses activities survive into the foreseeable future (Hutabarat & Pandin, 2014).

In this context, government support has been vital in Europe and various governments have promoted sound techno-innovative policies to grow their economies (Hudson, Williams, Orviska & Nadin, 2012). Thus, techno-innovative hubs are a modern change management tool being applied to stimulate the growth of informal industries. Therefore, this mechanism revitalizes the underperforming informal businesses through:

- Technology
- Training and financial support
- Policy development
- Mentorship
- Work space
- Marketing

Thus, the significance that have materialized from the literature on the influence of techno-innovative hubs on informal industries demonstrates that it’s an effective strategy which promotes community development. This is largely evidenced by their increase in sales volumes, production capacity, employment, use of raw material and resource utilization (Gibson, Datt., Murgai & Ravallion, 2017). According to Njaya (2015), the informal industry growth is therefore influenced by techno-innovative hubs. Therefore, the determinants on the growth of the informal sector have been supported by World Bank (2018) in line with the techno-innovative hubs precursors such as their evolution history, economies of scale, changes in management and staff training (Hutabarat & Pandin, 2014; Sudana et al., 2019).

**Community Development and Economic Growth**

Gibson, Datt, Murgai and Ravallion, (2017) assert that community development and economic growth are a government priority, seeking to transform lives of people who are usually excluded from realizing their social, economic and political opportunities. This forces the state to provide the much-needed support such as techno-innovative hubs to support industrialisation (Ahmed et al., 2016; Sutter, Brutton & Chen, 2019). This model benefits informal businesses to participate in national and globalized markets. This initiative has been drawn from evidence generated across urban businesses which have since seen informal industry grown due to the availability of techno-innovative hubs facilities (Chigwenya & Mudzengerere, 2013), thus, leading to community development phenomenon depended on government support.

In Zimbabwe, community development is centered on industrialisation and the bottom line is that no community development can be successful without government rendering support to informal industry development (Gibson, Datt, Murgai & Ravallion, 2017). Thus, the action plan of incubating informal businesses engenders socio economic development (Zreen, Farrukh, Nazar & Khalid, 2019).

Since socio economic shifts are taking place rapidly throughout the world, the Zimbabwean informal industry is surviving due to economic hubs (Njaya, 2015). ILO (2011) posits that regular techno-innovative hubs support strengthens the relationship between them and the growth of informal industries (Hutabarat & Pandin, 2014). The primary postulation of promoting economic development is through promoting the use of
innovative hubs by informal industries to promote community development. It is against this imperative that the rational of incubating the informal businesses maximises economic growth.

From the above, it is evident that informal industries front economic development (Todaro and Smith, 2015; Zreen et al., 2019). For instance, the contribution of informal businesses in China is 57%, Germany is 55.3% and in both Japan and Korea it is 50%. Less developed governments’ need to promote techno-innovative hubs to influence the growth of informal industries so that they contribute to economic growth. In recent times, incubating the informal industries has become a stimulant to economic development. This initiative has become an important deliberation by government, policy makers, academics and economic researchers in seeking to increase the aggregate of community development (Chigwenya, & Mudzengerere, 2013; Zreen et al., 2019). For instance, according to the ILO (2011), Taiwan has a newly industrialized economy, within which the prevalence of incubating informal businesses has contributed immensely to its economic development. The evidence suggests that Taiwan’s informal sector is the jewel in the crown of economic development. Therefore, community development is attributed to the growth of informal industries, thereby luring community tourism attraction (International Labour Office, 2011).

Although many researchers have failed to give an account of the benefits that accrue on incubating the informal sector, Makhdoom, Li and Asim (2019) make it clear that it increases employment generation, innovation and skills development. In line with this, Chinamasa (2016), highlight that these attributes sustain community development.

Conceptual Framework

The conceptual framework is designed to take various forms and indicate how the main variables are related (Khankaew, Ussahawanitchakit & Raksong, 2015). This study aimed to indicate the discourse of developing informal industries in Zimbabwe (Njaya, 2015). Since many entrepreneurs lack human skills, they have failed to apply supporting concepts and models that have engendered the success of informal industries around the globe (Hussain, 2018; Cho and Lee, 2018). The conceptual model of this research is illustrated in Figure 1.

![Conceptual Model](image)

**Figure 1: Conceptual Model**

Source: Researcher’s Development

The conceptual framework maps the relationship between the growth of informal industries and techno hubs. The theoretical framework utilized incremental and cluster theories. In cluster theory many informal businesses are brought together at a central workstation to promote completion and easy access to raw materials. The incremental theory seeks to improve the techno-innovative hubs strategies in place to catch up with business technological changes.

Research Methodology

The study took place in in Mbare, Zimbabwe, which is largely an informal sector economy (Finscope Survey, 2012). This constituency is situated in Harare Metropolitan province in Zimbabwe and is largely sustained by informal sector activities. As such, informal industries in Zimbabwe district account for income generation, food and employment to satisfy the local population to boost their livelihoods (Zimstats, 2014). The study utilised a quantitative method to gain knowledge and understanding of incubating informal businesses in Zimbabwe. A simple random sampling was used to select the sample and the survey methodology was adopted to collect the data from the population of interest, where a sample of 100 informal businesses was selected (Etikan & Bala, 2017). The questionnaire allowed respondents to express the relative magnitude of responses in the questionnaires (Aggarwal & Ranganathan, 2016). The data analysis included conducting inferential testing (Dominguez & Hollstein, 2014).

Research Findings

Reliability and Validity

According to Kumar (2014) and Dominguez and Hollstein (2014), reliability is the test to which a test produces similar results under constant conditions and the measurement must be consistent, while validity refers to a design instrument with the potential of achieving and measuring what is supposed to be achieved when measuring. Therefore, to ensure reliability and viability of this study, the objectives of the study in relation to the instrument used were assessed. The objectives and research questions were verified to agree on the validity of the
survey and the instrument used in this study. The measurement for the research instrument was above 0.71, using Cronbach’s alpha coefficients.

**Hypotheses Testing**

Using regression analysis, the hypothesis was tested and its outcome analysed (Kumar 2014; Erika and Baal, 2017). The dependent variable (DV) in the study was techno-innovative hubs, whilst the independent variable was the growth of informal industries. Thus, the hypothesis was that there is a positive relationship between the techno-innovative hubs support on the growth of informal industries (Todaro & Smith, 2015) in Zimbabwe.

As a result of support from techno-innovative hubs for the growth of informal industries, the study has confirmed that there has been significant increase in techno-innovative hubs ($\beta = 1.873, p = .0000$) to influence the growth of informal industries (Nnanseh & Akpan, 2015). The $p$-value of 0.000 for techno-innovative hubs influence on the growth of informal sector is less than ($p<0.05$) 0.0005. Thus, this indicates that the result is significant, thereby supporting the hypothesis. Thus, the impact of the use of techno-innovative hubs on the development of informal industries in Zimbabwe leads to economic growth. The findings as supported by Gibson, Datt, Murgai and Ravallion (2017) stated that economic development entails community development through equitable income distribution and improved standards of living (WFP, 2014; ACET, 2015). In addition, incubating informal businesses have made significant improvements in developing the economy and the quality of life in community communities (Zreen et al, 2019).

**Discussion**

The findings were directly linked to the study topic and the objectives and the hypothesis of the study. Generally, techno-innovative hubs influenced the growth of the informal industries which is a key to the growth of economy. Some previous studies show that incubating informal businesses have enhanced industrialisation (Hutabar & Pandin, 2014). Thus, the field of entrepreneurship offers an understanding of the need to incubate the informal industries to reap economic benefits at community level (Njaya, 2015; Cho and Lee, 2018). As such it was identified that use of techno-innovative hubs by informal industries has a positive impact on economic wellness. It is seen through this study that techno-innovative hubs provoke the growth of informal industries and community development. Despite the tremendous success of incubating the informal industry, government support has failed to provide for the entire informal sector (Zreen et al, 2019). However, authorities have confessed that communities have greatly developed with the emergence of techno-innovative hubs (Durst and Wilhelm, 2012). It can further be argued that embracing techno-innovative hubs is a key factor that guarantees Industrialisation. It may be concluded that with reference to this study, techno-innovative hubs have significant influence urbanization (Hossain, Momin, Rowe & Quaddus, 2017). Thus, the government of Zimbabwe has achieved milestones in promoting the growth of the informal sector in Zimbabwe (Gibson, Datt, Murgai & Ravallion, 2017; Sutter et al., 2019). This strategy has proven to be effective in developing countries to grow their economies.

**Conclusion and Recommendations**

The current study found that techno-innovative hubs play a significant role in economic development and the growth of informal industries. Thus, it can be concluded that techno-innovative hubs sustain the informal sector and promote community development. The study also concluded that the informal sector should embrace techno-innovative hubs as a turnaround strategy to grow into radical multinational companies. It is recommended that government as a key player, should create more techno-innovative hubs for the informal sector so that they develop into international companies. It is also recommended that entrepreneurs harness techno-innovative hubs to improve their managerial skills and their development.

Similar studies should be conducted in other sectors in Zimbabwe for comparison purposes and to allow for generalization of findings that techno-innovative hubs support the growth of informal industries to influence community and economic development.

**References**


