

A Framework For The Inclusion Of Informal Small And Medium Enterprises Into The Formal Economy

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Abstract

The study seeks to formulate a framework for the inclusion of informal Small and medium enterprises (SMEs). This study aims to evaluate the challenges affecting informal SMEs to breaking into the formal sector. Through literature the study found that the challenges encountered by informal SMEs are lack of financial support, the inability to access raw materials and markets, to access credit facilities, lack of management skills, lack of necessary technology and lengthy bureaucratic processes. Overall, this study contributes to the development of a framework to transform informal SMEs into the formal sector. The framework encompasses the integration of factors that influence the formalisation of informal traders, referred to as inputs, and the outcomes that illustrate the benefits associated with the formalisation of SMEs. The formalisation of SMEs will contribute to economic growth, employment creation, an increase in tax revenues and the production of bulk and quality goods.

Keywords: Employment creation, entrepreneurship, formalization, informal SMEs, management skills