

Formalising the Informal Sector through Association: The Case of Kumasi Informal Bakers' Association

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Abstract

This paper presents the efforts of the Kumasi Informal Bakers' Association (KIBA) to formalise their activities in order to earn respect and dignity as small-scale business owners. The paper examines the differences between their activities and those of other associations of informal sector workers. The primary data (mainly qualitative) for the analyses in this paper was gathered through focus group discussions and key informant interviews. The analyses focused on the group processes, dynamics and achievements having adopted certain formal ways of running their affairs. The analyses further revealed how these steps have moved the bakers away from the less formal end of the informal sector spectrum towards the formal sector spectrum, although more still needs to be done to qualify them as formal organisations. KIBA has helped build the capacity of its individual members to introduce some degree of formality in their activities and performances. The paper concludes that self-regulation through associations can to some extent effectively formalise the informal sector for sustainable development.

Keywords: formalisation, informal sector, bakers, association, employees rights

1. Introduction and Context

The ILO (2002) defines the informal economy as “*all economic activities by workers and economic units that are, in law or practice, not covered or insufficiently covered by formal arrangements*”. For majority of the urban poor engaged in informal activities, organising themselves into associations is a critical survival strategy aimed at gaining recognition and support for their livelihood. According to the international labour law, all workers, including those in the informal sector, have the right to associate. Globally, the informal sector has a proliferation of groups, which represent the interests of informal sector workers. Organisations of informal workers have found it necessary to protect the interest of their workers from all forms of threats to their livelihoods including threats from government officials, lack of understanding and mistrust of informal sector workers, and disregard for their rights. In order to have a voice and be adequately represented, organisations of informal sector workers become important components of their informal sector operations. Unfortunately many poor informal sector workers often encounter challenges with regard to the capacity to sustain their associations or groups.

One of the weaknesses of informal sector workers' associations/organisations is the inability of the members to meet their financial obligations to their organisations, which often cripples the association/organisations' capacity. According to Bhatt (2006), poor people's associations struggle to fight poverty and prejudice but have limited capacity to demand the rights of their members. For many of the women's groups, joining a trade association helps them meet their social obligations.

The history of organized women's groups in Ghanaian markets is well documented (Gladwin, 1980; Sheldon, 1996; Lyon, 2003 and Clark, 2010). These groups are seen as having “*structured potentials for coordinating and exercising diverse strengths that the market women draw on including ethnic, gender and commodity connections as well as their commercial positions*” (Clark, 1994:248). There is very little literature on other informal sector workers' associations or groups in Ghana, although several other significant ones exist such as the Kumasi Informal Bakers Association.

This paper examines the processes and dynamics of the Kumasi Informal Bakers Association (KIBA) and its achievements in formalising some of its procedures as an association of bakers in the informal sector. This has not received much attention but seems to have succeeded in making a positive impact for the members. The analysis examines the extent to which the association's attempts to formalise its activities have strengthened workers' rights, developed the capacity of members and empowered the bakers.

2. Background to the Study

With limited formal employment opportunities and limited skills, many rural-urban migrants living in the cities of developing countries work in the informal economy where they face an unfair market environment (Sparks and Barnett, 2010). According to Bhatt (2006:83), all over the world informal sector workers "*struggle to operate in a market environment that is designed only to meet the needs of a large-scale industrial economy*" resulting in urban problems such as underemployment, inadequate infrastructure for the working poor, and lack of government commitment to addressing the problems that the informal sector workers face. Perry, Maloney, Arias, Fajnzylber, Mason and Saavedra-Chanduvi (2007) noted that in Latin America many poor people work in the informal sector because they are unable to cope with high taxes and complicated regulations for entry into the formal sector. The urban poor in sub-Saharan Africa face similar situations (Lourenco-Lindell, 2002). Organisations of informal sector workers therefore help to remove some of the barriers affecting the livelihoods of actors in the informal sector, most of who are the urban poor.

The relationship between the formal and informal sector workers has always been antagonistic, particularly for those who work in the central business districts (CBD) of cities. Though an indispensable sector in any developing economy, informal sector activities are often associated with illegality and irregularity. The sector suffers from lack of unionisation, social security, professionalism and recognition of its actors (Sparks and Barnett, 2010; and Bhatt, 2006). Bhatt (2006) again noted that urban conditions that perpetuate the poverty of the informal sector workers include high rents, poor working conditions, the need to work undercover, inappropriate regulations, and the need to bribe government officials such as the police and city authorities in order to survive.

In view of the above difficulties, many informal workers in Ghana, especially the women, appreciate the need to be organised. Organisations of informal sector workers thus become the empowering structure that gives the members a voice. However, local government and formal sector business partners require the informal sector organisations and their members to operate under certain formal and legal procedures. In many cases the informal sector operators find it difficult to meet these requirements due to lack of skills and resources. While the membership is concerned about issues of security, survival and sustainability of their enterprises, association leaders face the problem of being unable to meet the collective needs of members and sustaining the groups.

Lack of understanding on the part of national and local government officials of the roles of such organizations and that of their leaders therefore has not helped much in the development of these informal sector organizations.

3. Typology of Associations in the Informal Sector

Singh (2000) identified four types of associations in relation to street vendors/traders in India. The first one evolved from an informal collective action to resolve a conflict between the vendors and the authorities. This type of association has little to do with reducing transaction costs relating to the provision of information and may die away once the problem has been resolved and the tension resides. The second was based on the leaders' dynamism, initiative and influence. Such associations/organisations are consciously created "*and may therefore concentrate on building the capacity of the organization and of its members*" (Pratt, 2006: 45).

The third and fourth types were affiliates of a trade union or a political party. Associations with political affiliations are growing in Africa because political parties protect informal workers associations in exchange for votes (Cross, 1998). The tendency for government officials and politicians to use informal sector workers' associations for their own interests or as vote banks without any reciprocity is widespread. For example, in India it was reported that a particular political party used the informal associations to solicit for votes and ultimately won the elections (Sharma, 2000). In Ghana, when the city authorities authorized the eviction of street traders from the central business district of Accra in 2007, politicians reversed the decision and asked them to go back to the streets. The difficulty in getting city authorities to address the needs of informal sector workers has, to a large extent, forced informal sector workers to by-pass formal channels of communication and to resort to political affiliations and patronage/clientelism to get their demands met. The World Bank (2009) noted that workers in the informal sector remain outside the protection of labour laws. Although Ghanaian workers have the constitutional rights to organize and associate, informal sector workers' associations are not fully recognized as legal entities with the right to access government authorities and services (ILO, 1997) due to the informal nature of their formation. According to the Ghana Trades Union Congress the dismissive attitude of public officials towards the

associations was gradually changing, although such workers' organisations were yet to be recognised by the Congress (Baah, 2007).

3.1 Functions of Associations

According to Skinner and Lund (1999) the functions of informal associations include establishing and defending legal rights; setting up effective channels for representation; raising members' profile; protecting their interests in policy processes; building leadership through empowering members, and providing members with benefits. Some Kenyan associations provide social and business insurance/requirements (Mitullah, 2004). In Ghana, many of the associations have a strong social welfare function.

Skinner and Lund (1999) observed that women street vendors in South Africa were more likely to know about the existence of associations because they were more vulnerable than men, and therefore seeking protection was of concern to them more than it was to the men, suggesting that there are probably more informal sector workers organisations for women than men. They also found that associations assisted informal sector workers in many ways including: negotiations for bulk purchase of goods; negotiation with local government for improved services and amenities; negotiation with the formal business sector in order to improve linkages or access resources; getting collective access to skills training, organising self-regulation for marketing; improved safety and security, and assisting them to defend their legal rights. King (2010) made similar observations about the role of informal associations in enhancing the work of market traders in the Kumasi Central Market of Ghana. Yankson (2000) also argued that for workers in the informal sector to perform effectively, earn decent incomes and work in decent conditions, several key issues must be addressed, including access to appropriate worksites, appropriate environmental services, security of tenure and better-organized associations.

3.2 Organising Informal Workers

Despite the importance of informal sector associations, there are a number of challenges with regard to organising them. These challenges vary from economic difficulties to suspicion and mistrust among informal sector workers; lack of resources for service provision to association members; political interference and the patriarchal culture that hinders women's participation in leadership at all levels in informal associations (Mitullah, 2004).

Informal activities are not homogeneous and working hours are long, making it almost impossible for the members to find time for organizational matters (Cross, 1998; Singh, 2000; Pratt, 2006). Some of the workers in the sector are ambulant, itinerant, while others are seasonal and casual. According to Pastrana (2009, pp. 24) "*they have difficulties in assembling into defined representative organisations*". Often workers organize when there is a problem that threatens their work, but they do not have the capacity to negotiate, as negotiation is a skill that needs to be learnt. Informal sector workers' associations are not typical targets for trade unions and other organizations focus on capacity building and empowerment of the working poor (Pratt, 2006; and Verick, 2008). This is partly because many informal sector workers do not appreciate the need to invest their limited resources in strengthening their organizations, and partly because of their limited organisational skills to ensure sustainability and growth. Informal sector workers' associations are therefore often formed around specific problems. Where they are strong and well organized, using legal means to fight their cases and defend their members become more acceptable. In India, for example, informal sector workers have used "*the courts in order to secure access to public space*" (Pratt, 2006: 45). In Ghana, this is not common due to the illegal nature of the activities of informal workers, and governments often have the upper hand when it comes to eviction. One of the few organised informal workers associations that are able to negotiate with government in Ghana is the Ghana Private Road Transport Union (GPRTU), who have over the years grown to become a strong partner in fixing transport fares. Thus, anytime fuel prices go up in Ghana, the GPRTU negotiates with the government to fix new public transport fares.

Cross (2000) noted that in Mexico City the history of enforcement, conflict and negotiation between the city government and street traders led to the formation of several territorially-based organizations with thousands of members. In South Africa, trade associations were formed based on anti- and post-apartheid struggles suggesting that collective actions and struggles create an easy platform for workers to associate, and this always culminate into the formation of the first type of organisations described above.

3.3 Informal Sector in Ghana

The informal sector in Ghana is large and diverse with activities ranging from light industrial to farming, food preparation, service provision, refrigeration, metal scrap and other waste collection, credit facilities, traditional healing, street trading and many more (Clark, 1994; King, 2010; Ayee, 2007). As a result of the diversity and

complexity of the informal sector activities it is conceptually, methodologically and theoretically difficult to define the sector precisely in terms of nature, size and significance (Baah, 2007; Cross, 1998:1). However, certain common features agreed by authors are that informal sector activities are 'unregulated' or 'escape institutional regulation'. Although it is generally recognised that some informal activities may be legal and/or regulated, other aspects of the same activity would not. For example, transport fares in the informal transport sector are regulated but the rates charged for luggage and special taxi services are not. The difficulties blurring the understanding and appreciation of the sector has earned it several descriptions in the past including 'illegal', 'hidden', 'unprotected', 'unregulated', 'unrecognised' and 'second economy' (Perry et al, 2007). Many of these terms have negative connotations that are the result of lack of recognition of the potential contributions of the sector.

Several authors have demonstrated that the sector is not necessarily illegal (Cross, 1998; Lourenco-Lindell, 2002; Bhatt, 2006; Brown, 2006). The gradual acceptance of the sector and the realisation that it continues to grow and caters for the majority of the urban poor has changed initially held views to the extent that even the Bretton Wood institutions such as the International Labour Organisation have begun talking about the formalisation of the informal sector. The dramatic growth of the sector has implications for employment, growth and equity. According to Pastrana (2009), the informal sector has a strong potential to make microenterprises grow into large enterprises and thus serve as catalyst to the growth process. This, notwithstanding, the negative notions about the sector has made those who work in it, victims of criticism and hostilities including harassment from city authorities. Evidence also shows that income from this sector could be higher than that of the formal sector (King, 2010; King et al, 2012). In Kumasi, the informal sector forms the largest sub-sector in commerce, which accounts for about 60% of total employment in the city (Boapeah, 2001).

4. Methodology

This study is based on both primary and secondary data. The primary data, which was mainly qualitative, was gathered using focus group discussions and key informant interviews. There were 15 focus group discussions with members of the KIBA. Each of the focus groups comprised eight to ten members. There were 13 key informant interviews with leaders of the KIBA and staff of the local government authority (Kumasi Metropolitan Assembly - KMA) to gather additional qualitative data. Those interviewed were the president, the secretary, vice president and treasurer of KIBA, five officials of KMA and four opinion leaders of KIBA. Some quantitative data was collected through structured interviews with 60 bakers randomly selected from the total of 300 bakers in the association.

5. Profile and Functions of KIBA

Baking as an enterprise is mainly an informal activity in Ghana. Out of the 300 membership of KIBA in Kumasi, only 20 are males, suggesting that baking is a female dominated activity. The association was established during the 1981 economic crises in Ghana, when access to basic baking essentials was difficult and members had to organise in order to qualify to buy flour in large quantities from the factory at reasonable and approved prices. KIBA continues to purchase baking essentials for its members at subsidised prices and this has remained as a valuable incentive for the members. Apart from the overall goal of representing members' interest, the KIBA now conducts regular training and refresher courses for its members and negotiates with authorities on their behalf.

KIBA had 10 branches in the Kumasi metropolis. In the absence of any formal bakery in the city, association members are the sole producers and suppliers of bread to the city and its surrounding communities with a population of about 2 million people. Although there are many other bakers in the city, KIBA represents the interest of only its members and all other bakers are free to join KIBA. Members of the association pay dues of GH¢5 (Note 1) per month per member. These dues are used to run the association.

5.1 Functions of KIBA

The main function of KIBA is ensuring the welfare of its members including the security of their enterprises. The organisation lobbies to ensure that members have access to flour and other raw materials at reasonable prices. The association also fights for the rights of its members, ensuring their economic and social wellbeing and sustainability of the enterprises.

KIBA also encourages participation in social events involving members such as funerals, marriage, birthdays and child naming ceremonies, which are highly regarded by members as an important form of investment in social capital. KIBA is particularly active in funeral celebrations, which are major social events in Ghana, where the support of members is often needed. It is during such social events that the sense of belongingness among the

members is better demonstrated and appreciated. For each social event KIBA makes a cash donation to the member directly involved. Many informal workers therefore find this network as the only social security that they have and so value the benefits dearly as there is often no other means of support during times of need for informal sector workers. A number of individuals join informal associations mainly for these welfare benefits.

The benefits derived from the association depend on the seriousness of one's membership. For example, regular attendance at meetings, accepting responsibilities on behalf of the association and regularity at members' social functions are some of the criteria used in determining levels of participation as members of KIBA. These are also qualities they look out for in members vying for leadership positions in the association. Members are inspired to play active roles when they have strong leadership that is able to support them to achieve their objectives. KIBA may also give loans to needy members.

The breadth of KIBA's activities is different from many other informal workers associations. It is also concerned with the development of members' enterprises through capacity building. The association conducts regular training and refresher courses for members by liaising with other bodies including officials of various government agencies and civil society organisations. Experts are sometimes invited to meetings to teach members new skills or share knowledge. Topics discussed in these seminars relate to health, marketing, business and entrepreneurship. Since the members are keen on maximising gains, they find the skills training very beneficial to their trade because it is probably the only avenue for learning new skills related to their trade as bakers.

5.2 Profile of KIBA Members

The bakers are largely operators of home-based enterprises with employees who are either family or non-family members. The literacy level among the 60 bakers' interviewed was 100% with 5% attaining higher education qualifications, confirming Verick's (2008) finding that more and more educated workers are finding their way into the informal sector. Baking like many informal activities in Ghana are predominantly family enterprises, and 76% of those interviewed said baking was a family business they had been part of from their youthful days. This confirms other findings that the choice to work in the informal sector is influenced by the family enterprise/business, which is handed down from generation to generation (Grieco, Apt & Turner, 1996; Perry et al, 2007). None of the bakers interviewed had formal training in baking.

The 60 bakers interviewed had been in the business for an average of 20 years with the longest having been baking for 30 years. The bakers did not have secondary occupations because baking is very demanding. Bread baking is therefore a full-time employment where one retires only when one is physically no longer capable of doing the work. All the 60 bakers interviewed said they were self-employed and sole proprietors, which confirms Mitullah's (2004) finding that informal workers would not want to work in partnership with others partly due to lack of trust. This however does not augur well for the future growth of the enterprises if they are to benefit from economies of scale and compete with the formal sector enterprises. It is also not cost-effective since the bakers are unable to make use of economies of scale that pool resources and risks or encourage working in clusters. Operationally it is more expensive to work individually, but the bakers admitted that lack of trust for each other makes it difficult for them to work in cooperatives or joint ventures.

6. Efforts towards Formalising within KIBA

This section highlights some of the activities KIBA has been engaged in that is gradually moving members towards formalising their operations, and the association itself.

6.1 Organisational Capacity

KIBA has a constitution that guides its operations and provides a code of conduct for members. KIBA has a strong leadership, with a well-defined executive committee including the president, vice president, treasurer, secretary and organising secretary. Members of the executive committee serve a three-year term after which an election is conducted to elect new executives, who are vetted prior to the elections. Though a female dominated association, the leadership of KIBA is dominated by men.

One of the strengths of the association is the commitment of members towards KIBA, which is strongly linked to the benefits that they derive from KIBA. This is demonstrated through regular and full attendance at meetings, which is not the case with other informal associations such as the Vegetable Sellers' Association in the Kumasi Central Market. The bakers meet regularly every Thursday and the meetings are conducted formally with members observing the procedural rules. Minutes are written at every meeting, and are read to members at the next meeting. The association has sanctions for those who default in payment of dues or do not attend meetings for four consecutive times without prior notification.

The study revealed that at least 75% of all members are regular at all meetings. Members have cards in which their dues and attendance are recorded. Unlike other associations such as the Vegetable Sellers' Association whose membership changes seasonally, KIBA's membership is more stable and so the Executive Committee is able to ensure strict adherence to their constitution and members comply. When asked to mention one thing that has contributed to the sustainability and success of the organisation, the president said;

"It is all about the ability to organise; –the purpose of forming the organisation, which is the vision, and what it intends to achieve – the goal. It is not about making money for or dishing money to members. Those who join KIBA with such motives fall out no sooner than they joined"

6.2 Legality and Regulation

KIBA has managed to strengthen the regulatory environment for members and their relations with local government. The regulatory framework governing activities of the bakers confirms the views of Perry *et al* (2007: 133) that *"formality increases rapidly with firm size and productivity, and it is higher among those who voluntarily enter self-employment"*. Perry *et al* (2007) also noted that the smaller the enterprise the more difficult it is for it to benefit from formalisation because of the cost of formalisation.

Unlike many informal workers in Kumasi, bakers operate legally in the Metropolis and the local authority regulates their daily activities. Anyone interested in bakery as an enterprise has to apply for a permit from the Kumasi Metropolitan Assembly (KMA). The site for the bakery must be inspected and approved before a permit is granted. After setting up, the bakery is inspected regularly by KMA officials to ensure that standards are met, and anyone contravening the regulations is sanctioned. The size of the enterprise and the level of income determine the type of fine offenders must pay so those with several ovens pay more than those with less. Some of the regulations relate to the hygiene of the bakeries. The essence of the inspection is to ensure that standard hygiene is met and that the bakers qualify for permit renewal. KMA also provides them with the necessary guidelines. Thus, in terms of adherence to regulations and legality, bakers in Kumasi could qualify as formal enterprises although the activities at the bakeries remain informal, such as in the areas of employees' engagement and protection.

KIBA's ability to encourage formalising of the activities of its members helps the local government in its transactions with a single representative organisation in terms of negotiations for fees/rates and improvement of hygiene of the individual enterprises. Any information or matters related to bakers in the city are passed on to members through KIBA. KIBA also ensures that members duly meet their tax obligations to the local government.

6.3 Bakers' Assets as Collateral for Bank Loans

Formal financial institutions are reluctant to do business with enterprises engaged in informal economic activities because they fail to meet certain basic requirements such as collateral for bank loans, permanent worksite, tenure, size and income levels.

The study showed that bakers save with both formal and informal financial institutions. Some own assets such as houses, vehicles, ovens and some have invested in the establishment and expansion of their enterprises. Some of the bakers have used their assets as collateral for loans from formal financial institutions, which many informal sector workers such as street vendors are unable to do. KIBA serves as a guarantor for any member who wants a loan because it has assets in the form of group savings of the members. The fixed locations and addresses of bakers and the assets qualify them for loans from financial institutions.

6.4 Meeting Tax Obligations

One of the negative things often associated with informal sector workers is tax evasion. The study revealed that members of the bakers' association do not evade tax. The association educates its members about the importance of paying tax and the implications of evading tax and the leadership ensures that members are tax compliant. Consequently, the level of awareness about the importance of paying tax is high among bakers in Kumasi and all the bakers interviewed were credible taxpayers.

The bakers pay two different taxes, direct and indirect taxes. Bakers who bake using between 1 to 5 bags (Note 2) of flour a day pay a tax of GH¢50 a month to the Internal Revenue Service (IRS). Those who use 6 to 10 bags of flour a day pay GH¢100 a month and those who use more than 10 bags a day pay GH¢150 per month as tax. In addition to the IRS taxes, the bakers pay tax to the KMA. They pay GH¢22 per oven every three months, and so the more ovens one has the more the tax paid to the KMA.

The KMA applies sanctions when the bakers default in tax payments which includes closing down the bakery

until such time that the tax obligations are met. The KMA sends inspectors round to inspect their premises to ensure that those that are closed down remain closed until such time that they show evidence of having fulfilled their tax obligations.

6.5 Number of Employees at Bakeries

One of the characteristics of the informal sector is engaging small numbers of employees; usually not more than 15 (some of whom could be family members). Baking using the traditional oven is a very labour intensive enterprise and so every baker interviewed had a number of employees depending on the size of the enterprise. The employees play different roles at the bakery. This includes rolling and cutting the dough for the bread, cleaning and packing baking sheets, attending to the bread in the oven and removing the bread from the oven. Milling and kneading of the flour for baking is done in mills located outside the bakery and which may not belong to the bakers.

With the exception of attending to the bread in the oven, which is done by men (as in Figure 1), the other jobs at the bakery are done by women.



Figure 1. A male worker removing baked bread from the oven onto wooden trays

New employees at the bakery are put in charge of cleaning and preparing baking tins/sheets for baking as shown in Figure 2. Preparing the tins for baking entails oiling each baking tin to ensure that the bread does not get stuck in it when baking. This assignment at the bakery is considered as the starting point of apprenticeship for skills acquisition in the trade for any new employee. Apprenticeship is recognised as the main form of skills training for many workers in the informal sector (Liimatainen, 2002; Haan, 2006 and Filipiak, 2007), thus classifying baking on one hand as belonging to the informal sector. On the other hand, other features such as number of employees could place some bakeries in the formal sector.

The wages of the employees depend on the number loaves of bread baked in a day, which is also dependent on the number of bags of flour used in a day. Bakers who use up to two bags of flour a day employ 3 to 5 employees and they are paid according to the number of loaves of bread baked in a day. The bakers could employ more than 15 workers depending on the size of the enterprise, suggesting that the bakers could be easily classified as formal or informal depending on the number of employees they have.

6.6 Requirements of the Baking Enterprise

Baking requires having certain fixed assets such as ovens, permanent structures like workplaces/sheds under which the ovens are located for protection against the weather, lockable structures to store the baking equipment

such as tables, weighing scales, knives, baking tins, wooden trays (Note 3) and many more. The large wooden trays are used for storing the bread soon after baking to allow for cooling, while the metal tins/sheets are used for baking. Figure 1 shows ovens under sheds and the wooden trays being used to store freshly baked bread. A baker who had only one oven said she had 3,000 baking tins while another with two ovens had 10,000 baking tins as shown in Figure 2. This makes cleaning and preparing sheets for baking a major task at the bakery even if the baker has only one oven.



Figure 2. A worker at the bakery cleaning the baking tins/trays/sheets

7. Challenges in Formalising the Activities of KIBA

KIBA has achieved a lot in its efforts to formalise the activities of its members. However, its efforts are also fraught with a number of challenges, some of which are discussed below.

7.1 Job and Employee Security

While KIBA is working to protect the bakers and to ensure they meet the required formal standards, the association and the bakers are doing very little to improve activities and employment conditions at their bakeries such as streamlining their recruitment and protection of employees and other social safety nets for employees. The majority of the workers at the bakeries work as casual workers on informal basis with little regard for labour laws and the Constitution of Ghana. Employers are expected to provide employees with job security, which includes a contract with their employers indicating the terms and conditions of service, and the duration of their contracts but this is often not done in the informal sector. The members of KIBA do not employ workers based on these procedures. Employees who very often have no skills are employed casually, sometimes through social affiliations. The findings show that employees at the bakeries have no written or signed contracts. Employees are hired and fired at the discretion of their employers without any consultation.

The findings also show that there is no progression and no higher levels to graduate and aspire to, so employment at the bakeries is highly insecure. The employees have no work codes and regulations. They lack social protection and have no insurance from their employers. Employees do not have any dress code, and are not allowed paid leave. The employees work in a very risky environment, with women carrying their babies on their backs amidst the heat from the ovens. The working relationship that exists between the employers and the employees at the bakeries is therefore informal. The interest of the workers could only be addressed if they were to be as organised as the owners of the bakeries. The association is for bakers who are the owners of the enterprises. The membership does not include their employees.

7.2 Health and Safety Protection

Health and safety requirements for employees are also not met by the owners of the bakeries. The bakers' employees work in an environment that produces heat from burning fires with no protective clothing such as overcoats, boots, nose guards and caps against the fire, smoke and heat. The danger and risks associated with the ovens make it very difficult for the women to attend to the bread in the oven, and hence this is assigned to men as shown in Figure 1. Since employers do not provide protective clothes it is common to find employees wearing their old and rejected clothes as work clothes as shown in Figures 1 and 2 which compromises with the hygiene of the bakeries.

The findings revealed that when employees get sick or injured, they are made to go home until they have fully recovered. They are not compensated for any occupational injuries as stipulated by the labour laws. KMA officials who go round for inspection at the bakeries are not interested in employees' welfare and the adherence to the labour laws.

7.3 The Right to Organise and Associate

Although in theory the employees have the right to organise and associate, in practice it is not feasible because the number of employees per employer is relatively small, so it is not possible for them to form an association for each bakery or a number of bakeries together. Organising under the roof of employers may not be tolerated if the latter feel threatened in any way. The employees' front can be broken because some employees are family members of the employers.

8. Conclusions and Recommendations

The study has shown that informal sector enterprises can formalise their operations by relying on the capacity of their associations if these associations/organisations are active, well organised and following formal procedures and regulations to guide the operations of their members. It also calls for commitment on the part of the leadership of the organisation. Investing in organisational skills for the leadership has proved profitable in this case for KIBA and has helped them to perform similar to those in the formal sector. The paper also observed that the motive around which an informal organization is formed influences the nature, characteristics and strength of the organisation. One can attribute the performance of KIBA to the size and productivity of their enterprises, and the protected nature of the enterprise they are engaged in. KIBA provides the members with the needed protection and liaise with other institutions on behalf of them.

Though the above does not apply to activities at the worksites of the members of the association and social equity safety nets for their employees, formalisation of activities of workers in the informal sector could be possible if members of such organised associations/organisations could extend the formalisation efforts and benefits to cover activities at the worksites of members.

The inability of KIBA to extend the benefits of formalisation to the worksites of its members is perhaps partly attributable to the relatively small size of the enterprises, how the enterprises were established and the social networks that indirectly interfere with the activities at the worksites. Other factors that could impede the process of formalising informal workers' associations and their activities include the individualistic attitude of informal sector workers and the fact that they tend to be suspicious of each other. As a result of this suspicion, KIBA has not succeeded in bringing the bakers together to work in partnerships or cooperatives to enable them enjoy the benefits of economies of scale. This has been a major drawback and needs to be addressed to enhance formalisation.

Despite the variety of the informal sector activities in terms of size and type, it is possible to work towards formalisation as a means of getting recognition. Education, regular capacity building and capital as well as the intention of forming an association/organisation play important roles in the formalisation process of informal activities. It was noted that all the bakers had basic education. This made them appreciate the importance of their meetings and the training that their executives organised for them. They also appreciated the need to legalize and regularize their activities and for example, the importance of paying taxes. Negotiations between members and the local government were made possible and easy through the organisation as an entity and the local government worked with the bakers through KIBA as an entity. Through this amicable relationship with city authorities the representatives of the informal workers could gradually influence policy decisions that concern the sector and its workers. The Kenya Self-Employed Women's Association is an example of how informal workers organisations are able to work closely with government officials to influence policy (Chen and Carr, 2004). Under the existing conditions only the bakers or employers enjoy the benefits of the thriving businesses through some of the formal activities of the association. The formalisation of the baking industry can only be

complete when the bakers as employers begin to accept responsibility and respect the rights of their employees by treating them like decent workers that deserve some benefits like formal workers.

By way of addressing some of the challenges impeding the formalisation process for KIBA, the bakers recommended the need for a bakers' village where all bakers in the city could be located in a well-planned industrial cluster. This brings in the importance and the role of the city authorities and planners in ensuring that informal workers are provided with decent working places. Instead of seeking to eliminate the presence of this sector in the city, city authorities and the planners should rather seek ways of accommodating them as inevitable component of urban economies and embrace the suggestion being made by KIBA. The benefit of working in a cluster as bakers can be tremendous. A good and enabling environment for the enterprises should offer ways of protecting the enterprises and the workers in the sector. The KMA in consultation with the city planners and landowners could allocate a piece of land for the bakers' cluster, like the carpenters cluster that already exists in Kumasi. In conclusion therefore, there is a potential for enterprises in the informal sector to gradually formalize their economic activities through their associations to reduce the indecency associated with the informal sector activities and thereby earning the actors in the sector some dignity.

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Notes

Note 1. GH¢ 1.90 was equivalent to 1.0 US\$ as at August 2012 when data was collected.

Note 2. A big bag of flour weighs 50 kg. The bakers buy the big bags for their work.

Note 3. The bakers' wooden tray is 6 by 12 feet in size.

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